# \$80.00 104128

### PATENT ASSIGNMENT

Electronic Version v1.1 Stylesheet Version v1.1

 SUBMISSION TYPE:
 NEW ASSIGNMENT

 NATURE OF CONVEYANCE:
 Agreement of Assignment

#### **CONVEYING PARTY DATA**

| Name                   | Execution Date |
|------------------------|----------------|
| Eric S. Steenlage M.D. | 10/30/2003     |

#### RECEIVING PARTY DATA

| Name:           | Karl Storz GmbH & Co. KG |
|-----------------|--------------------------|
| Street Address: | Mittelstrasse 8          |
| City:           | D-78532 Tuttlingen       |
| State/Country:  | GERMANY                  |

#### PROPERTY NUMBERS Total: 2

| Property Type       | Number   |  |
|---------------------|----------|--|
| Application Number: | 10412883 |  |
| Application Number: | 10981125 |  |

#### CORRESPONDENCE DATA

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

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 cdc@ssjr.com

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Address Line 2: St. Onge Steward Johnston & Reens LLC

Address Line 4: Stamford, CONNECTICUT 06905

ATTORNEY DOCKET NUMBER: 03804-P0005B AND P0005C

NAME OF SUBMITTER: Wesley W. Whitmyer Jr.

Total Attachments: 17

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PATENT REEL: 018112 FRAME: 0263

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## PRODUCT ACQUISITION, DEVELOPMENT AND COOPERATION AGREEMENT

("Agreement")

#### between

ERIC S. STEENLAGE, M.D. W24418 Holcomb Coulee Road Galesville, WI 54630 USA

Fax No.: +1 (608) 323-7637

(hereinafter referred to as "ESS")

and

Orthiron, Inc. 600 Garson Dr, #8307 Atlanta, GA 30324 Phone No. +1(404) 949-9694 (hereinafter referred to as "ORTHIRON")

and

KARL STORZ GmbH & CO. KG, Mittelstrasse 8 D-78532 Tuttlingen Germany Fax No.: +49 (7461) 76874

(hereinafter referred to as "KST")

#### **RECITALS**

- A. WHEREAS, STEENLAGE has conceived, designed, developed prototypes of, and is the owner of certain Intellectual Property (as hereinafter defined) relating to a method and apparatus for reconstructing a ligament (hereinafter referred to as the "Instrument");
- B. WHEREAS, STEENLAGE has applied for Patents for the Instrument (as set forth in Exhibit "B" hereto); and
- C. WHEREAS, KST desires (i) to acquire from STEENLAGE and exploit the Intellectual Property through the improvement, design, manufacture, marketing and sale of the Instrument and accessories related thereto; (ii) to benefit from the know-how and experience of STEENLAGE, and (ii) to have the right, on an exclusive basis throughout the world, to use STEENLAGE's name in connection with commercialization, marketing, promotion, and sale of the Instrument and other Devices (as hereinafter defined).

NOW, THEREFORE, the parties agree as follows:

#### ARTICLE 1

#### **DEFINITIONS**

All capitalized terms used herein and not otherwise defined shall have the respective meaning as herein set forth. Singular and plural forms, as the case may be, shall have corresponding meanings.

- 1.1 "Confidential Information" shall mean technical information, data, ideas, opportunities, know-how and processes relating to the design, manufacture, assembly, use, marketing and/or sale of Devices disclosed by STEENLAGE to KST.
- 1.2 "Devices" shall mean, collectively and individually, the Instrument (as currently listed in Exhibit "A"), such additional instruments, equipment, devices and/or accessories as may be added to the scope of this Agreement by written Addendum or Amendment to Exhibit "A", executed by both parties and such instruments, equipment, devices and/or accessories which are the result of Non-Substantive Modification of any of the foregoing.
- 1.3 "Subject Devices" shall mean instruments and implants for fixation of knee ligaments.
- 1.4 "Net Billings" shall mean the amount actually billed by either KST or any Affiliate with respect to the first sale (but not any subsequent resale) of a Device to whomever sold, net of (if not already deducted in calculation of the actual amount billed) normal and customary trade (off-invoice, billback or free goods) allowances, shipping and handling charges, cash and quantity discounts actually allowed, returns, import duties and excise taxes paid with respect to such sales, and sales taxes billed separately to purchasers.
- 1.5 "Intellectual Property" shall mean present and future Patent Rights and Confidential Information specifically relating to the Devices.
- 1.6 "Non-Substantive Modification". For purposes of this Agreement, and particularly the definition of "Devices", a "Non-Substantive Modification" shall mean, collectively and individually, modification(s) made to Device(s), whether made by KST (alone or with others) and/or by STEENLAGE, which do not: (a) adapt same for use in medical field(s) other than arthroscopic surgery (or such other specific field(s) as for which the Device(s) is/are originally designated for use in, in any Addendum or Amendment to Exhibit "A"); (b) alter the Device for a specific application other than reconstruction of ligaments or such other application for which the Device is primarily designed; (c) result in a novel design as to enable an independent apparatus patent to issue in the United States for same; (d) in any manner alter the shape and/or dimension(s) of the Device (or any of its component parts), other than for reasons

of safety and/or efficacy and not done to represent a different use or product; and (e) represent a design brought, or requested, other than by STEENLAGE, to represent such other's design or implementation of a procedural technique.

- 1.7 "Patent Rights" shall mean, the proprietary rights in any United States or foreign patents, patent applications and any and all patents which issue therefrom, including all and any continuations, continuations-in-part, divisions, reissues, substitutes or extensions thereof, relating to the Devices.
- 1.8 "Affiliate" shall mean any corporation, partnership or other entity, whether now existing or created in the future, which directly or indirectly owns or controls, or is directly or indirectly owned or controlled by, or is under common ownership with KST. Ownership or control for the purpose of this section shall mean ownership or control of at least fifty percent (50%), or if less than fifty percent (50%), the maximum required by law, of the voting stock, partnership or other interest of such corporation, partnership or other entity.
  - 1.9 "STEENLAGE" shall mean ESS or ORTHIRON or both.

#### ARTICLE 2

#### KNOW-HOW/ASSISTANCE

- 2.1 (a) In partial consideration of the payments hereinafter provided in Section 4.1, and at the request of KST, STEENLAGE shall: (i) provide KST with technical information concerning, and clinical data that he develops or obtains related to, the Devices or utilization of thereof, in order to further the safety, efficacy, and/or commercialization of the Devices; and (ii) assist in the promotion of the Devices in such manner as KST may reasonably request.
- (b) In addition to the payments provided in Section 4.1, KST or its designee will compensate STEENLAGE for his services referred to in Section 2.1(a) in promotion of the Devices at the flat rate of \$2,500 per day for up to two (2) days attendance at arthroscopic and general surgery congresses (including travel time) in North America. If the congress is outside of North America, KST or its designee will compensate STEENLAGE at the flat rate of \$2,500 per day for up to three (3) days attendance (including travel time). KST or its designee will also pay for STEENLAGE's registration and airfare (coach class if within the United States and business class to Europe, booked through KST or its designee's Corporate Travel at least two weeks prior to the Meeting) and accommodations for the duration of the Meeting. Neither KST nor its designee shall pay for any preparation time and/or materials for any congress so attended. Compensation for attendance at congresses shall be paid only for attendance at the reasonable request of, or as approved in advance by, KST or its designee. Attendance at congresses must be either requested by KST or its designee in writing in advance or approved by KST or its designee in writing in

advance. All written requests by STEENLAGE for approval shall be sent to Marketing Manager, Karl Storz Sports Medicine, Inc. ("KSSM"), 81 West Street, Attleboro, MA 02703. Notwithstanding anything to the contrary, KST or its designee shall have the right to cancel any pre-approved congress, provided that KST or its designee gives written notice to STEENLAGE no less than thirty (30) days prior to the date of the congress. KST or its designee will make available to STEENLAGE equipment and supplies required by STEENLAGE to provide services at a congress. KST or its designee shall have no obligation to reimburse STEENLAGE for any expenses unless such expenses are incurred at the specific request of KST or with the specific prior written approval of KST or its designee, and STEENLAGE obtains written consent prior to incurring any such expenses. Except as expressly provided herein, STEENLAGE shall not be entitled to any additional compensation under the terms of this Agreement.

- 2.2 (a) STEENLAGE is an independent contractor and not an employee of KST. Other than as set forth in this Agreement, all costs and expenses incurred by STEENLAGE in furtherance of this Agreement shall be solely borne by STEENLAGE. STEENLAGE shall be responsible for all taxes or charges imposed upon or with respect to all payments to be made to him pursuant to this Agreement.
- (b) STEENLAGE agrees to not make any representation or warranty ostensibly on behalf of KST other than as approved in advance in writing by KST or its designee.
- (c) During the term of this Agreement, STEENLAGE agrees to not mention a Karl Storz company and/or product in any adverse or negative fashion, however STEENLAGE is free to use equipment not manufactured by KST in his medical practice.
- 2.3 STEENLAGE agrees and understands that any and all information (i) developed in conjunction and/or collaboration with KST or its Affiliates (individually and collectively herein "Karl Storz"), obtained in furtherance of this Agreement, and/or in discharge of responsibilities hereunder, and/or (ii) obtained from Karl Storz during the course of his association with Karl Storz, including, but not limited to, the financial, technical, marketing or developmental aspects of the conduct of Karl Storz' business (collectively and individually the "proprietary information"), shall be (or remain) the property of Karl Storz, is to be considered of a highly confidential nature, and shall be held strictly in confidence as a trade secret of Karl Storz, subject only to disclosure as required by law and then only after first advising Karl Storz of such demand with reasonably sufficient advance notice so as to afford Karl Storz an opportunity to seek a protective order or otherwise make arrangements with STEENLAGE for the reasonable protection of same. Excluded from the foregoing is:
- (a) information rightfully in the possession of STEENLAGE prior to the date of the disclosure to, or development/obtaining by, STEENLAGE of such proprietary information;

- (b) information in the public domain prior to the date of the disclosure to, or development/obtaining by, STEENLAGE of such proprietary information;
- (c) information that becomes part of the public domain by publication or by other means except an unauthorized act or omission by STEENLAGE;
- (d) information supplied to STEENLAGE (other than in furtherance of this Agreement and/or discharge of responsibilities hereunder, which is the property of Karl Storz pursuant to Section 2.4), without restriction by a third party who is under no obligation to Karl Storz to maintain such information in confidence; and
- (e) the non-commercial use of patient information and clinical results (developed by STEENLAGE) for teaching and academic subjects, and in STEENLAGE's medical treatment of patients.
- 2.4 STEENLAGE agrees to not disclose to others the existence and/or terms of this Agreement, specifically including but not limited to the amount of compensation received by the STEENLAGE, the basis upon which STEENLAGE's compensation is calculated, and the amount of sales of Devices by KST or its Affiliates in either units or dollars, without KST's prior written consent, except (i) as required by law (e.g., for tax reporting purposes), (ii) to his attorney(s), and (iii) to recognized professional medical societies when required by the rules and regulations of such societies.

#### ARTICLE 3

# ASSIGNMENT OF RIGHTS; USE OF NAME; NEW DEVELOPMENTS

3.1 STEENLAGE hereby sells, transfers, assigns, and relinquishes to KST, his entire right, title, claim, and interest in and with respect to the Devices now or hereafter set forth on Exhibit "A", any Intellectual Property relating thereto, including the Patent Rights set forth on Exhibit "B" hereto, the right to sue and collect damages from past infringers of the Patent Rights, if any, and related "trade secrets" with respect to the foregoing, all molds, dies or other tooling used in the manufacture of any of the foregoing, all prototypes of all of the foregoing (except one prototype of the Instrument which STEENLAGE may retain for his own use), and any and all governmental clearances and approvals, including 510k clearances related thereto. Notwithstanding the terms of this paragraph, KST agrees not to enforce the Intellectual Property personally against STEENLAGE for activities undertaken personally by him in his own practice of medicine.

- 3.2 STEENLAGE represents, warrants and affirms, to the best of his knowledge, that he: (i) is the sole owner of the Intellectual Property; (ii) has the absolute right and authority to enter into this Agreement and fulfill the obligations undertaken without the consent of any other person or entity; (iii) has not entered into, and will not enter into, any arrangement or agreement, whether written or oral, in conflict with, or which prohibits or interferes with, this Agreement and the rights, duties and benefits arising herefrom; (iv) has not disclosed to any other person or entity that is a competitor of KST, the Instrument, the fixation devices or the technology thereof; (v) has not done, and will not do, any act or disclosure which would preclude a patent from issuing to KST with respect to the Devices; (vi) is not aware of any claim and does not himself believe that the Instrument, or Devices infringe any intellectual property right of any third party; and (vii) is not aware of any active infringement of any of the Intellectual Property set forth in Exhibit "B" hereto.
- 3.3 (a) In the event that STEENLAGE, (i) in conjunction and/or collaboration with KST (or its designee), makes or otherwise assists in the design, development, improvement, or invention of any Subject Devices, or any equipment, device or accessory, or any technology, to be used in conjunction with any Subject Devices, or the application of same, or (ii) alone or in conjunction and/or collaboration with KST (or its designee) makes or assists in Non-Substantive Modifications, then KST shall be the sole owner thereof whether through patents or otherwise and STEENLAGE shall communicate and assign such improvements, designs, conceptualizations, modifications, Patent Rights and/or information regarding the mode of using same to KST without any additional costs, compensation or royalty (except as provided for in this Agreement). No product resulting from the foregoing subpart "(i)" shall be deemed to be, or become, a part of Exhibit "A" unless STEENLAGE, prior to commencing work thereon, first obtains the written concurrence of KST (i.e. Helmut Wehrstein or such other successor/additional person designated in writing by the Managing Director of KST, and no others) (x) for STEENLAGE to work on same in conjunction and/or collaboration with KST (or its designee) and (y) that such resulting product (if any) will be added to Exhibit "A" by Addendum or Amendment; products resulting from Non-Substantive Modifications are deemed to be part of the definition of "Devices" and therefore are not the subject of the foregoing clause.
- (b) During the period commencing with the Effective Date of this Agreement and continuing for five (5) years thereafter, if STEENLAGE independently of KST (or its designee) designs or develops any Subject Device, or any device, equipment, or accessory, or any technology, to be used for or in conjunction with any Subject Device, the right to which KST is not otherwise entitled pursuant to the terms of this Agreement, STEENLAGE agrees that he will offer KST (i.e., Helmut Wehrstein or such successor/additional person designated in writing by a Managing Director of KST, and no others) the first right to exclusively acquire and/or exploit all rights with respect thereto (on such terms and conditions as the parties will in good faith negotiate and agree upon, using the terms of and experience with this

Agreement as a starting point). Said offer is to remain open for a reasonable period of time, but in no event less than ninety (90) days, following full disclosure of the new product, design, or technology and the terms and conditions, before using, offering or disclosing same to or for anyone else. In the event STEENLAGE believes that the information to be disclosed to KST is a trade secret of STEENLAGE, which he wants to protect, then the disclosure shall be made following execution of, and in accordance with, KST's then standard "Proprietary Information Agreement" for use with a U.S. "Discloser" (as modified to the extent expressly in conflict with this Agreement). If KST does not timely acquire such rights as are offered, STEENLAGE may exploit (whether by sale or otherwise) such products or the rights thereto.

- 3.4 KST is hereby granted the sole right to seek and obtain, and shall control the filing, prosecution and maintenance of, all patent applications and patents issued therefrom as KST may determine to be appropriate with respect to the Devices. With respect to any developments, improvements or inventions which may be patented, STEENLAGE agrees to execute any papers which are appropriate in furtherance of this Agreement, including assignments of patents, patent applications, oaths, affidavits, assignment of patent application, etc. Upon the request of KST, STEENLAGE will assist KST, take such reasonable action as KST requires, in order to enforce the Patent Rights and Trademarks granted to KST; in such case, all damages and all court costs and other expenses, arising out of such actions shall be borne by KST, and all recoveries shall be owned by KST.
- 3.5 Without any additional or further cost, compensation or royalty for past, present or future use, STEENLAGE agrees that:
- (a) KST, and its affiliates, related entities, distributors and dealers (as authorized by KST), may distribute and/or republish any published literature, video, or film (referring to the Devices or the medical procedures wherein the Devices are utilized) as prepared or authored with or by STEENLAGE for KST, and/or summaries, abridgments, and/or photographs thereof, including, at KST's election, reference to STEENLAGE in same and/or in advertisement, publicity and/or literature; such use shall be for purpose of promoting sales of the Devices. The preparation of the foregoing by STEENLAGE shall be considered done as a "work for hire" and KST shall be the sole owner thereof and deemed to be the author of such works for copyright purposes. Nothing in this subparagraph shall limit STEENLAGE's use of such materials in his medical practice;
- (b) In the event STEENLAGE assists in the improvement or design of any product distributed by KST or its affiliates/related entities, then at KST's election, STEENLAGE may be credited, for such assistance, in product literature, catalogs, manuals, films, videos, or any teaching device;

- STEENLAGE hereby irrevocably consents and exclusively (c) grants to KST (and its authorized affiliates, related entities, agents, successors, assigns, distributors, dealers, resellers and licensees), the right and permission (without any obligation in the foregoing) to use STEENLAGE's name, limited to and in conjunction with the Devices, anywhere in the world, including the use, sale and promotion thereof, whether by way of written, visual and/or oral presentation, and STEENLAGE hereby releases on his behalf and for his successors, heirs, legal representatives and assigns any and all claims, whether present or future, to any royalties, payments and/or consideration of any kind, except as set forth in this Agreement, as a result of, for or in connection with, KST's (or any of its affiliates, related entities, agents, successors, assigns, distributors, dealers, resellers and licensees) use of STEENLAGE's name in connection with the use, sale or promotion of said Devices, so long as such use is in accordance with the conditions provided in this Agreement. KST shall not use, or authorize its affiliates, related entities, agents, successors, assigns, distributors, dealers, resellers or licensees to use, STEENLAGE's name in any adverse or negative fashion.
- (ii) STEENLAGE hereby grants to KST the right to take all action, deemed appropriate by KST, against third party infringers of the right to use STEENLAGE's name as granted to KST herein. Upon the request of KST, STEENLAGE will assist KST, take such action as KST requires, and/or allow KST to sue in the name of STEENLAGE, in order to protect the name rights granted to KST; in such case, all recoveries shall be owned by KST, and all court costs and other expenses arising out of such actions shall be borne by KST.
- 3.6 STEENLAGE hereby acknowledges that KST has made no assurances, promises, representations or guarantees to STEENLAGE concerning the commercial viability or success of the Devices, the extent of marketing effort or when it will commence, or when sales will commence in any given market due to the effect of manufacturing, regulatory procedures, and/or cost considerations.
- 3.7 In the event KST does not provide STEENLAGE with a prototype of the Device by the first anniversary of the Effective Date and does not begin commercial distribution of the Instrument by the first anniversary of the Effective Date, KST agrees, upon request of STEENALGE, to terminate this Agreement in which case both parties are released from all obligations hereunder except those contained in Paragraph 2.3.

#### ARTICLE 4

#### CONSIDERATION

- 4.1 (a) In consideration of all rights granted to KST and the obligations and duties undertaken by STEENLAGE, as set forth in this Agreement, KST shall pay ORTHIRON only a royalty of 5% of the Net Billings for the respective royalty terms as specified in Section 4.2, below, subject to all tax withholding required by applicable law.
- (b) Royalty payments due to ORTHIRON under the terms of this Agreement shall be calculated by KST on a calendar annual basis and shall be paid to ORTHIRON within ninety (90) days following the end of each calendar annual period.
- (c) Beginning with the calendar year following the second anniversary of the execution of this Agreement and continuing until the end of the royalty term as set out in Section 4.2 below, in the event the royalty payment due to ORTHIRON as calculated under paragraphs 4.1(a) and 4.1(b) of this Agreement (hereinafter the "Calculated Royalty") does not equal or exceed \$10,000.00 in any calendar year (hereinafter the "Minimum Royalty"), then KST may in its sole discretion elect to pay ORTHIRON the Minimum Royalty instead of the Calculated Royalty. If the Calculated Royalty is less than the Minimum Royalty and if KST elects to pay ORTHIRON only the Calculated Royalty, then KST shall immediately thereafter grant to ORTHIRON worldwide, royalty free, nonexclusive license to the Patent Rights and ORTHIRON shall be free to offer nonexclusive sublicenses under the Patent Rights to third parties.
- (d) Royalties shall be calculated in the currency in which period and, unless requested sufficiently in advance by ORTHIRON that it be paid in Euro, converted, at the option of KST, into and paid in United States dollars at the exchange rate in effect at the bank of exchange on the date of payment, less fees and commissions in connection with such conversion.
- (e) All payments to be made hereunder shall be subject to tax withholding as required by applicable law.
- 4.2 For Devices, other than the result of Non-Substantive Modifications, the royalty term shall end seven (7) years from the date of first commercial sale by the entity manufacturing the Device (whether KST or an Affiliate) of each such Device, unless the parties, by written contract, agree otherwise. (A Non-Substantive Modification to a Device shall not extend the existing, or create a new, royalty term for any Device so modified).
- 4.3 After the royalty term has expired for a Device, the royalty as to that Device and all Non-Substantive Modifications thereto shall be deemed paid-up, and no further payments shall be due as to that Device.

4.4 Once per year, ORTHIRON may pay KST's auditor, at STEENLAGE's sole expense, to review records to document the number of copies of Devices sold during the prior year by the entity (whether KST or an Affiliate) manufacturing the Devices. KST shall permit its auditor to examine such records, during regular business hours in the first calendar quarter following the calendar year for which the audit is being conducted, for the purpose of and to the extent necessary to verify the number of Devices sold during the prior year, and to determine the amounts due therefor. The auditor may not remove any records or other materials without KST's written permission, and the auditor may not examine records reviewed in a previous audit. If the amounts due to ORTHIRON are proven to have been underpaid by an amount in excess of 5% for any calendar year, then KST shall pay ORTHIRON in full for such underpayment within 30 days together with interest accrued upon the amount of such underpayment at the rate of 1% per month, or the highest allowable rate permitted by law, whichever is less, and, if so demanded by ORTHIRON, KST shall reimburse ORTHIRON for the costs and fees charged by the auditor in connection with the audit. If the amounts due to ORTHIRON are proven to have been underpaid by an amount less than 5% for any calendar year, then KST shall pay ORTHIRON in full for such underpayment within 30 days. If the amounts due to STEENLAGE are proven to have been overpaid by KST for any calendar year, then KST shall have the right to either reduce its next payment(s) to ORTHIRON by the amount of the overpayment, or to demand an immediate refund from STEENLAGE.

#### ARTICLE 5

# BREACH; TERM; TERMINATION; INDEMNIFICATION

- 5.1 In the event of a breach, or alleged breach, of any provision of this Agreement, the other party shall give the defaulting party thirty (30) days written notice of the claimed breach, which notice shall specify the terms of the default; the defaulting party shall have said thirty (30) days in which to cure the default. If the breach is not cured during such thirty (30) day period, or, if the breach is of such nature that more than thirty (30) days are necessary for cure, the breaching party does not commence such cure within such thirty (30) day period and thereafter diligently prosecute same to completion, then this Agreement shall automatically terminate at the end of that period.
- 5.2 The term of this Agreement shall commence as of the Effective Date hereof and shall continue until the applicable royalty term has expired for all Devices (without regard to the effect of Section 4.4), unless earlier terminated as permitted in Section 5.1, above.

- 5.3 The termination of this Agreement shall not affect any rights which a party may otherwise have (i) for any breach or failure by the other party of the terms and conditions of this Agreement, or (ii) with respect to any agreement, representation, warranty, covenant, duty or obligation as set forth in this Agreement, which by their terms or to the extent consistent with the intent and purpose of this Agreement extend beyond the term of this Agreement, all of which shall survive termination or expiration of the term of this Agreement.
- 5.4 (a) STEENLAGE agrees to indemnify and hold harmless KST, its officers, agents, employees, directors, representatives and Affiliates, from and against any and all demands, claims, suits, losses, damages, judgments, causes of action and amounts paid in settlement or judgments, including reasonable attorneys' fees and costs, (provided, however, in no event will STEENLAGE be liable for loss of revenue or profit or for incidental, consequential, or punitive damages claimed by or on behalf of KST, its officers, agents, employees, directors or representatives), for bodily injury, including death to persons, and/or damage to property resulting from or arising out of, and to the extent of the negligence, willful acts, or omissions of STEENLAGE or any of his agents, employees and/or representatives. Liability of KST and/or any of its Affiliates or any of their officers, agents, employees and/or representatives for its/their own negligence, omissions, errors, and/or strict liability is not limited, negated, effected, diminished, waived and/or released by this indemnity provision. KST agrees to provide STEENLAGE with prompt notice of claims made under the terms of this indemnity provision, and shall reasonably cooperate with STEENLAGE in the defense of any such claims to whatever reasonable extent STEENLAGE requires.
- KST agrees to indemnify and hold harmless STEENLAGE and his (b) agents, employees and representatives, from and against any and all demands, claims, suits, losses, damages, judgments, causes of action and amounts paid in settlement or judgments, including reasonable attorneys' fees and costs, (provided, however, in no event will KST be liable for loss of revenue or profit or for incidental, consequential, or punitive damages claimed by or on behalf of STEENLAGE or any of his agents, employees or representatives), resulting from or arising out of, and to the extent of, (i) the negligence, willful acts, or omissions of KST, its officers, agents, employees and/or representatives, or (ii) resulting the manufacture, sale or use of Devices delivered by KST pursuant to this Agreement. Liability of STEENLAGE and/or any of his agents, employees and/or representatives for its/their own negligence, omissions, errors, and/or strict liability is not limited, negated, affected, diminished, waived and/or released by this indemnity provision. STEENLAGE agrees to provide KST with prompt notice of claims made under the terms of this indemnity provision, and shall reasonably cooperate with KST in the defense of any such claims to whatever reasonable extent KST requires.

#### ARTICLE 6

#### **MISCELLANEOUS**

- 6.1 This Agreement constitutes the entire agreement between the parties with respect to the matters set forth herein; any and all prior agreements, whether written or oral, with respect to the matters set forth herein are superseded by this Agreement. The Recitals and Exhibits form a part of this Agreement. No waiver, amendment or modification of any provision of this Agreement shall be effective unless in writing and executed by the party against whom such waiver, amendment or modification is sought to be enforced, and no such amendment or modification shall require the restatement or reaffirmation of the other portions of this Agreement. No failure or delay by either party in exercising a right, power or remedy under this Agreement shall operate as a waiver of any such right or other right, power or remedy.
- 6.2 The parties agree not to assign any right or interest or delegate any obligations in this Agreement without the written consent of the other party, except (i) as otherwise permitted by this Agreement, and (ii) KST may assign any right or interest or delegate any obligation to an affiliate and/or related party (but without right in same to further assign and/or delegate without consent of STEENLAGE other than as otherwise permitted by this Agreement). This Agreement shall inure to the benefit of and bind the parties and their respective successors and permitted assignees.
- 6.3 Each of the parties hereto shall, upon reasonable request from the other, execute and deliver such additional documents and take such action as may be reasonably requested in order to fully carry out the intent and purposes of this Agreement.
- In recognition that the sale of Devices in the United States is anticipated to be made by an Affiliate of KST with a principal place of business in Los Angeles, California, that such Affiliate will be undertaking a substantial portion of the obligations, rights and duties of KST (as they affect the U.S. market) and that the business relationship contemplated by this Agreement is international in scope, the parties agree that this Agreement shall be governed, construed and interpreted in accordance with the substantive laws of the State of California, U.S.A., without regard to its conflict of laws principles. If any provision of this Agreement shall be held to be contrary to law, the remaining provisions of this Agreement shall remain in full force and effect and the invalid provision shall be reformed to the extent possible to give effect to the intended meaning and purpose so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to any party. The parties agree that should any legal action, binding arbitration (if mutually agreed upon), or other legal proceeding be commenced between the parties hereto with respect to any controversy or dispute arising in connection with or out of this Agreement, including the interpretation, binding effect, amendment

and termination, the same shall be filed in the appropriate court, or agreed upon arbitral forum, located in Los Angeles, California (the parties hereby submit to the jurisdiction and venue thereof). Notwithstanding anything to the contrary, express or implied, the parties agree that (i) no punitive damages shall be sought or be recoverable, (ii) any alleged or actual breach of this Agreement shall not be a basis for, nor will the parties seek or be entitled to recover damages predicated upon a theory of, a tort cause of action; and (iii) the parties shall only be entitled to actual contractual damages (e.g., foreseeable losses) and/or provisional and/or equitable relief (e.g., injunctive relief). The party prevailing in such action, arbitration or other proceeding shall, in addition to such other relief as may be awarded, be entitled to recover costs and attorneys' fees that are reasonable under the circumstances. In determining the amount of the attorney's fees and costs, if any, to be awarded, the arbitrator or court shall consider, among other things, the services rendered and reasonable value thereof, the relationship and the nature and amount of relief actually awarded or received in a settlement to the nature and amount of relief sought and the nature and amount of any written offer of settlement, and whether the party has asserted unmeritorious claims or defenses or has otherwise unnecessarily complicated or delayed the proceeding. A party shall not be entitled to recover attorney's fees relating only to claims or defenses on which the party did not prevail.

- 6.5 The termination of this Agreement shall not affect any rights which a party may otherwise have (i) for any breach or failure by the other party of the terms and conditions of this Agreement, or (ii) with respect to any agreement, representation, warranty, covenant, duty or obligation as set forth in this Agreement, which by their terms or to the extent consistent with the intent and purpose of this Agreement extend beyond the term of this Agreement, all of which shall survive termination or expiration of the term of this Agreement.
- 6.6 All notices, demands or consents required or to be given under this Agreement shall be in writing and shall be sent by (i) registered airmail, (ii) courier service or, (iii) facsimile transmission confirmed by a letter sent by either registered airmail or courier service, addressed as set forth on the first page of this Agreement (for purpose of notice to KST, it shall be sent to the attention of the signor on behalf of KST). Any notice, demand or consent given shall be deemed effective as follows:
- (i) if by registered international airmail: at the time of the receipt thereof or seven (7) days after the time of mailing, whichever is earlier;
- (ii) if by certified or registered domestic airmail: at the time of receipt thereof or three (3) business days after the time of mailing, whichever is earlier;
- (iii) if by facsimile, confirmed by a letter sent by certified or registered airmail or courier service not later than one (1) business day thereafter: the next business day after the time of sending the or facsimile; and

(iv) if by courier service: at the time of receipt of same.

Any address or facsimile number, for purposes of the above, may be changed by notice given in the manner provided for hereinabove.

IN WITNESS WHEREOF, the parties have executed this Agreement, which shall be effective upon the date last executed by the parties hereto ("Effective Date").

"ESS"

"KST"

KARL STORZ GmbH & CO. KG

Eric S. Steenlage, M.D.

Dated: 10-30-03

Dated: <u>5/11/03</u>

"ORTHIRON"

Dated: 18-30-0

PATENT

**REEL: 018112 FRAME: 0278** 

(iv) if by courier service: at the time of receipt of same.

Any address or facsimile number, for purposes of the above, may be changed by notice given in the manner provided for hereinabove.

IN WITNESS WHEREOF, the parties have executed this Agreement, which shall be effective upon the date last executed by the parties hereto ("Effective Date").

| "ESS"                   | "KST"<br>KARL STORZ GmbH & CO. KG  |
|-------------------------|------------------------------------|
| Eric S. Steenlage, M.D. | Sybill Storz, Managing Director    |
| Life 5. Steelings, The  | o, o.m. oco, z, rianaging on occor |
| Dated: 10-30-03         | Dated:                             |
|                         |                                    |

"ORTHIRON"

By Same: Eric S- Steenlage
Title: CEO

Dated: 10-30-03

# EXHIBIT "A"

# **Description of Devices**

# **DESCRIPTION**

Apparatus for oblique fixation of a knee ligament, comprising:

- Osteotomes (various sizes)
   Placement Guides (various sizes)
   Fixation Devices (various sizes)

**PATENT** 

**REEL: 018112 FRAME: 0280** 

EXHIBIT "B"

Patent Rights

**Patents** 

Title Number

Method and Apparatus for Reconstructing a Ligament

To Be Filed

PATENT REEL: 018112 FRAME: 0281

**RECORDED: 08/15/2006**