

# Introduction To Licensing Agreement

InventionSpringboard.Com Division of California Business Center  
1652 West Texas Street, 2<sup>nd</sup> Floor, Fairfield, CA 94533 USA. 707 427-6414

## Simplified Over View of Business Steps

1. Invention Springboard, the licensor of the patent rights, assigns control of the inventions to the Licensee, who becomes the Licensee.
2. The Licensee can then reassign part of their licensed rights to others. The Licensee controls the tasks of: improving, promoting, and collecting royalties from the inventions. These tasks are parceled to their Associates. As a team Associates polish the draft invention, getting it ready to be re-licensed to a manufacturer or venture capitalist. Now venture capitalists often have excess funds, but lack interesting inventions in which to invest.
3. Associates can earn a healthy percent of the future royalties. They work mostly in exchange for sweat equity, plus maybe minor payments before the invention gets adopted in the market.
4. The Associates locate a manufacturer or venture capitalist interested in re-licensing the invention from the Licensee.
5. Back-to-Back Licensing: The Licensee receives liberal rights and control, allowing them to reassign their license to manufacturers and venture capitalists, their Re-Licensees.
6. The manufacturer or venture capitalist completes the patent applications for different countries; and manufactures the inventions for the world's markets.
7. The Licensee collects royalties from their Re-Licensee, and controls disbursements to the Associates and Invention Springboard. Patent rights can continue up to 20 years.

## Business Step Examples

### Example #1:

The Licensee has an engineer research and make some improvements to the invention, then they identify the manufacturers around the world. Next a marketing agent calls and emails manufacturers for price quotes to produce the invention. The agent offers distributors exclusive rights to certain territories for the first five years, in exchange for their first purchase order. The agent consolidates multiple purchase orders to place the first production order. At some stage, the turnkey operation is handed to a venture capitalist, that licenses the invention from the Licensee.

### Example #2:

Through the course of creating the turnkey operation in the above example, someone comes forth and asks to license the invention from the Licensee.

### Example #3:

Press releases are sent out to over 10,000 periodicals describing the invention. This can lead to orders from individual buyers and distributors. It can also attract investors and manufacturers.

The specific agreement begins as follow.

# License Agreement

## InventionSpringboard.Com

Division of California Business Center  
1652 West Texas Street, 2<sup>nd</sup> Floor, Fairfield, CA 94533 USA. 707 427-6414

### Introduction

This License Agreement (the "Agreement") is made between InventionSpringboard.Com, Division of California Business Center (referred to as "Licensor"), and \_\_\_\_\_ referred to as "Licensee ."

InventionSpringboard.Com, Innovation Institute are divisions of the business incubator California Business Center. California Business Center is the DBA (trade name) for CBC Services, LLC.

Collectively the Licensor and Licensee are referred to as "the parties." Licensor is the owner of designated proprietary rights to invention(s) referred to as \_\_\_\_\_ [insert invention number(s) and *name(s) which are also the proposed trademark(s)*]. Licensee desires to license, and later may re-license certain rights in the invention. The parties agree as follows:

### Patent Pending Invention, Improvements, Copyright, Trade Secrets & Trademark

The "Property" refers to those invention(s) only described in the portions of patent reference number(s) shown in Exhibits A and B. This covers copyrights, trade secrets, formulas, research data, know-how, and specifications related to the invention(s), as well as any trademark rights and associated goodwill. This also includes any improvements, reissues, or extensions, as well as any continuations, divisions, or substitute U.S. patent applications that shall be based on the patent(s); and any patent applications corresponding to the above described patent applications that may have been issued, filed, or to be filed in any number of countries.

### Licensed Products specifically described

Licensed Products are defined as the Licensee products incorporating the Property and used as specifically described in Exhibits A and B.

### Grant of Exclusive Rights

Licensor grants to Licensee an exclusive license to make, use, and sell the Property solely in association with the manufacture, sale, use, promotion, or distribution of the Licensed Products.

### Consent to Sublicense to Investor or Manufacturer Not Unreasonably Withheld

Licensee will check the backgrounds of all prospective Sub-Licensees, and work only with those having an ethical and responsible history. Licensee may sublicense the rights granted pursuant to this agreement to a manufacturer or investor provided: Licensee obtains Licensor's prior written consent to such sublicense. Licensor's consent to any sublicense shall not be unreasonably withheld; and Licensor receives such revenue or royalty payment as provided in the Payment section below. Licensee will send Licensor the original documentation for the results of a deep background check on the prospective Sub-Licensees, such as from Dunn & Bradstreet or other international credit agency licensed in the US, European Union, or Japan.

### Reservation of Rights - All rights reserved

Licensor expressly reserves all rights other than those being conveyed or granted in this Agreement.

Exhibit B covers parts that may help improve Exhibit A as licensee wishes. Exhibit B is the property to be licensed but not on an exclusive basis. Licensor can license inventions to other parties that may use Exhibit B for purposes other than what is in Exhibit A.

### **Licensee Assigning Their Rights In This Agreement To Others**

Licensee's plan is to assign or transfer its rights or obligations pursuant to this Agreement to Sub-Licensees, with prior written consent of Licensor. Licensee may assign their rights and obligations to parties that will actively improve, research, promote, invest in, re-license, and or manufacture the property, pursuant to this agreement. Licensor shall be very reasonable in offering such consent, unless the Sub-Licensees have a poor track record with paying their royalties or bills, or legal judgments for unlawful or unethical conduct. Licensor's relationship remains with the Licensee. The Licensee manages its relationship with their Sub-Licensees.

### **World Territory**

The rights granted to Licensee are limited to:  Africa,  Asia,  Europe,  North America,  South America,  The World.

### **Term for the length of patent only**

This Agreement begins upon the Effective Date, and expires simultaneously with the expiration of the longest-living patent (or patents) or last--remaining patent application as listed in the definition of the Property, whichever occurs last, unless sooner terminated pursuant to a provision of this Agreement.

### **Fixed yearly term**

This Agreement shall commence upon the Effective Date and shall continue for \_\_\_\_\_ [insert number of years] unless sooner terminated pursuant to a provision of this Agreement.

### **Term for as long as licensee is completing the patent applications and sells licensed products**

This Agreement shall commence upon the Effective Date as specified in Exhibit A and shall continue for as long as Licensee continues to: complete the patent applications in those countries it wishes to be licensed; and during or thereafter, offer the Licensed Products in commercially reasonable quantities unless sooner terminated pursuant to a provision of this Agreement.

### **Licensor's Services Obligations To Licensee:**

**Free Live Operator & Tel Number:** Licensor provides Licensee and its affiliates free Virtual Phone Receptionist services, whereby incoming calls are usually answered live in the Licensee's company or personal name during business hours, and can be patched to the recipient's home, cell or other number in the US, or their voice mail on the phone system at Licensor's office building. The phone utility doesn't permit portability of the tel number outside the system. Licensee may use Licensor's phone number(s), and or forward their number to the phone system. Features include: 3-way calling, call forwarding, call recording, caller ID, etc. Fees apply high tech labor time for phone trees, whereby callers have the option to select from multiple extensions.

**Free Websites:** Licensor offers web designing of the material provided by Licensee, plus free web hosting at the office building for websites receiving reasonable traffic. Licensor obtains, pays for, and owns the web domain name(s) which are available and requested by Licensee. Control of the websites revert back to Licensor if this agreement is terminated before the expiration or abandonment of the last patent application for the property. Otherwise Licensor controls all web content.

**Furnished Conference Rooms, Offices and Mail Receiving** at the office building. Hourly rooms and the following may be reserved by calling 707 434-8000: T1 high speed internet, phones tapped into the Virtual Receptionist phone system, use of power point projector, coffee, tea, and a reasonable number of photocopies and faxes. Mail receiving and weekly forwarding of mail received at the office building, can be forwarded to a single address once a week, or picked up weekdays. Packages are forwarded at cost. The normal building rules shall be abided by.

This section covers all the Licensor's revocable responsibilities to Licensee. Licensee maintains its rights from this contract, should Licensor elect to discontinue providing its assistance for whatever reason.

### **Licensor's Financial Obligations To Licensee Before Manufacturing:**

Monthly Payment: Licensor shall pay Licensee \$\_\_\_\_\_/mo. The first four payments shall be made the 15<sup>th</sup> and last day of the month. It is paid the last day of each month thereafter. Licensee uses this money as they wish.

### **Royalties**

All royalties ("Royalties") provided for under this Agreement shall accrue when the respective items are sold, shipped, distributed, billed, or paid for, whichever occurs first. Royalties shall also be paid by the Licensee to Licensor on all items, even if not billed (including, but not limited to introductory offers, samples, promotions, or distributions) to individuals or companies which are affiliated with, associated with, or subsidiaries of Licensee. Licensee is free to keep all foreign tax credits from income earned outside the US.

### **Net Sales**

"Net Sales" are defined as Licensee's gross sales minus 10%. The gross invoice is the amount billed customers, less quantity discounts. The 10% deduction is the simpler way of addressing the following costs: shipping, product returns, uncollectible accounts, or for fees or expenses of any kind which may be incurred by the Licensee in connection with the Royalty payments.

#### **[ ] Advance Against Royalties [Optional]**

As a nonrefundable advance against Royalties (the "Advance"), Licensee agrees to pay to Licensor upon execution of this Agreement the sum of \$ \_\_\_\_\_ [insert the amount of the advance, if any].

### **Royalty on net sales**

Licensee agrees to pay a Royalty of all Net Sales revenue of the Licensed Products ("Licensed Product Royalty") as follows:

Base Royalty : The base royalty rate is 3.8% of net sales. Annual net revenues exceeding US\$10,000,000 converts total royalty to 5.8%, for all net sales within any 12 month period.

### **Investments**

Licensee controls all investments it receives for Licensee's shares of royalty rights it offers investors, strictly in exchange for: salaries, research, continuing the patent applications, promotions, and or manufacturing the property.

### **Licensee Controls and Disburses Royalties**

Base Royalty: Licensee collects all royalties. Licensee keeps 51% of the royalties over the base royalty.

Reasonable Royalty: Licensee is encouraged to charge reasonable royalties, and stick with the base royalty rates specified. Licensee keeps a third of any royalties over this base royalty, with two thirds going to the Licensor.

Licensee's share of royalties are transferable to those assisting Licensee, per an agreement the Licensee decides to sign with them.

Licensor's Share: Licensee pays Licensor 49% of the base royalties, and two thirds of any royalties over the base royalty rate. Over half the Licensor's profits from the base royalties are allocated any way the Licensor may desire for: 1. Any of Licensor's court costs; 2. Developing more inventions benefiting mankind, or the environment; 3. Any charitable or goodwill causes. Only the Licensee can waive this requirement after royalties started.

### **First US\$400,000 of Basic Royalty**

The Licensee keeps half of the first US\$400,000 from any future basic royalty during the initial three years of this agreement.

### **If Licensee Later Decides to Manage and Control Manufacturing**

All owed royalties for the first US\$1,000,000, from three years after signing this agreement, shall be used per the reserve fund. The base royalty rate is used.

### **Reserve Fund**

Licensee can place the reserve funds into a trust account, or send it to the Licensor. Usage of the fund plus any normal US bank savings account rate of interest, is controlled by Licensee to: improve, promote, continue the patent application, and or manufacture the property, plus cover basic and healthy living costs for the property s Licensee (who might work mostly for sweat equity). Funds unused for two years or at any termination of this agreement revert to the Licensor.

### **This Agreement is the First Purchase Order for Property**

Licensor offers any manufacturer authorized by Licensee at least US\$1,000, after the first full production run. This is for the property manufactured for sale to the end user market. Licensor receives a few complete samples from this production run, when payment at least covers the net sales price.

### **Guaranteed Minimum Annual Royalty Payment To Licensor**

In addition to any other advances or fees, Licensee shall collect or pay Licensor an annual guaranteed royalty of US\$2,400/mo which only starts from Jan 1<sup>st</sup>, 2009. Monies go into the reserve fund.

### **License Fee [Optional]**

As a nonrefundable, non-recoupable fee for executing this license, Licensee agrees to pay to Licensor upon execution of this Agreement the sum of US\$\_\_\_\_\_.

### **Royalties on Spin-Offs [Optional]**

Licensee agrees to pay a Royalty ("Spin Off Product Royalty") of 50% the amount of the total royalty as specified in this agreement, for all Net Sales of "Spin Off Products." A "Spin-Off Product" is any product that is derived from, based on, or adapted from the Licensed Product, provided that if the product uses the Property it shall be considered to be a Licensed Product and not a Spin Off Product.

### **Sublicensing Revenues**

Any sublicense of the rights granted pursuant to this Agreement, Licensee shall pay to Licensor the same royalty as specified in this agreement.

### **Payments and Statements to Licensor**

Within thirty days after the end of each calendar quarter (the "Royalty Period"), an accurate statement of Net Sales of Licensed Products along with any Royalty payments or sublicensing revenues due to Licensor shall be provided to Licensor, regardless of whether any Licensed Products were sold during the Royalty Period. All payments shall be paid in United States currency drawn on a United States bank. The acceptance by Licensor of any of the statements furnished or Royalties paid shall not preclude Licensor questioning the correctness at any time of any payments or statements.

### **Audit**

Licensee shall keep accurate books of account and records covering all transactions relating to the license granted in this Agreement, and Licensor or its duly authorized representatives shall have the right upon two days' prior written notice, and during normal business hours, to inspect and audit Licensee's records relating to the Property licensed under this Agreement. Licensor shall bear the cost of such inspection and audit, unless the results indicate an underpayment greater than US\$250 for any six--month period. In that case, Licensee shall promptly reimburse Licensor for all costs of the audit along with the amount due with interest on such sums. Interest shall accrue from the date the payment was originally due and the interest rate shall be 1.5% per month, or the maximum rate permitted by law, whichever is less. All books of account and records shall preferably be made available in the United States. However the books can be in European Union, Japan. Korea, China, Hong Kong, Taiwan, Thailand or the Commonwealth countries if the company s headquarters and main books are in one of the previous countries. The \$3,000 annual audit fee is due every January 1<sup>st</sup> if the location for the main books and headquarters are in another country. The books must be kept available for at least two years after the termination of this Agreement.

### **Late Payment**

Time is of the essence with respect to all payments to be made. If there is any payment provided for in this Agreement, interest is 1.5% per month, or the maximum rate permitted by law, whichever is less.

### **Licensor's Disclaimer**

Licensor's role is limited to the first step of the invention process, which is brainstorming for ideas and possibilities. Licensor's role is to take it from there. Viability of ideas, patent searches or market research from Licensor and or its affiliated parties for the following are not guaranteed in any way. This includes: the property being licensed, and any other new products, business, safety, and marketing, which may likely be worthless; while others may be worth considerable fortunes. Licensor's past success in conceiving great ideas does not suggest its other ideas are worthy. Licensor is not responsible for its many errors, except through clear deliberate fraud. Working with many abstract inventions is a complicated gamble, and things often go wrong. Kindly understand Licensee's likely problems can include one or more of the following: non patentability of the property being licensed; licensing property that shouldn't have been licensed for whatever reason; gross negligence; poor record keeping; failure to disclose highly pertinent information; accidental breach of confidentiality; non timely filing of patent office documents; or working with unethical and or improperly screened parties; Etc, Etc. Licensee will carefully verify everything it receives from the Licensor and or its affiliates.

### **Indemnification by Licensee**

Licensee shall indemnify Licensor and hold Licensor harmless from any damages and liabilities (including reasonable attorneys' fees and costs) arising from any losses incurred by Licensee or their affiliates.

After the commencement of a lawsuit against Licensee that comes within the scope of this agreement, namely the realm of intellectual property rights, Licensee may place 50% percent of the royalties due to Licensor under the Payment Section, in a separate interest bearing fund hereinafter referred to as the "Legal Fund" if Licensee elects to place a matching amount into this legal fund. Licensee may draw against such Legal Fund to satisfy all of the reasonable expenses of defending the suit and of any judgment or settlement made in regard to this suit. In the event the Legal Fund shall be insufficient to pay the then-current defense obligations, Licensee may advance monies on behalf of the Legal Fund and shall be reimbursed as payments are credited to the Legal Fund.

After the suit has been concluded any balance remaining in the Legal Fund shall be paid to Licensor and all future royalties due to Licensor shall be paid to Licensor as they would otherwise become due. Licensee shall not permit the time for appeal from an adverse decision on a claim to expire.

### **Licensor's Limited Liability**

Licensor shall not be liable to Licensee for any incidental, consequential, punitive, or special damages. Should Licensee be considered liable, any indemnity against Licensor shall only be applicable in the event of a final decision by a court of competent jurisdiction from which no right to appeal exists.

Licensor's liability to licensee shall not exceed the following compensations in the order shown. First, Licensor will attempt to conceive over five alternative new products in a field preferably somewhat related to the property, or at least somewhat related to the Licensee's product line or business background. Licensor will assign the US patent pending application for this paragraph's inventions, to the licensee. Any royalty for these inventions shall be reduced to reflect damages to the Licensee. Second, Licensor shall return part or all of the royalties it received from Licensee, plus US\$1,200.

Licensor's maximum liability to Licensee under this agreement, regardless on what basis liability is asserted, shall in no event exceed the total amount paid to Licensor under this Agreement, plus the estimated value of the additional inventions furnished per this paragraph.

Licensor shall conservatively invest half its profits from the last 12 months of royalties it receives from this agreement, unless Licensee waives this requirement. It may include investments with rates of return significantly lower than successful startups, e.g. bank savings, real estate, stocks in publicly traded companies, and bonds.

### **Licensee Warranties**

Licensee warrants that it will use its best commercial efforts to obtain, and later protect any patents from infringement by others. (Infringement occurs if someone tries to replicate the same or similar invention for sale without permission from the rightful Licensee). Licensee shall actively market the Licensed Products. Their sale and marketing shall be in conformance with all applicable laws and regulations, including but not limited to all intellectual property laws.

### **Intellectual Property Protection**

Licensee will actively and in a timely fashion apply for patents on the Property or Licensed Products provided that such patents shall be applied for in the name of Licensor and licensed to Licensee during the Term and according to the conditions of this Agreement.

Licensee shall cover the costs for the preparation, filing, and prosecution of any such U.S. patent application. 80% of the reasonable expenses for other countries can be deducted on a per country basis as follows: member countries from the European Union, and Commonwealth: US\$1,000; Japan, China, Taiwan, South Korea: US\$5,000; all other countries with annual gross national products over ten billion US dollars: US\$3,000.

Licensor may, but is not obligated to seek, in its own name and at its own expense, patent, trademark, or copyright protection for the Property outside the countries in which Licensee is actively following through with the patent application process for the property. Licensee will provide all information it has on what it has learned about the property, along with the patent filing documentation to Licensor for its patent filing process. Neither of the parties (Licensee nor Licensor) warrant the validity of any information it provides the other party; nor any patent, trademark, or copyright which may be granted.

### **Licensee's Time Guidelines: Improving & Promoting Property**

The Licensee shall show they've been active in developing and promoting the invention prior to the time its being sold by furnishing progress reports within the following time lines starting from the signing of this agreement:

#### **Step 1 - One month:**

By the end of one month (30 days) Licensee will have signed an agreement with at least one engineer to do the following: 1. Licensee has looked for engineers who may work for a percentage of future royalties with or without a small financial payment as well. Contact sources include: CraigsList.com's free Computer gigs postings, short help wanted classified ad in local newspaper, networking in high tech community such as by visiting their social events, unscreened engineer contacts via Licensor, and other ideas provided by Licensor, etc. 2. Conduct a patent search verifying if the property might be patentable by conducting searches such as the free site at USPTO.Gov; 3. Make any improvements to the property, like: enhancing its commercial viability, or broadening the scope of the patent application, making it harder for others to develop similar but different inventions.

#### **Step 2 - Two months**

Within two months, engineer(s) will have provided Step 1's results. Engineer(s) hopefully will continue to work on the project, past the first two months, when their time permits.

#### **Step 3 - Three months**

Within three months, Licensee will have completed a fairly thorough list of manufacturers, distributors and trade associations related to the property's product field, in the U.S., and maybe the other countries in the Licensee's territory (if any). This might include their best contact names, phone, fax, address and email. Initial contact will have been made to at least five parties from this list, such as for the property's manufacturer pricing, and market research.

#### **Step 4 - Each Month Thereafter**

With its best efforts and sweat equity, Licensor shall attempt to obtain royalties from the property. Instead of requiring royalties early on, what's being measured are the attempts to succeed with the property such as

via the following: Searching for related product information and patents; improving the invention in any way such as expanding the number of features or improving the written product description; prototype construction (not required); communicating with manufacturers for production costs and market research; communicating with distributors for potential sales and market research; creating a business plan; communicating the business plan with venture capitalists; Licensee manufacturing the invention themselves with funding from contacts Licensee will have developed; etc.

#### **Licensee s Time Guidelines: Continuing Patent Application Process**

Licensors shall complete the patent application process started by Licensors. Licensors shall file patent applications for the property in any of the countries within the territory as follows, starting from the signing of this agreement:

##### **Step 1 Six Months**

Created a completed draft patent application based on Licensors initial filing which includes any additional: improvements, product specifications, related product information and patents. Licensee forfeits any patent rights in those countries in which they have elected not to file patent applications. Licensors has the right to license the property to any party in such countries starting from five months and one day from this agreement s date. Licensee has found manufacturer(s), distributor(s) or other investor(s) who tentatively agreed to cover the patent application filing fees.

##### **Step 2 Seven Months**

Licensee has filed the patent applications in the selected countries that fully accept English applications.

##### **Step 3 Nine Months**

Same as step 2, for non-English countries.

#### **Extra Time For Licensee To Meet Time Guidelines**

Extra time is available for getting the property s new products onto the market. It applies from the first three months (90 days), up to manufacturing the product for sale to the end user. Up to three months a year of little activity is allowed, if Licensee makes a US\$50/mo payment into the reserve fund for such months. Waiting for patent office responses to completed patent applications in the targeted countries does not apply, though Licensee will try to nurture the researching, improving and marketing of the property at all times during this agreement.

#### **Licensee s Monthly Progress Update**

Unless total royalties exceeds US\$10,000/mo, Licensee will update Licensors in writing every month, copies of the work done on the property, along with all findings and results it has achieved.

#### **Compliance with Intellectual Property Laws**

The license granted in this Agreement is conditioned on Licensee's compliance with the provisions of the intellectual property laws of the United States and any foreign country in the Territory. All copies of the Licensed Product as well as all promotional material shall bear appropriate proprietary notices.

#### **Infringement Against Third Parties**

In the event that either party learns of imitations or infringements of the Property or Licensed Products, that party shall notify the other in writing of the infringements or imitations. Licensee shall have the right to commence lawsuits against third persons arising from infringement of the Property or Licensed Products. In the event that Licensee does not commence a lawsuit against an alleged infringer within sixty days of notification by Licensee, Licensors may commence a lawsuit against the third-party. Before the filing suit, Licensors shall obtain the written consent of Licensee to do so, and such consent shall not be unreasonably withheld. Each party will cooperate fully and in good faith with the other for the purpose of securing and preserving Licensee's rights to the Property. Any recovery (including, but not limited to, a judgment, settlement, or licensing agreement included as resolution of an infringement dispute) shall be divided equally between the parties after deduction and payment of reasonable attorneys' fees to the party bringing the lawsuit.

## **Help & Resources for Licensee**

Licensee may use Licensor's draft invention marketing guide available in pdf. The guide may be reproduced for purposes of marketing the property. Licensee is encouraged to submit suggestions for how the guide can be improved. The guide's worthiness is not warranted. Licensee and their parties are strongly encouraged to read all the following printed patenting, licensing and marketing information: *Patent It Yourself*, by David Pressment, Nolo Press Nolo.com; *The Inventor's Bible: How to Market and License Your Brilliant Ideas*, by Rondal Docie, Sr, Ten Speed Press, TenSpeed.com; Etc, Etc. This agreement is based on the form in the appendix of *License Your Invention: Sell Your Idea & Protect Your Rights with a Solid Contract*, by Richard Stim, Nolo Press. Government patent office websites: USPTO.Gov and WIPO.Int. Licensor never warrants the value of any printed or digitized material.

Resources and Licensor's information are not construed as advice or valid in any way. Licensee shall get advice from a patent attorney, intellectual property business consultant, and financial adviser for one's retirement.

## **Exploitation**

The plan is for Licensee to re-license the property to its Sub-Licensee(s) who may manufacture, distribute, and sell the Licensed Products in commercially reasonable quantities during the term of this Agreement and to commence such manufacture, distribution, and sale within the liberal time period of four years, from signing this agreement. This is a material provision of this Agreement.

## **Insurance**

Licensee shall, throughout the Term, obtain and maintain, at its own expense, standard product liability insurance coverage, naming Licensor as additional named insureds. Such policy shall: (a) be maintained with a carrier having a Moody's rating of at least B+; and (b) provide protection against any claims, demands, and causes of action arising out of any alleged defects or failure to perform of the Licensed Products or any use of the Licensed Products. The amount of coverage shall be a minimum of ten million dollars, or ten times annual sales but normally not greater than twenty-five million which ever is greater, with no deductible amount for each single occurrence for bodily injury or property damage. Property that has a reasonable chance of doing bodily injury or property damage will hopefully not be sold, however Licensee is in control of this decision; it shall have a greater insurance coverage to reasonably cover such greater than usual liability. Licensor has the benefit of doubt in determining the amount of such coverage. The policy shall provide for notice to the Agent and Licensor from the insurer by Registered or Certified Mail in the event of any modification or termination of insurance. Licensee shall furnish Licensor and Agent a certificate from its product liability insurance carrier evidencing insurance coverage in favor of Licensor, and in no event shall Licensee distribute the Licensed Products before the receipt by the Licensor of evidence of insurance. The provisions of this section shall survive termination for three years.

## **Ethics**

With its best efforts, Licensee will screen and monitor its affiliates for ethical conduct. Unethical behavior can include: abusing any monopoly from this license such as to hassle non-competitors; harming others; upsetting the environment; being unreasonably litigious; non-respect for cultural differences in world markets; and lacking a good reason on having poor credit ratings for late payment of bills. Public goodwill for those who develop, promote, manufacture and distribute the property is very important. Licensee shall try to disclose any known potential conflicts of interest it or its important affiliates may have with: the nature of this agreement, or other important affiliates of the Licensee, and or the Licensor, by attachment to this agreement. Potential conflicts of interest may include: a strong affiliation with a valuable company contact working in a field similar to the property; or those intending to work at cross purposes to the nature of this agreement.

## **Try To Maintain Confidentiality**

The parties acknowledge that each may be furnished or have access to confidential information that relates to each other's business (the "Confidential Information"). In the event that Information is in written form, the disclosing party shall label or stamp the materials with the word "Confidential" or some similar warning. In the event that Confidential Information is transmitted orally, the disclosing party shall promptly provide a writing indicating that such oral communication constituted Information. The parties agree to try and maintain the Confidential Information for the sole and exclusive benefit of the other party and to restrict access to such Confidential Information to persons bound by this Agreement, on a need--to--know basis. Licensor is working with many complicated ideas possibly related to the property; hence confidentiality cannot be guaranteed. Licensee might not furnish Licensor with highly sensitive confidential information. Neither party is liable for disclosing confidential material, unless it was deliberately cause damage to the other party, and could not have been done for having confused what was and wasn't confidential.

#### **Termination at will: Licensee's option**

Prior to manufacturing for sale, licensee may, at its sole discretion, terminate this agreement by providing one week's notice to the licensor. Three months notice shall be given after the first full production run.

#### **Term based upon length of patent protection**

This Agreement shall terminate with the expiration of the longest--living patent (or patents) or last--remaining patent application (as listed in the definition of the Property), whichever occurs last, unless terminated sooner under a provision of this Agreement.

#### **Licensor's Right to Terminate**

This agreement remains in effect if Licensee wishes to keep this license and abide by its terms; even if Licensor decides for whatever reason, to terminate its obligations to Licensee.

Licensor shall have the right to terminate this Agreement for the following reasons:

- (a) Licensee fails to pay Royalties when due or fails to accurately report Net Sales, as defined in the Payment Section of this Agreement, and such failure is not cured within thirty days after written notice from the Licensor;
- (b) Licensee fails to introduce the product to market within two years from being awarded the first patent, or to offer the Licensed Products in commercially reasonable quantities during any subsequent year;
- (c) Licensee assigns or sublicenses in violation of the Agreement; or
- (d) Licensee fails to maintain or obtain product liability insurance as required by the provisions of this Agreement.
- (e) Licensee fails to actively continue the patent filing process started by Licensor.

#### **Terminate as to territory not exploited**

Licensor shall have the right to terminate the grant of license under this Agreement with respect to any country or region included in the Territory in which Licensee fails to offer the Licensed Products for sale or distributions or to secure a sublicensing agreement for the marketing, distribution, and sale of the product within two years of the Effective Date.

#### **Effect of Termination**

Upon termination of this Agreement, all Royalty obligations as established in the Payments Section shall immediately become due. After the termination of this license, all rights granted to Licensee under this Agreement shall terminate and revert to Licensor, and Licensee will refrain from further manufacturing, copying, marketing, distribution, or use of any Licensed Product or other product which incorporates the Property. Within thirty days after termination, Licensee shall deliver to Licensor a statement indicating the number and description of the Licensed Products which it had on hand or is in the process of manufacturing as of the termination date. Licensee, may dispose of the Licensed Products covered by this Agreement for a period of three months after termination or expiration, except that Licensee shall have no such right in the event this agreement is terminated according to the Licensor's Right to Terminate, above. At the end of the

post-termination sale period, Licensee shall furnish a royalty payment and statement as required under the Payment Section. Upon termination, Licensee shall deliver to Licensor all tooling and molds used in the manufacture of the Licensed Products. Licensor shall bear the costs of shipping for the tooling and molds.

### **Survival**

The obligations of the following Sections, payment obligations, Licensee's warranties, Licensee indemnity of Licensor, Confidentiality, and product liability insurance shall survive any termination of this Agreement.

### **Attorneys' Fees and Expenses**

The prevailing party shall have the right to collect from the other party its reasonable costs and necessary disbursements and attorneys' fees incurred in enforcing this Agreement, or legal court cases between the parties.

### **Mediation & Arbitration**

The Parties agree that every dispute or difference between them, arising under this Agreement, shall be settled first by a meeting of the Parties attempting to confer and resolve the dispute in a good faith manner. If the Parties cannot resolve their dispute after conferring, any Party may require the other Parties to submit the matter to nonbinding mediation, utilizing the services of an impartial professional mediator approved by all Parties. If the Parties cannot come to an agreement following mediation, the Parties agree to submit the matter to binding arbitration at a location mutually agreeable to the Parties. The arbitration shall be conducted on a confidential basis pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Any decision or award as a result of any such arbitration proceeding shall include the assessment of costs, expenses, and reasonable attorney's fees and shall include a written record of the proceedings and a written determination of the arbitrators. Absent an agreement to the contrary, any such arbitration shall be conducted by an arbitrator experienced in intellectual property law. The Parties reserve the right to object to any individual who shall be employed by or affiliated with a competing organization or entity. In the event of any such dispute or difference, either Party may give to the other notice requiring that the matter be settled by arbitration. An award of arbitration shall be final and binding on the Parties and may be confirmed in a court of competent jurisdiction.

### **Governing Law**

This Agreement shall be governed in accordance with the laws of the State of California, in the United States.

### **Jurisdiction**

Each party: (a) consents to the exclusive jurisdiction and venue of the federal and state courts located in Solano County, located in the greater San Francisco Bay Area, for any action arising out of or relating to this agreement; (b) waives any objection it might have to jurisdiction or venue of such forums or that the forum is inconvenient; and (c) agrees not to bring any such action in any other jurisdiction or venue to which either party might be entitled by domicile or otherwise.

### **Waiver**

The failure to exercise any right provided in this Agreement shall not be a waiver of prior or subsequent rights.

### **Invalidity**

If any provision of this Agreement is invalid under applicable statute or rule of law, it is to be considered omitted and the remaining provisions of this Agreement shall in no way be affected.

### **Entire Understanding**

This Agreement expresses the complete understanding of the parties and supersedes all prior representations, agreements, and understandings, whether written or oral. This Agreement may not be altered except by a written document signed by both parties.

### **Attachments & Exhibits**

The parties agree and acknowledge that all attachments, exhibits, and schedules referred to in this Agreement are incorporated in this Agreement by reference.

**Notices**

Any notice or communication required or permitted to be given under this Agreement shall be sufficiently given when received by certified mail, or sent by facsimile transmission or overnight courier.

**No Joint Venture**

This agreement is between the Licensee, and Invention Springboard of CBC Services, LLC the Licensor, and not the individual inventor(s), and or affiliated parties. California Business Center of CBC Services, LLC has the master lease and operates the office building and its services. The building is owned by Kays Real Estate, LLC, not a party to this agreement. Nothing contained in this Agreement shall be construed to place the parties in the relationship of agent, employee, franchisee, officer, partners, or joint ventures. Neither party may create or assume any obligation on behalf of the other.

Each party has signed this Agreement through its authorized representative. The parties, having carefully read this Agreement, indicate their consent to the terms and conditions by their signature below.

LICENSEE:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name/Title

\_\_\_\_\_  
Company

\_\_\_\_\_  
Date

LICENSOR:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Steve C. Kays, president and inventor  
Invention Springboard, Division of California Business Center  
California Business Center, 1652 West Texas Street, Fairfield, California 94533 USA  
707 427-6414 [FreeTrial@PatRights.com](mailto:FreeTrial@PatRights.com) [www.InventionSpringboard.com](http://www.InventionSpringboard.com)

\_\_\_\_\_  
Date

**EXHIBIT A:**  
**Property Description**

The property (invention) is licensed for all sales within the following product categories, and its functional applications as follows:

It excludes all other areas including but not limited to: The common parts except for their applications as noted above.

Target Market:

### **Inventors**

Naturally, people named as inventors can be more driven for its success, hence the law requires their name be published in the patent application(s) for the world to view. It is suggested the Licensee at minimum: 1. Log who conceived what ideas and when; 2. Mention the existence of intellectual property books and resources such as those in this agreement, 3. Give them copies of this agreement, 4. Have everyone contributing to the project sign before starting your agreement, which includes something like the following:

#### **Assignment of My Inventions**

I assign to \_\_\_\_\_ (party working with you) all rights to ideas that I develop related to the new electronic product projects with \_\_\_\_\_ (your name). This encompasses inventions, trademarks, copyrights and trade secrets. This is in compensation for a share of any future royalties from projects I helped work on (insert financial compensation if any).  
Signature, Full Printed Name, St Address, Date.

Inventors: Steve C. Kays

### **Invention s Target Market**

### **EXHIBIT B:**

#### **Marketing Related Ideas**

Trade Mark Ideas provided by Licensor, from which one trademark is chosen by the Licensee for the agreement:

### **Pages of Invention s Common Parts**