**Royalty Agreement Template**

Prepared for:  
﻿  
​[Client.FirstName] [Client.LastName]  
​[Client.Company]​

Created by:  
﻿  
​[Sender.FirstName] [Sender.LastName]  
[Sender.Company]​

This royalty agreement is made on [Agreement.CreatedDate] between the following parties:​

[Sender.Name] (Granter) and

​[Client.Name] (Grantee).

Whereas, the Granter owns and holds the rights to grant interest in [Property.Address], the Grantee has expressed an interest to make use of the Granter’s property for [Time.Period] by paying a portion of the Grantees profits as royalty for the property, as well as any agreed lump sums included in this royalty agreement.

Therefore, both parties are in agreement to the following terms and conditions:

The rights provision in this royalty agreement template lists the specific rights being granted to the Grantee, for which the Granter will receive royalties.

PandaTip: The rights provision in this royalty agreement template lists the specific rights being granted to the Grantee, for which the Grantor will receive royalties.

**Rights**

The Granter, upon entering into this agreement will grant the Grantee rights to the Property for use both in the United States and abroad for a period of [Agreement.Years] years.

PandaTip: The section below in the royalty agreement template provides documentation of any and all responsibilities and warranties the grantor may provide during the agreement’s term.

**Granters Representations and Warranties**

The Granter hereby represents they are the owner of the property listed and have all the needed rights to enter into this royalty agreement as well as grant the appropriate licenses to the Grantee.

Upon signing this royalty agreement, the Granter agrees to deliver any and all needed documents for the property to the Grantee for the term agreed.

In the instance of a breach of this agreement the Granter agrees to hold the Grantee harmless of any loss, damages, or injuries that may incur.

PandaTip: Just as the Grantor can list all representations and warranties in the section above, the Grantee is provided with a similar section in the royalty agreement template below.

**Grantees Representations and Warranties**

The Grantee agrees during the term of this agreement all property included will be held in confidence and with the same regard as the Grantee would hold personal proprietary information.

In the instance of any action occurring that may threaten the confidentiality of the Granter’s property the Grantee shall notify the Granter immediately and work to resolve such breach.

If the Grantee’s negligence should cause any injury, loss, or damage to personnel or the property the Grantee agrees to hold the Granter harmless and will seek to remedy the situation.

PandaTip: The royalties portion of this royalty agreement template documents any and all royalties being offered including any lump sum amounts.

**Royalties**

The Grantee has offered to pay the following royalties for the permission and use of the listed properties:

Lump Sum:[LumpSum.Total]​

Net Profits: [NetProfit.Percentage]%

PandaTip: The template’s payment terms state that royalties will be paid in two forms- an initial lump sum, and ongoing royalties in the form of a percentage of net profits.

**Net Profits**

Net profits shall, for the sake of this royalty agreement, be considered the total profits obtained by the Grantee during the term of this agreement through use of the Granter’s property after the following dues have been paid:

* All costs regarding manufacturing and marketing
* All general and overhead expenses including taxes and fees

Any additional fees as listed below:​

**Royalty Payouts**

The Grantee agrees to track all proceeds and product as well as provide the Granter with a summary of all the above items on a monthly basis inclusive of any royalty totals due for the month.

The Granter shall, once per year, be permitted to conduct an unannounced audit of all royalties owed as well as all inventory.

This audit will be at the expense of the Granter unless fault is found during. In the instance of a breach or fault found the Grantee will become responsible for the fees and costs associated with the audit.

**Indemnity**

Except in the instance of a breach of this agreement neither party shall be held liable for any injuries, loss, damages, or costs any third party individuals may incur from this royalty agreement resulting from the other parties actions.

**Confidentiality**

The Grantee understands they may become aware of information that if made public could have a negative impact on the Granter. Under this understanding the Grantee agrees to keep all information made available to themselves or anyone represents them confidential.

This confidentiality clause will remain in effect even if termination, cancellation, or completion of this royalty agreement occurs.

PandaTip: The termination clause in the royalty agreement template provides documentation of any and all termination reasons as well as the time frame for such termination to take place.

**Termination**

At any time during this agreement either party may, with written notification, request to terminate this agreement.

The following will terminate this agreement:

* Breach of contract
* Bankruptcy
* Failure to comply to confidentiality terms

**Assignment**

Neither of the Parties involved in this royalty agreement shall be assigned any tasks without prior notification and approval.

Any assignments that do not undergo the above actions will be deemed void.

PandaTip: The survivability section of this template covers the process for replacing any aspect of this agreement which is deemed illegal or unreasonable by a court of law.

**Survivability**

If at any point one or more terms and conditions within this royalty agreement are deemed to be unenforceable or void, the parties agree to substitute a similar term or condition to replace the defective one.

**Waiver**

The failure to enforce or uphold any aspect of this royalty agreement shall not constitute a waiver of any other aspect of the agreement.

PandaTip: Because contract and royalty law varies between jurisdictions, it is important to define where this contract will be judged should a dispute occur.

**Governing Law**

This royalty agreement shall be under the jurisdiction of [Client.State] and any legal proceedings shall take place as such.

**Notice**

Any and all notifications regarding this royalty agreement shall be delivered either in person, via courier, or via certified mail to the addresses listed below:

Grantee: [Client.StreetAddress], [Client.City], [Client.State], [Client.Zip].

Granter: [Sender.StreetAddress], [Sender.City], [Sender.State], [Sender.Zip].

**Entire Agreement**

This royalty agreement as well as any exhibits attached shall for all considerations be the entire agreement for the properties listed.

Furthermore, this royalty agreement will take precedence over any and all previous agreements including, but not limited to, any oral or written agreements between the Parties.

PandaTip: In the “entire agreement” section, the template states that this agreement shall be considered the only agreement concerning royalty payments for the listed properties. Any other promises or agreements not documented here won’t be considered valid.

**Agreement**

Both parties understand and agree to the terms and conditions of this royalty agreement. By signing electronically below, both parties acknowledge receipt and understanding of this agreement.

[Sender.Company]

Signature

MM/DD/YYYY

[Sender.FirstName] [Sender.LastName]

[Client.Company]

Signature

MM/DD/YYYY

[Client.FirstName] [Client.LastName]