**PATENT LICENSE AGREEMENT**

This Patent License Agreement (referred to as the “**Agreement**”) is entered into as of [INSERT DATE] (the “**Effective Date**”), by and between [LICENSOR COMPANY NAME], a [STATE/COUNTRY] [corporation/LLC/other entity type] with its principal place of business at [ADDRESS] (the “**Licensor**”), and [LICENSEE COMPANY NAME], a [STATE/COUNTRY] [corporation/LLC/other entity type] with its principal place of business at [ADDRESS] (the “**Licensee**”). The Licensor and the Licensee may be referred to individually as a “**Party**” and collectively as the “**Parties**”.

The Licensor is the owner of certain patents and related intellectual property as listed in Schedule 1 attached hereto.

The Licensee desires to obtain from the Licensor, and the Licensor is willing to grant, a license under the Patents to develop, manufacture, use, and sell products incorporating the patented technology, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the Parties agree as follows.

1. **GRANT OF LICENSE AND SCOPE**
   1. The purpose of this Agreement is to define the terms and conditions under which the Licensor grants the Licensee the right to use the Patents described herein in its Licensed Products. For the purposes of this Agreement: (i) “**Patents**” mean all patents, patent applications, and related rights owned or controlled by the Licensor, as detailed in Schedule 1; and (ii) “**Licensed Products**” means any products, services, or technology that incorporate or use the Patents and are developed, manufactured, or sold by the Licensee under this Agreement.
   2. Subject to the terms and conditions of this Agreement, the Licensor hereby grants to the Licensee a non-exclusive, non-transferable, royalty-bearing license to use, practice, and sublicense the Patents solely in connection with the development, manufacture, use, and sale of Licensed Products within the [SPECIFIED TERRITORY].
   3. The Licensee may grant sublicenses to third parties, provided that (i) any sublicense is subject to the terms and conditions of this Agreement, (ii) the Licensee remains liable for any breach of this Agreement by its sublicensees, and (iii) the Licensee obtains prior written consent from the Licensor, which shall not be unreasonably withheld.
2. **PREREQUISITES**
   1. The Parties shall cooperate in good faith and exchange any documents or information that may be useful for the proper performance of the Agreement.
   2. In particular, each Party shall, upon request, promptly provide the other Party with all information, assistance, materials, and resources that the other Party may reasonably require from time to time in connection with the performance of its obligations under this Agreement.
3. **ROYALTIES AND FEES**
   1. The Licensee shall pay the Licensor a royalty equal to [X]% of the Net Sales of all Licensed Products that incorporate or utilize the Patents. For the purposes of this Agreement, “**Net Sales**” means the gross invoiced amount for Licensed Products sold by the Licensee, less customary trade discounts, returns, allowances, and taxes directly related to the sale.
   2. The Licensee agrees to pay a minimum royalty of $[INSERT AMOUNT] per [quarter/year] regardless of the actual Net Sales, ensuring a baseline payment to the Licensor.
   3. Royalty payments shall be calculated on a quarterly basis and are due within [NUMBER] days after the end of each calendar quarter.
   4. The Licensee will submit a detailed royalty report along with the payment, specifying Net Sales figures and the corresponding royalty due.
   5. All payments shall be made in U.S. Dollars (USD) by wire transfer or another mutually agreed method.
   6. The Licensee shall provide the Licensor with quarterly sales reports that include the Net Sales of Licensed Products, the calculation of the royalty payable, and any deductions applied.
   7. The Licensor shall have the right to audit the Licensee’s relevant books and records, at its own expense and with reasonable notice, to verify the accuracy of the royalty reports. Any underpayments discovered shall be promptly remitted by the Licensee along with interest at a rate of [PERCENTAGE]% per month.
   8. Upon execution of this Agreement, the Licensee shall pay a non-refundable upfront license fee of $[INSERT AMOUNT].
   9. In addition to ongoing royalties, the Parties may agree to milestone payments based on the achievement of specific performance targets or product sales thresholds, as detailed in a separate schedule or addendum.
4. **INTELLECTUAL PROPERTY RIGHTS**
   1. The Licensor retains all right, title, and interest in and to the Patents, including all associated intellectual property rights. This ownership extends to any improvements, enhancements, or modifications made solely by the Licensor.
   2. Subject to the terms and conditions of this Agreement, the Licensor grants the Licensee a non-exclusive, non-transferable, royalty-bearing license to use, practice, and, where permitted, sublicense the Patents solely for the development, manufacture, use, and sale of Licensed Products in the [SPECIFIED TERRITORY].
   3. The Licensee may grant sublicenses to third parties for the purposes set forth herein, provided that such sublicenses are subject to the terms of this Agreement and that the Licensee remains fully responsible for compliance by its sublicensees.
   4. The Licensee shall use the Licensed Technology only to develop, manufacture, market, and sell Licensed Products in accordance with this Agreement and any accompanying guidelines or specifications set forth in Schedule 2.
   5. The Licensee shall not, and shall not authorize any third party to:
      1. modify, reverse-engineer, decompile, or disassemble any component of the Licensed Technology;
      2. use the Licensed Technology for any purpose beyond the scope of this Agreement; or
      3. challenge the validity or enforceability of the Patents in any forum.
   6. Any improvements, enhancements, or modifications to the Patents made solely by the Licensor shall remain the exclusive property of the Licensor.
   7. Any improvements or modifications made jointly by the Parties or solely by the Licensee in connection with this Agreement shall be promptly disclosed to the Licensor. Unless otherwise agreed in writing, such jointly developed intellectual property shall be jointly owned by the Parties.
   8. Any third-party intellectual property incorporated into the Licensed Products is subject to its own licensing terms. The Licensee acknowledges that it shall have no rights in such third-party materials except as expressly provided by the applicable third-party license agreements.
   9. The rights and obligations contained in this Section shall survive the termination or expiration of this Agreement, ensuring that the protection and use of the Patents and Licensed Technology continue beyond the term of the license.
5. **CONFIDENTIALITY**
   1. From time to time during the duration of this Agreement, either Party (as the "**Discloser**") may disclose or make available to the other Party (as the "**Recipient**"), non-public, proprietary, and confidential information of Discloser [whether or not marked or labeled as "confidential"/that, if disclosed in writing or other tangible form is clearly labeled as "confidential," or if disclosed orally, is identified as confidential when disclosed and within [NUMBER] days thereafter, is summarized in writing and confirmed as confidential] ("**Confidential Information**"); provided, however, that Confidential Information does not include any information that: (i) is or becomes generally available to the public other than as a result of the Recipient's breach of this Section 5; (ii) is or becomes available to the Recipient on a non-confidential basis from a third-party source, provided that such third-party is not and was not prohibited from disclosing such Confidential Information after due inquiry; (iii) was in the Recipient's possession prior to the Discloser's disclosure hereunder; or (iv) was or is independently developed by the Recipient without using any Confidential Information.
   2. The Recipient shall: (i) protect and safeguard the confidentiality of the Discloser's Confidential Information with at least the same degree of care as the Recipient would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care; (ii) not use the Discloser's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this Agreement; and (iii) not disclose any such Confidential Information to any person or entity, except to members of the Recipient's Group who need to know the Confidential Information to assist the Recipient, or act on its behalf, to exercise its rights or perform its obligations under this Agreement. For purposes of this Section 5, "**Recipient's Group**" means the Recipient's affiliates and its or their employees, officers, directors, shareholders, partners, members, managers, agents, independent contractors, service providers, sublicensees, subcontractors, attorneys, accountants, and financial advisors.
   3. If the Recipient is required by applicable law or legal process to disclose any Confidential Information, it shall, prior to making such disclosure, use commercially reasonable efforts to notify the Discloser of such requirements to afford the Discloser the opportunity to seek, at the Discloser's sole cost and expense, a protective order or other remedy.
   4. The Recipient shall be responsible for any breach of the foregoing obligations by any member of the Recipient’s Group.
6. **REPRESENTATIONS AND WARRANTIES**
   1. The Licensor represents and warrants that: (i) it has the right to grant the license herein, (ii) the Patents are valid and enforceable; and (iii) to the best of its knowledge, the use of the Patents by the Licensee as permitted herein does not infringe on any third-party rights.
   2. The Licensee represents and warrants that it will use the Patents only as permitted under this Agreement and in compliance with all applicable laws and regulations.
   3. EXCEPT AS EXPRESSLY PROVIDED IN THIS AGREEMENT, THE PATENTS ARE LICENSED “AS IS” AND THE LICENSOR DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
7. **INDEMNIFICATION**
   1. The Licensee shall indemnify, defend, and hold harmless the Licensor from any claims, damages, or losses arising out of the Licensee’s use of the Patents or breach of this Agreement.
   2. The Licensor shall indemnify, defend, and hold harmless the Licensee from any claims, damages, or losses arising from a breach of the Licensor’s representations or warranties set forth in this Agreement.
8. **LIABILITY**
   1. NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, OR PUNITIVE DAMAGES ARISING OUT OF OR RELATING TO THIS AGREEMENT.
   2. SAVE FOR THE INDEMNIFICATION OBLIGATIONS HEREUNDER AND SUBJECT TO SECTION 8.1, THE TOTAL AGGREGATE LIABILITY OF EITHER PARTY FOR ANY CLAIMS SHALL NOT EXCEED THE TOTAL AMOUNTS PAID BY THE LICENSEE UNDER THIS AGREEMENT IN THE [SPECIFIED PERIOD, E.G., 12 MONTHS] PRECEDING THE CLAIM.
9. **TERM**

This Agreement shall commence on the Effective Date and continue for an initial term of [NUMBER] years, unless terminated earlier as provided herein.

1. **TERMINATION**
   1. Either Party may immediately terminate this Agreement upon written notice if the other Party:
      1. materially breaches this Agreement, and such breach is incapable of cure, or, if the breach is capable of cure, fails to cure such breach within [NUMBER] days after receiving written notice of the breach;
      2. becomes insolvent or is generally unable to pay its debts as they become due;
      3. files, or has filed against it, a petition for voluntary or involuntary bankruptcy, or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law;
      4. makes or seeks to make a general assignment for the benefit of its creditors;
      5. applies for, or has appointed, a receiver, trustee, custodian, or similar agent by order of a court of competent jurisdiction to take charge of or sell any material portion of its property or business; or
      6. is dissolved or liquidated.
   2. Either Party may terminate this Agreement for convenience upon [NUMBER] days’ prior written notice. Termination for convenience shall not relieve the Licensee of its obligation to pay royalties on Net Sales of Licensed Products sold prior to the effective termination date.
   3. The expiration or termination of this Agreement shall not affect any rights or obligations that: (i) are intended to survive such expiration or termination; and (ii) were incurred by the Parties prior to such expiration or termination.
   4. Upon the expiration or termination of this Agreement for any reason, each Party shall promptly:
      1. [return to the other Party/destroy] all documents and tangible materials (including any copies) containing, reflecting, incorporating, or based on the other Party’s Confidential Information;
      2. permanently erase all of the other Party’s Confidential Information from its computer systems, [except for copies that are: (i) required to be retained under applicable laws; or (ii) maintained as archive copies on its disaster recovery or information technology backup systems, which shall be destroyed upon the normal expiration of such backup files, or as otherwise required by law]; and
      3. certify in writing to the other Party that it has complied with these requirements.
   5. Upon termination or expiration, the Licensee shall immediately cease all use of the Patents and any sublicenses granted hereunder. The Licensee’s obligation to pay any accrued royalties shall survive termination.
2. **GOVERNING LAW AND JURISDICTION**

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to its conflict of laws principles. Any legal action arising out of or relating to this Agreement shall be brought exclusively in the state or federal courts located in Illinois, and each Party consents to the jurisdiction of such courts.

1. **NOTICES**

All notices under this Agreement shall be in writing and delivered by personal delivery, courier service with tracking, certified or registered mail (postage prepaid), or email (with confirmation of receipt).

1. **ENTIRE AGREEMENT**

This Agreement, including all schedules and attachments, constitutes the entire agreement between the Parties regarding the subject matter herein and supersedes all prior negotiations, communications, and agreements.

1. **AMENDMENTS**

Any amendments or modifications to this Agreement must be in writing and signed by both Parties.

1. **SEVERABILITY**

If any provision of this Agreement is found to be invalid or unenforceable, the remaining provisions shall continue in full force and effect.

1. **ASSIGNMENT**

Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party, except in connection with a merger or sale of substantially all of its assets.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

[LICENSOR COMPANY NAME]  
By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[LICENSEE COMPANY NAME]  
By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**SCHEDULE 1**

**PATENTS**

[INSERT DETAILS OF PATENTS TO BE LICENSED]

**SCHEDULE 2**

**LICENSED PRODUCTS**

[INSERT DETAILS OF PRODUCTS TO INCLUDE PATENT]