

Licence Agreement (Exclusive Commercialisation)

[Insert name of Licensor]

Licensor

[Insert name of Licensee]

Licensee

For guidance only

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For guidance only

Licence Agreement (Exclusive Commercialisation)

Date

Parties [insert] ABN [insert] of [address] (Licensor)
[insert] ABN [insert] of [address] (Licensee)

Background

- A. The Licensee wishes to obtain a licence to the Licensed IPR.
- B. The Licensor has agreed to grant the Licensee a licence to the Licensed IPR, on the terms set out in this Agreement.

Guidance Note for Background: This template allows for an exclusive Commercialisation licence to be granted to the identified Licensed IPR.

The Licensed IPR and Licence scope is further explained in the Details Schedule.

See further in the HERC IP Framework Practical Guide.

Operative provisions

1. Definitions and interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

Affiliate means any corporation, partnership, or other entity Controlling, Controlled by or under common Control with the Licensee.

Agreement means this licence agreement, and any schedules, annexures and attachments to it.

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the act is to be performed or where the notice is received.

Claim means a claim or statement of invention which directly defines the scope of the legal monopoly conferred in any of the Registrations or Registration Applications that has not been withdrawn, cancelled, expired, lapsed or disclaimed, nor held invalid by a patent office or court of competent jurisdiction in an unappealed or unappealable decision.

Commencement Date means the date on which this Agreement commences, as specified in item 3 of the Details Schedule.

Commercialise means in relation to IPR, to:

- (a) manufacture, sell or hire out goods, or to provide a service, incorporating that IPR;
- (b) otherwise exploit or exercise the rights of the owner of the IPR, as defined in any applicable legislation establishing the owner's rights to the IPR, in connection with the supply of goods or a service; or
- (c) license any third party to do any of those things mentioned in paragraph (a) or (b).

Commercialisation has the same meaning.

Commercialisation Business Plan means the plan by this name agreed by the parties in writing on or prior to the Commencement Date and includes any amendments subsequently agreed by both parties in writing.

Commonwealth Entity means any government body which is subject to the *Public Governance, Performance and Accountability Act 2013* (Cth).

Confidential Information means information that is by its nature confidential and:

- (a) is designated by a party as confidential in section 5 of Schedule 2; or
- (b) a party knows or ought to know is confidential, unless the parties have specified otherwise in section 5 of Schedule 2,

but does not include information that is:

- (c) publicly available other than as a result of unauthorised disclosure by a party;
- (d) independently known by or lawfully in the possession of the receiving party; or
- (e) independently created by the receiving party without access to the other party's Confidential Information.

Control of a corporation, partnership or other entity means:

- (a) direct or indirect beneficial ownership of more than 50% of its voting power, or 50% of the interest in its income;
- (b) the power to appoint the majority of its directors; or
- (c) the power otherwise to direct its business activities.

Details Schedule means Schedule 1 of this Agreement.

Guidance Note for the definition of Confidential Information: A party's Confidential Information includes information identified as being confidential in the Details Schedule and - unless clearly stated otherwise in section 5 of Schedule 2 - any other information a party knows or ought to know is confidential.

Fees means the amounts payable by the Licensee under this Agreement (including any royalties) as specified in Schedule 3.

Field means the application or field as specified in item 5 of the Details Schedule.

Improvement means any improvement in, variation of, modification to or adaptation of the Licensed IPR or a Product, which cannot be Commercialised separately from the Licensed IPR.

Intellectual Property Rights or **IPR** means patents, rights to exploit inventions, trade marks, service marks, registered designs, plant breeder's rights, copyrights and related rights, database rights, design rights, circuit layout rights, in each case whether registered or unregistered, including rights to apply for and be granted and applications for any of the above and any continuations, continuations-in-part, divisional applications, renewals or extensions of, and rights to claim priority from, those rights, and any similar right recognised from time to time in any jurisdiction, together with all rights of action in relation to the infringement of any of the above, but does not include Moral Rights and similar personal rights, which by law are non-assignable.

IPR Management Plan means the plan by this name agreed by the parties in writing on or prior to the Commencement Date and includes any amendments subsequently agreed by both parties in writing.

Know-How means the technical information in documentary form identified in section 2 of Schedule 2, but any restrictions under this Agreement on rights to Know-How do not include the expertise, knowledge, skills or experience of the Licensor's Personnel which they cannot be legally restrained from using or disclosing.

Legal Proceedings means any action, proceeding, process, claim, demand, determination, mediation, arbitration, application or any other matter before or capable of being put before any judicial, quasi-judicial or administrative body, tribunal, arbitrator, mediator or other person with authority to resolve either a dispute or an application relating to IPR.

Licence means a licence on the terms set out in item 5 of the Details Schedule.

Licence End Date means the date on which this Agreement ends, as specified in item 4 of the Details Schedule, unless terminated earlier.

Licensed IPR means the subject matter of the Registrations and Registration Applications, the Know-How and the other IPR identified in sections 1, 2, and 3 of Schedule 2.

Licensee means the party to this Agreement identified in item 2 of the Details Schedule.

Licensor means the party to this Agreement identified in item 1 of the Details Schedule.

Guidance Note for the definition of IPR

Management Plan: The IPR Management plan is only referred to in the 'exclusive' version of this template. The template recognises that the arrangements for management of IPR (including for Registrations, Registration Applications and Legal Proceedings) will be complex in the case of an exclusive licence to the IPR. The requirements and processes should be further agreed by the parties in an IPR Management Plan - prior to entry into the Agreement.

The IPR Management Plan is not a part of the template/Agreement. It can be amended by written agreement of the parties at any time. The form and content should reflect the requirements of the transaction.

Maintain in respect of a Registration means to pay the relevant renewal fees in relation to that Registration by the time required by the relevant intellectual property office to maintain that Registration in force.

Material means samples, materials, chemical or biological reagents, prototypes, equipment, software, firmware, documented methodology or process, information, data and documentation set out in section 4 of Schedule 2 or otherwise agreed by the parties in writing to be provided to the Licensee.

Moral Rights has the same meaning as given to that term in Part IX of the *Copyright Act 1968* (Cth), or any similar foreign legislation as applicable.

Performance Criteria means the performance criteria specified in Schedule 4.

Personnel means a party's officers, employees and contractors and in the case of a university, includes Students. Personnel includes the Personnel of a contractor.

Product means:

- (a) any product, apparatus, method or process, software or other goods which, or the manufacture, distribution, use or sale of which, falls within a Claim or which is based on, arises from or incorporates any of the Licensed IPR;
- (b) any service which uses the Licensed IPR and which is provided in relation to an item described in (a); and
- (c) any larger product, package of products, method, process or service of which an item described in (a) or (b) forms an integral part or component.

Prosecute in respect of a Registration Application means to action and respond to all proceedings before an intellectual property office involving the applicant and that intellectual property office (including, insofar as inter parties proceedings before any intellectual property office are concerned, interferences and opposition proceedings). **Prosecution** has the same meaning.

Registrations means the registered IPR, including patents, listed in section 1 of Schedule 2 and includes all registered IPR, including patents, subsequently granted arising from the Registration Applications, including divisionals, continuations, continuations in part and reissues.

Registration Applications means the applications for registered IPR, including patents, listed in section 1 of Schedule 2 and applications made after the date of this Agreement which claim priority from, or share common priority with, the Registrations or their corresponding applications, but excluding applications as and when they become registrations.

Registration Costs means all costs and expenses, including official fees, legal and patent or trade mark attorney fees, incurred in filing, Prosecuting and Maintaining the Registration Applications and the Registrations.

Reporting Period means the period set out in Schedule 4.

Schedule means a schedule to this Agreement.

Student means a research student enrolled at a university and performing work in relation to the Licensed IPR.

Term has the meaning in clause 2.1(a).

Territory means the territory set out in item 5 of the Details Schedule.

Third Party IPR means any IPR which are owned by a party other than the Licensor existing in information, data, techniques, know-how, results, inventions, software, discoveries and materials (regardless of the form or medium in which they are disclosed or stored) that is:

- (a) incorporated into the Licensed IPR; or
- (b) otherwise required in order for the Licensee to exercise their Licence to the Licensed IPR under this Agreement.

Use means to use, reproduce, adapt, modify, communicate, broadcast, distribute or publish in each case solely within the party's organisation and any of its Affiliates and includes sublicensing such rights for Use within the party's own organisation and any of its Affiliates, but excludes Commercialisation or publication outside of the party and its Affiliates.

Guidance Note for the definition of Use: Use does not include the exercise of the other rights set out in the definition of Commercialisation.

1.2 Interpretation

The following rules apply unless the context requires otherwise:

- (a) the headings are for convenience only and do not affect interpretation;
- (b) a recital, Schedule, annexure or a description of the parties forms part of this Agreement;
- (c) a reference to:
 - (i) dollars or \$ is to an amount in Australian currency;
 - (ii) a singular word includes the plural, and vice versa;

Guidance Note for clause 1.2: This clause assists the parties in interpreting this Agreement.

For example, if the day on or by which a party must do something under this Agreement is not a business day, the party must do it on or by the next business day.

- (iii) legislation (including subordinate legislation) is to that legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
 - (iv) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
 - (v) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator and successor in law of the person and permitted assigns;
 - (vi) a word which suggests one gender includes each other gender; and
 - (vii) a clause or schedule is a reference to a clause of, or a Schedule to, this Agreement;
- (d) the meaning of general words is not limited by specific examples introduced by 'including', 'for example', or similar expressions;
 - (e) no provision of this Agreement will be construed adversely to a party on the ground that such party was responsible for the preparation of this Agreement or that provision; and
 - (f) if the day on or by which a party must do something under this Agreement is not a Business Day, the person must do it on or by the next Business Day.

1.3 Inconsistency

- (a) No confirmation, shipment or delivery docket, invoice, terms and conditions of supply or other document issued by or on behalf of a party will amend this Agreement, except where such amendment is expressly agreed by the parties in accordance with clause 19.4.
- (b) To the extent of any inconsistency between any of the documents forming part of this Agreement, those documents will be interpreted in the following order of priority:
 - (i) the clauses of this Agreement;
 - (ii) the Details Schedule;
 - (iii) the Schedules in order;
 - (iv) any annexures or attachments to the Schedules; and

Guidance Note for clause 1.3: This clause assists the parties in interpreting this Agreement. If inconsistency arises between Agreement documents (i.e. the Details Schedule and an attachment), the interpretation of the higher priority document is to be applied.

- (v) any documents incorporated by reference in this Agreement.

2. Term

2.1 Term of Agreement

- (a) This Agreement will begin on the Commencement Date and will continue until the Licence End Date, unless terminated earlier in accordance with this Agreement (**Term**).
- (b) The Term of this Agreement may be extended by the parties, on the terms and conditions then in effect, if expressly agreed by the parties in accordance with clause 19.4.
- (c) The Licensee acknowledges that if any Registration expires or ceases to be in force, or any Registration Application is not granted, in whole or part, in a part of the Territory and for any reason, then except as expressly stated in this Agreement:
 - (i) any right for the Licensee to terminate this Agreement is set out in item 5 of the Details Schedule;
 - (ii) any adjustment to the Fees is set out in Schedule 3; and
 - (iii) any adjustment to the Performance Criteria is set out in Schedule 4.

Guidance Note for clause 2.1: This Agreement commences as specified in item 3 of the Details Schedule and will end as specified in item 4 of the Details Schedule.

The parties may extend the Term of the Agreement by written agreement signed by an authorised representative of each party.

Guidance Note for clause 2.1(c): If there are significant Registrations or Registration Applications these need to be identified in section 1 of Schedule 2. This clause allows the parties to agree consequences if these Registrations or Registration Applications are not granted, expire or cease to be in force. The parties should seek further commercial advice on the appropriate consequences.

See also guidance in the Details Schedule, Schedule 3 and Schedule 4 (as applicable).

2.2 Registrations and Registration Applications separately licensed

Each Registration and Registration Application is separately licensed under this Agreement such that if a Registration ceases to be in force or a Registration Application is not granted (and the decision is not appealed):

- (a) the list of Registrations and Registration Applications in section 1 of Schedule 2 is amended to remove that Registration or Registration Application;
- (b) this Agreement continues as a licence in respect of the remaining Registrations, Registration Applications and other Licensed IPR (and if no Registrations or Registration Applications remain, as a licence of the other Licensed IPR only); and
- (c) the Fees are adjusted (if applicable) in accordance with any adjustment set out in Schedule 3, and if no adjustment is set out in Schedule 3 by agreement of the parties acting reasonably.

Guidance Note for clause 2.2: See also notes on clause 2.1(c). Unless agreed otherwise, this clause seeks to clarify that this Agreement continues to apply even if a Registration or Registration Application ceases to be in force or is not granted.

3. Licence grant

3.1 Grant of Licence

For the Term, the Licensor grants the Licensee a Licence to the Licensed IPR in accordance with item 5 of the Details Schedule and this Agreement.

3.2 Scope of rights grant

- (a) Except as expressly set out in this Agreement, including where identified in item 5 of the Details Schedule, for the Term:
- (i) the Licence to all of the Licensed IPR is exclusive;
 - (ii) the Licence only applies:
 - A. for the Field; and
 - B. within the Territory;
 - (iii) the Licensor is not permitted to Use or Commercialise the Licensed IPR in the Field or Territory, or to publish any unpublished Licensed IPR; and
 - (iv) the Licensor retains all rights not expressly granted to the Licensee, but will notify the Licensee and consider any request by the Licensee for extending the Licence, prior to granting any further licence for Use or Commercialisation of the Licensed IPR outside of the Field or the Territory.

3.3 Sublicensing

- (a) Except as set out in item 5 of the Details Schedule or under clause 3.3(b):
- (i) the Licensee may only grant sublicences of the Licence to the Licensed IPR where the proposed sublicensee is approved by the Licensor in writing; and
 - (ii) the Licensor will not unreasonably withhold approval, but may withhold approval (or revoke approval) on reasonable grounds, including based on the risk, financial status or reputation of the sublicensee.

Guidance Note for clause 3: While intended only for exclusive Commercialisation, the template allows flexibility for the parties to agree the details of Licences being granted within item 5 of the Details Schedule.

The scope of the licence should still be consistent with this clause 3, which sets the minimum requirements for Licences.

Any right for the Licensor to keep using the Licensed IPR in the Field or Territory, grant additional licences, or publish unpublished Licensed IPR must be identified in item 5 of the Details Schedule. These rights need to be structured as a sublicense back from the Licensee, so that the nature of the 'exclusive' licence is preserved.

Further guidance is provided in the Details Schedule for each item.

Guidance Note for clause 3.3: This template provides a limited right for the Licensee to on-license (sublicense) its rights to third parties – as this is usually required in the case of Commercialisation.

The parties can agree in the Details Schedule to either expand or limit the template permission to sublicense granted in clause 3.3, as appropriate to their transaction. Unless agreed otherwise in the Details Schedule, there is also an obligation on the Licensor to not unreasonably withhold approval for further requests by the Licensee to sublicense.

The obligations on the Licensee in this clause to manage sublicences (see for example clause 3.3(c)) are essential to protecting the Licensor's interests in the Licensed IPR. There is a right for the Licensor to terminate this Agreement if the Licensee fails to comply with its obligations in clause 3.3.

- (b) Except where sublicence rights are expressly limited in item 5 of the Details Schedule and subject to the further requirements under this clause 3.3, the Licensee may sublicense the Licensed IPR without further approval of the Licensor:
- (i) as agreed in the Commercialisation Business Plan; or
 - (ii) to users of Products, but only to the extent required to enable use of the Product.
- (c) The Licensee must ensure that all sublicences of the Licensed IPR are consistent with its obligations under this Agreement. Without limitation, unless otherwise approved by the Licensor in writing, the sublicense agreement must include provisions to the effect that:
- (i) the sublicensee must observe terms similar to, consistent with and at least as onerous as those contained in this Agreement so far as they are capable of observance and performance by the sublicensee;
 - (ii) the sublicense will be personal to the sublicensee and will not be assignable, nor will the sublicensee have the right to sublicense;
 - (iii) the Licensee may terminate the sublicense without compensation or notice if the sublicensee does anything or omits to do anything which would, if done or omitted to be done by the Licensee, give the Licensor the right to terminate this Agreement;
 - (iv) such sublicense is capable of being terminated, or novated to the Licensor, at the Licensor's sole discretion at the same time as the termination of (or exercise by the Licensor of its rights under clause 15.5 in respect of) this Agreement or any licences granted under it; and
 - (v) the Licensor has audit rights in respect of the sublicensee equivalent to the Licensor's rights to audit the Licensee under clause 6 of this Agreement.

- (d) In addition to the Licensor's other obligations under this Agreement, the Licensee must notify the Licensor promptly of any sublicense entered into and provide the Licensor with a copy of the sublicense terms (excluding for this purpose financial payment terms and any personal information). In respect of any sublicences to users of Products, the Licensee is only required to notify the Licensor of its intention to use a particular form of sublicense.
- (e) The acts or omissions of any sublicensee are considered for the purposes of this Agreement to be the acts or omissions of the Licensee.

3.4 Materials and further support

- (a) The Licensor must provide to the Licensee the Materials (if any) and further support set out in section 4 of Schedule 2. Unless otherwise set out in section 4 of Schedule 2:
 - (i) the Licensor must deliver the Material to the Licensee at the address in this Agreement, promptly following entry into the Agreement;
 - (ii) property to and risk in the Materials vests in the Licensee on delivery;
 - (iii) the Materials are intended solely for use in support of the Licence of the Licensed IPR;
 - (iv) the Licensee is responsible for ensuring the delivered Materials are suitable for the Licensee's intended use and must promptly notify the Licensor of any deficiency in the agreed Materials. No warranties or undertakings are provided by the Licensor in respect of suitability or condition; and
 - (v) the Licensor will advise the Licensee of any hazardous or otherwise dangerous components or properties of the Materials that are known or should have been reasonably apparent to the Licensor, and where applicable, instructions for safe use and operation of the Materials.
- (b) The Licensee must comply with any restrictions on or terms for use of the Materials as set out in section 4 of Schedule 2.
- (c) Except to the extent agreed in a separate agreement, the Licensor has no obligation to provide the Licensee with any additional support or other services in respect of the Products. Material or the Licensed IPR.

Guidance Note for clause 3.4: This template does not provide for technology transfer services (eg instruction and training, maintenance services, show-how, help desk or personnel support etc).

This clause does allow for the parties to agree to 'Materials' and support that the Licensor will provide to the Licensee to assist with exercising the Licensee's rights. For example, this may include prototypes, samples or documentation.

If the Licensee requires substantial additional services, the simplest approach is to use a separate agreement.

3.5 Moral Rights

Each party must respect the Moral Rights of the Personnel of the other party as required by law.

Guidance Note for clause 3.5: The Licensor will still need to ensure its conduct in granting the Licence is consistent with Moral Rights, but there is no express requirement for Moral Rights consents to be obtained. The Licensee will need to consider if its actions are consistent with Moral Rights.

4. Fees and payment

4.1 Fees

In consideration for the grant of the Licence, the Licensee must pay to the Licensor the Fees specified in Schedule 3.

Guidance Note for clause 4: This clause sets out the Licensee's obligation to pay the Fees specified in Schedule 3.

This clause also sets out the applicable payment terms (including requirements for invoicing and late payments), and the reporting requirements (which may be relevant if for example the Fees are based on sales or revenue).

The parties should seek further commercial advice on appropriate fee structures for their transaction.

4.2 Reporting

At least 10 Business Days prior to the due date specified in Schedule 3 for payment of the Fees (where identified as being applicable in Schedule 3), the Licensee must provide to the Licensor a statement in writing signed by an officer of the Licensee holding the position of chief financial officer or equivalent (or their authorised delegate), setting out all information reasonably necessary to enable the Licensor to calculate the relevant Fees payable, including the information in Schedule 3. Unless otherwise specified in Schedule 3, the statement must be complete for the period up to the end of the calendar month prior to the issue of the statement.

4.3 Payment terms

- (a) On receipt of the statement from the Licensee under clause 4.2 (where applicable), or otherwise at the time that the relevant Fees are due, the Licensor will provide the Licensee with an invoice for the Fees due and payable by the Licensee to the Licensor.
- (b) The Licensee must pay an invoice issued by the Licensor for Fees that are due and payable, within 20 Business Days after the date of the invoice.
- (c) Where the Licensee disputes an amount set out in an invoice, it must notify the Licensor within 10 Business Days of receipt of the invoice.
- (d) Late payments will be subject to an additional charge, calculated daily from the due date until the date the outstanding amount is paid at:
 - (i) in respect of the period from 1 January to 30 June in any year – the rate that is 4% above the cash rate last published by the Reserve Bank of Australia before that period commenced; and
 - (ii) in respect of the period from 1 July to 31 December in any year – the rate that is 4% above the cash rate last published by the Reserve Bank of Australia before that period commenced.

Guidance Note for clause 4.3(d): The cash rate for the calculation of the additional charge is published by the Reserve Bank of Australia and can be found on its website: <https://www.rba.gov.au/statistics/cash-rate/>.

- (e) Without limiting its rights, if the Licensee is more than 30 Business Days late paying an invoice, the Licensor may notify the Licensee, and the Licensee is required in accordance with the notice to suspend exercise of the rights under the Licence immediately until the date the outstanding amount is paid.

4.4 No deduction

The Fees must be paid without deduction or deferment for any demand, withholding, set-off, counter claim or other dispute and free and clear of any taxes imposed by or under the authority of any government or public authority.

4.5 Arms' length commercial value

If:

- (a) any part of the Fees are calculated based on payments or benefits that the Licensee receives or is entitled to, or based on costs incurred by the Licensee; and
- (b) the Licensee (or its Affiliates under a sublicense) provides access to Products, or grants a sublicense of the Licensed IPR, other than on arms' length commercial terms,

then:

- (c) the Licensee must notify the Licensor of the arrangement and its non-commercial nature when providing reports under clause 4.2; and
- (d) the Licensor may require the Licensee to pay the Fees (as applicable to the calculation of the Fees) on the basis of the Licensee's entitlement, or the costs that would have been incurred, if the arrangements had been entered into on arms' length commercial terms.

4.6 GST

- (a) In this clause 4.6, words and expressions which have a defined meaning in the *A New Tax System (Goods and Services Tax) Act 1999 (Cth)* (**GST Act**) have the same meaning as in the GST Act.
- (b) If the Licensee is an Australian entity:
 - (i) all Fees payable under this Agreement are exclusive of GST;
 - (ii) if GST is payable by a supplier on any supply made under this Agreement, the recipient, upon receiving a tax invoice from the supplier, will pay to the supplier an amount equal to the GST payable on the supply; and

Guidance Note for clause 4.5: This clause is relevant if the Fees are calculated based on amounts or benefits received by the Licensee, or costs incurred by the Licensee.

The Licensee is required to report non-commercial arrangements to the Licensor, so that the true value of these can be taken into account when determining the Fees payable.

For example, if the Licensee agrees to provide Products to an Affiliate or a sublicensee at a concessional rate - including for some other benefit - this must be reported to the Licensor to ensure the Fee is appropriately calculated. The clause may also allow costs to be discounted, for example if the Licensee was incurring costs for marketing and sales against revenue received by an Affiliate.

Care needs to be taken when agreeing the method for calculating the Fees and the parties should seek further commercial advice.

Guidance Note for clause 4.6: This clause provides that if GST is payable by the Licensor, then the Licensee will pay the Licensor the Fee plus any GST payable on that supply.

- (iii) this amount will be paid in addition to, and at the same time, that the consideration for the supply is to be provided.
- (c) If the Licensee is a foreign entity:
 - (i) any supply made by the Licensor under this Agreement to the Licensee will be treated by the Licensor as GST-free under the GST Act in reliance on the following representations made by the Licensee that:
 - A. it is a non-resident for Australian Income Tax purposes;
 - B. it will not be in Australia when the thing to be supplied is so supplied;
 - C. it will acquire the supply in carrying on its enterprise; and
 - D. it is not registered or required to be registered in Australia for GST purposes; and
 - (ii) if any supply made under this Agreement is classified as a taxable supply for GST purposes because any of the representations in clause 4.6(c) are incorrect, the Licensee will on demand pay the Licensor the GST payable on that supply together with any interest, fine, penalty or other amount imposed as a consequence of the incorrect representation.

5. Performance

5.1 Promote the IPR

- (a) The Licensee must Commercialise the Licensed IPR throughout the Term, to the extent permitted by the Licence, consistently with:
 - (i) maximising the Fees payable to the Licensor; and
 - (ii) actively marketing and promoting Products incorporating the Licensed IPR.
- (b) In determining whether the Licensee has acted in accordance with clause 5.1(a), regard will be given to the achievement or failure of the Licensee to meet the Performance Criteria in any relevant year.

Guidance Note for clause 5: Where the Licensee is granted a Commercialisation right, it is important that the Licensee exercises this right in a way that maximises the Fees and promotes the Products incorporating the Licensed IPR.

The specific performance measures relevant to the transaction can be agreed by the parties in Schedule 4. These measures should reflect the intentions of the parties, including recognising that this template is granting exclusive rights.

See further the guidance in Schedule 4.

- (c) At the request of either party, the parties will meet in good faith to review and discuss the Performance Criteria to ensure they remain appropriate and within the reasonable ability of the Licensee to achieve. Any amendment to the Performance Criteria must be agreed in accordance with clause 19.4.

Guidance Note for clause 5.1(c): There is no right for either party to amend the Performance Criteria, but the template encourages discussion and collaboration to ensure these remain appropriate.

5.2 Commercialisation Business Plan

The Licensee must, in Commercialising the Licensed IPR, throughout the Term to the extent permitted by any Licence, carry out the Commercialisation Business Plan.

Guidance Note for clause 5.2: The Commercialisation Business Plan is a separate document (not attached to this Agreement). It should be agreed by the parties prior to the Commencement Date, and should set out more detail of the process that will be used to Commercialise the Licensed IPR.

5.3 Consequences of failure to achieve Performance Criteria

- (a) The Performance Criteria have been agreed in recognition of the circumstances of the Agreement and the parties' intentions for Commercialisation of the Licensed IPR.
- (b) Without limiting the obligations in this clause 5, if at any time for which there are applicable Performance Criteria, the Licensee fails to achieve the Performance Criteria:
- (i) the Licensor may send the Licensee written notice asking them to identify the reason that the Performance Criteria were not met, and the steps being taken to ensure the Performance Criteria are able to be met for future periods. The Licensee must respond to such request within 20 Business Days of receipt; and
- (ii) if the Licensor is not satisfied with the Licensee's response, the Licensor will offer to meet with the Licensee to discuss in good faith the reasons the Performance Criteria were not met, as well as any proposed adjustments to the Performance Criteria, or other measures that could ensure future performance in accordance with the Performance Criteria.

Guidance Note for clause 5.3: Performance Criteria are intended to be clear, measurable achievements. This clause seeks to balance the consequences of failing to meet the Performance Criteria for both the Licensee and Licensor.

Often the reason for failing to meet Performance Criteria is complex. Accordingly, the clause reflects a process to manage Licensee performance fairly.

The initial consequences of a failure to meet the Performance Criteria are management actions that can be initiated by the Licensor (see clause 5.3(b)) to seek to explore why there has been a failure.

If the management of these failures does not resolve the issues, the onus can be placed on the Licensee (see clause 5.3(c)) to either give up rights to the Licensed IPR, put in place mitigations, or compensate the Licensor for the revenue they would have otherwise obtained.

Further guidance on the Performance Criteria is included in Schedule 4.

- (c) If following the process set out in clause 5.3(b), the Licensee again fails to meet the Performance Criteria as they apply in any subsequent period for measurement of the Performance Criteria, the Licensor may require that the Licensee to:
- (i) either, at the Licensee's option:
 - A. pay any deficit in the Fees as a result of the Performance Criteria not being met, being the difference between the Fees that would have been payable for the relevant period if the Performance Criteria were met and the actual Fees payable; or
 - B. agree to the Licensor terminating or reducing the Licence (as required by the Licensor), to allow the Licensor to license the Licensed IPR to an alternative licensee; and
 - (ii) put in place reasonable measures to attempt to ensure the Performance Criteria are achieved in future periods (but without limiting the Licensor's rights if the Performance Criteria are again failed).
- (d) Nothing in this clause 5.3 limits the rights of the Licensor under the Agreement or requires the Licensor to agree to amend the Performance Criteria.

5.4 Abandonment

- (a) Notwithstanding the payment of Fees to the Licensor, the Licensee must not at any time during the Term abandon its endeavours to Commercialise any part of the Licensed IPR.
- (b) If the Licensor is of the reasonable opinion that the Licensee has abandoned its endeavours to Commercialise any part of the Licensed IPR, it will give the Licensee written notice of that opinion together with the grounds for that opinion. The Licensee must provide reasonable evidence within 20 Business Days of the date on which the Licensor gives the written notice demonstrating that the Licensee is making bona fide efforts to Commercialise the relevant part of the Licensed IPR.

Guidance Note for 5.4: This clause provides an additional right to the Licensor in the 'exclusive' version of the licence template, with the intent of allowing the Licensor to protect its rights if the Licensee is only Commercialising part of the Licensed IPR. Without limiting other rights that arise, the consequences of this may result in a reduction in the licence scope.

- (c) Without limiting this Agreement, if the Licensee is not able to provide reasonable evidence in accordance with clause 5.4(b):
- (i) the Licensor may notify the Licensee of reasonable steps to Commercialise that part of the Licensed IPR, that the Licensor requires be incorporated in the Commercialisation Business Plan; and
 - (ii) if the Licensee does not agree to incorporate such steps in the Commercialisation Business Plan within 20 Business Days of receipt of the notice, the Licensor may in respect of that part of the Licensed IPR, exercise any of the rights set out in clause 15.5.

5.5 Reporting

Within 40 Business Days of the end of each Reporting Period, the Licensee will provide the Licensor an annual report setting out the Licensee's progress in Commercialising the Licensed IPR over that Reporting Period and the commercialisation plans for, and any actual or potential issues that may arise in, Commercialising the Licensed IPR in the subsequent Reporting Period. The report must include a report against the Performance Criteria and the Commercialisation Business Plan.

Guidance Note for clauses 5.5, 5.6 and 5.7:

Consistent with managing performance, these clauses include obligations to report and meet so that potential issues are able to be managed.

5.6 Periodic meeting

At the election of the Licensor, appropriate and relevant representatives from each of the Licensee and the Licensor will, within 40 Business Days of the end of each Reporting Period, meet at the address of the Licensor set out in item 1 of the Details Schedule, or remotely if otherwise agreed by the parties, to review the progress of the Commercialisation of the Licensed IPR.

5.7 Other meetings

Either party may, at reasonable intervals and on reasonable notice (not exceeding 20 Business Days) and with an agenda outline, convene a meeting of appropriate and relevant representatives of each party at the address of the Licensor set out in item 1 of the Details Schedule, or remotely if otherwise agreed by the parties, and the other party agrees to attend and participate in that meeting.

6. Accounting and audit rights

6.1 Record keeping

- (a) The Licensee will keep appropriate, true and accurate records (in accordance with generally accepted management accounting practices with clear audit trails) of all matters connected with the Commercialisation of the Licensed IPR, Products and royalties (including copies of any agreements with Affiliates and sublicensees) at its principal place of business. The Licensee will also keep proper books of account relating to the Fees payable, containing such correct entries complete in every particular as may be necessary to enable the amounts due to the Licensor to be conveniently ascertained and audited.
- (b) The Licensee must obtain written undertakings from its Affiliates and sublicensees to keep true and accurate records and proper books of account in relation to the Commercialisation of the Licensed IPR and Products and provide the Licensee with complete copies of such records and accounts.

Guidance Note for clause 6.1: The nature of the records required to be kept will depend in part on how the Fees are set. If the Fees are based on volume or revenue, it will be necessary for the Licensee to keep and provide 'open books' so that the Licensor can see that the Fees and invoices have been generated appropriately. This will also need to be implemented with any Affiliates of the Licensee and sublicensees. The Licensee will need to manage its own arrangements to ensure it has access to this information.

6.2 Inspection and audit rights

- (a) At the Licensor's written request, but not more than once each Reporting Period, the Licensee will at all reasonable times make available to the Licensor (or its nominee) the records and books of account referred to in clause 6.1 certified as correct by a senior financial officer of the Licensee and, if so desired by the Licensor, will permit those records and books to be examined by an independent accountant nominated by the Licensor and reasonably acceptable to the Licensee. The Licensor shall pay the cost of engaging the independent accountant, subject to clause 6.3.
- (b) The Licensee will give to the Licensor, its nominee and any independent accountant all reasonable assistance, access and facilities necessary, as well as access to appropriate accounting, business, technical, manufacturing and sales personnel to ask questions, to enable them to review the records and books. In addition, the Licensee will allow them to take copies of records and books and will supply such other information as may be necessary or proper to enable compliance with this Agreement to be ascertained and verified.

Guidance Note for clause 6.2: This clause allows access to the records and books referred to in clause 6.1.

The right is restricted to once per Reporting Period to minimise the impact on the Licensee's business. This audit/inspection would usually be undertaken if there was a dispute over an invoiced amount and is in addition to the requirement for the Licensee to provide reporting to the Licensor to enable generation of invoices for payment of the Fees.

6.3 Discrepancy

If the examination referred to in clause 6.2 reveals an underpayment or outstanding amounts owed to the Licensor in a Reporting Period:

- (a) the Licensee must promptly pay the Licensor the outstanding amount; and
- (b) of 7% or more of Fees due in the Reporting Period, the Licensee must pay the Licensor the Licensor's reasonable costs for performing the examination.

Guidance Note for clause 6.3: This clause incentivises the Licensee to keep accurate records by placing the financial cost of an audit on the Licensee if there is a 7% discrepancy or more. This threshold has been set following consultation, but could be adjusted if the parties agreed to a different %.

There is also a right for the Licensor in clause 15.1 to terminate the Agreement if there is a finding by an auditor under clause 6.2 that the Licensee has fraudulently or deliberately underpaid Fees.

7. Improvements

7.1 Ownership and rights to Improvements

- (a) Unless otherwise specified in item 6 of the Details Schedule:
 - (i) IPR in any Improvements created by the Licensee are owned by the Licensee;
 - (ii) the Licensee must notify the Licensor of any Improvement created by the Licensee as soon as practicable after the Improvement has been created; and
 - (iii) where the Licensee is the owner of IPR in Improvements, the Licensee grants to the Licensor a licence to the IPR in Improvements created by the Licensee on the terms detailed in item 6 of the Details Schedule.
- (b) Where and to the extent that the Licensor is specified in item 6 of the Details Schedule as the owner of IPR in such Improvements created by the Licensee:
 - (i) the Licensee assigns to the Licensor all rights, title and interest in and to the IPR in such Improvements immediately on creation; and
 - (ii) the Licensor grants the Licensee a Licence to the IPR in the Improvements created by the Licensee on the same terms as the Licensed IPR.
- (c) The parties must do all things (including executing any document) necessary or desirable to give full effect to this clause 7.1.

Guidance Note for clause 7.1: The Licensee will be the owner of any Improvements (that the Licensee creates under the Licence) by default, but the parties can agree to amend this to the Licensor and specify it in the Details Schedule.

In general, it would be appropriate for the Licensor to be the owner if items of Improvements are required to be incorporated back into the Licensed IPR (and potentially licensed to other parties by the Licensor, either following the Term, or if that part of the rights are non-exclusive or Field/Territory limited).

If the Licensee is the owner, the Licensee may alternatively grant to the Licensor a licence to use the Improvements on the terms in the Details Schedule.

If improvements created by the Licensor are being licensed to the Licensee, the scope of the Licensed IPR should describe this, or be amended (as required) to include these improvements.

There are a range of alternative approaches to dealing with Improvements, depending on the context of the transaction. This template should be regarded as a starting point for negotiation on these aspects. The parties should also consider how ownership of and rights to Improvements impacts on the Fees payable.

- (d) This Agreement does not assign or grant any rights to the Licensee in respect of any IPR in Improvements created by the Licensor after the Commencement Date. Where the parties intend for the Licensee to have rights to such IPR, they will amend the Agreement in accordance with clause 19.4 to incorporate the Improvements within the Licensed IPR.
- (e) Where not granted under this Agreement, the parties each agree to negotiate in good faith a further licence to the IPR in any Improvements in connection with the Licensed IPR for the purpose of Commercialisation.

8. Standards

8.1 Compliance with laws and technical standards

The Licensee must comply with any applicable laws and industry standards relating to the Commercialisation of the Licensed IPR and development and marketing of Products in any jurisdiction in the Territory in which it conducts those activities or in which any Product is to be released.

8.2 Products to be safe

The Licensee must take all reasonable steps to ensure that all Products are safe for their intended use.

8.3 Regulatory approvals

The Licensee must seek and obtain approval from all relevant regulatory authorities in all relevant jurisdictions in which any Product is to be released. To the extent required by applicable laws, the Licensor shall (at the Licensee's direction) provide any assistance reasonable and necessary to enable such approvals to be obtained.

8.4 Compliance is Licensee's responsibility

To the extent permitted by law, the Licensor is excluded from all liability for any defect, damage, loss, death or injury caused by any Product as a result of the Licensee's compliance or failure to comply with any technical standards or regulatory requirements.

8.5 No reliance on the Materials

Unless expressly agreed by the Parties in section 4 of Schedule 2 any Materials (including specifications or technical information) provided by the Licensor:

- (a) are for information and assistance only and must be verified by the Licensee as being appropriate for their purpose;
- (b) must not be incorporated directly into Products that are intended to be sold; and

Guidance Note for clause 8.5: As set out above, any Materials provided by the Licensee are for information and assistance purposes. The template places the onus on the Licensee to ensure Products are appropriate for marketing and sale (including all component parts).

- (c) do not reduce or relieve the Licensee from its obligations under this clause 8, or otherwise in respect of the Products.

8.6 Inspection of Products

The Licensee must allow the Licensor to inspect a copy of any Products on request for the purpose of ensuring compliance with obligations under this Agreement. The Licensor is not obligated to inspect Products and inspection does not affect the obligations of the Licensor or Licensee in respect of such Products.

9. Registration management and Registration costs

This clause 9 applies, except to the extent the parties have agreed otherwise in section 6 of Schedule 2 or the IPR Management Plan.

9.1 Filing, Prosecution and Maintenance of Registrations and Registration Applications

- (a) Subject to clause 9.1(b), the Licensor is required to file, Prosecute and Maintain the Registration Applications and the Registrations.
- (b) If the Licensor is at any time during the Term unable to comply with clause 9.1(a), or considers that the continued Prosecution and Maintenance of the Registration Applications and the Registrations is not appropriate, the Licensor must:
- (i) notify the Licensee promptly of the circumstances that make it unable to continue the Prosecution or Maintenance of the relevant Registration Applications or Registrations, or that make such Prosecution or Maintenance inappropriate; and
 - (ii) engage in good faith discussion with the Licensee in respect of the steps to be taken, including in accordance with any process and the rights and obligations of the parties agreed in the IPR Management Plan.
- (c) Without limiting the obligations under the IPR Management Plan, the Licensor is required to:
- (i) keep the Licensee informed in a timely manner on the progress of the Registration Applications; and

Guidance Note for clause 9: This clause is tailored to the 'exclusive' nature of the Licence being granted. It can be further amended by the Parties in Schedule 2 or in the IPR Management Plan if they agree to different arrangements for Registration management and costs, including if there are no Registrations or Registration Applications that are relevant to the Licensed IPR.

The scope of required Registration and Registration Applications should be agreed and listed in Schedule 2.

Under the template position:

- the Licensor is required to manage filing, Prosecution and Maintenance;
- the Licensor is responsible for all costs incurred - but the Fees can be agreed to include recovery of some or all of these costs; and
- the Licensor is required to notify the Licensee and engage in good faith discussion where unable to continue the Prosecution or Maintenance of relevant Registration Applications or Registrations, or where they are viewed as inappropriate.

Unless agreed otherwise, the Licensor remains responsible for undertaking the filing, Prosecution and Maintenance as agreed.

See further the note on clause 2.1(c) where impacts on the rights of the Licensee from discontinuing Prosecution of Registration Applications can also be considered.

- (ii) advise the Licensee in a timely manner of any act of an intellectual property office of which the Licensor is aware, which is likely to adversely impact on any Registration Application.
- (d) The Licensor must consult with the Licensee in good faith and in accordance with the IPR Management Plan prior to filing any additional applications for registration or protection of the Licensed IPR.
- (e) The Licensee must not file any patent application which discloses the Confidential Information of the Licensor.

9.2 Registration costs

- (a) The Fees include any part of the Registration Costs that the parties have agreed will be paid by the Licensee.
- (b) Where there is an increase in the Registration Costs (including additional Registration Costs) to those that could be reasonably anticipated at the Commencement Date, the Licensor will notify the Licensee and the parties will in good faith negotiate any increase in the Fees (or other actions) in accordance with the requirements in the IPR Management Plan.

10. Infringement and third party proceedings

This clause 10 applies, except to the extent the parties have agreed otherwise in section 8 of Schedule 2 or the IPR Management Plan.

Guidance Note for clause 10: This clause is tailored to the 'exclusive' nature of the Licence being granted. It can be further amended by the parties in Schedule 2 or in the IP Management Plan if the parties agree to different arrangements.

10.1 Notice of infringement

Each party must give the other prompt written notice if it becomes aware of a third party:

- (a) infringing or threatening to infringe the Licensed IPR, including where a third party is Commercialising or threatening to Commercialise technology that falls within the scope of a Claim;
- (b) challenging the validity of the Licensed IPR;
- (c) using or disclosing, or threatening to use or disclose Confidential Information relating to the Licensed IPR, or any other Confidential Information, in a way that impacts on the other party's rights under this Agreement; or
- (d) taking action or threatening to take action on the basis that the Licensed IPR or a Product infringes the rights of the third party.

Guidance Note for clause 10.1: This clause requires a party that becomes aware of one of the relevant circumstances to promptly notify the other party. Each of these circumstances relates to third party actions that potentially infringe the Licensed IPR, or challenge the Licensor or Licensee's rights to the Licensed IPR.

10.2 Proceedings or other action

- (a) Each party agrees to comply with the process in the IP Management Plan for commencing and defending any Legal Proceedings in relation to the Licensed IPR, including (if applicable) where such Legal Proceedings relate to matters outside the scope of the Licence granted to the Licensed IPR.
- (b) Subject to any contrary agreement in the IPR Management Plan:
- (i) the parties will confer (in accordance with any agreed process in the IPR Management Plan) as to what steps, if any, are to be taken against any person infringing the Licensed IPR or in relation to the circumstances set out in clauses 10.1(b) or 10.1(d);
 - (ii) each party will not (except in the case of an application for urgent interlocutory relief), commence Legal Proceedings in respect of the Licensed IPR without:
 - A. first notifying the other party; and
 - B. following any agreed process in the IPR Management Plan;
 - (iii) each party will provide the other party with all reasonably necessary assistance in relation to any Legal Proceedings in relation to the Licensed IPR, where the outcome of the Legal Proceedings may impact on the other party's rights or obligations under this Agreement; and
 - (iv) except in accordance with clause 10.2(e), each party will not settle any Legal Proceedings relating to the Licensed IPR without:
 - A. first notifying the other party; and
 - B. following any process as agreed in the IPR Management Plan.
- (c) Subject to clause 10.2(d) and any contrary agreement in the IPR Management Plan, the parties will bear their own costs associated with any Legal Proceedings in relation to the Licensed IPR, including any settlement or outcome of such Legal Proceedings.

Guidance Note for clause 10.2: In the case of an 'exclusive' licence, it is important that the parties have agreed how to manage any Legal Proceedings in relation to the Licensed IPR.

The IPR Management Plan should set out the agreed process for both initiating Legal Proceedings, and for defending or settling Legal Proceedings initiated by third parties.

It will usually be agreed that the Licensee will be given control over these proceedings (in order to protect their exclusive interest). However, this is usually subject to the process and conditions. There may also need to be further agreement as to how this aspect is managed if there is cross-over with IPR licenced on a non-exclusive basis, or in other Fields/Territories.

- (d) This clause 10 and the IPR Management Plan does not limit any rights a party might have against the other for a breach of this Agreement.
- (e) Except as set out in the IPR Management Plan, nothing in this clause 10 prevents either party from taking steps in response to any application for urgent injunctive relief in Legal Proceedings relating to the Licensed IPR.

10.3 Entitlement to windfall

Without limiting the rights of a party under this Agreement, unless agreed otherwise in the IPR Management Plan, a party is entitled to retain any payments received from a third party as a result of Legal Proceedings in relation to the Licensed IPR, including from any settlement.

Guidance Note for clause 10.3: The IPR Management Plan should also deal with who is entitled to any windfall revenue. This should be considered in the IPR Management Plan, including to reflect the scope of the Licensed IPR and the management process for Legal Proceedings.

11. Warranties and liability

11.1 General warranties

- (a) Each party represents and warrants to the other party that:
 - (i) it has full power and authority to enter into, and to perform its obligations under this Agreement;
 - (ii) it has taken all necessary action to authorise the execution, delivery and performance of this Agreement; and
 - (iii) this Agreement constitutes its legal, valid and binding obligations.

Guidance Note for clause 11.1: This clause sets out the general representations and warranties that the parties make to each other with respect to entering into the Agreement.

11.2 Licensor non-infringement warranties

The Licensor represents and warrants that at the Commencement Date:

- (a) it has not granted any licences, options, encumbrances, security interests or other rights to any person in relation to any rights, title or interest in the Licensed IPR that are inconsistent with this Agreement;
- (b) there are no actions, claims or proceedings pending or threatened against it or by it which may have a material effect on the subject matter of this Agreement;
- (c) to the best of its knowledge the Licensed IPR is not being infringed by any third party (and in the case of patent applications comprised in the Licensed IPR, would not, if they were granted, be being infringed by any third party);

Guidance Note for clause 11.2: The template position is that the Licensor provides warranties as to non-infringement of IPR based on their knowledge, but that otherwise the Licensee exploits the licensed technology at its own risk.

The template states that the Licensor has not conducted searches. The Licensee must make its own "freedom to operate" searches. Often there may have been specific searches conducted / required and the parties may need to further negotiate the types of warranties (and potential indemnities) that should be included and set out in the Details Schedule.

The Licensee also releases and indemnifies the Licensor in clause 12.1 against claims from third parties arising from its exercise of rights - including to Commercialise the IPR. The Licensor's reciprocal indemnity is limited by the scope of the representations and warranties provided in this clause.

Where these warranties in clause 11.2 are not appropriate to the transaction the parties should agree to amend this clause. No item exists in the Details Schedule for this purpose as any amendment would become very complex and appropriate legal advice should be sought before altering this position.

- (d) the Licensed IPR are not subject to any actual oppositions, claims or actions by any third party; and
- (e) to the best of its knowledge, no other licences or rights to any other IPR are required in order to permit Commercialisation of the Licensed IPR in accordance with the Licence, without infringement of the IPR of third parties, subject to the following:
 - (i) except as identified in item 7 of the Details Schedule, the Licensor does not, by making this representation and warranty, make any representation or warranty, express or implied:
 - A. that the Licensor has undertaken any searches in respect of Third Party IPR or concerning the adequacy or completeness of searches that have been undertaken and in particular the Licensee acknowledges that:
 - 1) any searching undertaken by the Licensor cannot be held to a standard or quality applicable to professional patent attorney searches unless such searches were expressly required in item 7 of the Details Schedule;
 - 2) any opinions or inferences drawn by the Licensor from any searches undertaken cannot be held to constitute validity or infringement opinions of a standard or quality applicable to professional patent attorneys or patent lawyers unless such opinions or inferences were expressly required to be obtained by the Licensor in item 7 of the

Details Schedule;
and

- 3) it is not reasonably possible to conduct meaningful targeted searches (including patent infringement searches) in the absence of a clearly defined product or process to search in respect of; or

B. that Commercialisation of the Licensed IPR in particular applications or in conjunction with other enabling technology components, in accordance with a particular method of treatment or in accordance with a particular method of manufacture will not require additional licences or infringe the IPR of third parties;

- (f) the use of the Licensed IPR and its Commercialisation in accordance with the Licence will not infringe any copyright; and
- (g) the Licensor has not breached any past or current existing confidentiality obligations relating to any part of the Licensed IPR and there are no existing encumbrances or prior rights of third parties either preventing future authorised disclosure of such Confidential Information or requiring the Licensee to obtain prior consent to use or disclose such Confidential Information.

11.3 Acknowledgements

The Licensee acknowledges and agrees that except as expressly provided in this Agreement:

- (a) the Licensor has not made, and does not by entering into this Agreement make, any representation or warranty, express or implied, that use of the Licensed IPR and its Commercialisation in accordance with the Licence does not infringe any third party's IPR;
- (b) the Licensor does not make and has not made any representation or warranty in relation to whether any valid patent will be granted or granted with the Claims sought;

Guidance Note for clause 11.3: To the extent permitted by law, this clause excludes any additional warranties, terms or conditions that may otherwise be implied by law into the Agreement.

However some conditions, such as those implied by legislation, cannot be excluded by this clause. This may include warranties about goods and services under the Australian Consumer Law.

- (c) the Licensee exercises the rights granted under this Agreement to the Licensed IPR at its own risk and will make its own inquiries to determine that its Commercialisation of the Licensed IPR and any Product based on the Licensed IPR will not infringe any third party's IPR;
- (d) to the full extent permitted by law, the Licensor has not made and excludes all warranties, terms, conditions or undertakings, whether express or implied, written or oral, statutory or otherwise (including any implied warranty of merchantability or of fitness for a particular purpose) for the Licensed IPR, Products or any other matter, including, without limitation, as to the suitability or safety of the Licensed IPR or the Products for use by third parties; and
- (e) it will act in good faith in the exercise of the Licence to the Licensed IPR.

Guidance Note for clause 11.3(e): Clause 11.3(e) is a general obligation to act in 'good faith'. Failure by the Licensee to comply with this requirement is a material breach of the Agreement, entitling the Licensor to terminate the Licence. This obligation applies in addition to specific performance criteria or milestones. It requires consideration of the circumstances, rather than setting out specific criteria that must be met.

If the parties are able to agree detailed and specific obligations that set out the Licensee's Commercialisation efforts exhaustively, it may be appropriate to also agree to remove this general obligation.

11.4 Liability

- (a) Each party's liability, including under an indemnity, under this Agreement is reduced to the extent that any damages, liability, loss or costs arise from, or are attributable to, any negligent act or omission of or breach of this Agreement by, the other party or its Personnel.
- (b) The rights, duties, obligations and liabilities of the parties under this Agreement will in every case be several and not joint or joint and several.

Guidance Note for clause 11.4: Where Party A is liable to Party B under this Agreement, Party A's liability is reduced to the extent that Party B contributed to any loss it suffered. For example, Party B may have been negligent and contributed to its loss.

11.5 Liability cap

- (a) The aggregate liability of each party for loss suffered or incurred by the other party arising out of or in connection with this Agreement (including under an indemnity) however caused whether in tort (including negligence), contract, statute, equity or otherwise is, subject to clause 11.5(b), to the full extent permitted by law limited to the amount specified in item 8 of the Details Schedule.
- (b) Any limit on or exclusion of the liability of each party under clause 11.5(a) does not apply in relation to liability for:
 - (i) personal injury (including sickness or death);
 - (ii) an infringement of Third Party IPR to the extent within the indemnity in clause 12.1;
 - (iii) a breach of any obligation of confidentiality; or
 - (iv) wilful default of fraud.

Guidance Note for clause 11.5(a): This clause limits the amount of financial exposure each party faces in the event a lawsuit is filed or a claim is made by the other party.

The parties can agree to cap the total amount that a party may be liable to pay to the other party for loss suffered in relation to this Agreement. This cap should be set out in item 8 of the Details Schedule.

Guidance Note for clause 11.5(b): The liability cap specified in item 8 of the Details Schedule does not apply to the types of liability listed in clause 11.5(b). This means that the liability of each party for these types of claims is unlimited. These types of liability are typically unlimited in commercial arrangements because it is difficult to quantify (for the purposes of determining a liability cap) the losses that can arise from such claims.

12. Indemnity

12.1 Indemnity

- (a) The Licensee indemnifies the Licensor against all losses, damages, costs and expenses (including legal costs on a solicitor and own client basis) that the Licensor may sustain or incur as a result of any claim, demand, action or proceeding by any third party arising out of the exercise by the Licensee of its rights under this Agreement, or breach by the Licensee of its obligations or warranties under this Agreement.
- (b) The Licensor indemnifies the Licensee against all losses, damages, costs and expenses (including legal costs on a solicitor and own client basis) that the Licensee may sustain or incur as a result of any claim, demand, action or proceeding by any third party arising out of breach by the Licensor of its obligations or warranties under this Agreement.

12.2 Exceptions

The indemnity in clause 12.1 does not apply to the extent that the indemnified liability is caused by the negligence or a breach of this Agreement by the party receiving the benefit of the indemnity.

12.3 General

- (a) Upon a party becoming aware of any claim or other circumstance that may give rise to the indemnity being enforced, a party must provide the other party with full details of the action, claim, proceeding or demand.
- (b) It is not necessary for the indemnified party to incur expense or make payment before enforcing its right of indemnity. Before making any demand for performance of the indemnity the indemnified party will allow the indemnifying party such time as is reasonable in the circumstances to investigate its alleged liability and to negotiate a settlement of or to defend the action, claim, proceeding or demand.

Guidance Note for clause 12: An indemnity is a promise by one party to defend and compensate the other party with respect to loss or damage suffered by the other party for a specified event. This clause provides for an indemnity from:

- the Licensee to the Licensor for third party claims etc arising out of the exercise by the Licensee of its rights or breach of its obligations under the Agreement - including in the process of Commercialising the IPR. This is because the Licensee is responsible for ensuring that it appropriately conducts the Commercialisation; and
- the Licensor in favour of the Licensee for third party claims etc arising out of breach by the Licensor of the Agreement. This would include if the Licensee was liable because the Licensed IPR infringed the third party's IPR - provided the Licensor was responsible for this. There are a number of limitations on the Licensor's liability under the Agreement and the Licensor is not liable unless it has also breached the Agreement.

However, if both parties consider that the indemnity is not appropriate for their particular transaction, the parties can agree not to require an indemnity, or to an alternative approach, and amend this clause.

Liability is reduced to the extent of the other party's negligence or breach (under clause 12.2). Clause 12.3 sets out the process to be followed where a party intends to exercise their rights under an indemnity.

13. Insurance

13.1 Required insurance

The Licensee must take out, maintain and keep current during the Term and, in the case of insurance policies where claims must be made during the currency of the policy, for 7 years after its expiration or earlier termination, the insurances covering its liability arising out of or in connection with this Agreement as set out in item 9 of the Details Schedule.

Guidance Note for clause 13: Each party is required to maintain for the duration of the Agreement and 7 years following expiration or termination, the types of insurance, and for the values, specified in item 9 of the Details Schedule. Refer to the HERC IP Framework Practical Guide for further guidance.

13.2 Insurance details

- (a) The insurance policies specified in clause 13.1 must be held with a sound and reputable insurer.
- (b) The insurance policies must comply with all applicable laws.
- (c) The Licensee must produce evidence of the currency of the insurance policies within 10 Business Days of receipt of a written request from the Licensor.
- (d) The Licensee undertakes at all times to comply with the terms of the insurance policies it is required to hold.
- (e) The Licensee must notify the Licensor immediately of any material change to, or non-renewal or cancellation of, any of the insurance policies it is required to hold.
- (f) The Licensee's insurance obligations will survive the expiration or earlier termination of this Agreement.
- (g) Nothing in this clause 13 limits the other obligations and liabilities of the Licensee under this Agreement or at law.

14. Confidential Information

- (a) Except as set out in this clause 14, for the period that Confidential Information is to remain confidential as set out in section 5 of Schedule 2, each party when receiving Confidential Information of the other party must:
 - (i) only use the Confidential Information for the purpose of performing this Agreement; and
 - (ii) keep confidential and not further disclose the Confidential Information.
- (b) A party may only disclose Confidential Information to its Personnel for the purpose of performing this Agreement. Where Confidential Information of the other party is disclosed to a party's Personnel for the purpose of performing this Agreement, that party must ensure those Personnel are subject to equivalent (legally binding) obligations to those set out in this Agreement.

Guidance Note for clause 14(a): This clause restricts further disclosure of Confidential Information and requires that any use of the Confidential Information be only for the purpose of performing this Agreement.

Exceptions (where disclosure or other uses are permitted) are set out in the remainder of clause 14.

The parties should consider if the Licensed IPR should be included (in whole or part) as Confidential Information. For example, unpublished copyright works may need to be protected as Confidential Information.

To the extent the Licensed IPR is Confidential Information, it will be required to be kept confidential in accordance with this clause and only used for the purpose of performing the Agreement.

- (c) Each party may disclose Confidential Information of the other party:
- (i) with that other party's prior written consent;
 - (ii) to a professional adviser in order to comply with obligations, or to exercise rights, under this Agreement, provided that the adviser is subject to equivalent (legally binding) obligations to those set out in this Agreement; or
 - (iii) if required by law or rules of a securities exchange, but only to the extent of the legal requirement and after appropriate action is taken to protect the form and content of the disclosure. If a party is required to disclose any Confidential Information of the other party pursuant to this clause, that party must promptly notify the other party (to the extent notification is permitted by law).
- (d) Without limiting its obligations, each party:
- (i) undertakes to implement appropriate security practices to prevent any unauthorised copying, use or disclosure of the other party's Confidential Information; and
 - (ii) must promptly notify the other if the party becomes aware of any unauthorised use or disclosure of the other party's Confidential Information.
- (e) Notwithstanding any other provision of this Agreement, if a party is a Commonwealth Entity or a State or Territory government entity, that party will not be in breach of this clause 14 if that party is required to disclose the information to a Minister or a House or Committee of Parliament.
- (f) This Agreement does not limit any other agreement between the parties that provides authority for a party to disclose or use Confidential Information, where received or created under that other agreement.

Guidance Note for clause 14(d): The party receiving the Confidential Information is required to implement appropriate security practices and promptly notify the disclosing party of any actual or suspected unauthorised use or disclosure.

Guidance Note for clause 14(e): Government entities may be required, for public accountability reasons, to disclose Confidential Information in specific circumstances as set out in this clause.

15. Termination

15.1 Termination for default

- (a) Either party may immediately terminate this Agreement by notice in writing to the other party if that other party:
- (i) breaches a material term of this Agreement, where that breach is not capable of remedy; or
 - (ii) breaches any term of this Agreement that is capable of remedy and which is not remedied within 20 Business Days written notice to do so by the first party.
- (b) Without limitation, for the purposes of clause 15.1(a)(i), each of the following constitutes a breach of a material term of this Agreement that is not capable of remedy:
- (i) a failure by the Licensee to comply with clause 3.3 (Sublicensing);
 - (ii) a finding by an auditor under clause 6.2 (Inspection and audit rights) that the Licensee has fraudulently or deliberately underpaid Fees;
 - (iii) a failure by the Licensee to comply with clause 11.3(e) (Acknowledgements); or
 - (iv) a failure to comply with clause 14 (Confidential Information).

Guidance Note for clause 15.1: This Agreement may be terminated where a party has not complied with a material obligation. Examples of material obligations are set out in clause 15.1(b). This is not an exhaustive list of material obligations.

If the breach of the material obligation can be fixed by the party in breach, the other party must issue a notice requiring the breach to be remedied within 20 Business Days (clause 15.1(a)(ii)).

If the breach of the material obligation cannot be fixed by the breaching party, the Agreement may be terminated with immediate effect by the other party. The other party should carefully consider whether the breach can be fixed before terminating with immediate effect. Otherwise, the other party may be considered to have itself breached the Agreement and exercised its termination rights wrongfully.

15.2 Termination by the Licensor for non-payment

The Licensor may immediately terminate this Agreement by notice in writing to the Licensee if the Licensee fails to pay the Fees or any amount due under this Agreement by the due date and does not remedy that failure within 20 Business Days of notice to do so by the Licensor.

Guidance Note for clause 15.2: The Licensor may terminate for non payment of Fees, but must first provide 20 Business Days' notice for the Licensee to remedy the non payment.

15.3 Termination by the Licensor for challenge

Except where prohibited by applicable law, the Licensor may immediately terminate this Agreement, by written notice to the Licensee if the Licensee or any of its Affiliates or sublicensees (whether or not the Licensee is aware of such action):

- (a) commences patent opposition proceedings, revocation proceedings, declaratory judgment proceedings, or re-examination proceedings in respect of any of the Licensed IPR;
- (b) lodges third party observations or otherwise supplies prior art to an examiner or patent office in respect of any of the Registrations or Registration Applications;

Guidance Note for clause 15.3: This is an additional express termination right for the Licensor in the 'exclusive' version of the template, in recognition of the exclusive rights being granted. In some circumstances rights to terminate may be restrained by laws, including competition laws, and further advice should be obtained before exercising such rights.

- (c) otherwise challenges the validity of, or alleges the invalidity of, any of the Licensed IPR; or
- (d) in any way encourages, assists, facilitates, procures or arranges for a third party to take any of the actions referred to in this clause 15.3.

15.4 Consequences of termination or expiry

- (a) Upon termination or expiry of this Agreement:
 - (i) the Licensee is required to promptly pay the Licensor any:
 - A. outstanding payments due to the Licensor at the date of termination or expiry; and
 - B. where the Fee is calculated based on revenue or other benefit to the Licensee, such amount as would have been payable if the relevant Fees were due on the termination date;
 - (ii) if the Licensee has terminated this Agreement, and has paid any of the Fees in advance, the Licensor must refund any portion that was not required to have been paid by or at the time of termination;
 - (iii) all licences granted under this Agreement will cease and the Licensee will immediately cease any further use, disclosure or Commercialisation of the Licensed IPR that would constitute an infringement of the Licensed IPR (including by termination of all sublicenses), except in the case of termination of this Agreement (other than under clause 15.3), in which case the Licensee is entitled for a period of 6 months from the date of termination (or such other period as agreed in writing by the Licensor) to dispose of any stock of the Product in existence at the date of termination. The Licensee must continue to pay the relevant Fees (as applicable) for any such Products disposed of and comply with all the terms of this Agreement in relation to the continuing Commercialisation; and

Guidance Note for clause 15.4: On expiry or termination the Licence ceases to apply and the Licensee must stop Commercialising the Licenced IPR. Some exceptions are provided to allow for run-down of stock of Products and continuing legal obligations.

- (iv) each party must return or destroy (at the other party's request) all Material and Confidential Information of the other party (as directed by the other party), except that a party is entitled to keep a copy of Confidential Information of the other party for the sole purpose of managing legal obligations (including to maintain existing Products or to dispose of any stock, or where a Licence is perpetual), or where stored in a back-up of an IT system. A party must continue to treat any such copy as Confidential Information of the other party which is subject to the terms of this Agreement.
- (b) The Licensor may direct that the Licensee terminate, or to novate to the Licensor, any sublicense under this Agreement at the same time as the termination of this Agreement by the Licensor, and the Licensee must comply with that direction.
- (c) The confidentiality obligations under this Agreement survive the return or destruction of any Confidential Information for the period of confidentiality specified in respect of that Confidential Information in section 5 of Schedule 2.

15.5 Alternatives to termination

If the Licensor is entitled to terminate this Agreement or the Licence to any of the Licensed IPR, in addition to any other rights it may have (including in the circumstances that termination is not permitted by applicable law), the Licensor may in its discretion instead unilaterally by notice to the Licensee:

- (a) convert any exclusive licences granted to Licensee under this Agreement to non-exclusive licences; and/or
- (b) remove some of the Licensed IPR or other rights, or part of those rights (for example for specific countries or fields), from the rights Licensed to the Licensee under this Agreement.

Guidance Note for clause 15.5: Where the Licensor is entitled to terminate, they may instead take action under this clause to limit the scope of the Licence or remove rights.

16. Use of name and acknowledgement

16.1 Use of name and trade marks

- (a) Each party must not:
- (i) use the name of the other party (or any acronym or abbreviation of that name); or
 - (ii) use any registered or unregistered trade mark of the other party,

in connection with its use of the Licensed IPR or the Products (or any other promotional material or endorsement) without the prior written consent of an authorised representative of the other party (which consent may be withheld in that other party's sole discretion or granted subject to conditions).

- (b) Where consent under clause 16.1(a) is granted to a party, either pursuant to this Agreement or by express written consent, the other party reserves the right, acting reasonably, to withdraw that consent on 20 Business Days' written notice. Where the other party provides written notification of its intention to withdraw consent, the party to whom consent was granted must cease any further use and withdraw all references to the other party's name within a reasonable period not to exceed 20 Business Days.
- (c) A party must, where the other party gives consent subject to conditions, comply with those conditions.
- (d) The Licensee must acknowledge the Licensor's contribution in any publication that refers to the Licensed IPR in accordance with any requirements specified in item 10 of the Details Schedule.

16.2 Registration of trade marks, business names or domain names

Each party must not register, or attempt to register, any trade mark, business or company name, or domain name, which is similar to or incorporates the name or any registered or unregistered trade mark of the other party.

Guidance Note for clause 16.1: This clause manages the use of a party's name and trade marks by the other, requiring consent to be obtained.

This may be relevant as part of the Licensee Commercialising the Licensed IPR (if the Licensor's name will appear on Products). It may also be relevant if the Licensor wishes to disclose that it has entered into licensing arrangements with the Licensee.

In some cases Products will be required to be endorsed with registration numbers for the Licensed IPR, as set out in clause 16.3.

16.3 Registration acknowledgement

At the request of the Licensor, the Licensee will endorse on each Product any relevant registration numbers and a statement in a form approved by the Licensor to the effect that technology comprised in such Product has been licensed from the Licensor.

17. Disputes

17.1 Application of this provision

Any dispute, controversy, difference or claim arising out of or in connection with this Agreement or the subject matter of this Agreement, including any question concerning its formation, validity, interpretation, performance, breach or termination (a **Dispute**), must be dealt with in accordance with this clause 17.

Guidance Note for clause 17: This clause sets out a process to manage disputes related to the Agreement.

The party initiating the Dispute must issue a notice to the other party (clause 17.3) detailing the Dispute. Within 20 Business Days of the notice, the senior representatives of the parties must attempt to resolve the dispute (clause 17.4). If the senior representatives cannot resolve the Dispute, the parties may undertake mediation (clause 17.5).

17.2 Interlocutory relief and claim for debt

Nothing in this clause 17:

- (a) prevents either party from seeking urgent injunctive or similar interim relief from a court of competent jurisdiction; or
- (b) prevents the Licensor from taking any step (including, but not limited to, commencing a proceeding) in relation to a claim for monies owing to the Licensor under clause 3.5.

Guidance Note for clause 17.2: A party may go to court and urgently seek an order injunctive or interim relief (for example, to prevent disclosure or use of Confidential Information), including prior to following the Dispute process. This is permitted because the value of the Confidential Information is lost once it is disclosed.

17.3 Notice of Dispute

The party claiming that a Dispute exists (**Initiating Party**) must give the other party (**Receiving Party**) written details of the nature of the Dispute (**Notice of Dispute**). The Notice of Dispute must state that it is a Notice of Dispute prepared in accordance with this clause 17.

17.4 Meeting of senior representatives

Within 20 Business Days of the service of the Notice of Dispute by the Initiating Party on the Receiving Party, in the case of the Licensor, the Chief of the relevant Division (or equivalent) and in the case of the Licensee, its Chief Executive Officer, or their delegates who have appropriate authority to resolve the Dispute, will meet (in person or by telephone or video conference) and attempt to resolve the Dispute in good faith.

17.5 Mediation

If the Dispute is not resolved within 20 Business Days of the Notice of Dispute (or longer period agreed by the parties) the parties will endeavour to settle the Dispute by mediation administered by the Australian Disputes Centre (**ADC**). The mediation must be conducted in accordance with the *ADC Guidelines for Commercial Mediation* operating at the time the matter is referred to ADC.

Guidance Note for clause 17.5: The ADC Guidance for Commercial Mediation is available on the ADC website at: <https://disputescentre.com.au/adr-guidelines/>.

17.6 Escalation to court proceedings

- (a) This clause 17.6 applies if specified in item 11 of the Details Schedule. If this clause 17.6 applies, then clauses 17.7 and 17.8 do not apply.
- (b) If the Dispute is not resolved within 40 Business Days of the service of the Notice of Dispute, either party may initiate proceedings in a court of competent jurisdiction.

Guidance Note for clauses 17.6, 17.7 and 17.8: If mediation is unsuccessful or if the Dispute is not resolved after 40 Business Days of the notice, the parties may escalate the Dispute. The parties must specify in item 11 of the Details Schedule whether a Dispute will be escalated to:

- court proceedings (typically used when both parties are Australian and litigation is chosen over arbitration);
- WIPO arbitral proceedings (typically used where one party is outside of Australia and arbitration is chosen over litigation - this variant uses the WIPO Arbitration Rules (available [here](#))); or
- ACICA arbitral proceedings (typically used where one party is outside of Australia and arbitration is chosen over litigation - this variant uses the ACICA Arbitration Rules (available [here](#)))

Depending on which escalation process is specified in item 11 of the Details Schedule, will dictate whether clause 17.6, 17.7 or clause 17.8 will be operative in the Agreement.

17.7 Escalation to arbitral proceedings

- (a) This clause 17.7 applies if specified in item 11 of the Details Schedule. If this clause 17.7 applies, then clauses 17.6 and 17.8 do not apply.
- (b) If the Dispute has not resolved within 40 Business Days of the service of the Notice of Dispute, it must be referred to and finally determined by arbitration in accordance with the *WIPO Arbitration Rules*. The seat of arbitration must be the capital city of the State or Territory of the location of the Licensor set out in item 1 of the Details Schedule. The language to be used in the arbitral proceedings must be English. The Dispute must be decided in accordance with the laws of the State or Territory of the location of the Licensor set out in item 1 of the Details Schedule.

17.8 Escalation to arbitral proceedings

- (a) This clause 17.8 applies if specified in item 11 of the Details Schedule. If this clause 17.8 applies, then clauses 17.6 and 17.7 do not apply.
- (b) If the Dispute has not resolved within 40 Business Days of the service of the Notice of Dispute, it must be referred to and finally determined by arbitration in accordance with the *ACICA Arbitration Rules*. The seat of arbitration must be the capital city of the State or Territory of the location of the Licensor set out in item 1 of the Details Schedule. The language to be used in the arbitral proceedings must be English. The Dispute must be decided in accordance with the laws of the State or Territory of the location of the Licensor set out in item 1 of the Details Schedule.

17.9 Confidentiality

Each party must treat as confidential and not disclose to a third party without the other party's prior written consent all matters relating to the dispute resolution process, including the details of the Dispute and the subject matter of the Dispute, except:

- (a) for the purpose of making an application to any competent court in accordance with this clause 17;
- (b) if necessary to obtain legal or financial advice;
- (c) if required by law; or
- (d) in the case of a party that is a Commonwealth Entity, disclosure to its responsible government Minister or in response to a request by a House of Parliament or a Committee of Parliament.

Guidance Note for clause 17.9: This clause requires the parties to keep information relating to the Dispute confidential, and not disclose information relating to the Dispute unless approved by each other party to the Dispute.

Clauses 17.9(a) to 17.9(d) set out a number of exceptions to the obligation of confidentiality.

18. Notices

18.1 Obligation for notices

Each notice under this Agreement must be:

- (a) in writing;
- (b) addressed to the recipient at the applicable address for notices set out in item 1 or 2 of the Details Schedule (as applicable); and
- (c) left at, or sent by pre-paid express post, or email to, that address.

Guidance Note for clause 18: For any formal notices and communications, the parties should follow the requirements of clause 18.1 to ensure it is valid.

A notice will be deemed to be received upon delivery, as set out in clause 18.2.

While there are several ways to send notices, the most common approach (and the fastest) is via email. An email sent before 5pm on a working day in the place of receipt is deemed delivered at the time sent, unless an automated message is received that an email has not been delivered.

There is no requirement to also post or hand deliver a copy of a notice once sent via email.

18.2 Deemed receipt

- (a) Notices given in accordance with clause 18.1 will be deemed to be received:
 - (i) if delivered by hand - upon delivery to the relevant address;
 - (ii) if sent by pre-paid express post - on the second Business Day after the date of posting; or
 - (iii) if transmitted by email - at the time sent (as recorded on the device from which the sender sent the email) unless, within 4 hours of sending the email, the party sending the email receives an automated message that the email has not been delivered.
- (b) A notice received after 5.00 pm, or on a day that is not a Business Day in the place of receipt, is deemed to be effected on the next Business Day in that place.

19. General

19.1 Relationship

This Agreement does not create a relationship of employment, agency, joint venture or partnership between the parties. A party must not represent itself, and must ensure its Personnel do not represent themselves, as:

- (a) being an employee, partner, joint venturer or agent of the other party; or
- (b) having any authority to act on behalf of the other party or to bind the other party to any course of action.

Guidance Note for clause 19.1: This clause clarifies that this Agreement does not create an employment relationship, agency, joint venture or partnership between the parties.

19.2 Assignment and novation

- (a) Except as permitted by the Licence, the Licensee may only assign its rights or novate its rights and obligations under this Agreement with the prior written consent of the Licensor. Such consent must not be unreasonably refused by the Licensor, subject to any further process set out in the IPR Management Plan.
- (b) The Licensor may assign or novate its rights to the Licensed IPR or this Agreement without further consent of the Licensee unless expressly prohibited under this Agreement.

Guidance Note for clause 19.2: The Licensee cannot assign or novate rights without the Licensor's consent, unless permitted in the Agreement. Noting the exclusive nature of the licence, the Licensor must not unreasonably refuse consent.

The Licensor may assign or novate its rights to the Licensed IPR or this Agreement without the Licensee's consent.

The parties may also use the IPR Management Plan to further detail these processes, or restrictions on assignment or novation.

Any novation of rights will need written consent of the other party. Novation replaces a party with a new party and requires a deed to be **agreed** by all parties.

19.3 Entire agreement

This Agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter. It sets out the only representations and warranties relied on by the parties when entering into this Agreement.

Guidance Note for clause 19.3: The purpose of this clause is to make clear that this Agreement is the entire agreement between the parties with respect to the Licence to the Licensed IPR.

19.4 Variation

No variation or amendment of this Agreement will be effective unless it is made in writing and signed by an authorised representative of each party.

Guidance Note for clause 19.4: Despite the requirement for changes to be agreed and in writing, if the parties or their Personnel verbally agree changes or act as if the Agreement has been varied, this can become legally binding on them. The parties need to manage their conduct to ensure it is consistent with the agreed terms.

19.5 Counterparts

This Agreement may be executed in any number of counterparts. All counterparts will collectively be taken to constitute one instrument.

Guidance Note for clause 19.5: The purpose of this clause is to make it clear that the parties can sign separate copies of this Agreement (called 'counterparts') and the Agreement will be binding. The parties should ensure that the counterpart documents are exactly the same.

19.6 No waiver

No failure to exercise and no delay in exercising any right, power or remedy under this Agreement will operate as a waiver. Nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise of that or any other right, power or remedy.

Guidance Note for clause 19.6: The purpose of this clause is to protect a party that has failed to (or has only partially) exercised, or delayed to exercise, its rights.

19.7 Remedies cumulative

The rights, powers and remedies provided to a party in this Agreement are in addition to, and do not exclude or limit, any right, power or remedy provided by law or equity or any other agreement.

Guidance Note for clause 19.7: This clause clarifies that the parties' rights under the Agreement are in addition to any rights provided under law and do not exclude any rights that a party may have under law.

19.8 Severance

- (a) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will be severed to the extent necessary to make this Agreement valid and enforceable. The severance of a provision will not invalidate the remaining provisions of this Agreement nor affect the validity or enforceability of that provision in any other jurisdiction.
- (b) If the severance of a provision would materially change the substance of this Agreement then the parties must negotiate in good faith to seek agreement on a replacement provision that:
 - (i) is valid and enforceable; and
 - (ii) will as far as possible, give effect to the intention of the parties as expressed in this Agreement at the date of execution.

Guidance Note for clause 19.8: If a provision of this Agreement is determined to be invalid at law (for example, as a consequence of a judgement of a court or a change in legislation), it will not affect the enforceability of the other provisions in this Agreement.

If the provision severed from the Agreement is essential, the parties must negotiate in good faith a replacement provision.

19.9 Stamp duty

All stamp duty (including fines, penalties and interest) which may be payable:

- (a) on this Agreement or any instrument executed under this Agreement; or
- (b) on a transaction evidenced by this Agreement;

will be borne by the Licensee unless expressly stated otherwise.

19.10 Governing law

- (a) This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation are governed by the laws of the State or Territory based on the location of the Licensor set out in item 1 of the Details Schedule.
- (b) If a party is a foreign entity, the *United Nations Convention on Contracts for the International Sale of Goods* does not apply for the purpose of this Agreement.

Guidance Note for clause 19.10: The location of the Licensor specified in item 1 of the Details Schedule determines the applicable law and jurisdiction of this Agreement.

The *United Nations Convention on Contracts for the International Sale of Goods* applies under applicable State and Territory legislation where one party is a foreign entity. It is similar to sale of goods legislation, implying terms into contracts unless otherwise agreed. The parties agree that it does not apply under this template because this Agreement (and other laws) cover the relevant matters.

19.11 Survival

Guidance Note for clause 19.11: This clause sets out (non-exhaustively) the provisions of this Agreement that continue in effect following the termination or expiry of this Agreement.

- (a) Any provisions which by their nature are intended to survive the termination or expiration of this Agreement will so survive, including:
- (i) clause 3.5 (Moral Rights);
 - (ii) clause 7 (Improvements);
 - (iii) clause 11 (Warranties and liability);
 - (iv) clause 12 (Indemnity);
 - (v) clause 13 (Insurance);
 - (vi) clause 14 (Confidential Information); and
 - (vii) clause 15.4 (Consequences of termination or expiry).
- (b) Termination or expiry of this Agreement does not affect the rights and remedies of the parties that accrued before the date of termination or expiry.

19.12 Further assurances

Each party must take all steps, execute all documents and do everything reasonably required by the other party to give effect to any of the transactions contemplated by this Agreement.

Schedule 1 – Details Schedule

Item	Related clause	Subject	Description
1	Clause 1.1	Licensor (granting entity)	Name: <i>[insert]</i> Address: <i>[insert]</i> Email: <i>[insert]</i> Notices for attention of: <i>[insert]</i> Senior Representative: <i>[insert]</i>
2	Clause 1.1	Licensee (receiving entity)	Name: <i>[insert]</i> Address: <i>[insert]</i> Email: <i>[insert]</i> Notices for attention of: <i>[insert]</i> Senior Representative: <i>[insert]</i>
3	Clauses 1.1 and 2.1	Commencement Date	<i>[Insert date Agreement is to commence eg, dd/mm/yy] or [the date on which this Agreement is signed by the parties, or if signed on separate days, the date of the last signature.]</i>
4	Clauses 1.1 and 2.1	Licence End Date	<i>[Insert date Agreement is to end eg, dd/mm/yy - OR - remains in force until expiry of the last Registration - OR - remains in force for [X] years and then until the last date upon which the Licensee is Commercialising the Licensed IPR], unless terminated earlier in accordance with this Agreement.</i>
5	Clause 3.1	Licence terms	Period: <i>["For the Term"]</i> Scope: <i>[Exclusive Use and Commercialisation of the Licensed IPR within the Territory and Field.]</i>

Guidance Note for items 1 and 2: These items set out the parties' representatives for disputes and the receipt of notices under the Agreement and can only be changed in writing.

The location of the Licensor also determines the governing law and jurisdiction of the Agreement (see clause 19.10).

Guidance Note for item 3: The Commencement Date is when the Agreement and the Licence commence. Usually this will be an agreed date, or the date of signing. The parties could also specify other conditions precedent here - such as provision of a guarantee by the Licensee, a required consent/approval, or approval of a plan required under the Agreement.

Guidance Note for item 4: This is the date the whole Agreement ends. The parties have flexibility to determine how they will describe the Licence End Date. This can be a date or a specified event - such as expiry of a Registration.

In some cases, there may be limits on the ability to licence IPR beyond the term of its registration and this is reflected in clause 2.2 of the template, so that each item is separately licenced, and this Agreement continues to apply without the item that has expired, to the fullest extent practical/permitted.

Guidance Note for item 5: While the Licence must be exclusive, the parties can use this item to describe the scope of the Licence granted under the Agreement. This may be different for different items of IPR being licensed and this can be identified here. This item can refer to an attachment if more space is required.

Period: This will usually be the same as the Term of the Agreement, but the parties can agree a shorter period for specific IPR if required.

Scope: This Agreement is intended for exclusive Use and Commercialisation of the Licensed IPR in the Field and Territory. If any aspects will be Licensed on a non-exclusive basis, they should be expressly identified. Consider how to manage this IPR that is not exclusively licensed in the IPR Management Plan.

Item	Related clause	Subject	Description
			<p>Sublicensing: <i>[Identify any permitted sublicensees - or refer to the Commercialisation Business Plan. Further sublicensees need to be agreed in writing.]</i></p> <p>Field: <i>[Insert any specific field or application permitted for the Licensed IPR or state 'all fields']</i></p> <p>Territory: <i>[Insert relevant geographical territory, eg 'Australia']</i></p> <p>Licence back: <i>[Identify any license back to the Licensor for further Use within the Field/Territory. This may include a right to use the Licensed IPR for teaching purposes.]</i></p> <p>Further provisions: <i>[Describe any further items that are relevant to the Licence scope.]</i></p> <p>The scope of any Licence and the ability to publish Licensed IPR is also limited as applicable by provisions regulating Confidential Information, sublicensing and assignment of rights under this Agreement.</p>
6	Clause 7.1	Licence Terms (Ownership and Commercialisation of Improvements)	<p>Owner of Improvements created by Licensee: <i>[Insert either 'Licensee' or 'Licensor']</i></p> <p>Licence terms to Licensor where Licensee remains the Owner: <i>[Insert licence terms or state 'not applicable'. This item is used where the Licensee will own the Improvements created by the Licensee and the Licensor receives a licence to them on agreed terms.]</i></p>

Guidance Note for item 5:

Sublicensing: Clause 3.3 sets out default rights to sublicense without obtaining further consent from the Licensor. These can be amended in this item, to either remove or add rights. The parties can also agree to change the process for the Licensor granting permission for new sublicensees - the template requires the Licensor to not unreasonably withhold their consent to such requests.

Field: While the licence must be exclusive, it can still be limited in scope to only apply to specific fields. The Licensor may limit the scope of the Licence to a specified field / application of business activity or industry. This is particularly relevant if Licensed IPR has potential dual uses. It may allow the IPR to also be licensed in other fields.

Guidance Note for item 6: The owner of any Improvements (that the Licensee creates under the Licence) will be the Licensee by default, but can be amended to the Licensor if identified in this item 6. See further notes in clause 7.1.

The parties could agree here that some or all such Improvements will be assigned to the Licensor. Under clause 7.1, the Licensor grants the Licensee a Licence back on the same terms as the Licensed IPR.

There is also an option here for the Licensee to grant the Licensor a licence to the Improvements instead of assigning ownership if agreed by the parties.

Note: if Improvements created by the Licensor will be licensed, the Agreement needs to be amended to incorporate these within the description of the Licensed IPR.

There is a further obligation for both parties to negotiate in good faith a licence for Commercialisation of IPR in Improvements.

Item	Related clause	Subject	Description
7	Clause 11.2(e)	Licensor non-infringement warranties	<i>[Insert here any agreed departures from the requirements as permitted in clause 11.2(e).]</i>
8	Clause 11.5	Liability cap	<i>[Insert liability cap amount.]</i>
9	Clause 13.1	Insurance	<p><i>[Insert any insurances (and corresponding insurance amounts) covering the Licensee's liability arising out of or in connection with this Agreement. For example:</i></p> <p><i>Public and product liability insurance with a limit of liability of not less than \$10 million for each and every event.</i></p> <p><i>Professional indemnity insurance with a limit of liability of not less than \$5 million for each and every event.]</i></p>
10	Clause 16.1(d)	Acknowledgement	<i>[Insert or state 'not applicable'.]</i>
11	Clause 17	Dispute resolution	<p><i>[Tick which dispute resolution provision applies.]</i></p> <p>Clause 17.6 (Escalation to court proceedings) <input type="checkbox"/></p> <p>Clause 17.7 (Escalation to arbitral proceedings - WIPO) <input type="checkbox"/></p> <p>Clause 17.8 (Escalation to arbitral proceedings - ACICA) <input type="checkbox"/></p>

Guidance Note for item 8: This item sets out the agreed maximum liability of a party for loss suffered by the other party.

The liability cap should be based on a risk assessment (refer to the HERC IP Framework Practical Guide) and can be expressed as a monetary value, or linked to the Fees paid under this Agreement.

This liability cap does not apply to losses arising from the acts set out in clause 11.5(b).

Guidance Note for item 9: This item sets out proposed insurance types and amounts. The parties should consider the types of insurance and the values required to cover the Licensee's liability arising out of or in connection with this Agreement.

Guidance Note for item 10: If the Licensor requires to be acknowledged in any Licensee publication that relates to the Licensed IPR (for example, journal papers or articles), the details of the form of acknowledgment should be specified in this item. For example, the Licensor may specify that its contribution be acknowledged in any abstract of a journal paper.

Guidance Note for item 11: Tick the applicable dispute resolution provision. Further guidance is provided at clauses 17.6, 17.7 and 17.8 respectively.

Schedule 2 – Licensed IPR and Confidential Information

1. Registrations and Registration Applications within the Licensed IPR

Title:

Inventor(s):

Applicant/Owner(s):

Country	Application number	Registration number	Renewal date	Status at Commencement Date	Filing date	Expiry date

Guidance Note for section 1 of Schedule 2: This section lists any Registered IPR that is being Licensed under this Agreement, including any IPR where a registration has been applied for but not yet granted.

The Licensor will need to provide these details and they should be checked by the Licensee to ensure they are comprehensive and cover the IPR that is expected.

2. Know-How within the Licensed IPR

	Description	Insert any other relevant information
1.		
2.		
3.		

Guidance Note for section 2 of Schedule 2: As the Know-How to be licensed is not registered, an accurate and precise description of the technology or IPR is imperative.

The Licensor will need to provide these details and they should be checked by the Licensee to ensure they are comprehensive and cover the IPR that is expected.

3. Other Licensed IPR

	Description	Insert any other relevant information
1.		
2.		
3.		

Guidance Note for section 3 of Schedule 2: Identify here the other IPR that is being Licensed under this Agreement. For copyright and other unregistered IPR, identify both the subject of the IPR and the material that is embodied in it (ie the document being given to the Licensee).

Any exclusions from the scope of the IPR should be clearly described, including if certain IPR is licensed in a different way (in the Details Schedule) to other IPR.

The Licensor will need to provide these details and they should be checked by the Licensee to ensure they are comprehensive and cover the IPR that is expected.

4. Material

	Description	Insert any other relevant information
1.		
2.		
3.		

Guidance Note for section 4 of Schedule 2:

Describe any Materials to be provided under the Agreement by the Licensor (e.g. samples, materials, chemical or biological reagents, prototypes, equipment, software, firmware, documented methodology or process, information, data or documentation).

The Licensor will need to provide these details and they should be checked by the Licensee to ensure they are comprehensive and cover the IPR that is expected.

5. Confidential Information

5.1 Licensor Confidential Information

	Description of Confidential Information	Period of confidentiality
1.	<i>[Insert description of Confidential Information. If the parties agree to limit Confidential Information to the specific information described here, clearly state that only the information listed here is Confidential Information. If more space is required an attachment can be added.]</i>	<i>[Insert the period Confidential Information is required to remain confidential (eg 'perpetually' or '7 years from the date of disclosure').]</i>
2.		
3.		

Guidance Note for section 5 of Schedule 2:

Information of a confidential nature will be protected as Confidential Information if either listed here or where a party knows or ought to know it is confidential. If the scope of what is to be protected as confidential is agreed by the parties to be limited to specific documents, this item needs to clearly state that only the items listed here are Confidential Information.

Unless there is a good reason to specify otherwise, the period of confidentiality will ordinarily be the same for each party's Confidential Information.

5.2 Licensee Confidential Information

	Description of Confidential Information	Period of confidentiality
1.	<i>[Insert description of Confidential Information. If the parties agree to limit Confidential Information to the specific information described here, clearly state that only the information listed here is Confidential Information. If more space is required an attachment can be added.]</i>	<i>[Insert the period Confidential Information is required to remain confidential (eg 'perpetually' or '7 years from the date of disclosure').]</i>
2.		
3.		

6. Registrations management and Registration Costs - alternative arrangements

Alternative arrangements
<i>[See IPR Management Plan]</i>

Guidance Note for section 6 of Schedule 2: Clause 9 sets out a default process, rights and obligations for Registration management and costs.

The default position is that the Licensor bears the cost of prosecutions and maintenance of registered IPR. The costs can be agreed to be recovered from the Licensee as part of the Fee in Schedule 3. The parties can also agree alternative arrangements and set out the details here.

The IPR Management Plan may also set out these details.

7. Infringement and third party proceedings - alternative arrangements

Alternative arrangements
<i>[See IPR Management Plan]</i>

Guidance Note for section 7 of Schedule 2: Clause 10 sets out a default process, rights and obligations for infringement and third party proceedings. The parties can agree alternative arrangements and set out the details here.

The IPR Management Plan may also set out these details.

Schedule 3 – Fees and royalties

Guidance Note for Schedule 3: The content in this Schedule is provided by way of example only (refer further to the HERC IP Framework Practical Guide).

The template allows for a Fee to be payable. A number of examples are provided here, including a fee payable on entry into the Agreement, and/or milestone payments, plus the option of an ongoing royalty calculated based on Net Sales.

There may also be different approaches if the Licensor is providing a discount to the Fees on certain conditions, or is funding Improvements.

You should seek independent commercial advice on the most appropriate position - including on the definition of terms such as Net Sales. Consideration should also be given to taxation and currency implications of the chosen Fee structure.

1. Fees

Fee type	Amount and calculation	When due	Reporting under clause 4.2
Signing fee	[insert – e.g. a non-refundable, non-creditable fee of \$x (excluding GST)]	[insert - e.g. within x Business Days of the Commencement Date]	[specify if reporting under clause 4.2 applies or if an alternative report is required.]
Annual fee	[insert – e.g. \$x (excluding GST) for the first payment, automatically adjusted on and from each subsequent Reporting Period in accordance with the total percentage increase (if any) during the immediately preceding Reporting Period in the Consumer Price Index, all groups, published by the Australian Bureau of Statistics.]	[insert - e.g. within x Business Days of the end of each Reporting Period]	[specify if reporting under clause 4.2 applies or if an alternative report is required.]
Milestone payments	[insert – e.g. Milestone 1 - a non-refundable, non-creditable fee of \$x (excluding GST), on the occurrence of #]	[insert - e.g. within x Business Days of the applicable milestone]	[specify if reporting under clause 4.2 applies or if an alternative report is required.]
Royalties	In accordance with section 2 of this Schedule 3.		[specify if reporting under clause 4.2 applies or if an alternative report is required.]

Fee type	Amount and calculation	When due	Reporting under clause 4.2
Sublicensing fee	[eg if there is a fee for each sublicensing arrangement.]	[insert: eg. within x Business Days of entry into the sublicense]	[specify if reporting under clause 4.2 applies or if an alternative report is required.]
Other fees	[insert: eg, reimbursement of specified patent / other registration costs]	[insert: eg. within x Business Days of receipt of invoice with evidence of the amount.]	[specify if reporting under clause 4.2 applies or if an alternative report is required.]

2. Royalty rates

Total Net Sales and Non-sales Revenue	Royalty rate	When due
[insert - e.g. Less than A\$X million in the given Reporting Period]	[insert - e.g. M% of Net Sales plus P% of Non-sales Revenue]	[insert - e.g. within x Business Days of the end of each Reporting Period]
[insert - e.g. A\$X to A\$Y million in the given Reporting Period]	[insert - e.g. M+N% of Net Sales plus P% of Non-sales Revenue]	[insert - e.g. within x Business Days of the end of each Reporting Period]
[insert - e.g. Greater than A\$Y million in the given Reporting Period]	[insert - e.g. M+O% of Net Sales plus P% of Non-sales Revenue]	[insert - e.g. within x Business Days of the end of each Reporting Period]

3. Royalty adjustment

[Insert basis for adjustment of royalties under clause 2.2 (i.e. if a granted Registration ceases to be in force or a Registration Application is not granted).]

4. Permitted Costs

[Insert any Permitted Costs, which are excluded from Net Sales.]

5. Defined terms for purpose of this Schedule 3

The following defined terms are used in this Schedule 3:

Net Sales means gross monies or the monetary equivalent of consideration, whether or not invoiced, billed or received by the Licensee and its Affiliates, distributor, agent and sublicensee, attributable to the Commercialisation of any Products, less Permitted Costs. Such amounts attributable

solely to Use of a Product by the Licensee and its Affiliates, without further Commercialisation, are to be excluded from Net Sales.

For the purposes of this definition of Net Sales:

a) a Product will be deemed Commercialised at the time the Licensee or its Affiliate, distributor, agent or sublicensee (as applicable) Commercialises, bills, invoices, ships, or receives payment for such Product, whichever event occurs first; and

b) where any Product is incorporated into a larger product or service, not considered in its totality to be a Product, the amount nominally deemed to have been received from the Commercialisation of such Product for the purposes of calculating Net Sales will be that portion of the amount received from the Commercialisation of the larger product or service, that is fairly attributable to the value added by incorporation of the Product.

Non-sales Revenue means any and all revenues and other pecuniary and non-pecuniary benefits, payments or credits of any kind received by the Licensee and its Affiliates, distributors, agents and sublicensees from or in consideration for any assignment, licence, or other transfer of Products and (whether in the same or separate agreements) any sublicense or other grant, licence or transfer of rights granted under this Agreement or any sublicense or agreement with respect to distributors and agents under it, including for example licence fees, milestone fees, royalties and similar payments and any shares or units issued in consideration for such grant, licence or transfer, but expressly excluding any amounts received by the Licensee or any of its Affiliates, distributors, agents and sublicensees as Net Sales.

Permitted Costs means any costs directly attributable to Commercialisation, supply, sale, lease or transfer of any Products and actually allowed and borne by the Licensee, but only to the extent such costs are specified in section 4 of Schedule 3.

Schedule 4 – Performance Criteria and Reports

Reporting Period

The Reporting Period for the purpose of this Agreement is: *[insert, eg: the period commencing on 1 July and ending on 30 June of the following year]*

Performance Criteria

	Period	Performance Criteria
1.	<i>[Insert - e.g. Commencement Date to end of following Reporting Period]</i>	<i>[Insert - e.g. minimum royalty payment of x]</i>
2.	<i>[Insert - e.g. Second Reporting Period]</i>	<i>[Insert - e.g. minimum royalty payment of x]</i>
3.		

Guidance Note for Schedule 4: Clause 5.3 requires the Licensee to comply with minimum Performance Criteria to be agreed. These apply from a nominated commencement date.

There are also Reporting Periods that need to be set for the Performance Criteria - and also for reporting so that the Fee can be calculated.

Performance Criteria may take the form of minimum royalties or licence fees; however other criteria may be more appropriate in the circumstances of the transaction and should be considered. It is important that the criteria are clear and measurable.

Factors to take into account when agreeing the Performance Criteria include:

- (i) the scope of the Licence granted to the Licensed IPR (including the Territory and Field);
- (ii) the anticipated market for the Products and interest in the underlying technology;
- (iii) any initial period required to promote a new Product or technology;
- (iv) any assistance that the Licensor has agreed to provide; and
- (v) the steps agreed in the Commercialisation Business Plan.

Refer further to the HERC IP Framework Practical Guide.

Signing page

Signed as an agreement.

Signed for and on behalf of the
[Insert Licensor name and ABN]
by its duly authorised
representative:

Signature of authorised representative

Full name of authorised
representative

Date

Signed for and on behalf of the
[Insert Licensee name and ABN]
by its duly authorised
representative:

Signature of authorised representative

Full name of authorised
representative

Date

Guidance Note for execution: The default execution blocks require each party to sign by an authorised representative and a witness.

However, the parties should amend these execution blocks if they are not appropriate for a party (for example, if a party is a company and will execute in accordance with section 127 of the *Corporations Act 2001* (Cth)) either by wet ink or electronically.

Each party is responsible for satisfying itself that the other party has validly signed the Agreement.

Once signed, there is no requirement to exchange physical versions of the Agreement with the other party and a PDF (of the whole signed document) could be exchanged if agreed by the parties.

Signature of witness

Full name of witness

Signature of witness

Full name of witness