

# **DRAFT – CONFIDENTIAL - DRAFT**

## **LICENSE AGREEMENT**

This License Agreement (the "Agreement") is by and between: \_\_

Viscot Medical, LLC, a New Jersey limited liability company having a principal place of business at 32 West Street, East Hanover, NJ, (hereinafter "Viscot" or "Party"); and

Advanced Medical Innovations, Inc. a California corporation, having its principal place of business at 8741 Shirley Avenue, Northridge, CA 91324, (hereinafter "Licensor" or "Party" or together with Viscot, "Parties").

WHEREAS, Viscot is in the business of designing, developing, and manufacturing various products, including medical equipment;

WHEREAS, Licensor owns, possesses, and is vested with exclusive rights to certain patents as defined hereinbelow (see Licensed Patents and Sublicensed Patent);

WHEREAS, Viscot and Licensor are executing an Asset Purchase Agreement for the purchase of certain assets of Licensor and in connection therewith, Licensor wishes to license the Licensed Patents to Viscot;

WHEREAS, Viscot desires a worldwide, exclusive license of the Licensed Patents and more specifically the exclusive right to make, have made, import, use, offer for sale, and sell products incorporating the technologies of the Licensed Patents under the terms authorized herein by Viscot; and

WHEREAS, Viscot and Licensor wish to set forth the terms of the license for the Licensed Patents;

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter contained, Viscot and Licensor, intending to be bound legally, hereby agree as follows:

### **1. DEFINITIONS**

The definitions set forth in this Section 1.0 shall apply to the following terms when used with initial capital letters in this Agreement, its attachments, and any amendments hereto. Any capitalized terms not defined herein may be defined in the Asset Purchase Agreement referred to above.

1.1 Effective Date – This Agreement shall be effective as of the date that both Viscot and Licensor have executed this Agreement.

1.2 Licensed Patents – shall mean each and all of the U.S. Patents listed in Schedule B1, and any patent or patent application, filed in the United States

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or anywhere in the world, claiming priority to any of the aforementioned U.S. Patents. The term Licensed Patents shall further include any patent owned by or licensed to Licensor that covers any of the Purchased Assets under the corresponding Asset Purchase Agreement.

- 1.3 Sublicensed Patent – shall mean any Licensed Patent that is licensed to Licensor with the right to sublicense said patent).
- 1.4 Patented Products – shall mean products that are covered by one or more claims of any of the Licensed Patents.
- 1.5 Net Sales – shall mean the revenue received by Viscot, and the fair market value of all property, services and/or other consideration received, from the sale of Products to independent third parties worldwide less the following amounts: (i) discounts, including cash discounts, or rebates actually allowed or granted; (ii) credits or allowances actually granted upon claims or returns regardless of the party requesting the return; (iii) freight charges paid for delivery, and (iv) taxes or other governmental charges levied on or measured by the invoiced amount whether absorbed by the billing or the billed party. However, in no event shall the total amount deducted from Net Sales during any royalty period exceed twenty percent of the gross sales of the products during the royalty period.

## 2. LICENSE GRANT AND PAYMENTS

- 2.1 Licensor hereby grants to Viscot a worldwide, exclusive, transferable, assignable, sublicensable, irrevocable, and perpetual license to each Licensed Patent and the Patented Products and to manufacture, produce, market, and sell the Patented Products and any derivatives therefrom anywhere in the world and all technology, trade secrets, intellectual property, and know-how related to the design and manufacture of the Patented Products and to the full disclosure of each of the Licensed Patents, subject to Royalties due under this Section and subject to the other terms and conditions of this agreement.
- 2.2 The foregoing license grant shall be assignable by Viscot, who shall be permitted to sublicense, assign, or transfer the license granted hereunder with prior notice to Licensor. The sublicensee/Assignee will have to pay royalties to AMI the licensor as per this agreement. Further Viscot shall be permitted to enter into such distribution agreements and other arrangements as it deems necessary or appropriate to manufacture, market, and sell the Patented Products anywhere in the world.
- 2.3 Viscot shall pay Licensor a Royalty for a period of seven (7) years as follows:

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- 2.3.1 Five Percent (5%) Royalty on Net Sales of Patented and non patented Products up to \$180,000 per year; and
- 2.3.2 Eight Percent (8%) Royalty on Net Sales of Patented and non patented Products in excess of \$180,001.
- 2.4 Royalty Renewal: If, after the initial seven (7) year period, the total Net Sales for all Patented and non patented Products exceeds \$600,000 per year, a royalty will be due equal to 4% of the Net Sales for any Patented Product still covered by a non-expired Licensed Patent. After the initial seven (7) year period discussed in section 2.3, in the event of the termination or expiration of a Licensed Patent due to any reason, no further royalties shall be due for any sales of any Patented Product covered by the Licensed Patent.
- 2.5 The foregoing Royalties shall be applied to Patented and non patented Products sold anywhere in the world.
- 2.6 Royalties payable pursuant to this Section of the Agreement shall be payable by Viscot to Licensor, for the Three ~~six~~-month period from the Execution Date and each three ~~six~~-month period thereafter, within thirty sixty (30~~00~~) days following the end of the relevant three ~~six~~-month period. Such royalties shall be paid to Licensor and accompanied by a detailed report accounting for how the royalties were calculated. Licensor shall maintain all information in such royalty statements of Viscot as Confidential Information, except to the extent that the information is needed by Licensor to enforce any rights under this Agreement.
- 2.7 ~~Licensed~~ <sup>Licensor</sup> Licensor agrees to pay all prosecution and maintenance costs for each of the Licensed Patents for the duration of the term of the Licensed Patents Remove this section with the exception of any patent assigned to Viscot. (All revenues will be going to Viscot and they need to maintain the patents and any prosecution thereof, regardless of assignment. The patents will not go back to AMI and AMI did not put any forecast restrictions to keep the patent.
- 2.8 If the Sales Target as defined in the Asset Purchase Agreement is reached for any given Patented Product, Viscot has the option to purchase any of the Licensed Patents, with the exception of sub-licensed US Patent D723,689S (Viscot needs to purchase this one as well-AMI paid for the prosecution of this patent application and it belongs to it), under terms as

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outlined in the Asset Purchase Agreement. Upon assignment of any patent of the Licensed Patents to Viscot, Royalties shall continue to be due for Patented Products covered by the assigned patent or patents under the terms of this Agreement for the longer of seven years from the date of execution of this Agreement or the life of the assigned patent or patents.

### 3. INFRINGEMENT

- 3.1 Viscot may, but not shall be obligated to, institute and prosecute any and all suits to enjoin any and all infringers of any of the Licensed Patents. Viscot shall pay for all costs associated with such action. Accordingly, Viscot shall be entitled to all awards or settlements therefrom. Change as follows: Viscot shall be entitled to recoup all the funds it advanced for the prosecution of the law suit. Any leftover will be split 50/50 between Viscot and AMI. Licensor agrees to cooperate with and provide reasonable assistance to Viscot in any enforcement effort, including instituting such actions where required, and to execute such documents as may be necessary or desirable in any suit or action under this section. Licensor shall not be permitted to settle any such actions or claims without the prior written consent of Viscot, which will not be unreasonably withheld.
- 3.2 In the event that Licensor becomes aware of any infringement of any of the Licensed Patents, Licensor shall immediately notify Viscot. In the event Viscot determines not to take any action against an infringer, then Licensor may take such action at its own expense, including attorney's fees. In such event, Licensor shall be entitled to any award or settlement from such claim or action, provided however that Licensor shall not settle any such action without the prior written consent of Viscot, which consent will not be unreasonably withheld. Use the same language as above...50/50 etc.
- 3.3 Each Party hereto shall notify the other Party promptly of any claim or action for infringement of any patents belonging to third parties which is threatened, made, or brought against either Party by reason of the manufacture, use, or sale of the Patented Products or the use of a Licensed Patent. In the event that an action for infringement is commenced against Licensor or Viscot based on a Licensed Patent, the Patented Products, or the use, manufacture, or sale thereof, Viscot shall defend such action at its own expense and, hire its own counsel at its own expense. In the event Viscot loses such action Viscot shall be responsible for any damages or payments due as a result of such action. Licensor or Viscot shall attempt to obtain a license from the third party to continue to

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manufacture and sell the Patented Products. If such license cannot be obtained, this Agreement as it pertains to the subject Licensed Patent, shall terminate.

### **4. CONFIDENTIAL INFORMATION**

4.1 "Confidential Information" means any information furnished or disclosed, in whatever form or medium, by one Party to another Party relating to the business of the disclosing Party, and includes, without limitation, contract terms, financial information, business procedures, processes, techniques, methods, ideas, discoveries, inventions, developments, records, product designs, product planning, trade secrets, customer lists, and material samples, all of which are deemed confidential and proprietary.

4.2 Notwithstanding any other provision of this Agreement, each Party acknowledges that Confidential Information does not include any information that demonstrably (a) was publicly available at the time of disclosure, or later became publicly available through no act or omission of the non-disclosing Party; (b) was already in the non-disclosing Party's possession at the time of disclosure; (c) was rightfully received by the non-disclosing Party from a third party without any obligation of confidentiality; or (d) was independently developed by or for the non-disclosing Party without use of the Confidential Information.

4.3 For the term of this Agreement and for an additional period of five (5) years as measured from the date of termination of this Agreement, Licensor and Viscot agree to use reasonable care and discretion, commensurate with that degree of care it uses to protect similar information of its own, to avoid disclosure, publication, or dissemination of information received pursuant to this Agreement, outside of those employees, officers or consultants of Licensor and Viscot.

### **5. REPRESENTATIONS AND WARRANTIES**

5.1 The Parties represent and warrant that they are duly organized and are duly authorized to execute and deliver this Agreement and to perform each of their respective obligations hereunder.

5.2 Licensor represents and warrants that it is the rightful owner of each of the Licensed Patents with good and clear title thereto, with the exception of the Sublicensed Patent, and that Licensor has the right to sublicense the Sublicensed Patent to Licensor under the terms contained herein.

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- 5.3 The Licensor represents and warrants to Viscot that, to the best of its knowledge, the Licensed Patents are valid, enforceable, and are not infringed by any third party.
- 5.4 The Licensor represents and warrants to Viscot that, to the best of its knowledge, none of the Licensed Patents were obtained illegally or through fraudulent actions or representations.
- 5.5 Licensor represents that it understands that nothing in this Agreement prevents Viscot from using, licensing, or in any other way dealing in or with any other technology, regardless of whether such technology is deemed competitive with any of the Licensed Patents in this Agreement. Any such competitive product will be disclosed to licensor to make sure it does not infringe on AMI patents.
- 5.6 Each Party represents and warrants that it will comply with all applicable laws, regulations, or ordinances pertaining to its performance hereunder.
- 5.7 Each Party represents and warrants that this Agreement and the transactions contemplated hereby do not violate any agreements to which it is subject as a party.
- 5.8 Each Party represents and warrants that in executing this Agreement it does not rely on any promises, inducements, or representations made by a Party or third party regarding this Agreement or any other business dealings with any Party or third party, now or in the future.
- 5.9 Each party represents and warrants that it is not presently the subject of a voluntary or involuntary petition in bankruptcy or the equivalent thereof, does not presently contemplate filing any such voluntary petition, and does not presently have reason to believe that such an involuntary petition will be filed against it.
- 5.10 Licensor expressly incorporates each of the Representations and Warranties recited in Section 5 of the Asset Purchase Agreement. I did not see yet the final asset purchase agreement. I assume this is correct.

## 6. TERM AND TERMINATION

- 6.1 Term. This Agreement shall expire upon the termination of the last remaining of the Licensed Patents that remains licensed to Viscot.
- 6.2 Mutual Termination. The Parties may agree to terminate this Agreement in a mutually executed writing.
- 6.3 Termination for Cause. This Agreement shall terminate if: (i) either Party commits a breach of any material provision of this Agreement; (ii) notice is



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provided to the breaching Party specifying the nature of the material breach and specifying its intention to terminate; and (iii) the breaching Party fails to cure the material breach within one month of the notice. Such termination shall not limit other remedies available for the material breach.

- 6.4 Other Terminations. The Agreement may also be terminated if Licensor, in any judicial or administrative proceeding or the equivalent thereof, asserts a position that is in conflict with any of the representations or warranties made by Licensor in this Agreement, regardless of whether such representations and/or warranties are set forth in the whereas clauses of this Agreement or in Section 4.0. Not sure what this means. Can you explain in simple terms....If not, pnce the agreements are finalized I'll send it to my attorney for blessing and he will explain.

6.4.1 In the event that the foregoing event listed in Section 5.4 occurs, this Agreement may be terminated by Viscot upon thirty (30) days' written notice to Licensor, without any right of Licensor to cure.

- 6.5 Survival. The following provisions of this Agreement shall survive expiration or termination of this Agreement:

6.5.1 Obligations of confidentiality relating to Confidential Information under section 3 of this Agreement.

6.5.2 Viscot's obligation to pay all royalties accrued pursuant to Section 2.0 as of the effective date of expiration or termination; and

6.5.3 The license to Licensed Patents if Licensor declares bankruptcy or is subject to bankruptcy proceedings.

## 7. PATENT MARKING

- 7.1 So long as the License is in effect, Viscot shall place a notice in accordance with 35 U.S.C. §287 in a conspicuous location on each Product covered by any Licensed Patent.

## 8. MISCELLANEOUS PROVISIONS

### 8.1 Notice.

8.1.1 All notices required or permitted under this Agreement to Viscot shall be sent by Certified Mail with return receipt requested, overnight delivery by commercial or other service which can verify delivery to the address indicated herein. Such notice so sent shall be effective as of the date it is sent.

8.1.2 All notices from Viscot to Licensor shall be sent to:

Advanced Medical Innovations, Inc.

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8741 Shirley Avenue  
Northridge, California 91324  
AND  
22205 Dardenne Street  
Calabasas, California 91302  
Attention: Mike Hoftman, President  
Email: [mhoftman@amiwelisten.com](mailto:mhoftman@amiwelisten.com) and [mhoftman@gmail.com](mailto:mhoftman@gmail.com)

8.1.3 All notices from Licensor to Viscot or its successor shall be sent to:

Gary Pieringer - President  
Viscot Medical LLC  
32 West St.  
PO Box 351  
East Hanover, NJ 07936  
Email address:

- 8.2 Freedom of Independent Development. Nothing in this Agreement shall be construed as prohibiting or restricting either Party from independently developing any product or service regardless of whether such product or service is competitive with the products or services licensed hereunder. These products must be non infringing of any AMI licensed patents
- 8.3 Relationship. Nothing in this Agreement shall be construed to create a principal-agent relationship, partnership or joint venture between the parties, or give rise to any fiduciary duty from one party to the other party except as expressly set forth herein.
- 8.4 Severability. If any provision of this Agreement is held by a court or tribunal of competent jurisdiction to be unenforceable or contrary to law, the remaining provisions of the Agreement will remain in full force and effect to the extent that the interests of the parties in entering into this Agreement can be realized.
- 8.5 No Waiver. The failure of either party at any time to require performance by the other party of any provision of this Agreement shall not be construed as acquiescence or waiver of such failure to perform such provision. The failure of either party to take action upon the breach of any provision of this Agreement shall not be construed as acquiescence or waiver of any remedies available due to such breach.
- 8.6 Section Headings. The Section headings contained in this Agreement are for reference purposes only and shall not in any way control the meaning or interpretation of this Agreement.



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- 8.7 Representation of Counsel; Mutual Negotiation. Each party has had the opportunity to be represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated at arm's-length, with the advice and participation of counsel, and prepared at the joint request, direction, and instruction of the parties, and shall be interpreted in accordance with its terms without favor to any party. Once finalized I'll get the blessing of my attorney.
- 8.8 Bankruptcy. In the event that Licensor should file a petition under the United States federal bankruptcy laws, or that an involuntary petition shall be filed against Licensor, the parties intend that Viscot shall be protected in the continued enjoyment of its rights as Licensee under the Licensed Patents licensed hereunder to the maximum feasible extent including, without limitation, if it so elects, the protection conferred upon licensees under 11 U.S.C. Section 365(n). Licensor agrees that it will give Licensee notice of the filing of any voluntary or involuntary petition under the United States federal bankruptcy laws. Attorney will advise
- 8.8.1 The Licensed Patents sublicensed hereunder shall be deemed to be "intellectual property" as the term is defined in 11 U.S.C. Section 101(35A). All written agreements entered into in connection with the Parties' performances hereunder from time to time shall be considered agreements "supplementary" to this Agreement for purposes of 11 U.S.C. Section 365(n). Attorney will advise
- 8.9 Choice of Law and Consent to Jurisdiction. The validity, construction and performance of this Agreement shall be governed by the substantive law of the State of California (we discussed before and you advised that some of the delay is due to this request). New Jersey, USA, without regard to the conflict of law rules. If you insist of NJ and my attorney will agree, you will have to pay for all travel and NJ attorney expenses for me going to NJ in case of a conflict. Viscot needs to perform in this agreement and any conflict most likely will be financial. The parties to this Agreement hereby consent to the exclusive jurisdiction of the federal and state courts of the state of California New Jersey in the event of any dispute arising under or in connection with this Agreement. Parties hereby consent to the personal jurisdiction of the courts located within the State of California New Jersey for the resolution of any dispute arising under or in connection with this Agreement.
- 8.10 Entire Agreement
- 8.10.1 The provisions of this Agreement, including its attachments and any amendments, constitute the entire Agreement between the parties,

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and supersede any and all prior communications and understandings, oral or written, between the parties relating to the subject matter hereof.

8.10.2 No amendment of this Agreement shall be effective unless amendment is in writing and specifically references this Agreement, and is signed by all parties hereto.

8.11 Execution in Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

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**IN WITNESS WHEREOF**, Viscot and Licensor hereto have executed this Agreement as of the date indicated below.

LICENSOR

Advanced Medical Innovations, Inc.      Date:

\_\_\_\_\_  
Mike Hoftman, President

\_\_\_\_\_

LICENSEE

Viscot Medical, LLC      Date:

\_\_\_\_\_  
Gary Pieringer, President

\_\_\_\_\_

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**Schedule B1**

**Licensed Patents**

**Licensed Patents - Owned by Licensor**

#	Cntr y	Application No.	File Date	Patent No.	Issue Date	Title	Inventors	Assignee
1	US	10/706,354	11/12/03	7,101,382	09/05/06	Retractable Scalpel	Samuel George Mike Hoftman	No Assignment data
2	US	11/096,551	04/01/05	7,441,655	10/28/08	Transfer Tray for Surgical Sharps	Mike Hoftman	No Assignment data
3	US	10/706,353	11/12/03	8,596,453	12/03/13	Scalpel Blade Remover And Sharps Container	Mike Hoftman William Baer	Mike Hoftman
4	US	13/403,047	02/23/12	8,752,700	06/17/14	Sharps Container With Blade Remover, Needle Unsheatheer, Latch and Security Alignment Extensions	Moshe Mike Hoftman	No Assignment data
5	US	13/914,411	06/10/13	9,522,043	12/20/16	Storage And Protection Device For Bronchoscopes	Nir Hoftman Carsten Nadjat-Halem Aman Mahajan Mike Hoftman	Advanced Medical Innovations, Inc.
6	US	12/938,054	11/02/10	9,750,891	09/05/17	Device for Safe Withdrawal and Administration of Liquids by Syringe	Moshe Mike Hoftman	No Assignment data

**Licensed Patents - Licensed by Licensor with right to sublicense to Viscot (Sublicensed Patent)**

#	Cntr y	Application No.	File Date	Patent No.	Issue Date	Title	Inventors	Assignee
7	US	29/413,754	02/20/12	D723,689	3/3/2015	Surgical scissors	George, Samuel	No Assignment data