

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "**Agreement**") is made and entered into as of the 2nd day of June, 2011, by and between **Licensee, LTD.**, a corporation, with its principal place of business located at the address ("**Licensee**"), and with its principal place of business located at _____ and its President, _____ (hereinafter collectively referred to as "**Licensor**").

WHEREAS, Licensor is the inventor of, and owns all right, title and interest in and Product, (the "**Product**"); and

WHEREAS, Licensee desires to secure from Licensor, and Licensor is willing to grant to Licensee for the term of this Agreement, the right and license for Licensee to use all of Licensor's rights relating to the Product, all of Licensor's rights relating to any future Patents, together with the right and license to manufacture and have manufactured the Product, and the right and license to market, distribute and sell the Product worldwide, to any and all retail and wholesale accounts, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual promises by Licensee and Licensor to fully and in good faith perform the covenants and obligations hereinafter set forth, the parties hereto agree as follows:

1. License. Licensor hereby agrees to grant, and does hereby grant to Licensee, its subsidiaries, affiliates, manufacturers, distributors and customers, the right and license to use all of Licensor's rights relating to the Product and the Patent, together with the right and license to manufacture the Product, and the right and license to market, distribute and sell the Product worldwide to any and all retail and wholesale accounts, on the terms and conditions hereinafter set forth. Licensor further grants to Licensee the right and license to use, market, distribute and sell, subject to the terms and conditions hereof, any and all improvements, modifications, trade names, patent applications and patents, that Licensor now uses, owns or controls, or may hereafter use, own or control, in connection with the Product worldwide. Licensor and Licensee acknowledge and agree that Licensor shall retain the non-transferable right to sell the Product at trade shows and to various single location retailers, so long as such sales are not made to any customer of Licensee as of the date of this Agreement. In addition, Licensor shall not authorize, or enter into any agreement to authorize, any other party to sell, distribute, manufacture or transfer the Product to any customer of Licensee as of the date of this Agreement.

2. Representations of Licensor. As a material part of this Agreement, Licensor represents and affirms the following facts to Licensee:

a. That Licensor has full authority to enter into this Agreement; that the Licensor is the inventor and the owner of all right, title and interest in and to the Product and the Patent, and is the exclusive owner of all right, title and interest therein, and the Licensor has the unrestricted right to grant the license and

rights to Licensee specified herein, and that the Licensor has not granted and will not, for the term of this Agreement, grant to any other person, firm or entity, any right, license or privilege relating to the Patent or the Product inconsistent with the terms of this Agreement; and

b. That to Licensor's knowledge, the manufacture, marketing, distribution and sale of the Product by Licensee does not and shall not infringe any patent, intellectual property right, or any proprietary right of any third party.

3. Covenants of Licensor. As a material part of this Agreement, Licensor covenants and agrees with Licensee that for the term of this Agreement, and for no consideration other than the Royalty payable hereunder:

a. Licensor agrees that upon Licensee's request, at Licensee's expense, Licensor will take all action reasonably necessary for Licensee to manufacture, market, distribute and sell the Product;

b. Licensor agrees that Licensor will, upon Licensee's request, at Licensee's expense, take all steps necessary and appropriate to acquire, protect, preserve and maintain the Patent and all intellectual property rights associated with the Product; and

c. Licensor agrees to offer to Licensee, the "right of first refusal" for Licensee to license any and all revisions, add-ons, extensions, modifications or any other products utilizing the Patent that are similar or related to the Product, that may hereafter be developed by Licensor, for no consideration other than that set out herein.

4. Term and Termination. As a material part of this Agreement, the parties hereto agree as follows:

a. The term of this Agreement shall commence as of (Start Date) and shall continue in full force and effect until May 1, 2023, unless sooner terminated or extended pursuant to the provisions of this Agreement;

b. If either party fails to fulfill its (his) obligations under this Agreement, the affected party, if not in default, in addition to any other remedies that it or he may have, may terminate this Agreement upon forty-five (45) days prior written notice, wherein such party shall specify the breach, with the understanding that this Agreement shall not be terminated if, within said notice period, the breaches specified in said notice shall have been remedied to the satisfaction of the affected party;

c. Either party may terminate this Agreement, effective upon written notice to the other party, in the event of any party's commission of an act of bankruptcy, adjudication of bankruptcy, or the filing of a petition for bankruptcy;

d. The parties agree that upon the termination or expiration of this Agreement for any reason, Licensee shall pay to Licensor all unpaid Royalty amounts accrued prior to the termination date;

e. Upon the termination or expiration of this Agreement for any reason, Licensee may complete its work in process, and may sell its stock of finished Product within one hundred and eighty (180) days of the date of such termination or expiration. Licensee will pay the Royalty amounts due to Licensor on such sales, in accordance with the provisions of paragraph 5;

f. Within thirty (30) days following the date of the termination or expiration of this Agreement, Licensee will make available for review by Licensor, all records of Product sales, together with a report of finished Product and work-in-process inventories of the Product;

g. Upon the expiration or termination of this Agreement, no amount shall be payable by Licensee to the Licensor, or by the Licensor to Licensee, for any loss of profit, goodwill, clientele, advertising cost, costs of samples, employee's salaries, or other items, resulting from such expiration or termination, other than any unpaid portion of the Royalty amount due to Licensor for the term of this Agreement, as required by the terms of paragraph 5 of this Agreement.

5. Royalty. As a material part of this Agreement, the parties hereto agree as follows:

a. As consideration for the conveyance by Licensor to Licensee of the rights and license specified herein, Licensee shall pay to Licensor a royalty equal to five percent (5%). For the purposes of this Agreement, net sales shall be defined as the gross sales price of the games containing the Product sold by Licensee, less the actual cost of customer returns, defective goods, freight allowances, volume discounts, cash discounts and trade discounts. Net sales shall not include Products used for samples, promotions, or other non-revenue purposes;

b. Licensee shall pay any Royalty due hereunder to Licensor in quarterly payments. Each quarterly payment shall be equal to the net sales of the applicable number of units of Product sold during the preceding calendar quarter, and shall be paid within thirty (30) calendar days of the last day of such calendar quarter; and

c. Licensee shall pay the Royalty due to Licensor, at Licensor's address specified herein, or at such other place as the Licensor may designate.

5a. Minimum Royalty. As a material part of this Agreement, the parties hereto agree as follows:

a. Licensee agrees that within one (1) year May 1, 2011 if net sales do not exceed 50,000 units Licensor has the right to terminate the contract written notice. Licensee will have a period of not less than one year (365 days) to liquidate any remaining inventory.

6. Reports and Records. As a material part of this Agreement, the parties hereto agree as follows:

a. For each calendar quarter during the term of this Agreement, Licensee shall provide Licensor with a written report. The report shall be signed by an officer of Licensee and shall be due with the corresponding Royalty payment. The written report shall state the number of units of Product that were manufactured, distributed and sold by Licensee, together with a calculation of the net sales of the units of Product, and the computation of the Royalty due to Licensor; and

b. Licensee shall keep full, detailed and accurate records detailing the Product that has been manufactured, distributed or sold by Licensee. Licensor or its authorized representative, at Licensor's expense, may inspect and copy such records, during normal working hours, for any reasonable business purpose.

7. Insurance. For the term of this Agreement, Licensee shall maintain product liability insurance covering the Product, with one or more A-rated insurance companies, in an amount of not less than \$5,000,000. Licensee shall include Licensor as an additional insured under its product liability insurance policies. Licensee agrees to provide Licensor with a certificate of insurance, evidencing Licensee's compliance with this paragraph. In the event the insurance policy is canceled for any reason, Licensee agrees that it will notify Licensor in writing within thirty (30) days of cancellation.

8. Information. Licensor agrees to furnish to Licensee all necessary information and documents relating to the Product for Licensee to evaluate the Product and Licensee's ability to commercialize the Product. The information will include all data reasonably necessary for Licensee to commercialize the Product. In the event litigation of any sort is brought in connection with the commercial exploitation of the Product, Licensor will furnish Licensee and its attorneys with any and all documents and information reasonably required by Licensee.

9. Marketing of Product. The parties hereto agree that the Product shall be marketed, distributed and sold by Licensee under the trade name and trademarks of Licensee.

10. Indemnification and Infringement. As a material part of this Agreement, the parties hereto agree as follows:

a. **Litigation:** In the event that there occurs a substantial infringement by a third party of any patent or other right extended under this Agreement,

Licensee may, but is not obligated, bring suit through its attorneys with respect to such infringement.

b. **Proceeds of Litigation:** Where suit has been brought by Licensee for any infringement of any patent or other right granted under this Agreement, all sums received by Judgment, Order or Settlement shall be retained by Licensee.

c. **Cooperation:** Licensor agrees that Licensor will cooperate, at Licensee's expense, in the prosecution of any such litigation by making available any and all documents, records or other information or testimony which Licensee, in its discretion or in the discretion of its counsel, require.

11. Integration. This Agreement contains the final and complete agreement between Licensor and Licensee with respect to the subject matter hereof. This Agreement shall supersede all prior understandings, agreements, contracts or arrangements between the parties, whether oral or written. No agreement or other understanding purporting to add to or to modify the terms and conditions of this Agreement shall be binding on the parties hereto, and when permitted, each party's successors and assigns, unless agreed to by the parties hereto in writing.

12. Independent Contractor Relationship. Nothing herein shall be construed to place Licensee in the relationship of a partner, joint venturer, or agent of Licensor, nor shall Licensor have the authority to obligate or bind Licensee in any manner, it being understood that the parties shall act as and retain the relationship of independent contractors. This Agreement does not render, and nothing contained herein shall be construed to render any party an agent of any other party for any purpose. Except as expressly set out herein, this Agreement shall not cause any party to be liable for any debts, liabilities or obligations of any other party, now existing or to be incurred in the performance of this Agreement. No party shall have any authority to represent or obligate any other party in any manner whatsoever.

13. Authority to Sign. Each person signing this Agreement warrants and represents that he/she has full power and authority to execute this Agreement on his/her behalf or on behalf of the party he/she represents.

14. Confidentiality. Each party agrees that it shall not disclose any confidential information relating to the Product or any other party's affairs or business whatsoever, without the prior written consent of the other party, either during the term of this Agreement, or after its termination, unless such party is compelled to make such disclosure by a court of competent jurisdiction.

15. Assistance. Licensor agrees to make available to Licensee all of Licensor's information, data and other material, including design drawings and specifications for the Product.

16. Patents and Improvements. Any additional or patents issued to or for the benefit of Licensor in connection with the Product, or any improvements or modifications thereto, shall be subject to the license granted hereunder to Licensee. Licensor unconditionally and irrevocably agrees to cooperate with Licensee and allow Licensee to prepare, file and prosecute at Licensee's expense, all appropriate applications for additional patents throughout the world for the Product, and for all improvements made during the term of this Agreement. An improvement or modification of the Product shall mean a device which, unless licensed, would constitute an infringement of any patent issued to or for the benefit of Licensor in connection with the Product. Licensee shall not be obligated to pay to Licensor any consideration in addition to the Royalty specified hereunder for the use of any such improvements or modifications of the Product.

17. Assignment. No party shall assign, transfer or convey its rights and obligations pursuant to this Agreement, in whole or in part, without first obtaining the written consent of the other party; provided however, Licensee may assign, transfer, or convey its rights and obligations pursuant to this Agreement, in whole or in part, without the prior written consent of Licensor, if such conveyance is to a wholly owned subsidiary of Licensee, but in such event, Licensee shall not be relieved of its obligations pursuant to this Agreement.

18. Notice. Payments and any notice required or permitted to be given or served upon either party hereto, pursuant to the terms of this Agreement, shall be addressed as follows:

If to Licensee, Ltd.:

If to Licensor:

19. Nonwaiver. If at any time either Licensee or the Licensor shall elect not to assert their respective rights under any provision of this Agreement, such action or lack of action in any respect shall not be construed as a waiver of its rights under such provision, or as a waiver of any provision of this Agreement.

20. Miscellaneous. It is agreed by Licensee and Licensor that this Agreement shall be deemed to have been executed and delivered in California, and shall be construed and governed by the laws of the State of California. Any disputes or disagreements pertaining to or arising out of this Agreement shall be addressed and settled by an arbitration proceeding to be held in California pursuant to the Commercial Arbitration Rules of the American Arbitration Association.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

“LICENSOR”

"LICENSEE"

LICENSEE, LTD.

By: _____

By: _____
Its authorized representative