

# License contract scan



Gunn & Twynmore

Quickscan

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## How to use this Quick Scan

This Quick Scan is meant for a quick internal assessment of your license agreement. It is not a full analysis and we advise to seek professional advice in addition to the Quick Scan. The aim of the Quick Scan is to give management a quick way of analyzing their existing or currently being negotiated license agreements.

1. Preamble: does the preamble clearly state why the parties are entering into the agreement and/or what the basis is of the agreement e.g.
  - X is interested in further developing, in producing and selling Products and and wishes to obtain an exclusive license to the Patent Rights;
  - Y has agreed to license the Patent Rights to X under the terms and conditions as set out in this license agreement

- Yes  
 No  
 I don't know

2. Are all capitalized words defined in Definitions?

- Yes  
 No  
 I don't know

3. Below are a number of frequently used Words that have specifically been defined. This is not an exhaustive list and the list will vary per license, depending on the sector, product etc. Please check the box if your agreement has a definition for the following terms:

<input type="checkbox"/> Agreement	<input type="checkbox"/> Royalty
<input type="checkbox"/> Affiliate	<input type="checkbox"/> Services
<input type="checkbox"/> Commencement date	<input type="checkbox"/> Sublicense agreements
<input type="checkbox"/> Confidential information	<input type="checkbox"/> Sublicensing income
<input type="checkbox"/> Net Sales Value	<input type="checkbox"/> Technology
<input type="checkbox"/> Intellectual Rights (E.g. patents)	<input type="checkbox"/> Term
<input type="checkbox"/> Products	<input type="checkbox"/> Valid claim

4. How many boxes have you checked under 3?

- Less than 5  
 Between 5 and 10  
 More than 10  
 I don't know

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5. Does the license give you what you need in order to exploit the intellectual property?
- Yes
  - No
  - I don't know
6. The royalty payment I have to make to the licensor is clear and transparent to me.
- Yes
  - No
  - I don't know
7. The royalty rates and calculation thereof are similar to other businesses in my sector?
- Yes
  - No
  - I don't know
8. It is clear to me when I need to report and what it is I have to report over.
- Yes
  - No
  - I don't know
9. It is clear to me who takes action in the event of infringement and what the obligations of each party are?
- Yes
  - No
  - I don't know
10. The terms around infringement are reasonable in my view.
- Yes
  - No
  - I don't know
11. It is clear to me what the obligations are on both parties regarding confidentiality.
- Yes
  - No
  - I don't know
12. The confidentiality terms are reasonable in my view.
- Yes
  - No
  - I don't know
13. It is clear to me what the representations, warranties and liabilities are of each party.
- Yes
  - No
  - I don't know

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14. The representations, warranties and liabilities are reasonable in my view.

- Yes
- No
- I don't know

15. It is clear to me under what circumstances I or the other party can terminate the license.

- Yes
- No
- I don't know

16. The termination terms are reasonable in my view.

- Yes
- No
- I don't know

17. It is clear whom I need to contact in the event of any issues.

- Yes
- No
- I don't know

18. I am comfortable with the governing law that has been selected.

- Yes
- No
- I don't know

19. All of the appendices, exhibits etc. have been mentioned in the agreement are attached, filled out and are complete.

- Yes
- No
- I don't know

20. The agreement has been fully executed (signed) by both parties

- Yes
- No
- I don't know

**Your score**

Add up the number of times you marked the box 'Yes': \_\_\_\_\_

**0 – 7*****Not sure what you signed up to?***

You have no idea what it is that you have signed up to.

License contracts can be important for many reasons. It is always good to know in advance what each party's obligations and rights are. Is the contract illegible? Get one of your lawyers or a specialized outside firm such as Gunn & Twynmore to explain it to you. If necessary, consider your options to renegotiate.

**8-14*****Somewhat clear but could be better.***

You have an agreement that you are not really satisfied with for various reasons. If you are at the stage of negotiating the agreement, change what you need to, in order to make it easy to understand and be comfortable with. Get an outside firm to negotiate for you if you need help. If you have an existing agreement, consider your options to renegotiate the terms. Lawyers and other specialized firms such as Gunn & Twynmore can help you.

**15-18*****Well done!***

You have an agreement you understand and you are comfortable with in most cases. No agreement will be 100% what you want but you are getting pretty close to it.

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