

**NaNOCOPY/LOGODOT TECHNOLOGY LICENSE AGREEMENT**

This NaNOCOPY/LOGODOT TECHNOLOGY LICENSE AGREEMENT (this "Agreement"), effective this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Amgraf, Inc., 1501 Oak Street, Kansas City, MO 64108, and Verify First Technologies, Inc., 1760 Commerce Way, Paso Robles, CA 93446 (hereinafter collectively "LICENSOR"), and \_\_\_\_\_ (hereinafter "LICENSEE"), having an office and place of business at \_\_\_\_\_.

**WITNESSETH THAT:**

WHEREAS, LICENSOR, owns certain patents relating to anti-counterfeiting technology, which are disclosed or claimed in U.S. Patent Number 6,692,030 and U.S. Patent Number 7,196,822; and

WHEREAS, LICENSOR additionally own a substantial body of trade secret technical information and know-how, and expects in the future to develop additional information and know-how relating to such inventions, which LICENSOR asserts that it has been and shall be maintained in strict secrecy; and

WHEREAS, LICENSEE desires to apply said inventions and trade secret technical information to a commercial product line; and

WHEREAS, LICENSEE desires access to and use of the trade secret property, as well as a non-exclusive license of the patents described above.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed as follows:

**ARTICLE 1 - DEFINITIONS:**

As used in this agreement, the terms:

1.1 "Document" means any bank note, check, certificate, coupon, title, receipt, other document or media or other physical object capable of having information or images recorded thereon.

1.2 "Patent" or "Patents" means inventions owned by LICENSOR that are generally described in the Patents listed in Appendix A hereto.

1.3 "Product" means any Document disclosed or claimed within any of the Patents, or whose methods of manufacture are disclosed or claimed within any of the Patents, or which embodies or is made with the use of any of the Trade Secrets.

1.4 "Trademark" or "Trademarks" means trademarks owned by LICENSOR that are listed in Schedule A hereto.

1.5 "Trade Secret" or "Trade Secrets" means all proprietary and confidential technical information owned by the LICENSOR and relating to the inventions disclosed and claimed in the Patents.

1.6 "Sales Price" or "Sales Prices" mean the price or prices at which Products are invoiced in an arm's length transaction less sales taxes, excise taxes, discounts, freight charges and insurance charges, including the cost of a performance bond or other surety costs.

## ARTICLE 2 – TECHNOLOGY LICENSE GRANT

2.1 LICENSOR hereby grants to LICENSEE a world-wide non-exclusive license to manufacture, have manufactured, sell, offer to sell, and import Products.

2.2 LICENSOR reserves all rights to apply for and obtain Patents for Trade Secrets or knowledge derived from use of Trade Secrets before such becomes common knowledge.

2.3 Except under specific written permission from the LICENSOR, LICENSEE is strictly prohibited from sublicensing of this agreement to any third party, and this Agreement shall, in all instances, specifically preclude the sublicensee from granting further sublicenses, and require the sublicensee to maintain the Trade Secrets in strict confidence.

## ARTICLE 3 – TRADEMARK LICENSE

3.1 LICENSOR hereby grants to LICENSEE a world-wide nonexclusive license to the use of the Trademarks in association with the sale or marketing of Products, subject to the provision that each Trademark will only be used in conjunction with the sale or marketing of a Product for which it is associated as set forth in Appendix A.

3.2 LICENSEE understands that the exercise of this trademark license is optional, and LICENSEE need not use the Trademarks in association with the Products.

3.3 LICENSEE acknowledges that LICENSOR is the owner of the Trademarks, and agrees that it will do nothing inconsistent with such ownership and that all use of the Trademarks by LICENSEE shall inure to the benefit of and be on behalf of LICENSOR. LICENSEE agrees not to adopt any trademark that is confusingly similar to the Trademarks. LICENSEE also agrees that nothing in this agreement shall give LICENSEE any right, title or interest in the Trademarks other than the right to use the Trademarks in accordance with this agreement. LICENSEE further agrees that it will not attack LICENSOR's title to the Trademarks.

3.4 LICENSEE agrees to obtain LICENSOR's approval of its manner of using a Trademark prior to LICENSEE's use of the Trademark. At LICENSOR's request, LICENSEE agrees to submit: a graphic sample of the use of a Trademark on a Product or on any labeling or packaging associated with the Product. LICENSEE agrees that it will not distribute or sell any Products bearing the Trademarks prior to such approval. LICENSEE further agrees not to use the Trademarks in combination with other marks without prior written approval of LICENSOR.

3.5 LICENSEE warrants that all Products distributed or sold under the Trademarks, and all advertising, promotional or display material on which such Trademarks appear, conform, in all respects, to the samples approved by LICENSOR, and that it will not distribute or sell any Products that are of an inferior quality to the approved samples or any other products distributed or sold by LICENSEE. LICENSEE also warrants that the form and manner in which the Trademarks appear on any Products and advertising, promotional or display material conform, in all respects, to the samples approved by LICENSOR. LICENSEE further agrees to comply with all applicable laws and regulations and obtain all appropriate government approvals pertaining to the sale, distribution, and advertising of the Products under the Trademarks.

#### ARTICLE 4 - PAYMENTS AND ROYALTIES

4.1 Upon signing of this Agreement, LICENSEE will pay the LICENSOR an initial non-refundable license fee of Ten Thousand Dollars (U.S.\$10,000).

4.2 LICENSEE will pay LICENSOR royalties for the full life of the License Agreement at the rate of: (A.) Two and one-half percent (2-1/2%) of the Sales Price of Products manufactured and sold in the United States and/or Puerto Rico; and (B.) Five Percent (5%) of the Sales Price of Products that are either manufactured or sold outside the United States of America. LICENSEE shall have the right to produce samples, specimens, sales and promotional materials for its own benefit without the requirement to pay royalties.

4.3 For each twelve (12) month period following the signing of this Agreement, LICENSEE agrees to pay LICENSOR a minimum of Five Thousand (U.S.\$5,000) Dollars, which shall be credited against accrued royalties.

#### ARTICLE 5 - PAYMENT AND RECORDS:

5.1 LICENSEE shall make royalty payments to LICENSOR for the full amount due under Article 4 on a quarterly basis, within thirty (30) days following the close of each calendar quarter.

5.2 LICENSEE shall keep records of all sales, and payments received therefore, of Product sold by LICENSEE. When required by the LICENSOR, the LICENSEE shall provide access to an independent Certified Public Accountant of LICENSOR'S choice and at LICENSOR'S expense, in order to examine those records during regular business hours, given a reasonable notice. LICENSEE shall forward to the LICENSOR on a quarterly basis within ten (10) working days following the close of each calendar quarter, a report detailing the total number of Products sold by LICENSEE during such quarter and the total Sales Price for such Products. LICENSOR agrees to keep confidential all royalty records submitted by LICENSEE except for disclosures required by applicable law or regulation or by legal process.

5.3 All payments shall be made by check, cashier's check, or bank wire transfer to the entity and at the address set forth in Article 9. All payments are to be made in U.S. dollars.

#### ARTICLE 6 – CONFIDENTIALITY

Except to the extent that Trade Secrets are publicly disclosed through release or distribution of Products, are already public knowledge or were known to LICENSEE prior to its disclosure by LICENSOR, as evidenced by its business records, or becomes publicly known through disclosures not attributable to LICENSEE or related parties, LICENSEE will keep and maintain Trade Secrets in strict confidence for perpetuity, or until LICENSEE shall have no obligation of confidentiality pursuant to this Article 6 with respect to any information otherwise subject to the provisions hereto that LICENSEE is required by applicable law or regulation or by legal process to disclose.

#### ARTICLE 7 - TERM AND TERMINATION

7.1 This Agreement shall endure and remain in full force for a period of five (5) years, unless terminated or cancelled under other provisions of this Agreement. This Agreement shall be renewable for a non-refundable cost of Five Thousand (\$5,000) Dollars for each successive five (5) year period, until the expiration of the last to expire patent included in the Patents licensed hereunder. To extend the terms of this contract, this payment MUST be made thirty (30) days prior to its scheduled expiration date.

7.2 LICENSOR may terminate this Agreement under, and subject to, the following provisions:

7.2.1 If LICENSEE fails to perform any obligation as set forth herein, and upon notice given as provided

herein, and fails to remedy the breach within thirty (30) days after written notification by LICENSOR or, if the breach is incapable of being remedied within thirty (30) days, and LICENSEE does not commence to remedy the breach during such thirty (30) days and proceed diligently to complete such remedy.

7.2.2 Immediately, if LICENSEE attempts to transfer, assign or otherwise share the license conveyed herein with a third party in violation of this Agreement.

7.2.3 If LICENSEE fails to pay royalties as provided in Article 4 of this Agreement.

7.2.4 If any audit by a Certified Public Accountant reveals that LICENSEE has made an underpayment of fifteen percent (15%) or greater in any calendar year.

7.3 LICENSEE may terminate this Agreement if the LICENSOR fails to perform any obligation on their part as set forth herein, and upon written notice given as provided herein, fail to remedy the breach within thirty (30) days after notification to LICENSOR.

7.4 Upon termination of this Agreement prior to the times set forth in Section 7.1, LICENSEE shall have the right in accordance with the terms and provisions of this Agreement to sell only Products manufactured under licenses granted in Article 2 that may be in its inventory, and shall have the right to complete only contracts to sell or supply Products, including products manufactured under licenses granted under Article 2, which were in effect on the date of termination, but under no circumstances beyond one (1) year from said date. LICENSEE shall continue also to pay LICENSOR all royalties under Article 4 due on the Products, until the Products are exhausted.

#### ARTICLE 8 – WARRANTIES

8.1 LICENSOR represents and warrants that it has title to the Trade Secrets, Patents, and Trademarks, and has the right to assign the licenses granted herein.

8.2 LICENSOR represents and warrants that they have not heretofore granted any rights to the Trade Secrets, Patents, and Trademarks that would interfere with any rights granted to LICENSEE under this Agreement.

#### ARTICLE 9– MISCELLANEOUS

9.1 Except to a successor in interest of substantially all of the business or assets of the parties, the LICENSEE shall not assign any rights under this Agreement not specifically transferable by its terms without the written consent of the LICENSOR, which consent shall not be unreasonably withheld.

9.2 Neither of the parties shall publicly use the name of the other, without the written consent of the other party, except as required by law or except to exercise its rights or perform its obligations hereunder.

9.3 All written notices referred to in this Agreement will be communicated by means of registered or certified mail (return receipt requested) or personal delivery and will be effective for purposes of determining compliance with the time requirements herein (unless otherwise specifically provided herein) at the time of personal delivery, or upon deposit in the United States mail, postage fully prepaid, addressed to the parties hereto at their principal place of business. For the purpose of all written communications and notice between the parties, their addresses shall be:

AMGRAF, INC  
1501 OAK STREET  
KANSAS CITY, MO 64108-1424  
Telephone (816) 474-4797  
Fax (816) 842-4477

COMPANY NAME: \_\_\_\_\_

ATTN: \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

or any other addresses of which either party shall notify the other party in writing.

9.4 The parties agree to act in good faith and make best reasonable efforts to fulfill their obligations under this Agreement.

9.5 Each party shall execute any instruments reasonably believed by the other party to be necessary to implement the provisions of this Agreement.

9.6 This Agreement and all aspects of the relationship between the parties shall be construed and enforced in accordance with and governed by the internal laws of the state of Missouri in the United States of America without regard to its conflict of laws provisions. To the extent consistent with such laws, the parties hereby consent to the exclusive jurisdiction of the courts of Missouri, and shall be bound by any ruling or judgment thereof. Furthermore, each party hereby consents to the enforcement of any such ruling or judgment thereof (including, without limitation, any injunction, order for specific performance or other equitable relief) in its domestic courts (that is, in an applicable court in Missouri if LICENSOR is a defendant and in an applicable court in the state in which the LICENSEE resides if the LICENSEE is the defendant).

9.7 Should any party institute any action or proceeding to enforce this Agreement or any provision hereof, or for damages by reason of any alleged breach of this Agreement or of any provision hereof, or for a declaration of rights hereunder, the prevailing party shall be entitled to recover from the other party reasonable expenses, attorneys' fees, and costs incurred therein or in the enforcement or collection of any judgment or award rendered therein.

9.8 In the event that any provision of this Agreement is found to be invalid or otherwise unenforceable under any applicable law, such invalidity or unenforceability is not to be construed as rendering any other provisions contained herein invalid or unenforceable, and all such other provisions are to be given full force and effect to the same extent as though the invalid and unenforceable provision were not contained herein. Furthermore, in lieu of any such invalid or unenforceable term or provision, the parties agree that there will be added as a part of this Agreement a provision as similar in terms to such invalid or unenforceable provision as may be possible and be valid and enforceable.

9.9 Headings herein are for convenience of reference only, do not constitute a part of this Agreement, and will not affect the meaning or interpretation of this Agreement. References herein to Articles are references to the referenced Article of this Agreement, unless otherwise specified.

9.10 The language of this Agreement will be construed simply and according to its fair meaning, and will not be construed for or against any party as a result of the source of its draftsmanship.

9.11 No waiver or modification of this Agreement or any term in this Agreement will be binding unless it is in writing signed by the relevant parties. No failure to insist upon compliance with any term, provision or condition to this Agreement, whether by conduct or otherwise, in any one or more instances, will be deemed

to be or construed as a waiver of any such term, provision or condition or as a waiver of any other term, provision or condition of this Agreement,

9.12 This Agreement will be binding upon the successors, heirs, executors, administrators and assigns of the parties.

9.13 Nothing in this Agreement will confer upon any third party, or the legal representatives of such third party, any rights or remedies of any nature or kind whatsoever under or by reason of this Agreement, except those rights or remedies contemplated to be conferred upon any third party beneficiary by the specific provisions of this Agreement.

9.14 This Agreement represents the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes all other agreements, express or implied, oral or written, between the parties concerning the subject matter hereof. No representations or warranties or promises have been made in connection with this Agreement other than those expressly set forth herein.

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

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed in triplicate as appears herein below.

FOR LICENSOR: AMGRAF, INC.

BY \_\_\_\_\_

Signed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Notary Public \_\_\_\_\_

FOR LICENSOR: VERIFY FIRST TECHNOLOGIES, INC.

BY \_\_\_\_\_

Signed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Notary Public \_\_\_\_\_

FOR LICENSEE:

BY \_\_\_\_\_

TITLE \_\_\_\_\_ As Authorized Representative of  
\_\_\_\_\_ Company

Signed before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

Notary Public \_\_\_\_\_

**APPENDIX A**

#	<b>INVENTION (PATENT SERIAL NUMBER OR BRIEF DESCRIPTION)</b>	<b>TRADEMARK USED WITH INVENTION</b>
1	U.S. Patent Number 6,692,030 issued Feb. 17, 2004	NaNOcopy™
2	U.S. Patent Number 7,196,822 issued Mar. 27, 2007	LogoDot™ and Magnifying Glass Design Mark 