

LICENSE AGREEMENT

THIS LICENSE AGREEMENT ("Agreement"), effective as of _____, 2011 ("Effective Date") is made and entered into by and between _____ having an address at _____ ("Licensor"), and Licensee, a California corporation having a place of business at address ("Licensee").

RECITALS

WHEREAS, Licensor owns or has applied for the following patent applications: (i) number _____, entitled "_____" filed _____, and (ii) number _____ entitled "_____" filed _____, which are included in the definition of Intellectual Property Rights as hereafter set forth; and

WHEREAS, Licensee desires to obtain, and Licensor is willing to grant, an exclusive right and license under the intellectual property rights held by Licensor relating to such new product ideas to make, have made, use, offer to sell and sell products in the Territory (as hereinafter defined).

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

SECTION 1

DEFINITIONS

For the purposes of this Agreement, the following words and phrases shall have the following meanings.

1.1 "Affiliate" shall mean any corporation or other business entity controlled by, controlling, or under common control with Licensee. For the purpose of this Section 1.1, "control" shall mean direct or indirect beneficial ownership of more than 50% of the voting stock or equity, or more than 50% interest in the income, of the corporation or other business entity.

1.2 "Gross Sales" shall mean the total invoice price charged to customers on sales or other transfers of product to such customer by Licensee, Affiliates and sublicensees of Licensor.

1.3 "Net Sales" shall mean the total invoice price charged to customers on sales or other transfers of Product to such customers by Licensee, Affiliates and sublicensees of Licensee after deducting, to the extent not previously deducted, (a) normal and customary trade, quantity and cash discounts actually allowed; (b) allowances for credits granted on rejections, returns or price reductions; (c) governmental sales, use and other excise taxes or duties imposed on such sales or other transfers; (d) rebates; and (e) freight, insurance, customs duties and other landing charges.

1.4 "Intellectual Property Rights" shall mean all patent applications, patents and know-how owned or otherwise controlled by Licensor covering or otherwise relating to the making, using, offering to sell or selling of the Product, including without limitation: (a) any and all United States and foreign patent applications; (b) any and all additions, continuations, continuations-in-part, and divisions of any of the application set forth in (a) above; (c) any and all United States and foreign patents that may issue from any of the application set forth in (a) or (b) above; (d) any and all reissues, reexaminations or extensions based upon any of the patents set forth in (c) above; and (e) any and all trade secrets and other intellectual property rights.

1.5 "Product" shall mean a certain product by that name or another name which consists of _____, sold by Licensee.

1.6 "Product" shall mean a certain product described in patent(s) and patent application(s) annexed hereto as Exhibit A. All developments, including inventions, whether patentable or otherwise, trade secrets, improvements, ideas and writings which either directly or indirectly relate to or may be useful in the design, manufacture or marketing of the Product, or otherwise which Licensor either by itself or in conjunction with any other person or persons shall conceive, make, develop, acquire, or acquire knowledge of during the time hereof shall, at Licensee's option, be included in this Agreement as Product and Intellectual Property Rights.

1.7 "Territory" shall mean worldwide.

SECTION 2

LICENSE GRANT

2.1 Grant. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee an exclusive right and license under the Intellectual Property Rights, including the right to grant sublicensees, to make, have made, use, offer to sell and sell Products in all markets worldwide. Examples of which include, but are not limited to, commercial catalogues; office superstores; mass merchandisers; and food and drug stores in Europe, Canada and Asia markets.

SECTION 3

CONSIDERATION

3.1 Royalties. In consideration for the rights and license granted to Licensee herein, Licensee shall pay to Licensor royalties on a country-by-country basis in accordance with the following:

(a) If Product is sold bundled with Product B, then the Product shall equal 30% (thirty percent) of the value of Product B.

(b) In the event that a patent within the Intellectual Property Rights has issued in a country in which sales or other transfers of Products occurs, 4.5% (four point five percent) of Net Sales in each such country; or

(c) In the event that no patent within the Intellectual Property Rights has issued in the country in which sales are other transfers of Product occurs, 3.5% (three point five percent) of Net Sales in each such country.

3.2 Advance Payments. Licensee shall pay Licensor two advance royalty payments (together, the "Advance Payments"). Licensor shall pay the sum of \$2,000 (two thousand dollars) to Licensor upon execution of this Agreement (the first Advance Payment). Licensor shall pay the sum of \$8,000 (eight thousand dollars) to Licensor within four weeks after shipment of the first product in fulfillment of an order (the second Advance Payment). When cumulative royalties exceed the amount of the combined Advance Payments, then Licensee shall make royalty payments pursuant to Section 4.2; provided, however, that if cumulative royalties do not exceed the combined Advance Payment by September 30, 2011, then cumulative royalties owed to that date shall be deemed to have matched the combined Advance Payments, and royalties for sales on or after October 1, 2011 shall no longer be offset by the Advance Payments.

3.3 Bundling/Promotion. The parties recognize that there may come a time when Licensee will want to "bundle" the Product and/or use Product is a free promotional item. In such event, the parties will negotiate in good faith to fix an appropriate one-time promotional royalty governing that individual promotion or an appropriate royalty governing the bundled Product. If the parties cannot agree, then the issue will be referred to an independent third party arbitrator.

3.4 Term of Royalties Obligation. Licensee's obligation to pay royalties to Licensor pursuant to Section 3.1 shall commence upon the date of first commercial sale or other commercial transfer of the Product to a customer by Licensee, an Affiliate or a sublicensee of Licensee. Only one royalty shall be payable by Licensee to Licensor with respect to any particular Product unit subject to royalties pursuant to Section 3.1. In no event shall Licensee be obligated to pay to Licensor more than one royalty with respect to any particular Product unit. Licensee's obligation to pay royalties to Licensor pursuant to Section 3.1 shall end upon expiration, revocation or invalidation of the last patent within the Intellectual Property Rights or, in the event that no patent or patents within the Intellectual Property Rights issue, the 10 (ten) year anniversary of the Effective Date.

3.5 Example. For example, if commercial sales commence November 1, 2011 and in the next fourteen months Licensee sells 50,000 units, and 30% of the value of each unit equals \$2.18, then (i) Licensor keeps the initial \$10,000 paid by Licensee, (ii) royalties owed through December 31, 2011 would equal $(50,000 \times \$2.18) \times 3.5\%$, or the sum of \$3,815, and (iii) Licensee would not make additional royalty payments to Licensee during 2011. The balance of \$6,185 would be applied to any royalties owed during the first three quarters of the next year. If any balance remains on September 30, 2011, it would then be deemed to be zero and would not offset any future royalties owed on sales made on or after October 1, 2011.

SECTION 4

ROYALTY PAYMENTS AND ACCOUNTING

4.1 Royalties Statements. Within 45 (forty-five) days after the end of each calendar quarter during which Products were sold or otherwise transferred by Licensee, Affiliates or sublicensees of Licensee, Licensee shall deliver to Licensor a statement showing a basis for the royalty payment due for such calendar quarter, including without limitation: (a) the number of Products sold or otherwise transferred to customers during the reporting period on country-by-country basis; (b) the aggregate total invoice price charged to customers from the sale or other transfer of Products to such customers during the reporting period on a country-by-country basis; (c) the total Net Sales during the reporting period on a country-by-country basis; and (d) any royalties due to Licensor pursuant to Section 3.1 for the reporting period on a country-by-country basis. The first such statement will be due within 60 (sixty) days after the end of the first full calendar quarter after the first commercial sale or other commercial transfer of Products to customers of Licensee, Affiliates or sublicensees of Licensee. In the event that no royalty is due for any calendar quarter during the term of the Agreement, Licensee shall so report.

4.2 Payment Terms.

(a) Royalties shown to be payable to Licensor for a calendar quarter pursuant to Section 4.1 shall be due and payable by Licensee within 45 days after the end of such calendar quarter.

(b) All moneys payable to Licensor shall be paid by Licensee in United States of America dollars. If any currency conversion shall be required in connection with the payment of royalties hereunder, such conversion shall be made by using the exchange rates used by Licensee in calculating Licensee's own revenues for financial reporting purposes. Any income or other tax that Licensee or Affiliates or sublicensees of Licensee are required by statute to withhold with respect to the amounts payable under this Agreement shall be deducted from such amounts, and Licensee shall furnish Licensor with proper evidence of the taxes paid.

(c) In the event that any royalty due to Licensor by Licensee is delinquent, interest shall accrue on any overdue amount and be charged Licensee at the prime rate as reported by the Bank of America in New York, New York.

4.3 Books and Records. Licensee shall keep accurate books and records in sufficient detail to enable royalties due to Licensor pursuant to Section 3.1 to be determined. Such books and records shall be kept at Licensee's principal place of business and shall be retained by Licensee for 3 (three) years following the end of the calendar year to which such books and records pertain.

4.4 Audit Rights.

(a) Upon the written request of Licensor, at Licensor's expense and not more than once during each calendar year, Licensee shall permit an independent public accountant selected by Licensor and reasonably acceptable to Licensee to have access during normal business hours to Licensee's books and records as may be reasonably necessary for the purpose of verifying the accuracy of reports provided to Licensor pursuant to Section 4.1.

(b) In the event that an independent public accountant selected by Licensor pursuant to Section 4.4(a) concludes that additional royalties were owed to Licensor, Licensee shall pay such additional royalties promptly. Fees charged by the accountant shall be paid by Licensor unless the audit established that royalties payable by Licensee for the audited period were more than 110% of royalties actually paid for such period. In the event that royalties payable by Licensee are established to be more than 110% of royalties actually paid for an audited period, Licensee shall pay the reasonable fees and expenses charged by the accountant.

SECTION 5

REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

(a) Licensor represents and warrants that: (a) Licensor is the sole owner or otherwise has sole control of the Intellectual Property Rights; (b) Licensor has not previously granted, and will not grant to any third party, any rights under the Intellectual Property Rights to make, have made, use, offer to sell or sell Products that are inconsistent with the rights granted to Licensee herein; and (c) Licensor has full power, right and authority to grant the rights and license granted in this Agreement.

(b) Licensee represents and warrants that Licensee has full power, right and authority to enter into and carry out its obligations under this Agreement.

(c) Licensee further warrants that it shall mark all Products in accordance with 35 U.S.C. §287 and other applicable laws and regulations in the territory where such Products are made, used, offered for sale or sold.

5.2 Limitation. **EXCEPT FOR THE EXPRESS WARRANTIES IN SECTION 5.1, LICENSOR MAKES NO WARRANTIES FOR THE INTELLECTUAL PROPERTY RIGHTS OR PRODUCTS, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE; AND LICENSOR SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT.**

SECTION 6

PATENT PROSECUTION AND MAINTENANCE

6.1 Control. Licensor, at Licensor's expense, shall take all actions deemed by Licensor as necessary or appropriate to file and prosecute any patent application and to maintain any patent within the Intellectual Property Rights. In the event that Licensor elects not to file and/or prosecute any patent application or maintain any patent within the Intellectual Property Rights, Licensee, at Licensee's expense, shall have the right to file and/or prosecute such patent application or maintain such patent.

6.2 Cooperation. The party that files and prosecutes any patent application within the Intellectual Property Rights shall provide the other party with copies of all material documentation after receipt from or, as appropriate, prior to submission to any governmental

agency with jurisdiction to issue patents in order that the other party may be fully informed and apprised of the continuing prosecution. Such party shall consult with the other party concerning prosecution of any patent application and adopt reasonable suggestions made relating thereto. In addition, such party shall use best efforts to amend any patent application to include claims recently requested by the other party and required to protect Products contemplated to be made, used, offered for sale or sold under this Agreement. In addition, as appropriate, each party shall assist the other party, and make available to such other party or its authorized attorneys, agents or representatives, its employees, agents or consultants as necessary or appropriate to enable the other party to file, prosecute and maintain patent applications, and patents issuing therefrom, within the Intellectual Property Rights. Further, each party, at the request of the other party, shall sign or cause to have signed all documents relating to said patent applications or patents at no charge to the other party.

SECTION 7

PATENT INFRINGEMENT

7.1 Enforcement of Intellectual Property Rights.

(a) If either party determines that a third party is making, using, offering for sale or selling a product that may infringe the Intellectual Property Rights, that party will notify the other party promptly in writing.

(b) Licensee, in its own name, or jointly with Licensor if required by law, shall have the exclusive right, at Licensee's election, to (a) bring and prosecute suits and countersuits for enforcement of the Intellectual Property Rights, and/or (b) settle any claim or suit for infringement of the Intellectual Property Rights; provided, however, that Licensee shall have no obligation to bring any such suit or take such action to enforce the Intellectual Property Rights. Licensee shall have the exclusive right to direct and control any suit, action or proceeding to enforce the Intellectual Property Rights against infringers.

(c) In the event that Licensee brings any action or proceeding to enforce rights within the Intellectual Property Rights against infringers pursuant to Section 7.1(b), Licensor, at Licensee's expense, shall cooperate with Licensee in connection with such action or proceeding, including without limitation by joining as a party if necessary or appropriate, and executing such documents as Licensee may reasonably request. In the event that Licensee recovers damages and/or other payments from infringing parties pursuant to this Section 7.1(c), such damages and/or other payments shall be applied against costs and expenses incurred in the action or proceeding to enforce rights within the Intellectual Property Rights (including fees of attorneys and other professionals) and, thereafter, shall be deemed Gross Sales.

(d) In the event that Licensee does not abate or commence an action to enforce any rights within the Intellectual Property Rights within six (6) months after giving or receiving notice thereof pursuant to Section 7.1(a), and thereafter pursue such action or proceeding diligently, Licensor shall have right to commence or take control of such action or proceeding at Licensor's expense. In the event that Licensor recovers damages and/or other payments from infringing parties pursuant to this Section 7.1(d), Licensor shall retain, and Licensee shall not share in, such damages or other payments. Licensee, at Licensor's expense, shall cooperate with

Licensor in connection with any action or proceeding to enforce rights within the Intellectual Property Rights pursuant to this Section 7.1(d), including without limitation by joining as a party if necessary or appropriate, and executing such documents as Licensor may reasonably request.

7.2 Defense of Intellectual Property Rights.

(a) Licensee shall have the exclusive right to defend or at Licensee's sole option to settle any claim, suit or proceeding brought against Licensee on the issue of infringement by the making, using, offering for sale or selling of Products; provided, however, that Licensee shall have no obligation to defend or settle any such claim, suit or proceeding. Licensee shall have the exclusive right to direct and control any suit, action or proceeding to defend any claim, suit or proceeding brought against Licensee on the issue of infringement.

(b) In the event that any claim, suit or proceeding is brought against Licensee on the issue of infringement as a result of the making, using, offering for sale or selling of Products, Licensee, in Licensee's sole discretion, may elect to suspend the payment of any royalties due Licensor pursuant to Section 3.1 after the date such claim, suit or proceeding commenced. In the event that Licensee successfully defends or settles such claim, suit or proceeding, all royalties due Licensor pursuant to Section 3.1, but not paid to Licensor in accordance with the first sentence of this Section 7.2(b), shall be paid to Licensor, less all costs and expenses (including fees of attorneys and other professionals) incurred by Licensee in defense of such claim, suit or proceeding. In the event that such claim, suit or proceeding results in a finding of infringement, Licensee shall have no obligation to pay any royalties to Licensor after the date such claim, suit or proceeding commenced.

SECTION 8

CONFIDENTIALITY

8.1 General. Except as otherwise expressly provided in this Agreement, during the term of this Agreement and for five (5) years thereafter, each party shall hold in strict confidence and not use or disclose to any third-party (other than employees, consultants and advisers who are similarly bound in writing) any product, technical, manufacturing, process, marketing, financial, business or other information, ideas or know-how identified in writing as confidential ("Confidential Information") of or used by the other party; provided, however, that Confidential Information of the party shall not include:

(a) information which at the time of disclosure was previously known to the receiving party as demonstrated by written records;

(b) information which at the time of disclosure is published or otherwise generally available to the public;

(c) information which, after disclosure by the other party, is published or otherwise becomes generally available to the public through no breach of this Agreement by the receiving party;

(d) information which is independently developed by the receiving party without use of Confidential Information; or

(e) information which is received by the receiving party, without restriction, from a third-party not under an obligation to the disclosing party not to disclose it and otherwise not in violation of the other party's rights to hereunder.

8.2 Exceptions. The party may disclose Confidential Information of the other:

(a) in connection with the order of a court or other governmental body;

(b) as required by or in compliance with laws or regulations;

(c) in confidence, to their legal counsel, accountants, banks and financing sources and their advisers; or

(d) in confidence, in connection with a merger or acquisition or proposed merger or acquisition, or the like.

8.3 Terms of this Agreement. Licensor shall not disclose the financial terms or conditions of this Agreement to any third party without the prior written consent of Licensee.

8.4 Remedies. Any breach of the restrictions contained in this Section 8 is a breach of this Agreement which may cause irreparable harm to the non-breaching party entitling such non-breaching party to injunctive relief in addition to all legal remedies.

SECTION 9

TERM AND TERMINATION

9.1 Term. The term of this Agreement shall commence on the Effective Date and, unless terminated earlier pursuant to this Section 9, shall continue in full force and effect for ten (10) years from the Effective Date or until expiration, revocation or invalidation of the last patent within the Intellectual Property Rights, whichever is longer.

9.2 Termination At Will. After the third anniversary of the Effective Date, Licensee may terminate this Agreement at any time for any reason upon sixty (60) days prior written notice to Licensor, such termination to be effective sixty (60) days after receipt of such written notice by Licensor.

9.3 Termination for Cause. Either party shall have the right to terminate this Agreement following any material breach or default in performance under this Agreement by the other party upon thirty (30) days prior written notice by certified mail (or other notice as provided in this Agreement) to the breaching party specifying the nature of the breach or default. Unless the breaching party has cured the breach or default prior to the expiration of such thirty (30) day period, the non-breaching party, at its option, may terminate this Agreement upon written notice to the breaching party, such termination to be effective upon receipt of such written notice by the breaching party.

9.4 Effect of Termination. Termination of this Agreement shall not relieve the parties of any obligation accruing prior to the effective date of such termination. Licensee shall have 90

(ninety) days following termination to sell or otherwise dispose of any remaining inventory of Product.

9.5 Survival. The provisions of this Agreement which by their nature are intended to survive termination of this Agreement (including, but not limited to payment obligations, accounting statements, audit rights, representations, warranties, indemnification, confidentiality, governing law, jurisdiction and venue, and arbitration) shall survive its termination.

9.6 If Licensee after January 1, 2011 ceases Product sales for six or more months, Licensor may terminate this Agreement.

SECTION 10

GENERAL PROVISIONS

10.1 Compliance with Laws. In exercising its rights under this Agreement, Licensee shall fully comply with the requirements of any and all applicable laws, regulations, rules and orders of any governmental body having jurisdiction over the exercise of rights under this Agreement.

10.2 Governing Law. **This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the state of California, United States of America, without reference to conflict of laws principles.**

10.3 Jurisdiction. Subject to Section 10.4, the parties to this Agreement consent to personal and exclusive jurisdiction of and venue in state and federal courts located within the state of California.

10.4 Dispute Resolution. Except as otherwise provided in Section 8.4, any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled in California, United States of America, by binding arbitration administered by the American Arbitration Association in accordance with its then current commercial arbitration rules, by one (1) arbitrator appointed in accordance with such rules. The arbitrator shall apply the laws of the state of California, United States of America, without reference to rules of conflicts of law, to the merits of any controversy or claim. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The parties agree that, and the provision of applicable law notwithstanding, they will not request, and the arbitrator shall have no authority to award, punitive or exemplary damages against any party.

10.5 Assignment. Licensor's rights and obligations under this Agreement may not be transferred or assigned to a third party without the prior written consent of Licensee. Licensee may transfer or assign its rights and obligations under this Agreement to third party provided that such third-party has agreed to be bound by the terms and conditions of this Agreement.

10.6 Limitation of Liability. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES ARISING IN ANY WAY OUT OF THIS AGREEMENT, HOWEVER CAUSED AND UPON ANY THEORY OF LIABILITY. THIS LIMITATION SHALL APPLY EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

10.7 No Third Party Beneficiaries. Licensor and Licensee intend that only Licensor and/or Licensor's estate and Licensee will benefit from, and are entitled to enforce the provisions of, this Agreement and that no third party beneficiary is intended under this Agreement.

10.8 Modifications. No modification to this Agreement, nor any waiver of any rights, shall be effective unless assented to in writing by the party to be charged.

10.9 No Waiver. No failure of either party to exercise or enforce any right or provision of this Agreement shall constitute a waiver of such right or provision.

10.10 Notices. Any notice required under this Agreement shall be deemed given: (i) when delivered personally; (ii) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iii) when delivered by a nationally recognized overnight courier service with signature receipt required. All communications will be sent to the respective locations noted below, or to such other address as either party may substitute by written notice to the other party:

(a) If to Licensor: [Name]
[Address 1]
[Address 2]

(b) If to Licensee:

10.11 Descriptive Headings. The headings of the several sections of this Agreement are intended for convenience of reference and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

10.12 Entire Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter addressed in this Agreement, and this Agreement supersedes all prior and contemporaneous communications, contracts or agreements between the parties with respect to the subject matter addressed in this Agreement, whether oral or written.

10.13 Severability. If any provision of this Agreement is found to be invalid, such provision shall be reformulated to give the maximum enforceable effect to the intent of the original provision, and the other provisions of this Agreement shall remain in full force and effect; provided, that no such severability shall be effective if it materially changes the economic benefit of this Agreement to either Licensor or Licensee,

10.14 Insurance. Licensee shall name Licensor as an additional insured on its product liability insurance policy or comprehensive liability insurance policy.

10.15 Advice of Counsel. Each party to this Agreement represents and warrants to each other party that such party has read and fully understands the terms and provisions hereof, has had an opportunity to review this Agreement with legal counsel, and has executed this

Agreement based upon such party's own judgment and advice of independent legal counsel (if sought).

10.16 Counterparts. This Agreement may be executed in counterparts, in each of which shall be deemed an original, but both of which together shall constitute one and the same instrument.

**THIS AGREEMENT APPLIES THE LAW OF THE STATE OF NEW YORK,
AND INCLUDES A PROVISION FOR BINDING ARBITRATION.**

IN WITNESS WHEREOF, the parties, intending to be legally bound, have executed this Agreement as of the _____ day of _____, 2011.

("Licensor")

("Licensee")

LICENSEE BUSINESS CORPORATION,

[Name]

By: _____

EXHIBIT A

(Copies of patent applications)

[To be provided]

SAMPLE