

## LICENSE AGREEMENT

This License Agreement (this “Agreement”) is entered into as of the \_\_\_\_ day of \_\_, 2017, by and between DEF US Inc., a corporation duly formed and existing under the laws of the State of New York and having its principal office at \_\_\_\_\_, (“Licensor”) and ABC Japan Corporation, a corporation duly formed and existing under the laws of Japan and having its head office at \_\_\_\_, Japan (“Licensee”).

### RECITALS

WHEREAS, Licensor owns all rights relating to the technology and know-how (the “Technology”) for packaging liquids using paper bags to produce the Products which are listed in Exhibit A attached hereto;

WHEREAS, Licensee wishes to manufacture, sell and distribute the Products in Japan using the Technology; and

WHEREAS, Licensee desires to obtain from Licensor and Licensor is willing to provide to Licensee on an exclusive basis, a license to manufacture, sell and distribute the Products in Japan using the Technology, all on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants of the parties hereto, it is mutually agreed as follows:

#### Article 1 Definition

- 1.1 “License Year” shall mean the one year period starting on the effective date of this Agreement as specified herein, or any anniversary thereof, provided that said anniversary occurs during the term of this Agreement.
- 1.2 “Marks” shall mean any and all registered or unregistered trademarks, service marks, trade names or other symbols owned or controlled by Licensor and which Licensee may use to identify the Products.
- 1.3 “Net Sales Price” shall mean the Licensee’s actual sales price for the Products to a customer in an arm’s length transaction less any consumption, sales or value added taxes tax in the Territory, and less any transport charges including, but not limited to, insurance and packing costs.
- 1.4 “Patents” shall mean all patents (including those specified in Exhibit B or rights in pending patent applications (including Japanese Patent Application Number \_\_) or future patent applications in the Territory relating to the Products.
- 1.5 “Technology” shall mean all information, instructions, data, and trade secrets in or which come into the possession of the Licensor which are related to the manufacture of the Products.
- 1.6 “Territory” shall mean Japan.

## Article 2 License

- 2.1 License. Licensor hereby grants to Licensee an exclusive license as follows:
- (a) to use, manufacture, sell and distribute the Products in the Territory; and
  - (b) to indicate that the Products are manufactured and sold by Licensee in the Territory as an exclusively authorized manufacturer of Licensor and to use Marks in connection with the sale of the Products in the Territory.
- 2.2 Exclusivity. Licensor agrees that the license granted by this Agreement and the rights transferred hereunder shall be granted exclusively to Licensee in the Territory. Licensor also agrees that it shall not sell, manufacture or distribute the Products on its own behalf in the Territory, and will not knowingly sell or provide any license to any other individual or entity which Licensor believes will sell or manufacture the Products in the Territory.
- 2.3 Support. Licensor shall furnish to Licensee all information, documents, blueprints, working drawings, and any and all other data, software, prototypes, specimens and physical things and information necessary for the manufacture, distribution and sale of the Products. Licensor shall, during the term of this Agreement, render to Licensee such technical assistance and support as may be requested by Licensee to instruct and train Licensee, its agents and employees in all aspects of the manufacture, service and installation of the Products as specified in Article 3. All documentary data to be furnished to Licensee hereunder shall be specified in the metric system and in the English language.
- 2.4 Materials and Equipment. Licensor agrees to sell to Licensee at fair market value parts or equipment needed by Licensee in the manufacturing of the Products but only if Licensee is unable to obtain said items of equivalent quality at comparable prices from domestic sources.
- 2.5 No Sublicense. The license granted hereunder shall not grant Licensee to sub-license, assign or otherwise transfer its rights hereunder.
- 2.6 Improvement. Each of the parties hereto agrees that the details of any Improvement to the Products or the Technology, whether patented or not, are disclosed to the other party as soon as practicable, including all necessary information concerning Improvements. Such disclosure shall be on a royalty free basis, and without demanding any additional payment of any kind from the other party.

## Article 3 Training

- 3.1 Licensee Trainees. Licensee may send appropriately qualified employees of Licensee ("Trainees") to the premises of Licensor to receive training and technical assistance hereunder. The time and period of training, and the number of Trainees shall be separately determined by the parties hereto. Licensee shall be responsible for any and all salaries and taxes which are payable to any of the Trainees as well as the travel, hotel and living expenses incurred by any of Trainees sent to Licensor.

- 3.2 Licensor's Training Obligations. If so requested by Licensee, Licensor shall dispatch its employees or agents to visit the premises of Licensee in the Territory for the purpose of instructing and assisting appropriate employees of Licensee in the use of the Technology and in the manufacture of the Products. The details of the terms and conditions of the visit to Japan or other manufacturing plants in the Territory by Licensor shall be separately determined from time to time between Licensor and Licensee. If Licensor is so invited upon the request of Licensee, Licensee shall pay to Licensor at such bank as Licensor shall nominate all reasonable transportation and airfare expenses. All training hereunder shall be provided in English.

#### Article 4 Royalty

- 4.1 Running Royalty. Subject to 4.2, in consideration of the License granted by Section 2.1 hereof, as the running royalty, Licensee shall pay eight (8) percent of the Net Sales Price of the Products [shipped] [sold] [invoiced] by Licensee during each calendar year, or the equivalent thereof (the "Running Royalty"). Such Running Royalty shall be paid thirty (30) days from the expiration of each License Year.

- 4.2 Minimum Royalty. Licensee agrees to pay a minimum royalty in the amount shown below for the respective year ("Minimum Royalty"):

First License Year: Yen 20,000,000

Second and following License Years: Yen 40,000,000

Within thirty (30) days from the commencement of each License Year, Licensee shall pay to Licensor the Minimum Royalty.

- 4.3 Royalty Payment. Payments payable by Licensee to Licensor under this Article shall be made in Japanese Yen by means of telegraphic transfer remittance to the account of Licensor with a bank which Licensor shall from time to time designate in writing to Licensee. Withholding taxes which may be imposed by the government of Japan or any taxing authority thereof on the payment of any sum due to Licensor hereunder shall be borne by Licensor; Licensee shall deduct or withhold such income tax at the request or requirement of the Japanese or other relevant tax authority on behalf of Licensor, furnishing Licensor without delay a tax certificate showing that such tax has been paid. Licensee shall keep complete and accurate records from which can be obtained all the information necessary to determine the amount due to Licensor under this Agreement and shall send to Licensor within thirty (30) days from the last day of each License Year, statement showing the payment due, for shipments of the products made during the preceding License Year, together with remittance for such royalty as shall be due in relation to the shipments.

- 4.4 Fees Charged. Licensee shall bear any fees charged by a remitting or receiving bank with respect to any and all sums payable by Licensee to Licensor hereunder.

#### Article 5 Representations and warranties, indemnities

- 5.1 Licensor's Representations and Warranties. Licensor hereby represents and

warrants to Licensee that:

- (a) The Technology, Patent and Marks are the sole and exclusive property of Licensors and properly registered to the relevant authority;
- (b) Licensors shall maintain the registration of Patent and Marks during the term of this Agreement;
- (c) Licensors have taken all necessary action required to enter into this Agreement, and the execution, delivery and performance of this Agreement will not result in any breach, default or violation of any agreement or instrument to which Licensors are a party or by which Licensors are bound; and
- (d) The use by Licensee of the Technology, Patents, and Marks and the Products does and will not infringe any intellectual property right of any third party.

5.2 Licensee's Representations and Warranties. Licensee represents and warrants that:

- (a) it has taken all necessary action required to enter into this Agreement; and
- (b) the execution, delivery and performance of this Agreement will not result in any breach, default or violation any Agreement or instrument to which Licensee is a party or to which Licensee is bound.

5.3 Notification of Infringement and Licensee's Rights. Licensee shall notify Licensors, in writing, of any infringement of the Patent or Marks of which Licensee is aware in order that Licensors may take appropriate actions.

5.4 Indemnification. Licensors shall indemnify and hold Licensee and its dealers, customers, and each one or more of them harmless and defend Licensee, from and against any and all demands, suits, proceedings, judgments, liens, losses, damages, liabilities and expenses, including but not limited to Licensee's actual legal fees, resulting from claims or lawsuits against Licensee, to the extent that such claims or lawsuits are based in whole or in part, upon Licensee's use or sales of the Products or Licensee's use of the Technology and Marks in the Territory; provided, however, that Licensors shall be given a prompt notice of claim and shall have the right to full control of the defense of any such claim. Licensee shall have the right to participate through its own counsel in such defense or to defend such claims if Licensors fail to fulfill its obligation to do so.

## Article 6 Confidential Information.

Neither party shall disclose, directly or indirectly, to any person any information disclosed or made available to it by the other party under this Agreement unless otherwise consented to by the other party.

## Article 7 Term and Termination

7.1 Effective Date. This Agreement shall become effective on the date of this Agreement and shall be valid for five (5) years thereafter. After the termination of this Agreement, this Agreement shall be valid for continuing periods of one (1) year unless sooner terminated by either party by serving a notice of termination three (3) months prior to the commencement date of the succeeding period.

7.2 Termination. Either of the parties hereto may terminate the license set forth in

Section 2.1 hereof at any time upon notice given to the other party, in writing:

- (a) if such other party commits a material breach of this Agreement which is not effectively remedied by such other party within thirty (30) days of the first party's notice to that effect, in writing; or
- (b) if the other party is wound-up, whether voluntarily or involuntarily, is declared bankrupt, becomes insolvent, or makes an assignment for the benefit of its creditors or has a receiver of its assets appointed, or sells or disposes of all or substantially all of its assets.

In the event that the license set forth in Section 2.1 hereof is terminated by Licensor pursuant to Section 7.2 above, then Licensee shall immediately cease to manufacture, sell or distribute the Products after the date of termination of this Agreement.

#### Article 8 Miscellaneous Provisions

- 8.1 Relationship. Licensee and Licensor are independent contractors and neither party shall in any way be considered the agent, representative, joint venture, or employer of the other in any dealing with a third party and may neither act for nor bind the other in any such dealing.
- 8.2 Assignment. This Agreement may not be assigned by either party to any person, in whole or in part, without the previous consent of the other party, in writing. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and representatives of Licensee and Licensor.
- 8.3 Waiver. A waiver by either party of any breach of any provision, condition, term, obligation or limitation of this Agreement shall not be construed as a continuing waiver of other breaches of the same or other provisions, conditions, terms, obligations or limitations.
- 8.4 Severability. If any specific clause of this Agreement is determined to be unenforceable by a court of competent jurisdiction or other government tribunal, the remainder of this Agreement, to the extent it can exist without the objectionable clause, shall remain in full force and effect.
- 8.5 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and no modification hereof shall be effective unless made by a supplemental agreement in writing, executed by both of the parties hereto, and this Agreement completely supersedes any previous agreement by and between the parties hereto with respect to the matters dealt with herein.
- 8.6 Governing Law. The construction, interpretation, validity and performance thereof shall be governed by the laws of Japan without regard to principles of conflicts of laws.
- 8.7 Arbitration. All disputes that may arise under or in relation to this Agreement shall be settled by arbitration in accordance with the rules of the International Chamber of Commerce. The place of arbitration shall be, unless otherwise agreed between the parties, the country in which the respondent resides. The award

resulting from any arbitration shall be final and binding on the parties hereto.

8.8 Notice. Any notice required or permitted hereunder shall be deemed to have been served for all purposes hereof if mailed by registered or certified mail, postage prepaid, and if addressed to the party at the address first specified above.

8.9 Counterparts. This Agreement may be executed in multiple counterparts and is effective when each of the parties has executed a copy hereof. Each of the counterparts shall be deemed an original, all counterparts taken together shall comprise one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their proper officers thereunto duly authorized as of the day and year first above written.

DEF US Inc.

ABC Japan Corporation

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Exhibit A  
(Description of the Products)

Exhibit B  
(Description of patent)