**DEPARTMENT OF VETERANS AFFAIRS**

**PATENT LICENSE AGREEMENT – *EXCLUSIVE***

This exclusive patent license agreement (“**Agreement**”) effective upon the last date signed by the parties (“**Effective Date**”) is entered into between the Department of Veterans Affairs (“VA”), having offices at 810 Vermont Street NW, Washington, DC 20420, and [NAME] (“Licensee”), a corporation having a place of business at [ADDRESS].

WHEREAS, VA owns certain Licensed Patent Rights as defined below; and

[OPTIONAL LANGUAGE] WHEREAS, VA and University of XXXX (“University”) are co-owners of the Licensed Patent Rights referred to as “[INVENTION DISCLOSURE NAME]” for which VA’s docket number is XXX-XXX and University’s docket number is XXXXX; and

[OPTIONAL LANGUAGE] WHEREAS, VA and University are parties to an Invention Management Agreement (“IMA”) having an effective date of Month Day, 20XX, under which VA and University have agreed that VA has authority to license University’s rights in this [INVENTION DISCLOSURE NAME] technology, as memorialized in Exhibit XX to the IMA and executed on Month Day; and

[OPTIONAL LANGUAGE] WHEREAS, VA and University are parties to an Inter-Institutional Agreement (“IIA”) having an effective date of Month, Day, 20xx, under which VA and University have agreed that VA has authority to license University’s rights in this [INVENTION DISCLOSURE NAME] technology; and

WHEREAS, VA, pursuant to [15 United States Code (U.S.C.) §3701](https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-1999-title15-section3701&num=0), [35 U.S.C. Sections §200-210](https://uscode.house.gov/view.xhtml?path=/prelim@title35/part2/chapter18&edition=prelim), and 37 Code of Federal Regulations (C.F.R.), Chapter IV (together with any amendments and underlying rules and regulations), has the right to issue licenses under the Licensed Patent Rights; and

WHEREAS, VA desires, in the public interest, that the Licensed Patent Rights be further developed, marketed, and practiced so that the benefits are readily available for the widest public use and benefit in the shortest time possible; and

WHEREAS, Licensee desires to acquire an exclusive license to the Licensed Patent Rights and represents that it has the facilities, personnel, and expertise to bring, and is willing to expend reasonable efforts to bring, the Licensed Patent Rights to the point of Practical Application, as defined below, at an early date; and

WHEREAS, Licensee has supplied VA with a Commercial Development Plan for development and marketing of the Licensed Patent Rights and has expressed its intention to carry out this plan upon the execution of this Agreement; and

NOW THEREFORE, in consideration of the premises above, including the above-cited authorities, and the mutual promises and obligations hereinafter set forth, VA and Licensee, agree as set forth below:

1. **DEFINITIONS**
   1. “**Affiliate**” means any corporation or other business entity which controls, is controlled by or is under common control with Licensee. As used in this paragraph, “control,” “controls” or “controlled” means (a) direct or indirect ownership of at least fifty percent (50%) of the voting stock or shares of such corporation, and (b) in the case of non-corporate entities, direct or indirect ownership of at least fifty percent (50%) of the equity interest with the power to direct the management policies of such non-corporate entities. Unless otherwise specified, the term Licensee includes Affiliates.
   2. “**Benchmarks**” mean the performance obligations set forth in Appendix E.
   3. “**Commercial Development Plan**” means the written commercialization plan including related exhibits, schedules, and agreements attached as Appendix F.
   4. “**First Commercial Sale**” means the initial transfer by or on behalf of Licensee of Licensed Products or the initial practice of a Licensed Process by or on behalf of Licensee in exchange for cash or some equivalent to which value can be assigned for the purposes of determining Net Sales.
   5. “**Government**” means the Government of the United States of America.
   6. “**Licensed Fields of Use**” means the fields of use identified in Appendix B.
   7. “**Licensed Patent Rights**” means each patent and patent application listed in Appendix A owned by VA, and includes all provisional, Patent Corporation Treaty (PCT), divisional, continuation, foreign counterpart, reissue, reexamination, extension, and supplementary protection certificates of any such patent and patent application.
   8. “**Licensed Process(es)**” means any use, service, or method which, in the course of being practiced absent this license, would infringe one or more pending or issued claims of the Licensed Patent Rights.
   9. “**Licensed Product(s)**” means any device, product, part of a product, machine, manufacture, apparatus, composition of matter, product by process, kit, system, or material, which, in the course of manufacture, use, sale, or importation, absent this license, would infringe one or more pending or issued claims of the Licensed Patent Rights.
   10. “**Licensed Territory**” means the geographical area identified in Appendix B.
   11. “**Net Sales**” means all gross revenue derived by Licensee, Affiliates and Sublicensees from the sale of Licensed Products and/or the practice of a Licensed Process, less the following items:
       1. Import, export, excise and sales taxes, and customs duties;
       2. Costs of insurance, freight, packing and transportation from the place of manufacture to the customer’s premises or point of use or installation;
       3. Costs of installation at the place of use; and
       4. Credit for returns, allowances, or trades.

Net Sales also includes the fair market value of any non-cash consideration received by Licensee or any Sublicensees for the sale, lease, or transfer of Licensed Products. Fair market value will be calculated as of the time of transfer of such non-cash consideration to Licensee. Transfer of a Licensed Product within Licensee or between Licensee and an Affiliate for sale by the transferee shall not be considered a part of Net Sales for purposes of ascertaining royalty charges. In such circumstances, the determination of Net Sales shall be based upon the sale of the Licensed Product by the transferee.

* 1. “**Non-Royalty Sublicense Income**” means payments received by Licensee from Sublicensees on account of sublicenses pursuant to this agreement, but excluding the following payments: (i) the fair market portion of consideration for the issuance of equity or debt securities (ii) that portion of payments for direct or fully burdened expenses (collectively not to exceed one hundred percent (100%) of direct expenses) associated with research or development as calculated in accordance with Generally Accepted Accounting Principles (GAAP), to the extent that such expenses are separately listed and part of the sublicense, (iii) royalties based on Net Sales.
  2. “**Practical Application**” means, as defined in [37 C.F.R. §404.3(d)](https://www.ecfr.gov/current/title-37/chapter-IV/part-404), to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and in each case, under these conditions as to establish that the invention is being utilized and that its benefits are to the extent permitted by law or Government regulations available to the public on reasonable terms.
  3. “**Sublicensee**” means a third party to a sublicensing agreement with Licensee that contains a grant to the Licensed Patent Rights and that is approved by VA.
  4. “**Exclusive License”** means that no person, company, or entity other than the Licensee and Licensee’s Sublicensees can exploit the Licensed Patent Rights. The VA may exploit the Licensed Patent Rights for research purposes.

1. **GRANT OF RIGHTS**

2.1 **License Grant**. VA hereby grants and Licensee accepts, subject to the terms and conditions of this Agreement, an exclusive license under the Licensed Patent Rights to make and have made, to use and have used, to sell and have sold, to offer to sell, and to import any Licensed Products and to practice and have practiced any Licensed Processes in the Licensed Territory and Licensed Fields of Use for the term of this Agreement.

2.2 **No Rights Conferred.** This Agreement confers no license or rights by implication, estoppel, or otherwise under any invention, patent application, or patent of VA other than the Licensed Patent Rights regardless of whether these patents are dominant or subordinate to the Licensed Patent Rights.

1. **SUBLICENSING**
   1. **Sublicensing**. Upon written approval, which shall include prior review of any sublicense agreement by VA, Licensee may enter into sublicensing agreements with Sublicensees under the Licensed Patent Rights within the Licensed Field of Use and Licensed Territory. To the extent applicable, sublicensing agreements must include all of the rights of and obligations due to VA contained in this Agreement, which shall be binding upon the Sublicensee as if it were a party to this Agreement. Licensee agrees to forward to VA a complete copy of each fully executed sublicense agreement postmarked within thirty (30) days of the execution of the sublicensing agreement. To the extent permitted by law, VA agrees to maintain each sublicense agreement in confidence.
   2. No Sublicensee may grant further sublicenses.
   3. In the event of termination of this license and/or conversion and/or modification of this agreement, any sublicense agreements of record granted pursuant to this Agreement, may, upon mutual agreement of VA and Sublicensee, be converted to a license directly between Sublicensee and VA, in accordance with the provisions of this Agreement and subject to Federal statutes.
2. **STATUTORY AND VA REQUIREMENTS AND RESERVED GOVERNMENT RIGHTS**
   1. **Government Use License**. Pursuant to [35 U.S.C. §209(d)(1)](https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-1999-title35-section209&num=0), VA reserves on behalf of the Government an irrevocable, nonexclusive, nontransferable, worldwide, royalty‑free license to practice or have practiced for or on behalf of the Government the Licensed Patent Rights. In the exercise of this license, the Government shall not publicly disclose trade secrets or commercial or financial information that is privileged or confidential within the meaning of [5 U.S.C. §552(b)(4)](https://www.justice.gov/oip/freedom-information-act-5-usc-552) or which would be considered as such if it had been obtained from a non‑Federal party.
   2. **U.S. Manufacture**. Licensee agrees that any products used or sold in the United States embodying Licensed Products or produced through use of Licensed Processes shall be manufactured substantially in the United States, unless a written waiver is obtained in advance from VA.
   3. **Patent Marking**. Licensee will mark all Licensed Products in accordance with the statutes of the United States relating to marking of patented articles. Any such marking may indicate that Licensee has a license from VA. All Licensed Products manufactured in, shipped to, or sold in other countries shall be marked in a manner to preserve VA patent rights in those countries.
   4. **Non-Endorsement**. By entering into this Agreement, VA does not directly or indirectly endorse any product or service provided, or to be provided, by Licensee whether directly or indirectly related to this Agreement. Licensee shall not state or imply that this Agreement is an endorsement by the Government, VA, any other Government organizational unit, or any Government employee. Additionally, Licensee shall not use the names of VA or the Government or their employees in any advertising, promotional, or sales literature without the prior written approval of VA.
   5. **Exceptional Circumstances**. Pursuant to [37 C.F.R. §404.7(a)](https://www.ecfr.gov/current/title-37/chapter-IV/part-404) and [15 U.S.C. §3710a(b)(1)](https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-1994-title15-section3710a&f=treesort&num=0), VA has the right to require Licensee to grant to a responsible applicant a nonexclusive, partially exclusive, or exclusive sublicense to use the Licensed Patent Rights in the Licensed Field of Use when necessary to fulfill health or safety needs or to meet requirements for public use specified by Federal regulations, to the extent such needs or requirements are not being reasonably satisfied by Licensee and its Sublicensees. Licensee agrees to grant such sublicenses and to defer to VA’s determination that the health and safety needs or requirements for public use are not being reasonably satisfied.
3. **PAYMENTS AND ROYALTIES**
   1. Payments and royalties payable to VA by Licensee shall be fulfilled as further described in Appendix C. VA obligations to Licensee, if any, are further described in Appendix D.
   2. A patent or patent application licensed under this Agreement shall cease to fall within the Licensed Patent Rights for the purpose of computing earned royalty payments in any given country on the earliest of the dates that:
      1. the application has been abandoned and not continued;
      2. the patent expires or irrevocably lapses; or
      3. a patent claim has been found to be unenforceable or invalid by a final decision by a Court of competent jurisdiction from which no appeal has or can be taken as of the date of the Court’s finding; provided however, that Licensee shall pay any such royalties that accrued before such decision or that are based on another patent claim or claims within the Licensed Patent Rightsnot involved in such decision.
   3. On sales of Licensed Products by Licensee to Sublicensees or on sales made by Licensee in other than an arms‑length transaction, the value of the Net Sales attributed under this Article to this transaction shall be that which would have been received in an arms‑length transaction, based on sales of like quantity and quality products on or about the time of this transaction.

[OPTIONAL LANGUAGE] [If multiple earned (running) royalties are otherwise due under the provisions of this license, Licensee shall pay only one, highest royalty.]

* 1. The VA agrees, upon written request, to provide the Licensee with summaries of patent prosecution invoices for which the VA has requested payment from the Licensee. The Licensee agrees that all information provided by the VA related to patent prosecution costs shall be treated as confidential commercial information and shall not be released to a third party except as required by law or a court of competent jurisdiction.

1. **PATENT FILING, PROSECUTION, AND MAINTENANCE**
   1. **Patent Filing and Prosecution**. VA shall own, file, prosecute, and maintain the Licensed Patent Rights. Upon written request, VA shall consult with the Licensee in all prosecution-related correspondence with outside patent counsel and patent offices involved in examination, interference proceedings, oppositions and other matters related to the Licensed Patent Rights and Licensed Territory and shall provide copies of relevant patent-related documents to Licensee.

[OPTIONAL LANGUAGE] [Patent Filing and Prosecution. VA shall own, file, prosecute, and maintain the Licensed Patent Rights. Upon written request, Licensee shall be included in all prosecution-related correspondence with outside patent counsel and shall be promptly copied on all documents received from or sent to all patent offices involved in examination, interference proceedings, oppositions and other matters related to the Licensed Patent Rights. Upon written request by Licensee, VA shall consult Licensee on each step of the prosecution process and VA shall incorporate Licensee’s comments where reasonably practicable.]

* 1. **Cooperation**. VA and Licensee shall cooperate fully in the preparation, filing, prosecution and maintenance of Licensed Patent Rights and of all patents and patent applications licensed to Licensee hereunder, executing all papers and instruments or requiring members of VA to execute such papers and instruments so as to enable VA to apply for, to prosecute and to maintain patent applications and patents in VA's name in any country. Each party shall provide to the other prompt notice as to all matters which come to its attention and which may affect the preparation, filing, prosecution or maintenance of any such Licensed Patent Rights.

6.3 **Reimbursement**. Subject to Licensee’s right to surrender any of the Licensed Patent Rights under Article 6.4, upon execution of this Agreement, Licensee shall reimburse VA for payable costs and fees incurred for the preparation, filing, prosecution, and maintenance of Licensed Patent Rights according to the schedule in Appendix C. VA shall provide to Licensee an itemized invoice of all such fees and costs. Licensee shall pay to VA all amounts due under each invoice under this paragraph within thirty (30) days of the date of receipt of said invoice. Late payment of these invoices shall be subject to interest charges of one and one-half percent (1 1/2%) per month.

6.4. **Surrendered Rights**. Licensee may elect to surrender its rights in any country of the Licensed Territory under any of the Licensed Patent Rights upon one hundred eighty (180) days written notice to VA and owe no payment obligation with respect to such Patent Rights for patent-related expenses incurred in that country after one hundred eighty (180) days of the VA’s receipt of such written notice.

6.5 **Maintenance Fees**. Unless otherwise expressly stated herein, VA will be responsible for making any required patent maintenance fee payments to the United States Patent and Trademark Office and other applicable patent offices for the Licensed Patent Rights.

1. **RECORD KEEPING**

7.1 Licensee agrees to keep accurate and correct records of its activities under this Agreement including Licensed Products made, used, sold, or imported, Licensed Processes practiced under this Agreement and services performed through use of Licensed Patent Rights appropriate and sufficient to meet the reporting obligations in Article 9 and to determine the Net Sales and amount of royalties due to VA. These records shall be retained for at least five (5) years following a given reporting period and shall be available during normal business hours for inspection, at the expense of VA, by an accountant or other designated auditor selected by VA for the sole purpose of verifying compliance with the terms of this agreement including reports and royalty payments hereunder. The accountant or auditor shall only disclose to VA information relating to the accuracy of reports and royalty payments made under this Agreement. If an inspection shows an underreporting or underpayment of any required royalty payment under this Agreement in excess of five percent (5%) for any twelve (12) month period, then Licensee shall reimburse VA for the cost of the inspection at the time Licensee pays the unreported royalties, including any additional royalties as required pursuant to this Agreement. All payments required under this Article shall be due within thirty (30) days of the date VA provides Licensee notice of the payment due.

1. **LICENSEE PERFORMANCE**
   1. Licensee shall use commercially reasonable efforts to bring the Licensed Products and Licensed Processes to a point of Practical Application, as described in the Commercial Development Plan, and shall achieve at least the Benchmarks. The efforts of a Sublicensee shall be considered the efforts of Licensee.
   2. Upon the First Commercial Sale, and until the expiration or termination of this Agreement, Licensee shall use commercially reasonable efforts to make Licensed Products and Licensed Processes reasonably accessible to the public.

[OPTIONAL LANGUAGE] [If Licensee fails to meet any of the Benchmarks set forth in Appendix E, then VA has at its sole discretion the right and option to terminate or reduce Licensee’s exclusive license to a nonexclusive license upon sixty (60) days prior written notice. This right, if exercised by VA, supersedes the exclusivity of any rights granted to Licensee under this Agreement.]

[OPTIONAL LANGUAGE] [Notwithstanding the foregoing, if Licensee fails to meet any of the Benchmarks by the corresponding deadline set forth, then Licensee may, at its election and in its sole discretion, pay to VA an annual penalty payment in the amount of [fifty thousand dollars ($50,000)] to maintain its exclusive license for an additional year for each payment. Each such penalty payment shall be due on the relevant date or anniversary date of the missed deadline for a Benchmark.]

1. **REPORTS ON PROGRESS, BENCHMARKS, SALES, AND PAYMENTS**
   1. **Annual Reports**. Licensee shall provide written annual reports on its progress under the Commercial Development Plan and Benchmarks for each of the Licensed Fields of Use within thirty (30) days after October 1st of each calendar year, as required by [35 U.S.C. §209(d)(2)](https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-1999-title35-section209&num=0) and [37 C.F.R. 404.5(b)(6)](https://www.ecfr.gov/current/title-37/chapter-IV/part-404). These annual reports shall describe commercialization efforts for the preceding VA fiscal year, which ends on September 30th of each calendar year. The report shall include, but not be limited to the following items:
      1. progress on research and development;
      2. status of applications for regulatory approvals, manufacturing, sublicensing, marketing, importing, and sales;
      3. if applicable, information on Licensee's public service activities that relate to the Licensed Patent Rights; and
      4. product development plans for the upcoming VA fiscal year.
   2. **First Occurrences**. Licensee shall report to VA the dates for achieving Benchmarks and the First Commercial Sale in each country in the Licensed Territory within thirty (30) days of such occurrences.
   3. **Royalty Report**. Commencing with the First Commercial Sale, Licensee shall submit to VA, within thirty (30) days after October 1st of each calendar year, a royalty report (as described in the example in Appendix G) setting forth for the preceding VA fiscal year, which ends on September 30th, the amount of the Licensed Products sold or Licensed Processes practiced by or on behalf of Licensee in each country within the Licensed Territory, the Net Sales, and the amount of royalty accordingly due. With each royalty report, Licensee shall submit payment of earned royalties due. If no earned royalties are due to VA for any reporting period, the written report shall so state. The report shall be traceable to audited financial reports of Licensee and certified as correct by an authorized officer of Licensee and shall include a detailed listing of all deductions made in the calculation of Net Sales.
   4. **Sublicensee Reports**. Licensee shall forward annually to VA a copy of these reports received by Licensee from Sublicensees during the preceding one-year period as shall be pertinent to a royalty accounting to VA by Licensee for activities under the sublicense.
   5. **Currency**. Royalties due under Article 5 shall be paid in U.S. dollars and payment options are listed in Appendix H. For conversion of foreign currency to U.S. dollars, the conversion rate shall be the New York foreign exchange rate quoted in *The Wall Street Journal* on the day that the payment is due. Any loss of exchange, value, taxes, or other expenses incurred in the transfer or conversion to U.S. dollars shall be paid entirely by Licensee. The royalty report required under this Article shall be mailed to VA at its address for Agreement Notices indicated on the Signature Page.
   6. **Tax**. Licensee shall be solely responsible for determining if any tax on royalty income is owed outside the United States and shall pay the tax and be responsible for all filings with appropriate agencies of foreign governments.
   7. **Overdue Payments**. Additional royalties may be assessed by VA on any payment that is more than thirty (30) days overdue at the rate of one percent (1%) per month. This one percent (1%) per month rate may be applied retroactively from the original due date until the date of receipt by VA of the overdue payment and additional royalties. The payment of any additional royalties shall not prevent VA from exercising any other rights it may have as a consequence of the lateness of any payment.
   8. **Confidentiality**. All plans and reports required by this Article and marked “confidential” by Licensee shall, to the extent permitted by law, be treated by VA as commercial and financial information obtained from a person and as privileged and confidential, and any proposed disclosure of these records by the VA under the Freedom of Information Act (FOIA), [5 U.S.C. §552](https://www.justice.gov/oip/freedom-information-act-5-usc-552) shall be processed in accordance with the provisions of [38 C.F.R. § 1.558](https://www.ecfr.gov/current/title-38/chapter-I/part-1/subject-group-ECFRc44d241fe38eae5/section-1.558). [OPTIONAL LANGUAGE] VA has the right to share confidential information with affiliates per [IMA/IIA].

[OPTIONAL LANGUAGE: Government Sales. Licensee will owe no royalties for dispositions of Licensed Products or Licensed Processes either directly to the Government or to parties contracted by the Government to provide products or services which involve the use of or are covered under the Licensed Patent Rights. In such transactions, Licensee shall reduce the amount charged by an amount equal to the royalty otherwise due to VA. Licensee will report all gross sales received from such dispositions and shall include the Government control or contract number and the identification of the Government agency in the written report for the pertinent reporting period using the example royalty report included in Appendix G.

1. **ASSIGNMENT**
   1. Pursuant to [37 C.F.R. §404.5(b)(3)](https://www.ecfr.gov/current/title-37/chapter-IV/part-404), this Agreement shall not be assigned by Licensee without the prior written consent of VA, except to the successor of that part of Licensee’s business to which the Licensed Patent Rights pertain, provided that the successor is not directly or indirectly controlled by a foreign company, corporation, association, business, or government.
   2. Licensee shall notify VA within ten (10) days of any assignment of this Agreement by Licensee, and Licensee shall pay VA, as an additional royalty, one percent (1%) of the fair market value of any consideration received for any assignment of this Agreement within thirty (30) days of the assignment.
2. **PATENT ENFORCEMENT AND PROSECUTION** 
   1. **Notification**. VA and Licensee shall notify each other promptly no later than sixty (60) days in writing of any infringement of Licensed Patent Rights that becomes known to either of them. Licensee shall notify VA promptly of any action taken in accordance with this section to prevent or eliminate such infringement.
   2. **Right of Enforcement**. Licensee is empowered pursuant to this Agreement and the provisions of the United States Code, Title 35, Parts II and III, Chapter 18, Section 207, and Chapter 29, Sections 281 - 297, to (a) bring suit in its own name, at its own expense, and on its own behalf for infringement of Licensed Patent Rights, to enjoin infringement and to collect for its use and distribution as noted in Article 11.4 below, damages, profits and awards of whatever nature recoverable for such infringement; and (b) subject to approval by VA, settle any claim or suit for infringement of the Licensed Patent Rights; provided, however, that VA and the appropriate Government authorities shall have a continuing right to intervene in such suit. Licensee shall obtain the prior written consent of VA before pursuing any litigation. Licensee shall take no action to compel the Government either to initiate or to join in any such suit for patent infringement unless such action is ultimately necessary to avoid a dismissal of such suit by Licensee.
   3. **Government Reimbursement**. If the Government is be made a party to any such suit by the motion or any other action of Licensee, Licensee shall reimburse the Government for any costs, expenses or fees which the Government incurs as a result of such motion or other action, including any and all costs incurred by the Government in justifiably opposing any such joinder motion. Upon payment by Licensee of all costs incurred by the Government as a result of Licensee’s joinder motion or other action, any such action taken by Licensee shall not be considered a default in the performance of any material obligation under this Agreement. In any event, Licensee agrees to keep VA completely apprised of the legal strategies, status and progress of any such litigation and to consider the potential effects of the litigation on the public health in deciding whether to pursue litigation of any kind.
   4. **Fees paid by Licensee**. Any and all fees, costs and expenses incurred, including, without limitation, attorney’s fees, court costs and disbursements in connection with any action taken under this Article 11 shall be paid by Licensee. Up to fifty percent (50%) of such expenses may be credited against the royalty on Net Sales otherwise payable to VA in the country in which such a suit is filed under this Agreement. In the event that fifty percent (50%) of such expenses exceed the amounts withheld by Licensee in any calendar year, the expenses in excess may be carried over as a credit on the same basis into succeeding calendar years. Any recovery by Licensee, through court, judgment or settlement, first shall be applied to reimburse VA for such amounts withheld as a credit against litigation expenses and then to reimburse Licensee for its litigation expense. Any remaining recoveries by Licensee after expenses shall be shared and distributed equally between the VA and Licensee.
   5. **Cooperation**. VA shall cooperate fully with Licensee in connection with any action under this Agreement. VA agrees to promptly provide reasonable access to all necessary documents and to render reasonable assistance in response to a request by Licensee.
   6. **Rights of VA**. VA shall have the right to sue for infringement of the Licensed Patent Rights if Licensee elects not to do so, after having received notice from Licensee, constructive or otherwise. In such an event VA shall retain the full amount of any and all recoveries and reserves the right to terminate the license granted to Licensee and/or this Agreement.
   7. **Declaratory Judgment Action**. In the event that a declaratory judgment action alleging invalidity or infringement of any claim of the Licensed Patent Rights shall be brought against Licensee or VA or raised by way of counterclaim or affirmative defense in an infringement suit brought by Licensee, Licensee is empowered pursuant to this Agreement and the provisions of the United States Code, Title 35, Parts II and III, Chapter 18, Section 207, and Chapter 29, Sections 281 – 297. Licensee shall take no action to compel the Government either to join in any such declaratory judgment action unless such action is ultimately necessary to avoid prejudice to Licensee. If the Government is to be made a party to any such suit by the motion or any other action of Licensee, Licensee shall reimburse the Government subject to 11.3.
3. **REPRESENTATIONS AND WARRANTIES**
   1. VA makes no representation or warranty as to the validity of the Licensed Patent Rights, or of the scope of the Licensed Patent Rights, or that the Licensed Patent Rights may be exploited without infringing other patents or other intellectual property rights of third parties. VA MAKES NO WARRANTIES, EXPRESS OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY SUBJECT MATTER DEFINED BY THE LICENSED PATENT RIGHTS.
   2. Nothing relating to the grant of a license, nor the grant itself, shall be construed to confer upon any person 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 37 C.F.R. Part 404 shall not be immunized from the operation of state or Federal law by reason of the source of the grant.
   3. Licensee shall maintain a liability insurance program consistent with sound business practice.
4. **INDEMNIFICATION**
   1. Licensee shall indemnify and hold VA, its employees, students, fellows, agents, and consultants harmless from and against all liability, demands, damages, expenses, and losses, including but not limited to death, personal injury, illness, or property damage in connection with or arising out of:
      1. the use by or on behalf of Licensee, its directors, employees, or third parties of any Licensed Patent Rights; or
      2. the design, manufacture, distribution, or use of any Licensed Products, Licensed Processes or materials by Licensee, or other products or processes developed in connection with or arising out of the Licensed Patent Rights.
5. **TERM, TERMINATION, AND MODIFICATION**
   1. Term. The term of this agreement shall commence on the Effective Date and shall continue until the later of the expiration of the Licensed Patent Rights or until the end of the Licensee’s payment obligations in Appendix C.
   2. Termination by VA. VA may terminate this Agreement in whole or in part pursuant to [35 U.S.C. §209(d)(3)](https://uscode.house.gov/view.xhtml?hl=false&edition=prelim&req=granuleid%3AUSC-1999-title35-section209&num=0) and [37 C.F.R. §404.5(b)(8)](https://www.ecfr.gov/current/title-37/chapter-IV/part-404) (upon proper notice and ability to cure as set forth in this Article) if VA determines that Licensee:
      1. is not executing the Commercial Development Plan submitted with its request for a license and the Licensee cannot otherwise demonstrate to VA’s satisfaction that the Licensee has taken, or can be expected to take within a reasonable time, effective steps to achieve Practical Application of the Licensed Patent Rights;
      2. has not achieved the Benchmarks as may be modified under this Agreement;
      3. has willfully made a false statement of, or willfully omitted a material fact in the license application or in any report required by this Agreement;
      4. has committed a material breach of any covenant contained in this Agreement;
      5. such action is necessary to meet requirements for public use or unmet health and safety needs specified by Federal regulations and such requirements are not reasonably satisfied by Licensee; or
      6. becomes insolvent, files a petition in bankruptcy, has such a petition filed against it, determines to file a petition in bankruptcy, or receives notice of a third party's intention to file an involuntary petition in bankruptcy. Licensee shall immediately notify VA in writing of any such occurrence, and VA shall have the right to terminate this Agreement immediately upon Licensee’s receipt of written notice.
   3. Written Notice and Cure. Before terminating this Agreement for any cause, VA shall furnish Licensee a written notice of its intention to so terminate this Agreement. Within thirty (30) days of receipt of such notice, Licensee may appeal the decision, consistent with [37 C.F.R. §404.11](https://www.ecfr.gov/current/title-37/chapter-IV/part-404), to a designated VA official. The decision of the designated VA official shall be the final agency decision. Licensee may thereafter exercise any and all administrative or judicial remedies that may be available.
   4. Debt Collection. In the event of termination, VA may pursue outstanding royalties owed through procedures provided by the Federal Debt Collection Procedures Act, [28 U.S.C. § 3001](https://uscode.house.gov/view.xhtml?req=(title:28%20section:3001%20edition:prelim)) et seq.
   5. Termination by Licensee. Licensee shall have a unilateral right to terminate this Agreement or any licenses in any country or territory by giving 60 days written notice to that effect.
   6. Effect of Termination. Articles 4.2, 7.1, 11.4-11.6, 12.1-12.3, 13.1, 14.6, and 15.10 of this Agreement shall survive any expiration or termination of this Agreement. In no event shall the termination of this Agreement release Licensee from the obligation to pay any amounts that became due on or before the date of termination.
   7. Final Report. Within ninety (90) days of expiration or termination of this Agreement under this Article, a final report shall be submitted by Licensee. Any royalty payments, including those incurred but not yet paid (such as the full minimum annual royalty), and those related to patent expense, due to VA shall become immediately due and payable upon termination or expiration. If terminated under this Article, Sublicensees may elect to convert their sublicenses to direct licenses with VA pursuant to Article 3.3. Unless otherwise specifically provided for under this Agreement, upon termination or expiration of this Agreement, Licensee shall return all Licensed Products included within the Licensed Patent Rights to VA or provide VA with certification of the destruction thereof.
6. **GENERAL PROVISIONS**
   1. **No Waiver**. Neither party may waive or release any of its rights or interests in this Agreement except in writing. The failure of the Government to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right by the Government or excuse a similar subsequent failure to perform any of these terms or conditions by Licensee.
   2. **Headings**. Any section headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
   3. **Entire Agreement**. This Agreement constitutes the entire agreement between the parties relating to the subject matter of the Licensed Patent Rights, , Licensed Products and Licensed Processes and all prior negotiations, representations, agreements, and understandings are merged into, extinguished by, and completely expressed by this Agreement.
   4. **Severability**. The provisions of this Agreement are severable. Should any provision of this Agreement be determined invalid or unenforceable under any controlling body of law, this determination shall not in any way affect the validity or enforceability of the remaining provisions of this Agreement.
   5. **Modification**. If either party desires a modification to this Agreement, the parties shall, upon reasonable notice of the proposed modification by the party desiring the change, confer in good faith to determine the desirability of the modification. No modification shall be effective until a written amendment is signed by the signatories to this Agreement or their designees.
   6. **Governing Law**. The construction, validity, performance, and effect of this Agreement shall be governed by Federal law as applied by the Federal courts in the District of Columbia, United States of America, without giving effect to principles of conflicts of laws. Each of the parties hereby irrevocably submits to the jurisdiction of any federal court sitting in the District of Columbia over any action or proceeding arising out of or relating to this Agreement and each hereby waives the defense of an inconvenient forum for the maintenance of such action.
   7. **Notices**. All Agreement notices required or permitted by this Agreement shall be given by prepaid, first class, registered or certified mail or by an express/overnight delivery service provided by a commercial carrier, properly addressed to the other party at the address designated on the following Signature Page, or to another address as may be designated in writing by the other party. Agreement notices shall be considered timely if the notices are received on or before the established deadline date or sent on or before the deadline.
   8. **Export Control**. Licensee acknowledges that it is subject to and agrees to abide by the United States laws and regulations (including the Export Administration Act of 1979 and Arms Export Control Act) controlling the export of technical data, computer software, laboratory prototypes, biological material, and other commodities. The transfer of these items may require a license from the appropriate agency of the U.S. Government or written assurances by Licensee that it shall not export these items to certain foreign countries without prior approval of this agency. VA neither represents that a license is or is not required or that, if required, it shall be issued.
   9. **Disputes**. The parties agree to attempt to settle amicably any controversy or claim arising under this Agreement or a breach of this Agreement, except for appeals of modifications or termination decisions provided for in Article 14. Licensee agrees first to appeal any unsettled claims or controversies to the designated VA official, or designee, whose decision shall be considered the final agency decision. Thereafter, Licensee may exercise any administrative or judicial remedies that may be available.
   10. **Recordation**. Any formal recordation of this Agreement required by the laws of any Licensed Territory as a prerequisite to enforceability of the Agreement in the courts of any foreign jurisdiction or for other reasons will be carried out by Licensee at its expense, and appropriately verified proof of recordation will be promptly furnished to VA.
   11. **Execution**. The terms and conditions of this Agreement shall, at VA’s sole option, be considered by VA to be withdrawn from Licensee’s consideration and the terms and conditions of this Agreement, and the Agreement itself to be null and void, unless this Agreement is executed by the Licensee and a fully executed original is received by VA within sixty (60) days from the date of VA signature found at the Signature Page.

**SIGNATURES BEGIN ON NEXT PAGE**

**VA PATENT LICENSE AGREEMENT – *EXCLUSIVE***

**SIGNATURE PAGE**

**For** **VA**:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_

­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date

VA General Counsel

Mailing Address for Agreement notices:

Director, Technology Transfer

Department of Veterans Affairs (14RDTT)

810 Vermont Ave, NW

Washington, DC 20420 U.S.A.

For **Licensee:**

Upon, information and belief, the undersigned expressly certifies or affirms that the contents of any statements of Licensee made or referred to in this document are truthful and accurate.):

by:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date

Printed Name

Title

1. Official and Mailing Address for Agreement notices:

1. Official and Mailing Address for Financial notices (Licensee’s contact person for royalty payments)

Name

Title

Mailing Address:

Email Address:

Phone:

Fax:

Any false or misleading statements made, presented, or submitted to the Government, including any relevant omissions, under this Agreement and during the course of negotiation of this Agreement are subject to all applicable civil and criminal statutes including Federal statutes 31 U.S.C. §§3801-3812 (civil liability) and 18 U.S.C. §1001 (criminal liability including fine(s) or imprisonment).

APPENDIX A – LICENSED PATENT RIGHTS

**Patent(s) or Patent Application(s):**

APPENDIX B – LICENSED FIELDS OF USE AND TERRITORY

1. **Licensed Fields of Use:**
2. **Licensed Territory:**

APPENDIX C – PAYMENTS AND ROYALTIES

1. **Payments**

[OPTIONAL LANGUAGE] Licensee agrees to pay to VA a noncreditable, nonrefundable license issue fee in the amount of \_\_\_\_\_\_\_\_ dollars ($X) within thirty (30) days from the Effective Date of this Agreement.

[OPTIONAL LANGUAGE] Licensee agrees to pay VA Benchmark fees within thirty (30) days of achieving each Benchmark:

(a) Licensee shall reimburse VA for past and presently payable costs and fees incurred before the Effective Date in the amount of \_\_\_ for the preparation, filing, prosecution, and maintenance of Licensed Patent Rights within thirty (30) days from a written request. Licensee shall pay to VA all amounts due under each invoice within thirty (30) days of the date of receipt of said invoice.

[OPTIONAL LANGUAGE] In addition to other costs and fees incurred after the Effective Date for the preparation, filing, prosecution, and maintenance of Licensed Patent Rights, Licensee shall reimburse VA for past and presently payable costs and fees incurred before the Effective Date for the preparation, filing, prosecution, and maintenance of Licensed Patent Rights according to the following schedule:

|  |  |
| --- | --- |
| First payment: $ 2,000 | Three-hundred sixty-five (365) days after the Effective Date of this Agreement |
| Second payment: $ 3,000 | On the one-year anniversary of the first payment |
| Third payment: $ 12,000‬ | On the one-year anniversary of the second payment |
| Fourth payment: $ 12,000 | On the one-year anniversary of the third payment |
| Fifth payment: $ 12,000 | On the one-year anniversary of the fourth payment |

1. **Royalties**:
   1. Licensee agrees to pay to VA a nonrefundable minimum annual royalty in the amount of \_\_\_\_\_\_\_\_ dollars ($X) as follows:
      1. The first minimum annual royalty is due within thirty (30) days of \_\_ 202X
      2. Subsequent minimum annual royalty payments are due and payable within thirty (30) days of October 1st of each calendar year and may be credited against any earned royalties due for sales made in that year.
   2. Licensee agrees to pay VA earned royalties of \_\_\_\_\_ percent (X%) on Net Sales by or on behalf of Licensee and its Sublicensees.

[OPTIONAL LANGUAGE] Licensee shall pay to the VA a “Deferred License Issue Fee” in the event of the sale or transfer of substantially all of Licensee’s or Affiliate’s common stock (“Liquidity Event”). The Deferred License Issue Fee shall be a cash equivalent equal to X% of any consideration received by Licensee in any form related to the Liquidity Event. Payment of the Deferred License Issue Fee shall occur within thirty (30) days of the first occurrence of a Liquidity Event. For clarity, should a Liquidity Event not occur, Licensee shall not owe VA a Deferred License Issue Fee.]

[OPTIONAL LANGUAGE] Royalty Stacking on Net Sales: If, during the term, licensee obtains a license from a third party in order to avoid infringing one or more patent rights of such third party in order to practice the invention and/or when making, using, selling, or importing a royalty based product, the total royalty payable by licensee on royalty based product under this agreement, and all third party licenses exceed ten percent (10%) of gross revenues of royalty based product then the royalty percentage on sales payable under this section of the agreement shall be reduced according to:

A(A/B)

where “A” is the royalty percentage according to Section II (b) (1) above and “B” is the sum total of all royalty percentages due under third party licenses.]

Licensee agrees to pay VA additional sublicensing royalties of fifty percent (50%) of Non-Royalty Sublicense Income within sixty (60) days of the receipt of such income.]

APPENDIX D – VA OBLIGATIONS

1. [OPTIONAL LANGUAGE] Insert VA obligations specific to the Agreement.
2. [OPTIONAL LANGUAGE] VA agrees to provide to Licensee a total of \_\_\_ hours of professional consultation with the VA personnel to facilitate the transfer of information required to initiate the development of Licensed Products and/or Licensed Processes. VA personnel will consult in their official VA capacity and will not receive additional compensation for consulting from Licensee. Additionally, consultation duties will be limited to technical and scientific matters (i.e. marketing or business management consultation will not be provided).
3. VA has no obligation under this Agreement to provide Licensee with any tangible or intangible materials, or professional consultations with VA employees. This Agreement does not pre-commit VA or any of its facilities or employees to participate in future collaborations. Any commitment of VA resources for future collaborations will be subject to separate Cooperative Research and Development Agreement(s) with the applicable VA facilities.

APPENDIX E – BENCHMARKS AND PERFORMANCE

Licensee agrees to the following Benchmarks for its performance under this Agreement and, within thirty (30) days of achieving a Benchmark, shall notify VA that the Benchmark has been achieved.

APPENDIX F – COMMERCIAL DEVELOPMENT PLAN

APPENDIX G – EXAMPLE ROYALTY REPORT

**Required royalty report information includes:**

 TTP license reference number (L-XXX-20XX/0)

 Reporting period

 Catalog number and units sold of each Licensed Product (domestic and foreign)

 Gross Sales per catalog number per country

 Total Gross Sales

 Itemized deductions from Gross Sales

 Total NET SALES

 Earned Royalty Rate and associated calculations

 Gross Earned Royalty

 Adjustments for Minimum Annual Royalty (MAR) and other creditable payments made

 Net Earned Royalty due

**Example**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Catalog Number** | **Product Name** | **Country** | **Units Sold** | **Unit Price (US$)** | **Gross Sales (US$)** |
| 234 | A | US | 250 | 5000 | 1,250,000 |
| 234 | A | Germany | 25 | 5500 | 137,500 |
| 237 | B | UK | 32 | 4000 | 128,000 |
| 237 | B | US | 0 | 3500 | 0 |
| 100 | C | US | 51 | 2000 | 102,000 |
| 150 | D | US | 12 | 2200 | 26,400 |

Total Gross Sales 1,643,900

Less Deductions:

Freight 5,000

Returns 2,000

Total Net Sales 1,636,900

Royalty Rate 7%

Royalty Due 114,583

Less Creditable Payments 2,500

**Net Royalty Due** 112,083

APPENDIX H – ROYALTY PAYMENT OPTIONS

***VA License Agreements***

[IF PAYMENT BY EFT]

Please provide the following instructions to your financial institution for the remittance of Automated Clearing House (ACH) credits to the United States Department of Veterans Affairs.

|  |  |  |  |
| --- | --- | --- | --- |
| NACHA  Record Type Code | NACHA  Field | NACHA  Data Element Name | Required Information |
| 5 | 3 | Company Name |  |
| 5 | 6 | Standard Entry Class Code | CCD |
| 5 | 9 | Effective Entry Date |  |
| 6 | 2 | Transaction Code | 22 |
| 6 | 3 & 4 | Receiving DFI Identification (ABA routing #) | 051036706 |
| 6 | 5 | DFI Account Number | 800220021000 |
| 6 | 6 | Amount |  |
| 6 | 9 | Receiving Company Name | ORD-TTP-Royalty |
| *STOP: Official Use by the VA Technology Transfer Office ONLY* | | | |
| TTP | TTP | TRANSACTION # |  |

Please include the following in the detail section of the transaction:

“For Account” 0161R1 425P Reimb 360/10161R1

[IF PAYMENT IS BY CHECK]

***Checks should be sent by U.S. Postal Service or commercial carrier directly to the following address:***

Director, Technology Transfer Program (14RDTT)

Office of Research and Development (ORD)

810 Vermont Ave NW

Washington, D.C. 20420 U.S.A.

Phone: (202) 443-5645

***All checks should be made payable to “Department of Veteran Affairs”.***

***The VA Technology Reference Number MUST appear on checks, reports and correspondence***

**EFT:** **AUTOMATED CLEARING HOUSE (ACH) TRANSFERS ONLY** (to be completed for each transaction).

(a) Please provide the following instructions to your financial institution for remittance of Automated Clearing House (ACH) credits to the United States Department of Veterans Affairs.

|  |  |  |  |
| --- | --- | --- | --- |
| **NACHA**  **Record Type Code** | **NACHA**  **Field** | **NACHA**  **Data Element Name** | **Required Information** |
| 5 | 3 | Company Name | *[Company Name]* |
| 5 | 6 | Standard Entry Class Code | CCD |
| 5 | 9 | Effective Entry Date | *[Intended Payment Date]* |
| 6 | 2 | Transaction Code | 22 |
| 6 | 3 & 4 | Receiving DFI Identification (ABA routing #) | 051036706 |
| 6 | 5 | DFI Account Number | 800220021000 |
| 6 | 6 | Amount | *[Amount]* |
| 6 | 9 | Receiving Company Name | Dept of Veterans Affairs |
|  |  | Detail Section | ORD-TTP-Royalty |
| *STOP: Official Use by the VA Technology Transfer Office ONLY* | | | |
| TTP | TTP | TRANSACTION # |  |

|  |  |
| --- | --- |
| **VA Bank Name:** | Credit Gateway |
| **VA Bank Address** | 401 14th Street SW; Washington, DC 20227 |
| **VA Business Address** | 810 Vermont Avenue, N.W. Washington, D.C. 20420 |

**EFT: FEDWIRE TRANSFER ONLY** (to be completed for each transaction).

1. Please provide the following instructions to your financial institution for remittance of Fedwire payments to the Office of Research and Development (ORD) – Technology Transfer Office (TTP)

|  |  |  |
| --- | --- | --- |
| **Fedwire Field Tag** | **Fedwire Field Name** | **Required Information** |
| {1510} | Type/Subtype | 1000 |
| {2000} | Amount | *[Amount]* |
| {3400} | Receiver ABA routing number \*  (33 Liberty Street, New York, NY 10045) | 021030004 |
| {3400} | Receiver ABA short name | TREAS NYC |
| {3600} | Business Function Code | CTR (or CTP) |
| {4200} | Beneficiary Identifier (account number) | 836001200018 |
| {4200} | Beneficiary Name  (810 Vermont Avenue, N.W. Washington, D.C. 20420) | Dept of Veterans Affairs |
| {5000} | Originator: | *[Originator Name]* |
| {6000} | Originator to Beneficiary Information – Line 1 | ORD-TTP-ROYALTY |

The financial institution address for Treasury’s routing number is 33 Liberty Street, New York, NY 10045

VA Business Address: 810 Vermont Avenue, N.W. Washington, D.C. 20420

**MAIL: PAYMENT BY CHECK ONLY**

**Please attach this document** to ALL check payments **before mailing to the VA processing center:**

**INSTRUCTIONS FOR SENDER**

* 1. All checks should be made payable to “Department of Veteran Affairs”
  2. Print and include both Appendix A and this page with ALL check payments
  3. Mail check and documents to the VA processing center:

|  |  |  |
| --- | --- | --- |
| **USPS Regular Mail:** | **USPS Express/Priority** | **UPS/FedEx** |
| U.S. Department of Veterans Affairs Financial Services Center ATTN: Agent Cashier (0474C)  PO Box 149975  Austin, TX 78714-9975 | U.S. Department of Veterans Affairs Financial Services Center ATTN: Agent Cashier (0474C)  1615 Woodward St.  Austin, TX 78772 | U.S. Department of Veterans Affairs Financial Services Center ATTN: Agent Cashier (0474C)  7600 Metropolis Dr., Bldg. 5  Austin, TX 78744 |

**INSTRUCTIONS FOR VA FINANCIAL SERVICES CENTER (FSC)**

* + - This is a Royalty payment for the Office of Research and Development (ORD), Technology Transfer Program (TTP)
    - Deposit funds to the Royalty Reimbursement/TTP account.
    - Please email “Backup Documentation” [for checks deposited to Alicia.Ming@va.gov](mailto:forchecksdepositedtoAlicia.Ming@va.gov)

If you have any questions, please contact Alicia Ming at [Alicia.Ming@va.gov](mailto:Alicia.Ming@va.gov)