

PLANT PATENT LICENSE AGREEMENT

This Agreement is entered into between the U.S. Government as represented by the U.S. Department of Agriculture, Agricultural Research Service (hereinafter referred to as “USDA”) and (nursery name), a (state) corporation having offices at (street address, city, and state) (hereinafter referred to as “NURSERY”).

WHEREAS, USDA has performed research to develop a new (common name of crop) variety that (describe novel aspects of the variety) and owns certain valuable property rights thereon; and

WHEREAS, USDA desires, in the public interest, that this (common name of crop) variety be propagated for distribution so that its benefits are readily available to the public for widest possible utilization in the shortest time possible; and

WHEREAS, NURSERY represents that it has the facilities, personnel and expertise in the protection, propagation and marketing of (common name of crop) and is willing to expend reasonable efforts and resources to propagate and distribute this new variety;

NOW THEREFORE, in consideration of the foregoing and pursuant to 35 USC 207 and 37 CFR 404 and the mutual promises and obligations hereinafter set forth, USDA and NURSERY, intending to be legally bound, agree as follows:

ARTICLE I DEFINITIONS

1.1 Licensed Patent means U.S. Plant Patent No. XX,XXX, ‘(VARIETY NAME),’ issued on (date).

1.2 Licensed Variety means the new and distinct (common name of crop) variety described in the Licensed Patent.

1.3 Licensed Products means any and all propagation materials of the Licensed Variety, including but not limited to, plant tissues, plantlets, cuttings, and (plants, trees or vines, as applicable to the specific crop).

1.4 Licensed Territory One means the United States of America, its possessions and territories.

1.5 Licensed Territory Two means (list of countries where NURSERY and USDA mutually agree that NURSERY will make application for breeder’s rights on behalf of USDA).

1.6 Licensed Breeder’s Rights means the breeder’s rights for the Licensed Variety applied for and obtained by NURSERY, or its sublicensees or agents, on behalf of USDA in countries outside the United States that are included in Licensed Territory Two.

1.7 Affiliate(s) means any company, corporation, partnership, or other entity controlled by, controlling, or under common control with NURSERY, directly or indirectly, where control means the ownership of at least fifty percent (50%) of the voting stock or other ownership interest of an entity. For purposes of this Agreement, all references to NURSERY shall be deemed to include its Affiliates.

1.8 Effective Date means the later date on which this Agreement is executed by a party to the Agreement.

ARTICLE II GRANT

2.1 USDA grants to NURSERY, subject to the terms and conditions herein, an exclusive license under the Licensed Patent in Licensed Territory One to asexually reproduce the Licensed Variety and to offer for sale, sell and have sold Licensed Products.

2.2 USDA grants to NURSERY, subject to the terms and conditions herein, an exclusive license under the Licensed Breeder's Rights in Licensed Territory Two to practice all of the enumerated plant breeder's rights available under the laws of each country included within Licensed Territory Two.

2.3 USDA grants to NURSERY the right to grant sublicenses subject to the provisions of this Agreement and to the prior submission to and approval by USDA of the proposed sublicense, which approval shall not be unreasonably withheld. All sublicenses shall make reference to this Agreement, including the rights retained by the U.S. Government in accordance with the provisions of Article III below. NURSERY shall provide USDA with a copy of all sublicense agreements.

2.4 Subject to the requirements of Paragraph 6.2, NURSERY and its sublicensees and agents may sell and export harvested material of the Licensed Variety, and products made directly from the harvested material, that are produced through the authorized propagation of the Licensed Variety. NURSERY, or its sublicensees or agents, shall apply for breeder's rights for the Licensed Variety prior to any sales or imports of harvested material of the Licensed Variety into any country outside the United States that is included in Licensed Territory Two.

ARTICLE III RESERVATION OF RIGHTS & EXPORT CONTROL

3.1 The licenses granted in Article II above are subject to the reservation by USDA of an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of the Licensed Patent and the Licensed Breeder's Rights throughout the world by or on behalf of the U.S. Government, and on behalf of any foreign government pursuant to any existing or future treaty or agreement to which the United States is a signatory, including the right to engage in research, either alone or with one or more third parties, with the Licensed Variety. USDA reserves the right to make propagation material of the Licensed Variety available to third parties for breeding purposes.

3.2 USDA reserves the right to require NURSERY to grant sublicenses in the United States to responsible applicants, on reasonable terms, under the following circumstances:

- (a) such grant is necessary to fulfill health or safety needs; or
- (b) such grant is necessary to ensure that Licensed Products are made available for utilization by the United States public in geographic regions outside of NURSERY's marketing and distribution area.

3.3 NURSERY acknowledges that it is subject to and agrees to abide by the United States laws and regulations (including the Export Administration Act of 1979 and Arms Export Control Act) controlling the export of technical data, computer software, laboratory prototypes, biological material, and other commodities. The transfer of these items may require a license from the appropriate agency of the U.S. Government or written assurances by NURSERY that it shall not export these items to certain foreign countries without prior approval of this agency. The USDA neither represents that a license is or is not required or that, if required, it shall be issued.

ARTICLE IV FEES, ROYALTIES, AND PAYMENTS

4.1 NURSERY shall reimburse USDA for all fees and expenses incurred by USDA in filing and prosecuting the Licensed Patent prior to the Effective Date in the total amount of _____ Dollars (\$X,XXX.XX). Payment shall be due within thirty (30) days of the Effective Date.

4.2 NURSERY shall pay USDA a royalty of _____ (\$X.XX) for each (description of Licensed Product, e.g., cutting, potted plant, tree, budwood) of the Licensed Variety sold by NURSERY and its sublicensees during the term of this Agreement. Replacements that NURSERY is required to make and any stock returned to NURSERY for credit may be deducted from royalties due. (Description of Licensed Product, e.g., Trees) propagated for test purposes shall not be subject to royalty payment, provided that NURSERY ensures that none of the test (description of Licensed Product, e.g., trees) are sold or otherwise transferred to third parties. (Description of Licensed Product, e.g., Trees) shall be considered sold when billed or invoiced. Royalties shall be due and payable upon submission of each royalty report, in accordance with the provisions of Paragraph 5.2 below.

4.3 NURSERY shall reimburse USDA for all fees paid by USDA to the U.S. Patent and Trademark Office for the filing, prosecution, and issuance of the Licensed Patent during the term of this Agreement. USDA shall provide NURSERY a statement of all such payments at the time they are made by USDA, and reimbursement shall be due within thirty (30) days of receipt of such statement.

4.4 NURSERY, or its sublicensees or agents, shall apply for plant breeder's rights for the Licensed Variety in all countries outside the United States that are included in Licensed Territory Two, and all such applications shall be made in the name of the United States of America as represented by the Secretary of Agriculture. NURSERY, or its sublicensees or agents, shall be

responsible for the preparation and submission of all required documents to the appropriate authorities. USDA shall provide reasonable assistance to NURSERY as required for the preparation and submission of documents. NURSERY, or its sublicensees or agents, shall pay any and all fees required to obtain and maintain breeder's rights for the Licensed Variety in Licensed Territory Two.

4.5 Other than royalties payable under Paragraph 4.2 above, NURSERY shall pay to USDA fifty percent (50%) of any payments received from a sublicensee as consideration for the rights granted to the sublicensee for the Licensed Variety, as provided in Paragraph 2.3 above. Payment to USDA shall be due within thirty (30) days of receipt by NURSERY of any such payments by sublicensees.

4.6 All payments due to USDA under this Article IV shall be payable in United States dollars using **Pay.gov** at <https://pay.gov/public/form/start/76123725>. **Pay.gov** accepts payments from a U.S. bank (up to U.S. \$99,999,999.99 per transaction) or using a credit card (up to U.S. \$24,999.99 for all transactions on the same day using the same credit card). Please refer to License No. (XXXX-XXX) when submitting payments. A late payment of a license fee or royalty shall automatically raise said fee or royalty by an amount equal to one percent (1%) of the amount due for each month beyond the due date of such late payment. Any and all loss of exchange, value, taxes, or other expenses incurred in the transfer or conversion of other currency to United States dollars shall be paid entirely by NURSERY.

ARTICLE V REPORTS AND RECORDS

5.1 NURSERY shall provide written annual reports within sixty (60) days of the end of each calendar year detailing the progress made in protecting, propagating and marketing the Licensed Variety in Licensed Territory One and Licensed Territory Two.

5.2 After notification of the first commercial sale of Licensed Products, NURSERY shall submit to USDA 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 Products sold by NURSERY, and its sublicensees, and the royalties due pursuant to Paragraph 4.2 above. The report shall include the number of units of Licensed Products sold, price per unit, and any deductions taken for returns or replacements. NURSERY shall also include an itemized accounting of all payments other than royalties due to USDA pursuant to Paragraph 4.5 above. A written report shall be due for each reporting period whether or not any royalties are due to USDA.

5.3 NURSERY, and its sublicensees, shall keep accurate and complete records as are required for the determination of royalties owed to USDA pursuant to this Agreement. Such records shall be retained for at least five (5) years following a given reporting period. Upon reasonable notice and at the expense of USDA, such records shall be available during normal business hours for inspection by an accountant selected by USDA and approved by NURSERY for the sole purpose of verifying reports and payments hereunder. Such accountant shall not disclose to USDA any information other than information relating to the accuracy of reports and payments made under this Agreement. NURSERY, and its sublicensees, shall provide full

cooperation in such inspection and audit. Such cooperation shall include, but not be limited to, providing sufficient time for such examination and convenient access to relevant personnel and records. If an inspection and audit show an underreporting or underpayment in excess of five percent (5%) for any twelve (12) month period, then NURSERY shall reimburse USDA for the cost of the inspection and audit. All payments required under this Paragraph 5.3 shall be due within thirty (30) days of the date USDA provides NURSERY notice of the payment due.

5.4 USDA shall have the right, upon reasonable notice, to enter the property owned, leased or controlled by NURSERY, and its sublicensees, during regular business hours, for the purposes of confirming field counts and verifying compliance with the terms and conditions of this Agreement.

ARTICLE VI LICENSEE PERFORMANCE

6.1 NURSERY, or its sublicensees or agents, shall expend reasonable efforts and resources to protect, propagate and market the Licensed Variety for the purpose of offering Licensed Products for sale. NURSERY shall offer Licensed Products for sale in the United States within ____ (#) years of the Effective Date, and NURSERY shall offer Licensed Products for sale in Licensed Territory Two within ____ (#) years of the Effective Date unless these periods are extended by mutual agreement of the parties.

6.2 Prior to the sale of Licensed Products in, or the export of harvested material of the Licensed Variety to, any country outside the United States that is included in Licensed Territory Two, NURSERY, or its sublicensees or agents, shall apply for plant breeder's rights for the Licensed Variety in that country. NURSERY shall ensure compliance with all official requirements necessary for certification of the Licensed Variety in that country.

6.3 For the purpose of maintaining the reputation and market standing of the Licensed Variety, NURSERY, and its sublicensees and agents, shall exercise due diligence and make reasonable efforts to adhere to standards prevalent in the commercial (type of fruit, tree, vine or ornamental plant) nursery industry. Such diligence and efforts include, but are not limited to, the marking provisions under Article IX of this Agreement.

6.4 NURSERY shall notify USDA in writing within fifteen (15) days after the first commercial sale of Licensed Products by NURSERY.

6.5 Licensed Products sold or otherwise disposed of in the United States by NURSERY, or its sublicensees, shall be manufactured substantially in the United States. For the purposes of this Agreement, manufactured shall mean grown.

6.6 After the first sale of Licensed Products in the United States, NURSERY shall keep Licensed Products reasonably available to the United States public during the term of this Agreement.

ARTICLE VII
DURATION, MODIFICATION, AND TERMINATION

7.1 NURSERY is required to execute fully this Agreement and submit a fully executed original to USDA. If USDA does not receive the fully executed original within sixty (60) days from the date of USDA's signature on this Agreement, then the terms and conditions of this Agreement shall be withdrawn from further consideration by NURSERY and the Agreement shall be null and void. At its sole discretion, USDA may extend the sixty (60) day execution period, any such extension must be in provided in writing.

7.2 This Agreement shall commence on the Effective Date and, unless sooner terminated as provided under this Article VII, shall remain in effect until the expiration of the last to expire certificate of protection under the Licensed Patent and Licensed Breeder's Rights.

7.3 This Agreement may be modified or terminated by USDA subject to the provisions of Paragraphs 7.4 and 12.4 below if it is determined that any one of the following has occurred:

- (a) NURSERY, or its sublicensees, fails to meet the obligations set forth in Article VI above;
- (b) Such action is necessary to meet requirements for public use specified by Federal regulations issued after the date of this Agreement and such requirements are not reasonably satisfied by NURSERY, or one of its sublicensees;
- (c) Materials for propagation of the Licensed Variety sold in the United States are not being produced substantially in the United States;
- (d) NURSERY has willfully made a false statement or willfully omitted a material fact in the license application or in any report required by this Agreement;
- (e) NURSERY, or its sublicensees, commits a substantial breach of a covenant or agreement contained in this Agreement; or
- (f) NURSERY is adjudged bankrupt or has its assets placed in the hands of a receiver or makes any assignment or other accommodation for the benefit of creditors.

7.4 Prior to modification or termination of this Agreement, USDA shall furnish NURSERY and any sublicensees of record a written notice of intention to modify or terminate, and NURSERY 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.

7.5 NURSERY may terminate this Agreement at any time upon ninety (90) days written notice to USDA. Such notice shall include an explanation of the reasons for termination.

7.6 Upon termination of this Agreement, all sums that have accrued and are due to USDA pursuant to Article IV hereunder shall become immediately payable. In all other respects, the rights and obligations of the parties hereto concerning the Licensed Variety shall cease as of the effective date of such termination. NURSERY and its sublicensees may, however, sell all Licensed Products under propagation and in inventory at the time of termination provided that royalties are paid on any such sales in accordance with the provisions of Article IV.

7.7 In the event of termination of this Agreement, any sublicense of record granted pursuant to Paragraph 2.3 may either be converted to a license directly between sublicensee and USDA or be terminated by the sublicensee.

ARTICLE VIII PATENT ENFORCEMENT

8.1 NURSERY shall use all commercially reasonable efforts to protect USDA's property rights in the Licensed Variety and shall notify USDA of any infringement of the Licensed Patent or Licensed Breeder's Rights that comes to the attention of NURSERY and its sublicensees. In the event of such infringement, the parties hereto shall confer and shall use best efforts to reach mutual agreement upon the best course of action, including but not limited to, offering the infringing party a sublicense under the Licensed Patent or Licensed Breeder's Rights.

8.2 The U.S. Government shall not be obligated to enforce the Licensed Patent or Licensed Breeder's Rights against infringers, and may grant the right of enforcement to NURSERY, pursuant to Title 35, Section 207(a)(2) and Title 35, Chapter 29, of the U.S. Code. NURSERY shall continue to make all payments accruing to the USDA until such time as this Agreement is terminated by either party, even if the Government elects not to enforce the Licensed Patent or Licensed Breeder's Rights against infringers.

ARTICLE IX MARKINGS AND NON-USE OF NAMES

9.1 NURSERY, and its sublicensees and agents, shall include in its catalogs, advertising and commercial documents the name of the Licensed Variety and the applicable U.S. Plant Patent Number, or prior to issuance of a patent, notice that a U.S. Plant Patent application is pending.

9.2 NURSERY, and its sublicensees and agents, shall mark all packages, pots, labels containing Licensed Products with the applicable U.S. Plant Patent Number, or prior to issuance of such patent, with the words "U.S. Plant Patent Application Pending".

9.3 In order to preserve rights under the Licensed Breeder's Rights, NURSERY, and its sublicensees, shall ensure that the appropriate markings are used on Licensed Products and in

any catalogs, advertising, commercial documents, as may be required under the laws of each country included within Licensed Territory Two.

9.4 NURSERY shall not use the name of the U.S. Government, the name of any department or agency of the U.S. Government, the name of any U.S. Government employee, or any adaptation of the above in any promotional activity without prior written approval from USDA.

ARTICLE X
REPRESENTATIONS AND WARRANTIES

10.1 USDA represents and warrants that the United States of America as represented by the Secretary of Agriculture owns the Licensed Variety and that USDA has the authority to issue licenses under the Licensed Patent and Licensed Breeder’s Rights.

10.2 USDA does not warrant that the Licensed Variety can be exploited as provided under this Agreement without infringing the intellectual property rights of others. USDA FURTHER MAKES NO WARRANTIES AS TO THE MERCHANTABILITY OR FITNESS OF THE LICENSED VARIETY OR THE LICENSED PRODUCTS FOR ANY PARTICULAR PURPOSE, OR ANY OTHER WARRANTIES EXPRESS OR IMPLIED.

ARTICLE XI
NOTICES

Written notices and reports required to be given under this Agreement, and submission of license execution and maintenance fees and royalties, shall be delivered either: (a) in person; (b) by electronic mail (Email); (c) by first class mail, postage prepaid; (d) by registered or certified mail, postage prepaid, return receipt requested; or (e) by national or international commercial overnight courier, all fees prepaid, that guarantees next day delivery and provides a receipt. Such notices, reports, and payments shall be addressed as follows:

For Agreement Notices and Requests to Amend License Agreement:

If to USDA:

If to NURSERY:

Assistant Administrator
USDA, ARS, Office of Technology Transfer
5601 Sunnyside Avenue, 4-1159
Beltsville, MD 20705-5131
Email: license@ars.usda.gov

Email: _____

For Financial Notices and Payments:

If to USDA:

If to NURSERY:

Business Licensing Officer
USDA, ARS, Office of Technology Transfer
5601 Sunnyside Avenue, 4-1159
Beltsville, MD 20705-5131
Email: license@ars.usda.gov

Email: _____

ARTICLE XII
MISCELLANEOUS PROVISIONS

12.1 This Agreement shall not be assigned or otherwise transferred (including any transfer by legal process or by operation of law, and any transfer in bankruptcy or insolvency, or in any other compulsory procedure or order of court), except to the NURSERY’s Affiliate(s), without the prior written consent of the USDA. The parties agree that the identity of the parties is material to the formation of this Agreement and that the obligations under this Agreement are non-delegable. If the USDA approves such proposed assignment, the NURSERY shall pay the USDA, as an additional royalty, one percent (1%) of the fair market value of any consideration received by the NURSERY for any assignment of this Agreement within sixty (60) days of the assignment. In no event shall NURSERY assign or transfer this Agreement to a party not a citizen or resident of the United States of America.

12.2 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.

12.3 Neither party may waive or release any of its rights or interest in this Agreement except in writing. The failure of a party to assert a right hereunder or to insist on compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party.

12.4 The parties shall make every reasonable effort to resolve amicably any dispute concerning a question of fact arising under this Agreement. In accordance with the requirements of 37 CFR 404.11, USDA has established an administrative procedure for resolving disputes not settled amicably between the parties. Any such disputes shall be decided by the Assistant Administrator, Office of Technology Transfer, Agricultural Research Service (ARS), who shall reduce such decision to writing and mail or otherwise furnish a copy thereof to NURSERY. Any decision of the Assistant Administrator, ARS, whether it be a question of fact, or to modify or terminate this Agreement, may be appealed to the Administrator, ARS, whose decision shall be administratively final and conclusive. This shall not preclude NURSERY from taking additional legal action once all administrative avenues have been exhausted. Pending final decision of a dispute hereunder, NURSERY shall proceed diligently with the performance of its obligations under this Agreement.

12.5 Nothing relating to the grant of this license, nor the grant itself, shall be construed to confer upon NURSERY or its sublicensees any immunity from or defenses under the antitrust

laws or from a charge of patent misuse, and the acquisition and use of rights pursuant to this license shall not be immunized from the operation of state or Federal law by reason of the source of the grant.

12.6 The provisions of this Agreement are severable, and the illegality or invalidity of any provision of this Agreement shall not impair, affect, or invalidate any other provisions of this Agreement.

12.7 These provisions are consistent with and do not supersede, conflict with, or otherwise alter the employee obligations, rights, or liabilities created by existing statute or Executive Order relating to (1) classified information, (2) communications to Congress, (3) the reporting to an Inspector General of a violation of any law, rule, or regulation, or mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety, or (4) any other whistleblower protection. The definitions, requirements, obligations, rights, sanctions, and liabilities created by controlling Executive Orders and statutory provisions are incorporated into this agreement and are controlling

12.8 This Agreement constitutes the entire agreement and understanding between the parties, and neither party shall be obligated by any condition, promise 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.

FOR THE UNITED STATES DEPARTMENT OF AGRICULTURE:

Signature

Date

Name: _____
Assistant Administrator, Agricultural Research Service

FOR (NURSERY NAME):

Signature

Date

Name: _____

Title: _____