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各国専門家の見解については、新興国データバンク内の記事をご覧ください。

## **License Agreement (New Material)**

This License Agreement (hereinafter "this Agreement") is made between Company X (hereinafter "Party A") and Company Y (hereinafter "Party B") and sets forth the terms under which subsequent products shall be licensed under the Patent Rights etc. owned solely by Party A that arise from the certain Joint R&D Agreement dated [date] between Parties A and B (the "Joint R&D Agreement").

NOW IT IS HEREBY AGREED as follows:

### **Article 1 (Definitions)**

As used herein, the following terms shall have the following meanings:

(i) Product 1

"Product 1" shall mean the automobile headlight cover included in Exhibit "Product List 1."

(ii) Product 2

"Product 2" shall mean the automobile tail lamp cover included in Exhibit "Product List 2."

(iii) Products

Product 1 and Product 2 shall be collectively called the "Products."

(iv) Patent Right

"Patent Right" shall mean a patent right or a right to obtain a patent applied for, which is owned by Party A and included in Exhibit "Intellectual Property List" (including a patent right or a right to obtain a patent applied for, based on all or part of an Invention defined in Item (iii) of Article 2 in the Joint R&D Agreement.

(v) Background Patent Right

“Background Patent Right shall” mean a patent right or a right to obtain a patent applied for that is based in whole or in part on the Background Information defined in Item (i) of Article 2 in the Joint R&D Agreement, and which is owned by Party A and included in Exhibit "Intellectual Property List."

(vi) Trademark

A Trademark shall mean a trademark owned by Party A and included in Exhibit "Intellectual Property List" (regardless of whether or not it is applied for or registered).

(vii) Project IP Right

“Project IP Right” shall mean one or more of any Patent Right, Background Patent Right, and right in a Trademark.

(viii) Territory

“Territory” shall mean worldwide.

(ix) Improved Technology

“Improved Technology” shall mean any improvement, modification, or change to the Products, the way to make or use the products, regardless of whether or not it is patentable.

(x) Affiliated Company

“Affiliated Company” shall mean a company included in Exhibit "Affiliated Company List."

(xi) Intellectual Property Right

"Intellectual Property Right" shall mean a right specified by Article 2 (2) of the Intellectual Property Basic Act in Japan or by corresponding legal provisions in other countries.

## **Article 2 (Grant of Rights)**

(1) Parties A and B hereby confirm that a license under certain Intellectual Property Rights for the design, fabrication, or sale of Product 1 has been granted pursuant to the paragraphs (1) and (7) of Article 7 in the Joint R&D Agreement.

(2) Parties A and B hereby confirm that a license to use a Background Patent for the design, fabrication, or sale of the Product 1 has been granted in accordance with the terms specified by paragraph (2) of Article 7 (however, paragraph (6) thereof shall prevail during the license term) in the Joint R&D Agreement.

(3) Party A shall grant a non-exclusive license to Party B under the Patent Rights and Background Patent Rights for the design, fabrication, or sale of Product 2 within the Territory. The license fees for the said use under the Patent Rights and Background Patent Rights are specified in Article 4 of this Agreement.

(4) Party B may export the Product 2 to outside the Area specified in the preceding paragraph.

(5) Party B shall endeavor to place a Trademark on the Products. Only for the purpose of this use, Party A shall grant Party B a royalty-free, non-exclusive license to use the Trademark.

(6) Each license under [paragraphs (1), (2), and (3) of this Article 2 shall be valid from the date of execution of this Agreement to the date of expiration of this Agreement, or expiration of the licensed right, whichever is earlier.

(7) If Party A demands a trial for correction or demands a correction in an invalidation trial to eliminate grounds for invalidation of any Patent Right or Background Patent Right registered in Japan or another country in which the patent law has provisions corresponding to those in Article 127 of the Japanese Patent Act, Party B shall approve said correction in advance.

### **Article 3 (Prohibited Matters)**

Party B shall not perform any of the following acts without obtaining prior approval in writing from Party A:

(i) Granting a sublicense to use the rights specified in the preceding Article 2 to a third party (except to an Affiliated Company of Party B).

(ii) Assigning, transferring, leasing, lending, or pledging as collateral its rights hereunder, in whole or in part, to a third party or sharing them with a third party.

### **Article 4 (License Fees for Product 2)**

(1) As remuneration for a license under the Patent Rights and Background Patent Rights for uses related to Product 2, Party B shall make the following payments (hereinafter "License Fees"):

(i) \_\_\_ yen, within one month after the date of execution of this Agreement, and

(ii) \_\_\_ percent of the total net selling price of Product 2 sold by Party B during the term of this Agreement (hereinafter "Running Royalty").

(2) After the date of execution hereof, Party B shall provide Party A with a written report on sales (unit sales, unit price, other information needed for the calculation of Running Royalty) every [period], [within \_\_\_ days after \_\_\_]. Party B shall pay Party A the Running Royalty within \_\_\_ days after the last day of said period.

(3) Party B shall pay the license fees specified in the preceding paragraph by bank transfer to the account designated by Party A. The remittance charge shall be borne by Party B.

(4) The amount of the license fees specified in this article shall not include the consumption tax.

(5) The annual rate of a charge for late payment of the license fees specified in this article shall be 14.6 percent.

**Article 4 (Alternative option: License Fees for Unregistered Patent)**

As remuneration for a license under the Patent Rights and Background Patent Rights, Party B shall make the following payments (hereinafter "License Fees"):

(i) \_\_\_ yen (tax exclusive), within one month after the date of execution of this Agreement, and

(ii) The following percentages of the total net selling price of the Product 2 sold by Party B during the term of this Agreement (hereinafter "Running Royalty"):

- \_\_\_ percent of the net selling price of the Product 2 sold by Party B before registration of [pending patent], and
- \_\_\_ percent of the net selling price of the Product 2 sold by Party B after registration of [pending patent]

\* The other paragraphs are the same as those of the original Article 4.

**Article 5 (Audit)**

(1) Concerning the license fees reported by Party B, Party A may request Party B to disclose its accounts receivable ledgers for the Products, financial statements, and other accounting books and documents.

(2) Concerning the license fees reported by Party B, Party A may request an audit by CPA or an impartial third party.

(3) The cost for the audit in the preceding paragraph shall be borne by Party A. However, if the amount reported by Party B is at least 10 percent less than the actual amount that should have been paid, then Party A may demand compensation for the cost.

(4) To check whether Party B complies with the provisions hereof, Party A may request Party B to submit its products and packaging thereof, advertisements, brochures, etc. on said products, and inspect them by itself.

#### **Article 6 (No Refund of License Fees)**

Except in the case of an overpayment caused by miscalculation, Party B shall not demand a refund of any License Fee paid to Party A under this Agreement or make any other demand in this respect, on any grounds including the invalidation of a Patent Right (or the refusal of or a final and binding decision to refuse the relevant patent application). Party B may, however, demand a refund in writing, within 30 days after the payment of the fee, for the amount of any overpayment caused by miscalculation. After the end of such 30-day period, no refund may be demanded for any reason whatsoever.

#### **Article 7 (Improved Technology)**

(1) If Party A makes an improvement to an invention (including but not limited to an Improved Technology related to the Products) covered by its Patent Right or Background Patent Right, at its sole discretion during the term of this Agreement, Party A shall notify Party B of this fact and, upon request in writing from Party B, shall disclose the improvement to Party B. Pursuant to the terms specified in Article 2 of this Agreement, Party B shall have a non-exclusive right to make and sell the Products based on said Improvement Technology in the Territory.

(2) If Party A obtains a patent for said Improved Technology, Party B shall have a non-exclusive right to use the patented invention, royalty-free, in the Territory, under the terms specified in this Agreement.

(3) Party B shall disclose every Improved Technology developed by itself during the term of this Agreement to Party A immediately after its development, and grant Party A a royalty-free, non-exclusive, perpetual, worldwide license to make, use, and sell Products based on said Improved Technology, together with a right to sublicense.

(4) If Party B wish to file a patent or utility model application for said Improved Technology in one or more countries, Party B shall disclose the detailed content of said application before filing it.

**Optional provision: Revision of License Fees etc.**

(3) If paragraph (2) above applies, the Parties shall discuss changes to the license fees and other conditions specified in Article 4.

**Article 8 (Trademark)**

(1) When using a Trademark under paragraph (5) of Article 2 above, Party B shall comply with the Trademark Act and other related regulations and take care not to impair the functions of the Trademark or cause the loss of any right therein.

(2) Party B shall not perform any of the following acts without prior consent of Party A. However, if the Parties consult with each other and agree to have a trademark that is similar to a Trademark and may be used under this Agreement, Party B may use said trademark on the Products.

- (i) Using a Trademark on a product similar to a Product,
- (ii) Using a trademark similar to a Trademark on a Product, and
- (iii) Using a trademark similar to a Trademark on a product similar to a Product.

(3) When using a Trademark, Party B shall not perform any act that could lead to loss of the credibility in business that is already embodied in the Trademark, e.g., due to a decrease in quality of the product in question.

**Article 9 (No Guarantee)**

(1) Party A gives Party B no guarantees that the design, fabrication, or sale of the Products under this Agreement will not infringe a third party's right, such as a patent, utility model, design, etc.

(2) If a third party files a claim against Party B for infringement of any of the rights specified in the preceding paragraph, in connection with the design, fabrication, or sale of the Products under this Agreement (including but not limited to a situation where a lawsuit is filed), Party B shall notify Party A of this fact and Party A shall, upon request by Party B, make an effort to provide information needed by Party B to resolve (defend itself against) said claim.

(3) If Party B finds that a third party is infringing a Patent Right etc., Party B shall notify Party A of this infringement.

#### **Article 10 (Handling of Confidential Information)**

(1) Either Party (hereinafter the "Receiving Party") shall keep "Confidential Information" and shall not disclose or leak it to a third party without obtaining prior consent in writing or electronically (hereinafter collectively "in Written Form") from the other Party (hereinafter the "Disclosing Party"). As used herein, "Confidential Information" refers to any data or information disclosed by the Disclosing Party to the Receiving Party for the purpose of executing this Agreement, whether in writing, orally, by the use of an electromagnetic medium or any other type of disclosure method or means, regardless of whether this Agreement has already been executed, as well as to information contained in materials, devices, other tangible objects (including information listed in Exhibit \*\* and Background Information).

(2) Notwithstanding the preceding paragraph, information as specified in the following shall not be considered Confidential Information:

- (i) information that the Receiving Party already owns at the time of the disclosure,
- (ii) information that the Receiving Party legitimately obtains from a third party after the disclosure, with no obligation of confidentiality,
- (iii) information that the Receiving Party gains or creates by itself after the disclosure, independently of the information disclosed by the other Party,
- (iv) information that is already publicly known at the time of the disclosure, and
- (v) information that becomes publicly known after the disclosure for reasons not attributable to the Receiving Party.

(3) The Receiving Party may not use, reproduce, or modify Confidential Information for any purpose other than that of executing this Agreement, without obtaining prior consent of the Disclosing Party in Written Form. Confidential Information may only be used, reproduced, and modified to the extent reasonably necessary for the purpose of executing this Agreement.

(4) The Receiving Party shall not analyze or inspect the composition or structure of Confidential Information or perform any similar investigation without prior written consent of the Disclosing Party.

(5) The Receiving Party may only disclose or provide Confidential Information to its directors and employees (hereinafter collectively the "Directors") who need to know it in order to

perform under this Agreement. If disclosed or provided, the Directors shall have the same obligations as those of the Receiving Party specified in this article during and after their period of employment.

(6) Notwithstanding the preceding paragraphs, the Receiving Party may disclose Confidential Information in each of the following cases (in the cases of (i) and (ii), however, the Disclosing Party shall be notified in advance, wherever possible). When disclosing Confidential Information as specified in this paragraph, the Receiving Party shall notify the Disclosing Party of the disclosure without delay.

(i) If the disclosure is required by law,

(ii) If the disclosure is required by a court order, the competent authorities, or other regulations, or

(iii) If the Receiving Party needs to consult with someone who is legally required to comply with an obligation of confidentiality, such as an attorney at law, a patent attorney, a certified public accountant, a tax accountant and a judicial scrivener.

(7) Upon written request by the Disclosing Party either during the term or following the expiration or termination of this Agreement, the Receiving Party shall either immediately destroy or return to the Disclosing Party at its own expense, and cause any third party who had received Confidential Information from the Receiving Party to immediately destroy or return to the Disclosing Party at its own expense, the Confidential Information (including all reproductions or modifications thereof) they possess, as instructed by the Disclosing Party.

(8) When the Disclosing Party requests the Receiving Party to dispose of Confidential Information, the Receiving Party shall immediately dispose of the media that contain all such Confidential Information and provide documentation proving that the Receiving Party fulfilled its obligation to dispose of said information in accordance with the instructions of the Disclosing Party.

(9) The Receiving Party shall ensure that any disclosure of Confidential Information does not result in the Disclosing Party's intellectual property rights being assigned, transferred, or licensed, unless otherwise specified herein.

(10) This article represents the entire and complete agreement between the Parties with respect to the subject matter of this article, and shall supersede all other proposals and communications concerning the subject matter of this article, whether written or oral,



communicated between the Parties.

(11) Notwithstanding the preceding paragraph, Parties A and B shall agree that Article 12 (Handling of Material) of the Joint R&D Agreement continues in force after the execution of this Agreement and that Confidential Information specified in the Joint R&D Agreement is also handled as Confidential Information under this article.

(12) The provisions in this article shall continue in force for a period of five years after the expiration or termination of this Agreement

#### **Article 11 (Term of Agreement)**

This Agreement shall remain in force a period of \_\_\_ years from the date of execution hereof, and it shall be automatically renewed on yearly basis thereafter under the same conditions, unless either Party gives written notice of its unwillingness to renew this Agreement on reasonable grounds, no later than 60 days prior to the then current expiration date.

#### **Article 12 (Termination)**

(1) Either Party may immediately cancel all or part of this Agreement without sending the other Party a letter of demand, in the event of any of the following:

- (i) If the other Party is in material breach of this Agreement,
- (ii) If the other Party admits its inability to pay debts generally as such debts become due, or if a petition is filed by or against the other Party for the institution of proceedings for bankruptcy, civil rehabilitation, corporate reorganization, or special liquidation, as well as for auction sale of the other Party's assets,
- (iii) If the other Party has its transactions suspended by a clearinghouse,
- (iv) If there is a dispute over the validity of a Patent Right or a Background Patent Right, or
- (v) If there are other material grounds, comparable to those in the preceding items, that make it difficult to continue this Agreement.

(2) Either Party may cancel all or part of this Agreement if the other Party breaches any of the provisions hereof and fails to cure such default within a reasonable period after its receipt of a letter of demand.

#### **Example of Change of Control (COC) clause as grounds for termination:**

(vi) If there is a substantive change in the ownership of either Party due to a merger, exchange or transfer of shares, corporate divestiture, transfer of business or a significant

change in the shareholding structure, stakes of which account for over one [●]th of the voting power.

#### **Article 13 (Steps after Termination of Agreement)**

Party B shall have the following obligations immediately if this Agreement is terminated by Party A under the preceding article, or for three months if the Agreement expires or is terminated based on mutual consent:

- (i) Not to sell the Products or receive a sales order for the Products, and
- (ii) To destroy or hand over to Party A, its stock of Products and advertising materials including samples and brochures, as instructed by Party A.

#### **Article 14 (Compensation for Damages and Injunction)**

(1) If one Party breaches this Agreement, said Party shall be liable for damages (including reasonable attorneys' fees) incurred by the other Party.

(2) If one Party breaches or is likely to breach this Agreement, the other Party may seek an injunction against such an act, and request measures to prevent damage and restore confidence.

#### **Article 15 (Survival)**

The provisions in the following articles shall survive the expiration or termination of this Agreement: Article 5 (Audit), Article 6 (No Refund of License Fees), Article 9 (No Guarantee), Article 13 (Steps after Termination of Agreement), and Article 18 (Settlement through Consultation).

#### **Article 16 (Governing Law)**

Disputes arising out of or in connection with this Agreement shall be governed by and in accordance with the laws of Japan.

#### **Article 17 (Jurisdiction)**

The Parties hereto shall submit to the exclusive jurisdiction of the \_\_\_ District Court, as the court of first instance, for any disputes arising out of or in connection with this Agreement.

#### **Article 17 (Alternative option 1: Mediation of Disputes)**

(1) To settle an intellectual property dispute arising out of or in connection with this Agreement, a request for mediation shall first be filed with the [Tokyo, Osaka] District Court.

(2) If an agreement is not reached through the mediation specified in the preceding paragraph, the Parties hereto shall submit to the exclusive jurisdiction of the district court set forth in the preceding paragraph as the court of first instance.

(3) Disputes (including IP disputes in court) arising out of or in connection with this Agreement other than those specified in paragraph (1) shall be governed by and in accordance with the laws of Japan. For such disputes, the Parties hereto shall submit to the exclusive jurisdiction of the district court set forth in paragraph (1) as the court of first instance.

**Article 17 (Alternative option 2: Arbitration)**

All disputes arising out of or in connection with this Agreement shall be finally settled by arbitration in (name of city), in accordance with the arbitration rules of (name of arbitration body).

**Article 18 (Settlement through Consultation)**

Any matter not stipulated herein or any question arising out of or in connection with this Agreement shall be settled through consultation between both Parties.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement in duplicate by placing their signatures and seals thereon, and each Party shall keep one original copy. To execute this Agreement electronically, the Parties hereto shall make an electromagnetic record of this Agreement in duplicate, place their electronic signatures thereon, and each Party shall keep the record.

(Date)

Party A:

Party B:

■ Exhibit: Product List 1

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■ Exhibit: Product List 2

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■ Exhibit: Intellectual Property Right List

1. Patent right

No.	Appl. No.	Publ. No.	Reg. No.	Name of invention (device)	Exp. date

2. Trademark right

(1) National trademark

No.	Reg. No.	Trademark	Classification	Expiration date

(2) Foreign trademark

No.	Reg. No.	Trademark	Classification	Expiration date

■ Exhibit: Affiliated Company List

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■ Other clauses that can be added optionally

**Article 1 (Optional provision: License for Technical Information)**

(xii) Technical Information

“Technical Information” shall mean technical documents and information, including design blueprints, specifications, and diagrams needed for the use of an invention covered by a Patent Right.

**Article \_\_ (Optional provision: License for Technical Information)**

(1) Party A shall disclose Technical Information to Party B in Written Form within \_\_ days after the execution hereof.

(2) Upon receipt of the Technical Information, Party B shall promptly check the details of the information. If Party B does not express an objection to it within \_\_ days after receipt, Party A's obligation to provide the Technical Information shall be deemed to have been fulfilled.

(3) If Party B makes a request in writing to Party A for advice and guidance on the way to make the Products, the Parties shall discuss a paid agreement on technical guidance.

(4) Party B agrees and acknowledges that Party A shall disclose the Technical Information on an as-is basis to Party B and that Party A shall not bear any liability or loss resulting from the use of the Technical Information by Party B (including damage to a third party's life or physical health, violation of other rights, as well as a loss of profits Party B would have gained). Party B shall exempt Party A from any obligation to bear said liability or loss.

(5) Said exemption in the preceding paragraph shall also apply when the Intellectual Property Right of a third party is infringed and said third party incurs a loss due to the use of the Technical Information by Party B.

**Article \_\_ (Optional provision: Technical Guidance)**

Party A or employees thereof shall go to a place designated by Party B and provide guidance on the Technical Information. To provide said guidance, Party A shall dispatch \_\_ technicians for \_\_ days and Party B shall pay the cost of their transportation and accommodation as well as daily allowances, the amount of which shall be specified separately.