

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Exclusive License Agreement
CONVEYING PARTY DATA	
Name	Execution Date
Boris Gelchinsky	02/09/2004
RECEIVING PARTY DATA	
Name:	Geomage Ltd.
Street Address:	P.O. Box 270
City:	Modin
State/Country:	ISRAEL
Postal Code:	71700
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	5103429
CORRESPONDENCE DATA	
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<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
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ATTORNEY DOCKET NUMBER:	06727/8005070/STC62456/B6
NAME OF SUBMITTER:	Judy Yeddo

Total Attachments: 9
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LICENSE AGREEMENT

This Agreement is entered into as of February 9, 2004 by and between Geomage Ltd., a Israeli corporation registration number 513460675 having an address at C/O Incentive Incubator P.O. Box 3 Industrial Zone Ariel, Israel, fax number + 972-3-9366873 (Attn. Emil Guberman) (the "Company") and Prof. Boris Gelchinsky, bearer of Israeli I.D. number 01135067-5 having an address at 9 Edlson, Jerusalem (the "Licensor"). The Licensor and the Company each a "Party" and collectively the "Parties".

Whereas the Licensor warrants and represents that it is the sole and exclusive owner of and has all rights, title and interest in and to the Licensed Technology (as defined below) and all of the rights relating thereto; and

Whereas the Licensor wishes to grant the Company a license for the use of the Licensed Technology, and the Company wishes to receive a license for the use of the Licensed Technology, subject to the terms and conditions set forth herein; and

Whereas the Licensor warrants that he is authorized to enter into this Agreement and is capable of fulfilling his undertakings herein.

NOW, THEREFORE, the Parties hereby agree as follows:

1. PREAMBLE AND INTERPRETATION

- 1.1 Preamble and Exhibits. The preamble to this Agreement and the Exhibits attached hereto or which will be attached hereto form an integral part hereof.
- 1.2 Captions. The captions of clauses in this Agreement are intended solely for convenience, and will have no meaning in the interpretation of the Agreement.
- 1.3 Definitions. The following terms shall have the meaning set forth beside them:

the "**Agreement**" shall mean this Agreement together with all the appendices and annexes attached hereto.

the "**Improvements**" shall mean any and all improvements which enhances the effectiveness of the technology encompassed by the Licensed Technology and/or the Licensed Products. Such enhancements may be in the form of improving the process for making the Licensed Products and/or the Licensed Technology so that they are made in less expensive or more expeditious manner; discovering additional information as it relates to the Licensed Products and/or the Licensed Technology; discovering additional substitutions in the Licensed Products and/or the Licensed Technology; and discovering new applications of the Licensed Products.

the "**Licensed Products**" shall mean (i) the product(s) or services or any composition of matter covered by or which results fully or partially from the Patent Rights; (ii) the products made or services provided in accordance with or by means of the Licensed

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Technology; (iii) any composition of matter used in or produced by use of the Licensed Technology; and (iv) any intellectual property arising and/or deriving and/or resulting therefrom.

the "Licensed Technology" shall mean: (i) the Patent Rights and any pending applications with respect thereto; (ii) the processes, procedures and methods covered by or developed fully or partially from the Patent Rights; (iii) any other technology and know-how referring to the Patent Rights (whether or not registered); (iv) any intellectual property arising and/or deriving and/or resulting therefrom (whether or not registered); and (v) all pending applications for any of the foregoing and all permits, grants, and licenses or other rights to any of the foregoing.

the "Patent Rights" shall mean all patent applications and/or registered patents detailed in Appendix A attached hereto, and anything described therein, including without limitation the invention(s) described and claimed therein and any continuations, continuations-in-part, extensions, divisions, substitutions or additions to such applications and all patents which are reissues thereof, re-validations and registrations based thereon, and any and all foreign patents and patent applications corresponding thereto.

the "Territory" shall mean the entire world.

2. OWNERSHIP OF LICENSED TECHNOLOGY

- 2.1 Ownership. All rights in the know-how, the Licensed Technology and the Licensed Products are and shall be solely owned by The Licensor, and the Company shall hold the rights granted pursuant to the License and make use of the same in accordance with the terms of this Agreement.
- 2.2 No Lien; Third Parties Rights. The Licensor represents and warrants that it exclusively owns all right, title and interest in and to the Licensed Technology and the Licensed Products free and clear of any liens, encumbrances, pledges, charges, security interests or any other third party rights of any kind or nature whatsoever. The Licensor has full, sole and unrestricted ownership to the Licensed Technology and the Licensed Products. There is no intellectual property with respect to the Licensed Technology and/or the Licensed Products that is held by any other third party.
- 2.3 Authority. The Licensor hereby warrants and represents that the Licensor is authorized and empowered to grant a license to Licensed Technology and Licensed Products to the Company as provided herein.

No consent and/or approval and/or permit and/or license or other similar authority is required for the execution, delivery and performance of The Licensor's undertakings and obligations set forth herein.

- 2.4 The Licensor hereby warrant and represent that there are no legal, contractual or other impediments for the granting of the license to the Company and the acceptance of the license by the Company, as provided herein.

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- 2.5 To the best of The Licensor's knowledge, the Licensed Technology, the Licensed Products, and the use and/or application thereof have not, do not, and will not infringe the patents or other proprietary rights of any third party nor constitute an unlawful use of proprietary information of any third party. Except as set forth in Appendix 2.5 the Licensor is not aware of any third party that is infringing or violating its rights in and/or to the Licensed Technology and/or the Licensed Products

3. THE LICENSE

- 3.1 The License. The Licensor hereby grants the Company, and the Company hereby accepts, an exclusive, irrevocable, transferable, sub-licensable, unconditional, unlimited, royalty-free, world-wide license in the Territory to make and have made, use and have used, to sell and have sold, to implement, practice, exploit, utilize, integrate, commercialize and carry out any activity whatsoever in connection with the Licensed Technology and the Licensed Products. For the removal of any doubt, Licensor shall not by itself and/or through others use, exploit or otherwise dispose of the Licensed Technology and the Licensed Products. Furthermore, the Licensor undertakes not to grant to any other person and/or entity licenses and/or other rights, with respect to the Licensed Technology.
- 3.2 Sub-Licenses. The Company shall be entitled to grant sub-licenses of the rights granted in the License, or any part thereof, (herein referred to as "Sub-License") to its affiliates and/or its partners and/or distributors, and/or agents and/or other sales outlets, which, in turn, shall have the right to grant sub licenses to end-users and/or customers and/or any other third party.
- 3.3 Additional Registration. The Licensor hereby explicitly agrees that any additional action regarding the registration of any patent or any other intellectual property right with respect to the Licensed Technology and/or Licensed Products, including without limitations the rights of the Company hereunder, shall be subject solely to the Company's discretion, and the Licensor shall have no standing whatsoever in such registration decision and/or action.

Notwithstanding, in the event the Company resolves to enter such registration process, the Licensor hereby undertakes, to assist the Company and cooperate with the Company, as needed, including without limitation, to execute any necessary documents.

Without derogating from the above it is hereby clarified that the Company shall pay any and all maintenance fees to maintain the Patnets Rights in full force and effect.

- 3.4 Improvements. Without derogating from any proprietary rights of the Company, and notwithstanding anything to the contrary hereunder, all rights, title and interest in and to the Improvements shall be the sole property of the Company, without paying any additional consideration, and the Company shall have full, sole and unrestricted ownership to the same.
- 3.5 Waiver. The Licensor hereby waives any present and/or future claim and/or demand toward the Company and/or its shareholders and/or its office-holders for the use of the Licensed Technology and/or the Licensed Products.

- 3.6 Third Party Infringement. Each party shall inform the other within 30 days of obtaining knowledge of a possible infringement of the Licensed Technology and/or Licensed Products. The Company may, institute legal proceedings at its own expense against any third party that Company reasonably believes to be infringing the the Licensed Technology and/or Licensed Products in order to eliminate such infringement. The Company shall be entitled solely to all settlement amounts, damages, and costs recovered in connection with any such infringement. With exception of litigation already commenced by the filing of appropriate pleadings in a court of law, upon expiration of this Agreement (as provided below), any and all rights or obligations of the Company in resolving any possible infringement claim hereunder shall revert to the Licensor. If litigation has been commenced by the Company against a third party infringer within the term of this Agreement but is not finally resolved by judgment or settlement within said term, the Company shall be entitled to the recovery of such litigation, as if such litigation had been finally resolved within the term of this Agreement.
- 3.7 Company Efforts. The Company undertakes to carry out the development and production work necessary to develop the Licensed Technology and/or the Licensed Products, in accordance with its working plan and the budget as shall be determined in good faith by its board of directors from time to time and to use its reasonable efforts to commercialize the Licensed Technology and/or the Licensed Products.

4. CONSIDERATION

- 4.1 Expenses Reimbursement. The Company shall reimburse the Licensor for his expenses incurred due to the registration and maintenance of the Licensed Technology in an aggregate amount of _____ (the "Expenses Amount"). The Company shall transfer, at the date hereof upon execution of this Agreement, and subject thereto an aggregate amount of _____. The remainder of the Expenses Amount _____ shall be transferred, commencing as of the date hereof, in 4 equal quarterly payments, each such quarterly payments shall be transferred to the Licensor in the last business day of each -quarter in which such payment is due.

Any payment due in connection with this Agreement shall be paid in NIS computed according to the last known representative rate of exchange of the NIS to the US\$ at the time of payment as published by the Bank of Israel.

4.2 Options.

- (a) The Licensor shall be granted, options to purchase from the Company up to an aggregate number of _____ Ordinary Shares of the Company of _____ par value each (The "Ordinary Shares") _____ (the "Options"). The Options shall be granted within the framework, subject to, and in accordance with the terms of the share option plan to be adopted by the Company's Board of Directors (the "Option Plan"), provided, however that if the Company shall not adopt the Option Plan within 12 months the Company shall grant the Options to the Licensor not within the framework of such Option Plan, provided, further that

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the Option shall remain to be subject to the terms and conditions provided herein.

- (b) The exercise price of each granted option shall be _____ and it shall be fully vested.
- (c) The term of the Options shall be as specified in the Plan.
- (d) Prior to the grant of the Options the Licensor shall execute all of the documents required from it by the Company in connection with the Options.
- (e) The grant of the Options and the issuance of the shares upon exercise thereof are made and shall be on an "As-Is" basis.
- (f) All other terms and conditions governing the Options and the shares to be issued upon exercise thereof shall be subject to the Option Plan.

4.3 Sole Consideration. Save as provided in Section 4.1 and Section 4.2 herein, the Licensor shall not, directly or indirectly, receive in connection with the License, any compensation or benefit of any kind from the Company or from any other source.

5. CONFIDENTIALITY

5.1 Each of the Parties warrants and undertakes that during the term of this Agreement and subsequent thereto, it shall maintain full and absolute confidentiality and shall also be liable for its employees and/or representatives and/or persons acting on its behalf maintaining absolute confidentiality concerning, inter-alia, all information, details and data which is in and/or comes to its knowledge and/or that of its employees, representatives and/or any person acting on its behalf, directly or indirectly, relating to the Licensed Technology and the Licensed Products or, with respect to each Party, the activities and/or business of the other Party, provided however that such obligations shall not derogate from the Company's ability to exploit, utilize, integrate, commercialize and carry out any activity with respect to the Licensed Products and/or Licensed Technology as detailed in Section 3 above. The Parties undertake not to divulge or disclose anything in connection with the foregoing to any person or entity without the consent of the other Party, which consent shall not be unreasonably withheld.

5.2 The foregoing obligation of confidentiality shall not apply to information which can be proven by written records of the receiving Party that it is:

- (a) information which is generally available to the public or which, subsequent to the receipt thereof, becomes available to the public through no act or omission by the receiving Party;
- (b) information which is known to the receiving Party at the time of receipt thereof from the other Party;
- (c) information which is disclosed to receiving Party by a third party not under obligation to the other Party to maintain the confidentiality thereof; or

- (d) information which is required by law to be disclosed.

In addition, disclosure may be made (i) to governmental agencies to the extent required or desirable to secure governmental approval for the marketing of the Licensed Technology and/or the Licensed Products (ii) to potential and actual Sub-licensees.

6. TERM.

- 6.1 The term of the License granted hereunder shall commence on the date of this Agreement and shall continue to be valid and in full force and effect, unless otherwise terminated in accordance with the provisions herein, until: (i) with respect to any country in the Territory in which there are Patent Rights – the date of expiry of the last-to-expire valid Patent Rights protecting the Licensed Technology and/or the Licensed Products in such country; or (ii) with respect to any country in the Territory in which no Patent Rights are applicable – the date of the lapse of a period of twenty (20) years from the date first written above.

The term of this Agreement shall commence on the date set forth above and shall continue and remain in full force and effect until expiration of the last license granted hereunder, unless this Agreement shall be earlier terminated pursuant to the provisions herein.

- 6.2 Notwithstanding, the Licensor shall have the right to terminate this Agreement upon thirty (30) days written notice to the Company if the Company shall commence voluntary winding-up proceedings due to insolvency.

Upon termination by Licensor, in accordance with this Section 6.2, the License shall revert to the Licensor upon the lapse of 18 months following Licensor's written notice to the Company, provided however, that the License shall not revert if during such 18-month period the Company has completed or is substantially in the process of completing (in which case the Company shall have an additional 90 days to complete such transaction) a sale and/or transfer and/or other disposition of the Licensed Technology and/or Licensed Products with a third party, including without limitation, any stockholder of the Company.

7. MISCELLANEOUS

- 7.1 Entire Agreement. This Agreement together with the preamble and the Annexes hereto contains the entire agreement between the Parties with respect to the subject matter hereof, and supersedes all prior agreements, arrangements and understandings, written or oral, relating to the subject matter hereof, if any
- 7.2 Taxes. Any compensation provided to the Licensor by the Company in accordance with this Agreement (including the issuance and exercise of the Warrant) shall be inclusive of all applicable taxes, levies, charges, dues or impositions. The Company shall be entitled to withhold any amounts which are required to be withheld by any applicable law, from the compensation due to the Licensor hereunder.

It is hereby clarified and agreed with respect to any compensation provided to the Licensor by the Company in accordance with this Agreement that the Licensor shall be solely responsible for and bear all liability with respect to payment of any and all taxes, levies, charges, dues or impositions applicable thereto, in all jurisdictions having authority to tax the Licensor and it shall indemnify the Company and hold it harmless from and against any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold or to have withheld, any such tax from any payment made to the Licensor.

- 7.3 Interpretation. In the event that the extent and/or duration of one or more of the obligations hereunder exceeds and/or extends the duration allowed by law, the extent and/or duration of such obligation shall be deemed to be the maximum extent or duration allowed by law and will in no way affect any of the obligations hereunder. In the event that any condition, stipulation or provision hereunder is held to be invalid or unenforceable, for any reason whatsoever, all the remaining conditions, stipulations and provisions contained herein shall remain in full force and effect and shall be binding on the Parties without any change except where such result would be unjustified under the circumstances.
- 7.4 Assignment. the Licensor may not assign, transfer or pledge any of its rights or obligations hereunder, in whole or in part, without receiving the Company's prior written consent.
- 7.5 Governing Law; Jurisdiction. This Agreement shall be governed by and construed according to the laws of the State of Israel, without regard to the conflict of laws provisions thereof. Any dispute arising under or in relation to this Agreement shall be resolved in a competent court in the State of Israel, and each of the parties hereby submits irrevocably to the jurisdiction of such court.
- 7.6 Amendments. Any alteration, amendment or modification of, addition to or deletion from this Agreement or any of its provisions shall have no effect unless made in writing and signed by the Parties to this Agreement.
- 7.7 Failure. The failure of a Party at any time or times to require performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same. No waiver by a Party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any breach, or waiver of the breach of any term or covenant contained herein.
- 7.8 Counterparts; Facsimile. This Agreement may be executed at one or more times and in any number of counterparts, each of which containing the signature of any of the Parties shall be deemed an original, but all of which together shall constitute one and the same instrument. The original of any copy of this Agreement executed with an original signature and transmitted via facsimile shall be deemed valid.
- 7.9 Notices. All notices given by one Party to the other hereunder shall be as per the addresses and facsimile numbers indicated in the preamble above, or such other address or facsimile number as a party may thereafter give notice in accordance herewith, and shall be in writing and will be deemed to have been delivered to the

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addressee: on the next business day following the day of delivery or transmission, if delivered by hand or transmitted by facsimile, and confirmed by written facsimile transmission report; or within five (5) days after being posted, if sent by registered mail, postage prepaid.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed on the day and year first set out above:

Geomage Ltd.

By: *[Signature]*
M.C. 5190946LS
513460875 G.M.
LAWYER FOR EXCEL

[Signature]

Prof. Boris Gelchinsky

Title: *[Signature]*

Appendix A

Patent number	Publication date	Country	Equivalents	Status
US4878205	1989-10-31	U.S.A	IL83306	Expired due to non payment
US5103429	1992-04-07	U.S.A	AU640956, AU64756/90, IL92132	Active
IL83306	1987-07-23	Israel	US4878205	Active
IL92132	1989-10-27	Israel	AU640956, AU64756/90 US5103429	Active
AU64756/90	1990-10-18	Australia	US5103429, IL92132	Active
European Patent Application No. 88111767.5	Filed July 21, 1988	Europe		Not active

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