

# Ancillary agreements to a JV contract

## Appendix F

### Patent Licensing Agreement

Between FOREIGN whose principal office is *[address]* represented by *[name and position]*, which is hereinafter called "the Licensor"  
and  
LOCAL whose principal office *[address]* represented by *[name and position]*, which is hereinafter called "the Licensee".

#### Recitals

WHEREAS the Licensor is owner of patents *[description]* .....  
applied for at ..... on *[dates]* and has the right of disposal of the said patents;  
WHEREAS non-exclusive licenses have already been granted in respect of these patents;  
WHEREAS the Licensor further possesses manufacturing secrets and experience (know-how) concerning the manufacture of the subject matter of his License;  
WHEREAS the aforementioned patents and know-how have already been the subject of exploitation by the patentee, the Licensor having manufactured *[Product 1]* and *[Product 2]*  
*[description]* .....

IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

#### 1. **Technical Field of Application**

This License is limited to the following uses:  
*[description]* .....

#### 2. **Nature of the License**

- 2.1. The License is for making, using and vending;
- 2.2. The License is non-exclusive;
- 2.3. The license is assignable only to the JOINT COMPANY, and the Licensee shall not assign his rights or obligations hereunder to any third party other than the JOINT COMPANY Joint Venture Company. Without prejudice to the generality of the foregoing, the Licensee shall not without the consent of the Licensor bring the License into the assets of a company.

#### 3. **Sub-licenses**

The Licensee shall not grant sub-licenses.

#### 4. **Territory**

- 4.1. The present license is granted for the territory of *[host country]*. The Licensee shall not manufacture in other territories, including those in which the Licensor does not enjoy any protection.

4.2. In the case of *[Product 2]*, the Licensee is authorized to export only to *[country of FOREIGN]*. He shall not export to other territories, including those in which the Licensor does not enjoy any protection.

4.3. In the case of *[Product 1]*, the Licensee is authorized to export only to *[country of FOREIGN]* for the first eight years of operation of the JOINT COMPANY. If the Board of Directors of the JOINT COMPANY by a unanimous decision decides to permit exports of the *[Product 1]* produced in *[host country]* at any time after the first eight years of operation of the JOINT COMPANY, the Licensee shall be entitled to export to any other territory to which the Board of Directors of the JOINT COMPANY by unanimous decision decides to export the said *[Product 1]* to.

4.4. For each and every breach of his above mentioned obligations, the Licensee shall pay to the Licensor US Dollars ..... as liquidated damages. The Licensee shall further forbid the export by his purchasers of articles to which this Licensee applies to the extent that such export is forbidden by the preceding provisions of this Clause and shall impose on such purchases a liability to pay to the Licensor US Dollars ..... as liquidated damages in respect of each and every breach of their obligations not to export.

#### **5. Registration of License**

Either party shall be entitled to register the License at the Patent Office if such registration is permissible under the law of the country or countries in respect of which the License is granted. The Licensor shall give the Licensee any powers and authorizations necessary for this purpose. The expenses of registration shall be borne by the party desiring to register the License.

#### **6. Drawings and descriptive documents**

The Licensor shall supply to the Licensee all existing reproducible drawings, plans, and other technical documents required for manufacturing the subject matter of the License. The Licensee shall treat such drawings and documents as secret during and after the term of the Agreement.

#### **7. Responsibility for claims by third parties**

If the use of the patent(s) forming the basis of this Agreement results in a claim for infringement against the Licensee, the costs for the defense and any damages awarded against him shall be shared by both parties. The costs and expenses of any counter-claim or of settling a claim shall be shared by both parties. The Licensee shall inform the Licensor of any claim made against the licensee for infringement and shall enable the Licensor to join in any legal proceedings.

#### **8. Novelty**

The Licensor does not warrant the novelty of his/her invention, but should it transpire that the patent is void by reason of its publication, whether wittingly or unwittingly, by the Licensor before a patent was applied for, the Licensee shall be entitled to terminate the Agreement wholly or in part by sending a notice in writing to the Licensor.

#### **9. Manufacture**

The Licensor undertakes no responsibility for the risks of industrial manufacture which are assumed solely by the Licensee. The Licensee

declares that s/he is familiar with the subject matter of the License, and s/he shall undertake its manufacture. If s/he fails to do so within one year from the date of setting up of the JOINT COMPANY Joint Venture Company, the Licensor shall be entitled to terminate this Agreement.

**10. Commercial exploitation**

The Licensor does not warrant that the invention is capable of commercial exploitation. The risks of such exploitation shall be assumed solely by the Licensee.

**11. Quality Control**

11.1. The Licensee shall manufacture the subject matter at the same high level of quality as is done by the Licensor. The Licensor shall provide all necessary advice and information concerning his/her own experience in accordance with the provisions of Sections ..... of this Agreement.

11.2. The Licensor shall be entitled to inspect whether articles manufactured under license are of the agreed quality and to forbid the sale of articles of inferior quality.

**12. Modifications and improvements in items under license**

12.1. The Licensor shall disclose and make available to the Licensee without charge any modification or improvement of the items under license made during the term of the Agreement. The Licensor shall not be entitled thereby to any increase in royalties.

**13. Modifications and improvements made by Licensee in items under this license**

13.1. The Licensee shall obtain the consent of the Licensor before undertaking modifications and improvements in the articles under this License.

13.2. The Licensor shall be entitled to make use of modifications and improvements suggested by the Licensee in consideration of reasonable payment on reasonable terms. This right shall not extend, however, to territories in which by virtue of the contract the Licensor is not entitled to manufacture or use the articles under license. In default of agreement on the amount and terms of payment the parties may refer the matter to arbitration in accordance with Section ..... for the determination of the said amount and terms.

13.3. If the improvements are patentable the Licensor shall be entitled to patent them everywhere in consideration of reasonable payment on reasonable terms. In default of agreement on the amount and terms of payment the parties may refer the matter to arbitration in accordance with Section ..... for the determination of the said amount and terms.

**14. Payment on Transfer of Documents**

Before drawings and documents are transferred the Licensee shall pay to account No ..... at the ..... Bank the sum of CU 0.8 million. These drawings and documents will not be transferred to the Licensee unless and until the whole of the said sum has been paid to the ..... Bank. The Licensee shall not be entitled to the return of this sum by reason of the fact that this Agreement has for any reason been prematurely terminated.

15. **Royalties**

15.1. The Licensee shall pay in respect of each article produced under license and sold by him/her one per cent of the sales price.

15.2. The right to royalty accrues when the item made under this License is dispatched from the Licensee's factory.

16. **Taxes**

16.1. Direct taxes payable in the Licensee's country by virtue of sums paid to the Licensor in accordance with the terms of the agreement will be for the Licensor's account.

16.2. Turnover taxes payable in the Licensee's country on such sums will be for the account of the Licensee.

16.3. When the law of the Licensee's country requires that turnover taxes must be paid by the Licensor, the Licensee shall provide assistance to the Licensor to enable him to comply with the obligations and formalities involved. (It may be advisable for the parties to specify who will bear the cost of the formalities for the payment of VAT, e.g. the necessity to have a fiscal representative, if such is applicable).

17. **Marking**

The Licensee shall mark all articles made by him/her under this License and supplied to his/her customers with serial numbers and shall affix to such articles a plaque inscribed "License: Licensor's name" or "License: trade mark".

18. **Accounts and inspection of accounts**

The Licensee shall keep a special register in which s/he shall record the exact number of items manufactured by virtue of this Agreement, the serial numbers marked on such articles, and any other information relevant for determining the amount of royalties payable. The Licensor shall have the right by means of an accountant appointed by him/her and approved by the Licensee (who shall not unreasonably withhold his/her approval) to inspect these registers and to examine whether they are consistent with the general accounts of the Licensee. The costs of such inspection and examination shall be borne by the Licensor.

19. **Settlement of account and payment**

19.1. Royalty accounts shall be rendered quarterly. The Licensee shall within a month after the expiration of each calendar quarter send to the Licensor a complete account and any sum due to the Licensor thereunder.

19.2. The Licensee shall pay the Licensor in the currency or currencies in which payment is due.

20. **Obligation to exploit the License**

20.1. The Licensee undertakes to exploit the License and not to manufacture or sell articles to compete with the items under this License.

20.2. If the Licensee shall have shown that the invention(s) on which the License is based has (have) lost its (their) market by reason of technical or economic developments, s/he shall be entitled to terminate this Agreement before its performance is complete.

21. **Maintenance in Force of Patent**

21.1. The Licensor is not obliged to keep in force all patents on which this License is based. If s/he decides to allow a patent to lapse, s/he shall inform the Licensee to this effect not less than six months before the date on which any steps necessary to keep the patent in force must be taken. Thereupon the Licensee shall be entitled to acquire the patent free of charge.

21.2. This Agreement shall in such event be deemed to have been terminated pro tanto to the extent of that patent on the aforesaid date.

21.3. So long as the Licensor shall keep the patent in force, the Licensee shall assist him/her by payment of the requisite renewal fees on the Licensor's behalf.

## **22. Protection of the Patent**

22.1. The Licensee shall take all reasonable steps to prevent the patents mentioned in the Recital being infringed on the territory for which the License is granted. The Licensee shall inform the Licensor of any such infringement which comes to his/her notice.

22.2. If the Licensee wishes to take proceedings against the infringer, the Licensor shall assist him/her especially if the law of the territory in question makes such assistance necessary in the opinion of the Licensor. Unless the Licensor proceeds him/herself, s/he shall provide the Licensee with all powers and authorizations required to enable the Licensee to take such proceedings.

22.3. The party who decides to undertake legal proceedings shall bear the costs and enjoy the benefits therefor. If the parties agree to commence proceedings jointly, the costs and benefits thereof shall be divided as follows:

Licensor: 50%

Licensee: 50%

22.4. The Licensee shall not undertake proceedings or cause proceedings to be undertaken by another person for invalidating the patents underlying this Agreement or for attacking them on the grounds of subservience to a prior patent, unless the invalidity is due to publication of the invention by the Licensor.

22.5 If the patent(s) underlying this Agreement is (are) revoked at the instance of a third party, the Licensor shall be entitled to retain any royalties already paid to him/her and to recover any royalties due at the date of revocation.

## **23. Duration of the Agreement**

23.1. This Agreement shall not enter into force until signed and until all authorizations required for its performance shall have been obtained, including any authorizations required for the transfer of currency.

23.2. The contract shall come to an end fifteen years from its entry into force.

23.3. Without prejudice to any express provisions for termination contained in this Agreement, this Agreement may be terminated for any cause sufficient to justify termination under the governing law of this Agreement.

## **24. Return of Documents**

24.1. The Licensee shall not, even after the expiration of the contract communicate to third parties the Licensor's trade or manufacturing secrets.

After the expiration of this Agreement, the Licensee shall cease using these and shall immediately return to the Licensor all documents relating to the manufacture of the items under this License.

**25. Transitional provision**

The Licensee shall be entitled to carry out after the expiration of this Agreement, contracts of sale entered into by him/her before the expiration of this Agreement.

**26. Governing Law**

This Agreement shall be governed by the law of *[country of FOREIGN]*.

**27. Arbitration**

27.1. Any disputes arising out of or in connection with this Agreement shall be settled without recourse to the courts, in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce, by one or more arbitrators designated in conformity with those Rules, the award being final and binding.

27.2. The arbitrator or arbitrators shall have the power to rule on their own competence and on the validity of the agreement to submit to arbitration.

27.3. Either party may ask the competent tribunal to confirm an arbitration award or otherwise provide that it shall be enforceable.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives

[Place and date]

By -----  
(FOREIGN)

By -----  
(LOCAL)

**Appendix G**

**Know-How Licensing Agreement<sup>1</sup>**

Between FOREIGN, whose principal office is at *[address]*, represented by *[name and position]*, which is hereinafter called "the Licensor"

and

LOCAL, whose principal office is at *[address]*, represented by *[name and position]*, which is hereinafter called "the Licensee".

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<sup>1</sup> The patent agreement provides the licensee with the right to use the patented items. The know-how agreement provides the licensee with the means and knowledge necessary to use them.

## **Recitals**

WHEREAS the Licensor has been manufacturing the articles listed below for ten years:

[Product 1] [description] .....

and

[Product 2] [description] .....

WHEREAS these articles are protected in the following countries (list of countries and close description of intellectual property rights);

WHEREAS the Licensor has by Agreement with the Licensee dated .....

(which agreement is attached hereto and made a part hereof) authorized the Licensee to reproduce and to sell the [Product1] and [Product 2] with patents;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants, and agreements herein contained, the Licensor and the Licensee agree as follows:

The Licensor agrees to furnish to the Licensee generally all data on the article, his/her experience and methods, including know-how or manufacturing secrets, so that a normally qualified technician can use them after a reasonable period of adaptation.

### **1. Provision of technical information**

1.1. The Licensor shall furnish to the Licensee within one month of the signing of this Agreement and after payment of the sums mentioned in Section 14 of the Foreign Patent License Agreement, all drawings and dimensional drawings enabling the article to be manufactured or used.

1.2 Such drawings shall be accompanied with a complete technical dossier including .....

1.3 Any drawings and documents furnished may not be used for purposes other than the performance of the Agreement without specific approval by the Licensor.

### **2. Technical Assistance**

2.1. The Licensor shall at the cost of the licensee as mentioned in section 14 of the Foreign Patent Licensing Agreement, furnish to the Licensee in good faith and without reservation all technical assistance and advice necessary for the use and exploitation of the inventions covered under this Agreement.

2.2. The Licensor shall provide the Licensee with the services of skilled personnel on the following terms and conditions:

2.2.1. Number and qualifications (including language skills) of personnel provided

2.2.2. Length of time for which loaned

2.2.3. Board and lodging

2.2.4. Responsibilities

2.2.5. Insurance

2.2.6. Cost and how to pay

2.3. The Licensor undertakes to instruct JOINT COMPANY employees to explain to them the manufacture of the items under this license on the following terms and conditions:

2.3.1. Number and qualifications of employees to be instructed

2.3.2. Length of instruction

- 2.3.3. Responsibilities
- 2.3.4. Cost and how to pay

**4. Responsibility for claims by third parties**

4.1. The Licensor declares s/he has no knowledge of any valid patents belonging to third parties and covering devices or processes which form the subject of this agreement, but cannot warrant that such patents might not prove to exist.

4.2. If reproduction, sale or use of the article by the Licensee results in a claim for infringement against the Licensee, the costs and any damages awarded against him/her as well as the costs of any counter-claim or of settling a claim shall be borne as provided in the Foreign Patent License Agreement dated .....

**5. Obligation to buy from the Licensor**

5.1. For the manufacture of the items under this License, the Licensee undertakes to buy from the Licensor the following parts ...

.....  
5.2. The said parts shall be supplied in accordance with the General Conditions annexed hereto, and the prices shall be the Licensor's catalogue prices at the relevant time<sup>2</sup>.

**6. Confidentiality; post-expiry**

The Licensee shall not, even after the expiration of the contract, communicate to third parties the Licensor's trade or manufacturing secrets.

**7. Transitional provision**

The Licensee shall be entitled to carry out after the expiration of the Agreement contracts of sale entered into by him/her before the expiration of this Agreement.

**8. Governing Law**

This Agreement shall be governed by the law of *[host country]*.

**9. Arbitration**

9.1. Any disputes arising out of or in connection with this Agreement shall be settled without recourse to the courts, in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce, by one or more arbitrators designated in conformity with those Rules, the award being final and binding.

9.2. The arbitrator or arbitrators shall have the power to rule their own competence and on the validity of the agreement to submit to arbitration.

9.3. Either party may ask the competent tribunal to confirm an arbitration award or otherwise provide that it shall be enforceable.

IN WITNESS WHEREOF, the parties have caused this agreement to be signed by their duly authorized representatives.

[Place and date]

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<sup>2</sup> If there are no catalogue prices, the parties must establish a list of prices and a method of revising them.



By -----  
(FOREIGN)

By -----  
(LOCAL)