

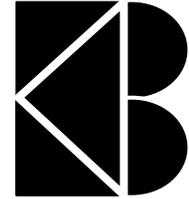
SAMPLE LICENSE AGREEMENT

© 2004 Kagan Binder, PLLC



SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



Intellectual Property License Agreement for Rustproof Widget

between **NORMAN EINSTEIN TECHNICAL
INSTITUTE and ACME CONGLOMERATE**

This Intellectual Property License and Assignment Agreement is made and effective this _____ day of February in the year 2004 (EFFECTIVE DATE) by and between NORMAN EINSTEIN TECHNICAL INSTITUTE having an office and place of business at _____(NORM), and ACME CONGLOMERATE as licensee, having an office and place of business at ____ (ACME).

NORM represents that it is the owner of certain patent rights and documentation relating to RUSTPROOF WIDGETS and related products and services. ACME desires to obtain certain patent and information rights from NORM that will facilitate ACME's manufacture, and selling RUSTPROOF WIDGETS and related products and services incorporating such rights to any third parties. NORM is willing to grant ACME the right to use certain NORM patent and INFORMATION rights in accordance with the terms and conditions of this Agreement.

NOW, therefore, in order to provide ACME with such rights, the parties agree as follows:

Article 1 **DEFINITIONS**

1.1 "EFFECTIVE DATE" of this Agreement shall be the day, date, and year first set forth above.

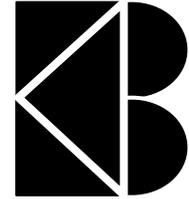
1.2 "PRODUCT(s)" shall mean all or a portion of any RUSTPROOF WIDGET as well as any article constituting all or a portion of any accessory, device, packaging, equipment, tool, marketing material, accessory or the like that is marketed and/or used in combination with a RUSTPROOF WIDGET.

1.3 "RUSTPROOF WIDGET" shall mean any widget covered by one or more valid, enforceable, pending or unexpired claims of the NORM PATENT RIGHTS and/or incorporating NORM INFORMATION.

1.4 "NORM INFORMATION" shall mean any and all tangible technology, written materials, equipment, facilities, tooling, facilities design, product parts, processes, electronic media formulations, documentation, designs, plans, and policies relating to the PRODUCT that previously has been or will have be transferred to ACME by NORM hereunder. At a minimum, NORM INFORMATION shall include the items listed on **Schedule A**.

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



1.5 “NORM PATENT RIGHTS” shall mean any patent applications or patents owned or controlled by NORM as of the EFFECTIVE DATE and having one or more claims that relate to PRODUCTS. The NORM PATENT RIGHTS shall include United States patent application having United States Serial No. ____, titled RUSTPROOF WIDGET, bearing Attorney Docket No. __ and filed ____, in the names of _____ et al., as well as any parent patent applications from which such application claims priority under 35 USC 119 or 120, continuations, continuations-in-part, divisions, additions, reissue applications, reexamined patent applications, any patents that may issue on any such applications, and foreign equivalents thereof. A listing of current NORM PATENT RIGHTS is shown in **Schedule B**. This list shall be updated by NORM from time to time upon request of ACME

1.6 “NET SALES” shall mean the gross dollar amount collected by ACME from its customers, whether such customer is a distributor, wholesaler, retailer, end-user, or any other third party, for RUSTPROOF WIDGETS sold, leased, licensed or otherwise commercially transferred by ACME, less: (i) any discounts or rebates actually applied; (ii) any tax or governmental charge included in such gross dollar amount, which is imposed directly on, or measured by, the sale, lease or transfer, transportation, delivery or use of such items, other than any taxes or charges on the seller’s net income, unless it is actually reimbursed; (iii) actual allowances for returned or defective RUSTPROOF WIDGETS; and (iv) any license fee or

royalty paid to a third party for use of any technology incorporated in the RUSTPROOF WIDGETS.

Article 2 **LICENSE GRANTS, ROYALTY, AND REPORTS**

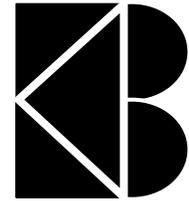
2.1 NORM agrees to grant and does hereby grant to ACME a royalty bearing, worldwide, exclusive license under NORM INFORMATION and NORM PATENT RIGHTS to make, make for others, have made, use, sell, offer for sale, import, or otherwise distribute PRODUCTS anywhere in the world. This grant shall further include the right of ACME to grant written sublicenses to any third party.

2.2 The license grant under NORM INFORMATION shall be deemed to be irrevocable and fully paid up as of midnight (CST), December 31, 2006.

2.3 Subject to Paragraph 2.4, ACME shall pay NORM a royalty for all RUSTPROOF WIDGETS sold by or for ACME. During each calendar year, the royalty rate shall be in accordance with the following table:

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



Cumulative NET SALES of RUSTPROOF WIDGETS sold during the calendar year	Royalty rate applicable to such NET SALES
Up to \$1,000,000 (US)	5% of the NET SALES
More than \$1,000,000 (US) up to \$5,000,000 (US)	3% of the NET SALES
Greater than \$5,000,000	1% of the NET SALES

2.4 ACME shall have no obligation to pay royalty for any sales or other transfers of RUSTPROOF WIDGETS made to a third party for testing purposes. Only one royalty shall be payable for each RUSTPROOF WIDGET regardless of the number of times such RUSTPROOF WIDGET is commercially transferred by or for ACME.

2.5 Royalty payable by ACME hereunder shall be deemed to accrue and be payable to NORM on the date on which ACME is paid by its customers. Royalty shall accrue pro rata in each instance that ACME receives partial payment(s) from a customer until the full royalty payable hereunder has been paid for sales corresponding to such partial payments.

2.6 Beginning with calendar year 2006, ACME in the sole discretion of ACME shall pay NORM a minimum fee of \$15,000 each year in order to keep this Agreement in full force and effect. Any royalty actually paid by ACME to NORM for each such calendar year shall be fully creditable toward this minimum fee. If there is a shortfall between royalties paid by ACME to NORM for such calendar year and the minimum fee (e.g., if royalties paid for the four calendar quarters total \$8,500, then the shortfall is the difference between \$15,000 and \$8,500, or \$6,500), and if ACME elects to continue the license beyond such calendar year, the shortfall is due and payable with the fourth calendar quarter report and payment (see Paragraph 2.7) for such calendar quarter. If there is no such shortfall, then no shortfall payment is due.

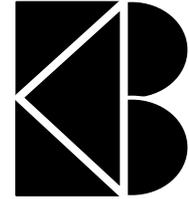
2.7 Within sixty (60) days after the end of each calendar quarter, ACME shall furnish NORM with a written report setting forth the computation of the royalties payable to NORM during such calendar quarter. Each report shall be accompanied by a certified check or money order payable to NORM in the amount due, less any taxes required by a governmental agency to be withheld with respect to royalties payable to NORM for that calendar quarter of that year.

2.8 Royalties and the minimum fee payment, if any, shall be paid to NORM in U.S. dollars.

2.9 ACME shall keep accurate and complete records in sufficient detail to enable royalties payable to

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



NORM hereunder to be verified. ACME shall permit such records to be inspected at the option of NORM once per calendar year upon written notice by NORM for the purpose of verifying the amount of royalties payable hereunder to NORM. Such inspection shall be made during reasonable business hours and shall be performed by an independent auditor, such as a certified public accountant or firm of certified public accountants, selected and appointed by NORM. NORM shall bear all the costs of retaining the independent auditor for such inspection. The independent auditors making such inspection shall report to NORM only the amount of royalties due and payable. Two (2) years after furnishing NORM with such written report, ACME shall have the right to destroy or discard the records that formed the basis for such written report, and the written report thereafter shall be deemed to be correct and accurate.

Article 3 **CONFIDENTIALITY**

3.1 During the term of this Agreement, ACME may find it desirable to share its confidential and proprietary business and technical information, e.g., royalty payments and reports, sales volumes, forecasts, business plans, vendors, customers, manufacturing information, test results, product development plans, etc. (CONFIDENTIAL INFORMATION) with NORM. ACME desires to protect the confidential and proprietary nature of such information as set forth herein.

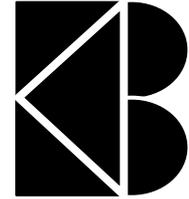
3.2 NORM shall maintain, and will cause its employees, agents, and consultants to maintain, the confidentiality of all CONFIDENTIAL INFORMATION received from ACME under this Agreement using the same care and safeguards with respect to such CONFIDENTIAL INFORMATION as is used to maintain the confidentiality of its own information of like character, but in no event less than reasonable care.

3.3 CONFIDENTIAL INFORMATION received by NORM under this Agreement may be disclosed by NORM only to its employees, agents, and consultants to whom disclosure is necessary to fully use the license granted under this Agreement and to otherwise facilitate the purposes of this Agreement, and shall not be disclosed to any third party or commercially used by NORM for any purpose except as expressly authorized in the Agreement. NORM represents and warrants that all of its employees, agents, and consultants who shall have access to CONFIDENTIAL INFORMATION shall have been advised of their obligations under this Agreement. Further, NORM represents and warrants that all of its employees, agents, and consultants who shall have access to CONFIDENTIAL INFORMATION shall be bound by written agreements to maintain such information in confidence and not to use such information except as expressly permitted herein.

3.4 Except as expressly authorized in this Agreement, NORM shall not disclose CONFIDENTIAL

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



INFORMATION to any third party without the advance written consent of ACME.

3.5 The obligations of confidentiality under this Agreement shall not apply to information which:

- (a) is in the public domain without fault of NORM; or
- (b) was known to NORM before receipt from ACME as demonstrated by written business records of NORM; or
- (c) is independently developed by NORM; or
- (d) is disclosed to NORM by a third party without restriction.

3.6 Except as otherwise expressly provided in this Agreement, the title to all CONFIDENTIAL INFORMATION provided to NORM by ACME shall remain vested in ACME.

3.7 The existence and terms of this Agreement shall be deemed to be subject to the confidentiality obligations of this Article 3. Written approval must be obtained from the other party if one party wishes to make any disclosure relating to the existence and/or content of the relationship between the parties hereunder.

3.8 NORM shall not be liable for disclosure of CONFIDENTIAL INFORMATION in compliance with any governmental statute, regulation, order, or decree of a court or other governmental body; provided, however, that NORM shall

give reasonable notice to ACME before NORM's compliance with such statute, regulation, order, or decree.

3.9 NORM shall have a duty to protect only that CONFIDENTIAL INFORMATION which is (a) disclosed by ACME in writing and is marked as confidential, proprietary, or with a similar legend, at the time of disclosure, or which is (b) disclosed in any manner by ACME and is identified as confidential or proprietary at the time of the disclosure and is confirmed to be confidential by ACME to be confidential and provided to NORM within a period not to exceed one hundred eighty (180) days of initial disclosure.

Article 4 **WARRANTIES AND REPRESENTATIONS**

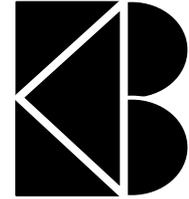
4.1 NORM warrants that it has no agreements with any third party or commitments or obligations which conflict in any way with its obligations under this Agreement.

4.2 NORM represents and warrants that it has full right and power to grant the rights set forth in this Agreement to ACME.

4.3 NORM represents and warrants that no claim by any third party contesting the validity, enforceability, use or ownership of any of the NORM INFORMATION previously

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



has been made against NORM or, to the present knowledge of NORM, is threatened.

4.4 To the present knowledge of NORM, NORM represents and warrants that it has not received any written notices of, nor to the present knowledge of NORM, are there any facts which indicate to NORM a likelihood of any infringement or misappropriation by, or conflict with, any third party with respect to the NORM PATENT RIGHTS.

Article 5 **PATENT PROSECUTION, FILING, ISSUANCE,** **AND MAINTENANCE**

5.1 During the term of this Agreement, the Parties shall cooperate to prepare, file, prosecute, issue, and maintain the NORM PATENT RIGHTS; provided, however, that no action may be taken with respect to the preparation, filing, prosecution, issuance, or maintenance of the NORM PATENT RIGHTS without the written consent of ACME. In addition to the specific United States Patent Application identified in Paragraph 1.5 above, the Parties shall confer and mutually agree as to whether to file and pursue additional patent applications in the U.S. and/or internationally constituting other NORM PATENT RIGHTS.

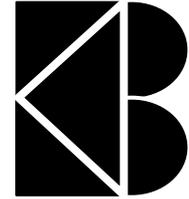
5.2 ACME shall have the right to select one or more patent counsel(s) ("Selected Counsel(s)) who will serve as the

primary liaison between the Parties and the Patent Office in which any patent application constituting NORM PATENT RIGHTS is filed. The Parties shall obligate such patent counsel(s) to promptly provide both Parties with copies of any prosecution correspondence received directly or indirectly from a Patent Office or from local patent counsel(s) (e.g., EPO counsel or the like) assisting with patent prosecution of such applications. Both Parties must approve any and all substantive prosecution correspondence or other communication relating to any NORM PATENT RIGHTS before such correspondence or communication can be filed with the pertinent Patent Office and/or before such patent counsel(s) take other prosecution action on behalf of the Parties. Each party at its own expense shall provide the patent counsel(s) with assistance and documentation as reasonably required for the patent counsel(s) to operationally and administratively handle the preparation, filing, prosecution, issuance, and maintenance of patent properties constituting NORM PATENT RIGHTS.

5.3 ACME agrees that it shall bear all expenses and outside attorney's fees of the Selected Counsel(s) associated with the preparing, filing, prosecuting, issuing, and maintaining of any NORM PATENT RIGHTS during the term of this agreement. Otherwise, neither Party shall be responsible under this Agreement for paying or reimbursing the other Party for any fees or payments associated with other counsel representation, costs, or expenses unless approved by both Parties in advance in writing. ACME shall be entitled to credit

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



up to 50% of such Selected Counsel(s) fees and expenses against any royalties, minimum fees, option payment, or any other payment obligations payable to NORM hereunder.

Article 6 **OWNERSHIP, ENFORCEMENT, AND** **COMMERCIALIZATION OF THE NORM PATENT** **RIGHTS**

6.1 During the term of this Agreement, ACME shall have the sole right and discretion to bring any action to enforce any patent(s) constituting the NORM PATENT RIGHTS and shall have the sole right and discretion to defend any declaratory judgment or other action in which a cause of action is asserted challenging the validity, enforceability, use, and/or claim construction of any patent(s) or patent application(s) constituting the NORM PATENT RIGHTS. In the event that NORM becomes aware of any infringement or possible infringement of any NORM Patent Rights, NORM shall promptly notify ACME in writing regarding such infringing activity.

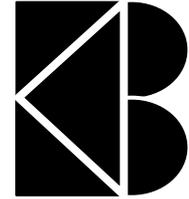
6.2 Any action involving the NORM PATENT RIGHTS that is brought or defended by ACME (the “Acting Party”) shall be at the sole expense of ACME, and any recoveries gained, or liabilities incurred in such action shall be entirely that of ACME. ACME shall retain control of any such action, including the sole right to select, retain, and direct

counsel, and to make any and all decisions with respect to claims, defenses, counterclaims, settlement, and strategy. Further, ACME may initiate any such action in its own name and/or in the name of NORM if necessary and/or desirable under applicable law in order for ACME to initiate such action.

6.3 Upon request of ACME and at the expense of ACME, NORM shall have a duty to cooperate reasonably with ACME in any action involving The NORM PATENT RIGHTS that is brought or defended by ACME, including (if necessary) joinder as a party to such action. Such cooperation shall include cooperation to maximize the maintenance of all attorney-client, work product, and joint defense privileges, and the Parties shall each instruct their respective counsel(s) accordingly. As a condition of any participation, NORM shall agree to be signatory to and be bound by any protective order that might be entered by a court or stipulated to between ACME and the other party or parties. ACME shall, as is reasonable, provide NORM with the opportunity to comment and offer suggestions during the course of any such action and shall, as is reasonable, keep NORM informed of all developments in the action. NORM shall treat such information as Confidential Information and/or as privileged information in accordance with the provisions set forth in this Agreement.

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



Article 7 **TERM AND TERMINATION**

7.1 This Agreement shall commence on the EFFECTIVE DATE. Unless previously terminated in accordance with one or more of the other provisions hereunder, and subject to Paragraph 2.2, this Agreement shall expire at the end of the enforceable term of the last to expire of the NORM PATENT RIGHTS.

7.2 Subject to Paragraph 2.2, this Agreement may be terminated by either party in the event of a material breach by the other party of the terms of this Agreement provided that the terminating party first gives the defaulting party written notice of termination, specifying the grounds therefor, and the defaulting party has had thirty (30) days after such notice is given to cure the breach. If not so cured, this Agreement shall terminate at the expiration of such thirty (30) days. Waiver by a party of a default by another party shall not deprive the first party of the right to terminate this Agreement due to any subsequent default of another party.

7.3 Subject to Paragraph 2.2, ACME may terminate this Agreement with or without cause upon thirty (30) days written notice to NORM.

7.4 NEITHER ACME NOR NORM SHALL, UNDER ANY CIRCUMSTANCES, BE LIABLE TO EACH

OTHER FOR INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, REVENUE, OR BUSINESS RESULTING FROM OR IN ANY WAY RELATED TO THIS AGREEMENT, OR THE TERMINATION OF THIS AGREEMENT, OR ARISING OUT OF OR ALLEGED TO HAVE ARISEN OUT OF BREACH OF THIS AGREEMENT.

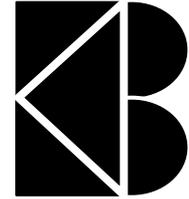
Article 8 **DISPUTE RESOLUTION**

8.1 This article shall apply to any dispute arising out of the making or performance of or otherwise relating to this Agreement.

8.2 The Parties shall attempt in good faith to resolve any dispute arising out of the making or performance of or otherwise relating to this Agreement promptly by negotiations between persons who have authority to settle the controversy. Either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Providing such a notice in good faith will toll the cure period of Paragraph 8.2 until the dispute resolution provisions of this article are exhausted. Within twenty (20) days after delivery of said notice, authorized person(s) of both Parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to exchange relevant

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



information and to attempt to resolve the dispute. If the matter has not been resolved within 120 days of the disputing Party's notice, or if the parties fail to meet within 20 days, either party may initiate mediation of the controversy or claim as provided hereinafter. If a negotiator intends to be accompanied at a meeting by an attorney, the other negotiator shall be given at least seven (7) days advance notice of such intention and may also be accompanied by an attorney. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence 408 and any other comparable law provision.

8.3 If the dispute has not been resolved by negotiation as above, the Parties shall endeavor to settle the dispute by mediation. Either Party may indicate a mediation proceeding by a request in writing to the other Party. Thereupon, both Parties will be obligated to engage in a mediation. The Parties regard the aforesaid obligation to mediate an essential provision of this Agreement and one that is legally binding on them. In case of a violation of such obligation by either Party, the other may bring an action to seek enforcement of such obligation in any court of law having jurisdiction thereof.

8.4 The mediator(s) shall be approved by each Party and shall have a background in the industry or subject matter of the dispute. The Parties shall share equally the costs and any

administrative expenses of the mediator(s). Otherwise, each Party shall bear all of its own costs and expenses.

8.5 Nothing herein shall preclude either Party from taking whatever actions are necessary to prevent immediate, irreparable harm to its interests. Otherwise, these procedures are exclusive and shall be fully exhausted prior to the initiation of any litigation. However, if any such dispute cannot be resolved after the exhaustion of these procedures and after ninety (90) days from the termination of the mediation proceedings, each Party may pursue its remedies at law and equity through binding arbitration at a neutral location agreed upon by both Parties and in accordance with the rules then pertaining of the American Arbitration Association, and judgment or decree may be entered upon the award in any court having jurisdiction.

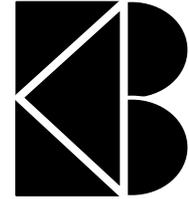
8.6 ACME and NORM may only bring an arbitration action in the State of Minnesota, and such action shall apply the laws of the State of Minnesota without regard to conflicts of law principles.

Article 9 **ASSIGNABILITY**

This Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of either party. Neither ACME nor NORM may, without the written consent of the other, assign this Agreement in whole or in part

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



Article 11 **MISCELLANEOUS**

11.1 The validity, construction and performance of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Minnesota, U.S.A. without giving effect to any choice of law or conflict of law rules or regulations that would cause the application of the laws of a jurisdiction other than Minnesota. Any action to enforce the obligations created by this Agreement shall be brought before a court of competent jurisdiction within the State of Minnesota, Washington County.

11.2 This Agreement sets forth the entire Agreement between the parties and supersedes all previous agreements and understandings, whether oral or written, between the parties with respect to the subject matter of this Agreement.

11.3 This Agreement may not be modified, amended, or discharged except by a written agreement signed by an authorized representative of each party.

11.4 The provisions of this Agreement shall be deemed separable. If any provision in this Agreement shall be found or be held to be invalid or unenforceable, then the meaning of that provision shall be construed, to the extent

feasible, to render the provision enforceable, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement which shall remain in full force and effect unless the provisions that are invalid or unenforceable substantially impair the value of the entire Agreement to any party. In such event, the parties shall use their respective reasonable efforts to negotiate a substitute, valid, and enforceable provision which most nearly effects the parties' intent in entering into this Agreement.

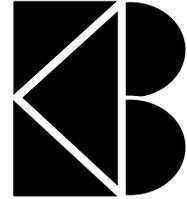
11.5 No waiver of any term, provision or condition of this Agreement whether by conduct or otherwise in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such term, provision or condition or of any other term, provision or condition of this Agreement.

11.6 This Agreement shall bind the parties, their successors, trustee in bankruptcy, and permitted assigns.

11.7 No party shall be considered in default or be liable to the other party for any delay in performance or non-performance caused by circumstances beyond the reasonable control of such party, including but not limited to acts of God, explosion, fire, flood, war, whether or not declared, accident, labor strike or labor disturbances, terrorist activities, inability to procure supplies from third party vendors, sabotage, order or decrees of any court, or action of government authority.

SAMPLE

Kagan Binder, PLLC
Suite 200, Maple Island Building
221 Main Street North
Stillwater, MN 55082
651-351-2900
www.kaganbinder.com



IN WITNESS WHEREOF, the parties, through their respective duly authorized officers, have executed this Agreement to be effective as of the EFFECTIVE DATE when signed and dated by both parties below.

The foregoing is intended to provide you with helpful suggestions in protecting your organization from avoidable liability concerns in intellectual property matters. Each matter is different, and the advice of competent counsel in each situation should be obtained.

ACME CONGLOMERATE

By: _____
Printed Name: _____
Title: _____
Date: _____

NORMAN EINSTEIN TECHNICAL INSTITUTE

By: _____
Printed Name: _____
Title: _____
Date: _____