

SAMPLE AGREEMENT 4: PLANT VARIETY AND TRADEMARK LICENSE

Source: Based on an actual agreement. The names of the parties are purely fictional and have been inserted for illustration purposes only. Certain terms of the license have been modified or left blank.

COMMERCIAL VARIETY and TRADE MARK LICENCE AGREEMENT

by and between

BETTER SEED COMPANY, a company organised and existing under the laws of _____ [country] in the name of BETTER SEED CO Ltd and having its registered office in _____ [address] (hereinafter called “BETTER SEED CO.”)

and

GOLDEN HYBRIDS, a company organised and existing under the laws of _____ [country] in the name of Golden Hybrids S.A. and having its registered office in _____ [address] (hereinafter called “GOLDEN HYBRIDS”).

INTRODUCTION

GOLDEN HYBRIDS is a company breeding, trialling, producing, marketing and selling new varieties of various agricultural species.

BETTER SEED CO. is a breeder of corn and other species and the owner of the varieties provided under this agreement, or has the right to organize for introduction and marketing of varieties in certain territories.

Under this agreement, GOLDEN HYBRIDS will trial certain varieties owned or represented by BETTER SEED CO., with the intention of becoming an exclusive distributor and exclusive producer of the varieties in Southeast Asia.

1. DEFINITIONS

GROSS SALES means income at invoice values received for LICENSED PRODUCTS over a given period of time.

INTELLECTUAL PROPERTY means the patents, copyrights, trademarks, design rights, data protection rights, PVP and any other statutory rights for inventions, improvements, designs, and any other intellectual property rights.

INVENTION means the invention, which is the subject matter of PATENTS, PLANT VARIETY PROTECTION or any other form of INTELLECTUAL PROPERTY protection and licensed hereunder to GOLDEN HYBRIDS.

LICENSED MATERIAL means all forms of living and non-living biological material including without limitation strains, clones, plants, parts of plants, cultivars, germplasm, and genetic material provided by BETTER SEED CO. to GOLDEN HYBRIDS under this agreement.

LICENSED PRODUCTS means the crop or crops or any parts of the VARIETIES or TRIAL VARIETIES listed in Schedule 1 and 2.

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LICENSED TRADEMARK means the trademark **BETTER SEED CO.-Tropical Genetics** as defined in Schedule 3.

NET SALES means **GROSS SALES** reduced by customer discounts, returns, freight out, and allowances.

PVP means Plant Variety Protection; the protection of varieties as a form of exclusive ownership and use rights determined based on distinctness, uniformity and stability of the Plant Material.

RIGHTS shall mean plant variety rights to the Varieties in the Territory.

SUBSIDIARY of **BETTER SEED CO.** means any corporation over 50% of the voting stock of which is directly or indirectly owned or controlled by such **GOLDEN HYBRIDS**.

TERRITORY shall mean Country X and any such countries listed in Schedule 4 as amended from time to time by mutual written agreement.

TRIAL VARIETIES shall mean all the varieties of corn listed in Schedule 1, as amended from time to time.

VARIETY (and VARIETIES) shall mean the varieties listed in Schedule 2, as amended from time to time, whether or not relevant certificate of Plant Variety Protection have been obtained and marketed under the tradename given by **GOLDEN HYBRIDS**.

2. TRIAL VARIETIES

- 2.1 **BETTER SEED CO.** grants to **GOLDEN HYBRIDS** and its **SUBSIDIARIES** the exclusive right to grow the Trial Varieties in the Territory for a period of 7 (seven) growing seasons in order to evaluate the material.
- 2.2 **GOLDEN HYBRIDS** shall at its own expense in relation to each of the Trial Varieties carry out the necessary trials to determine whether they are suitable for use in the Territory. **GOLDEN HYBRIDS** shall keep full and accurate records and provide **BETTER SEED CO.** with the results of the trials in the form provided. **GOLDEN HYBRIDS** shall notify **BETTER SEED CO.** of the location of the trials. **GOLDEN HYBRIDS** shall allow **BETTER SEED CO.** and its agents access to the trials on reasonable notice.
- 2.3 **BETTER SEED CO.** shall at **GOLDEN HYBRIDS's** expense provide **GOLDEN HYBRIDS** with sufficient seed to carry out trials, and supply such technical and other relevant information in its possession as will assist **GOLDEN HYBRIDS** effectively to evaluate the Trial Varieties.
- 2.4 **BETTER SEED CO.** shall supply **GOLDEN HYBRIDS** with up to 20 (twenty) new Trial Varieties per year, if available.
- 2.5 At any time before and for 6 (six) months after the end of the trials of a variety, **GOLDEN HYBRIDS** may request that the Trial Variety becomes one of the Varieties, and on consent from **BETTER SEED CO.** it becomes one of the Varieties. If a variety is not selected for commercialisation, the Agreement shall terminate with regard to that variety.

3. GRANT OF RIGHTS

- 3.1 **GOLDEN HYBRIDS** is granted the exclusive right to produce Varieties.

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- 3.2 GOLDEN HYBRIDS is granted the exclusive right to authorise third parties to exercise Rights for the marketing and sale in the Territory of seed of the Varieties.
- 3.3 BETTER SEED CO. undertakes not to produce or market seed of the Licensed Products in the Territory.
- 3.4 GOLDEN HYBRIDS agrees to permit BETTER SEED CO. or its representatives to inspect the facilities where Licensed Products are being produced and packaged.

4. DURATION

- 4.1 Notwithstanding clause 10 below, this agreement shall become effective upon signature by both parties hereto and will remain in force for 5 (five) years (EXPIRATION).
- 4.2 Unless terminated with at least 6 months notice and 6 months prior to Expiration, this agreement shall automatically be renewed for periods of 2 (two) years.

5. GOLDEN HYBRIDS'S OBLIGATIONS

- 5.1 GOLDEN HYBRIDS shall at its own expense ensure (so far as possible) that the Varieties are entered on the National Plant Variety List in the Territory and shall maintain the Varieties on the National Plant Variety List and the Rights for the Varieties in the Territory and shall not allow such entry or Rights to lapse unless the variety is withdrawn from the market.
- 5.2 GOLDEN HYBRIDS shall at its own expense apply for Rights on the single-cross hybrids in the Territory. If a variety is not granted Rights by the authorities within a reasonable time frame in the Territory, the Agreement shall terminate with regard to that variety.
- 5.3 Before selling LICENSED PRODUCTS, GOLDEN HYBRIDS shall submit to BETTER SEED CO., at no cost to BETTER SEED CO. and for approval as to quality, at least one complete set of all promotional and advertising material associated therewith. Failure of BETTER SEED CO. to approve such samples within 10 (ten) working days after receipt hereof will be deemed approval. If BETTER SEED CO. should disapprove any such sample, it shall provide specific reasons for such disapproval. Once such samples have been approved by BETTER SEED CO., GOLDEN HYBRIDS shall not materially depart therefrom without BETTER SEED CO.'s prior express written consent, which shall not be unreasonably withheld.
- 5.4 GOLDEN HYBRIDS shall advise BETTER SEED CO. annually of its marketing plans for the subsequent year for the Varieties.
- 5.5 GOLDEN HYBRIDS shall purchase all inbreds for the production of the Varieties from BETTER SEED CO. unless BETTER SEED CO. licenses to GOLDEN HYBRIDS the right to produce inbreds. Such license, if agreed, shall be granted through an amendment to this Agreement.
- 5.6 GOLDEN HYBRIDS shall maintain clear records of all amounts of hybrids and varieties produced and inform BETTER SEED CO. on a yearly basis of such quantities produced, sold, distributed as promotional materials, and stock levels.
- 5.7 GOLDEN HYBRIDS shall use in its promotion of the Varieties BETTER SEED CO. trademarks, logos and distinctive BETTER SEED CO. business marks (Schedule 3).

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5.8 On all advertising and technical material GOLDEN HYBRIDS shall refer to BETTER SEED CO. as breeder of the Varieties.

5.9 GOLDEN HYBRIDS shall maintain ISO 9001 quality standards. If ISO 9001 standard certification were revoked or suspended, GOLDEN HYBRIDS shall notify BETTER SEED CO. immediately and GOLDEN HYBRIDS shall use its best efforts to restore such a quality in a timely manner. In the event that GOLDEN HYBRIDS has not taken appropriate steps to restore such a quality within 24 months after notification by BETTER SEED CO., BETTER SEED CO. has the right to terminate this Agreement.

6. BETTER SEED CO.'s OBLIGATIONS

6.1 Subject to the receipt of reasonable notice from GOLDEN HYBRIDS BETTER SEED CO. shall sell to GOLDEN HYBRIDS such quantities of pre-basic and basic seed of the parental lines as GOLDEN HYBRIDS may from time to time request. Seed shall meet the standard of certification required in the Territory. The prices for such seed shall be agreed in writing prior to delivery and may be reviewed from time to time.

6.2 BETTER SEED CO. shall provide all the supporting information reasonably required by GOLDEN HYBRIDS for the purposes of any application, entry or maintenance.

6.3 BETTER SEED CO. shall notify GOLDEN HYBRIDS should it become aware of any changes that materially affect the execution of this Agreement.

6.4 BETTER SEED CO. agrees to supply GOLDEN HYBRIDS, at BETTER SEED CO. expense, at least 5kg (five kg) per F1 hybrid seed per growing season (where 1 calendar year has 2-3 seasons) for the exclusive purpose of GOLDEN HYBRIDS registering the hybrid in national field trials. Such national field trials require 3 (three) growing seasons.

6.5 BETTER SEED CO. agrees to supply GOLDEN HYBRIDS, at BETTER SEED CO. expense, at least 50kg (fifty kg) per F1 hybrid seed per growing season (where 1 calendar year has 2-3 seasons) for the exclusive purpose of GOLDEN HYBRIDS conducting demonstration trials prior to commercialization. Such demonstration trials require 3 (three) growing seasons.

6.6 At the request of GOLDEN HYBRIDS, BETTER SEED CO. shall provide adequate samples of all certification lots of seed of the Varieties in order that GOLDEN HYBRIDS can use such samples for check plots.

7. ROYALTIES

7.1 BETTER SEED CO. shall, at its own discretion, supply GOLDEN HYBRIDS with inbreds for the production of hybrids. If such inbreds are supplied, BETTER SEED CO. shall sell them to GOLDEN HYBRIDS at a price not to exceed \$10/kg per inbred line.

7.2 All seed of the Varieties, whether certified or not (and sold) as seed within the Territory under the licence granted under Clause 3 above shall be subject to the payment of a royalty.

7.3 The royalty shall be on a sliding scale basis where royalties are due on the sale price on net volume sold, for each calendar year, for each hybrid:

- first 100 metric tons of seed sold: calculated at 6.5 % royalties
- 101-250 metric tons of seed sold: calculated at 5.5 % royalties

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- 251-500 metric tons of seed sold: calculated at 4.5 % royalties
 - 501+ metric tons of seed sold: calculated at 4.0 % royalties
- 7.4 GOLDEN HYBRIDS shall keep accurate accounts and records of all Gross and Net sales of seed of the Varieties upon which royalties are payable. BETTER SEED CO. or an independent accountant authorised by BETTER SEED CO. shall be permitted to inspect such accounts and records at least once in each year solely for the purpose of verifying the volume and type of sales upon which royalties are payable.
- 7.5 If on investigation GOLDEN HYBRIDS has underpaid royalties by more than 2.5% of the amount due, the costs of the investigation shall be paid by GOLDEN HYBRIDS.
- 7.6 GOLDEN HYBRIDS agrees to negotiate in good faith with BETTER SEED CO. on minimum aggregate inbred and royalty payments. Such negotiations shall commence as soon as field trial data and sales projections permit, but must be concluded prior to the first commercial sales. Such clause shall be incorporated in Schedule 5 and duly signed.
- 8. PAYMENT OF ROYALTIES**
- 8.1 Not later than 15 January in each year GOLDEN HYBRIDS shall send a report to BETTER SEED CO. giving details of seed sales of the Varieties upon which royalty is payable in respect of the period of 12 months ended the previous year. GOLDEN HYBRIDS shall pay to BETTER SEED CO. by bank transfer on or around 1 February of every year.
- 8.2 Royalty shall be paid in US Dollars converted at the exchange rate in effect with BANK on the close of business on the business day before the due date for payment. In the event such bank rates differ, the average of the two shall be applied.
- 8.3 BETTER SEED CO. shall deduct the mandatory 10% taxes (effective deduction of 11.11%) on royalty payments prior to making the transfer. Such tax shall not be applied to payments for the supply of inbred seed. GOLDEN HYBRIDS shall notify BETTER SEED CO. **immediately** if and when the mandatory tax rate changes.
- 9. BREACH OF RIGHTS**
- 9.1 If GOLDEN HYBRIDS becomes aware of any third party breach of rights in the Varieties it shall promptly notify BETTER SEED CO., which shall take such steps as it considers appropriate to remedy the breach and take such steps as are necessary to enforce the Rights.
- 10. TERMINATION**
- 10.1 Notwithstanding Clause 4 above either party may terminate this Agreement at any time without incurring any liability thereby and without prejudice to any other remedies it may have if:
- i) the other commits a breach of this Agreement and if capable of remedy that other fails to remedy the breach within one month having been required to do so by written notice; or
 - ii) the other enters into liquidation whether compulsorily or voluntarily (except for the purposes of reconstruction or amalgamation) or if a receiver or administrative receiver is appointed over the assets of the other of the equivalent of any of these events in the Territory.

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- iii) If by reason of any circumstances as described in Clause 18 the performance of this Agreement becomes impossible for more than 12 (twelve) consecutive months either party shall be entitled to terminate this Agreement.
- iv) GOLDEN HYBRIDS shall, notwithstanding termination of this Agreement, remain permanently as non-exclusive license of each of the Varieties under the terms of this Agreement where Rights have been applied for and granted or seed has been marketed for more than 3 (three) growing seasons by GOLDEN HYBRIDS.
- v) Sales and invoicing of seeds remaining at the termination of this Agreement have to be made as “certified seed”. BETTER SEED CO. has the right to take over seed of higher qualities from GOLDEN HYBRIDS at cost price.

11. SURRENDER

GOLDEN HYBRIDS may surrender its rights to any of the Trial Varieties or Varieties at any time, on giving notice to BETTER SEED CO.. Surrender will not affect the obligations of GOLDEN HYBRIDS under Clauses 5, 6 and 7 above.

12. ASSIGNMENT

12.1 This Agreement is personal to the parties and may not be assigned by either party without the prior written consent of the other, although each party may perform the obligations undertaken by it and exercise the rights granted to it under this Agreement either itself or through any one or more of its subsidiaries or associated companies.

13. CONFIDENTIALITY

The parties shall not disclose during the validity of this Agreement or thereafter to any third party any commercial, technical or other information of a confidential nature received or obtained by either party from the other except information provided as a marketing aid.

14. DISPUTE RESOLUTION

14.1 In event of dispute shall arise between the PARTIES to this Agreement, the PARTIES agree to participate in at least 4 (four) hours mediation in accordance with the mediation rules of F.I.S. Arbitration procedures for the International Seed Trade.

14.2 In case the PARTIES are unable to resolve the dispute in mediation they agree to submit the dispute to final and binding arbitration under the arbitration rules of F.I.S. Arbitration procedures for the International Seed Trade, and the judgment upon the award rendered by the Arbitrator(s) may be entered into any court having judgment thereof.

14.3 The PARTIES agree to share equally the costs of mediation and arbitration.

15. GOODWILL

In the event of termination of the Agreement, neither party shall be entitled under law or otherwise to receive any payment from the other for actual, consequential, indirect, special or incidental damages, costs or expenses, whether foreseeable or unforeseeable (including but not limited to labour claims and loss of profits, investments or goodwill), any right to which the parties hereby waive and disclaim to the fullest extent permitted by law.

PLANT VARIETY AND TRADEMARK LICENSE**16. IMPROVEMENTS AND DISCOVERIES**

- 16.1 If during the term of this Agreement GOLDEN HYBRIDS generates any improvement or discovery which improves the Licensed Material, it shall notify BETTER SEED CO. immediately and the Parties shall meet to discuss the ownership and intellectual property protection of such improvement or discovery, and if appropriate, the Territory and Countries in which such intellectual property protection should be sought.
- 16.2 Should such improvement or discovery be protectable under intellectual property statutes, BETTER SEED CO. will be granted a royalty-free, worldwide, non-exclusive commercial license thereunder including the right to sublicense for all applications and an exclusive first option for a period of 12 months from the date the BETTER SEED CO. received notification of such improvement or discovery to negotiate worldwide exclusive access or all uses.
- 16.3 In any event, GOLDEN HYBRIDS shall retain royalty bearing non-exclusive licenses for use in Territory. The terms of any license to be granted under this section shall be negotiated between the PARTIES and reduced to writing.

17. WARRANTY AND LIABILITY

- 17.1 Except as expressly provided herein, BETTER SEED CO. makes no representation and extends no warranties. BETTER SEED CO. disclaims any responsibility with respect to performance, merchantability, fitness for a particular purpose or freedom from infringement of third party patent rights (other than as of the date of the execution of this Agreement BETTER SEED CO. is not aware of any such infringement).
- 17.2 BETTER SEED CO. shall in no event be liable for damages, whether direct or otherwise, arising out of the use by GOLDEN HYBRIDS or any third party of information or materials supplied hereunder.
- 17.3 In no event shall BETTER SEED CO. be liable for lost or prospective profits or special or consequential damages, whether or not BETTER SEED CO. has been advised of the possibility of the damages, nor for any claim by a third party against GOLDEN HYBRIDS.
- 17.4 BETTER SEED CO. warrants that it is the sole owner of the LICENSED INTELLECTUAL PROPERTY and Materials and that it has the right to grant licenses.

18. DISCLAIMER

- 18.1 The seed supplied under this Agreement is from a conventional breeding program in which genetically modified material has never been deliberately introduced. The methods used in the breeding, development and production of these plant progenies, lines and varieties include procedures aimed at minimizing the adventitious presence of Genetically Modified Organisms ("GMO").
- 18.2 BETTER SEED CO. shall not be liable, in any circumstances or for any reason, for incidental or consequential losses or special or punitive damages or any losses or damages of a similar nature. As a condition of liability, BETTER SEED CO. must receive notice by Registered Post within 30 (thirty) days after any defect becomes apparent.

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19. FORCE MAJEURE

Neither party shall be in default hereunder by reason of its delay in performance of, or failure to perform, any of its obligations hereunder, if such delay or failure is caused by strikes or other labour disturbance, acts of God, acts of the public enemy, riots or other civil disturbances, fire, flood, interference by civil or military authorities, compliance with government laws, rules or regulations, delays in transportation, failure of suppliers, inability to secure necessary governmental priorities for materials, or any other circumstances beyond its control and without its fault or negligence.

20. GOVERNMENT AND REGULATORY APPROVALS

GOLDEN HYBRIDS shall be responsible for adhering to all laws and regulations and for obtaining and complying with all government and regulatory approvals, licenses, clearances and consents pertinent to or required to cover its activities under this Agreement.

21. MISCELLANEOUS

21.1 If any part of this Agreement is declared illegal or invalid then it shall be severed from the Agreement without affecting the remainder.

21.2 Each PARTY is acting as an independent entity. Nothing in this Agreement shall be construed so as to constitute a partnership or joint venture of any kind between BETTER SEED CO. and GOLDEN HYBRIDS.

21.3 Any notices given by either party to the other shall be made in writing by International Courier and addressed to them at their addresses set out above.

21.4 This Agreement shall be construed and interpreted according to the laws of Lucerne, Switzerland.

In witness whereof, the duly authorised representatives for and on behalf of the parties hereto have executed this Agreement in duplicate, each party taking 1 (one) copy, as of the day and year written below.

Date _____

[BETTER SEED CO.]

[GOLDEN HYBRIDS]

By: _____ By: _____

Title: _____ Title: _____

SCHEDULE 1

TRIAL VARIETIES

[description and listing of varieties]

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Schedule amended on [Date] _____

By: _____ (Signature) By: _____ (Signature)

By signature of this amended Schedule, all earlier Schedules under this Agreement are automatically cancelled.

SCHEDULE 2

COMMERCIAL VARIETIES

[description and listing of varieties]

Schedule amended on [Date] _____

By: _____ (Signature) By: _____ (Signature)

By signature of this amended Schedule, all earlier Schedules under this Agreement are automatically cancelled.

SCHEDULE 3

LICENSED TRADEMARK

[insert trademark here]

Schedule amended on [Date] _____

By: _____ (Signature) By: _____ (Signature)

By signature of this amended Schedule, all earlier Schedules under this Agreement are automatically cancelled.

SCHEDULE 4

TERRITORY

Exclusive
[list countries here]

Non-exclusive
[list countries here]

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Schedule amended on [Date] _____

By: _____ By: _____
(Signature) (Signature)

By signature of this amended Schedule, all earlier Schedules under this Agreement are automatically cancelled.

SCHEDULE 5

MINIMUM PAYMENTS

In case the royalties paid for a given variety do not aggregate a minimum of _____ US dollars for the year ending December 31, _____, increasing by _____% annually for _____ succeeding calendar years, and continuing at such level _____ subsequently, BETTER SEED CO. shall be entitled to revert to a non-exclusive license for each such variety for which payments do not meet the minimum payment.

Schedule amended on [Date] _____

By: _____ By: _____
(Signature) (Signature)

By signature of this amended Schedule, all earlier Schedules under this Agreement are automatically cancelled.