

**DRAFT FOR SETTLEMENT DISCUSSIONS ONLY**  
**UNDER RULE 408**  
**NOT ADMISSIBLE AS EVIDENCE**

**NON-EXCLUSIVE LIMITED PATENT LICENSE AGREEMENT**

**THIS AGREEMENT** (hereinafter referred to as the “Agreement”) is made by and between Acticon Technologies LLC (hereinafter referred to as “Acticon”), a New York limited liability company with principal offices at Montebello Park, 75 Montebello Rd., Suffern, New York 10901-3740, and \_\_\_\_\_, a \_\_\_\_\_ corporation with principal offices at \_\_\_\_\_ (hereinafter referred to as “Licensee”).

**W I T N E S S E T H:**

**WHEREAS**, Acticon is the owner of all right, title and interest in United States Patent Nos. 4,603,320, “Connector Interface” (hereinafter referred to as the “320 Patent”); 4,686,506, “Multiple Connector Interface” (hereinafter referred to as the “506 Patent”); 4,972,470, “Programmable Connector” (hereinafter referred to as the “470 Patent”); and 4,543,450, “Integrated Connector and Modem” (hereinafter referred to as the “450 Patent”);

**WHEREAS**, Licensor’s technology has been recognized as a novel and valuable contribution to the design and manufacture of data communication equipment;

**WHEREAS**, Licensee is in the business of making and selling [“Smart” Connectors and/or PC Cards and/or CompactFlash Cards], and desires to obtain a nonexclusive license to make, use, and sell products and to practice the inventions covered by the Licensed Patent;

**WHEREAS**, Licensee has made and sold certain [“Smart” Connectors and/or PC Cards and/or CompactFlash Cards];

**WHEREAS**, Licensee consents that the Licensed Patent is valid and enforceable;

**WHEREAS**, Licensee consents that the Licensed Patent has been infringed by certain products made, sold and/or offered for sale by Licensee;

**WHEREAS**, Acticon and Licensee desire to enter into a license agreement covering the Licensed Patent; and

**WHEREAS**, Acticon has the right to grant a nonexclusive license to Licensee under the Licensed Patent and is willing to do so on the terms and conditions recited in this Agreement.

**NOW, THEREFORE**, in consideration of the preceding and the mutual covenants recited below, and for other good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

## 1. DEFINITIONS.

- 1.1 **Licensed Patent.** “Licensed Patent” as used in this Agreement shall mean the ‘470 Patent, and any patent issued in the future from any reissue, re-examination, divisional, continuation and/or continuation-in-part of the Licensed Patent, including any foreign counterpart thereof.
- 1.2 **Territory.** “Territory” as used in this Agreement shall mean the United States and its territories and possessions.
- 1.3 **Effective Date.** “Effective Date” shall mean \_\_\_\_\_, 2007.
- 1.4 **Term.** “Term” as used in this Agreement shall mean the period beginning on the Effective Date and ending with the expiration of the Licensed Patent or the termination of this Agreement, whichever occurs first. This Agreement shall, if not terminated sooner, terminate at the end of the Term.
- 1.5 **Licensed Product.** “Licensed Product” as used in this Agreement shall mean certain [“Smart” Connectors and/or PC Cards and/or CompactFlash Cards] made, used, imported, sold or offered for sale by Licensee, and covered by at least one claim of the Licensed Patent, except asynchronous serial to Ethernet conversion modules commonly referred to as Device Servers, having at least one Ethernet port and at least one asynchronous serial port.
- 1.6 **Past Products.** “Past Products” as used in this Agreement shall mean the Licensed Products, and products covered by at least one claim of the ‘320 Patent, the ‘506 Patent and/or the ‘450 Patent, and made or sold by Licensee before the Effective Date of this Agreement.

## 2. LICENSE.

- 2.1 **License Grant.** Subject to the terms and conditions of this Agreement and the due performance by Licensee of Licensee’s obligations under this Agreement and in reliance on Licensee’s representations and warranties set forth in this Agreement, Acticon hereby grants to Licensee a personal, non-exclusive, non-transferable limited license under the Licensed Patent for the Term in the Territory to make, use, import, offer to sell, and sell Licensed Products and Past Products, with no right to sublicense. This license shall not extend to any third party, subsidiary, division, or any entity acquired after the Effective Date.
- 2.2 **Basis.** The foregoing license is granted solely under the Licensed Patent. No license under any other patents or intellectual property of Acticon is granted, either expressly or by implication.
- 2.3 **Marking.** During the Term of this Agreement, Licensee shall affix to Licensed Products a statement in substantially the form: “U.S. Patent No. 4,972,470.” The Licensee shall provide Acticon with the samples of its Licensed Products evidencing proper marking as required hereunder. From time to time, and within a reasonable time after written notice

from Acticon, Acticon shall have the right to inspect Licensee's Licensed Products to determine if Licensee is marking in accordance with this paragraph.

**2.4 Past Sales.** Subject to the terms and conditions of this Agreement and the due performance by Licensee of its obligation to make the payment required by Paragraph 3.1, Acticon hereby grants to Licensee a non-exclusive limited license under the Licensed Patent, the '320 Patent, the '506 Patent and the '450 Patent, on all Past Products.

**2.5 First Sale.** Subject to the terms and conditions of this Agreement, and the due performance by Licensee of its obligations to make the payments required by Paragraphs 3.1 and 3.2 herein, Past Products and Licensed Products shall continue to remain licensed for all subsequent transfers thereof.

### 3. PAYMENTS.

**3.1 Past Products.** For the rights granted in this Agreement relating to Licensee's Past Products, Licensee shall pay Acticon a past license fee of five percent (5%) of Licensee's net sales (defined as gross sales less returns and allowances) for each Past Product sold during the last six years from the Effective Date hereof, which shall be due and payable immediately upon the Effective Date hereof.

#### 3.2 Running Royalty.

**3.2.1 Royalty Payment.** For the rights granted in this Agreement, and subject to Paragraph 3.2.2 hereinbelow, Licensee shall pay Acticon a royalty of five percent (5%) of Licensee's selling price for each Licensed Product manufactured, used, or sold by Licensee in the Territory or imported by Licensee into the Territory.

**3.2.2 Termination of Royalty on Invalidity or Unenforceability.** The royalty payments shall terminate if the Licensed Patent is held invalid or unenforceable. The Licensed Patent shall be deemed invalid or unenforceable under this Agreement if a court or tribunal of competent jurisdiction makes such a determination, and the determination becomes final in that it is not further reviewable through appeal or exhaustion of all permissible petitions or applications for rehearing or review.

**3.3 Accrual.** A running royalty as to a unit of Licensed Product shall accrue on the day the unit is shipped or invoiced to a Licensee customer, whichever occurs first.

**3.4 Payment.** All royalty payments to Acticon shall be made quarterly by Licensee, with the first quarter being defined as January 1 through March 31, the second quarter as April 1 through June 30, the third quarter as July 1 through September 30, and the fourth quarter as October 1 through December 31. Payment of royalties shall be made to Acticon not later than the thirtieth (30<sup>th</sup>) day (the "Due Date") after the end of the period to which the payment relates. Each royalty payment as defined hereinabove shall be subject to and be no less than a minimum royalty of One Thousand and 00/100 (\$1,000.00) Dollars per quarter.

- 3.5 Accounting Statements.** Licensee shall provide Acticon with a statement of royalties due Acticon under this Agreement quarterly (as that term is defined in Paragraph 3.4) on or before the Due Date, setting forth the amount due to Acticon for the period and, in reasonable detail, the factual basis for calculating the amount. Each such statement of royalties due shall: (a) contain a statement in substantially the form, “I hereby represent and warrant that this Accounting Statement is true and correct to the best of my knowledge and belief”, and (b) be signed by an officer of Licensee.
- 3.6 Interest.** Subject to the limits imposed by any applicable usury law, interest shall accrue on payments made more than ten (10) days after they are due at the rate of twelve percent (12%) per annum, compounded daily, from the Due Date until paid.
- 3.7 Books and Records and Audit.** Licensee shall keep full, complete, and accurate books of account and records covering all transactions relating to this Agreement. Licensee shall preserve such books and records for a period of three (3) years after the Due Date to which the material relates. Acceptance by Acticon of an accounting statement or payment hereunder will not preclude Acticon from challenging or questioning the accuracy thereof. During the Term and for a period of one (1) year thereafter, Acticon may, upon reasonable notice in writing to Licensee, cause an independent audit to be made of the books and records of Licensee in order to verify the statements rendered under this Agreement, and prompt adjustment shall be made by the proper party to compensate for any errors disclosed by the audit. The audit shall be conducted only by an independent accountant during regular business hours and in a reasonable manner so as not to interfere with normal business activities. Audits shall be made hereunder no more frequently than annually. Before any audit may be conducted, the auditor must represent that the auditor’s fee will in no manner be determined by the results of the audit and must agree to maintain the confidentiality of all confidential material to which the auditor is given access. Acticon will bear all expenses and fees of the audit, but if the audit reveals an underpayment for any quarter of more than five percent (5%), Licensee shall pay all such expenses and fees. Licensee shall provide samples of any new “Smart” Connector and/or Cable, PCMCIA and/or CompactFlash form factor device, and/or a complete written description thereof, sufficient to enable Acticon to determine whether such product is covered by any of the claims of the Licensed Patent.
- 3.8 Patent Validity and Infringement.** Licensee acknowledges and consents that the Licensed Patent is valid and enforceable. Licensee further acknowledges that the Licensed Products infringe the License Patent. Licensee admits that it has been infringing the Licensed Patent and that this infringement shall be cured by the License granted hereunder.
- 3.9 Non-Aggression.** Licensee shall not at any time, directly or indirectly, oppose the grant of, nor dispute the validity or enforceability of, nor cooperate in any suit, claim, counterclaim or defense against any patent or claim included in the Licensed Patent, the ‘320 Patent, the ‘506 Patent and/or the ‘450 Patent.

3.10 **Confidentiality.** Acticon and Licensee acknowledge that the amount of Licensee's payments actually made to Acticon under this Agreement is confidential and proprietary information relating to this Agreement and the business of Acticon and Licensee. Accordingly, the parties agree that each of them shall keep that information confidential and shall not disclose it, or permit it to be disclosed, to any third party (other than to agents or representatives who need to know such information). Acticon shall have the right, however, to disclose that Acticon and Licensee have entered into this Agreement, the royalty rate(s) set forth in this Agreement, that Licensee is paying for Past Products, and that Licensee has consented to the validity, enforceability and infringement of the Licensed Patent. Acticon shall also be permitted to disclose this Agreement, and the documents provided to Acticon hereunder, pursuant to the order of a court or other tribunal, including in response to discovery requests propounded by a third party in litigation; provided, however, that such disclosure is covered by a protective order that limits disclosure to outside counsel for the third party.

#### 4. INDEMNIFICATION.

4.1 **Licensee Indemnification.** Licensee shall at all times during the term of this Agreement and thereafter, indemnify, defend and hold Acticon, its directors, officers, employees and affiliates, harmless against all claims, proceedings, demands and liabilities of any kind whatsoever, including legal expenses and reasonable attorneys' fees, arising out of the death of or injury to any person or out of any damage to property, or resulting from the production, manufacture, sale, use, lease, or advertisement of Licensed Products or Past Products or arising from any obligation of Licensee under this Agreement.

4.2 **Acticon Indemnification.** Acticon shall at all times during the term of this Agreement and thereafter, indemnify, defend and hold Licensee, its directors, officers, employees and affiliates, harmless against all claims, proceedings, demands and liabilities of any kind whatsoever, including legal expenses and reasonable attorneys' fees, arising out of any breach of any representation, warranty, or covenant expressly made by Acticon in this Agreement.

#### 5. TERMINATION.

5.1 **Termination by Acticon.** In addition to all other remedies Acticon may have, Acticon may terminate this Agreement and the licenses granted in this Agreement in the event that:

- (a) Licensee defaults in its payment to Acticon for Past Products or Running Royalty payments, and such default continues unremedied for a period of thirty (30) days after the Effective Date of this Agreement or the Due Date, respectively;
- (b) Licensee fails to perform any material obligation, warranty, duty or responsibility or is in default with respect to any term or condition undertaken by Licensee hereunder, and such failure or default continues unremedied for a period of thirty (30) days after written notice thereof to Licensee by Acticon;

- (c) Licensee is liquidated or dissolved;
- (d) Any assignment is made of Licensee's business for the benefit of creditors;
- (e) Licensee liquidates a substantial portion of its business or engages in a distress sale of substantially all of its assets;
- (f) A receiver, or similar officer, is appointed to take charge of a substantial part of Licensee's assets;
- (g) Licensee is unable to pay its debts as they mature; or
- (h) Any petition in bankruptcy is filed by or against Licensee that remains undischarged for sixty (60) days.

5.2 **Termination by Licensee.** If the Licensed Patent is determined to be invalid or unenforceable by any court or tribunal of competent jurisdiction, and the determination becomes final in that it is not further reviewable through appeal or exhaustion of all permissible petitions or applications for rehearing or review, Licensee may terminate this Agreement at will and shall have no further obligations hereunder.

5.3 **Effect of Termination.** After the termination of this Agreement, Licensee shall have no rights under the Licensed Patent.

5.4 **No Discharge on Termination.** No termination of this Agreement for any reason shall relieve or discharge either Acticon or Licensee from any duty, obligation, or liability that was accrued as of the date of the termination (including, without limitation, the obligation to indemnify or to pay any amounts owing as of the date of termination).

## 6. REPRESENTATIONS AND WARRANTIES OF ACTICON.

6.1 **Right to Grant License.** Acticon represents and warrants that Acticon has the right and authority to grant the licenses granted to Licensee in this Agreement and that this Agreement and the licenses granted in this Agreement do not and will not conflict with the terms of any agreement to which Acticon is a party.

6.2 **Disclaimers.** Except as otherwise expressly set forth in this Agreement, Acticon, its directors, officers, employees, and agents make no representations and extend no warranties of any kind, either express or implied. In particular, and without limitation, nothing in this Agreement shall be construed as:

- (a) a warranty or representation by Acticon as to the validity or scope of the Licensed Patent;
- (b) a warranty or representation by Acticon that anything made, used, sold or otherwise disposed of under any license granted in this Agreement is or will be free from infringement of patents of third parties;

- (c) an obligation on the part of Acticon to bring or prosecute actions against third parties for infringement of the Licensed Patent or other proprietary rights;
- (d) an obligation on the part of Acticon to furnish any manufacturing or technical information;
- (e) the granting by implication, estoppel, or otherwise of any licenses or rights under patents other than the Licensed Patent; or
- (f) the assumption by Acticon of any responsibilities whatever with respect to use, sale, or other disposition by Licensee or its vendees or transferees of Licensed Products.

**6.3 Limitation of Liability.** In no event shall Acticon, its directors, officers, employees and affiliates be liable for incidental or consequential damages of any kind, including economic damage or injury to property and lost profits, regardless of whether Acticon shall be advised, shall have other reason to know, or in fact shall know of the possibility.

## 7. REPRESENTATIONS AND WARRANTIES OF LICENSEE.

Licensee represents and warrants that Licensee has the right and authority to enter into this Agreement and that this Agreement and the exercise of the licenses granted hereunder does not and will not conflict with the terms of any agreement to which Licensee is a party. Except as otherwise expressly set forth in this Agreement, Licensee, its directors, officers, employees, and agents make no representations and extend no warranties of any kind, either express or implied. In particular, and without limitation, nothing in this Agreement shall be construed as an obligation on the part of Licensee to furnish any manufacturing or technical information.

Licensee shall not at any time, directly or indirectly, oppose the grant of, nor dispute the validity of, nor cooperate in any suit, claim, counterclaim or defense against any patent or claim included in the Licensed Patent, the '320 Patent, the '506 Patent and/or the '450 Patent.

## 8. RELATIONSHIP OF THE PARTIES.

Nothing in this Agreement will be construed to constitute the parties as partners or joint ventures or constitute either party as agent of the other, nor will any similar relationship be deemed to exist between them. Neither party shall hold itself out contrary to the terms of this paragraph and neither party shall become liable by reason of any representation, act, or omission of the other contrary to the provisions of this paragraph. This Agreement is not for the benefit of any third party and shall not be deemed to give any right or remedy to any such party, whether referred to in this Agreement or not.

## 9. ASSIGNMENT.

**9.1 No Assignment.** This Agreement, the rights granted to Licensee, and the duties and obligations of Licensee are all personal to Licensee and Licensee agrees not to sell, assign, transfer, mortgage, pledge or hypothecate any such rights in whole or in part, or delegate any of its duties or obligations under this Agreement; nor shall any of Licensee's rights or duties be assigned, transferred or delegated by Licensee to any third party by

operation of law. Any purported transfer, assignment or delegation in violation of the foregoing sentence shall be void and without effect, and this Agreement shall thereupon become terminable without further notice by Acticon. In the context of this provision, “assignment” shall include the transfer of substantially all of the assets of Licensee, or of a majority interest in the voting stock of Licensee, or the merger, consolidation or reorganization of Licensee with one or more third parties.

9.2 **Binding on Successors.** This Agreement will inure to the benefit of and be binding upon Acticon, its successors and assigns.

## 10. DISPUTE RESOLUTION.

### 10.1 Arbitration of Royalty Disputes.

- (a) Any dispute between Acticon and Licensee concerning the amount of royalties payable to Acticon under this Agreement shall be submitted for binding arbitration in accordance with the provisions of this Section 10 and the then-applicable rules of the American Arbitration Association (the “Association”) in New York City, New York. Judgment upon the arbitration award may be entered in any court of competent jurisdiction.
- (b) The power of the arbitrators shall be limited to resolving the specific issues stated by determining the royalties Licensee owes or should receive credit for, if any, under this Agreement. The power of the arbitrators shall not extend to any other matters. All other disputes shall be subject to litigation in a court of competent jurisdiction.
- (c) The arbitration panel or tribunal shall consist solely of neutral arbitrators.
- (d) Attorney’s fees and arbitration fees shall be awarded to the prevailing party.
- (e) The parties agree that arbitration proceedings under this Agreement shall not be stayed on the ground of pending litigation to which either or both of them is a party.

10.2 **Remedies.** Except as expressly provided herein, all specific remedies provided for in this Agreement are cumulative and are not exclusive of one another or of any other remedies available in law or equity.

## 11. LIMITATIONS OF RIGHTS AND AUTHORITY

**Limitation of Rights.** No right or title whatsoever in the Licensed Patent is granted by Licensor to Licensee, or shall be taken or assumed by Licensee, except as is specifically set forth in this Agreement.

11.2 **Limitation of Authority.** Neither party shall, in any respect whatsoever, be taken to be the agent or representative of the other party, and neither party shall have any authority to assume any obligation for the other party, or to commit the other party in any way.

## 12. MISCELLANEOUS

- 12.1 **Computation of Time.** The time in which any act provided in this Agreement is to be done shall be computed by excluding the first day and including the last day, unless the last day is a Saturday, Sunday, or legal holiday, and then it shall also be excluded.
- 12.2 **Notices.** All notices given in connection with this Agreement shall be in writing and shall be deemed given upon actual receipt by the addressee. Notices shall be (a) personally delivered, or (b) sent by telex or facsimile (with prompt confirmation by (i) registered or certified mail, or (ii) a reputable courier service such as Federal Express, UPS, DHL and the like, each of which shall be postage prepaid), or (c) by (i) registered or certified air mail, or (ii) a reputable courier service such as Federal Express, UPS, DHL, and the like, each of which shall be postage prepaid, and addressed to the party to be notified at the following address, or at such other address as the party may designate by notice:

Acticon:

Acticon Technologies LLC  
Montebello Park  
75 Montebello Road  
Suffern, New York 10901  
Attention: Paul Lerner, Esq.  
Phone: (845) 368-4000  
Facsimile: (845) 368-8770

Licensee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

- 12.3 **Survival.** The provisions of this Agreement relating to payment obligations, confidentiality, indemnification, remedies, and arbitration shall survive the expiration or termination of this Agreement.
- 12.4 **Severability.** If any provision of this Agreement is declared by a court of competent jurisdiction to be invalid, illegal, unenforceable, or void then both parties shall be relieved of all obligations arising under such provision, but only to the extent that such provision is invalid, illegal, unenforceable, or void. If the remainder of this Agreement is capable of substantial performance, then each provision not so affected shall be enforced to the extent permitted by law.

- 12.5 **Waiver and Modification.** No modification of any of the terms of this Agreement will be valid unless in writing and signed by both parties. No waiver by either party of a breach of this Agreement will be deemed a waiver by such party of any subsequent breach.
- 12.6 **Headings.** The headings in this Agreement are for reference only and shall not in any way control the meaning or interpretation of this Agreement.
- 12.7 **Interpretation.** No provision of this Agreement is to be interpreted for or against any party because that party or its attorney drafted the provision.
- 12.8 **Governing Law.** This Agreement shall be construed, governed, interpreted, and applied in accordance with the laws of the State of New York. The state and federal courts of New York shall have exclusive jurisdiction and venue over any dispute between the parties that is not subject to arbitration. Each party waives objections to personal jurisdiction and venue over that party in such courts.
- 12.9 **No Other Agreement.** The parties each represent that in entering into this Agreement, they rely on no promise, inducement, or other agreement not expressly contained in this Agreement; that they have read this Agreement and discussed it thoroughly with their respective legal counsel; that they understand all of the provisions of this Agreement and intend to be bound by them; and that they enter into this Agreement voluntarily.
- 12.10 **Entire Agreement.** This Agreement constitutes the complete and exclusive statement of the terms and conditions between the parties, which supersedes and merges all prior proposals, understandings and all other agreements, oral and written, between the parties relating to the subject of this Agreement.
- 12.11 **Counterparts.** This Agreement may be executed in counterparts, which taken together shall constitute one document.

[the remainder of this page is intentionally left blank]

**IN WITNESS WHEREOF**, the parties have executed this Agreement by their duly authorized representatives.

**For and on behalf of  
ACTICON TECHNOLOGIES, LLC**

\_\_\_\_\_ Date: \_\_\_\_\_, 2007  
By: Paul J. Lerner, Esq.  
Title: Counsel

**Read and Approved**

\_\_\_\_\_ Date: \_\_\_\_\_, 2007  
By: Steven Farago  
As: Inventor

**For and on behalf of**  
[\_\_\_\_\_]

\_\_\_\_\_ Date: \_\_\_\_\_, 2007  
By: \_\_\_\_\_  
Title: \_\_\_\_\_