

11-26-2004

U.S. DEPARTMENT OF COMMERCE
United States Patent and Trademark Office

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102889977

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):

Ronald E. McIlwain
David Munyan
Ronald D. Barbaro

Execution Date(s) October 27, 2004; May 3, 2004

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

3. Nature of conveyance:

- ☒ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Government Interest Assignment
☐ Executive Order 9424, Confirmatory License
☒ Other Patent License Agreement

2. Name and address of receiving party(ies)

Name: FilterSure, Inc.

Internal Address: _____

Street Address: 6612 Denny Place

City: McLean

State: Virginia

Country: U.S.A. Zip: 22101

Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application or patent number(s):

☐ This document is being filed together with a new application.

A. Patent Application No.(s)
10/976,655

B. Patent No.(s)

Additional numbers attached? ☐ Yes ☒ No

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

Name: Jeffery M. Lillywhite

Internal Address: _____

Street Address: 299 South Main Street
Suite 1800

City: Salt Lake City

State: Utah Zip: 84111

Phone Number: 801-521-5800

Fax Number: 801-521-9639

Email Address: jeff.lillywhite@hro.com

6. Total number of applications and patents involved:

1

7. Total fee (37 CFR 1.21(h) & 3.41) \$ 40

- ☐ Authorized to be charged by credit card
☒ Authorized to be charged to deposit account
☐ Enclosed
☐ None required (government interest not affecting title)

8. Payment Information

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number 08-2665

Authorized User Name Holme Roberts & Owen

9. Signature:

Signature

November 19, 2004

Date

Jeffery M. Lillywhite

Name of Person Signing

Total number of pages including cover sheet, attachments, and documents: ☐

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to:
Mail Stop Assignment Recordation Services, Director of the USPTO, P.O.Box 1450, Alexandria, V.A. 22313-1450

11/24/2004 GTON11 00000160 082665 10976655

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PATENT
REEL: 016008 FRAME: 0150

ASSIGNMENT

We, Ronald E. McIlwain of 6612 Denny Place, McLean, VA 22101, and David Munyan of 554 Lynn Avenue, Woodbury, NJ 08096 NJ, have invented a method and apparatus entitled MODULAR FILTRATION SYSTEM, hereinafter called the "invention."

Preferred embodiments of said invention are disclosed in a United States patent application filed in the United States Patent and Trademark Office on October 29, 2004, U.S. Patent Application No. 10/976,655.

The Assignee, FilterSure, Inc., a corporation of Virginia, having a principal place of business at 6612 Denny Place, McLean, Virginia 22101, desires to secure the entire right, title and interest of Ronald E. McIlwain and David Munyan in said invention.

In consideration of One Dollar (\$1.00) and other good and valuable consideration paid to me by the Assignee, the receipt and sufficiency of which I hereby acknowledge, I HEREBY ASSIGN TO THE ASSIGNEE:

My entire right, title and interest in said invention in the above-identified United States patent application and in all divisions, continuations and continuations-in-part of said application, or reissues or extensions of Letters Patent or Patents granted thereon, and in all corresponding applications filed in countries foreign to the United States, and in all patents issuing thereon in the United States and Foreign countries.

My right to file foreign patent applications on said invention in its own name, wherever such right may be legally exercised, including the right to claim the benefits of the International Convention for such applications.

I hereby authorize and request the United States Commissioner of Patents and Trademarks, and such Patent Office officials in foreign countries as are duly authorized by their patent laws to issue patents, to issue any and all patents on said invention to the Assignee as the owner of my entire interest, for the sole use and behalf of the said Assignee, its successors, assigns and legal representatives.

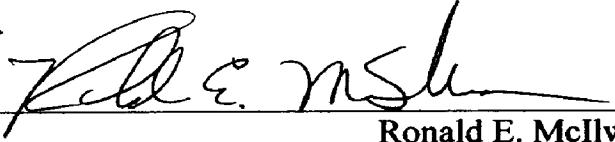
I hereby agree, without further consideration and without expense to me, to sign all lawful papers and to perform all other lawful acts which the Assignee may request of me to make this Assignment fully effective, including, by way of example but not of limitation, the following:

Prompt execution of all original, divisional, substitute, reissue, and other United States and foreign patent applications on said invention, and all lawful documents requested by the Assignee to further the prosecution of any of such patent applications.

Cooperation to the best of my ability in the execution of all lawful documents, the production of evidence, nullification, reissue, extension, or infringement proceedings involving said invention.

This assignment and agreement shall be binding upon my heirs and legal representatives.

Dated this 27TH day of OCTOBER, 2004.



Ronald E. McIlwain

Dated this _____ day of _____, 2004.

David Munyan

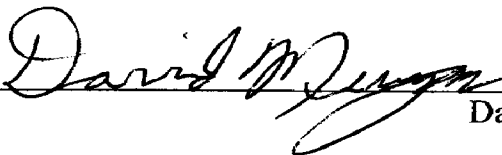
production of evidence, nullification, reissue, extension, or infringement proceedings involving said invention.

This assignment and agreement shall be binding upon my heirs and legal representatives.

Dated this _____ day of _____, 2004.

Ronald E. McIlwain

Dated this 27 day of October, 2004.



David Munyan

PATENT LICENSE AGREEMENT

This Patent License Agreement ("License Agreement") is made this 3RD day of May 2004 ("Effective Date"), by and between Ronald D. Barbaro, Ph.D. of 7036 Lee Park Ct., Falls Church, VA ("Barbaro") and FilterSure, Incorporated ("F-S"), of 6612 Denny Place, McLean, VA 22101, a Virginia Corporation.

WHEREAS, Barbaro is the inventor and owner of U.S. Patent Number 4,906,381, entitled "Modular Multi-Media Filtration Unit" and issued on March 6, 1990 (the "'381 Patent") and certain technology relating to or otherwise useful in the production of filtration products and services; and

WHEREAS, F-S desires to obtain an exclusive right from Barbaro to develop and commercialize products, using the '381 Patent and related technology and Barbaro desires to grant such right to F-S; and

WHEREAS, F-S desires to obtain the right from Barbaro to patent certain existing technology relating to the '381 Patent and Barbaro desires to grant such right to F-S;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS

1.1 "Confidential Information" means (a) with respect to a Party (the "**Receiving Party**"), all information (including all Licensed Technology, to the extent not disclosed in connection with the development or marketing of products produced using the Licensed Technology ("Licensed Products"), which is disclosed by the other Party (the "**Disclosing Party**") to the Receiving Party hereunder or to any of its employees, consultants, or agents except to the extent that the information described in this **Section 1.1**, (i) as of the date of disclosure is demonstrably known to the Receiving Party, as shown by written documentation, other than by virtue of a prior confidential disclosure to such Party; (ii) as of the date of disclosure is in, or subsequently enters, the public domain, through no fault or omission of the Receiving Party; (iii) is obtained from a Third Party having a lawful right to make such disclosure free from any obligation of confidentiality to the Disclosing Party; or (iv) is independently developed by or for the Receiving Party without reference to or reliance upon any Confidential Information of the Disclosing Party as demonstrated by competent written records.

1.2 "Control" or "Controlled" means with respect to any Patent Rights or Technology, the possession by a Party of the ability to grant a license or sublicense of such Patent Rights or Technology as provided for herein without violating the terms of any arrangement or agreements between such Party and any Third Party.

1.3 "Improvements" means any enhancement, invention or discovery created, identified, copyrighted or patented during the License Term, that constitutes an improvement to the Licensed Technology.

1.4 "Licensed Patent Rights" means the right to exclude others from practicing or otherwise exploiting the modular multi-media filter technology claimed in any patent included in the Patent Rights.

1.5 "Licensed Technology" means and includes: (a) all Licensed Patent Rights; and (b) all unpatented Technology Controlled by Barbaro that relates to modular multi-media filtration technology and which is necessary or useful for F-S to practice the Licensed Patent Rights.

1.6 "License Term" means the period commencing on the Effective Date and continuing until the later of the payment of the balance due under Section 3.1 or the expiration of any patents included in or obtained under the Licensed Patent Rights; provided, however, that this License Agreement may be earlier terminated as provided in **Section 10**.

1.7 "Barbaro Inventions" shall have the meaning specified in **Section 5.2**.

1.8 "F-S Inventions" shall have the meaning specified in **Section 5.2**.

1.9 "Patent Rights" means the rights and interests in and to the '381 Patent and in and to any patents

issued during the License Term of this agreement with regard to the Technology and Improvements which exist as of the Effective Date, including but not limited to Reverse Flow design, External Valve design and media sequences.

1.10 "Technology" means and includes any and all unpatented and proprietary: ideas, inventions, discoveries, Confidential Information, data, results, formulae, designs, specifications, methods, processes, formulations, techniques, ideas, know-how, technical information (including, without limitation, structural and functional information), process information and manufacturing data and materials, with regard to filtration products and services.

1.11 "Third Party" means any person or entity other than F-S and Barbaro.

2. GRANT OF RIGHTS.

2.1 Patent License. Barbaro hereby grants to F-S an exclusive (unless exclusivity is revoked pursuant to **Section 10.4**), worldwide, royalty-bearing, limited license under the Licensed Technology during the License Term, to make, have made, use, sell, offer for sale, import and otherwise exploit modular multi-media filtration units as described in the Patent Rights, subject to the terms and conditions of this License Agreement.

2.2 Post-Expiration Technology License. Barbaro hereby grants to F-S an exclusive, worldwide, royalty-bearing, limited license to use the Technology after the License Term to make, have made, use, sell, offer for sale, import and otherwise exploit modular multi-media filtration units for so long as: (i) the Technology remains unpatented; (ii) F-S continues to pay on a timely basis any remaining Fixed Payments and the Variable Payments due to Barbaro and the other shareholders; and (iii) F-S continues to satisfy its obligations of confidentiality as set forth in **Section 6**.

2.3 Right to Patent Existing Technology. Barbaro hereby grants to F-S the right to cause patent applications to be filed and prosecuted with respect to all patentable Technology and Improvements that exist, as of the Effective Date, including but not limited to Reverse Flow design, the External Valve design and media sequences. Any patent thus obtained shall become part of the "Patent Rights" licensed by Barbaro to F-S under this License Agreement. Barbaro agrees to reasonably assist F-S in filing any patent applications sought by F-S under this paragraph, provided that F-S shall bear all expenses related to the filing and prosecution of the applications.

2.4 Future Barbaro Developments. F-S' rights in any Improvements, Technology or other rights developed in whole or in part by Barbaro during the License Term, and not otherwise conveyed to F-S by this License Agreement, shall be addressed in a separate consulting agreement to be negotiated between the parties.

2.5 Superceding Agreement. This Agreement replaces all prior licenses and amendments executed between the parties, including any agreement entered into with a predecessor of F-S.

3. ROYALTIES.

3.1 Fixed Payments. In partial consideration of the grant of the license by Barbaro, F-S agrees to pay a royalty of ONE-HUNDRED SIXTY-SIX THOUSAND TWO-HUNDRED FIFTY and NO/100 DOLLARS (\$166,250) ("Fixed Payment") to Barbaro no later than November 30, 2009 and to grant Barbaro 350 shares of F-S, Incorporated. The Fixed Payment shall be made as follows: F-S shall pay to Barbaro in U.S. dollars a minimum of \$500 per month beginning April 1, 2004 until the Fixed Payment is paid in full; provided that F-S must also pay:

3.1.1 A cumulative total of \$45,000 since the Effective Date towards the Fixed Payment by October 31, 2005.

3.1.2 A cumulative total of \$60,000 since the Effective Date towards the Fixed Payment by May 31, 2006.

3.1.3 A cumulative total of \$75,000 since the Effective Date towards the Fixed Payment by November 30, 2006.

3.1.4 A cumulative total of \$90,000 since the Effective Date towards the Fixed Payment by May 31, 2007.

3.1.5 A cumulative total of \$105,000 since the Effective Date towards the Fixed Payment by November 30, 2007.

3.1.6 A cumulative total of \$120,000 since the Effective Date towards the Fixed Payment by May 31, 2008.

3.1.7 A cumulative total of \$135,000 since the Effective Date towards the Fixed Payment by November 30, 2008.

3.1.8 A cumulative total of \$150,000 since the Effective Date towards the Fixed Payment by May 31, 2009.

3.1.9 The balance of the Fixed Payment by November 30, 2009.

3.2 Subscription Agreement. In partial consideration of the grant of the license by Barbaro, F-S agrees to pay to Barbaro and the other former stockholders and creditors of AER, Inc. listed in the Subscription Agreement dated May 1, 2002, a royalty of three percent (3%) of F-S' gross receipts in accordance with the Subscription Agreement ("Variable Payments"); provided, however, that the expiration or termination of this License Agreement shall not terminate any F-S obligation pursuant to the Subscription Agreement or any other agreement to continue making any such Variable Payments.

3.3 Overdue Amounts. Failure to make any royalty payments as specified in **Section 3.1** or **Section 3.2** shall be deemed a material breach of this License Agreement. Subject to the other terms of this License Agreement, amounts not paid within the time periods specified in **Section 3.1** or **Section 3.2** shall bear interest at a rate of one and one-half percent (1.5%) per month from the due date until paid in full.

3.4 Prior Payments. The prior issuance of 350 shares of F-S Incorporated and prior payments in the amount of \$6,000 made by F-S to Barbaro pursuant to the previous patent license agreement between the parties dated May 7, 2002, together with the two amendments thereto, are acknowledged by Barbaro and shall be credited to the shares of stock and the amounts due to Barbaro under Section 3.1 of this License Agreement.

4. COMMERCIALIZATION

4.1 Commercialization.

4.1.1 Responsibility. On and after the Effective Date, F-S shall have full control and authority over all development and commercialization of the Licensed Technology, including, without limitation, (a) all activities relating to development, manufacture and supply of all products employing the Licensed Technology; and, (b) all marketing, promotion, sales, distribution, import and export activities relating to any products employing the Licensed Technology. All activities relating to development and commercialization under this License Agreement shall be undertaken at F-S' sole cost and expense, except as otherwise expressly provided in this License Agreement.

4.1.2 Quality Standards and Controls. F-S agrees that it will endeavor at all times to exercise its best reasoned judgment in the marketing of products embodying the Licensed Technology with a view toward promoting the goodwill and quality of the Licensed Technology.

4.1.3 Diligence. F-S will exercise commercially reasonable efforts and diligence in developing and commercializing products embodying the Licensed Technology.

4.2 **Updates and Reports**. F-S shall provide Barbaro with brief written reports no less frequently than annually during the License Term (commencing with the first anniversary of the Effective Date) summarizing the company's material efforts to develop and commercialize Licensed Products hereunder. All reports, updates and other information provided by one Party to the other Party under this License Agreement (including under this **Section 4**), shall be considered Confidential Information of the disclosing Party.

5. OWNERSHIP OF INVENTIONS.

5.1 **Retention of Ownership**. Barbaro retains ownership of the Licensed Patent Rights.

5.2 **Barbaro Inventions**. Subject to the terms of **Sections 2.3 and 2.4** of this License Agreement (including those of any consulting agreement separately negotiated between the parties pursuant to Section 2.4), Barbaro retains as his exclusive property all rights, title and interest in and to any Technology and Improvements developed in whole or in part by him, together with any improvements thereon (the "**Barbaro Inventions**"). Furthermore, Barbaro retains as his exclusive property all rights, title and interest in and to any Improvements developed by F-S without his assistance (the "**F-S Inventions**") unless and until such time as Barbaro shall assign the F-S Inventions to F-S pursuant to **Section 5.3**. F-S' rights in the Barbaro Inventions after the termination or expiration of this License Agreement shall be addressed in a separate consulting agreement to be negotiated between the parties.

5.3 **Assignment of F-S Inventions**. At such time that F-S shall pay to Barbaro the total Fixed Payment as required in **Section 3** during the License Term, then Barbaro shall assign to F-S all F-S Inventions developed without the assistance of Barbaro and F-S shall be entitled to retain all rights, title and interest in and to any such F-S Inventions, together with any improvements thereon. Notwithstanding the assignment terms of this **Section 5.3**, F-S shall not have any ownership interest in, or license to practice any invention claimed in a patent Controlled by Barbaro that is not expressly included in the Licensed Patent Rights or licensed to F-S pursuant to **Section 2.2**, except as specifically agreed in a separate consulting agreement to be negotiated between the parties.

6. TREATMENT OF CONFIDENTIAL INFORMATION

6.1 Confidential Obligations. Barbaro and F-S each recognize that the other Party's Confidential Information constitutes highly valuable and proprietary confidential information. Barbaro and F-S each agree that during the License Term and for five (5) years thereafter, it will keep confidential, and will cause its employees, consultants and other agents to keep confidential, all Confidential Information of the other Party. Neither Barbaro nor F-S nor any of their employees, consultants and other agents shall use Confidential Information of the other Party for any purpose whatsoever other than exercising any rights granted to it or reserved by it hereunder. Without limiting the foregoing, each Party may disclose information to the extent such disclosure is reasonably necessary in (a) filing and prosecuting patent applications and maintaining patents, (b) filing, prosecuting or defending litigation, or (c) complying with applicable laws, regulations or court orders; provided, however, that if a Party is required to make any such disclosure of the other Party's Confidential Information, it will give reasonable advance notice to the other Party of such disclosure requirement and will use reasonable efforts to assist such other Party in efforts to secure confidential treatment of such information required to be disclosed.

6.2 Limited Disclosure and Use. Barbaro and F-S each agree that any disclosure of the other Party's Confidential Information to any officer, employee, consultant or agent of the other Party shall be made only if and to the extent necessary to carry out its rights and responsibilities under this License Agreement, shall be limited to the maximum extent possible consistent with such rights and responsibilities and shall only be made to persons who are bound by written confidentiality obligations to maintain the confidentiality thereof and not to use such Confidential Information except as expressly permitted by this License Agreement. Barbaro and F-S each further agree not to disclose or transfer the other Party's Confidential Information to any Third Parties under any circumstance without the prior written approval from the other Party (such approval not to be unreasonably withheld), except as otherwise required by law, and except as otherwise expressly permitted by this License Agreement. Each Party shall take such action to preserve the confidentiality of each other's Confidential Information as it would customarily take to preserve the confidentiality of its own Confidential Information, and in no event less than reasonable care. Each Party, upon the request of the other Party, will return all the Confidential Information disclosed or transferred to it by the other Party pursuant to this License Agreement, including all copies and extracts of documents and all manifestations in whatever form, within sixty (60) days of the request or, if earlier, the termination or expiration of this License Agreement; provided, however, that a Party may retain Confidential Information of the other Party relating to any license or right to use Licensed Technology which survives such termination and one copy of all other Confidential Information may be retained in inactive archives solely for the purpose of establishing the contents thereof.

6.3 Use of Name. Neither Party shall employ or use the name of the other Party in any promotional materials or advertising without the prior express written permission of the other party.

7. PROVISIONS CONCERNING THE MAINTENANCE OF PATENT RIGHTS

7.1 Notice of Infringement. If, during the License Term, either Party learns of any actual, alleged or threatened infringement by a Third Party of any Licensed Patent Rights under this License Agreement, such Party shall promptly notify the other Party and shall provide such other Party with available evidence of such infringement.

7.2 F-S Right to Prosecute Infringement of Patent Rights. During the License Term, F-S, to the extent permitted by law, shall have the first right (but not the obligation), at its own expense and with legal counsel of its own choice, to bring suit (or take other appropriate legal action) against any actual, alleged or threatened infringement of the Licensed Patent Rights caused by the research, development, manufacture, use, offer for sale, sale or import of Licensed Technology. Barbaro shall have the right, at its own expense, to be

represented in any such action by F-S by counsel of Barbaro's own choice; provided, however, that under no circumstances shall the foregoing affect the right of F-S to control the suit as described in the first sentence of this **Section 7.2**. If F-S does not file any action or proceeding against such infringement within sixty (60) days after the earlier of (a) F-S's notice to Barbaro under **Section 7.1** above, (b) Barbaro's notice to F-S under **Section 7.1** above, or (c) a written request from Barbaro to take action with respect to such infringement, then Barbaro shall have the right (but not the obligation), at its own expense, to bring suit (or take other appropriate legal action) against such actual, alleged or threatened infringement, with legal counsel of its own choice.

7.3 Recovery. Any damages, monetary awards or other amounts recovered, whether by judgment or settlement, pursuant to any suit, proceeding or other legal action taken under **Sections 7.3** shall be applied as follows:

7.3.1 First, to reimburse the Parties for their respective costs and expenses (including reasonable attorneys' fees and costs) incurred in prosecuting such enforcement action;

7.3.2 Second, to the Parties in reimbursement for lost sales associated with Licensed Products and to the Parties in reimbursement for lost royalties owing hereunder based on such lost sales of the other Party;

7.3.3 Third, any amounts remaining shall be allocated as follows: (i) if Barbaro is the Party bringing such suit or proceeding or taking such other legal action, one hundred percent (100%) to Barbaro, (ii) if F-S is the Party bringing such suit or proceeding or taking such other legal action, one hundred percent (100%) to F-S, and (iii) if the suit is brought jointly, fifty percent (50%) to each Party.

If a Party brings any such action or proceeding hereunder, the other Party agrees to be joined as party plaintiff if necessary to prosecute such action or proceeding, and to give the Party bringing such action or proceeding reasonable assistance and authority to file and prosecute the suit; provided, however, that neither Party shall be required to transfer any right, title or interest in or to any property to the other Party or any Third Party to confer standing on a Party hereunder.

8. REPRESENTATIONS AND WARRANTIES

8.1 Barbaro Representations, Warranties and Disclaimers. Barbaro represents and warrants to F-S that:

8.1.1 this License Agreement is a legal and valid obligation binding upon Barbaro and enforceable in accordance with its terms, and the execution, delivery and performance of this License Agreement by the Parties does not conflict with any agreement, instrument or understanding to which Barbaro is a party or by which it is bound;

8.1.2 Barbaro furnishes the Licensed Technology and all documentation in support thereof, and F-S agrees to and does accept same on a strictly "as is" basis. Barbaro makes no representations, warranties, guarantees, or obligations as to the uses, suitability, performance, capabilities, reliability, or accuracy of the Licensed Technology for use by F-S or concerning any defects or deficiencies or the lack thereof of any nature in the Licensed Technology.

8.1.3 BARBARO DOES NOT GUARANTEE OR WARRANT THE PERFORMANCE OF THE LICENSED TECHNOLOGY IN ANY FASHION NOR DOES BARBARO MAKE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE CONTENT, ACCURACY, SUFFICIENCY, SUITABILITY, OR ADEQUACY OF THE LICENSED

TECHNOLOGY, ANY COMPUTER ROUTINES OR DOCUMENTATION RELATING THERETO, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FOR INTENDED USE, AND F-S BY ACCEPTANCE ASSUMES ALL SUCH RESPONSIBILITY AND OBLIGATIONS IN THESE REGARDS.

8.1.4 Barbaro shall have no liability to F-S for any loss, claim, remedy, suit, action, damages, and/or liability under any cause of action whatsoever whether in contract or tort including but not limited to action by agents or employees of F-S or third party by agents or employees of F-S or third party bodily injury, or property damage based on products liability, strict liability, or negligence concerning any defects, bugs or deficiencies or lack thereof of any nature in the Licensed Technology. Barbaro shall not be liable to F-S for special, indirect, incidental or consequential loss or damage including, without limitation, any punitive damages arising out of or in connection with the license granted under this or any business activity of F-S.

8.2 F-S Representations and Warranties. F-S represents and warrants to Barbaro that:

8.2.1 the execution and delivery of this License Agreement and the performance of the transactions contemplated hereby have been duly authorized by all appropriate F-S corporate action;

8.2.2 this License Agreement is a legal and valid obligation binding upon F-S and enforceable in accordance with its terms, and the execution, delivery and performance of this License Agreement by the Parties does not conflict with any agreement, instrument or understanding to which F-S is a party of or by which it is bound. F-S further represents and warrants that it has no information which would affect the validity of the Licensed Patent Rights;

8.2.3 F-S waives any claims or counterclaims it may have, make or assert against Barbaro arising out of or in any manner connected with its use, modification, enhancement, improvement or refinement of the Licensed Technology or the sale of products and services related thereto.

8.3 Patent, Trade Secret and Copyright Infringement. Barbaro makes no representation or warranty that the Licensed Technology pursuant to this License Agreement does not, and will not, infringe any United States or foreign patents, trade secrets or copyrights covering all or any part thereof of such Licensed Technology, its manufacture, maintenance, sale or use. F-S agrees to defend at its own expense, any claim, suit or alleged infringements against F-S arising out of F-S's use, sale, lease or otherwise placing in service the Licensed Technology as provided in this License Agreement and to pay all awards, damages, judgments, and costs arising out of such suits, claims or allegations respecting infringements of any United States or foreign patents, trade secrets or copyrights covering all or any part thereof of the Licensed Technology (including all improvements, updates and enhancements thereto), its manufacture, maintenance, sale or use; F-S further agrees that in the event of such judgment or claim, F-S will not seek indemnification from Barbaro. F-S shall nevertheless promptly notify Barbaro of such claim, suit or alleged infringement, and Barbaro shall have the right but no obligation, at its sole option, to be present in such action represented by its own counsel at its own expense.

In case the Licensed Technology or any parts thereof are held to constitute an infringement and the use thereof enjoined, F-S may by their own election and at their own expense, either (i) procure the right to continue using the Licensed Technology or any parts thereof, or (ii) modify the Licensed Technology so that it becomes non-infringing or (iii) cease use of the Licensed Technology.

9. INDEMNIFICATION

9.1 Indemnification. F-S shall indemnify, defend and hold harmless Barbaro, and his employees, agents and their respective successors, heirs and assigns (the "**Barbaro Indemnitees**") from and against any liability, damage, loss or expense (including reasonable attorneys' fees and expenses of litigation) incurred by or imposed upon such Barbaro Indemnitees, or any of them, in connection with any Third Party claims, suits, actions, demands or judgments, including, without limitation, personal injury and product liability matters, to the extent arising out of (a) any actions or omissions of F-S and its agents in the development, testing, production, manufacture, supply, promotion, import, sale or use by any person of any product or service exploiting the Licensed Technology (or any component thereof) manufactured or sold by F-S or its agents under this License Agreement, or (b) gross negligence or willful misconduct on the part of F-S.

9.2 Indemnification Procedures. If Barbaro is seeking indemnification under **Section 9.1** above from F-S, Barbaro shall notify F-S of such claim as soon as reasonably practicable after the Indemnatee receives notice of the claim, and Barbaro shall permit F-S to assume direction and control of the defense of the claim (including the right to settle the claim solely for monetary consideration) and shall cooperate as requested (at the expense of F-S) in the defense of the claim. The indemnification obligations under this **Section 9** shall not apply to amounts paid in settlement of any claim, demand, action or other proceeding if such settlement is effected without the consent of F-S, which consent shall not be withheld or delayed unreasonably. Barbaro, his employees and agents, shall reasonably cooperate with F-S and its legal representatives in the investigation of any claim, demand, action or other proceeding covered by **Section 9.1**.

10. TERMINATION

10.1 Termination for Breach. Subject to the other terms of this License Agreement, this License Agreement and the rights and options granted herein may be terminated by any Party not then in material breach, upon any material breach by the other Party of any material obligation or condition, effective thirty (30) days after giving written notice to the breaching Party of such termination in the case of a payment breach and ninety (90) days after giving written notice to the breaching Party of such termination in the case of any other breach, which notice shall describe such breach in reasonable detail. The foregoing notwithstanding, if such default or breach is cured or shown to be non-existent within the aforesaid thirty (30) or ninety (90) day period, as applicable, the notice shall be automatically withdrawn and of no effect.

10.2 Termination for Bankruptcy. If either Party files for protection under bankruptcy laws, makes an assignment for the benefit of creditors, appoints or suffers appointment of a receiver or trustee over its property, files a petition under any bankruptcy or insolvency act or has any such petition filed against it which is not discharged within sixty (60) days of the filing thereof, then the other Party may terminate this License Agreement effective immediately upon written notice to such Party.

10.3 Effects of Termination.

10.3.1 Termination by Barbaro. Upon any termination of this License Agreement by Barbaro under **Section 10.1**, as of the effective date of such termination, all relevant licenses granted by Barbaro to F-S hereunder shall terminate automatically.

10.3.2 Termination by F-S. Upon any termination of this License Agreement by F-S under **Section 10.1**, F-S thereafter automatically shall have a fully paid-up, irrevocable, exclusive license under the Licensed Technology, to make, have made, use, sell, offer for sale, import or otherwise exploit the Licensed Technology and the F-S Inventions; provided, that F-S shall pay a royalty equal to one half (1/2) of the Fixed Payment that would otherwise apply under **Section 3.1**; provided, however, that Barbaro shall not be required to refund any royalties previously received.

10.4 Termination of Exclusivity. In addition to any other rights that Barbaro may have and without waiving any such rights, Barbaro may terminate F-S' rights of exclusivity as granted in this License Agreement after F-S' failure to cure a breach of any term of this License Agreement within thirty (30) days of notice of such breach. Barbaro shall notify F-S that he is terminating F-S' rights of exclusivity on or before the seventy-fifth (75th) day following notice of such breach giving rise to a right to terminate exclusivity. Failure by Barbaro to exercise his right to terminate exclusivity on or before the seventy-fifth (75th) day shall be deemed a waiver of the right to terminate exclusivity with respect to that particular instance of breach, but shall not be deemed a waiver of any right to terminate: (i) F-S' exclusivity rights based upon any other instance of breach (including, but not limited to a breach of a provision for which Barbaro has previously made a waiver under this **Section 10.4**); or (ii) this License Agreement.

10.5 Remedies. Except as otherwise expressly set forth in this License Agreement, the termination provisions of this **Section 10** are in addition to any other relief and remedies available to either Party at law. The Parties acknowledge that the remedies available with respect to this License Agreement, including those available at law, may be inadequate in the event of any breach of any obligations under this License Agreement. Accordingly, each Party agrees that the other Party shall be entitled to specific performance and injunctive relief in addition to damages for any breach of this License Agreement.

10.6 Surviving Provisions. Notwithstanding any provision herein to the contrary, the rights and obligations of the Parties set forth in **Sections 3.4, 5, 6, 9, 10.5, 11.3, 11.8, and 11.13**, as well as any rights or obligations otherwise accrued hereunder (including any accrued payment obligations), shall survive the expiration or termination of the License Term.

11. MISCELLANEOUS

11.1 Notification. All notices, requests and other communications hereunder shall be in writing, shall be addressed to the receiving Party's address set forth below or to such other address as a Party may designate by notice hereunder, and shall be either (a) delivered by hand, (b) made by facsimile transmission, (c) sent by private courier service, or (d) sent by registered or certified mail, return receipt requested, postage prepaid. The addresses and other contact information for the Parties are as follows:

If to Barbaro:	Dr. Ronald D. Barbaro 7036 Lee Park Court Falls Church, VA 22042 Telephone: Facsimile: Email: elron@beachlink.com
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With a copy to:	David A. Temeles, Jr., Esq. Temeles & Temeles, PC 1616 Anderson Road Suite 101 McLean, VA 22102 Telephone: 703.354.7905
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Facsimile: 703.995.4520
Email: dtemeles@nvalaw.com

If to F-S: FilterSure, Incorporated
P.O. Box 1277
McLean, VA 22101
Telephone: 703.893.2692
Facsimile: 703.893.2113
Email: filtersure_rm@yahoo.com

With a copy to: John Y. Merrell, Jr., Esq.
1477 Chain Bridge Road
Suite 101
P.O. Box 1111
McLean, VA 22101
Telephone: 703.790.8440
Facsimile: 703.790.8944
Email: john@merrells.org

All notices, requests and other communications hereunder shall be deemed to have been given either (i) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (ii) if made by facsimile transmission, at the time that receipt thereof has been acknowledged by electronic confirmation or otherwise, (iii) if sent by private courier, on the third (3rd) business day following the day such notice is delivered to the courier service, or (iv) if sent by registered or certified mail, on the fifth (5th) business day following the day such mailing is made.

11.2 Language. This License Agreement has been prepared in the English language and the English language shall control its interpretation.

11.3 Governing Law. This License Agreement will be construed, interpreted and applied in accordance with the laws of the Commonwealth of Virginia (excluding its body of law controlling conflicts of law).

11.4 Limitations. Except as set forth elsewhere in this License Agreement, neither Party grants to the other Party any right or license to any of its intellectual property.

11.5 Entire Agreement. This is the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior representations, understandings and agreements between the Parties with respect to the subject matter hereof. It is expressly understood and agreed that any other items, programs, components, or improvements, which may have been discussed by the Parties, but which are not expressly required as deliverables or Licensed Technology under this License Agreement at the time of execution hereof, are not included within the Licensed Technology under this License Agreement unless subsequently added by an amendment agreed to in writing by both parties, and that no representation to the contrary is now made or has ever been made by Barbaro. No modification of this License Agreement shall be effective unless in writing with specific reference to this License Agreement and signed by the Parties.

11.6 Waiver. The terms or conditions of this License Agreement may be waived only by a written instrument executed by the Party waiving compliance. The failure of either Party at any time or times to require performance of any provision hereof shall in no manner affect its rights at a later time to enforce the same. No waiver by either Party of any condition or term shall be deemed as a continuing waiver of such condition or term or of another condition or term.

11.7 Headings. Section and subsection headings are inserted for convenience of reference only and do not form part of this License Agreement.

11.8 Assignment. F-S may assign, delegate or otherwise transfer, in whole or in part, any or all of its rights and obligations under this License Agreement, provided that any assignee shall assume all obligations of its assignor under this License Agreement. Any purported assignment in violation of this Section 11.8 shall be void. The terms and conditions of this License Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties.

11.9 Force Majeure. Neither Party shall be liable for failure of or delay in performing obligations set forth in this License Agreement, and neither shall be deemed in breach of its obligations, if such failure or delay is due to natural disasters or any causes beyond the reasonable control of such Party. In the event of such force majeure, the Party affected thereby shall use reasonable efforts to cure or overcome the same and resume performance of its obligations hereunder.

11.10 Construction. The Parties hereto acknowledge and agree that: (a) each Party and its counsel reviewed and negotiated the terms and provisions of this License Agreement and have contributed to its revision; (b) the rule of construction to the effect that any ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this License Agreement; and (c) the terms and provisions of this License Agreement shall be construed fairly as to all Parties hereto and not in favor of or against any Party, regardless of which Party was generally responsible for the preparation of this License Agreement.

11.11 Severability. If any provision(s) of this License Agreement are or become invalid, are ruled illegal by any court of competent jurisdiction or are deemed unenforceable under then current applicable law from time to time in effect during the License Term hereof, it is the intention of the Parties that the remainder of this License Agreement shall not be affected thereby provided that a Party's rights under this License Agreement are not materially affected.

11.12 Status. Nothing in this License Agreement is intended or shall be deemed to constitute a partnership, agency, employer-employee, or joint venture relationship between the Parties.

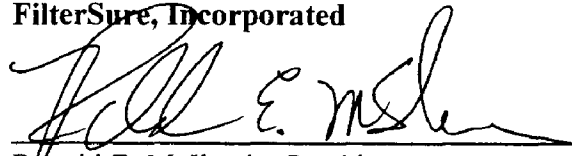
11.13 Further Assurances. Each Party agrees to execute, acknowledge and deliver such further instructions, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this License Agreement.

11.14 Counterparts. This License Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.


IN WITNESS WHEREOF, each Party has executed, or caused this License Agreement to be executed by its duly authorized representative, as of the date first written above.

FilterSure, Incorporated

By:



Ronald E. McIlwain, President



Dr. Ronald D. Barbaro