**Affiliate Licence**

**Summary of principal changes in revised version (October 2014)**

**Main Agreement**

| **Clause** | **Summary of Change** |
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| 2.1.3 | The right in this clause to use and modify the International Release has been removed, since it is dealt with elsewhere in the agreement. The right to use the International Release is already covered in clause 2.1.1, while the right to modify the International Release is addressed in clauses 2.1.4 and 4.1. |
| 5.2 | This has been amended to state explicitly that a failure to pay License Fees is a material breach of the License Agreement by the Licensee. |
| 5.3 | Now that the Licensee has a general right of termination for convenience under clause 5.4, this clause has been amended to make clear that both parties’ rights of termination are exhaustively set out in clause 5. That is, the Licensor may terminate only under clause 5.2, and the Licensee may terminate only under clause 5.2 or clause 5.4. |
| 5.4 | This has been amended to allow the Licensee to terminate the License Agreement for convenience on 12 months’ notice at any time (previously the Licensee could terminate for convenience only if the Licensor varied the terms of the License Agreement).  |
| 5.11 | A new clause has been added to require the Licensee to submit a final statement of account within 14 days after termination of the License Agreement.  |
| 5.12 | A new clause has been added to state explicitly that termination of the License Agreement does not affect any liabilities that have already accrued prior to termination (including the liability of the Licensee to pay License Fees). |
| 6.3 | This has been amended for consistency with the new clause 5.4. Clause 5.4 previously provided that the Licensee could terminate if the Licensor varied the agreement under clause 6.3, but that that right of termination had to be exercised before the variation became effective; clause 6.3 provided that, if the Licensee exercised that right of termination, the variation would not apply to the Licensee. Now that clause 5.4 has been amended to permit the Licensee to terminate at any time, clause 6.3 has been amended to make clear that a variation will not apply to the Licensee *only* if the right of termination under clause 5.4 is exercised before the variation becomes effective. |
| 7.1 | This has been amended to provide that License Fees are payable annually in arrear (rather than six-monthly in arrear). |
| 7.3 | The reporting requirement has been amended so that the Licensee is required to report on an annual (rather than six-monthly) basis. The $1,000 minimum threshold for issuing an invoice has also been removed. Finally, the clause now sets out minimum information about the Licensee’s activities that must be included in the Licensee’s annual statement of account. |
| 9.3 – 9.5 | New clauses have been added requiring the Licensee to notify the Licensor before exercising its rights under the License Agreement in any Non-Member Territory (including deploying the International Release or deploying, distributing or licensing any Licensee Product in a Non-Member Territory). The Licensor is entitled to specify the form and manner in which notification must be made. If the Licensee is based in a Member Territory, the Licensee must also notify the applicable Member. |

**Appendix A (Defined Terms)**

| **Clause** | **Summary of Change** |
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| “Hospital” / “Practice” | The definitions of “Hospital” and “Practice” have been amended to refer to secondary/tertiary and primary care, respectively (as opposed to in-patient and out-patient care, respectively). The requirement that a Hospital must consist of multiple departments has also been removed. |
| “Licensee Products” | The definition has been amended to include any product that interoperates with the International Release (whether it includes the International Release or not), and to clarify that the term includes any product that reads or writes data encoded using SNOMED CT. |

**Appendix B (License Fees)**

| **Clause** | **Summary of Change** |
| --- | --- |
| 1.4 | The year referred to in this paragraph has been amended to reflect the fact that the tables in this Appendix now state the 2014 fees (hence the first year in which the fees will be indexed is 2015). |
| 1.5 | This new paragraph provides that the license fees for Hospitals apply only to Hospitals that occupy a single physical site. Any activity in respect of a multi-site Hospital must be notified to the Licensor under paragraph 4 of Appendix B, and may be subject to different license fees. |
| 1.6 | This new paragraph provides that a single Practice may occupy only a single physical site (and that if a Practice occupies multiple sites, each site is treated as a separate Practice).  |
| 1.7 | This new paragraph deals with two situations in which the use of a Licensee Product may not be referable to a single territory – software designed to operate on mobile devices, and services that are accessed via the internet and allow users to extract or download substantial portions of SNOMED CT. Any such situations would be addressed on a case-by-case basis under paragraph 4 of Appendix B. |
| 1.8 | This new paragraph clarifies that the Licensee’s obligation to pay license fees in respect of any deployment does not depend on that deployment being used in a live or production environment. |
| 1.9 | This new paragraph provides that, where the Licensee claims the exemption for Qualifying Research Projects, it must report to the Licensor on the progress of the project in a manner reasonably required by the Licensor. This is to enable the Licensor to verify that the exemption is being properly claimed. If the Licensee fails to comply with this requirement, the Licensor may revoke the exemption. |
| 2.2 | This paragraph has been amended to clarify the circumstances in which a Practice is treated as being a department of a Hospital – it must be located on the Hospital’s premises and funded solely by that Hospital. If both of those conditions are not satisfied, fees are payable in respect of the Practice in addition to any fees that may be payable in respect of the Hospital. |