PATENT LICENSE AGREEMENT

This Agreement is entered into between the U.S. Government, as represented by the U.S.
Department of Agriculture, Agricultural Research Service (hereinafter referred to as “USDA”) and
(company name), a (state) corporation having offices at (street address, city, and state) (hereinafter
referred to as “COMPANY”).

WHEREAS, USDA has performed research to develop (description of invention) and has
received by assignment certain valuable patent rights thereon; and

WHEREAS, USDA desires, in the public interest, that said invention be perfected,
marketed, and practiced so that the benefits are readily available for widest possible utilization in
the shortest time possible; and

WHEREAS, COMPANY represents that it has the facilities, personnel and expertise and
is willing to expend reasonable efforts and resources to bring the invention to the point of practical
application; and

NOW, THEREFORE, in consideration of the foregoing and pursuant to 35 USC 207 and
37 CFR 404 and the mutual promises and obligations hereinafter set forth, USDA and
COMPANY, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

1.1 Licensed Patent means U.S. Patent No. (X,XXX,XXX), entitled “(TITLE),” which
issued on (date), all reissues, reexaminations, and patent term extensions of this patent, and any
international equivalents thereof.

1.2 Licensed Products means (specific description of commercial products embodying
the invention).

1.3 Licensed Territory means the United States of America, its possessions and
territories, (list of countries where patent rights are available and the licensee has agreed to
reimburse patent filing, prosecution and maintenance cost).

1.4 Net Sales means the gross sales of Licensed Products by COMPANY to an
independent third party less the sum of the following:

(a) discounts, in amounts customary in the trade, for quantity purchases, cash
payments, wholesalers, and distributors;

(b) amounts repaid or credited by reason of rejection or returns; and

Date of Last Revision 5/27/2015
(c) any freight or other transportation costs, insurance, duties, tariffs and sales and excise taxes based directly on sales or turnover or delivery of material produced under this Agreement.

No deductions shall be made for commissions paid to sales persons or agents or for the cost of collections. Licensed Products produced by COMPANY for its own use shall be included for the purposes of computing Net Sales, except such Licensed Products used for non-revenue producing activity such as promotional items or market trials. Licensed Products shall be considered sold when billed or invoiced.

1.5 Prorated Share means the fees and expenses incurred by USDA for prosecuting and maintaining the Licensed Patent divided by the number of licensees.

1.6 Effective Date means the later date on which this Agreement is executed by a party to the Agreement.

[Additional definitions as needed, based upon COMPANY’s business plan submitted to USDA pursuant to 35 U.S.C. 209 (f).]

**ARTICLE II**

**GRANT**

USDA grants to COMPANY, subject to the terms and conditions herein, a nonexclusive license in the Licensed Territory under the Licensed Patent to make, have made, use, and sell Licensed Products for the term of this Agreement. The rights granted herein do not include the right to grant sublicenses.

**ARTICLE III**

**RESERVATION OF RIGHTS**

[RESERVED]

**ARTICLE IV**

**FEES, ROYALTIES, AND PAYMENTS**

[The business terms of licenses granted by USDA are negotiated based upon the business plan provided with the company’s license application. Factors such as estimates of potential market size, market share and profitability, and the financial and resource investments required for commercialization are used to help determine fair and reasonable terms.]

4.1 COMPANY shall pay to USDA a license execution fee of ________ Dollars ($X,XXX.XX), no part of which shall be refunded for any reason. Payment of such fee shall be due within thirty (30) days of the Effective Date.

4.2 COMPANY shall pay to USDA a minimum annual royalty payment of ________ Dollars ($X,XXX.XX), which shall be due on March 1 of each calendar year commencing on
March 1, (20XX). The minimum annual royalty payment shall be credited against royalties owed to USDA under Paragraph 4.3 below during the same calendar year. The minimum annual royalty payment paid in a given calendar year shall not be credited against royalties owed in subsequent calendar years. No part of the minimum annual royalty payment shall be refunded for any reason.

4.3 COMPANY shall pay USDA royalties of _____ percent (X%) on the Net Sales of Licensed Products by COMPANY. Royalties shall be due and payable upon submission of each royalty report, in accordance with the provisions of Paragraph 5.2 below.

4.4 COMPANY shall reimburse USDA a Prorated Share for all fees and expenses, including reasonable legal fees, incurred by USDA in filing and prosecuting the Licensed Patent prior to the Effective Date of the Agreement in the total amount of ______ Thousand Dollars ($X,XXX.XX). USDA shall provide COMPANY a statement of such fees and expenses, and reimbursement shall be due within thirty (30) days of receipt of such statement.

4.5 COMPANY shall reimburse USDA a Prorated Share for all fees and expenses, including reasonable legal fees, incurred by USDA in filing, prosecuting and maintaining the Licensed Patent in the Licensed Territory during the term of this Agreement. USDA shall keep COMPANY advised as to the status of the prosecution of the Licensed Patent. In most instances, USDA will provide COMPANY with cost estimates before costs are incurred. COMPANY shall be entitled to review all actions undertaken in the prosecution of the Licensed Patent and shall be given the opportunity to make reasonable requests as to the conduct of such prosecution, provided that all such requests are made in writing to USDA. USDA shall provide COMPANY a statement of all such fees and expenses on a quarterly basis, and reimbursement shall be due within thirty (30) days of receipt of such statement. In the event that COMPANY decides not to continue to support the filing, prosecution or maintenance of any patent application or patent included within the Licensed Patent, then COMPANY shall reimburse all fees and expenses incurred up to the date of receipt of such notification by USDA. USDA shall terminate COMPANY’s license in the country(ies) where patent filing, prosecution and/or maintenance is not supported by COMPANY, effective on the date of receipt by USDA of written notification by COMPANY.

4.6 Before any commitment to expend funds for an extraordinary and unusual procedure for maintaining the Licensed Patent, including but not limited to reissue and reexamination but not including infringement, USDA shall notify COMPANY of such extraordinary and unusual procedure and the estimated cost thereof. USDA and COMPANY agree to use best efforts to reach mutual agreement upon the best course of action.

4.7 All payments due USDA under this Article IV shall be payable in United States dollars for the account of USDA/Agricultural Research Service, License No. (XXXX-XXX). All checks and bank drafts shall be drawn on United States banks. A late payment of a license fee or royalty shall automatically raise said fee or royalty by an amount equal to one percent (1%) of the amount due for each month beyond the due date of such late payment. Conversion of foreign currency to United States dollars shall be made on the last business day of the applicable reporting period for the purchase of United States dollar bank wire transfers for settlement of such payment obligations. Any and all loss of exchange, value, taxes, or other expenses incurred in the transfer or conversion of other currency to United States dollars shall be paid entirely by COMPANY.
ARTICLE V
REPORTS AND RECORDS

5.1 COMPANY shall provide written annual reports within sixty (60) days of the end of each calendar year detailing progress being made to bring the Licensed Patent to practical application. No further annual progress reports will be required after notification of the first commercial sale of Licensed Products unless otherwise requested by USDA.

5.2 After notification of the first commercial sale of Licensed Products, COMPANY shall submit to USDA within sixty (60) days after each calendar half year ending June 30th and December 31st, reports setting forth for the preceding six (6) month period the amount of Licensed Products made, used, or sold or otherwise disposed of by COMPANY, the Net Sales thereof and the royalties due pursuant to Paragraph 4.3 above. The report shall include an itemized accounting of the number of units of Licensed Products sold, price per unit, and each deduction taken from the gross sales for the purpose of calculating Net Sales. A written report shall be due for each reporting period whether or not any royalties are due to USDA.

5.3 COMPANY shall keep accurate and complete records as are required for the determination of royalties owed to USDA pursuant to this Agreement. Such records shall be retained for at least five (5) years following a given reporting period. Upon reasonable notice and at the expense of USDA, such records shall be available during normal business hours for inspection by an accountant selected by USDA and approved by COMPANY for the sole purpose of verifying reports and payments hereunder. Such accountant shall not disclose to USDA any information other than information relating to the accuracy of reports and payments made under this Agreement. COMPANY shall provide full cooperation in such inspection and audit. Such cooperation shall include, but not limited to, providing sufficient time for such examination and convenient access to relevant personnel and records. If an inspection and audit show an underreporting or underpayment in excess of five percent (5%) for any twelve (12) month period, then COMPANY shall reimburse USDA for the cost of the inspection and audit. All payments required under this Paragraph 5.3 shall be due within thirty (30) days of the date USDA provides COMPANY notice of the payment due.

ARTICLE VI
LICENSEE PERFORMANCE

6.1 COMPANY shall expend reasonable efforts and resources to carry out the development and marketing plan submitted with COMPANY’s application for a license and to bring the Licensed Patent to the point of practical application as defined in Title 37 of the Code of Federal Regulations, Section 404.3(d). COMPANY shall offer Licensed Products for sale within _____ (#) year(s) of the Effective Date of this Agreement unless this period is extended by mutual agreement of the parties. USDA shall not unreasonably withhold approval of any request by COMPANY to extend this period if such request is supported by evidence of reasonable efforts by COMPANY to bring the Licensed Patent to practical application, including any reasonable and diligent application for regulatory approvals required by any U.S. Government agency.
6.2 COMPANY shall notify USDA in writing within fifteen (15) days after the first commercial sale of a Licensed Product by COMPANY.

6.3 Licensed Products sold or otherwise disposed of in the United States by COMPANY shall be manufactured substantially in the United States.

6.4 After the first sale of Licensed Products in the United States, COMPANY shall keep Licensed Products reasonably available to the United States public during the term of this Agreement.

[Additional diligence requirements may be negotiated as needed, based upon COMPANY’s business plan submitted to USDA pursuant to 35 U.S.C. 209 (f).]

ARTICLE VII
DURATION, MODIFICATION, AND TERMINATION

7.1 This Agreement shall commence on the Effective Date and, unless sooner terminated as provided under this Article VII, shall remain in effect until the expiration of the last to expire Licensed Patent.

7.2 This Agreement may be modified or terminated by USDA, subject to the provisions of Paragraphs 7.3 and 12.4 below, if it is determined that any one of the following has occurred:

(a) COMPANY fails to meet the obligations set forth in Article VI above;

(b) Such action is necessary to meet requirements for public use specified by Federal regulations issued after the date of this Agreement and such requirements are not reasonably satisfied by COMPANY;

(c) COMPANY has willfully made a false statement or willfully omitted a material fact in the license application or in any report required by this Agreement;

(d) COMPANY commits a substantial breach of a covenant or provision contained in this Agreement;

(e) COMPANY is adjudged bankrupt or has its assets placed in the hands of a receiver or makes any assignment or other accommodation for the benefit of creditors; or

(f) COMPANY misuses the Licensed Patent.

7.3 Prior to modification or termination of this Agreement, USDA shall furnish COMPANY a written notice of intention to modify or terminate, and COMPANY shall be allowed thirty (30) days after the date of such notice to remedy any breach or default of any covenant or
agreement of this Agreement or to show cause why this Agreement should not be modified or
terminated.

7.4 COMPANY may terminate this Agreement at any time upon ninety (90) days
written notice to USDA. If COMPANY terminates this Agreement in accordance with the
provisions of this Paragraph 7.4, COMPANY shall provide USDA with a summary report of the
reasons for termination, whether of a business or technical nature, and USDA shall be free to
disclose such information to any third party who contacts USDA concerning a license under the
Licensed Patent.

7.5 Upon termination of this Agreement, all sums that have accrued and are due to
USDA pursuant to Article IV hereunder shall become immediately payable. In all other respects,
the rights and obligations of the parties hereto concerning the Licensed Patent included in such
termination shall cease as of the effective date of such termination.

ARTICLE VIII
PATENT ENFORCEMENT

8.1 COMPANY shall notify USDA of any infringement of the Licensed Patent that
comes to the attention of COMPANY. In the event of such infringement, the parties
hereto shall confer and shall use best efforts to reach mutual agreement upon the best course of action,
including but not limited to, requiring the infringing party to take a license under the Licensed
Patent or taking legal action against such party.

8.2 The U.S. Government is not obligated to enforce the Licensed Patent against
infringers, and may grant the right of enforcement to COMPANY and/or to other licensees under
the Licensed Patent, pursuant to Title 35, Section 207(a)(2) and Title 35, Chapter 29, of the U.S.
Code. COMPANY shall continue to make all payments accruing to USDA pursuant to Article IV
hereunder until such time as this Agreement is terminated by either party, even if the Government
elects not to enforce the Licensed Patent against infringers.

ARTICLE IX
MARKING AND NON-USE OF NAMES

9.1 COMPANY shall mark Licensed Products or packages containing Licensed
Products with all applicable patent numbers.

9.2 COMPANY shall not use the name of the U.S. Government, the name of any
department or agency of the U.S. Government, the name of any U.S. Government employee, or
any adaptation of the above in any promotional activity without prior written approval from
USDA.

ARTICLE X
REPRESENTATIONS AND WARRANTIES
10.1 USDA represents and warrants that the entire right, title and interest in the Licensed Patent has been assigned to the United States of America as represented by the Secretary of Agriculture and that USDA has the authority to issue licenses under the Licensed Patent.

10.2 USDA does not warrant the patentability or validity of the Licensed Patent and makes no representations whatsoever with regard to the scope of the Licensed Patent or that such Licensed Patent may be exploited without infringing other patents. USDA FURTHER MAKES NO WARRANTIES AS TO THE MERCHANTABILITY OR FITNESS OF THE LICENSED PATENT OR THE LICENSED PRODUCTS FOR ANY PARTICULAR PURPOSE, OR ANY OTHER WARRANTIES EXPRESS OR IMPLIED.

ARTICLE XI
NOTICES

Written notices and reports required to be given under this Agreement, and submission of license execution and maintenance fees and royalties, shall be mailed by first class mail, postage prepaid and addressed as follows:

If to USDA:

Assistant Administrator
USDA, ARS, Office of Technology Transfer
5601 Sunnyside Avenue, 4-1159
Beltsville, MD 20705-5131

If to (company name):


ARTICLE XII
MISCELLANEOUS PROVISIONS

12.1 This Agreement shall not be transferred or assigned by COMPANY to any party other than to a successor or assignee of the entire business interest of COMPANY relating to the Licensed Patent, but in no event shall COMPANY assign or transfer this Agreement to a party not a citizen or resident of the United States of America. COMPANY shall notify USDA in writing prior to any such transfer or assignment.

12.2 The interpretation and application of the provisions of this Agreement shall be governed by the laws of the United States as interpreted and applied by the Federal courts in the District of Columbia.

12.3 Neither party may waive or release any of its rights or interest in this Agreement except in writing. The failure of a party to assert a right hereunder or to insist on compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party.

12.4 The parties shall make every reasonable effort to resolve amicably any dispute concerning a question of fact arising under this Agreement. In accordance with the requirements of 37 CFR 404.11, USDA has established an administrative procedure for resolving disputes not
settled amicably between the parties. Any such disputes shall be decided by the Assistant Administrator, Office of Technology Transfer, Agricultural Research Service (ARS), who shall reduce such decision to writing and mail or otherwise furnish a copy thereof to COMPANY. Any decision of the Assistant Administrator, ARS, whether it be a question of fact, or to modify or terminate this Agreement, may be appealed to the Administrator, ARS, whose decision shall be administratively final and conclusive. This shall not preclude COMPANY from taking additional legal action once all administrative avenues have been exhausted. Pending final decision of a dispute hereunder, COMPANY shall proceed diligently with the performance of its obligations under this Agreement.

12.5 Nothing relating to the grant of this license, nor the grant itself, shall be construed to confer upon COMPANY any immunity from or defenses under the antitrust laws or from a charge of patent misuse, and the acquisition and use of rights pursuant to this license shall not be immunized from the operation of state or Federal law by reason of the source of the grant.

12.6 The provisions of this Agreement are severable, and the illegality or invalidity of any provision of this Agreement shall not impair, affect, or invalidate any other provisions of this Agreement.

12.7 This Agreement constitutes the entire agreement and understanding between the parties, and neither party shall be obligated by any condition, promise or representation other than those expressly stated herein or as may be subsequently agreed to by the parties hereto in writing.

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

FOR THE UNITED STATES DEPARTMENT OF AGRICULTURE:

______________________________  __________________________
Signature                                                             Date

MOJDEH BAHAR
Assistant Administrator, Agricultural Research Service

FOR (COMPANY NAME):

______________________________  __________________________
Signature                                                             Date

Name:  _________________________________________________________

Title:  __________________________________________________________