

Intellectual Property Licensing Agreement - Exclusive license with Royalty fees

Please note that the present agreement template is non-exhaustive and is intended to be considered as a guideline; its content should be adapted case by case to your specific business and situation; it should not be signed before being reviewed by and aligned with a legal professional familiar with the laws of Abu Dhabi to ensure compliance with the latest legal requirements.

Please amend the information underlined in yellow and in italics to fit in with the licensing conditions you wish to implement.

Information indicated in red and italics is intended as an alternative to customize the agreement. Once your choice is made, please make the requested amendments, and remove the indication in red.

1. Preamble

This Intellectual Property Licensing Agreement (“**Agreement**”) dated on [Insert date] (“**Effective Date**”) is between:

- [Licensor’s Company name] a company with its registered office at [Licensor company’s full mailing address] represented by [Licensor representative’s name] – Hereinafter referred to as the “**Licensor**”;

And

- [Licensee’s Company name] a company with its registered office at [Licensee company’s full mailing address] represented by [Licensee representative’s name] – Hereinafter referred to as the “**Licensee**”;

Whereas the Licensor is the owner or authorized party to sell or license certain Intellectual Property Rights listed in Exhibit A attached hereto;

Whereas the Licensee intends to take an **Exclusive License** to [Amend the objective of the license, e.g. “to use, manufacture, market, sub-license”] the Intellectual Property Rights within the defined Territory, subject to the terms and conditions set forth in this Agreement;

The Licensee and the Licensor, hereinafter collectively referred to as the “**Parties**” and individually as a “**Party**”, intending to be legally bound, agree as follows:

2. Definitions

For the purpose of this Agreement, terms with capitalized initial letters are defined terms and shall have the meanings set forth below or as defined elsewhere in this Agreement (such definitions to be equally applicable to both singular and plural forms of the terms defined):

Agreement	Has the meaning given in §1.Preamble
Confidential Information	(a) All IP and Know-how; and (b) All other technical or commercial information that:

	<p>(i) in respect of information provided in documentary form or by way of a model or in another tangible form, at the time of provision is marked or otherwise designated to show expressly or by necessary implication that it is imparted in confidence;</p> <p>(ii) in respect of information that is imparted orally, any information that the Disclosing Party or its representatives informed the Receiving Party at the time of disclosure was imparted in confidence; and</p> <p>(iii) any copy of any of the foregoing.</p> <p>The Receiving Party shall not be liable for the disclosure of Confidential Information if such information is already in the public domain or comes into the public domain during the performance of this Agreement, has been obtained regularly from other sources without restriction or breach of confidentiality, or must be communicated to a third party by the mandatory effect of a law or a decision of a competent public authority.</p>
Disclosing Party	Has the meaning given in §8. Confidentiality
Duration	Has the meaning given in §5. Duration
Effective Date	Has the meaning given in §1. Preamble
Know-how	Technical information developed by the Licensor and relating directly to the Intellectual Property Rights, as described in §6. Obligation of the Licensor: Provision of Know-how.
Intellectual Property Rights	Intellectual Property Rights or Intellectual Property Rights applications listed in Exhibit A, attached hereto, and incorporated by reference, owned or controlled by the Licensor as of the Effective Date.
Net Receipt <i>Delete this definition unless you based the payment of the royalty fees on Net Receipts in §9.2</i>	<p>The amount of any payment (excluding value added tax), and the value of any non-monetary receipt, obtained by, or due to, the Licensee or its Affiliate(s), in relation to the development or sub-licensing (including the grant of any option over a sub-licence) of any of the Intellectual Property Rights and Know-how, and including any of the following:</p> <p>(a) up-front, milestone (whether at the stage of development, marketing, or otherwise), success, bonus, maintenance, and periodic (including annual) payments and royalty payments due under any sub-licence agreement;</p> <p>(b) payments in respect of the funding of research or development activities related to any products covered by the Intellectual Property Rights listed in Exhibit A, to the extent that such payments exceed a reasonable level of payment for such activities;</p> <p>(c) where any sub-licence is to be granted under cross-licensing arrangements, the value of any third-party licence obtained under such arrangements;</p>

	<p>(d) any premium paid over the fair market value of shares, options, or other securities in respect of any of the share capital of the Licensee or its Affiliate(s) (such fair market value to be determined on the assumption that the Licensor had not granted, nor agreed to grant, any rights to the Licensee in respect of any of the IP and Know-how);</p> <p>(e) any loan, guarantee, or other financial benefit made or given other than on normal market terms; and</p> <p>(f) any shares, options, or other securities obtained from a third party.</p>
<p>Net Sales Value <i>Delete this definition unless you based the payment of the royalty fees on Net Sales Value in §9.2</i></p>	<p>The invoiced price of products covered by the Intellectual Property Rights which are sold or otherwise supplied by the Licensee or its Affiliate(s) to independent third parties in arm’s length transactions exclusively for money or, where the sale or other supply is not at arm’s length, the price that would have been so invoiced if it had been at arm’s length, after deduction of all documented:</p> <p>(a) normal trade discounts actually granted, and any credits actually given for rejected or returned products covered by the licensed Intellectual Property Rights;</p> <p>(b) costs of packaging, insurance, carriage, and freight, provided in each case that the amounts are separately charged on the relevant invoice;</p> <p>(c) Value Added Tax or other sales tax; and</p> <p>(d) import duties or similar applicable government levies,</p> <p>provided that such deductions do not exceed reasonable and customary amounts in the markets in which such sales or other supplies occurred. Sales and other supplies between any of the Licensee, its Affiliates, and sub-licensees shall not be considered for the purposes of this definition unless there is no subsequent sale or other supply to a person who is not the Licensee, its Affiliate, or sub-licensee.</p>
<p>Receiving Party</p>	<p>Has the meaning given in §8. Confidentiality</p>
<p>Territory</p>	<p>Has the meaning given in §4. Territory</p>

3. Purpose and scope of the Agreement

3.1. Exclusive license

The Licensor grants to the Licensee, subject to the provisions of this Agreement, which accepts, a **non-transferable and exclusive** license to [*Amend the objective of the license, e.g. “to exploit, use, manufacture, have manufactured, market, sell, import, sub-license”*] the Intellectual Property Rights in the Territory for the Licensee’s own exclusive internal and commercial purpose under the conditions defined in this Agreement.

Without limiting the scope of the preceding sentence, the Licensor grants no rights to any intellectual property other than the Intellectual Property Rights and reserves all rights outside the Territory.

The Licensor undertakes not to enter into any other licensing agreement with any other person on the Intellectual Property Rights that is the subject of this Agreement in the Territory and undertakes not to exploit the Intellectual Property Rights during the term of the License and not to engage in any competing activity in the defined Territory.

3.2. Sub-Licensing

If you want to forbid the Licensee to grant sub-licenses, add the following paragraph:

“The Licensee is not authorized to grant sub-licenses on the Intellectual Property Rights.”

If you want to allow the Licensee to grant sub-licenses, add the following paragraph:

The Licensee shall not be entitled to grant sub-licenses of its rights under §3-1., except with the prior written consent of the Licensor, which consent shall not be unreasonably withheld. Where the Licensor gives its consent, the Licensee shall be entitled to grant sub-licenses of its rights under this Agreement to any person provided that:

- a) the Sub-License shall include obligations on the Sub-Licensee that are equivalent to the obligations on the Licensee under this Agreement and limitations of liability that are equivalent to those set out in this Agreement;
- b) the Sub-License shall terminate automatically on the termination of this Agreement for any reason;
- c) the Sub-License shall not permit the Sub-Licensee to further sub-license any of the Intellectual Property Rights;
- d) within thirty (30) days of the grant of any sub-license the Licensee shall provide a true copy of it;
- e) the Licensee shall be responsible for any breach of the sub-license by the Sub-Licensees, as if the breach had been that of the Licensee under this Agreement, and the Licensee shall indemnify the Licensor against any losses, damages, costs, claims, and expenses which are awarded against or suffered by the Licensor as a result of any such breach by the Sub-Licensee.”

4. Territory

This Agreement is exclusively granted and applicable for the following territory/territories: *[Insert desired territories, e.g. “UAE, USA, Germany”]*.

5. Duration

The Agreement is applicable and enforceable for a duration of *[Insert duration, but max. as long as the underlying Intellectual Property Rights are valid]* from the Effective date. It may be renewed after further negotiation between the Parties as long as the Intellectual Property Rights are in force.

6. Obligation of the Licensor: Provision of Know-how

The Licensor undertakes to provide the Licensee with the Know-how that it has developed in relation to the Intellectual Property Rights that are the subject of this Agreement in order to enable the Licensee to exploit it under the defined set-out conditions on the Effective Date,

excluding further enhancements. All Know-how is part of the Confidential Information and has to be stopped using after the expiry of the Agreement.

At the Licensee's request, the Licensor may provide the Licensee with technical assistance, by making available the personnel required to implement the know-how provided in the best possible conditions. In this case, the Licensee shall bear all costs incurred by the visit of the Licensor's personnel.

7. Obligations of the Licensee

7.1. Exploitation

The Licensee undertakes to actively exploit and commercialize the Intellectual Property Rights personally or through Sub-Licensees (if authorized) to the maximum extent and throughout the Territory in a real and serious manner.

The Licensee shall provide the Licensor with periodic reports, at least once annually, detailing the progress of the past, current, and projected commercialization efforts and activities taken or planned by the Licensee and the Sub-Licensees (if any) to commercialize the Intellectual Property Rights throughout the Territory.

7.2. IPR maintenance

The Licensee shall maintain the Intellectual Property Rights at its own cost and expense, including but not limited to filings, annuity fees, and renewal fees.

7.3. Defence or infringement of the Intellectual Property Rights

Upon becoming aware of an infringement, litigation, opposition, or any event affecting the undisturbed enjoyment of the Intellectual Property Rights in the Territory, each Party shall promptly notify the other in writing and within a reasonable delay. The notification shall include a detailed description of the event, the actions taken, and the proposed course of action.

If the Parties agree to bring an action together, they shall determine by mutual agreement the proportion of the costs borne by each of them.

Both the Licensor and the Licensee shall be entitled to bring any action for infringement of the Intellectual Property Rights in the Territory. The costs, expenses, and awards associated with the protection or defence of the Intellectual Property Rights will be shared by both Parties.

In any event, the Licensor shall assist the Licensee in defending its rights.

8. Confidentiality

Each Party (the "Receiving Party") undertakes from the Effective date for a period of **[Insert the desired duration of the confidentiality obligation, e.g. 10 years]**:

- use Confidential Information only for the purposes of this Agreement;
- disclose Confidential Information only to those of its employees, contractors, and Sub-Licensees pursuant to this Agreement (if any) to whom and to the extent that such disclosure is reasonably necessary for the purposes of this Agreement; and
- ensure that all those to whom disclosure of or access to Confidential Information has been given, including its officers, directors, employees, and professional advisers,

comply with the provisions of this Agreement, and the Receiving Party shall be liable to the disclosing party for any breach of this Agreement by any of the foregoing.

9. Payment

If you want an initial payment, add the following paragraph:

“The Licensee shall pay the Licensor a non-refundable payment of *[Insert desired amount and currency, e.g. XXX AED]* which shall be an advance against royalties dues with *[Insert duration]* days of the Effective date.”

If you want several payments based on defined milestones, add the following paragraph:

“Upon achievement of each of the milestone events set out in the following table, the Licensee shall pay to the Licensor the amount(s) set out next to such milestone event, as defined in the following table:”

Milestone event	Amount to be paid
<i>[Insert milestone]</i>	<i>[Insert desired amount and currency]</i>

If you want royalties to be based on Net Sales, add the following paragraph:

“The Licensee shall pay the Licensor a royalty of *[Write desired percentage in letters]* percent (*[Write desired percentage in number]* %) of the Net Sales Value of all licensed products covered by the Intellectual Property Rights, or any part thereof, sold or otherwise supplied by Licensee.

Royalties due under this Agreement shall be paid within *[Insert delay, e.g. “thirty (30) days of the end of each quarter ending on 31 March, 30 June, 30 September, and 31 December, in respect of sales or other supplies of licensed products covered by the Intellectual Property Rights made and Net Receipts generated during such quarter and within thirty (30) days of the termination of this Agreement].*

The Licensee shall keep an up-to-date record of the quantity, description, and value of products or revenues generated through the licensed Intellectual Property Rights.”

If you want the royalties to be based on Net Receipt, add the following paragraph:

“The Licensee shall pay the Licensor a royalty of *[Write desired percentage in letters]* percent (*[Write desired percentage in number]* %) of the Net Receipts.

Royalties due under this Agreement shall be paid within *[Insert delay, e.g. “thirty days of the end of each quarter ending on 31 March, 30 June, 30 September, and 31 December, in respect of sales or other supplies of licensed products covered by the Intellectual Property Rights made and Net Receipts generated during such quarter and within thirty days of the termination of this Agreement].*

The Licensee shall keep an up-to-date record of the quantity, description, and value of products or revenues generated through the Intellectual Property Rights.”

If you want to be paid every year by a fixed fee, add the following paragraph:

“The Licensee shall pay the Licensor, on each anniversary of *[Insert the desired date, for instance: “the Effective date”]*, an annual license fee of *[Insert desired amount and currency, e.g. XXX AED]*.”

If you want to implement minimum royalties, add the following paragraph:

“If the royalties payable under “§9 Payment” are less than *[Insert minimum amount and currency]* (“Minimum Royalties”) in any calendar year, the Licensee shall pay to the Licensor the amount by which such royalties are less than the Minimum Royalty within *[Insert duration, e.g.: sixty days]* of the end of such calendar year.

If this Agreement ends on any day other than the end of a calendar year, the Minimum Royalty due for that year shall be reduced pro-rata, i.e. the minimum amount due shall be the Minimum Royalty for a complete year multiplied by the number of days of the final calendar year during which this Agreement was in force and divided by three hundred and sixty five (365) days.”

Add the following paragraph at the end of the clause to clarify the payment method:

All sums due under this Agreement should be paid in *[Insert currency]* to the following account: *[Insert bank references]*.

10. Intellectual Property derived from the Agreement

Any improvements, modifications, or developments made by the Licensee during the term of this Agreement, which are based on or arise from the use of the licensed Intellectual Property Rights (“Derived Intellectual Property”), shall be *[Insert the desired party, e.g. “owned by the Licensor” or “jointly owned by the Licensee and Licensor” or “owned by the Licensor”; “owned by the Licensee and]*.

If the Derived IP is owned by the Licensee and you want to authorize the Licensor to use it via a license, add the following paragraph:

“The Licensor shall be granted a non-exclusive, worldwide, royalty-free license to use, reproduce, display, perform, and otherwise exploit the Derived IP solely for the purpose of exercising its rights and fulfilling its obligations under this agreement. This license shall remain in effect for the duration of this agreement unless otherwise terminated in accordance with the terms herein.”

11. Early termination

In the event of a breach by one of the Parties of any of the obligations of this contract, this Agreement may be terminated by the other Party after formal notice has been served by email or registered letter with acknowledgment of receipt, which has remained unsuccessful within *[Insert notice duration, e.g. one month]* of its notification. This early termination will not cause prejudice to any damages and interest.

If you want any Party to be able to terminate the contract before the termination date without any breach of the contract, add the following paragraph:

“Either Party may terminate this Agreement at any time on a *[Insert duration, e.g. “12 months”]* notice in writing sent by registered letter.”

12. Application laws and settlement of disputes

The Agreement is governed by and construed in accordance with the laws of the laws of Abu Dhabi.

Any disputes arising out of or in connection with this Agreement shall be resolved through the Civil Courts or Arbitration in accordance with the rules of the court of Abu Dhabi.

Agreed by the Parties through their authorised signatories:

*[Licensor Company's name and legal form]*_____

*[Licensee Company's name and legal form]*_____

Represented by:

Represented by:

Name_____

Name_____

Signature_____

Signature_____

Title_____

Title_____

Date_____

Date_____

Exhibit A: List of Intellectual Property Rights covered by the Agreement

N°	Kind of IPR ¹	Applicant / Owner name	Title	Country	Application number	Application date	Registration / Publication number	Registration / Publication date	Status ²	Link ³
1										
2										
3										
4										
5										

¹ Kind of intellectual property right, such as: patent, utility certificate, trademark, industrial design, copyright, know-how, etc.

² Status of the intellectual property right, such as: filed, registered, pending, published, granted, etc.

³ Link to a public database where the intellectual property right is published, such as: Patentscope, TM view, Global Design Database, etc.