

## PATENT ASSIGNMENT

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	LICENSE
CONVEYING PARTY DATA	
Name	Execution Date
John FLOTTVIK	04/11/2010
RECEIVING PARTY DATA	
Name:	PARAMOUNT AG-RESEARCH INC.
Street Address:	#108 - 2960 Trethewey Street
City:	Abbotsford, BC
State/Country:	CANADA
Postal Code:	V2T 6P5
PROPERTY NUMBERS Total: 1	
Property Type	Number
Application Number:	12890158
CORRESPONDENCE DATA	
Fax Number:	6046833558
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
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Address Line 4:	Vancouver, BC, CANADA V6C 2B5
ATTORNEY DOCKET NUMBER:	V84184GEN/SMA
NAME OF SUBMITTER:	Sean Alexander
Total Attachments: 8 source=Diacarbon-Redacted_Charcoal_License_Agmt#page1.tif source=Diacarbon-Redacted_Charcoal_License_Agmt#page2.tif source=Diacarbon-Redacted_Charcoal_License_Agmt#page3.tif source=Diacarbon-Redacted_Charcoal_License_Agmt#page4.tif source=Diacarbon-Redacted_Charcoal_License_Agmt#page5.tif source=Diacarbon-Redacted_Charcoal_License_Agmt#page6.tif source=Diacarbon-Redacted_Charcoal_License_Agmt#page7.tif source=Diacarbon-Redacted_Charcoal_License_Agmt#page8.tif	

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## LICENSE AGREEMENT FOR CHARCOAL REACTOR SYSTEM

THIS AGREEMENT dated for reference the 11 day of April, 2010

BETWEEN:

**JOHN FLOTTVIK**, with a principle office at 1501 Main Street, PO Box 275, Merritt, British Columbia

(the "Licensor")

AND:

**PARAMOUNT AG-RESEARCH INC.**, a company duly incorporated under the laws of British Columbia, with a principle office at #108 – 2960 Trethewey Street, Abbotsford, British Columbia

(the "Licensee")

WHEREAS:

- A) The Licensor is the inventor of the CHARCOAL REACTOR SYSTEM (the "Invention"), more particularly described in Schedule A attached hereto, patent pending under the Licensed Patents Rights (as hereinafter defined);
- B) The Licensor is the sole and exclusive owner of the Licensed Patent Rights and all interests therein;
- C) The Licensor is prepared to grant and the Licensee wishes to obtain a license (the "License") to the Licensed Patent Rights upon the terms & conditions hereinafter set forth:

IN CONSIDERATION of the premises and the mutual covenants herein contained, and other good and valuable consideration, the receipt of which is acknowledged, the parties agree as follows:

### Article I – DEFINITIONS

For the purpose of this Agreement, the following definitions shall apply:

- 1.1 "Confidential Proprietary Information" shall mean, with respect to any party, all scientific, design, business or financial information relating to such party, its subsidiaries or affiliates or their respective businesses, except when such information:
  - a. is known to the other party prior to receipt from such first party;
  - b. becomes publicly known through sources other than such first party; or
  - c. is approved for release by written authorization from such first party.
- 1.2 "Exclusive License" shall mean a license, including the unrestricted right to sublicense, whereby the Licensee's rights are sole and entire and operate to exclude all others, including the Licensor and its affiliates except as otherwise expressly provided herein.

- 1.3 **"Sublicense Fees"** shall mean the total fees received by the Licensee from sublicensees for the operation of licenses to operate the Invention and sell the Products, exclusive of taxes.
- 1.4 **"Gross Sales"** shall mean the total amount received by the Licensee from sales of the Products, exclusive of taxes and transportation costs.
- 1.5 **"Intellectual Property Rights"** shall mean any and all inventions, materials, Know-how, trade secrets, patents, technology, formulas, processes, ideas or other discoveries conceived or reduced to practices, whether patentable or not.
- 1.6 **"Licensed Patent Rights"** shall mean:
- a. any and all patent rights in the Invention under Patent Application Serial No. CA 2629417 filed on April 18, 2008 by OYEN WIGGS GREEN & MUTALA LLP on behalf of the Licensors (the **"Patent Application"**);
  - b. any and all improvements developed by the Licensors, whether patentable or not, relating to the Invention and the Licensed Patent Rights, which the Licensors may at any time develop, own or control.
- 1.7 **"Know-how"** shall mean any and all technical data, information, materials, trade secrets, technology, formulas, processes, and ideas, including any improvements thereto, in any form in which the foregoing may exist, now owned or co-owned by or exclusively, semi-exclusively or non-exclusively licensed to any party prior to the date of this Agreement or hereafter acquired by any party during the term of this Agreement.
- 1.8 **"Product(s)"** shall mean one or more of the following products produced by the Invention under the Licensed Patent Rights: biochar (charcoal), biochar growth systems, biooil (condensable gases and derivatives), synthesis gas (non condensable gases) and electricity.

## ARTICLE II- GRANT OF EXCLUSIVE LICENSE

- 2.1 The Licensors hereby grants to Licensee the sole and exclusive right and license to manufacture, have manufactured for the Licensee and its sublicensees, to use, market, sell and otherwise commercialize the Invention and the Products and their accessories and extensions within the United States of America and Canada (the **"Territory"**); and to use the Confidential Proprietary Information in connection therewith (but for no other purpose); and to sublicense others to do likewise.
- 2.2 This Agreement shall endure for a period of 20 years unless earlier terminated in writing in accordance with Article VIII.
- 2.3 The Licensors hereby grants to the Licensee:
- a. a first right of refusal to purchase the Licensed Patent Rights or the Invention; and
  - b. a first right of refusal to license the Licensed Patent Rights or the Invention outside of the Territory
- (the **"First Rights of Refusal"**).

The Licensor shall specify the price and terms and conditions upon which the Licensor is prepared to sell, assign or otherwise dispose of any interest in or to the Licensed Patent Rights or the Invention (the "**Notice**") and deliver such notice to the Licensee, and unless the Licensee exercises its prior right to acquire the Licensed Patent Rights or the Invention within six months after receipt of the Notice, the Licensee is deemed to have waived its rights and the Licensor shall be free to sell or license the Licensed Patent Rights or the Invention to a third party on the same price, terms and conditions as specified in Notice during the period commencing on the earlier of: (a) the Licensee advising the Licensor that it is not exercising its right to acquire the Licensed Patent Rights or the Invention hereunder; and (b) six months after receipt of the Notice by the Licensee and ending on the date that is twelve months following the date of receipt of the Notice by the Licensee. If the Licensor wishes to continue to offer the Licensed Patent Rights or the Invention for sale after such six month period, or within the six month period to offer the Licensed Patent Rights at a price or on terms or conditions other than specified in the Notice, the First Rights of Refusal will be re-instated and the foregoing terms continue to apply mutatis mutandis.

- 2.4 The Licensor retains the right to continue to use the Licensed Patent Rights in any way outside the Territory provided that the Licensor shall ensure that the Intellectual Property Rights of the Licensed Patent Rights are protected and the Licensee's interests under this License would not be adversely affected.
- 2.5 If the Licensee waives the First Rights of Refusal and the Licensor licenses or disposes of the Invention (the "**External License**") to a third party outside the Territory (the "**External Licensee**") during the term of this Agreement, the Licensor shall use commercially reasonable efforts to ensure that the External Licensee shall not sell any of the Invention or the Products into the Territory. If the Licensor becomes aware of the sale of Products or the use of the Invention in the Territory by any party other than the Licensee or its authorized sublicensees, the Licensor shall take all steps to terminate the External License or the unauthorized use of the Invention in the Territory, including applying for an injunction against the External Licensee, if necessary.
- 2.6 The Licensee shall have the absolute discretion to give and grant sublicenses of its rights, provided that the Licensee shall pay to the Licensor the Sublicense Royalties, as hereinafter defined.

### **ARTICLE III- LICENSE PAYMENTS**

- 3.1 In consideration for the License,

#### **ARTICLE IV – REPORTS, BOOKS AND RECORDS**

- 4.1 The Licensee agrees to keep full, accurate and complete records and books of account relating to its operations under this License for the accurate determination of Royalties to be made under this Agreement.
- 4.2 The Licensee shall, within 30 days after the end of each calendar quarter, deliver to the Licensor a written report to the Licensor setting forth the Gross Sales and Franchising Fees received during the preceding quarter period. If there are no Gross Sales or Franchising Fees received, a statement to that effect shall be made by the Licensee to the Licensor. At the time each report is made, the Licensee shall pay to the Licensor the royalties shown by such report to the payable hereunder.
- 4.3 The Licensee shall keep books and records provided for in Article IV, Paragraph 1 in such reasonable detail as will permit the reports to be prepared. The Licensee further agrees to permit such books and reports to be inspected and audited by a representative or representatives of the Licensor at the Licensee's cost, to the extent necessary to verify the said reports; provided, however, that such representative or representatives shall only indicate to the Licensor whether the reports and royalties paid are correct, and if not, the reasons why not.

#### **ARTICLE V – REPRESENTATION AND WARRANTIES**

- 5.1 The Licensor represents and warrants as follows:
  - a. the Licensor has sole and clear title to the Licensed Patent Rights and is the inventor of the Invention;
  - b. during the term of this Agreement, the Licensee shall have an Exclusive License to utilize the Licensed Patent Rights in any manner and to manufacture all machinery and equipment necessary to produce Products including but not limited to sublicensing such rights and the rights to commercialize, develop, market, and sell the Products in the Territory;

- c. to the best of his knowledge, the Licensed Patent Rights are free from claims of infringement of Intellectual Property Rights of third parties of any kind;
- d. the Licensor shall share all expenses equally with the Licensee in defending any infringement claim of Intellectual Property Rights; and
- e. the Licensor shall indemnify the Licensee for 50% of any loss or damages suffered by the Licensee by way of an infringement claim of Intellectual Property Rights in exercising of the Licensee's License of the Licensed Patent Rights.

#### **ARTICLE VI – DILIGENCE**

#### **ARTICLE VII – IRREVOCABLE JUDGEMENT WITH RESPECT TO VALIDITY OF PATENTS**

If a judgment or decree shall be entered in any proceeding in which the validity or infringement of any claim of any patent under which the Licensed Patent Rights granted hereunder shall be in issue, which judgment or decree shall become not further reviewable though the exhaustion of all permissible applications for rehearing or review by a superior tribunal, or through the expiration of the time permitted for such application, (such a judgment or decree being hereinafter referred to as an "irrevocable judgment") the construction placed on any such claim by such irrevocable judgment shall thereafter be followed not only as to such claim, but also as to all claims to which such instruction applies, with respect to acts occurring thereafter and if an irrevocable judgment shall hold any claim invalid, the Licensee shall be relieved thereafter from including in its calculation of royalties payable hereunder that portion of the royalties due under ARTICLE III payable only because of such claim or any broader claim to which such irrevocable judgment shall be applicable, and from the performance of any other acts required by this agreement only because of any such claims.

#### **ARTICLE VIII – TERMINATION**

## **8.2 Effect of termination**

Termination of this Agreement shall not in any way operate to impair or destroy any of Licensee's or Licensors' right or remedies, either at law or in equity.

## **ARTICLE IX – CONFIDENTIALITY**

The parties agree to treat any and all Confidential Proprietary Information as confidential and maintain all discussions and any material revealed pursuant to this Agreement in confidence, to disclose them only to persons within their respective organizations having a need to know, and to furnish assurances to the other party that such persons understand this duty on confidentiality.

## **ARTICLE X – PATENT LITIGATION**

### **10.1 Initiation**

In the event that the Licensors advise the Licensee in writing of a substantial infringement of the patents/copyrights included in the Licensed Patent Rights in the Territory, the Licensee may, but is not obligated to, bring suit or suits through attorneys of the Licensee's selection with respect to such infringement.

## **ARTICLE XI – PATENT FILINGS AND PROSECUTING**

- 11.1 The Licensors and Licensee shall each own improvements made by their respective inventors, employees, or contractors. The Licensee shall pay future costs of preparation, filing, prosecuting and maintenance of patents and applications on patentable improvements made by the Licensee's inventors, however, in the event that the Licensee refuses to file patent applications on such patentable improvements in USA and selected foreign countries when requested by the Licensors, the rights to such patentable improvements for said countries shall be returned to Licensors.
- 11.2 Preparation and maintenance of patent applications and patents undertaken at the Licensee's cost shall be performed by patent attorneys selected by the Licensee; and due diligence and care shall be used in preparing, filing, prosecuting, and maintaining such applications on patentable subject matter. Both parties shall review and approve any and all patent related documents.
- 11.3 The Licensee shall have the right to, on 30 days written notice to Licensors, discontinue payment of its share of the prosecution and/or maintenance costs of any of said patents and/or patent applications. Upon receipt of such written notice, the Licensors shall have the right to continue such prosecution and/or maintenance on its own name at its own expense in which event the License shall be automatically terminated as to the subject matter claimed in said patents and/or applications.
- 11.4 Notwithstanding the foregoing paragraph of Article 11.3, the Licensee's obligations under such paragraphs shall continue only so long as the Licensee continues to have an Exclusive License under the Licensed Patent Rights. The costs of such thereafter preparation, filing, prosecuting and maintaining of said Licensed patents and patent applications shall be the responsibility of the Licensors, provided such payments are at the sole discretion of the Licensors; and the Licensee shall have a non-exclusive License without right to sublicense under those of such patents and applications.

## **ARTICLE XII – NOTICES, ASSIGNEES**

- 12.1 Any notice which is required to be given hereunder shall be given in writing and will be effectively given if the same is:
- a. delivered or mailed by prepaid post to the address of the intended recipient set forth at the top of this Agreement; AND
  - b. personally delivered to a director or officer of an intended corporate recipient.

Provided that any party may give notice to the other parties of new addresses to be used for the purpose of this clause;

Any notice which is delivered shall be deemed to have been given on the date of delivery. Any notice that is sent by prepaid mail shall be deemed to have been given on the 5<sup>th</sup> weekday after the date upon which the notice is mailed from a post office in Canada.



