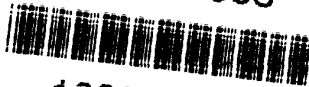


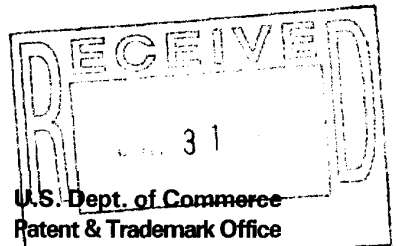
MRD 7-31-98

11-03-1998



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PATENT

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To The Honorable Commissioner of Patents and Trademarks: Please record the attached

1. Name of conveying party(ies):

Paramount Technologies., Inc.

mtd
7-31-98

Additional name(s) of conveying party(ies) attached?

☐ Yes

☒ No

3. Nature of conveyance:

☐ Assignment

☐ Merger

☐ Security Agreement

☐ Change of Name

☒ Other Patent Sublicense Agreement, effective
as of July 29, 1998

Execution date: as of July 29, 1998

2. Name and address of receiving party(ies):

Name: Merlin Technologies, Inc.

Internal Address: _____

Street Address: 2729 Country Club Terrace

City: Rockford

State: Illinois

Zip: 61103

Additional name(s) & address(es) attached?

☐ Yes

☒ No

4. Application number(s) or patent number(s):

A. Patent Application No.(s)

Additional sheet attached? ☐ Yes ☒ No

B. Patent No.(s)

5,662,333

If this document is being filed together with a new application, the execution date of the application is: _____

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Sandra McNaughton

Internal Address: Freeborn & Peters

Street Address: 311 South Wacker Drive, Suite 3000

City: Chicago

State: Illinois

Zip: 60606-6677

6. Number of Applications and registrations involved:

1

7. Amount of fee enclosed or authorized to be charged:

\$40

8. Deposit account number (Attach duplicate copy of this form if paying by deposit account):

DO NOT USE THIS SPACE

9. Statement and Signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

July 29, 1998

Date

Sandra McNaughton

Signature

Sandra McNaughton

Name of Person Signing

08/04/1998 SMITH

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Total Number of pages including cover sheet, attachments and document 11

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PATENT
REEL: 9375 FRAME: 0211

PATENT SUBLICENSE AGREEMENT

This PATENT SUBLICENSE AGREEMENT (this "**Agreement**") is entered into effective as of the 29th day of July 1998, by and between PARAMOUNT TECHNOLOGIES, INC., an Illinois corporation ("**Paramount**"), and MERLIN TECHNOLOGIES, INC., an Illinois Corporation ("**Merlin**").

RECITALS

WHEREAS, B.M.T.L., Inc., an Illinois corporation ("BMTL"), has granted Paramount a right and license to use and sublicense certain patents and patent rights and Merlin desires to sublicense certain of such rights from Paramount for the consideration and subject to the terms and conditions of this Agreement;

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Paramount and Merlin hereby agree as follows:

Section 1. Defined Terms.

(a) **Sublicensed Patents**. The term "**Sublicensed Patents**" means the patents and pending patent applications described on **Schedule 1** attached hereto, including the extensions, renewals or reissues thereof, continuations, continuations-in-part, and divisions thereof, patent disclosures with respect thereto, and modifications thereof.

(b) **Sublicensed Technology**. The term "**Sublicensed Technology**" means copyrights, copyright registrations and applications for registration thereof, product designs, prototypes, schematics, trade secrets (including ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, bills of material, proposals, and technical data), other proprietary rights, and copies and tangible embodiments thereof (in whatever form or medium) owned or licensed by Paramount which directly relate to the Sublicensed Patents and the inventions and improvements described and claimed therein.

(c) **Sublicense Rights**. The term "**Sublicense Rights**" means the licenses and other rights granted to Merlin under paragraph (a) of **Section 2**.

(d) **Product**. The term "**Product**" means the missile detection and location system covered by the Sublicensed Patents.

Section 2. Grant of Sublicense in Patents and Technology.

(a) **Grant**. Paramount hereby grants to Merlin a non-exclusive, perpetual, irrevocable and worldwide right and sublicense to use and further sublicense the Sublicensed Patents and the

Sublicensed Technology. The foregoing grant of rights shall include, without limitation, the non-exclusive right and license (i) to commercially exploit the Sublicensed Patents and the Sublicensed Technology in any manner whatsoever, to practice the inventions covered by the claims of the Sublicensed Patents, and to make, have made, use, sell or have sold, or lease or have leased the Product using the Sublicensed Patents and the Sublicensed Technology or improvements, enhancements, or modifications thereof, (ii) to further sublicense the Sublicensed Patents and the Sublicensed Technology, (iii) on the terms set forth below, to enforce the Sublicensed Patents and the Sublicensed Technology against infringers, and (iv) on the terms set forth below (and at Merlin's election and expense), to apply for, and obtain rights in BMTL's name and with BMTL as master licensor and Paramount as sublicensor under, any continuation-in-part patents, divisional patents, reissue patents, improvements patents, or functional equivalents of the Sublicensed Patents.

(b) Scope; Non-Exclusivity. The Sublicense Rights are hereby expressly limited to the exercise thereof with Products comprised solely of coin operated arcade game machines (the "Merlin Market"), and the Sublicense Rights shall be non-exclusive to Merlin within the Merlin Market.

(c) Power to Grant. Paramount hereby warrants that it has full right and power to grant the sublicenses granted herein in the manner and to the full extent set forth, free and clear of any adverse assignment, grant, or other encumbrance inconsistent with Paramount's grants to Merlin herein. Paramount will refrain from doing anything potentially adverse to Paramount's grants to Merlin herein.

(d) Further Assurances. An officer of Paramount shall execute and deliver such other agreements, documents, or instruments as requested by Merlin from time to time which are reasonably necessary to effect the terms of this Agreement. Paramount shall use reasonable efforts to cause an officer of BMTL to execute and deliver such other agreements, documents, or instruments as requested by Merlin from time to time which are reasonably necessary to effect the terms of this Agreement

Section 3. Technical Information and Specifications.

(a) Disclosure of Technical Information. For use by Merlin pursuant to this Agreement, Paramount shall disclose, deliver, and make available to Merlin copies of all Product designs, specifications, drawings, schematics, blueprints, parts lists, engineering reports, technical descriptions, bills of material, source code (including all comments), object code, documentation, and other technical information concerning the Product, the Sublicensed Patents, and the Sublicensed Technology.

(b) Specifications. Paramount warrants that the Sublicensed Patents and the Sublicensed Technology shall enable a reasonably skilled technician to manufacture the Product to substantially conform to the specifications required of the Product within the Merlin Market.

Section 4. Prosecution and Infringement.

(a) Prosecution of Additional Patent Rights. Merlin shall have the option, but not the obligation, in the first instance and at Merlin's expense to apply for, and obtain rights in BMTL's name and with BMTL as master licensor and Paramount as sublicensor under, any continuation-in-part patents, divisional patents, reissue patents, improvements patents, or functional equivalents of the Sublicensed Patents, throughout the world. Paramount agrees to sign, and agrees to use reasonable efforts to cause BMTL to sign, appropriate documentation to facilitate the filing thereof. If Merlin decides not to file or prosecute the foregoing patent rights, or to discontinue the prosecution or the maintenance thereof, Merlin shall give Paramount written notice (at least sixty (60) days prior to any such discontinuance) and shall offer Paramount the right to assume such prosecution or maintenance at Paramount's expense.

(b) Infringement of Third Party. Paramount hereby agrees to indemnify (up to a maximum amount not to exceed the "Royalties" (as defined below) paid by Merlin hereunder) Merlin against any actions, suits, claims or demands, including the costs and expenses connected therewith, which Merlin may incur or become liable to pay by reason of any claim, suit, or demand for infringement of any patent, copyright, trade secret or other intellectual property right because of the manufacture, use or sale of the Product in accordance with this Agreement.

(c) Infringement Actions. Each party will inform the other immediately of any infringement or suspected infringement within the Merlin Market of the Sublicensed Patents or the Sublicensed Technology of which such party becomes aware.

(i) If BMTL shall elect to prosecute such infringer, then Paramount shall use reasonable efforts to obtain BMTL's consent to Merlin's participation, at its expense, in such litigation.

(ii) If BMTL shall elect not to prosecute such infringer, then Merlin shall have the next option to prosecute such infringer at its election and cost, including but not limited to such settlements as Merlin deems reasonably appropriate; if Merlin shall elect to prosecute such infringer, Paramount, at its election and cost, may join Merlin in litigation with respect thereto. If Merlin is unable to initiate or prosecute or join in the litigation in its own name, Paramount shall (at Merlin's expense), and shall use reasonable efforts to cause BMTL to, take such steps as are reasonably requested by Merlin to enable it to protect its rights hereunder against infringement or suspected

infringement within the Merlin Market of the Sublicensed Patents or the Sublicensed Technology.

(iii) If Merlin shall not elect to prosecute an infringer of the Sublicensed Patents or the Sublicensed Technology, Paramount, at its election and cost, may prosecute such infringer, including but not limited to such settlements as Paramount deems reasonably appropriate.

Section 5. Royalties. In consideration for the obligations of Paramount hereunder and as the only compensation payable by Merlin to Paramount hereunder, Merlin shall pay Paramount an initial license fee of \$5000.00 plus a royalty amount (collectively, the "Royalties") equal to two percent (2%) of (a) Merlin's "Net Sales" of products manufactured by Merlin making substantial use of the Sublicensed Patents or the Sublicensed Technology; and (b) royalties or other consideration received by Merlin as compensation for a sublicense by Merlin of the Sublicensed Patents or Sublicensed Technology. Royalties are payable in arrears on each anniversary date of this Agreement. If all claims of all of the Sublicensed Patents are finally determined to be invalid by a decision of a court of competent jurisdiction that is final beyond further right of appeal, Merlin's obligation to pay the Royalties shall terminate. "Net Sales" means: the gross sales receipts of Merlin from retailers or distributors for products, less the following amounts directly chargeable to such products: (1) customary trade, quantity or cash discounts and rebates actually allowed and taken; (2) amounts repaid or credited to customers on account of rejections or returns; (3) freight and other transportation costs, including insurance charges; and duties, tariffs, sales and excise taxes and other governmental charges based directly on sales, turnover or delivery of such products and actually paid or allowed by Merlin; and (d) sales commissions, retail allowances, and other similar marketing expenditures of Merlin directly connected with such sale of products (but excluding Merlin's expenditures for general promotions and marketing).

Section 6. Term. This Agreement, the sublicenses granted herein, and the obligation to pay the Royalties shall terminate upon the earlier of (a) twenty (20) years from the effective date hereof and (b) the expiration or termination of the last issued Sublicensed Patent, including any modifications, extensions, or reissues thereof.

Section 7. Confidentiality. Each party hereto understands that in connection with this Agreement it may disclose to the other party certain of the disclosing party's proprietary and confidential information ("Confidential Information"), including, without limitation, the Sublicensed Patents and the Sublicensed Technology. Each party agrees to maintain the other party's Confidential Information in strict confidence and not to, directly or indirectly, use for its benefit or the benefit of any third party, or duplicate or disclose any of such other party's Confidential Information, except as required or permitted under this Agreement or as specifically

authorized by the other party in writing. The term "Confidential Information" shall not include any information of a party which was known to or in the possession of the other party at the time such information is first disclosed or made available to the other party or is thereafter lawfully obtained by the other party from a person other than such party, or is in the public domain or generally known in the relevant trade.

Section 8. Representations of Paramount. Paramount hereby represents and warrants to Merlin, as of the date hereof, as follows:

(a) Paramount: (i) is a corporation duly organized and validly existing under the laws of the State of Illinois; (ii) has the power and authority to own its property and to carry on its business as now conducted or as presently contemplated; and (iii) has the power and authority to execute, deliver and perform this Agreement.

(b) The execution, delivery and performance by Paramount of this Agreement: (i) have been duly authorized by all requisite action on the part of Paramount, including any requisite approval of its board of directors; (ii) do not violate any provision of law, the articles of incorporation or by-laws of Paramount, or any applicable order of any court or other governmental agency; and (iii) do not breach the terms of any agreement, document, or instrument to which Paramount is a party or which is binding upon Paramount.

(c) This Agreement constitutes a legal, valid and binding obligation of Paramount, enforceable against Paramount in accordance with its terms, subject, as to enforcement, to applicable bankruptcy, reorganization, insolvency and similar laws affecting creditors' rights generally and to moratorium laws from time to time in effect and to the extent that such enforcement is subject to the principles of equity in a proceeding at law or in equity.

Section 9. Representations of Merlin. Merlin hereby represents and warrants to Paramount, as of the date hereof, as follows:

(a) Merlin: (i) is a corporation duly organized and validly existing under the laws of the State of Illinois; (ii) has the power and authority to own its property and to carry on its business as now conducted or as presently contemplated; and (iii) has the power and authority to execute, deliver and perform this Agreement.

(b) The execution, delivery and performance by Merlin of this Agreement: (i) have been duly authorized by all requisite action on the part of Merlin, including any requisite approval of its board of directors; (ii) do not violate any provision of law, the articles of incorporation or by-laws of Merlin, or any applicable order of any court or other governmental agency; and (iii) do not breach the terms of any agreement, document, or instrument to which Merlin is a party or

which is binding upon Merlin.

(c) This Agreement constitutes a legal, valid and binding obligation of Merlin, enforceable against Merlin in accordance with its terms, subject, as to enforcement, to applicable bankruptcy, reorganization, insolvency and similar laws affecting creditors' rights generally and to moratorium laws from time to time in effect and to the extent that such enforcement is subject to the principles of equity in a proceeding at law or in equity.

Section 10. Miscellaneous Provisions.

(a) Entire Agreement. This Agreement constitutes the entire agreement between Paramount and Merlin relating to the subject matter hereof. There are no terms, obligations, covenants, representations, statements, or conditions other than those contained herein. No variation or modification of this Agreement or waiver of any of the terms or provisions hereof shall be deemed valid unless made in a writing signed by all parties hereto.

(b) Invalid Sections. Should any one section, or portion thereof, of this Agreement be held invalid or invalidated by reason of any law, statute or regulation existing now or in the future in any jurisdiction by any court of competent jurisdiction or by a legally enforceable directive of any governmental body, such section or portion thereof shall be validly reformed so as to approximate the intent of the parties as nearly as possible, and, if unenforceable, shall be divisible and deleted in such jurisdiction; and otherwise this Agreement shall not be affected.

(c) Succession. This Agreement shall be binding upon each party's respective successors and assigns.

(d) Governing Law; Jurisdiction. This Agreement shall be considered as having been made in the United States of America and shall be construed and the respective rights of the parties determined in accordance with the laws of the State of Illinois. Each party hereto agrees that any legal action or proceeding arising hereunder shall be brought either in federal or state courts located in Cook County, Illinois and irrevocably submit themselves to the jurisdiction of those courts.

(e) Independent Contractors. Each party hereto acknowledges that it is and will be an independent contractor and under no circumstances shall such be considered an agent, employee, partner or joint venturer of or with any other party hereto. No authority or right is granted to any party to assume or create any obligation or responsibility, express or implied, on behalf of or in the name of any other party.

(f) Limitation of Liability. Notwithstanding anything to the contrary contained herein,

no party shall, under any circumstances, be liable to any other party for consequential, incidental, or special damages, including but not limited to lost profits, even if such party has been apprised of the likelihood of such damages. The maximum liability of any party hereunder shall not exceed the aggregate amount of Royalties payable hereunder.

(g) Insurance. Merlin shall maintain and use best efforts to maintain during the term of this Agreement product liability insurance in such amount as Merlin shall reasonably determine necessary to protect itself and Paramount from product liability claims relating to the manufacture, sale, and use of the Product. All such insurance shall name Paramount as an additional insured. If specifically requested by Paramount, Merlin shall furnish certificates or adequate proof of the foregoing insurance including copies of the endorsements and insurance policies. Paramount shall be notified in writing at least thirty (30) days prior to cancellation of or any change in the policy.

(h) Counterparts. This Agreement may be executed by the parties on any number of separate counterparts, and by each party on separate counterparts; each counterpart shall be deemed an original instrument; and all of the counterparts taken together shall be deemed to constitute one and the same instrument.

JUL -29' 98 (WED) 15:16 DEVERS GROUP
SENT BY: FREEBORN & PETERS : 7-29-98 : 11:52AM :

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312 360 6570

P. 003
3122631070:# 5/14

PARAMOUNT TECHNOLOGIES, INC. / MERLIN TECHNOLOGIES, INC.
PATENT SUBLICENSE AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed
as of the day and year first above written.

PARAMOUNT TECHNOLOGIES, INC.

By: William H. Pope
Name: William H. Pope
Title: President

MERLIN TECHNOLOGIES, INC.

By: _____
Name: Rudolph L. Allison
Title: Vice-President

**PARAMOUNT TECHNOLOGIES, INC. / MERLIN TECHNOLOGIES, INC.
PATENT SIMILICENSE AGREEMENT**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

PARAMOUNT TECHNOLOGIES, INC.

By: _____
Name: William H. Pope
Title: President

MERLIN TECHNOLOGIES, INC.

By: Rudolph L. Allison
Name: Rudolph L. Allison
Title: Vice-President

#187493

8

Schedule 1
to
Patent Sublicense Agreement

Patents and Patent Applications

<u>Patent</u>	<u>Registration No.</u>	<u>Issue Date</u>
Missile Detection and Location	5,662,333	9/2/97