

Technology Evaluation License Agreement

- 🔊 Developer wishes to grant to the Evaluator a license to evaluate the Technology for the Evaluation Period to determine if the Technology can be developed into a commercially marketable product.
- 🔊 The first part of the Memorandum should be completed and distributed to the Evaluator along with a copy of the Technology Evaluation Licensing Agreement.

Date: **[Month, Day, Year]**

To: **[Name of Evaluator]**

From:  **Owner/Founder]**
[Company]

Subject: **Technology Evaluation Licensing Agreement**

Attached is a “Technology Evaluation Licensing” Agreement in order to enable you to evaluate our technology to determine if it can be developed into a commercially marketable product.

I believe that it embodies everything we discussed.

Please read the agreement carefully.

We recommend that you also have it reviewed by your own qualified legal counsel.

Time is of the essence.

Please sign and return it to me asap.

Thank you very much!

From JIAN

NOTICE:

We wish we could provide an agreement that was tailored *exactly* to your business. While this is not always possible, we feel that we've come very close and that this document provides you with the head-start that you need to get your deal moving. Nevertheless, we must make this disclaimer:

- 🔊 **Do Not Use This Agreement 'As-Is.'**
- 🔊 **This Agreement Is Not Legal Advice.**
- 🔊 **Read it Thoroughly and Make All Appropriate Changes to Fit Your Requirements.**
- 🔊 **You Should Have this Agreement Reviewed and Approved by a Qualified Attorney at Law Before Using It.**
- 🔊 **JIAN Accepts No Liability for the Effectiveness of This Document For Your Purposes.**

Free Access to Attorneys, Accountants & Consultants in Your Area

We're building a network of business experts who are eager to help you when you need it. They can review your work, make suggestions, handle unique situations and introduce you to influential people. On our website you can search by expertise and location, then e-mail or jump straight to their website. Although they are professionals and charge for their services, most offer an initial consultation free of charge. They're in your area and you can contact them directly.

- Please visit our website under [Expert Referral Network](#).

Ongoing Update Service Keeps You Current

Things change, laws change, the world changes... new ideas come along all the time. When you register, you can access our website to get updates and changes... like new and improved spreadsheets and documents. They can be downloaded directly to your computer.

- Please visit our website under [Updates](#).
- Remember to bookmark our website: www.JIAN.com

Editing Your Sample Contract

Since this entire agreement is formatted in Word, you can edit it like any other Word document. You can jump from variable to variable by clicking the above  green arrows (JIAN Menu) which will take you forward / backward and highlight the entire sample text identified within the “[]” brackets – simply edit / type-over with your information.

To make sure you have filled in all the variables, use Word's 'FIND' function to locate any “[]” which may contain an unedited variable.

- Click the  icon in the JIAN menu above to turn the expert comments on/off.
- Upon completion, delete any unnecessary blank lines that remain.
- You may format this document any way you like.
- Delete this page.

2. License

- ☞ The Developer has granted a limited license to the Evaluator so that they can evaluate the Technology. Beyond that, the Evaluator has no right to use, sell or market the Technology.

2.1 Product Evaluation. Subject to the terms and conditions set forth in this Agreement, the Developer agrees to grant a license to the Evaluator, for the Evaluation Period, to use, examine, modify and enhance the Technology solely for the purpose of determining the feasibility of commercially exploiting and marketing the Technology, and for no other purpose. During the Evaluation Period, the Evaluator shall not manufacture, sell, sublicense or otherwise market or attempt to market the Technology without the Developer's express, written permission. Following the Evaluation Period the Evaluator shall return to the Developer all embodiments of the Technology originally delivered by the Developer to the Evaluator, at the address listed above, together with the Evaluator's Materials.

3. Developer's Rights & Obligations

- ☞ Obviously, the Developer must deliver the Technology to the Evaluator so that they can do the evaluation.

3.1 Delivery of Technology. The Developer agrees to promptly deliver to the Evaluator's principal offices following the effective date of this Agreement all tangible and intangible embodiments of the Technology, including but not limited to all prototypes, materials, sketches, blueprints, data, components, notes and documentation.

- ☞ The Developer agrees to help the Evaluator with its evaluation. If there are specific types of assistance that you anticipate and they are not listed below, you should include them now.

3.2 Support. The Developer agrees to provide the Evaluator with technical support and assistance, free of charge, reasonably necessary for the Evaluator to conduct its evaluation of the Technology. Such support shall include but not be limited to telephone support, the delivery of supporting documentation not directly relating to the Technology, and reasonable assistance in research initiatives. The Developer shall immediately notify the Evaluator of any information known to the Developer, or of which the Developer becomes aware, that will assist the Evaluator in any way in its evaluation of the Technology.

- ☞ While the Developer keeps all right and title to the Technology, the Evaluator keeps all right and title to the Evaluator Materials.

3.3 Title to Technology. The Developer shall own all right, title and interest in and to the Technology, including without limitation its Proprietary Information, as delivered to the Evaluator. The Evaluator shall own all right, title and interest in and to all Evaluator Materials. Each party shall own its respective Intellectual Property Rights relating to the Technology.

- ☞ Until this Agreement terminates or the Evaluator returns the Technology to the Developer, whichever comes first, the Developer agrees not to discuss any disposition of the Technology with any third parties.

3.4 Exclusivity. During the shorter of the Evaluation Period or until the Evaluator returns the Technology to the Developer as described under Section 2.1 and Section 5, the Developer agrees not to enter into discussions with any third party regarding the evaluation, development, marketing or distribution of the Technology.

4. Evaluator's Rights & Obligations

- ☞ The Evaluator agrees to use its best efforts to evaluate the Technology, and, in its sole discretion, agrees to spend up to the bracketed amount of money to conduct its evaluation. You may want to require the Evaluator to spend certain amounts. In that case, just change the wording to read the "Evaluator agrees to spend at least [Fill in amount]."

4.1 Evaluation Commitment. In consideration of the license rights granted to the Evaluator in this Agreement, the Evaluator agrees to use its best efforts during the Evaluation Period to evaluate, examine and determine the commercial feasibility of the Technology. The Evaluator further agrees to spend up to \$[x] during the Evaluation Period (the “Research Amount”), at its discretion, to conduct its evaluation of the Technology. The parties understand and agree that the Evaluator shall have no obligation to spend any portion of the Research Amount if the Evaluator determines in good faith that any such expenditure is not necessary to its evaluation of the Technology. The parties further understand and agree that the Evaluator may construct its evaluation of the Technology in any manner that it believes, is in good faith, and is appropriate.

☞ Obviously, the Evaluator will be paid for the evaluation services being provided, or, as is more often the case, the Developer will give the Evaluator an option to purchase the Technology, or both. If there is no option, then delete this paragraph. Otherwise, execute the Option Agreement concurrently with the execution of this Agreement.

4.2 Purchase Option. At any time during the evaluation period the Evaluator shall have the right to purchase from the Developer the Technology as described in the attached Option Agreement. Developer understands and agrees that the Evaluator has no obligation to exercise its option to purchase the Technology.

5 Indemnification



☞ The Developer agrees to defend any infringement actions based on the Technology if notified by the Evaluator unless the Evaluator makes changes to that Technology that subject it to the action.

The Developer agrees that, if notified promptly in writing and given sole control of the defense and all related settlement negotiations, it will defend the Evaluator against any claim based on an allegation that the Technology infringes a U.S or foreign patent or copyright, or any third party’s rights in such Technology. The Developer will pay any resulting costs, damages and attorney fees as incurred with respect to any such claims. If the Developer believes such a claim is likely, or such a claim is made, the Developer may, at its option and expense, procure the right for the Evaluator to license and purchase the Technology under the Technology Agreements. Despite the previous, the Developer shall not be liable to the Evaluator for any claims arising from or based upon the combination, operation or use of the Technology by the Evaluator with components or data not supplied or provided by the Developer, or any alteration or modification of the Technology.

6. Termination of License & Return of Technology

☞ The Evaluator must notify the Developer and immediately terminate this Agreement upon his determination that the Technology is not a commercially marketable product. As stated above, there is no obligation on the Evaluator’s part to spend the Research Amount before making this determination.

6.1 Technology Not Commercially Marketable. At any time during the Evaluation Period, the Evaluator may unilaterally terminate the license granted to it and return the Technology to the Developer as follows: The Evaluator shall promptly notify the Developer in writing if the Evaluator determines, in its discretion and for any reason, that the Technology is not a commercially marketable product. The Evaluator’s license granted under this Agreement shall automatically terminate on the date of such notice, and the Evaluator shall return to the Developer all embodiments of the Technology originally delivered by the Developer to the Evaluator, together with the Evaluator Materials. The Developer may use the Evaluator Materials under a non-exclusive, non-transferable and revocable license. The Evaluator shall have no obligation to spend all or any portion of the Research Amount before determining that the Technology is not commercially marketable. Upon such determination by the Evaluator and the return to the Developer of the Technology, the Evaluator’s obligations to the Developer under this Agreement

shall terminate.

- ☞ If it turns out that the Developer does not have clear title to the Technology, then the Evaluator may elect to terminate this Agreement. If the Evaluator terminates the Agreement under these circumstances, the Developer must reimburse the Evaluator for all of its expenses within the bracketed period of time following the termination. Furthermore, if the Developer proceeds to license, sell or grant rights to the Technology after such a termination, then the Developer will have to pay the Evaluator any damages calculated by taking a percentage of the proceeds based on the Evaluator's Expenses.

6.2 No Clear Title. The Developer represents to the Evaluator that, to its best knowledge, the Developer owns all right, title and interest in and to the Technology, and it has the right to license and sell such Technology to the Evaluator under the Technology Agreements. Despite the previous, the Developer shall immediately notify the Evaluator in writing if it becomes aware of any claim of any rights to the Technology by any third party. In the event of such notice by the Developer, or if the Evaluator independently becomes aware of any such claim, the Evaluator may elect to terminate its license under this Agreement, and return the Technology and deliver the Evaluator Materials to the Developer. In such event, the Developer shall reimburse to the Evaluator within [00] days of the Evaluator's election, all of the Evaluator's aggregate documented research expenditures incurred in its evaluation of the Technology [] per this Agreement (Evaluator's Expenses). In addition, if the Developer should license, sell, grant rights to any third party, or otherwise dispose of the Technology within the three year period following the Evaluator's exercise of its election, then the Developer shall pay to the Evaluator as liquidated damages, and not as a penalty, an amount equal to the Evaluator' prorata portion of all payments received by the Developer at any time for its license or disposition of such Technology.

- ☞ In the event of a termination based on Section 5.2 and a subsequent transfer of the Technology, this section defines the liquidated, or predetermined damages to be paid to the Evaluator. They are calculated by taking any money received by the Developer in the sale or transfer of the Technology and multiplying it by a fraction. That fraction is calculated by taking the Evaluator's expenses and dividing it by the sum of the Evaluator's expenses and the bracketed amount, which is supposed to be the amount that the Developer is supposed to have spent on developing the Technology before giving it to the Evaluator. The second bracketed number, sets the deadline for the Developer to pay this sum to the Evaluator.

6.3 Prorata Payments. For purposes of this section, the Evaluator's prorata payments shall be equal to the payments received by the Developer from any third party, multiplied by that fraction (1) the numerator of which is equal to the Evaluator's Expenses, and (2) the denominator of which is equal to the sum of the Evaluator's Expenses, and \$[000] [the amount that the Developer is deemed to have spent on the development of the Technology]. The Developer shall make such payments to the Evaluator within [List days] days following the Developer's receipt of any payments from any third party for the rights to the Technology.

7. Proprietary Information

- ☞ The following is a standard non-disclosure provision where both parties agree that any confidential information disclosed to the other is the property of the disclosing party and such information, in addition to the terms of this Agreement, may not be disclosed to any third party, unless that information was otherwise known to you or is public information. The exception to this is when the disclosing party can prove that it already had the closure requirement and that it continues to be effective even upon or after termination of this Agreement.

The Developer will disclose in confidence to the Evaluator certain information relating to the Technology that is confidential and proprietary to the Developer (the "Proprietary Information"). The Evaluator agrees to preserve and protect the confidentiality of the Proprietary Information and all of its physical forms, whether disclosed to it before this Agreement is signed or afterward, including the terms

of this Agreement. In addition, the Evaluator shall not disclose or disseminate the Proprietary Information for its own benefit or for the benefit of any third party. The previously stated obligations do not apply to any information that

- (1) is publicly known;
- (2) is given to the Evaluator by someone else who is not obligated to maintain confidentiality; or
- (3) is developed by the Evaluator prior to the day this Agreement is signed, as evidenced by documents.

The Evaluator shall take or cause to be taken any physical forms of Proprietary Information (nor make copies of the same) without the Developer's written permission. Within three (3) days after the termination of this Agreement (or any other time at Developer's request), the Evaluator shall return to it all copies of Proprietary Information in tangible form. Despite any other provisions of this Agreement, the requirements of this Section shall survive termination of this Agreement.

8. General Provisions

☞ This section, often titled "Miscellaneous," lists a number of standard clauses found in most Agreements.

☞ The General Provisions that follow are fairly standard. These provisions enhance the balance of the Agreement by defining certain common issues such as notice, assignment, legal remedies, waiver, and attorney fees, etc..

8.1 Independent Contractors. The relationship between both parties established by this Agreement is that of independent contractors, and nothing contained in this Agreement shall be construed to give either party the power to direct and control the day-to-day activities of the other. Neither party is an agent, representative or partner of the other party. Neither party shall have any right, power or authority to enter into any agreement for, or on behalf of, or incur any obligation or liability of, or to otherwise bind, the other party. This Agreement shall not be interpreted or construed to create an association, agency, joint venture or partnership between the parties or to impose any liability attributable to such relationship upon either party.

☞ You may or may not want to make this deal public – at least limit that event by this agreement and work out if/how/when you want to do that later.

8.2 Publicity. Neither party will make any public announcement or issue any press release concerning the terms of this Agreement without the prior approval of both parties.

☞ Make it clear that you will not try to hire away each others employees. If you do or it happens then there is compensation built-in and you can avoid further legal proceedings.

8.3 Non-Solicitation. Neither party shall solicit for employment or hire the other's current or future employees, either directly or indirectly, during the Term of this Agreement, without obtaining the other's prior written approval. Should an employee change employment from one party to the other, the new employer shall pay the old employer a fee equivalent to Twenty Percent (20%) of the employee's new compensation, annualized for the first year.

☞ You must decide which state governs this Agreement and where any legal action would be taken. Generally, it is your (company's) state of residence.

8.4 Governing Law & Jurisdiction. This agreement and the parties' actions under this Agreement shall be governed by and construed under the laws of the state of [State], without reference to conflict of law principles. The parties hereby expressly consent to the jurisdiction and venue of the federal and state courts within the state of [State]. Each party hereby irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage

prepaid, to such party at its address set forth in the preamble of this Agreement, such service to become effective thirty (30) days after such mailing.

☞ This Agreement is intended to be the only Agreement and that no other documents or communications are binding. Therefore, it is very important to make sure that everything [Company] and [Client] have agreed to be included in this Agreement. Otherwise, it is as if it were not agreed to.

8.5 Entire Agreement. This Agreement, including the attached exhibits, constitutes the entire Agreement between both parties concerning this transaction, and replaces all previous communications, representations, understandings, and Agreements, whether verbal or written between the parties to this Agreement or their representatives. No representations or statements of any kind made by either party, which are not expressly stated in this Agreement, shall be binding on such parties.

☞ Any changes to this Agreement must be in writing and signed by the party against whom that writing is to be used.

8.6 All Amendments in Writing. No waiver, amendment or modification of any provisions of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the party against whom such waiver, amendment or modification is sought to be enforced. Furthermore, no provisions in either party's purchase orders or in any other business forms employed by either party will supersede the terms and conditions of this Agreement.

☞ All notices between the parties must be in writing and either delivered in person or by certified or registered mail, return receipt requested.

8.7 Notices. Any notice required or permitted by this Agreement shall be deemed given if sent by registered mail, postage prepaid with return receipt requested, addressed to the other party at the address set forth in the preamble of this Agreement or at such other address for which such party gives notice hereunder. Delivery shall be deemed effective three (3) days after deposit with postal authorities.

☞ In the event of a lawsuit or any legal proceeding involving this Agreement, the losing party will have to pay the winning party his or her costs and expenses, including reasonable attorney fees.

8.8 Costs of Legal Action. In the event any action is brought to enforce this Agreement, the prevailing party shall be entitled to recover its costs of enforcement including, without limitation, attorneys' fees and court costs.

☞ Legal remedies, i.e., money damages, may not be sufficient; therefore, both parties agree to equitable remedies such as an injunction where the breaching party would be required to do or not to do something.

8.9 Inadequate Legal Remedy. Both parties understand and acknowledge that violation of their respective covenants and Agreements may cause the other irreparable harm and damage, that may not be recovered at law, and each agrees that the other's remedies for breach may be in equity by way of injunctive relief, as well as for damages and any other relief available to the non-breaching party, whether in law or in equity.

☞ Assuming the parties wish to use Arbitration in the event of a dispute, the following section should be included. You take your chances with an arbitrator, but it keeps legal costs down and keeps you out of a drawn out legal process.

8.10 Arbitration. Any dispute relating to the interpretation or performance of this Agreement shall be resolved at the request of either party through binding arbitration. Arbitration shall be conducted in [County], [State] in accordance with the then-existing rules of the American Arbitration Association. Judgment upon any award by the arbitrators may be entered by any state or federal court having jurisdiction. Both parties intend that this Agreement to arbitrate be irrevocable.

- ☞ Merely delaying to bring an action that one party has a right to bring does not cause that party to lose or waive his right to pursue that action.

8.11 **Delay is Not a Waiver.** No failure or delay by either party in exercising any right, power or remedy under this Agreement, except as specifically provided in this Agreement, shall operate as a waiver of any such right, power or remedy.

- ☞ Neither party will be blamed if there is a problem resulting from something beyond its control, such as an earthquake, flood, war.

8.12 **Force Majeure.** In the event that either party is unable to perform any of its obligations under this Agreement or to enjoy any of its benefits because of any Act of God, strike, fire, flood, governmental acts, orders or restrictions, Internet system unavailability, system malfunctions or any other reason where failure to perform is beyond the reasonable control and not caused by the negligence of the non-performing party (a “Force Majeure Event”), the party who has been so affected shall give notice immediately to the other party and shall use its reasonable best efforts to resume performance. Failure to meet due dates resulting from a Force Majeure Event shall extend such due dates for a reasonable period. However, if the period of nonperformance exceeds sixty (60) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been affected may, by giving written notice, terminate this Agreement effective immediately upon such notice or at such later date as is therein specified.

- ☞ This section limits the ability of either party to transfer any of its rights or delegate any of its duties to third parties.
- ☞ You want to make sure that you can sell your business along with all of the relationships you have developed along the way. (Often these relationships can add tremendous value to your business and you want to make sure that all of your agreements can be transferred to the new owners.) I wouldn't want to seek (let alone pay for) permission to sell my company.
- ☞ Generally, neither party may assign their respective rights to a third party; however, with the possible exception of assignment to a successor corporation or partnership, either party may transfer its rights or obligations under this Agreement without the approval of the other party. This Agreement would be binding on the 3rd party.
- ☞ However, you may want to limit each other's ability to pass along this deal to another possibly unknown and possibly unfriendly entity. The second paragraph prevents unauthorized transfer of responsibilities...
- ☞ CHOOSE one or the other of these two following paragraphs.

8.13 **Assignability & Binding Effect.** Except as expressly set forth within this Agreement, neither party may transfer or assign, directly or indirectly, this Agreement or its rights and obligations hereunder without the express written permission of the other party, not to be unreasonably withheld; provided, however, that both parties shall have the right to assign or otherwise transfer this Agreement to any parent, subsidiary, affiliated entity or pursuant to any merger, consolidation or reorganization, provided that all such assignees and transferees agree in writing to be bound by the terms of this Agreement prior to such assignment or transfer. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.

- ☞ ~ Or ~

- ☞ This paragraph DOES NOT ALLOW either party to transfer its rights to a successor company without prior approval.

8.13 **Non-Assignability & Binding Effect.** Except as otherwise provided for within this Agreement, neither party may assign any of its rights or delegate any of its obligations under this Agreement to any third party without the express written permission of the other. Any such assignment is deemed null and

void.

☞ If any part of this Agreement is unenforceable or invalid, the balance of the Agreement should still be enforced. Basically, ignore any sections that are invalid.

8.14 **Severability.** If any provisions of this Agreement are held by a court of competent jurisdiction to be invalid under any applicable statute or rule of law, they are to that extent to be deemed omitted and the remaining provisions of this Agreement shall remain in full force and effect.

☞ The headings of the various sections are meant to explain or otherwise give meaning to those sections; they are for convenience only.

8.15 **Cumulative Rights.** Any specific right or remedy provided in this Agreement will not be exclusive but will be cumulative upon all other rights and remedies described in this section and allowed under applicable law.

8.16 **Headings.** The titles and headings of the various sections and sections in this Agreement are intended solely for convenience of reference and are not intended for any other purpose whatsoever, or to explain, modify or place any construction upon or on any of the provisions of this Agreement.

☞ Every copy shall be just as valid as the original.

8.17 **Counterparts.** This Agreement may be executed in multiple counterparts, any one of which will be considered an original, but all of which will constitute one and the same instrument.

☞ Even after the termination of the Agreement, the parties may still have certain responsibilities such as keeping information confidential.

8.18 **Survival of Certain Provisions.** The warranties and the indemnification and confidentiality obligations set forth in the Agreement shall survive the termination of the Agreement by either party for any reason.

Understood, Agreed & Approved

We have carefully reviewed this contract and agree to and accept all of its terms and conditions. We are executing this Agreement as of the Effective Date above.

[Company]

Evaluator

[Owner/Founder]

Evaluator Name

Title

Title

Exhibit A

Description of the Technology

- Xxx
- Xxx
- xxx

