ABSTRACT
This chapter provides a road map for licensing professionals to identify the most common terms, contractual obligations, and other provisions that are likely to be encountered in crafting a license agreement. Emphasis is placed on agricultural technology licenses. Since most people engaged in deal making are involved in multiple deals at the same time, important aspects can be forgotten or overlooked at any time and for any deal. The checklist format allows the licensing practitioner to check off each item once it has been addressed to the parties’ satisfaction. While expansive, it does not necessarily fit all contexts and is therefore intended to serve as a basis from which institutions and individuals can develop their own checklists.

1. INTRODUCTION
A checklist to aid in negotiating a licensing agreement, much less to aid in actually preparing and writing the agreement itself, may sound like a simplistic tool to an experienced negotiator or contract attorney. After all, most people in such positions are well educated and used to dealing with multiple projects having many details in the scientific, legal, and business arenas, all at the same time. If they did not have the competence to deal with this type of work situation, they would not last long in the active, high-pressure licensing environment. But it is precisely because of myriad details that a checklist can be life (or deal) saving for the working licensing officer or attorney. Since most people engaged in deal making are involved in multiple deals at the same time, important aspects can be forgotten or overlooked at any time and for any deal. One of the simplest ways to make sure that a crucial or costly mistake does not happen because of an oversight is to use a tool such as the checklist presented here.

2. SPECIFIC CHECKLIST SECTIONS
This section introduces and discusses for both licensors and licensees each element of the checklist. If your work requires you to draft license
agreements, download the checklist from the online version of this *Handbook* where it is given without the annotations.

### 2.1 Section 1 – The parties

Although seemingly self-evident, having all pertinent information about the parties in one place, such as their legal names, the negotiating party’s contact information, and the legal addresses is a time saver when the final agreement is being written. No more last-minute telephone calls or e-mails to get information that should have been exchanged at the first meeting.

**PARTIES:**

1. **Licensor’s Name:**
   
   Address:
   
   Principal Office: ____________________________
   
   Incorporated In: ____________________________ Short Title: ____________________________
   
   Contact Name: ____________________________
   
   Contact Title: ____________________________
   
   Contact Tel/Fax: ____________________________
   
   Contact E-mail: ____________________________

2. **Licensee’s Name:**
   
   Address:
   
   Principal Office: ____________________________
   
   Incorporated In: ____________________________ Short Title: ____________________________
   
   Contact Name: ____________________________
   
   Contact Title: ____________________________
   
   Contact Tel/Fax: ____________________________
   
   Contact E-mail: ____________________________

### 2.2 Whereas clauses

The following set of “whereas clauses” is offered as a guide for detailing the background of the license. Not all parties use whereas clauses; some prefer to make the background information a standard set of clauses that follow language specifying that “the following are terms of the Agreement” or similar language. Some use of background information in a contract is recommended because within a short period of time after the deal is done and the agreement signed, negotiators’ memories will fade and a short set of statements regarding the background of the deal may become invaluable should the contract need to be interpreted by a court or an arbitrator.
WHEREAS CLAUSES:

1. Licensor owns/controls certain Intellectual Property/Tangible Property including inventions _____, patents _____, applications _____, know-how _____, other _____ relating to
2. Licensor represents that it has the right to grant a license to ______
3. Licensee owns/controls certain Intellectual Property/Tangible Property including inventions _____, patents _____, applications _____, know-how _____, other _____ relating to
4. Licensee represents ________________________________
5. Licensee desires license relating to ________ in order to ______________

2.3 Definitions
A simple contract will not need to have a section devoted to definitions, as the definitions can be presented when special terms are first encountered. A complex document should present all definitions in one section for ease of drafting and later interpreting the contract. General terms used throughout the contract should be placed in this section, as should technical terms that are used frequently. Either an alphabetical or a hierarchical order is recommended, the latter being used when a number of terms are closely related and having them near to each other would allow the reader to more easily navigate the agreement.

Each license will have its own specific set of definitions, so a short list that includes only the most commonly used terms is presented here.

DEFINITIONS:

All other appropriate terms should be listed and defined. Clear definitions will add great clarity to a license. Care should be taken to write definitions that, in general, stand alone and are not circular in construction.

A good place to begin thinking about what to define is with a definition of the parties. If dealing with a company, is it the company and all its affiliates? All of its subsidiaries? Or only the parent company? Products/Processes licensed should be specifically defined as Licensed Products or Licensed Processes. If only certain types of inventions are covered, define the inventions here and refer to them as Inventions; include the patent number and/or patent application number that is being licensed, and specify if Know-how is included.

(Continued on next page)
2.4 The grant sections
The following sections may seem to be overkill to the licensing professional. However, each and every section, if not handled with care and forethought, can result in a deal that is more than unsatisfactory to one or both parties.

2.4.1 Rights granted
The exact grant language should be specified. This includes which intellectual property rights the license is given under: patent right only or know-how right or both and exclusive right, coexclusive with the licensor, or nonexclusive. The section should also specify the term of the exclusivity and/or nonexclusivity, and whether such right is irrevocable; and if there is a right to grant sublicenses. Each organization will find that it tends to make deals in a certain way and may find that certain combinations of grant language will be used repeatedly. In that case, this section may be easily amended to the specific organization’s needs.

1. RIGHTS GRANTED:
   a) All substantial (statutory) rights to practice under the rights in specified Intellectual Property/Tangible Property (detail here) ______________;
   b) and to make _____, have made_____, use_____, import_____, offer for sale_____, and sell _____ products and processes;
   c) Exclusive for _____ years and nonexclusive thereafter, or
   d) Non-exclusive _______, to make (manufacture) ______, or
   e) Exclusive _______ to have made for own use ______; or
   f) Exclusive except as to Licensor ______, to use _____, to export ________, to make and sell in limited markets ______;
   g) Irrevocable _______. to sell ______, have sold ______;
   h) With right to grant sublicenses ______, to lease ______, rent ______.

2.4.2 License restrictions
This section deals with the field, territory, prior licensee’s rights, and the commercial rights retained by the licensor. Some of what is contained in this section appears under Section 1 (the parties), and may not be needed in all situations.
2. LICENSE RESTRICTIONS:

Limited to the Field ________________________________
Limited to Territory ________________________________
Subject to prior Licensee (identify, if any) rights ________________________________
Subject to Licensor’s right to make _____, have made _____, use _____, have used _____, export _____, import _____, sell _____, have sold _____ (as many as applicable).

2.4.3 Reservation of rights

This section is particularly important when the licensor is a nonprofit and must ensure that certain rights to use the intellectual property are reserved for academic, nonprofit research, or humanitarian uses in developing countries, or according to the terms of the Bayh-Dole Act (in the United States). Forgetting to include the needed reservation of rights in a license could make the license invalid and/or could lead to an expensive court fight to determine what rights are in fact owned by the licensor.

3. RESERVATION OF RIGHTS:

a) Licensor hereby reserves an irrevocable, nonexclusive right in the Technology (on behalf of itself and all other nonprofit/academic research institutions)

b) For Educational and Research uses____, including uses in Sponsored Research ____ and nonprofit collaborations ____.

c) For Humanitarian Purposes____ or

d) For uses in Developing or Economically Disadvantaged countries____ (specify countries)____

e) For the U.S. government under the Bayh-Dole Act ______.

2.4.4 Right to grant sublicenses

The grant of a right to grant sublicenses to third parties also has a number of important choices that must be considered by parties when awarding this portion of the license. Sublicensees may be anyone or may be limited to, for example, only parties in privity with the licensee; only affiliates of the licensee; only a specified number of third parties; or only parties preapproved by the licensor.
4. LICENSEE MAY GRANT SUBLICENSES:
   a) To any other party ____;
   b) To limited number of parties ____;
   c) To Affiliates of Licensee ____ only ____;
   d) To third parties preapproved by Licensor ____;
   e) To nominees of Licensor ____;
   f) At specified consideration (indicate) ____________________;
   g) Consideration to be shared with Licensor ________________;
   h) Copies of sublicense to be furnished to Licensor ________;
   i) Under other conditions ______________________________________

2.4.5 Territory
The territory that is granted to the licensee under the license must be specifically identified.

5. TERRITORY:
   a) All countries _____
   b) All countries except ____________________
   c) Following country/countries ____________________________
   d) That portion of a specific country comprising _____________

2.4.6 Term of the agreement
The date the agreement begins, the effective date, should be noted, as well as the ending date of the agreement, by whatever method that is calculated. Some of the most common ways are listed below.

6. TERM OF AGREEMENT:
   Effective Date is ________.
   For _____ years/months/day (as agreed), until (specify date) _____; or
   For the life of a specific patent or other intellectual property ________; or
   Until some future event (specify) _____________________________
2.5 Improvements
This section deals with any improvements made and/or patented (by whom and paid for by whom) during the term of the license by either the licensor or licensee and what obligations are present in the deal as to whether or not to include future technology under the present license or to have future technology fall under the reservation of rights to the licensor.

7. IMPROVEMENTS BY:

<table>
<thead>
<tr>
<th>LICENSOR:</th>
<th>LICENSEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Included _______</td>
<td>Included _______</td>
</tr>
<tr>
<td>Not included ___</td>
<td>Not included ___</td>
</tr>
<tr>
<td>Who will file _____________________________</td>
<td>Who will file _________________________</td>
</tr>
<tr>
<td>Who will pay costs ______</td>
<td>Who will pay costs ______</td>
</tr>
<tr>
<td>Assigned/licensed to Licensee ______</td>
<td>Assigned/licensed to Licensor ______</td>
</tr>
</tbody>
</table>

2.6 Consideration
The consideration sections of the checklist is relatively involved, and can be cut back if equity is not part of the payment for the license. Royalty, milestone payments, type of currency, determining rate of exchange, and equity-ownership issues are listed here, as is the issue of minimum annual payments, particularly important in the case of an exclusive license.

8. CONSIDERATION FOR LICENSE:

Royalty free ___; or
Royalty, ___ per cent; of profits _____; of gross sales _____; of net sales _____; specific
amount (specify) _____ per unit (specify) _____; other (specify) ________;

Single sum (license fee) of _________;
Milestones (what they are and amount owed) ________________________;
Payment is to be made in currency of which country ____________;
At the then current rate of exchange ___________________;
At the rate of _______ (currency) for ________ (currency)
If exchange rate decreases or increases by ___ (specify a percentage) %
the payments shall decrease or increase by like amount; or exchange rate shall be that published in __________________.
Equity: Stock of Licensee (specify) _____________________________
stock of existing company _____; new company ______
value of the shares of stock shall be market value ___ at date of agreement ______
book value _____ according to Schedule ____; stock shall have full voting rights
_____; nonvoting ______;
2.7 Reports and auditing of accounts
Royalties based on any measure tied to a product’s sales should be paid to the licensor accompanied by a report stating how the royalty was calculated. It should be decided how often and when these reports (and royalties) are due. Additionally, the right of the licensor to audit the books that generate these reports should be a part of the license.

10. STATEMENTS OF EARNED ROYALTY:
Quarterly, within _____ days of end of quarter
Annually, within _____ days of end of year
Other periods, (specify) ____________________
In writing, and certified by __(official or auditing firm) _____
With names and addresses of sublicenses ______
With copies of sublicenses ______
Together with payment of royalty accrued ______

11. INSPECTION OF LICENSEE'S ACCOUNTS:
Not permitted ______
Permitted ______
at any time during business hours ______
at specified times ______
by Licensor's authorized representatives ______
by Certified Public Accountants ______
Audit to be paid by Licensor unless underpayment is greater than ____%
2.8 **Representations/warranties**

Certain basic representations and warranties should be given by each party to the other, such as the ability to enter into this agreement, the validity of the intellectual property, and a standard warranty disclaimer. These and others are listed below.

**12. REPRESENTATIONS/WARRANTIES:**

A. **Validity of Licensed IP**
   - Not admitted ______
   - Admitted to Licensee ______
     - If patents held invalid, then:
       - Licensee may terminate:
         - as to invalid claims ______
         - entire agreement ______

B. **Good title to Intellectual Property in ______ (specify countries)**

C. **Authority of Licensor to enter into the License _____**
   - Authority of Licensee to enter into the License _____

D. **Standard warranty disclaimer, of fitness for particular purpose**
   - Merchantability ______; Express or Implied ______.

2.9 **Infringement**

These sections deal with how past infringement by the licensee is handled; if the IP is infringed by third parties, how such infringement will be handled, and if there is a recovery for the infringement, how that will be divided between the licensor and licensee. Indemnification by the licensor of the licensee to practice under the IP rights is also covered.

**13. INFRINGEMENT:**

A. **INFRINGEMENT OF LICENSED INTELLECTUAL PROPERTY/TANGIBLE PROPERTY**
   - Past infringement by Licensee
     - forgiven ______; not forgiven ______
     - forgiven for payment of ______
     - If infringed by others:
       - Who will notify ______________
       - Who will file suit ______________
       - Who is in charge of suit __________
       - Costs: borne by _____________
         - divided ________________

(Continued on next page)
13. INFRINGEMENT (continued)

B. INFRINGEMENT OF OTHER’S INTELLECTUAL PROPERTY/TANGIBLE PROPERTY

No indemnity by Licensor ______
Licensor indemnifies Licensee ______
Licensee indemnifies Licensor ______
Who will notify _____________
Who will defend _____________
Who will pay costs __________
Costs: borne by _____________
    divided _______________

C. RECOVERY AFTER DECREE

Retained by _____; Divided _____
Right to settle suit:
    by Licensor ______; by Licensee ______
    by Licensor only with consent of Licensee ______
    by Licensee only with consent of Licensor ______

2.10 Diligence

Diligence covers the concept that the exclusive licensee will do all it can to operate under the license so that the licensor reaps a monetary benefit under the license. If this issue is not covered, then the exclusive licensee can sit on the technology and keep others from exploiting it and bringing money to the licensor.

14. DILIGENCE BY LICENSEE (Usually in absence of minimum royalty):

    No obligation ______
    Licensee will use its best efforts to ______
    Licensee will use its reasonable best efforts ______
    Licensee agrees to:
        produce _____ or sell _____ specified units _____
        produce _____ or sell _____ specified products _____
        invest specified amount ______________________
        satisfy demands of trade ______
        not to refuse reasonable request for sublicense _____

Penalty for lack of diligence:
    license converted to nonexclusive ______
    Licensor may nominate Licensees ______

    Licensor may terminate __ upon __ days’ notice in writing
2.11 IP defined

Intellectual property (IP), and how it is paid for, must be defined in the agreement, whether it is only one patent or if it includes various reports and tangible materials. This part of the checklist may be more relevant to for-profit licensors, but nonprofit licensors may also have more than just a patent (and its family) to include in the definition of IP.

15. INTELLIGENT AND TANGIBLE PROPERTY OF LICENSOR:

Not included, except as described in patents or applications _____
Included for products (specify) __________________________
For term of agreement _____; for specified term _____
For territory of license _____; for other territory _______

A. NATURE OF INTELLIGENT AND TANGIBLE PROPERTY
i. Invention records ___Know-how, not confidential ___
ii. Laboratory records ___Know-how, confidential ____
iii. Research reports ___Employee to be bound ______
iv. Development reports ______
v. Laboratory notebooks ______
vi. Construct components and design ______
vii. Test field lay-out and design ______
viii. Production specifications ______
ix. Raw material specifications ______
x. Quality controls _____; ISO 9000 procedures ______
xi. Economic surveys _____
 xii. Market surveys ___; Producer lists ___; Brokers ___
xiii. Promotion methods ______
xiv. Trade secrets ______
xv. List of customers ______
xvi. Drawings and photographs ______
xvii. Models, tools and parts ______
xviii. Germplasm ____________________
xix. Other (specify) ____________________________

B. PAYMENT FOR INTELLIGENT AND TANGIBLE PROPERTY

Included in royalty ______
Not included in royalty ______
Single payment of ________________________________
Stock in amount of _______________________________
Annual service fee of ______________________________
for term of agreement ___________________________
for specified term _____________________________
If Intellectual Property surrounding it is held invalid:
   Know-how payment stops ______
   Know-how payment continues ______
16. INTELLECTUAL AND TANGIBLE PROPERTY OF LICENSEE:

Not included, except as described ______
Included for products (specify) ______________________
For term of agreement ______; for specified term ___
For Territory ______________________
Nature of Property included: ______________________

2.12 Right of inspection; technical personnel
If the licensee has licensed seed that is being produced by the licensor and that will include the transfer of tangible material (the seed) to the licensee, the licensee may want to have the right to inspect the licensors research data and fields during the term of the license. Whether or not licensors personnel shall be used to transfer know-how or tangible materials to the licensee, and at what cost, is also an important item to note in the contract.

17. RIGHT OF INSPECTION:

Licensee shall have the right to inspect Licensor’s:
  Research laboratory ______
  Development laboratory ______
  Laboratory notebooks ______
  Test fields ______
  Production fields ______; Nurseries ______; Greenhouses ______

Number of visits permitted per year ______; Number of persons ______

Special conditions of visits ______________________________________

Licensor shall have reciprocal rights of inspection ___________________

18. TECHNICAL PERSONNEL:
Licensor shall provide technical personnel to deliver Intellectual Property/Tangible Property (specify) ______: 
  At Licensor’s expense ______; At Licensee’s expense ______
  Not more than ______ persons for not more than ______ days
  At a fee which shall be the salary, plus ______ per cent
  Travel expenses ______; living expenses ______
  borne by Licensor ______; borne by Licensee ______

(CONTINUED ON NEXT PAGE)
TECHNICAL PERSONNEL: (continued)

Number and duration of stay of technical personnel determined by:
Licensor ______; Licensee ______; mutually ______
Ownership of reports made by technical personnel ______

2.13 Remaining sections
The remaining sections of the checklist are what may be identified as the “boilerplate sections” of the license, even though all of these terms are subject to negotiation. In any case, confidentiality terms, provisions for export control, the non-use of each party’s name by the other party, arbitration (or not), terms of breach that will cause termination of the contract and the ramifications thereof, force majeure, assignment, favored-nation clause, notices, integration, language, modifications, applicable law, and schedules should be standard items considered by every licensing professional.

2.14 Confidentiality
If a confidentiality, or nondisclosure, agreement has been entered into by the parties and will remain effective during the term of the license agreement, nothing else is needed. If this hasn’t been done, a section dealing with terms of confidentiality may be put into the license agreement. If the previously agreed-to confidentiality agreement is weak, now is the time to bolster it and to make sure that these terms in the license agreement take precedence over earlier agreements.

19. CONFIDENCE OF CONFIDENTIAL INFORMATION:

No obligation ______; Licensee obligated ______
Both parties obligated ______
Confidence maintained for specified time ____; Without limitation as to time _____; life of agreement ______
Until published by owner ______
Existence of this agreement confidential ___; Terms and conditions of this License to be kept confidential ___
Other ____________________________
2.15 Export regulations; use of party’s name

Export regulations are important in deals where technology is exported from the United States. All exports must comply with U.S. export control laws and regulations, and in particular, those goods and IP that may have a military use. It is a topic outside of the scope of this chapter, but as an item on the checklist, it alerts the negotiator that this is a topic to be considered. Other countries may have laws dealing with the same topic or with issues or registering the final agreement with the government. Again, this is a memory jog for the negotiator.

In some cases, either one or all of the parties will not want its/their name used in connection with any licensed products advertised or sold, as it may suggest that the licensing institution is recommending these goods. If this is the case, this should be stated in the agreement.

20. A. EXPORT CONTROL ______

B. Government registration regulations _____

21. NON-USE OF NAMES

Licensor’s ______, with permission ______
Licensee’s ______, with permission ______

2.16 Arbitration

In the case of a major disagreement about the terms of an agreement, parties may wish to take the issue to arbitration. Arbitration can be carried out in many different ways and it is easier to specify in the agreement the rules to be used for arbitration, before there is an issue to arbitrate.

22. ARBITRATION:

No right of arbitration ______
Parties will use their best efforts ______
Parties agree to arbitration by:
   American Arbitration Association ______
   By other body ______
   By three persons, one selected by each party and a third by the selected persons ______

Appeal from arbitration decision:
   Not permitted, decision final and binding ______
   Permitted _____________ to ____________
2.17 **Termination**

The termination section of an agreement can be quite complicated, or it can be very simple. I have seen agreements that have been hung up on determining what to do with the rights of the parties if a material breach were to occur. Thought should be given to this area, but beware of having it take over the negotiation. Areas to consider include the right of either party to end the agreement for no reason at all; the rights of the party that has performed when confronted with a party that refuses to perform; material breach issues; and length of notification of breaching activity and time given to the breaching party to cure the breach before losing rights and/or being charged penalties. Issues dealing with the natural expiration of the license should be considered, as well. What happens to the know-how (if any) upon the expiration of all patents? And what are the confidentiality provisions?

23. **TERMINATION:**

A. By Licensor:
   - If certain person incapacitated ___ (name) ___
   - If certain person terminated __ (name) __
   - At specified time ______
   - Upon breach after ___ days written notice if not remedied within ___ days
   - Other ________________________________

B. By Licensee:
   - At any time upon ______ days written notice
   - On any anniversary date ______
   - At a specified time ______
   - Only upon payment of penalty of _______ dollars
   - Upon breach after ___ days written notice if not remedied within ___ days
   - Other ________________________________

C. Upon expiration, Licensee assigns to Licensor:
   - Trademarks ______
   - Patents ______
   - Copyrights __________
   - Sub-licenses __________
   - As to any specified patents or applications ______
   - Germplasm _______________
   - As to any specified country ______
   - Of exclusive license with right to continue as nonexclusive ______
   - Whenever any essential claim held invalid ______
   - Upon bankruptcy of either party ______

(Continued on next page)
D. Upon Termination, without breach, Licensor assigns to Licensee:

- Trademarks
- Patents
- Copyrights
- Sublicenses

As to any specified patents or applications
- Germplasm

As to any specified country
- Of exclusive license with right to continue as nonexclusive
- Whenever any essential claim held invalid
- Upon bankruptcy of either party

E. Upon Termination with breach, Licensee assigns to Licensor:

- Trademarks
- Patents
- Copyrights
- Sublicenses

As to any specified patents or applications
- Germplasm

As to any specified country
- Of exclusive license with right to continue as nonexclusive
- Whenever any essential claim held invalid
- Upon bankruptcy of either party

F. Upon termination, with breach, Licensor assigns to Licensee:

- Trademarks
- Patents
- Copyrights
- Sublicenses

As to any specified patents or applications
- Germplasm

As to any specified country
- Of exclusive license with right to continue as nonexclusive
- Whenever any essential claim held invalid
- Upon bankruptcy of either party

2.18 Force majeure

This is the “it is out of my control” reason for not performing under the license. A hurricane has just wiped out your seed crops for the year, and you have no seeds to provide or to sell; your chemical plant just went up in flames. Things happen, and this fact of life should be considered in the contract. The key is to determine what is required after the force majeure occurs to get the licensed product out the door, or the goods to the licensee as quickly as possible. Technically a French term, it literally means “greater force.”
24. FORCE MAJEURE:

Licensor has right ______
Licensee has right ______
Both parties have right ______
Nature of Force Majeure:
Natural events: fire, floods, lightning, windstorm, earthquake, subsidence of soil, etc.
(specify) ______________
Accidents: fire, explosion, equipment failure, other ___________
Civil events: commotion, riot, war, strike, labor disturbances, labor shortages, raw material and equipment shortages _____
Governmental: government controls, rationing, court order _____
Any cause beyond control of party ______
Time after occurrence that the exclusive license becomes nonexclusive _____ months
If there are fixed payments, are they excused during FM period ___?

2.19 Assignment provision
A license is considered to be personal to the licensor, especially in the case of an exclusive license. The licensor hand picks the licensee, for many reasons, and rejects others for many reasons. Additionally, an exclusive licensee may be interested in taking a license from a particular licensor, and not from another. In these cases, the right to assign a license may be forbidden, or at least greatly limited to “only with the permission of the nonassigning party.” Nonexclusive licenses tend to be more open to assignment, especially if there are many licensees. There may or may not be fees attached to the transfer, or assignment, of a license.

25. ASSIGNMENT OF AGREEMENT AND LICENSE:

a) Not assignable by either party ______
b) Assignable by Licensor, without consent of Licensee __; only with consent __
c) Assignable by Licensee, without consent of Licensor; only with consent ___
d) By either party upon:
   Merger ______
   To successor of portion of business involving: license___; or only entire business ___
   To any company of which a majority of stock is owned ______
   To any company of which a controlling interest is owned ______

Binding upon heirs, successors and assigns ______
Fee for assigning _______ How much? ________
2.20 Favored nation
A licensee may demand that they pay the same royalty and/or fee as another licensee that pays the least for the same license. This can be limited, for example, to the same royalty rate, but not to up-front fees, or not take in consideration the worth that cross-licenses to IP bring to a deal. Generally, it is very tough to determine if one party has a better deal than another unless it is a straight money deal.

26. FAVORED NATION CLAUSE:

Licensee guarantees performance (and amount of return) ______
Licensor required to notify Licensee of similar license ______
Licensee has option to take term of similar license ______
License changed to terms of more-favorable license ______
Licensee may terminate if not given cheaper license ______

2.21 Notices; integration; language; modifications; law; signatures
You will find that clauses that involve the following issues tend to be boilerplate clauses:
• Notices. the handling of any notices, payments, and so forth, that you must make or should receive
• Integration. a statement that this is the controlling document, no matter what else was said or signed previously, unless specifically stated in the license.
• Language: deals with languages used in writing the license (Will each translation of the license be acceptable? Or only the license written in one of the languages?)
• Modifications: specifies whether amendments to the license are to be in writing (If oral changes are OK for your deal, or for portions of it, specify it here.)
• Law: specifies which country’s laws will be applied to interpreting the license; what courts will hear a lawsuit; and in what country, specifically, lawsuit would be filed.
• Signature: recommended to type in the name and title of the signatory (Two years after signing, all parties to the deal may have changed, and many signatures may be illegible by then.)

27. NOTICES AND ADDRESSES:

By registered mail ______
By registered air mail (for foreign licenses) ______
By overnight mail ______
After ___ days if by FAX with confirming telephone call ___
After ___ hours if by e-mail to ___specify_____
Licensor’s legal address for notice: ___________________
Licensee’s legal address for notice: ___________________

(Continued on next page)
28. INTEGRATION:

This instrument is the entire agreement between parties ______
This agreement supersedes all ______ prior agreements between the parties or the agreement dated ________________

29. LANGUAGE (for agreement with foreign language licenses):

The official language(s) shall be __specify language(s)____
Copy in _____ language shall be official _____; unofficial __

30. MODIFICATIONS AND AMENDMENTS:

This License can not be modified or amended ____________
No modification effective unless written and signed by both parties __

31. APPLICABLE LAW:

To be read, construed, understood and adjudicated according to the laws of ______ in the courts located in ____________.

32. SIGNATURES:

For Individual:
Witnessed by ______ witness(es)

For Corporations:
By officer ______
Title shown ______

2.22 Schedules

This is the place to give very specific listings of items covered in the license, background documents, and research project outlines and specific procedures. It can be easier to modify a schedule than the whole contract, should the need for changes arise. A few types of schedules are listed.
33. SCHEDULES:
   A. PATENT LIST (Give inventor, number, issue date, official title)
   B. PATENT APPLICATIONS (Give inventor, number, filing date, official title)
   C. DESCRIPTION OR COPIES of official documents, such as sublicenses, assignment, prior license, etc.
   D. ACCOUNTING PROCEDURES for determining sales, net sales, sale value of stock, or other property
   E. EXISTING LICENSES AND/OR SUBLICENSES
   F. SPECIFICS OF EQUITY ARRANGEMENTS
   G. RESEARCH PROGRAM DETAILS

3. CONCLUSION
This license checklist is a comprehensive tool useful for capturing very important concepts and terms in a complex license. Nonetheless, the checklist can and should be modified by each institution to reflect the way it does business. Having key concepts available to the negotiator and license draftsperson with a quick reading of a checklist can save much aggravation and potential misery should a deal go bad during its lifetime. It is much more cost effective to craft a sound license up front, having key terms as well-defined as possible, than it is to fix the problem through arbitration or litigation later on.

DONNA BOBROWICZ, Technology Transfer Specialist, Loyola University Chicago, Stritch School of Medicine, 2160 S. First Avenue, Building 120, Room 400, Maywood, IL, 60153 U.S.A. dbobrowicz@lumc.edu