

PATENT ASSIGNMENT

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
TOTO LTD.	12/20/2012
RECEIVING PARTY DATA	
Name:	NEOPERL GmbH
Street Address:	Klosterrunsstr. 11
City:	Mullheim
State/Country:	GERMANY
Postal Code:	79379
PROPERTY NUMBERS Total: 1	
Property Type	Number
Patent Number:	6708902
CORRESPONDENCE DATA	
Fax Number:	7039797429
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>	
Phone:	703-979-5700
Email:	gands@szipl.com
Correspondent Name:	Griffin & Szipl, P.C.
Address Line 1:	2300 9th Street South
Address Line 2:	Suite PH-1
Address Line 4:	Arlington, VIRGINIA 22204
ATTORNEY DOCKET NUMBER:	SAKAG0019T
NAME OF SUBMITTER:	Bridget D. Burke
Signature:	/bburke/
Date:	06/20/2013
Total Attachments: 13	

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Sales and License Agreement

between the company

NEOPERL GmbH,
Klosterrunsstr. 11,
79379 Müllheim
Germany

- hereinafter referred to as „NEOPERL“ -

and the company

TOTO LTD.
2-1-1, Nakashima, Kokurakita-Ku
KITAKYUSYU-CITY, 802-8601, JAPAN

- hereinafter referred to as „TOTO“ -

- hereinafter together referred to as „the parties“ -

Preamble:

(1)

TOTO is Japan's leading manufacturer of sanitary ceramics and fittings. TOTO provides, among others, a series of fittings for washbasins and bath tubs and is also active within this scope in the technical field of water jet regulation.

(2)

NEOPERL develops, manufactures and markets worldwide products for the sanitary fittings industry. In particular water jet regulators (also named water aerators) to be connected to sanitary fittings also belong to these products.

(3)

TOTO developed a technical invention in the field of (water) jet regulator to be connected to sanitary fittings for which applications for protective rights and patent applications have been filed.

TOTO is going to sell TOTO's Patents to NEOPERL at a fixed price. However, in the event that NEOPERL will produce within the validity period of the contractual protective rights more than 40 million jet regulators which are within the

scope of protection of TOTO's Patents, NEOPERL shall pay additional fees-de-
pending on the number of pieces.

Moreover NEOPERL grants TOTO a free of charge license to use TOTO's Patents
according to this Agreement. This free of charge license granted from NEOPERL
to TOTO also includes further modifications of jet regulators (including newly
launched products) which are within the scope of TOTO's Patents, as far as TO-
TO asks NEOPERL to deliver these jet regulators, but NEOPERL fails to deliver
them by organizational or technical reasons.

(4)

NEOPERL contended that some jet regulators which TOTO offers and distributes
infringe EP 000646680 and JP 003579463 B2 of NEOPERL.

NEOPERL developed an improvement of TOTO Old Products within the scope of
TOTO's Patents. In order to make and sell this product improvement, NEOPERL
and TOTO entered into negotiations in order to find a solution, expressed by this
contract. The product improvement is not yet sold. NEOPERL reserves the right
to apply for a protective right for these further product improvements.

Both parties agreed that by signing this agreement these matters should be con-
sidered as settled amicably. In this regard NEOPERL and TOTO will not make
each any accusation concerning the infringement or nullity of the patents con-
cerned.

On the base of decades of friendly cooperation and of the intention of a further
deepened business relationship, the contracting parties agree as follows:

§ 1

Object of the agreement and contract products

(1) Definition:

TOTO's Patents: The term "TOTO's Patents" shall mean the patents listed be-
low:

JP 004474632B2

EP 1273724B1

DE 60101909

FR 1273724

GB 1273724

✓ CN 001174812C

✓ US006708902B2

*Regio-
nale
Phase*

TOTO's Old Products: The term "TOTO's Old Products" shall mean jet regulators as specified in ANNEX1 as well as their modified and/or improved products.

TOTO's Old Products are covered by TOTO's Patents. Both parties agree that they do not argue any more whether NEOPERL's patents limited to EP 000646680 and JP 003579463 B2 including their patent families might cover TOTO's Old Products.

Contract Products: The term "Contract Products" shall mean jet regulators which might be covered by TOTO's Patents and/or NEOPERL's patents including but not limited to EP 000646680 and JP 003579463 B2 patent family and that NEOPERL will supply to TOTO and TOTO will purchase from NEOPERL after the date of this Agreement.

TOTO's New Products: The term "TOTO's New Products" shall mean new jet regulators, which might be covered by TOTO's Patents or any other protective rights of TOTO and/or NEOPERL's patents limited to EP 000646680 and JP 003579463 B2 including their patent families that TOTO may manufacture on its own or have a third party manufactured in the future in the event that NEOPERL fails to supply the Contract Products to TOTO.

§ 2

Sale and assignment of TOTO's Patents

- (1) TOTO herewith sells and assigns to NEOPERL TOTO's Patents with all rights and duties connected thereto. All filed and/or registered patents of TOTO's Patents remain the property of TOTO until NEOPERL has paid the full amount. However, both parties agree that NEOPERL will be entitled to claim all benefits from the use of TOTO's Patents upon the date of signatures rendered by both parties. After the complete payment, NEOPERL shall undertake all the necessary procedure of the assignment in the registration of the respective national office. TOTO shall provide all the documents with NEOPERL which are necessary for the above mentioned procedure. NEOPERL shall bear all the payment which is necessary for this purpose.
- (2) TOTO undertakes to submit to NEOPERL all research and development documents, experimental reports and/or prototypes concerning TOTO's Patents to the extent that TOTO can submit them after payment of the first instalment of the fixed price.

- (3) The sales prices for TOTO's Patents is a total of 11,5 million YEN. The first instalment of 6 million YEN has to be paid by NEOPERL three weeks after the execution of this agreement. The remaining sum of 5,5 million YEN has to be paid three months after the execution of this agreement at the latest. The payment shall be made respectively to the following account of TOTO:

A/C name : TOTO LTD. A/C No. : 9034622

Bank : THE BANK OF TOKYO-MITSUBISHI UFJ LTD.

Branch : KITAKYUSHU BRANCH

Address : 6-16, Uomachi 1-chome, Kokurakita-ku, Kitakyusyu, 802-0006 Japan

SWIFT code : BOTKJPJT

- (4) In the event that NEOPERL will produce within the validity period of TOTO's Patents more than 40 million jet regulators which are within the scope of protection of TOTO, NEOPERL shall pay additional fees depending on the number of pieces in the amount of 0,2 YEN per piece.

Scheme for calculation of additional fees (figures of annual quantities are only for example)

Start of production: January 2013

	2013	2014	2015	2016
Period	2013.1 - 2013.12	2014.1 - 2014.12	2015.1 - 2015.12	2016.1 - 2016.12
Billing date for additional fees			15 March 2016	15 March 2017
Annual Qty (Pieces)	16M	20M	20M	20M
Accumulated Qty (Pieces)	16M	36M	56M	76M
Additional fees (YEN)	-	-	$(56M - 40M) \times 0.2$ = 3.2M	$(76M - 56M) \times 0.2$ = 4.0M

The billing for the (exceeding) number of pieces is to be made for each calendar year and the additional fees have to be paid annually up to March 15th of the following year. The payment is to be made to the bank account of TOTO mentioned in §2 (3) until TOTO has not informed NEOPERL about another bank account. The bank transfer of the payment takes place in „YEN“. All the transfer costs shall be borne by NEOPERL.

- (5) NEOPERL is aware of the technical features of the invention(s) covered by TOTO's Patents. TOTO is not liable for the technical utility and completeness of TOTO's Patents as well as the technical documents according to §2 (2).
- (6) TOTO assures that it does not know any legal defects of the invention underlying TOTO's Patents, in particular it does not know any rights resulting from prior use or a dependence on protective rights of third parties. However, any liability for material defects and legal imperfections of in title shall be excluded.
- (7) TOTO undertakes to keep all know-how relating to the invention(s) covered by TOTO's Patents confidential after the signature of the agreement, and, during a period of five years after the execution of the agreement, not to become active in its own name or for third parties in the production of jet regulators, as far as TOTO purchases the Contract Products from NEOPERL according to § 3.
- (8) The costs for assignment and recording of TOTO's Patents shall be borne by NEOPERL. NEOPERL will also pay the fees and costs for maintenance of TOTO's Patents after the execution of this agreement.

§ 3

Granting of license

- (1) From date of execution of this agreement and independent of the date from which TOTO's Patents have been assigned to NEOPERL, NEOPERL grants to TOTO a non-exclusive and free of charge license under TOTO's Patents and EP000646680 and JP003579463 to make, have made, use, sell, offer for sale TOTO's Old Products worldwide.

- (2) TOTO is not entitled to grant sublicenses as far as NEOPERL has not given its written prior consent thereto. In this case, TOTO is obliged to impose all the obligations from this agreement to the sublicensing party. Notwithstanding the forgoing provision, TOTO is entitled to have a third party manufacturer TOTO's Old Products as well as TOTO's New Products.
- (3) As far as this should be necessary for the execution of this agreement, TOTO is entitled to apply for the registration of the granted license into the patent register at its own expense. NEOPERL undertakes to give to TOTO all the required powers of attorney and signatures for this purpose.
- (4) In the event that TOTO is going to purchase the Contract Products, TOTO will always contact NEOPERL first and allow NEOPERL an appropriate time to make a technical and economical check for a possible production and to make an offer to TOTO. NEOPERL shall give priority to business with TOTO in supplying the Contract Products. If NEOPERL refuses or fails to deliver the Contract Products or the two parties cannot reach consensus on the business conditions such as price, quality, development period and specification of the Contract Products, TOTO may have an option to manufacture or have a third party manufactured TOTO's New Products with a grant of non-exclusive and free of charge license under TOTO's Patents and NEOPERL patents limited to EP 000646680 and JP 003579463 B2 patent family. NEOPERL represents that during the term of the Agreement, it has no intention to challenge the production or sales of the TOTO's Old products and TOTO's New Products. TOTO represents that during the term of the Agreement, it has no intention to challenge the production or sales of the Contract Products.
- (5) NEOPERL is obligated to deliver to TOTO the Contract Products. If NEOPERL is in default in delivery more than eight weeks, it is considered that "NEOPERL fails to deliver the Contract Products" as mentioned in §3(4). NEOPERL may contact TOTO and then, both parties will discuss the possibility of purchase and selling of the Contract Products again in good faith.
- (6) From the signature of this agreement by both parties up to termination of this agreement, TOTO is entitled to offer and to distribute worldwide sanitary fittings such as faucets that TOTO's Old Products, the Contract Products and/or TOTO's New Products are built in. TOTO is also entitled to offer and distribute TOTO's Old Products, the Contract Products and/or TOTO's New Products as a unit to its customers worldwide. However, TOTO is not entitled to offer nor distribute TOTO's Old Products, the Contract Products and/or TOTO's New Products as a unit to sanitary fitting companies that are NEOPERL's customers.

§ 4
Transferability

- (1) The transfer of this agreement is allowed neither within the scope of a business merger nor of a business takeover as far as the other contractual party has not given its written prior consent.
- (2) A business combination or a business takeover does not entitle either contracting party to termination for good reason.

§ 5
Warranty clause

- (1) None of the parties is liable for the legal validity and the economic marketability of TOTO's Patents.
- (2) None of the parties assumes any warranty, expressly or impliedly, except those that are contained in this agreement.

§ 6
Obligation to keep accounts

- (1) NEOPERL is obliged to keep separate accounts relating to the manufacture of the contract products, namely in that the exact quantity of the contract products, but limited to those covered by TOTO's Patents manufactured by NEOPERL which exceed the limit of 40 million pieces and is therefore necessary to calculate the subsequent additional fees according to §2 (4) is clearly to be seen.
- (2) TOTO is obliged to keep separate accounts relating to the manufacture of TOTO's Old Products as well as TOTO's New Products, namely in that the exact quantity of the contract products manufactured by TOTO under the free of charge license of NEOPERL is clearly to be seen.

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§ 7
Compulsory labelling

- (1) NEOPERL has the right to use its own labelling and/or brand of the contract products without any restriction by TOTO.
- (2) TOTO has the right to use its own labelling and/or brand of TOTO's Old Products as well as TOTO's New products without any restriction by NEOPERL.

§ 8
Existence and defence of TOTO's Patents

- (1) NEOPERL is committed to maintain TOTO's Patents and NEOPERL's patents (limited to EP 000646680 and JP 003579463 B2) concerning jet regulator during the term of this agreement. NEOPERL bears its own costs for maintaining the aforementioned patents. NEOPERL shall carry out on-going granting procedures for TOTO's Patents and for NEOPERL's patents (limited to EP 000646680 and JP 003579463 B2) in an appropriate manner and at its own costs.
- (2) The contracting parties shall inform each other immediately in writing about all (possible) infringements of TOTO's Patents worldwide as far as they become aware of a (possible) infringement. An obligation of NEOPERL as the owner of TOTO's Patents after the Agreement to proceed against (possible) infringements by third parties does not exist.
- (3) As far as the state of nullity proceedings makes it necessary, NEOPERL is entitled to grant to the nullity suit plaintiff a non-exclusive license for TOTO's Patents concerned at its legal and economic conditions at its discretion.
- (4) If the need to restrict TOTO's Patents arises and is unavoidable in the course of the dispute with a third party, NEOPERL is entitled hereto at its discretion as well.
- (5) If the legal validity of some of TOTO's Patents expires during the term of this agreement or if they become restricted or if licenses to them are granted to third parties according to §9 (3), the existence of this agreement shall not be affected.

§ 9

Confidentiality, non-challenge clause

(1) The contracting parties acknowledge that all the information handed over within the scope of this agreement including the copies, are trade secrets and the property of the transferring contracting party (Confidential Information) as far as they are not transferred explicit permanently according to this agreement to the other party. Apart from that, each contracting party shall handle all the data, information obtained within the scope of this agreement and other facts that are verifiably designated by the other contracting party as being confidential in a strictly confidential manner and shall not transfer them to third parties. The contracting parties will use this information only for the purposes provided in this agreement. These confidentiality obligations do further exist beyond the term of this agreement as far as secret information has not become public domain. The obligations above with respect to confidentiality shall not apply for information as far as they

- * were demonstrably already known entirely or partially from the receiving contracting party before communication thereof or
- * were demonstrably already known entirely or partially from the public before communication or
- * will demonstrably be known entirely or partially after communication without the involvement of the receiving contracting party or
- * are demonstrably known entirely or partially by the receiving contracting party over a third party that is not subject to any direct or indirect confidentiality obligation towards the other contracting party or
- * have been independently compiled by the receiving contracting party.

The contracting party that relies on one of the aforesaid exceptional provisions shall give evidence thereof.

Except with the prior written consent of the disclosing party or as specifically provided herein, the recipient of the disclosing party's Confidential Information ("*Recipient*") shall not, and shall direct its affiliates and the directors, officers, employees, agents, and other representatives (collectively, "*representatives*") and of any of them, not to disclose or permit the disclosure to any third party of any Confidential Information disclosed to it by the disclosing party.

If employees (including former employees) of either party violate an agreement on the Confidential Information, the offending party is responsible for paying penalty charges, the amount of which shall be decided by the extent of damages incurred by the party which owns Confidential Information.

- (2) TOTO undertakes not to legally question or to legally attack the protectability of TOTO's Patents or not to support third parties in their attacking thereon during the term and after termination of this agreement.

§ 10

Term

This agreement shall come into effect on the execution date hereof and thereafter shall remain in force until the last expiration date of TOTO's Patents and EP 000846680 and JP 003579463 B2 of NEOPERL.

§ 11

Execution of the Agreement

This agreement shall enter in force when signed by the contracting parties.

§ 12

Final provisions

- (1) The contracting parties are entitled to rights of set-off only if they are based on legally valid counterclaims or of counterclaims that have been recognized in writing by the other contracting party.
- (2) All the understandings made between the contracting parties are contained in this agreement. The parties did not enter any collateral agreements. Amendments and additions to this agreement have to be made in writing in order to be valid. The same applies for an amendment of this written form clause.
- (3) Any notice or communication under this agreement has to be made to the following addresses of the contracting parties:

TOTO LTD.
2-1-1, Nakashima, Kokurakita-Ku
KITAKYUSU-CITY, 802-8601, JAPAN

NEOPERL GmbH
Christoph Weis
Klosterrunsstraße 9 -- 11
79379 Müllheim
Germany

- (4) If individual provisions of this agreement prove to be partly or fully ineffective, the validity of the remaining provisions remains unaffected. The ineffective provision shall be replaced by a provision that is economically closest to the intention of the contracting parties existing or to be assumed at the time of conclusion of the agreement. The same applies in the event of a gap.

DISPUTE RESOLUTION.

In the event of any dispute, controversy or claim arising out of or relating to this Agreement or the breach thereof ("Dispute"), the parties shall attempt to resolve the Dispute through informal negotiations. If the parties are unable to resolve a Dispute within ninety (90) days of one party giving written notice of the Dispute to the other, then the Dispute shall be resolved through final, binding arbitration according to the Arbitration Rules of the World Intellectual Property Organization ("WIPO"). The arbitral tribunal shall consist of three neutrals. The place of arbitration shall be Munich, Germany if TOTO initiates the arbitration; or Tokyo, Japan, if NEOPERL initiates the arbitration; or elsewhere if the parties so agree. The language of arbitration will be English.

Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Germany.

Costs. In the event that any arbitration is commenced to resolve any Dispute, the arbitrators shall be empowered to determine the prevailing party and shall award reasonable fees (including arbitrators' and attorneys' fees) and costs to the prevailing party in addition to any other remedy or award.

Counterparts. This Agreement may be executed in counterparts and transmitted by facsimile, each of which shall constitute a duplicate original.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the latest date hereinafter.

Japan, (date) 20 DEC. 2012

福本 司郎
(TOTO)

Date

Germany, (date) 12/12/12

Christoph Cas
(NEOPERL)

Date

ANNEX I

TOTO's Old Products

Product no. TH6, THB38, 97D12 and THB67 including their modified or improved products.

