

03-19-2003



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Attorney Docket No.: 6590-001

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type



New



Resubmission (Non-Recordation)

Document ID#



Correction of PTO Error

Reel #

Frame #



Corrective Document

Reel #

Frame #

Conveyance Type



Assignment



Security Agreement



License



Change of Name



Merger



Other

U.S. Government

(For Use ONLY by U.S. Government Agencies)



Departmental File



Secret File

Conveying Party(ies)



Mark if additional names of conveying parties attached

Name (line 1)

ANI-MOTION, INC.

Execution Date
Month Day Year

03.20.02

Name (line 2)

Second Party

Execution Date
Month Day Year

Name (line 1)

Name (line 2)

Receiving Party



Mark if additional names of receiving parties attached

Name (line 1)

LIGHTSPORT PRODUCTS, INC.



If document to be recorded
is an assignment and the
receiving party is not
domiciled in the United
States, an appointment
of a domestic
representative is attached.
(Designation must be a
separate document from
Assignment.)

Name (line 2)

Address (line 1)

801 Tierra Alta

Address (line 2)

Address (line 3)

Moss Beach

California/USA

94038

City

State/Country

Zip Code

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

GOTTLIEB RACKMAN & REISMAN PC

Address (line 1)

270 Madison Avenue

Address (line 2)

New York, New York 10016-0601 USA

Address (line 3)

Address (line 4)

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Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

PATENT
REEL: 013845 FRAME: 0807

Correspondent Name and AddressArea Code and Telephone Number **212-684-3900**Name **GOTTLIEB RACKMAN & REISMAN PC**Address (line 1) **270 Madison Avenue**Address (line 2) **New York, New York 10016-0601 USA**

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

22**Application Number(s) or Patent Number(s)**☐ Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

4.875.144	6,151,439	
5.738.753	6,217,188	
5.881.206		

If this document is being filed together with a new Patent Application, enter the date the patent application was signed by the first named executing inventor.

Month Day Year

Patent Cooperation Treaty (PCT)Enter PCT application number
only if a U.S. Application Number
has not been assigned.

PCT		PCT		PCT	
PCT		PCT		PCT	

Number of Properties

Enter the total number of properties involved.

5**Fee Amount**Fee Amount for Properties Listed (37 CFR 3.41): \$ **200.00**Method of Payment:
Deposit AccountEnclosed ☒ Deposit Account ☐

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

07-1730

Authorization to charge additional fees:

Yes ☒ No ☐**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. Charges to deposit account are authorized, as indicated herein.

Allen I. Rubenstein, Reg No 27,673

Name of Person Signing

Signature

Date

3/11/03

LICENSE AGREEMENT

This Agreement is between **ANI-MOTION, INC.**, a Delaware corporation having its principal offices at 950 Pembroke Road, Bethlehem, Pennsylvania 18017 ("LICENSOR"), and **LIGHTSPORT PRODUCTS, INC.**, a Delaware corporation with offices located at 801 Tierra Alta, Moss Beach, California 94038 (referred to herein as "LICENSEE")

WITNESSETH:

Whereas LICENSOR is the owner of all right, title and interest in and to certain LICENSED PATENT RIGHTS for a method for implanting optical fibers into materials and for machines automating such process, and certain LICENSED COPYRIGHTS to designs for such optical fibers;

Whereas LICENSEE desires to obtain an exclusive license under said LICENSED PATENT RIGHTS and LICENSED COPYRIGHTS to manufacture through sources approved by LICENSOR and to use and sell LICENSED PRODUCTS using LICENSOR's technologies in certain specified markets on a worldwide basis;

Now, therefore, in consideration of the mutual covenants and promises herein contained, the parties agree as follows:

1. *Definitions.* As used herein, the term:

(a) "**SUBJECT PROCESS**" means the one or more methods for implanting optical fibers for producing a sequential animation in mono-color or multi color effect on fabric panels (or other semi rigid or rigid substrates), blending such animation by combining multiple sub-frame images, and controlling the timed sequencing of the various optical fiber bundles with micro-circuitry, described in further detail in the claims for the Licensed Patent Rights.

(b) "**LICENSED PATENT RIGHTS**" shall mean (i) all patents for the SUBJECT PROCESS and all improvements and enhancements made to the SUBJECT PROCESS during the Term, as listed in Exhibit A (attached hereto and made part of this Agreement), which list shall be amended from time to time as patent applications are issued in any country, and all divisions, reissues, continuations and extensions thereof owned by LICENSOR or under which LICENSOR has the right to grant licenses during the Term, and (ii) any additional patents issued to LICENSOR (or its successor) during the Term in any country with respect to the SUBJECT PROCESS or any improvement or enhancement to the SUBJECT PROCESS.

(c) "**LICENSED TERRITORY**" means and is limited to those countries listed on the attached Exhibit B.

(d) "**KNOW HOW**" means any Confidential and Proprietary Information (defined in Section 1.3(a)) (i) disclosed to the LICENSEE, which is not included in an application

for a PATENT and is not required to be included in the application for a PATENT in order to insure compliance with any relevant statutory requirements for obtaining a PATENT, and/or (ii) any Confidential and Proprietary Information developed subsequent to the filing of an application for a PATENT in the possession of the LICENSOR which will be transferred to the LICENSEE, which is necessary or beneficial to carrying out the SUBJECT PROCESS with smoothness and efficiency.

(e) "**LICENSED PRODUCTS**" means only those products which (1) are made using the KNOW HOW and the SUBJECT PROCESS as covered by the LICENSED PATENT RIGHTS that are specifically applicable to the FIELD OF USE which is identified on the attached Exhibit C captioned "**LICENSED PRODUCTS**" and (2) which would, in the absence of the licenses granted in this Agreement, infringe upon one of the LICENSED PATENT RIGHTS or LICENSED COPYRIGHTS. Nothing in this Agreement shall be construed to prevent LICENSOR from the use of, or from granting any other licenses for the use of the SUBJECT PROCESS and the ANI-MOTION TECHNOLOGY, however, except as provided herein, LICENSOR will not use or grant other licenses during the term of this Agreement for the use of the SUBJECT PROCESS and the ANI-MOTION TECHNOLOGY in connection with the sale of the LICENSED PRODUCTS in the LICENSED TERRITORY set forth in this Agreement.

(f) "**ANI-MOTION TECHNOLOGY**" means and includes the LICENSED PATENT RIGHTS, the SUBJECT PROCESS and the KNOW HOW for implanting optical fibers into materials.

(g) "**LICENSED COPYRIGHTS**" means any (i) designs of LICENSOR, (ii) registrations for such designs under copyright or similar laws and (iii) copyright rights or author's rights in such designs, all under any copyright or similar laws of any jurisdiction worldwide, now existing or existing at any time during the Term.

2. *Grant.*

(a) *Patents License.* Upon the terms, royalty payments and conditions set forth herein, LICENSOR hereby grants to LICENSEE exclusive and non-exclusive licenses under the LICENSED PATENT RIGHTS (with the right to grant sublicenses as provided in Section 14 ("Assignment")) to manufacture, have manufactured (by a manufacturer as described in Section 4 ("Product Development")), import, use and sell the LICENSED PRODUCTS applicable to the FIELD OF USE identified in Exhibit "C" in the LICENSED TERRITORY. This license is exclusive for all LICENSED PRODUCTS in the LICENSED TERRITORY in the FIELDS OF USE except for headwear. This section shall be referred to collectively as the "Patents License."

(b) This grant shall not be construed as a license, by implication or otherwise, under any patent applications or patents owned by LICENSOR or under which LICENSOR has or acquires the right to grant licenses, other than those fitting within the definition of LICENSED PATENT RIGHTS. This grant is limited to the LICENSED PRODUCTS and the exclusive and non-exclusive rights as set forth in Exhibit C.

(c) Upon request by LICENSEE, LICENSOR shall provide to LICENSEE copies of all patents pertaining to the LICENSED PATENT RIGHTS as soon as practicable after issuance

(d) *Copyrights License*. Subject to the terms set forth herein, LICENSOR hereby grants LICENSEE a non-exclusive, royalty-free, fully paid up worldwide license (with the right to grant sublicenses as provided in Section 14 ("Assignment")) to use, copy, modify, publicly display, publicly perform, make derivative works, and distribute the LICENSED COPYRIGHTS on the LICENSED PRODUCTS in the FIELDS OF USE (the "Copyrights License"). LICENSEE shall own all U.S. copyrights to designs it originates

(e) *Bankruptcy Protection*. The Patents License and the Copyrights License shall be deemed to be, for purposes of Section 365(n) of title 11 of the United States Code (the "Bankruptcy Code"), licenses of rights to "intellectual property" as defined under Section 101 of the Bankruptcy Code (collectively, the "Intellectual Property"). LICENSEE shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code. If a bankruptcy proceeding is commenced by or against LICENSOR under the Bankruptcy Code, and such proceeding is not dismissed within thirty (30) days of such commencement, LICENSOR shall abide by all of the terms of 11 U.S.C. Section 365(n) of the Bankruptcy Code.

(f) *Additional Opportunities*. If and/or when LICENSEE identifies, suggests and/or proposes to LICENSOR additional areas, categories, and/or markets in which to market products that contain the ANI-MOTION TECHNOLOGY ("Opportunities") to be added to the FIELDS OF USE, LICENSOR shall confer and negotiate in good faith with LICENSEE, on a case-by-case basis, regarding the addition of any such Opportunity to LICENSEE's FIELDS OF USE. LICENSOR acknowledges that, as of the Effective Date, LICENSEE has identified and proposed the following Opportunities: (i) goods for the military other than those listed in Exhibit C ("FIELDS OF USE") and (ii) music, concert, and music-venue related goods.

(g) *Initial Target*. LICENSEE shall do all of the following (1) through (4) with respect to Major League Baseball, the National Football League, the National Hockey League, and the National Basketball Association (each, a "Target Organization") by the end of eighteen (18) months ("Target Date") after the Effective Date (defined in Section 19):

(1) be shipping LICENSED PRODUCTS with a retail value of at least \$10,000 under a direct license from each Target Organization;

(2) be shipping LICENSED PRODUCTS with a retail value of at least \$10,000 under a joint venture or other agreed-upon relationship with a licensee of each Target Organization;

(3) be shipping LICENSED PRODUCTS with a retail value of at least \$10,000 to a licensee of each Target Organization, for sale through retail stores or retail outlets; or

(4) have shipped LICENSED PRODUCTS with a retail value of at least \$10,000 directly to a team store or other types of team outlets within a fifty- (50-)

mile radius of any stadium, arena, or other venue of a team within each of the Target Organizations, for sale through retail outlets or retail stores.

For those Target Organization(s) for which LICENSEE fails to accomplish any of (1) through (4) by the Target Date, the licenses granted to LICENSEE in this Section 2 with respect to those Target Organizations shall terminate.

3. *Samples, Prototypes, Original Designs and Transparencies.* LICENSOR shall provide samples and prototypes at LICENSEE'S request and use reasonable efforts to meet the scheduling and quality requirements of LICENSEE or its customers (including without limitation look and function in a manner substantially consistent with specifications and/or demo products). Any and all prototypes, models, molds and tooling submitted by LICENSOR at the request of LICENSEE shall remain the property of LICENSEE, and payment for such prototypes, models, molds and tooling shall be required of LICENSEE. LICENSOR shall deliver any original samples, prototypes, models, molds and tooling requested by LICENSEE at LICENSEE's request, to either (i) LICENSEE's address listed in Section 15 ("Notices"), (ii) to the address of a plant listed in Exhibit E ("Approved Manufacturers") (as updated from time to time) designated by the LICENSEE, or (iii) if (i) and (ii) do not apply, at such other address agreed to by the parties hereto. Delivery schedules shall be determined from time to time by the parties. LICENSOR shall assume all risk of transportation to LICENSEE and LICENSEE shall assume all risks of transportation to LICENSOR.

4. *Product Development.*

(a) *Product Development.* Attached hereto as Exhibit E is a list of companies ("Approved Manufacturers") with whom LICENSOR has contracted to provide products and services within the SUBJECT PROCESS, which list may be augmented from time to time during the Term. LICENSEE may contract with any of the Approved Manufacturers to produce and manufacture LICENSED PRODUCTS. LICENSOR and LICENSEE shall update this list from time-to-time as additional manufacturers are identified. LICENSEE shall be responsible for all sourcing through LICENSOR-approved manufacturers and obtainment of raw materials, product development, distribution, marketing and sales associated with the LICENSED PRODUCTS incorporating the ANI-MOTION TECHNOLOGY at no expense or cost to LICENSOR. In the event that LICENSEE provides proof to LICENSOR that an Approved Manufacturer cannot meet the schedules, quality, assurance and/or quantities required by LICENSEE, LICENSOR will promptly approve additional manufacturers obtained by LICENSEE to produce products, provided such additional suppliers meet all of LICENSOR'S requirements, such approval not being unreasonably delayed or withheld. If LICENSOR does not so approve such additional manufacturer within a reasonable time, LICENSEE may at its option elect to use an unapproved manufacturer, provided, however, that LICENSEE shall comply with all sublicensing requirements set forth in Section 14 ("Assignment") with respect to such unapproved manufacturer. Upon LICENSEE's request and at LICENSEE's expense, LICENSOR shall promptly provide any and all necessary training, instruction, and other assistance with respect to the ANI-MOTION TECHNOLOGY to any such unapproved manufacturer.

5 Royalty

(a) In consideration of the aforesaid Grant of License, the parties acknowledge that, prior to execution of this Agreement, LICENSEE has already made, and LICENSOR has already received a lump-sum payment of an Advance Royalty in the amount of Two Hundred Fifty Thousand and 00/100 (\$250,000 00) U.S. Dollars, which payment is nonrefundable. The Advance Royalty lump-sum payment shall be applied against earned royalties as set forth in Section 11(b).

(b) LICENSEE agrees to pay royalty payments to LICENSOR (the "Royalty Payment") equal to the specific royalty percentages on Net Sales of LICENSED PRODUCTS as set forth on Exhibit "C" during the Royalty Period as defined herein. For purposes hereof, "Net Sales" shall mean LICENSEE invoiced price for the LICENSED PRODUCTS, less advertising returns, customer charge-backs, volume rebates, advertising allowances, returns for defectives, recalls, and other trade discounts or deductions actually granted by LICENSEE and supported by written memoranda, and otherwise calculated in accordance with LICENSEE's standard practices. The Royalty Payment shall accrue on the sale or shipment of LICENSED PRODUCT, whichever occurs earlier. The Royalty Period shall mean the Term of this Agreement.

(c) A LICENSED PRODUCT is deemed sold at the time of first invoicing or, if not invoiced, at the time of first shipment, delivery, or other transfer to other than LICENSEE, or when first actually put into use, whichever occurs the earliest.

(d) The accounting period shall be on a calendar quarterly basis for the respective periods ending on March 31, June 30, September 30 and December 31 of each year, beginning with the end of the period first following the effective date of this Agreement.

(e) No later than 45 days after the end of each royalty payment period, LICENSEE shall pay to LICENSOR the Royalty Payments that have accrued during the preceding royalty payment period and shall furnish LICENSOR with a certified written statement of the value of the LICENSED PRODUCTS manufactured or sold in the preceding accounting period, setting forth the essential information concerning the manufacture, production and sales by LICENSEE of all LICENSED PRODUCTS subject to royalty and upon which royalty is calculated. Such information shall include the NET SALES of each LICENSED PRODUCTS licensed hereunder, how LICENSEE established such NET SALES, the quantity of LICENSED PRODUCTS, the form of the LICENSED PRODUCTS, the amount of Advanced Royalty applied towards the quarterly obligations, and all other facts necessary to facilitate verification of the royalty calculation and the identification of LICENSED PRODUCTS for which royalties have been paid by LICENSEE. Payment shall accompany each such statement. LICENSOR shall consider the written statement as provided by LICENSEE, and all information contained therein, as CONFIDENTIAL, as provided for herein below.

(f) LICENSEE agrees that it will keep, for three (3) years after each royalty payment period, complete, true and correct books of account containing a current record of manufacturing, production and sales and other data in sufficient detail to enable the royalties payable under this Agreement to be computed and verified. LICENSEE further agrees to permit

an independent certified public accountant to have access for inspection and/or to make copies of said books of account as well as all production facilities, machinery and license products, for the sole purpose of verifying the amount of royalty payments, at reasonable intervals during business hours, but not more than twice in any calendar year and upon ten (10) days' written notice. Such independent certified public accountant shall execute a Non-Disclosure Agreement. LICENSOR and LICENSEE agree that the cost of such independent certified public accountants, selected solely by LICENSOR, shall be borne by LICENSOR except where a discrepancy in the amount of unpaid royalties greater than five (5%) percent is found by such audit in which event the expenses of the audit shall then be borne by LICENSEE.

(g) All royalties due hereunder shall be paid in United States Dollars to LICENSOR in the United States. All royalties for an accounting period computed in other currencies shall be converted into United States Dollars at the buying rate for the transfer of such other currencies to United States Dollars as quoted by Citibank of New York on the last day of such accounting period, or the first business day thereafter if such last day shall be a Sunday or a holiday.

(h) LICENSOR shall during the Term keep a complete, true and correct list of all of its licensees to the ANI-MOTION TECHNOLOGY, with their respective licensed fields of use. LICENSOR shall permit an independent certified public accountant to have access for inspection of said list of licensees for the sole purpose of verifying this list at reasonable intervals, but in no event more often than once per year, upon ten (10) days' written notice, during business hours. Such independent certified public accountant shall execute a Non-Disclosure Agreement. The cost of such independent certified public accountant shall be borne by LICENSEE except where the audit reveals the list is not accurate in any material respect (i.e. excluding insignificant typos or similar minor clerical errors), in which event the expenses of the audit shall then be borne by LICENSOR.

6. *Licensee Information.* LICENSEE agrees that non-confidential information and documentation made available or disclosed to LICENSOR by LICENSEE as a result of or related to this Agreement, or any negotiations therefor, shall be received and treated by LICENSOR on a nonconfidential and unrestricted basis.

7. *Product Liability and Approved Use of Proprietary Rights.* LICENSEE shall defend, indemnify and hold LICENSOR free and harmless from and against any and all claims, demands, causes of action, liabilities, judgments, settlements, costs (including reasonable attorney's fees) arising from the manufacture, sale or use of the LICENSED PRODUCTS and based in part or in whole that the LICENSED PRODUCTS were defective in materials or workmanship. Additionally, LICENSEE shall add LICENSOR as an additional insured to its product liability insurance. LICENSEE's obligations under this indemnification are expressly conditioned on the following: (i) LICENSOR shall provide prompt notification of such claims to LICENSEE, (ii) LICENSOR in writing must grant LICENSEE sole control of the defense of any such claim and of all negotiations for its settlement or compromise (if LICENSOR chooses to represent its own interests in any such action, LICENSOR may do so at its own expense, but such representation must not prejudice LICENSEE's right to control the defense of the claim and negotiate its settlement or compromise), and (iii) LICENSOR must cooperate with LICENSEE to facilitate the settlement or defense of the claim. LICENSEE warrants to LICENSOR that it

has received all rights, permissions and consents to manufacture, sell, use products containing the names and trademarks of third-party sports teams, leagues, colleges and universities in the FIELDS OF USE and hereby indemnifies and holds harmless LICENSOR free from any and all claims, losses and expenses arising from any claims against LICENSOR by third-parties for infringement of copyright or trademark rights as a result of LICENSEE's use of trademarks, trade names, corporate names, individual names and logos on LICENSED PRODUCTS manufactured and sold by LICENSEE or anyone acting on its behalf. LICENSEE's obligations under this indemnification are expressly conditioned on the following: (i) LICENSOR shall provide prompt notification of such claims to LICENSEE, (ii) LICENSOR in writing must grant LICENSEE sole control of the defense of any such claim and of all negotiations for its settlement or compromise (if LICENSOR chooses to represent its own interests in any such action, LICENSOR may do so at its own expense, but such representation must not prejudice LICENSEE's right to control the defense of the claim and negotiate its settlement or compromise), and (iii) LICENSOR must cooperate with LICENSEE to facilitate the settlement or defense of the claim.

8. Ownership and Non-Competition.

(a) LICENSOR represents and warrants, and LICENSEE recognizes that, with respect to the LICENSED PATENT RIGHTS and the SUBJECT PROCESS and knowledge, as between LICENSOR and LICENSEE, LICENSOR is the sole and exclusive owner of the ANI-MOTION TECHNOLOGY. LICENSEE agrees that it will not knowingly register or attempt to register or establish ANI-MOTION trademarks or copyrights in its name or the name of any other person, firm or corporation. LICENSEE shall not at any time knowingly apply for or assist any third party to apply for copyright, trademark, patent or other protection which would affect LICENSOR'S ownership of any rights in the ANI-MOTION TECHNOLOGY. In the event that LICENSEE is deemed or appears to own any property rights in any of the ANI-MOTION TECHNOLOGY, LICENSEE shall execute all documents necessary to confirm or establish LICENSOR'S sole right therein. LICENSEE's obligation under this section shall survive the termination of this Agreement.

(b) During the term of this Agreement neither LICENSEE, nor any successor or assignees of LICENSEE, will, directly or indirectly, engage in the manufacture, distribution or sale of products that would infringe upon the LICENSED PATENT RIGHTS, other than in accordance with the provisions hereof.

9. Copyright Registration. LICENSOR recognizes and acknowledges that LICENSEE will incur certain expenses in preparing to manufacture LICENSED PRODUCTS and agrees that LICENSOR, at its sole expense, may register its copyright rights for designs originated by LICENSOR with the Copyright Office, Library of Congress, and, to the extent LICENSOR has registered such designs, it shall submit evidence of such registration to LICENSEE. To the extent necessary, LICENSOR grants to LICENSEE all necessary rights to such Copyrights to accomplish the covenants and actions contemplated in this Agreement. As between LICENSOR and LICENSEE, LICENSEE shall own all right, title, and interest (including all patent, trademark, copyright and trade secret rights) in all software programs, designs, and other work product that LICENSEE has developed by LICENSOR and for which services LICENSEE has paid LICENSOR. LICENSEE shall own all copyrights to designs it

originates, including the routines, drawings and other tangible materials that relate to, contain, or embody such designs.

10. *Marking*

(a) LICENSEE agrees to affix to each LICENSED PRODUCT or to the package containing such LICENSED PRODUCT or to an insertion slip in the package with each LICENSED PRODUCT a legible notice reading: "Licensed under one or more of the following Patents," followed by a list of patent numbers applicable to such LICENSED PRODUCT taken from attached Exhibit A or as otherwise instructed by LICENSOR.

(b) Neither the granting of the license herein or the acceptance of royalties hereunder shall constitute an approval of or acquiescence in LICENSEE's practices with respect to trademarks, trade names, corporation names, advertising, or similar practices with respect to the LICENSED PRODUCTS, nor does the granting of any license hereunder constitute an authorization or approval of, or acquiescence in the use of any trade name or trademark of LICENSOR or its affiliates in connection with the manufacture, advertising, or marketing of LICENSED PRODUCTS; and LICENSOR hereby expressly reserves all rights with respect thereto.

11. *Duration and Termination.*

(a) Unless otherwise terminated/canceled as hereinafter set forth, the initial term of this Agreement and the licenses under LICENSED PATENT RIGHTS shall be for a period of three (3) years from Effective Date. The initial term and any renewal terms (defined below) collectively constitute the "Term."

(b) This Agreement shall be automatically renewed for two-year terms, as long as LICENSOR has received at least \$500,000 of earned royalties by the end of each of the first two terms (years one through three, and years four and five), or alternatively, LICENSEE pays to LICENSOR the difference between the earned and paid royalties and \$500,000, and LICENSOR has received a minimum of \$750,000 of earned royalties (or additional cash in the form of paid-up royalties) for subsequent two (2) year renewals, beginning with the third term (years six and seven) of the Agreement, or alternatively, LICENSEE pays to LICENSOR the difference between the earned and paid royalties and \$750,000.

(c) If either party shall at any time default in rendering any of the statements required hereunder, in the payment of any monies due hereunder, or in fulfilling any of the other obligations hereof, and such default shall not be cured within thirty (30) days after written notice thereof is given by the non-breaching party, the non-breaching party shall have the right to terminate/cancel this Agreement by giving written notice of termination/cancellation to the breaching party; this Agreement thereby being terminated/canceled fifteen (15) days after such notice of termination/cancellation is mailed to the non-breaching party. The breaching party shall have the right to cure any such default up to, but not after, the giving of such notice of termination/cancellation.

(d) Either party shall have the right to terminate/cancel this Agreement by giving written notice of termination/cancellation to the other party in the event of any one of the

following, such termination/cancellation being effective upon receipt of such notice or five days after such notice is mailed, whichever is earlier:

- (1) Liquidation of the other party;
- (2) Insolvency or bankruptcy of the other party, whether voluntary or involuntary;
- (3) Failure of LICENSEE to meet the Baseline Minimum Annual Royalty Amount established under Section 11(b);
- (4) Failure of the other party to satisfy any judgment against it, after all appeals have been exhausted; or
- (5) Appointment of a trustee or receiver for the other party.

(e) *Expiration or Loss of All LICENSED PATENT RIGHTS.* This Agreement shall terminate immediately and automatically upon the expiration, invalidity, or unenforceability of the LICENSED PATENT RIGHTS, or other loss of the ability to use or the right to license the LICENSED PATENT RIGHTS.

(f) The waiver of any default under this Agreement by LICENSOR shall not constitute a waiver of the right to terminate/cancel this Agreement for any subsequent or like default, and the exercise of the right of termination/cancellation shall not impose any liability by reason of termination/cancellation nor have the effect of waiving any damages to which LICENSOR might otherwise be entitled.

(g) *Effect of Termination.* Termination/cancellation of this Agreement, for any cause whatsoever, shall in no manner interfere with, affect or prevent the collection by LICENSOR of any and all sums of money due to it under this Agreement. Upon termination/cancellation of this Agreement for any reason, LICENSEE shall have one hundred twenty (120) days from the effective date of such termination or cancellation (the "Sell Off Period") to complete the manufacture and delivery of LICENSED PRODUCTS already ordered but not yet manufactured, and the sale of its inventory of existing stock of LICENSED PRODUCTS. LICENSEE shall make the Royalty Payments related to such sales according to the computations, schedule and payment terms set forth in Section 5 of this Agreement. Upon the expiration of the Sell Off period, all payments required by Paragraph 5 ("Royalty"), but not yet due, shall become immediately due and payable, and LICENSEE's inventory of LICENSED PRODUCTS for which payments are not yet required by Paragraph 5 shall either, at LICENSEE's option, (1) be included in LICENSEE's payments as though sales of such LICENSED PRODUCTS had taken place prior to expiration of the Sell Off Period; or (2) be destroyed, provided appropriate certification by an officer of LICENSEE is given to LICENSOR. Upon the expiration of the Sell Off Period, each party shall return or destroy, at the other party's sole option and discretion, the other party's Confidential Information, and any copies, summaries, or other materials based on or incorporating all or any part of such Confidential Information, except for that Confidential Information necessary to fulfill any licenses granted or maintained by LICENSEE as provided in Section 2(e) ("Bankruptcy Protection"). Shortly after any return or destruction of Confidential Information, each party shall

provide written certification that all such Confidential Information has been returned or destroyed.

(h) LICENSEE may terminate this Agreement upon the giving of written sixty (60) days notice.

12. Infringement. If either party observes any infringement or imitation by others of the ANI-MOTION TECHNOLOGY covered under this Agreement, it shall promptly notify the other party. Upon notice of such infringement or imitation by either party to the other, the parties shall confer with regard thereto. LICENSOR may, in its discretion and at its own cost and expense, prosecute any action necessary to enjoin such infringement and/or recover damages therefore ("Infringement Action"). All settlements, judgments, or other amounts recovered from any infringer shall first be applied to any outstanding Infringement Action costs, fees, and expenses incurred by LICENSOR, and any remainder shall be divided between LICENSOR and LICENSEE, with LICENSEE receiving such portion of the damages that pertain to infringement or imitation within the FIELDS OF USE (less LICENSOR'S applicable royalty percentage set forth in Exhibit C) and LICENSOR receiving the remainder. In the case of infringement that affects a FIELD OF USE for which the licenses hereunder are not exclusive, the damage allocation shall be pro-rated according to the sales made by LICENSEE and the other licensees in their respective markets, during the twelve-month period that preceded the date when LICENSOR, LICENSEE, or another licensee of LICENSOR first identified the existence of the potential or threatened infringement, and notified LICENSOR or LICENSEE (as applicable) of such potential infringement. If LICENSOR elects not to do so or fails to prosecute such action, LICENSEE may, in its discretion and at its own cost and expense, obtain an opinion by patent counsel regarding the Infringement Action ("Opinion"), and provide it to LICENSOR for reconsideration of its decision not to prosecute the Infringement Action as provided above. LICENSOR shall have ten (10) business days of receipt of the Opinion to give notice to LICENSEE of its intent to prosecute the Infringement Action. If LICENSOR does not do so within such ten (10) business day period, LICENSEE may, in its discretion and at its own cost and expense, prosecute any action necessary to enjoin such infringement and/or recover damages therefor and shall have the sole right to any recovery in settlement of judgment thereof. LICENSEE shall have the sole right to prosecute any action necessary to enjoin any infringement or imitations of any trademarks belonging to LICENSEE and shall have the sole right, title and interest to any recovery in settlement or judgment on such trademarks. LICENSOR warrants that the LICENSED PATENT RIGHTS and ANI-MOTION'S TECHNOLOGY used to manufacture and sell the LICENSED PRODUCTS is free of patent rights of others and LICENSOR shall indemnify LICENSEE for all loss arising from any claims of patent infringement upon the manufacture, use or sale of LICENSED PRODUCTS utilizing the LICENSED PATENT RIGHTS and the TECHNOLOGY. In addition to any other remedy that LICENSEE may have, the minimum renewal payment obligations required by Section 11(b) shall not be enforced while any Infringement Action is pending, and any royalties based on amounts recovered by LICENSEE shall be credited towards the minimum renewal requirements of Section 11(b).

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13. Confidentiality.

(a) LICENSEE acknowledges and agrees that, during its performance of this Agreement, LICENSEE will receive and have access to Confidential and Proprietary Information belonging to LICENSOR, including, without limitation, LICENSOR's PATENTS, TRADE SECRETS, SUBJECT PROCESS, and KNOW-HOW. LICENSEE agrees as a condition of this Agreement that it shall not, either during the performance of this Agreement or at any time thereafter, use or disclose any of such Confidential and Proprietary Information, directly or indirectly, to any person or entity without LICENSOR's prior written consent. The Trade Secret status of the SUBJECT PROCESS shall remain Confidential and Proprietary both during the pendency of any application for a PATENT or, if after examination, it is determined that any application for a PATENT incorporating the SUBJECT PROCESS cannot issue as a PATENT. The obligations of confidentiality and non-disclosure undertaken herein shall survive any termination of this Agreement, and LICENSEE shall continue to be so obligated. In the event of a violation of this provision, LICENSOR shall be entitled to obtain a temporary restraining order, preliminary and permanent injunctive relief, damages, and the costs of litigation (including reasonable attorney's fees).

(b) LICENSOR acknowledges and agrees that, during its performance of this Agreement, LICENSOR will receive and have access to Confidential and Proprietary Information belonging to LICENSEE, including, without limitation, information pertaining to sales, financial data, internal communications, the basis for calculating the Royalty Payment under this Agreement or any similar agreement, marketing, customer lists, product development, and planning. LICENSOR agrees as a condition of this Agreement that it shall not, either during the performance of this Agreement or at any time thereafter, use or disclose any of such Confidential and Proprietary Information, directly or indirectly to any person or entity without LICENSEE's prior written consent. The obligations of confidentiality and non-disclosure undertaken herein shall survive any termination of this Agreement, and LICENSOR shall continue to be so obligated. In the event of a violation of this provision, LICENSEE shall be entitled to obtain a temporary restraining order, preliminary and permanent injunctive relief, damages, and the costs of litigation (including reasonable attorney's fees).

(c) Confidential and Proprietary Information of either the LICENSOR or LICENSEE shall not include, however, any information that is:

- (i) rightfully in the public domain other than by a breach of a duty by the receiving party;
- (ii) rightfully received from a third party without any obligation of confidentiality;
- (iii) rightfully known to the receiving party without any limitation on use or disclosure prior to its receipt from the disclosing party;
- (iv) independently developed by the receiving party; or
- (v) generally made available to third parties by the disclosing party without restriction on disclosure.

14. *Assignment.* Neither party shall assign or delegate any part of this Agreement without the prior written consent of the other party, provided, however, that either party may assign its rights to a successor or assign if substantially all of its business as pertaining to this Agreement is transferred by way of sale, merger, consolidation, reorganization or otherwise. Notwithstanding the foregoing, LICENSEE may grant sublicenses of any of its rights under this Agreement provided that LICENSEE (i) notifies LICENSOR of the identity of any sublicensee; (ii) enters into a written sublicense agreement with such sublicensee that contains terms no less protective of LICENSOR than those of this Agreement; (iii) provides a written copy of such sublicense agreement to LICENSOR upon execution; and (iv) indemnifies, defends and holds harmless LICENSOR for any and all claims, demands, causes of action, liabilities, judgments, settlements, and costs (including reasonable attorney's fees) (collectively a "Claim") imposed on LICENSOR arising from (x) such sublicensee's material breach of any of its obligations under such sublicense agreement, or (y) sublicensee's infringement of third-party copyright or trademark rights, except to the extent such breach or infringement is caused by an act or failure to act of LICENSOR. LICENSEE's obligations under this indemnification are expressly conditioned on the following: (A) LICENSOR shall provide prompt notification of such claims to LICENSEE, (B) LICENSOR in writing must grant LICENSEE sole control of the defense of any such claim and of all negotiations for its settlement or compromise (if LICENSOR chooses to represent its own interests in any such action, LICENSOR may do so at its own expense, but such representation must not prejudice LICENSEE's right to control the defense of the claim and negotiate its settlement or compromise), and (C) LICENSOR must cooperate with LICENSEE to facilitate the settlement or defense of the claim.

15. *Notices.*

(a) All notices, requests, demands and other communications under this Agreement or in connection therewith shall be given to or be made upon the respective parties hereto as follows:

To LICENSEE: LIGHTSPORT PRODUCTS, INC.
801 Tierra Alta
Moss Beach, CA 94038

To LICENSOR: ANI-MOTION, INC.
950 Pembroke Road
Bethlehem, PA 18017
Jack Pfunder, President

With copy to (which shall not constitute Notice):

Thomas C. Sadler, Jr., Esquire
TALLMAN, HUDDERS & SORRENTINO, P.C.
The Paragon Center
1611 Pond Road, Suite 300
Allentown, PA 18104
Phone: 610-391-1800 ex 217
Fax: 610-391-1805

(b) All notices, requests, demands and other communications given or made in accordance with the provisions of this Agreement shall be in writing, shall be forwarded by registered mail, and shall be deemed to have been given when deposited postage prepaid, addressed as specified in the preceding paragraph.

16. Construction and Assignment.

(a) This Agreement shall be binding upon and inure to the benefit of LICENSOR, its legal representatives, successors, heirs, and assigns.

(b) This Agreement shall be binding upon and inure to the benefit of LICENSEE, but shall not be transferable or assignable without the prior written consent of LICENSOR, except if substantially all of LICENSEE's business as pertaining to this Agreement is transferred by way of sale, merger, consolidation, reorganization, or otherwise. Notwithstanding the foregoing, LICENSEE may sublicense its rights under this Agreement as provided in Section 14 ("Assignment").

(c) This Agreement shall be deemed to be a contract made under the laws of the Commonwealth of Pennsylvania, United States of America, and for all purposes shall be interpreted in its entirety in accordance with the laws of said Commonwealth. The parties agree to be subject to the jurisdiction of the state and federal courts where the defendant is located with respect to all matters, concerns and the legal rights of the parties to this Agreement. In the event this Agreement is translated into any language other than the English language for any purpose, the parties agree that the English version shall be the governing version.

(d) Nothing contained in this Agreement shall be construed as conferring upon LICENSEE or its customers, directly or by implication, estoppel or otherwise, any license under any trade secrets or know-how of LICENSOR, and no such license or other rights shall arise from this Agreement or from any acts, statements or dealings resulting in or related to the execution of this Agreement.

(e) The Headings to paragraphs of this Agreement shall not be used in the construction of the provisions hereof.

17. Warranty.

(a) LICENSOR hereby represents and warrants that it is the owner of all right, title and interest in the ANI-MOTION TECHNOLOGY and the LICENSED COPYRIGHTS, and in all patent, copyright, trade secret and other intellectual property rights embodied therein, and that as of the Effective Date there are no pending lawsuits or other actions against LICENSOR with respect to the ANI-MOTION TECHNOLOGY or the LICENSED COPYRIGHTS in the FIELDS OF USE. In the event that any claim, demand, proceeding or legal action is made against LICENSEE, its parent, subsidiaries, affiliated companies, agents, officers, directors or employees based on actual or alleged infringement of any patent or property right of any third party related to the ANI-MOTION TECHNOLOGY, LICENSOR shall defend, indemnify and hold harmless LICENSEE from and against any and all claims, demands, causes of action, liabilities, judgments, settlements, cost (including reasonable attorney's fees) arising out of any such action by a third party, provided however that LICENSOR's obligations under

this indemnification are expressly conditioned on the following: (i) LICENSEE shall provide prompt notification of such claims to LICENSOR, (ii) LICENSEE in writing must grant LICENSOR sole control of the defense of any such claim and of all negotiations for its settlement or compromise (if LICENSEE chooses to represent its own interests in any such action, LICENSEE may do so at its own expense, but such representation must not prejudice LICENSOR's right to control the defense of the claim and negotiate its settlement or compromise), and (iii) LICENSEE must cooperate with LICENSOR to facilitate the settlement or defense of the claim. All royalty payments that accrue on or after the day that LICENSEE gives notice to LICENSOR as provided in (i) above shall be placed into an escrow account until such time as the claim is resolved, settled or reaches final judgment for which all appeals have been exhausted. All such escrowed amounts shall be credited towards any renewal payments required under Section 11(b). After the claim is resolved, settled or reaches final judgment for which all appeals have been exhausted, the escrowed amounts shall be applied first to pay any damages awarded against LICENSEE, and then applied to pay any other outstanding costs, claims, or other amounts for which LICENSOR owes LICENSEE indemnification, with any remainder paid to LICENSOR. This provision shall survive the termination of this Agreement.

(b) LICENSOR represents and warrants that the exclusive licenses granted herein in Section 2 do not and will not infringe or overlap with any rights of any other licensee of LICENSOR.

18. *Limitation of Liability.* Except for claims for indemnification under Section 7 ("Product Liability"), Section 12 ("Infringement") and Section 17 ("Warranty") and for violations of Section 13 ("Confidentiality"), neither party shall be liable to the other party for any incidental, special, indirect, exemplary, punitive or consequential damages (including any lost profits, lost revenue, or lost business), for any claims, whether arising in tort, contract or otherwise, arising out of or related to this Agreement, the ANI-MOTION TECHNOLOGY, or the LICENSED PRODUCTS.

19. *Effective Date.* This Agreement shall come into force and effect on the last date of the parties' signatures below.

20. *Modification.* This Agreement embodies all of the understandings and obligations between the parties, and supersedes any prior or contemporaneous agreements, discussions or other written or oral understandings with respect to the subject matter hereof. No waiver, amendment or modification of this Agreement shall be valid or binding upon the parties unless made in writing, signed on behalf of each of the parties by their respective proper officers thereunto and duly authorized.

21. *Compliance with Laws.*

(a) Any payment which requires governmental approval or permission under Foreign Exchange Control Law or other law, if any, shall be made in accordance with such law.

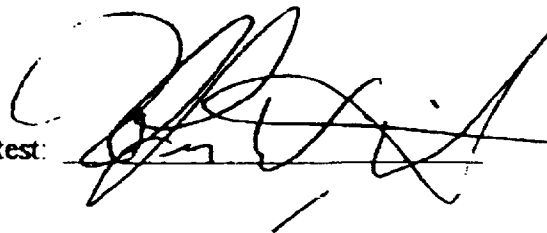
(b) LICENSEE agrees to comply with all provisions of the Export Administration Regulations of the United States Department of Commerce, as they currently exist as they may be amended from time to time

22. *Survival.* The following sections shall survive any termination or expiration of this Agreement: Sections 2(e) ("Bankruptcy Protection"), 7 ("Product Liability and Approved Use of Proprietary Rights"), 11(g) ("Effect of Termination"), 12 ("Infringement"), 13 ("Confidentiality"), 14 ("Assignment"), 15 ("Notices"), 16 ("Construction and Assignment"), 17 ("Warranty"), 18 ("Limitation of Liability") and 22 ("Survival").

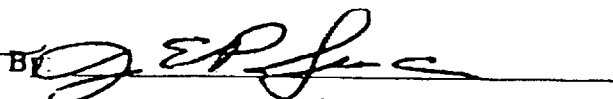
In witness whereof the representatives hereunto duly authorized on behalf of the parties have set their hands thereto.

ANI-Motion, Inc. ("LICENSOR")

Attest:



By:

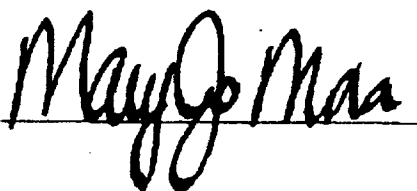


Title: PRESIDENT / CEO

Date: 3/20/02

LIGHTSPORT PRODUCTS, INC.
("LICENSEE")

Attest:



By:



Title: CEO

Date: 3/26/02

EXHIBIT B
LICENSED TERRITORIES FOR FIELD OF USE

WORLDWIDE

EXHIBIT A
LICENSED PATENTS

1. UNITED STATES PATENT 4,875,144 841-1
2. UNITED STATES PATENT 5,738,753 841-3
3. UNITED STATES PATENT 5,881,206 841.3(4)
4. CHINESE PATENT ZL 96 1 99434.7 841.3(CN)
5. UNITED STATES PATENT 6,217,188
6. UNITED STATES PATENT 6,151,439
7. AUSTRALIAN PATENT 705,976
8. ISRAELI PATENT 125,039

EXHIBIT C
FIELDS OF USE AND ROYALTIES

All of the areas below would include all major merchandise product categories on an exclusive basis, except as specifically indicated below. All headwear is specifically on a non-exclusive basis.

Field of Use	Royalty Percent
<i>All products containing the names and trademarks of the following sports teams, leagues, federations, clubs, athletes, etc. EXCEPT for products endorsed or created by former or retired athletes that do not relate to the sport(s) the athletes formerly played</i>	
NFL (National Football League), the AFC (American Football Conference) and the NFC (National Football Conference), all sports teams, leagues, or clubs comprising the NFL; the NFL players' association; and all individual players in the NFL	6.5%
All other local, national, amateur, professional, major and/or minor American-style football leagues, sports clubs and/or teams around the World, including without limitation the Arena Football League and NFL Europe; any players' associations, and any individual players throughout the world	6.5%
All local, national, amateur, professional, major and/or minor Australian-rules football teams, leagues, and/or sports clubs; players' association(s) and any individual players, throughout the world	6.5%
All local, national, amateur, professional, major and/or minor rugby and federation(s), leagues, teams, sports clubs; any players association(s), and any individual players, throughout the world	6.5%
NBA (National Basketball Association), all sports teams, leagues, conferences, and/or clubs comprising the NBA; the players' association(s) of the NBA, and all individual players in the NBA	6.5%
All other local, national, professional, amateur, major and/or minor basketball teams, leagues, clubs, or federations; any players' association(s), and all individual players throughout the world	6.5%
WNBA (Women's National Basketball Association), all sports teams, clubs, leagues or federations comprising the WNBA; all players' association(s) of the WNBA, and all individual players	6.5%
MLB (Major League Baseball), the National League, the American League, all sports teams or clubs comprising the National and American Leagues, the baseball players' association, and all individual players	6.5%
All other local, national, professional, amateur, major and/or minor baseball teams, clubs, leagues, and/or federations around the world; players' association(s) and/or individual players throughout the world	6.5%
All local, national, amateur, professional, major and/or minor Soccer	6.5%

leagues, clubs, teams, federations, players' association(s), and/or individual players throughout the world	
NHL (National Hockey League), all sport teams or clubs comprising the National Hockey League, except for Canadian teams, the NHL players' association, and all individual players	6.5%
All other major and minor league hockey leagues, conferences or federations throughout the world (except for Canadian professional hockey teams), including without limitation the IHL (International Hockey League), the AHL (American Hockey League); all teams or clubs comprising those leagues (except in Canada), and all individual players	6.5%
All car racing of Formula One vehicles throughout the world	6.5%
All professional and amateur wrestling leagues, federations or conferences worldwide, including without limitation, the WCW and WWF organizations, Mexican wrestling, and Mexican wrestling leagues; all sports teams or clubs comprising any leagues, federations or conferences; all players' association(s) and all individual players throughout the world	8.0%
The NFL Pro-Football Hall of Fame in Canton, OH	6.5%
<i>The following products to be sold to the following entities or organizations:</i>	
All U.S. Military PX sales around the world	8.0%
All U.S. Military Procurement for security (products include, without limitation, tactical mesh vests; tactical body armor carriers; tactical rain gear, soft headwear, hard headwear, tactical duffel bag; and security barriers	6.5%
All Israeli Military Procurement for security (products include, without limitation, tactical mesh vests; tactical body armor carriers; tactical rain gear, soft headwear, hard headwear, tactical duffel bag; and security barriers	6.5%
<i>All products in the following areas:</i>	
The Collegiate (colleges and universities) Market around-the-world (excluding predominantly African American colleges and universities in the United States such as Southern and Grambling), for all products (although headwear is non-exclusive), except for POP-signage.	7.0%
All fraternities and sororities in the Greek System around the world (except for predominantly African American fraternities and sororities in all colleges and universities)	8.0%
All high schools in the United States (whether public or private)	8.0%
<i>Famous Cities of the World</i>	8.0%
Famous Cities of the World as described in "Attachment A" hereto: coats, sweatshirts, shirts, tops, collectables, back packs, banners, purses, signs, key chains and wall hangings to sell to distributors and retailers in airports, other transportation terminals, passenger ships and the world wide network of Duty Free Retailers who sell products on airlines, in	

airports, on border crossings, on ferries and cruise ships, in downtown shops and wherever else Duty Free Product is sold; all on an exclusive basis, provided that such entity is classified as "Duty Free", and on a non-exclusive basis in all other such venues, such as gift shops and non-duty free terminals. Additionally, headwear is non-exclusive, regardless of the venue.	
<i>All products sold in the following genres:</i>	
Club Wear/Rave Wear, which is defined to be apparel tops for women intended to be worn in night clubs and similar type venues, and to capitalize on the current retail trend of tops that contain rhinestones and silk screened words, phrases or designs prominently displayed, containing fiber optics, to be sold on an exclusive basis in department stores, mass merchandisers and boutiques around the world. Exclusions to this type of clothing would include company logos and/or names.	10%

EXHIBIT D
MINIMUM ANNUAL ROYALTY

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EXHIBIT E
APPROVED MANUFACTURERS

Early Light

DS Max

Fiber Optic Design, Inc.

Teamark Toys Ltd.

Hongyao Plastic and Electronic Manufacturing Co.

Ani-Motion, Inc.