

Commercial Contract

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*Empowered lives.
Resilient nations.*



Small and Medium Enterprises Development Authority

Ministry of Industries & Production

Government of Pakistan

www.smeda.org.pk

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January 2013

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Pro-Gole (Right to do Business)

Legal Services, B&SDS

LEGAL SERVICES, SMEDA

The Legal Services (LS) department is a part of Business & Sector Development Services Division of the Small Medium Enterprises Development Authority and plays a key role in providing an overall facilitation and support to the small businesses. The LS believes that information dissemination among the small businesses on the existing legal & regulatory environment and business to business and business to client contracting is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate small businesses, the LS, under the Pro-GOLE (Right to do business) project, a joint SMEDA-UNDP initiative for supporting the small businesses, has developed user-friendly contract templates.

Pro-GOLE, (Right to do Business)

The UNDP has partnered with the Small and Medium Enterprises Development Authority to initiate and execute the Pillar 4 (Right to do business) component of the UNDP PRO-GOLE project which seeks to enhance the legal awareness and mobility of marginalized/ informal businesses. Under the project legal services outreach shall be extended to small businesses including home based enterprises, small shopkeepers, growers, women entrepreneurs, hawking vendors etc. In addition, small business shall be mobilized to access legal services.

The Need for Commercial Contracts Templates

In an increasingly complex and competitive industry, it is vital that suppliers and purchasers are fully protected against legal and commercial risks. To counter such risks, a viable solution; available as- of the shelf commercial contract templates- will provide the users with first class ready to use support. With obligations properly set out and liabilities accurately defined, the users will be in a far better position to look after their rights and interests and move forward from their marginalized positions to being active players of the economy. The Legal Service Providers can equally take benefit of these templates for their professional and business development.

Disclaimer

The information contained in this template is meant to facilitate the businesses in documenting transactions with reference to IP matters. However, SMEDA, UNDP or any of their employees or representatives accept no responsibility and expressly disclaim any and all liabilities for any and all losses/shortfalls caused by or motivated by recommendations from the information contained within this document. Although SMEDA's ambition is to provide accurate and reliable information; yet, the document is not an alternative to expert legal advice and should ideally be used in conjunction with the same. Any person using this document and or benefiting from the information contained herein shall do so at his/her own risk and costs and be deemed to have accepted this disclaimer.

All information contained in this document may be freely used provided that relevant acknowledgement is accurately quoted with each usage.

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6. COPYRIGHT LICENSE AGREEMENT

THIS COPYRIGHT LICENSE AGREEMENT (hereinafter referred to as the "Agreement") made and entered into at _____ (insert place) on this ____ (insert date) day of _____ (insert month) 20__ (insert year),

BY AND BETWEEN:

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

OR

Mr/Mrs/Ms [insert Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number]

(hereinafter referred to as the "Licensor", which expression shall, wherever the context so provides, include its successors, assigns, nominees and agents)

AND

M/s [insert Name], a public/private company incorporated under the Companies Ordinance, 1984, having its registered office at [insert Address] through its [insert Designation], Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a partnership concern of Mr/Mrs/Ms [insert Name] and Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through its Partner, Mr/Mrs/Ms [insert Name];

OR

M/s [insert Name], a sole proprietorship concern of Mr/Mrs/Ms [insert Name], having its place of business at [insert Address] through Mr/Mrs/Ms [insert Name];

OR

Mr/Mrs/Ms [insert Name], son/wife/daughter of [insert Name], r/o [insert Address] CNIC # [insert Number]

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(hereinafter referred to as the "Licensee", which expression shall, wherever the context so provides, include its successors, assigns, nominees and agents)

(The Licensor and the Licensee are hereinafter collectively referred to as the "Parties", and individually as the "Party").

WHEREAS the Licensor owns all proprietary rights in and to numerous copyrightable works, identified as the following, and hereinafter collectively referred to as the "Copyright Works":

1. [insert name/description of the copyright work]
2. [insert name/description of the copyright work]
3. [insert name/description of the copyright work]

AND WHEREAS the Licensor has the exclusive right to license others to produce, copy, make, or sell the Copyright Works.

AND WHEREAS the Licensor owns all rights in and to the Copyright Works and retains all rights to the Copyright Works which are not transferred under this Agreement.

AND WHEREAS the Licensee desires to obtain, and the Licensor has agreed to grant a license to the Licensee authorizing the use of the Copyright Works by the Licensee in accordance with the terms and conditions of this Agreement.

NOW THEREFORE the Parties have entered into this Agreement on the following terms and conditions:

1. GRANT OF LICENSE

- (1) The Licensor hereby grants to the Licensee, in accordance with the terms and conditions of this Agreement, a (non)-exclusive, non-transferrable license to use the Copyright Works in the course of its business and to otherwise copy, make, use and sell the Copyright Works, and for no other purpose. Licensee may copy and sell the Copyright Works in accordance with the terms set forth below, for general advertising materials and point of sale displays, advertising, and other promotional materials for the Copyright Works. Any other use of the Copyright Works shall be made by the Licensee only upon

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the receipt of prior written approval from the Licensor.

- (2) The Licensee shall not grant sub-licenses without the prior written approval of the Licensor.

2. OWNERSHIP OF COPYRIGHT WORKS

- (1) The Licensee acknowledges that the Licensor is the sole and exclusive owner of the Copyright Works, and agrees that the Licensee shall not claim ownership rights to the Copyright Works, or any derivative, compilation, sequel or series, or related Copyright Works owned by the Licensor.
- (2) The Licensee agrees that nothing in this Agreement shall give the Licensee any right, title, or interest in the Copyright Works other than the right to use the same in accordance with this Agreement.

3. TERM AND TERMINATION

- (1) This Agreement shall commence on the date of execution of this Agreement, and shall continue in full force and effect for a period of [insert number] years, unless terminated earlier in accordance with this Agreement.
- (2) In the event that the Licensee fails to maintain its good corporate standing, the Licensor, at its sole discretion, may immediately terminate this Agreement.
- (3) In the event that the Licensee sells all of its assets to a third party, or otherwise cease to exist in its current form, the Licensor, at its sole discretion, may immediately terminate this Agreement.
- (4) Upon the termination or expiration of the license granted under this Agreement by operation of law or otherwise, all rights (including the right to use the Copyright Works) privileges and obligations arising out of this Agreement shall cease to exist, except for the Licensee's obligation to pay royalties to the Licensor pursuant to the terms herein.
- (5) Upon termination of this Agreement, the Licensor shall allow to the Licensee [insert number] days to cease all use of the Copyright Works, including change of labels, packaging and advertising, and [insert number] months to deplete the existing inventories of goods bearing the Copyright Works. The Licensee agrees to discontinue the use of

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the Copyright Works upon termination of this Agreement as quickly as practicable, and in no event longer than the time specified herein.

4. FEES

- (1) The Licensee shall pay to the Licensor an amount of Rs. _____/- (Rupees _____) (insert amount) (hereinafter referred to as the "License Fees") in consideration of the Licensor granting the License to the Licensee.
- (2) In addition to the License Fees, for each unit of the Copyright Works sold by the Licensee during the term of this Agreement, the Licensee shall pay to the Licensor the royalty in accordance with Schedule A to this Agreement, plus any applicable taxes (hereinafter referred to as the "Royalty").
- (3) The Royalty shall be payable by the Licensee to the Licensor on account of the sales of the previous month on the [insert number] day of each month, in arrears.

5. INDEMNIFICATION

- (1) The Licensee shall fully indemnify, defend, and hold harmless the Licensor from and against any and all claims, losses, damages, expenses, and liability, other than those for infringement, including without limitation, suits arising from offering, promoting, advertising, sale, or use by the Licensee of the Copyright Works, whether or not such use conforms to standards set by Licensor, provided that such claim, loss, damage, expense, or liability does not arise from the negligence of Licensor.
- (2) The Licensor shall fully indemnify, defend, and hold harmless the Licensee from and against any and all claims, losses, damages, expenses and liability, including claims of copyright infringement arising out of the Licensee's authorized use of the Copyright Works. Licensor does not agree to indemnify Licensee for claims of copyright infringement directed at the appearance or design of the packaging and advertising for the Copyright Works which has been created, or is owned, by Licensee.

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6. ASSIGNMENT

Neither Party hereto may assign, convey or otherwise transfer any of its rights, obligations, or interest herein without prior express written consent of the other Party.

7. VALIDITY OF COPYRIGHT WORKS

The Licensee admits the validity of all copyrights for the Copyright Works and all associated registrations. Provided that this Clause shall not entitle the Licensor to all or any portion of the profits or revenues from the Licensee's permitted uses under this Agreement, except for the License Fees and the Royalty pursuant to Clause 4.

8. INDEPENDENT BUSINESS RELATIONSHIP

- (1) The Licensor and the Licensee are independent contractors, and nothing contained in this Agreement shall be construed to be a relationship of joint venturers, partners, employer/employee, or agency between the Parties.
- (2) Neither Party shall have the power to bind or obligate the other, except as set forth in this Agreement.

9. FORCE MAJEURE

- (1) Force Majeure shall mean any event that is beyond the reasonable control of a Party, or the effects of which adversely affect the performance by such Party of its obligations under this Agreement, including, but not limited to, acts of God, sabotage, insurrection, terrorism, riots, hostilities or war (whether declared or not), acts of the public enemy, civil disturbances, any kind of fire, explosion, flood or accidental damage, epidemics, landslides, washouts, lightning, storms, earthquakes, lockouts, blockades, shortage of labor or material, major equipment failure, or other causes beyond the control of the Party affected.
- (2) Notwithstanding anything contained hereinabove, neither Party shall be liable to the other if it is unable to perform any of its obligations under this Agreement due to the occurrence of Force Majeure.

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- (3) The Party affected by the Force Majeure event shall be entitled to suspend performance of its obligations under the Agreement to the extent that such performance is impeded or made impossible by the events of Force Majeure.
- (4) Each Party shall give a notice within [insert number] days of the occurrence of the event of Force Majeure and shall promptly thereafter consult the other Party for the purpose of finding a mutually acceptable solution to the Force Majeure event.

10. GOVERNING LAW AND EXCLUSIVE JURISDICTION

This Agreement in all respects be read and construed and shall operate as a contract, in conformity with the laws of Pakistan, and the courts at [insert place] shall have exclusive jurisdiction for adjudicating any dispute arising hereunder.

11. SETTLEMENT OF DISPUTE

Any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the Pakistan Arbitration Act, 1940, subject to the exclusive jurisdiction of the Courts of [insert place].

12. MISCELLANEOUS

- (1) This Agreement represents the complete agreement between the Parties with regard to the subject matter and supersedes any prior understanding or agreements, oral or written.
- (2) This Agreement may be amended or revised only by an instrument in writing signed by either the Parties or their duly authorized representatives.
- (3) No provision hereof or breach of any provision may be waived except by a written waiver, signed by the waiving Party. No waiver of any right under or breach of this Agreement shall be construed to be a waiver of any other right or breach under the Agreement.
- (4) Any provision of this Agreement which is prohibited or unenforceable under any law, rule or regulation applicable in Pakistan for the time being shall be ineffective only to the extent of such prohibition or lack of enforceability, and

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shall not invalidate the remaining provisions hereof.

- (5) The validity of this Agreement and of any of its terms or provisions, as well as the rights and duties of the Parties to the Agreement, shall be governed by the laws of Pakistan.

IN WITNESS WHEREOF, the Parties have set their respective hands on this Agreement at the place, and on the date, mentioned hereinabove.

For and on behalf of
The Licensor

For and on behalf of
The Licensee

WITNESS NO. 1

WITNESS NO. 2

Signature: _____

Signature: _____

Name: _____

Name: _____

Designation: _____

Designation: _____

Date: _____

Date: _____

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Schedule A

LIST OF COPYRIGHT WORKS AND ROYALTY PAYMENT

Description	Royalty
1. [insert name/description of Copyright Work]	[insert percentage of unit price]
2. [insert name/description of Copyright Work]	[insert percentage of unit price]
3. [insert name/description of Copyright Work]	[insert percentage of unit price]