

by the Government of the Republic of Korea

THIS AGREEMENT, made and entered into on ..... of ( ) ( ) by and between ( ), a corporation organized and existing under the laws of ( ), having its main office and place of business at ( ) (hereinafter referred to as "Licensor") and ( ), a corporation organized and existing under the laws of the Republic of Korea, having its main office and place of business at ( ), Republic of Korea (hereinafter referred to as "Licensee").

#### WITNESSETH

WHEREAS, Licensor has long been engaged in the manufacture and sale of ( ) Products (hereinafter referred to as "the Licensed Products"); and

WHEREAS, Licensor has acquired and possesses valuable technical information on the design, manufacture, erection and use of the Licensed Products; and

WHEREAS, Licensee desires to obtain, and Licensor is willing to grant, the right and license to manufacture, use and sell the Licensed Products utilizing technical information furnished by Licensor.

NOW, THEREFORE, in consideration of premises and covenants hereinafter set forth, the parties hereto agree as follows :

#### **Article 1. Definitions**

As used in this Agreement, the following terms have the following meanings respectively;

1. "Licensed Products" mean as mentioned below. As to details of the Products, the stipulation of Appendix hereto shall apply.
2. "Technical Information" means all the technical knowledge, know-how, standard calculations, data and information developed or otherwise generally used by Licensor pertaining to the manufacture, use and sale of the Licensed Products.
3. "Contract Territory" means the territory subject to the Government of the Republic of Korea.
4. "Industrial Property Rights" mean any or all rights under patents, utility models and application therefore presently owned or hereafter acquired by Licensor and/or which Licensor has or may have the right to control or grant license thereof during the term hereof and which are applicable to or may be used in manufacture of the Products.  
( )

5. "Licensed Trademarks" shall mean the trademarks which are specified in Appendix ( ) hereto.

## **Article 2. Grant of License**

1. Licensor hereby grants to Licensee (an exclusive, a non-exclusive) right to manufacture, use and sell the Licensed Products using the Industrial Property Rights and Technical Information furnished by Licensor in the Contract Territory.
2. Licensor hereby grants to Licensee (an exclusive, a non-exclusive) right to sell the Licensed Products to any country in the world (except).

## **Article 3. Sales and Information**

1. Upon written request of Licensee, Licensor shall furnish Licensee with necessary drawings, technical data and price information on a breakdown basis in order to enable Licensee to prepare quotations, in so far as such information is currently available from Licensor.
2. To assist Licensee in selling the Licensed Products, Licensor will furnish Licensee with one complete set of current materials generally used for sales promotion, such as brochures, catalogues and technical data available from Licensor, which cover the entire range of the Licensed Products.

## **Article 4. Technical Assistance and Services**

1. Licensor shall supply Licensee with the following data in order that Licensee may manufacture to the best advantage the Licensed Products without delay.
  - a) Drawings for designing, manufacturing and assembling.
  - b) Specifications.
  - c) Materials list.
  - d) General calculation sheet.
  - e) Data for inspections and trial operations.
  - f) Fabrication and assembly procedures.
  - g) Operating and instruction manuals.

- h) Any other necessary technical data and know-how generally used by Licensor
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- 2. Licensor shall, by request of Licensee, permit a reasonable number of technical personnel designated by Licensee to have opportunity to study the design and manufacture of the Licensed Products at Licensor's place of business. Licensee shall advise Licensor, in advance, of the purposes, numbers, names, qualifications and probable lengths of stay of Licensee's designated personnel desiring to visit Licensor. Licensor shall arrange to make available qualified personnel for consultation with, and training of such Licensee's personnel. Cost for round trips, meals, lodging and other expenses of Licensee's personnel despatched for training shall be borne by Licensee.
  
  - 3. Upon written request of Licensee, Licensor shall send to Licensee, subject to availability to personnel and to mutual agreement, qualified engineers and/or technicians to render assistance and services to Licensee in connection with the manufacture, sale and operation of the Licensed Products for a reasonable period to be agreed upon by the parties hereto, provided, however, that Licensee agrees to bear the travelling expenses to and from ( ) and living expenses in the Republic of Korea incurred by any such engineer and/or technicians. Licensor assures that such engineers and/or technicians are qualified with professional standards and reasonable skill, and will perform the assistance and services with care and diligence ( )

#### **Article 5. Improvements**

If at any time during the term of this Agreement one party hereto discovers or comes into the possession of any improvements or further inventions relating to the Licensed Products or in connection with the design, manufacture, use and sale of the same, the party shall furnish the other party with information on such improvements or further inventions without any delay and free of charge.

#### **Article 6. Payment**

- 1. In consideration of the Technical Information and the Industrial Property Rights furnished by Licensor to Licensee hereunder, Licensee shall pay to Licensor the following royalties in the amount and in the manner specified below.
  - (a) Initial Payment

Licensee shall pay Licensor the initial payment in US Dollars equivalent to (            ), Payment of the Initial Payment shall be made by means of telegraphic transfer remittance within (    ) days from the date of approval of this Agreement by the authorities concerned, the Government of the Republic of Korea.

(b)     Royalty

(    ) percent of net selling price for each sale of the Licensed Products.

(c)     Net selling price shall be the gross invoice price of the Licensed Products sold or otherwise disposed of by Licensee in normal, bona fide, commercial transaction without any deduction other than the following items of expenses, if any, to the extent to which they are actually paid and included in the gross invoice price.

- (1)     Sales discount
- (2)     Sales returned
- (3)     Indirect taxes on sales
- (4)     Insurance premium on sales
- (5)     Packing expenses on sales
- (6)     Transport expenses on sales
- (7)     Sales commissions
- (8)     Advertisement fee
- (9)     Installation expenses at places where the Licensed Products are to be used.
- (10)    CIF price, and import duties of the raw materials, intermediate goods, parts and other components purchased from Licensor.

2.     For the supervision and assistance by Licensor under paragraph 3 of Article 4, Licensee shall pay to Licensor service fees at the rates specified in Appendix (    ) within (    ) days after receipt of an invoice from Licensor.

3.     All payments due under this Article shall be made in (US currency,) strictly in accordance with this article, converted from Won at the official telegraphic transfer selling rate of exchange prevailing in Seoul, Korea on the expiry date of the

immediately preceding ( ) month period of the calculation of the royalties hereunder.

4. All payments made to Licensor hereunder shall be by means of official telegraphic transfer remittance, mail transfer remittance, banker's check or through non-resident foreign currency deposit account established at bank(s) in ( ) in the name of Licensee and shall be remitted to the bank designated by Licensor.

#### **Article 7. Supply of component, parts and raw materials**

1. Upon Licensee's written request, Licensor shall supply components, parts and raw materials to Licensee in due time and at reasonable and competitive prices.
2. Licensee shall open irrevocable Letter of Credit to buy components, parts and raw materials from Licensor.

#### **Article 8. Records, Auditing and Reports**

1. Licensee shall send its statement of royalties due for the immediately preceding ( ) month period together with full evidences which Licensor may require, to reach Licensor not later than ( ) days after the expiration of the immediately preceding ( ) month period.
2. At the time of remitting the royalties, Licensee shall submit to Licensor a written report stating the net selling price, overall order price with clients, the number, and the type of the Licensed Products sold or used by Licensee under this Agreement during the ( ) month period ended on 30 June and 31 December each year.

#### **Article 9. Guarantee**

1. During the terms of this Agreement, Licensor shall be responsible for damage resulting from defective Technical Information and parts furnished to Licensee by Licensor.
2. Licensor shall not be responsible for consequential damages resulting from the faulty application of Technical Information by Licensee.

#### **Article 10. Duration and Termination**

1. This Agreement shall be effective for an initial period of ( ) years from the effective date of this Agreement.

After the end of this period, the Agreement shall expire without notice. The parties may agree to extend the term of this Agreement, provided, however, that any extension shall be subject to the necessary approval by the Government of the Republic of Korea.

2. If either party hereto continues in default of any obligation imposed on it here in for more than ( ) days after written notice has been dispatched by registered airmail by the other party requesting the party in default to remedy such default, the other party may terminate this effect by registered airmail to the first party and this Agreement shall terminate on the date of dispatch of such notice.

In the event of bankruptcy, receivership, insolvency or assignment for the benefit of creditors of either party hereto, the other party may terminate this Agreement, effective immediately by giving the first party written notice to that effect.

#### **Article 11. Use of Trademark and Brand Name**

1. Licensor hereby grants to Licensee, upon the terms and conditions hereinafter specified, (an exclusive, a non-exclusive), non-assignable licence to use the Licensed Trademarks during such time as this Agreement subsist in such manner as not to deceive the public, on and in connection with the Licensed Products. Licensor will not grant a Licence to use the Licensed Trademarks in the Contract Territory to any other third party in Korea during the term of this Agreement.
2. Licensee shall be entitled to use Licensed Trademarks on Licensee's letter headings, invoices and all advertising and promotional material in such form and in such manner as shall be approved at the first consulting in writing with the Licensor.
3. Each Licensed Trademark shall be used only after it has been duly registered with the Patent Office, and after this Agreement has also been duly registered with the Patent Office.
4. This License to use the Licensed Trademark is provided on a royalty free basis.
5. If this Agreement is terminated, Licensee shall immediately cease using the Licensed Trademark.

#### **Article 12. Patent Infringement**

Should any Licensed Product manufactured by Licensee strictly in accordance with the Technical Information supplied by Licensor under this Agreement partially or totally infringe of patent right belonging to the third party which shall make a claim against Licensee for alleged infringement of such patent right, Licensee shall immediately by telex inform Licensor thereof and transfer the claim with all pertinent

details to Licensor, who shall be responsible for handling of the claim and Licensee shall in no respect have any responsibility for the claim from such party.

### **Article 13. Secrecy**

Licensee agree that it shall not without prior written consent of Licensor sell, assign or divulge the Technical Information disclosed and furnished by Licensor hereunder in any manner to anyone except those of its employees and its subcontractors who will be using such information in the manufacture and erection of the Licensed Products.

### **Article 14. Taxation**

Customs duties, taxes and any similar charges which may be imposed by the Korean Government with respect to this Agreement shall be borne by Licensee. All other customs duties, taxes and similar charges which may occur in ( ) as a result of entering into this Agreement shall be paid by Licensor.

### **Article 15. Arbitration**

Any dispute arising under or by virtue of this Agreement or any difference of opinion between the parties hereto concerning their rights and obligations under this Agreement, shall be finally resolved by arbitration. Such arbitration proceedings shall take place in (Seoul, Geneva) in accordance with the applicable rules of arbitration of (the Korean Commercial Arbitration Board, the International Chamber of Commerce), but the proceedings should take place in the English language. The decision of the arbitration proceedings shall be final and binding upon both parties.

### **Article 16. Effective Date**

It is clearly understood and agreed by both parties that this Agreement shall be deemed effective when all conditions imposed by the Korean Government and the Government of ( ) shall have been met to the satisfaction of Licensor and Licensee.

The date of the letter of such government approval shall become the effective date of this Agreement. Licensee and Licensor shall notify in writing to the other party specifying the date of their respective Government's approval.

#### **Article 17. Applicable Law**

This Agreement shall be construed and interpreted in accordance with the laws of the Republic of Korea.

#### **Article 18. Force majeure**

Neither party shall be liable to the other party for non-performance or delay in performance of any of its obligation under this Agreement due to causes reasonably beyond its control including fire, flood, strikes, labour troubles or other industrial disturbances, unavoidable accidents, governmental regulations, riots, and insurrections. Upon the occurrence of such a force majeure condition the affected party shall immediately notify the other party with as much detail as possible and shall promptly inform the other party of any further developments. Immediately after the cause is removed, the affected party shall perform such obligations with all due speed unless the Agreement is previously terminated in accordance with Article 10 hereof.

#### **Article 19. Notices**

All communication notices or the like between the parties shall be valid when made by telegraph or telex communication subsequently to be confirmed in writing and addressed to the following addresses.

To Licensee :

To Licensor :

#### **Article 20. Language**

1. The language to be used in rendering the Technical Information disclosed and furnished to Licensee by Licensor under this Agreement shall be in English.
2. The language for correspondence between the parties and any documentation shall be in English.



**Article 21. Entirety**

This instrument embodies the entire agreement and understanding between the parties hereto relative to the subject matter hereof and there are no understandings, agreements, conditions or representations, oral or written, expressed or implied, with reference to the subject matter hereof that are not merged herein or superseded hereby. No modification hereof shall be of any force or effect unless reduced to writing and signed by the parties claimed to be bound thereby and no modification shall be effected by the acknowledgement or acceptance of any order containing different conditions.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

For and on behalf of

For and on behalf of

By :

By :

Typed name :

Typed name :

Position :

Position :

**Note : *This model form of contract is recommended by the Government of the Republic of Korea.***