Qu, Tam
31 USC 3730
but see (e)(4)

LICENSE AGREEMENT

This Agreement is entered into between the National Technical Information Service (NTIS), a primary operating unit of the United States Department of Commerce, having offices at 5285 Port Royal Road, Springfield, VA 22161, and Griffin Corporation (LICENSEE), a Georgia corporation, having offices in Valdosta, Georgia.

WHEREAS, the Department of Agriculture has sponsored research on the control of arthropod pests and has received by assignment certain valuable patent rights in the United States and foreign countries; and

WHEREAS, pursuant to 35 U.S.C. 207 and 41 C.F.R. 101-4.1, the Department of Agriculture has transferred custody of the entire right, title and interest in the patent rights to the United States Department of Commerce; and

WHEREAS, the United States Department of Commerce, pursuant to 35 U.S.C. 207 and 41 C.F.R. 101-4.1, is authorized to receive by transfer custody of the right, title and interest in federally owned inventions; to apply for, obtain and maintain patents on federally owned inventions in the United States and in foreign countries; to grant nonexclusive, partially exclusive or exclusive licenses under federally owned patents and patent applications; and to undertake all other suitable and necessary steps to protect and administer rights to federally owned inventions; and

WHEREAS, the Secretary of Commerce, through Department Organization Order 30-7A, has delegated to NTIS the authority of the Secretary to acquire federally owned inventions from other

CONFIDENTIAL

504369

Federal agencies for the purpose of licensing the use of those inventions in the United States; and

WHEREAS, NTIS desires, in the public interest, that the subject invention be perfected, marketed and practiced so that the benefits are readily available for widest possible utilization in the shortest time possible; and

WHEREAS, LICENSEE has the facilities, personnel and expertise, and is willing to expend reasonable efforts to bring the invention to the point of practical application at an early date.

NOW THEREFORE, in consideration of the foregoing, including the above-cited patent licensing regulations, NTIS and LICENSEE agree as set forth below.

ARTICLE I

Definitions

1.1 Licensed Patent(s) shall mean U.S. Patent Application Serial Number 455,727 filed January 5, 1983 and the corresponding foreign patent applications identified in the attached Schedule, all divisions and continuations of such patent application(s), all patents issuing from such patent applications and all reissues, renewals and extensions of such patents.

1.2 Licensed Use shall mean a method for controlling a population of arthropods encompassed within the scope of a claim in the Licensed Patent(s).

1.3 Licensed Product(s) shall mean an effective amount of toxicant substance encompassed within the scope of a claim in the Licensed Patent(s).

CONFIDENTIAL

504370

1.4 Net Sales shall mean the amount billed or invoiced on sales of any Licensed Products for other than Experimental Use or, in the event of disposal of any Licensed Products other than as scrap prior to its shipment from its place of manufacture or other than by sales, the amount billed or invoiced for a like quantity and quality of Licensed Products on or about the time of such disposal, less:

(a) Customary trade, quantity or cash discounts and nonaffiliated brokers' or agents' commissions actually allowed and taken;

(b) Amounts repaid or credited by reason of rejections or returns; and/or

(c) Any packaging, freight or other transportation costs, insurance charges, duties, tariffs and all sales and excise taxes based directly on sales or turnover or delivery of material produced under this Agreement.

Net Sales of any Licensed Products sold or otherwise disposed of by LICENSEE, licensed AFFILIATES, or sublicensees which are in combination with one or more ingredients which contribute pesticidal or agronomic value to the combination shall be calculated by multiplying the amount billed or invoiced of such combinations including Licensed Products and such other ingredients by a fraction represented by the formula A/ (A+B), wherein A is the cost to the LICENSEE, licensed AFFILIATES, or sublicensees of the Licensed Products and B is the cost of all other such ingredients which contribute pesticidal or agronomic value to the combination; provided, however, that in no event shall the adjusted Net Sales of the Licensed Products sold in combination with one or more such ingredients be less than the

CONFIDENTIAL

Net Sales of similar quantities of Licensed Products sold separately from such combination. For the purpose of this Paragraph, the costs to be used in calculating adjusted Net Sales shall be the manufacturing cost for materials, direct labor, and manufacturing overhead calculated according to LICENSEE's customary and accepted accounting procedures.

1.5 AFFILIATE shall mean any person, corporation, firm, partnership or other entity in which LICENSEE owns or controls at least fifty percent (50%) of the voting stock thereof.

1.6 Licensed Territory shall mean those countries listed in the attached Schedule and in which a Licensed Patent subsists.

1.7 Experimental Use shall mean the use of the Licensed Products for a test or evaluation conducted by the LICENSEE or a third party in an effort to either (1) provide the LICENSEE with data for an EPA registration and in such case, quantities of the Licensed Products provided for such use shall not exceed five hundred (500) pounds per third party; or (2) have a third party determine their commercial interest in the Licensed Products and in such case, quantities of the Licensed Products provided for such use shall not exceed one hundred (100) pounds per third party.

ARTICLE II

Grant

2.1 NTIS hereby grants to LICENSEE and any AFFILIATES of LICENSEE's choice, subject to the terms and conditions herein, an exclusive license under the Licensed Patent(s) to make, have made, use and sell Licensed Products in the Licensed Territory

CONFIDENTIAL

for Licensed Use for a term beginning with the effective date of this Agreement and terminating on December 31, 1997. LICENSEE shall notify NTIS of any AFFILIATE included under this Paragraph 2.1.

2.2 NTIS hereby grants to LICENSEE and any AFFILIATES of LICENSEE's choice, subject to the terms and conditions herein, a nonexclusive license under the Licensed Patent(s) to make, have made, use and sell Licensed Products in the Licensed Territory for Licensed Use after the expiration of the exclusive license term mentioned in Paragraph 2.1 above and extending for the remaining term of this Agreement. LICENSEE shall notify NTIS of any AFFILIATE included under this Paragraph 2.2.

2.3 NTIS hereby grants to LICENSEE the right to grant sublicenses to nonaffiliated companies subject to the provisions of this Agreement and to the submission to, and approval by NTIS of the proposed sublicense, which approval shall not be unreasonably withheld. Each sublicense shall make reference to this Agreement including the rights retained by the Government and a copy of such sublicense shall be furnished to NTIS promptly after its execution.

2.4 NTIS hereby grants to LICENSEE and its included AFFILIATES and sublicensees the right to extend to their customers of the Licensed Product on which an administration and royalty fee has been or will be paid the right to use such Licensed Product.

ARTICLE III

Reservation of Rights

3.1 The licenses granted in Article II above are subject to

CONFIDENTIAL

504373

the reservation by NTIS of an irrevocable, nonexclusive, non-transferable, royalty-free license for the practice of all inventions encompassed within the Licensed Patents throughout the world by and on behalf of the Government of the United States and on behalf of any foreign government pursuant to any existing or future treaty or agreement to which the United States is signatory, including the right to engage in research on inventions included under the Licensed Patents either alone or with one or more third parties.

3.2 NTIS reserves the right to require LICENSEE to grant sublicenses to responsible applicants on reasonable terms when necessary to fulfill health or safety needs.

ARTICLE IV

Royalties and Payments

4.1 Within twenty (20) days after the execution date of this Agreement by NTIS, LICENSEE shall pay to NTIS an execution fee of Four Thousand Dollars ($4,000), no part of which shall be refunded for any reason.

4.2(a) LICENSEE shall also pay to NTIS an annual maintenance fee of Three Thousand Dollars ($3,000), no part of which shall be refunded for any reason. The first annual maintenance fee payment, which shall be paid at the time of making the payment required in Paragraph 4.1 above, shall be prorated for the balance of the calendar year. Subsequent annual maintenance fees shall accrue on January 1 of each year and shall be payable within sixty (60) days thereafter during the term of this Agreement. The cumulative total of the annual maintenance fees paid by LICENSEE may be applied as a credit against any

CONFIDENTIAL

504374

administration and royalty fee due in accordance with Paragraph 4.3 below. Should the costs to NTIS for usual procedures for obtaining and maintaining any Licensed Patents exceed in any year the total annual maintenance fee received from LICENSEE under this Agreement, NTIS may request Licensee to increase its minimum annual fee in subsequent years by an amount equal to such excess costs. Should NTIS make such a request and LICENSEE fail to include such increased amount in its annual maintenance fee when due, NTIS may terminate LICENSEE's license under such Licensed Patent(s) in accordance with the provisions of Paragraph 9.2 below.

(b) Before any commitment to expend substantial funds for an unusual procedure for obtaining and maintaining any Licensed Patent, including but not limited to interference, reexamination, opposition or nullity but not including infringement or counterclaims thereto, NTIS shall notify LICENSEE of such unusual procedure and the estimated cost thereof and request LICENSEE to assume responsibility for such cost. Should LICENSEE decline to assume such responsibility, NTIS may terminate LICENSEE's license under such Licensed Patent.

4.3 LICENSEE shall pay NTIS an administration and royalty fee on the Net Sales of LICENSEE and its included AFFILIATES and sublicensees of two percent (2%) during the exclusive period of this Agreement and of one percent (1%) during the nonexclusive period of this Agreement; provided, however that LICENSEE shall pay an administration and royalty fee of no more than one percent (1%) on Net Sales to state and local government agencies of the United States.

CONFIDENTIAL

501375

4.4 No administration and royalty fee shall be payable hereunder for direct sales of Licensed Products by LICENSEE or its included AFFILIATES and sublicensees to the Government of the United States of America or on any Licensed Product scrapped prior to shipment from its place of manufacture.

4.5 LICENSEE agrees to submit to NTIS, within sixty (60) days after each calendar half year ending June 30th and December 31st, reports setting forth for the preceding six (6) month period the amount of Licensed Product made, used, sold or otherwise disposed of (except scrap as previously provided) by LICENSEE and its included AFFILIATES and sublicensees in the Licensed Territory, the Net Sales thereof, and the amount of administration and royalty fee due thereon; and with each such report, LICENSEE agrees to pay the amount of such fee due. If no such fee is due to NTIS for any report period, the written report shall so state.

4.6 All payments due NTIS under this Article IV shall be payable in United States dollars for the account of "NTIS/Patent Licensing." All checks and bank drafts shall be drawn on United States banks. If payments are overdue, late charges will be applied as required by the Department of Treasury (Treasury Fiscal Requirements Manual, Section 8020.20). Conversion of foreign currency to United States dollars shall be made at the conversion rate existing in the United States on the last business day of the applicable reporting period for the purchase of United States dollar bank wire transfers for settlement of such payment obligations. Any and all loss of exchange, value, taxes

CONFIDENTIAL

or other expenses incurred in the transfer or conversion of other currency to United States dollars shall be paid entirely by LICENSEE.

4.7 LICENSEE and/or its included AFFILIATES and/or sub-licensees shall pay all necessary expenses for commercialization of Licensed Products and such expenses shall not be deducted from any payments due NTIS as provided herein.

4.8 Except as provided in Paragraph 1.4(c), any tax on any payment due NTIS under this ARTICLE IV in any country in which such payment accrued shall be paid by LICENSEE without deduction from the amount owed to NTIS.

ARTICLE V

Markings

LICENSEE, its included AFFILIATES and sublicensees may, at their sole option and in conformity with applicable statutes, identify Licensed Products with the marking "U.S. Patent Pending." The name of the Government employee inventor(s), the name of any agency or department of the United States Government, or any adaptation of the above shall not be used in any promotional activity without prior written approval from NTIS.

ARTICLE VI

Reports and Records

6.1 LICENSEE shall provide written annual reports within sixty (60) days of the end of each calendar year detailing progress being made to bring the invention licensed hereunder to practical application. No further annual progress reports will be required after notification of the first commercial sale of Licensed Products unless otherwise requested by NTIS.

CONFIDENTIAL

504377

6.2 LICENSEE, its included AFFILIATES and sublicensees shall keep accurate and complete records of Licensed Products made, used, sold or otherwise disposed of (except scrap as previously provided) under this Agreement in the Licensed Territory appropriate to determine the amount of the administration and royalty fee due hereunder. Such records shall be retained for at least two (2) years following a given reporting period and, upon reasonable notice, shall be available during normal business hours for inspection at the expense of NTIS by an accountant selected by NTIS and approved by LICENSEE for the sole purpose of verifying reports and payments hereunder. Such accountant shall not disclose to NTIS any information other than information relating to the accuracy of reports and payments made under this Agreement.

ARTICLE VII

Patent Enforcement

7.1 LICENSEE shall notify NTIS promptly in writing of any infringement of a Licensed Patent which becomes known to LICENSEE. If NTIS determines that a substantial infringement exists, NTIS shall communicate such determination to LICENSEE in writing and take prompt action to attempt to eliminate that substantial infringement. LICENSEE shall cooperate with NTIS in determining if substantial infringement exists and, if so, in attempting to eliminate that substantial infringement.

7.2 During the exclusive term of this Agreement, as provided under Paragraph 2.1 above, LICENSEE is empowered pursuant to the provisions of Chapter 29 of Title 35, United States Code or other statutes:

CONFIDENTIAL

504378

(a) to bring suit in its own name, at its own expense, and on its own behalf for infringement of presumably valid claims in a Licensed Patent;

(b) in any such suit, to enjoin infringement and to collect for its use, damages, profits and awards of whatever nature recoverable for such infringement; and

(c) to settle any claim or suit for infringement of the Licensed Patent, such as by granting the infringing party a sublicense under the provisions of Paragraph 2.3 of this Agreement;

provided, however, that NTIS and appropriate U.S. Government authorities shall have a continuing right to intervene in such suit.

7.3 If NTIS receives LICENSEE's infringement notice under the provisions of paragraph 7.1 above during the nonexclusive term of this agreement and, within a reasonable time following the date of such notice, NTIS is unsuccessful in eliminating the infringement which it has determined is substantial, NTIS agrees to recommend to the appropriate United States Government authorities that an infringement action based on such infringed Licensed Patent be initiated. LICENSEE shall, at NTIS' request, cooperate in every reasonable respect in the preparation and prosecution of such action including making available to NTIS records, information, evidence and testimony by employees of LICENSEE relevant to the substantial infringement of the Licensed Patent.

7.4 If, after twelve (12) months from the date of LICENSEE's notice of an infringement mentioned in Paragraph 7.3 above, which infringement NTIS has determined constitutes a

CONFIDENTIAL

substantial infringement of a Licensed Patent and NTIS has not eliminated such substantial infringement and the United States Government has not initiated an infringement suit, LICENSEE shall be excused from payment of the administration and royalty fee due hereunder resulting from sales or other disposition of Licensed Products in the country in which the substantial infringement exists. When the substantial infringement has been eliminated or an infringement suit has been initiated, NTIS shall notify LICENSEE in writing of either of such event and LICENSEE's obligation to pay the administration and royalty fee shall resume as of the date the infringement is eliminated or the date such infringement suit is initiated.

ARTICLE VIII

Licensee Performance

8.1 LICENSEE shall expend reasonable efforts and resources to carry out the development and marketing plan submitted with LICENSEE's application for a license and to bring Licensed Products to the point of practical application [as defined at 41 C.F.R. 101-4.102(d)] within two (2) years of the effective date of this Agreement, unless this period is extended by mutual agreement of the parties. NTIS shall not unreasonably withhold approval of any request of LICENSEE to extend this period, if such request is supported by a reasonable showing by LICENSEE of due diligence toward bringing the Licensed Products to the point of practical application. "Due diligence" shall include any reasonable and diligent application for approval required by any Government agency within the United States.

8.2 After bringing Licensed Products to the point of practical application in the United States, LICENSEE agrees to

CONFIDENTIAL

504380

keep Licensed Products reasonably available to the United States public during the term of this Agreement.

8.3 LICENSEE agrees that Licensed Products sold or otherwise disposed of in the United States by LICENSEE, its included AFFILIATES and sublicensees will be manufactured substantially in the United States.

8.4 Failure to comply with the terms of this Article VIII shall be cause for modification or termination of this Agreement in accordance with the provisions of Article IX below.

ARTICLE IX

Modification and Termination

9.1 This Agreement may be modified or terminated by NTIS subject to the provisions of Paragraphs 9.2 and 11.4 below, if it is determined that:

(a) LICENSEE or any of its included AFFILIATES or any of its sublicensees fail to meet the obligations set forth in Article VIII above;

(b) Such action is necessary to meet requirements for public use specified by Federal regulations issued after the date of the license and such requirements are not reasonably satisfied by the LICENSEE, its included AFFILIATES or its sublicensees;

(c) LICENSEE has willfully made a false statement of or willfully omitted a material fact in the license application or in any report required by this Agreement;

(d) LICENSEE or any of its included AFFILIATES or any of its sublicensees commit a substantial breach of a covenant or agreement contained in this Agreement;

CONFIDENTIAL

504381

(e) LICENSEE is adjudged a bankrupt or has its assets placed in the hands of a receiver or makes any assignment or other accommodation for the benefit of creditors;

(f) LICENSEE or any of its included AFFILIATES or any of its sublicensees misuse any Licensed Patent.

9.2 Prior to any modification or termination of this Agreement, NTIS shall furnish LICENSEE and any sublicensees of record a written notice of intention to modify or terminate; and the LICENSEE and any notified sublicensee shall be allowed thirty (30) days after the date of such notice to remedy any breach or default of any covenant or agreement of this Agreement or to show cause why this Agreement should not be modified or terminated.

9.3 LICENSEE may terminate this Agreement at any time as to any or all Licensed Patents upon ninety (90) days written notice to NTIS.

9.4 Upon termination of this Agreement, sums due to NTIS from LICENSEE in respect of the Licensed Patent(s) included in such termination shall become immediately payable. In all other respects, the rights and obligations of the parties hereto concerning the Licensed Patent(s) included in such termination shall cease as of the effective date of such termination.

9.5 In the event of termination of this Agreement, any sublicense of record granted pursuant to Paragraph 2.3 may, at sublicensee's option, be converted to a license directly between sublicensee and NTIS.

CONFIDENTIAL

504382

ARTICLE X

Duration

This Agreement, unless sooner terminated as provided herein, shall remain in effect on a country-by-country basis until the expiration of the last-to-expire Licensed Patent in such country.

ARTICLE XI

General

11.1 NTIS represents and warrants that the entire right, title and interest in the Licensed Patent(s) has been assigned to the United States of America as represented by the Secretary of Commerce and that NTIS has the authority to issue licenses under the Licensed Patent(s). NTIS does not warrant the patentability or validity of the Licensed Patent(s) and makes no representations whatsoever with regard to the scope of the Licensed Patent(s) or that such Licensed Patent(s) may be exploited without infringing other patents.

11.2 This Agreement shall not be transferred or assigned by LICENSEE to any party other than to a successor or assignee of the entire business interest of LICENSEE relating to Licensed Products.

11.3 NTIS shall notify LICENSEE of any subsequent agreement containing more favorable terms and conditions which may hereafter be granted by NTIS to any other party under the Licensed Patent(s); and LICENSEE, if it is in a position to do so, may substitute all the terms and conditions of such other agreement for the terms and conditions of this Agreement.

CONFIDENTIAL

504383

11.4 The parties shall make every reasonable effort to resolve amicably any dispute concerning a question of fact arising under this Agreement. Any disputes not settled amicably between the parties concerning a question of fact arising under this Agreement shall be decided by the Director, NTIS, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to LICENSEE. The decision of the Director, NTIS, to modify or terminate this Agreement shall be final and conclusive unless LICENSEE mails or otherwise furnishes to the Director, NTIS, a written appeal under the Appeal Procedures of 15 C.F.R. Part 17, Subpart C. Pending final decision of a dispute hereunder, LICENSEE shall proceed diligently with the performance of its obligations under this Agreement.

11.5 The interpretation and application of the provisions of this Agreement shall be governed by the laws of the United States as interpreted and applied by the Federal courts in the District of Columbia, United States of America.

11.6 Written notices required to be given under this Agreement shall be considered duly given if mailed by first class mail, postage prepaid and addressed as follows:

If to NTIS: Director, Office of Federal Patent Licensing
National Technical Information Service
United States Department of Commerce
5285 Port Royal Road
Springfield, Virginia 22161

If to LICENSEE: Larry McKinney
Research Director
Griffin Corporation
P.O. Box 1847
Valdosta, GA 31601

CONFIDENTIAL

504384

or such other address as either party may request in writing.

11.7 This Agreement constitutes the entire understanding between the parties and neither party shall be obligated by any condition or representation other than those expressly stated herein or as may be subsequently agreed to by the parties hereto in writing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

The effective date of this Agreement is August 15, 1985.

Witness:	National Technical Information Service
Douglas J. Crapson	Joseph F. Caponio
	JOSEPH F. CAPONIO Director
August 2, 1985 Date	August 2, 1985 Date
Witness:	Griffin Corporation
Judith Crook	John L Clerk
	(By) Vice President & General Manager Agricultural Chemical Division (Title)
July 31, 1985 Date	July 31, 1985 Date

CONFIDENTIAL

504385

SCHEDULE OF
PATENT RIGHTS

Country	Patent Application No.	Date Filed	Patent Number	Grant Date
United States	6-455,727	1/5/83		
PCT:				
Australia	US84/00028	1/4/84		
Brazil	24923/84			
Japan	NS 8300/J			

CONFIDENTIAL

504386