

## **SAMPLE OF INTERNATIONAL MANUFACTURING LICENSE AGREEMENT**

### **ARTICLE 5. OBLIGATIONS OF THE LICENSOR**

The following are obligations to be assumed by the Licensor:

- (a) To provide the Licensee all designs, plans, technical documents and know-how necessary for the manufacture of the products;
- (b) To supply the Licensee with all materials and components, as well as the technical assistance and personnel training necessary for compliance with the present Contract. The cost of such materials and actions shall be borne by the Licensee, and if necessary, shall be stipulated in an Annex to the present Contract;
- (c) To inform and make available to the Licensee any modification or perfection involving improvements to the products under license for the term of the present Contract. The Parties shall reach agreement as to whether such improvements require an increase in the royalties stipulated in the present Contract; and
- (d) To keep in force all patents and trademarks on which this Contract is based; otherwise, to give ..... [2, 3, 6] months' warning to the Licensee before their expiry as to the legal proceedings necessary to conserve their validity.

### **ARTICLE 6. OBLIGATIONS OF THE LICENSEE**

The following are obligations to be assumed by the Licensee:

- (a) To manufacture the licensed products to a standard of quality equal to those manufactured directly by the Licensor, thereby authorizing the Licensor to make quality control tests of such products;
- (b) To communicate to the Licensor any modification, perfection or new applications of the licensed technology;
- (c) Not to manufacture or sell products which may compete with those covered by the license, nor products of companies competing with the Licensor; and
- (d) To protect the technology transferred from the actions of third parties within the territory, and to give due information to the Licensor as to any violation of which it may become aware.

### **ARTICLE 7. FRONT-END FEE**

In exchange for the use of the manufacturing license, the Licensee shall pay the Licensor the sum of ..... as front-end fee. This amount shall be paid on the signing of the Contract and shall not be returnable.

## **ARTICLE 8. ROYALTIES**

The Licensee shall pay the Licensor royalties of:

*Alternative A.* ..... % on the price per item of sales to customers, to be calculated on the net amount as it appears on invoices, not including additional factors such as packaging, transportation and insurance, taxes or duties of any other kind.

*Alternative B.* The sum of ..... [insert amount and currency] for each item sold of the licensed product.

*Alternative C.* The sum of ..... [insert amount and currency] for each item sold of the product manufactured either by the Licensee or by third parties.

*Alternative D.* The sum of ..... [insert amount and currency] to be paid annually, with an increase of ..... % for each year of term.

## **ARTICLE 9. MINIMUM ROYALTIES**

9.1 The minimum royalties to be paid by the Licensee to the Licensor shall be no less than the following amounts:

For the first year of the Contract: ..... [insert amount and currency].

For the second year of the Contract: ..... [insert amount and currency].

For the third and following years: ..... [insert amount and currency].

9.2 Should the Contract be ended before the end of any year, the minimum royalties shall be reduced proportionately.

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This is a sample of 2 pages out of 10 of the **International Manufacturing License Agreement**.

To get more information about this contract click here:

**[INTERNATIONAL MANUFACTURING LICENSE AGREEMENT](#)**