

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

Exclusive License and Agreement

CONVEYING PARTY DATA

Name	Execution Date
NATE International, LLC	12/18/1998

RECEIVING PARTY DATA

Name:	DesaINATE, LLC
Street Address:	21550 Oxnard Street, Suite 900
City:	Woodland Hills
State/Country:	CALIFORNIA
Postal Code:	91367

PROPERTY NUMBERS Total: 8

Property Type	Number
Patent Number:	5914041
Patent Number:	5944999
Patent Number:	6149393
Patent Number:	6041829
Patent Number:	6589423
Application Number:	60043001
Patent Number:	6521127
Application Number:	60076110

CORRESPONDENCE DATA

Fax Number: (714)546-9035

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 714-641-5100

Email: sgeer@rutan.com

Correspondent Name: Sara L. Geer, Rutan & Tucker, LLP

Address Line 1: 611 Anton Blvd., Suite 1400

Address Line 4: Costa Mesa, CALIFORNIA 92626

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NAME OF SUBMITTER:

Sara L. Geer

Total Attachments: 7

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**EXCLUSIVE LICENSE AND AGREEMENT FOR FILTRATION
TECHNOLOGY**

**BY NATE INTERNATIONAL, LLC, TO DESALNATE, LLC,
CALIFORNIA LIMITED LIABILITY COMPANIES**

WHEREAS, NATE INTERNATIONAL, LLC, hereinafter sometimes referred to as "LICENSOR," owns filtration technology which is the subject of various patent applications in the United States and abroad, including, but not limited to, patent applications and all claims allowed under US Patent Application Serial No. 08/925055, Channel Based Reverse Osmosis; US Patent Application Serial No. 08/919293, Modular Filtration System; US Patent Application Serial No. 08/708249, Channel Based Reverse Osmosis; US Patent Application Serial No. 60/065678, Endplates For Channel Based Reverse Osmosis; US Patent Application Serial No. 60/043001, Module Organization And Adapter; US Patent Application Serial No. 60/044189, US Patent Application Serial No. 60/051223, Transition Module Connectors; US Patent Application Serial No. 60/076110, Large Tube Assemblies for Reverse Osmosis; PCT Patent Application Serial No. PCT/US97/15181, Modular Filtration System; PCT Patent Application Serial No. PCT/US98/07383; US Patent Application Serial No. 09/009395, Air Lift Pump For Membrane Separation Unit; US Patent Application Serial No. 60/065677, Method Of Laying Pipes; US Patent Application Serial No. 09/014238, Improved Airlift Pump; Use Of Electrolysis Gas To Lift A Liquid; US Patent Application Serial No. 60/051192, Improved Undersea Pipe; US Patent Application Serial No. 09/107718, Improved Undersea Pipe; Provisional Application No. 60/102764, Filtration System With Submersible Pump and Energy Recovery; together with related trade secrets and know-how, collectively referred to hereinafter as "THE PROPRIETARY RIGHTS;" and

WHEREAS, LICENSOR desires to grant (a) an exclusive worldwide license to DesalNATE, LLC, hereinafter sometimes referred to as "LICENSEE," to exploit fully that portion of THE PROPRIETARY RIGHTS that relate to fluid filtering only, referred to hereinafter as "THE LICENSED RIGHTS," including all inventions, improvements, enhancements, modifications to, and embodiments of, THE PROPRIETARY RIGHTS related to fluid filtering made, conceived or owned by LICENSOR and/or LICENSEE during the term of this Agreement, all of which automatically become part of the Licensed Rights; (b) all patent applications and patents based on or covering the same which the LICENSOR now owns or controls or hereafter owns or controls; and (c) an express right to grant sublicenses to Affiliates or Third Parties, to make, have made, further develop, research, improve, use, sell, and distribute products embodying THE LICENSED RIGHTS, under terms and conditions determined by LICENSEE and sublicensee, provided any sublicense complies with the provisions concerning transferability set forth below; and


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WHEREAS, LICENSEE, desires to accept an exclusive license to exploit fully THE LICENSED RIGHTS; and

WHEREAS, LICENSOR, holds the majority ownership interest in LICENSEE, and desires that LICENSEE, accept this exclusive license to develop, market, exploit and protect THE LICENSED RIGHTS to the fullest possible extent; and

WHEREAS, LICENSEE, desires to accept this exclusive license to develop, market, exploit and protect THE LICENSED RIGHTS to the fullest possible extent;

NOW THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. Grant of License. In consideration of good and valuable consideration, the receipt of which is hereby acknowledged, LICENSOR hereby grants to LICENSEE the exclusive rights to market, develop and protect THE LICENSED RIGHTS.
2. Covenants by LICENSEE. LICENSEE hereby agrees, at its expense, to use its best efforts to exploit THE LICENSED RIGHTS to the fullest possible extent, consistent with its resources. LICENSEE hereby agrees to take all steps necessary and commercially practicable to develop and market THE LICENSED RIGHTS, in various countries throughout the world. LICENSEE further agrees, at its expense, consistent with its resources, to prosecute all pending and future patent applications reasonable and necessary to protect and defend THE LICENSED RIGHTS, including, but not limited to, all divisions and continuations thereof, all United States Letters Patents which may be granted thereon and all reissues, reexaminations and extensions thereof, and all priority rights under all available International Agreements, Treaties and Conventions for the protection of intellectual property in its various forms in every participating country, and all applications for patents (including related rights such as utility-model registrations, inventor's certificates, and the like) heretofore or hereafter filed for said improvements in any foreign countries, and all patents (including all continuations, divisions, extensions, renewals, substitutes, and reissues thereof) granted for said improvements in any foreign countries.
3. Sublicenses. LICENSOR grants LICENSEE full rights and authority to grant sublicenses and otherwise contract to exploit THE LICENSED RIGHTS to the fullest possible extent.
4. Covenants by LICENSOR. LICENSOR, hereby covenants as follows:
 - a. That LICENSOR has the full right to convey the entire interest conveyed herein.
 - b. That neither LICENSOR, nor certain of its officers who are the inventors of THE LICENSED RIGHTS, have executed, and will not execute, any agreement in conflict herewith.



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- c. That LICENSOR holds good and marketable title to THE LICENSED RIGHTS granted to LICENSEE.
- d. That LICENSOR has the full right, power and authority to grant the license set forth herein.
- e. That there are no outstanding agreements, assignments or encumbrances inconsistent with the provisions of this Agreement which, in the opinion of LICENSOR, in any manner prohibit the transactions contemplated by this Agreement or impair the ability of LICENSOR to perform its obligations hereunder.
- f. That LICENSOR has no knowledge of any infringement or of any pending or threatened claim relating in any manner to THE LICENSED RIGHTS.
- g. That LICENSOR has no knowledge of or reason to believe that any of THE PROPRIETARY RIGHTS are invalid or unenforceable or that their exercise would infringe the patent rights of any Third Party.

LICENSOR MAKES NO OTHER REPRESENTATIONS OR WARRANTY, EXPRESS OR IMPLIED; NOR DOES LICENSOR ASSUME ANY OBLIGATIONS WITH RESPECT TO THE INFRINGEMENT OF PATENTS OR OTHERS ARISING AS A RESULT OF LICENSEE'S ACTIVITIES UNDER THIS AGREEMENT.

- 5. Cooperation. LICENSOR and certain of its officers who are the inventors of THE LICENSED RIGHTS further covenant and agree that they will communicate to LICENSEE, any facts known to them respecting THE LICENSED RIGHTS, and will testify in any legal proceeding, sign all lawful papers, execute all divisional, continuation, substitute and reissue applications, make all rightful oaths and generally do everything possible to aid LICENSEE to obtain and enforce proper patent protection for THE LICENSED RIGHTS in all countries.
- 6. Term. This Agreement shall remain in full force and effect for as long as THE LICENSED RIGHTS are protected under any applicable laws, international treaties and conventions. The Term of this Agreement shall end with the expiration of the last of any patent(s) which have issued for THE LICENSED RIGHTS. Further, LICENSEE may voluntarily terminate this Agreement at any time, in LICENSEE's sole discretion. Upon termination of this Agreement, for any reason other than material breach by LICENSOR, all LICENSED RIGHTS shall revert to LICENSOR, including, but not limited to, all contract rights, rights to receive royalties, payments and other benefits, and LICENSOR shall stand in the place and stead of LICENSEE with respect to the LICENSED RIGHTS and all rights accruing therefrom.
- 7. Reservation of Rights. THE PROPRIETARY RIGHTS including designs,


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enhancements, improvements, modifications, inventions and confidential information, whether patentable, conceived or reduced to practice by any party which relate to THE PROPRIETARY RIGHTS (such technology hereinafter referred to as "Additional Technology"), and all worldwide rights to patents, registrations and other intellectual property relating to Additional Technology, are owned by LICENSOR, subject to THE LICENSED RIGHTS granted to LICENSEE under this Agreement. LICENSOR reserves the right, in its sole discretion, to do whatever it deems necessary to prosecute all pending and future patent applications reasonable and necessary to protect and defend THE PROPRIETARY and/or THE LICENSED RIGHTS including, but not limited to, all divisions and continuations thereof, all United States Letters Patents which may be granted thereon and all reissues, reexaminations and extensions thereof, and all priority rights under all available International Agreements, Treaties and Conventions for the protection of intellectual property in its various forms in every participating country, and all applications for patents (including related rights such as utility-model registrations, inventor's certificates, and the like) heretofore or hereafter filed for said improvements in any foreign countries, and all patents (including all continuations, divisions, extensions, renewals, substitutes, and reissues thereof) granted for said improvements in any foreign countries.

8. Communication of Infringements. If any party discovers that any patent covering THE LICENSED RIGHTS is infringed, it shall communicate the details to the other party. Either LICENSOR or LICENSEE shall thereupon have the right, but not the obligation, to take whatever action it deems necessary, including the filing of lawsuits, to protect the rights of the parties to this Agreement and to terminate such infringement. If any party recovers any damages or compensation for any action it takes hereunder, such damages or compensation with respect to THE LICENSED RIGHTS shall be paid to LICENSEE, less all the costs and attorney fees incurred by LICENSOR to obtain the damages or compensation with respect to THE LICENSED RIGHTS, and any other damages or compensation shall be paid to LICENSOR.
9. Early Termination. This Agreement may be terminated under and according to any of the following contingencies:
 - a. Default:: If LICENSEE discontinues its efforts to develop, market or exploit THE LICENSED RIGHTS or any invention or technology contained therein, without intent to resume, it shall so notify LICENSOR in writing, within one month of such discontinuance, whereupon LICENSOR shall have the right to terminate this Agreement with respect to the invention or technology which is the subject of such discontinuance, upon one month's written notice. It is the intent of the parties that the purpose of this subparagraph is to make possible the exploitation of all THE LICENSED RIGHTS, which are commercially feasible to develop and market.
 - b. Bankruptcy, etc.: If LICENSEE shall go into receivership, bankruptcy or



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insolvency, which is not terminated within 90 days, or make an assignment for the benefit of creditors, or go out of business, the Agreement shall be immediately terminable by LICENSOR, by written notice, but without prejudice to any rights of LICENSOR hereunder.

10. **Complete Agreement.** This Agreement constitutes the complete and exclusive agreement among the parties with respect to the subject matter described. This Agreement may not be assigned without the consent of the parties hereto, which consent may be withheld at the discretion of any party. This Agreement supersedes all prior written and oral statements; no representation, statement, or condition or warranty not contained in this Agreement is binding on the parties or has any force or effect.
11. **Transferability.** This Agreement and the rights and privileges hereof are assignable, licensable or otherwise transferable by either Party without the written consent and approval of the other party, subject to the requirement that all the terms and conditions of this Agreement shall be binding upon the respective successors and assigns of The Parties hereto and shall inure to the benefit of and be enforceable by The Parties hereto and their respective successors and assigns.
12. **Hold Harmless.** Each of The Parties hereto shall indemnify and hold the other Party, its directors, officers, members, employees, successors, sublicensees, assignees and agents harmless from and against any and all claims arising from acts and omissions of The Party, its directors, officers, members, employees, successors, sublicensees, assignees and agents.
13. **Governed by California Law.** This Agreement and the rights of the parties under this Agreement will be governed by, interpreted, and enforced in accordance with the laws of the State of California.
14. **Binding on Successors.** This Agreement shall be binding upon and inure to the benefit of The Parties hereto, and their respective successors, sublicensees, assigns and agents.
15. **Time of the Essence.** Time is of the essence in this Agreement.
16. **Failure to Enforce.** Failure of any Party hereto to enforce any of the terms of this Agreement shall not constitute waiver to enforce that term in the future.
17. **No Construction.** No Party hereto, nor any attorney for any party shall be deemed the drafter of this Agreement for the purpose of interpreting or construing any of the provisions hereof.
18. **Representation by Counsel.** Each of The Parties hereto acknowledges that it



has had the opportunity to be represented by independent legal counsel of its own choice throughout all of the negotiations that preceded the execution of this Agreement and that each has executed this Agreement with the consent and the advice of any such independent legal counsel; and further acknowledges that it and any such counsel have had an adequate opportunity to make whatever investigation or inquiry they may deem necessary or desirable in connection with any of the subjects of this Agreement prior to the execution hereof.

19. **Severability of Provisions.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Agreement, the provision is fully severable; this Agreement is construed and enforced as if the illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision; and there will be added automatically as a part of this Agreement a provision as similar in terms to the illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.
20. **Counterparts.** This Agreement may be executed in several counterparts, each of which is deemed an original but all of which constitute one and the same instrument. However, in making proof only one copy signed by the party to be charged is required.
21. **Additional Documents.** Each party to this Agreement agrees to execute and deliver additional documents and instruments and to perform all additional acts necessary or appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated by it. Any document required or allowed hereunder shall be effective and binding in original signature or in a signature transmitted by facsimile transmission.
22. **No Third Party Beneficiary.** This Agreement is made solely and specifically among and for the benefit of the parties to it, and their respective successors and assigns, subject to the express provisions of the Agreement relating to successors and assigns, and no other person has or will have any rights, interest, or claims under this Agreement as a third-party beneficiary or otherwise.
23. **Attorney Fees.** In any action brought to enforce the provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorney fees and costs necessarily incurred to enforce the provisions of this Agreement.
24. **Notices.** All notices under this Agreement shall be in writing and shall be hand delivered, sent via Federal Express or by like means of overnight delivery or



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sent by first class mail, return receipt requested, postage prepaid, to the party concerned at the last known address of the party. Notice is reputably presumed to have been received five days after the mailing, if sent by first class mail.


IN WITNESS WHEREOF, the undersigned have executed this Exclusive License and Agreement, effective as of the date hereof.

December 18, 1998

LICENSOR: NATE INTERNATIONAL, LLC

By: 
David W. Berglund, Its Chairman



By: 
Dennis H. Chancellor, Its President

LICENSEE: DESALNATE, LLC

By: 
David W. Berglund, Its Chairman

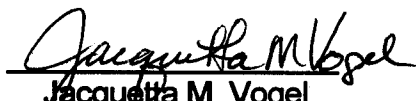


By: 
Dennis H. Chancellor, Its President

AGREED TO AND ACCEPTED BY ALL INVENTORS OF FILTRATION TECHNOLOGY:

By: 
Dennis H. Chancellor

By: 
T. Mark Chancellor

By: 
Jacquetta M. Vogel

