

PATENT ASSIGNMENT COVER SHEET

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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT
CONVEYING PARTY DATA	
Name	Execution Date
DAVID I. RITCHIE	07/08/2015
ADRIAN NORTH	07/08/2015
RECEIVING PARTY DATA	
Name:	R & R MUSIC LIMITED
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City:	FALKIRK
State/Country:	SCOTLAND
Postal Code:	FK1 1HZ
PROPERTY NUMBERS Total: 1	
Property Type	Number
Application Number:	14854091
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ATTORNEY DOCKET NUMBER:	R&R5005
NAME OF SUBMITTER:	JEFFREY C. MAYNARD
SIGNATURE:	/JEFFREY C. MAYNARD/
DATE SIGNED:	09/15/2015
Total Attachments: 19	
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DATED

8 July

2015

DEED OF ASSIGNMENT OF PATENT

between

R&R MUSIC LIMITED

and

DAVID INNES RITCHIE

and

ADRIAN NORTH

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THIS DEED is dated 8 July 2015

PARTIES

- (1) DAVID INNES RITCHIE of 32 Woodville Gardens, London IG6 1LF and ADRIAN NORTH of 16 Melaleuca Road, Lesmurdie, WA 6076, Australia (each an "Assignor" and together, the "Assignors").
- (2) R&R MUSIC LIMITED, a company incorporated in Scotland with registered number SC344843 and having its registered office at 2 Melville Street, Falkirk FK1 1HZ (the "Assignee").

BACKGROUND

- (A) The Assignors have created the inventions which are the subject of the Patent (as defined below) and are the joint proprietors of the Patent.
- (B) The Assignors have each agreed to assign the Patent to the Assignee on the terms set out in this agreement.

AGREED TERMS

1. INTERPRETATION

The following definitions and rules of interpretation apply in this agreement.

1.1. Definitions:

"**Business Day**" means a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

"**Group**" means in respect of a company, means such company, any subsidiary of such company, any holding company of such company and any subsidiary of such a holding company (with "subsidiary" and "holding company" having the meanings given by section 1159 of the Companies Act 2006).

"**Immediate Group**" means in respect of the Assignee, any subsidiary of the Assignee only (with "subsidiary" having the meaning given by section 1159 of the Companies Act 2006).

"**Improvement**" means any improvement, enhancement or modification to the technology that is the subject of any of the Patent.

"**Intellectual Property Rights**" means patents, utility models, rights to inventions, rights to derivative works, rights to use and protect the confidentiality of confidential information including trade secrets and know-how, semiconductor topography rights, copyright and neighbouring and related rights, all other rights in the nature of copyright, moral rights, rights in designs, database rights, trademarks and service marks, business names and domain names, rights in get-up, goodwill and the right to sue for passing off or unfair competition and all other intellectual property rights, in each case whether registered or unregistered and including all applications and

rights to apply for and be granted, renewals or extensions of, and rights to claim priority from, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

"**Non-Use Option**" means an option in respect of the Patent that is exercisable by the Assignors, the further details of which are set out in Schedule 2.

"**Patent**" means the claims and rights set out in the US patent application, short particulars of which are set out in Schedule 1.

"**Technology**" means all inventions, designs, information, know-how, specifications, formulae, data, processes, methods, techniques and other technology in connection with the Patent and any of its claims.

"**VAT**" means value added tax chargeable under the Value Added Tax Act 1994.

- 1.2. Clause, Schedule and paragraph headings shall not affect the interpretation of this agreement.
- 1.3. The Schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the Schedules.
- 1.4. References to clauses and Schedules are to the clauses and Schedules of this agreement.
- 1.5. Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.6. Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.7. A reference to any party shall include that party's personal representatives, successors and permitted assigns.
- 1.8. A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.9. A reference to a statute or statutory provision shall include any subordinate legislation made from time to time under that statute or statutory provision.
- 1.10. A reference to writing or written includes fax and e-mail.
- 1.11. Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, phrase or term preceding those terms.
- 1.12. A person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's legal and personal representatives, successors and permitted assigns.

2. ASSIGNMENT

- 2.1. The Assignors each hereby assign to the Assignee, absolutely with full title guarantee, all their respective right, title and interest in and to the following rights throughout the world (the "**Rights**"):
- (a) the Patent, and any and all rights to any inventions capable of being patented anywhere in the world that are disclosed in the Patent;
 - (b) any and all Intellectual Property Rights in or related to the Patent and any of its claims, and any and all Intellectual Property Rights arising out of or obtained in respect of the Technology;
 - (c) the right to claim priority from and to prosecute and obtain grant of patent in respect of any of the Rights, including the Patent;
 - (d) the right to file divisional applications based on the Patent and to prosecute and obtain grant of patent on each and any such divisional application;
 - (e) in respect of each and any invention disclosed in the Patent or comprised in the Rights, the right to file an application, claim priority from such application, and prosecute and obtain grant of patent or similar protection in or in respect of any country or territory in the world;
 - (f) the right to extend to or register in or in respect of any country or territory in the world the Patent, and any applications comprised in the Patent or filed as aforesaid, and to extend to or register in, or in respect of, any country or territory in the world any patent or like protection granted on any of such applications;
 - (g) the absolute entitlement to any patents granted pursuant to any of the applications comprised in the Patent or filed as aforesaid; and
 - (h) the right to bring, make, oppose, defend, appeal proceedings, claims or actions and obtain relief (and to retain any damages recovered) in respect of any infringement, or any other cause of action arising from ownership, of any of the Rights, or any patents granted on any of the applications in the Patent or filed as aforesaid, whether occurring before on or after the date of this agreement.
- 2.2. To the extent that any of the Rights are not capable in law of being assigned, the Assignors hereby grant an exclusive worldwide royalty free irrevocable licence to the Assignee for so long as the same are capable of economic

exploitation anywhere in the world to use such Rights or procure or facilitate their use or exploitation.

- 2.3. At the date of this agreement, the Assignees shall deliver to the Assignor any information, designs, know-how, specifications, formulae, data, specifications, design documentation or preliminary works relating to the Rights and/or the Technology in their possession, custody or control.
- 2.4. For the avoidance of doubt, in the event that the Patent application does not proceed to registration in whole or part, the assignment of all other Rights pursuant to this agreement shall subsist.
- 2.5. The parties have agreed that the Patent shall be assigned to the Assignee for such amount as consideration as set out in Schedule 2, which shall be good and valid discharge of the consideration for the assignment of the Patent to the Assignee in accordance with this agreement.
- 2.6. Save as otherwise provided in the circumstances of the Non-Use Option (as further set out in Schedule 2), the Assignee shall have no obligation to use or exploit the Patent or any of the Rights in any manner whatsoever.

3. IMPROVEMENTS

- 3.1 If either of the Assignors makes, devises, or discovers, or otherwise acquires rights in, any Improvement he shall, to the extent that he is not prohibited by law or by any obligation to any other person, promptly notify the Assignee in writing, giving details of the Improvement and shall, if the Assignee so requests, assign his rights in the Improvement to the Assignee.
- 3.2 For so long as either of the Assignors is employed by, or are otherwise providing services to, the Assignee or any member of the Assignee's Group, each such Assignor shall use all reasonable endeavours to implement, develop, improve, amend, alter or otherwise deal with the Rights and Technology as directed by the Assignee from time to time.

4. VAT

All payments made by the Assignee under this agreement are exclusive of VAT. If any such payment constitutes the whole or any part of the consideration for a taxable or deemed taxable supply by the Assignors, the Assignee shall increase that payment by an amount equal to the VAT which is chargeable in respect of the taxable or deemed taxable supply provided that the Assignors shall have delivered a valid VAT invoice in respect of such VAT to the Assignee.

5. WARRANTIES

The Assignors jointly and severally warrant and represent that:

- 5.1. they are together the sole legal and beneficial owner of the Rights and they are together properly registered as the applicant or proprietor of such Rights;

- 5.2. all application, registration and renewal fees (as appropriate) in respect of the Rights have been paid;
- 5.3. neither of them has assigned or licensed any of the Rights to any third party in any part of the world, and there have been no previous assignments of any of the Rights;
- 5.4. the Rights are free from any security interest, option, mortgage, charge, lien or any other interest of any nature;
- 5.5. neither of them is aware (to the best of their knowledge and belief having made careful enquiries) of any infringement or likely infringement of or, where relevant, any challenge or likely challenge to the validity of, the Rights or of anything that might render any of the Rights invalid or subject to a compulsory licence order or prevent any application made for the registration of any of the Rights from proceeding to grant;
- 5.6. (to the best of their knowledge and belief having made careful enquiries) exploitation of the Rights has not, and will not, infringe the rights of any third party; and
- 5.7. except for the Assignee, the Confidential Information has not been disclosed to any person, firm or Assignee.

6. ASSIGNORS' OBLIGATIONS

- 6.1. From the date of this agreement, the Assignors each agree not to communicate or otherwise make available any confidential or secret information in any form relating to or comprising the Rights or Technology (the "**Confidential Information**") to any third party without the prior written consent of the Assignee, nor use the Confidential Information for any purpose except, in either case, to the extent that the Assignor in question can show that the Confidential Information:
 - (a) has become public knowledge other than through any breach of this agreement; or
 - (b) is received after the date of this agreement by the Assignor in question from a third party who did not acquire it in confidence from either of the Assignors or the Assignee, or from someone owing a duty of confidence to either Assignor or the Assignee (as the case may be).
- 6.2. Neither Assignor shall do anything to impede any application made by the Assignee or its successors for the registration of any Right.
- 6.3. After the date of this agreement, the Assignors shall not, directly or indirectly, as agent, employee, partner or otherwise on behalf of anyone else, use, procure the use of or assist a third party to use the Rights or the Technology in any manner in competition with any part of the Assignee's business from time to time or any business of the Assignee's Group from time to time.

- 6.4. Each of the covenants in this clause is a separate undertaking by each Assignor and is considered fair and reasonable by the Assignors and each of them.

7. INDEMNITY

- 7.1. The Assignors shall jointly and severally indemnify the Assignee against all liabilities, costs, expenses, damages or losses (including any direct or indirect consequential losses, loss of profit, loss of reputation and all interest, penalties and legal costs (calculated on a full indemnity basis) and all other reasonable professional costs and expenses) suffered or incurred by the Assignee arising out of or in connection with:
- 7.1.1. any breach by the either of the Assignors of the warranties in clause 5 or their obligations in clause 6;
 - 7.1.2. the enforcement of this agreement; or
 - 7.1.3. any infringement of a third party's Intellectual Property Rights through use of, or supply of, any of the Rights.
- 7.2. Neither of the Assignors shall make any admission of liability or relinquish any rights without the Assignee's prior consent in writing.
- 7.3. This indemnity shall apply whether or not the Assignee has been negligent or at fault.
- 7.4. If a payment due from the Assignors under this clause is subject to tax (whether by way of direct assessment or withholding at its source), the Assignee shall be entitled to receive from the Assignors such amounts as shall ensure that the net receipt, after tax, to the Assignee in respect of the payment is the same as it would have been were the payment not subject to tax.
- 7.5. Nothing in this clause shall restrict or limit the Assignee's general obligation at law to mitigate a loss it may suffer or incur as a result of an event that may give rise to a claim under this indemnity.

8. FURTHER ASSURANCE

- 8.1. At the expense of the Assignee, each of the Assignors shall, and shall use all reasonable endeavours to procure that any necessary third party (including, without limitation, the other Assignor) shall, execute such documents and perform such acts as may be required for the purpose of giving full effect to this agreement, including:
- 8.1.1. registration of the Assignee as applicant for, or proprietor of, any of the Rights; and
 - 8.1.2. assisting the Assignee in obtaining, defending and enforcing the Patent and the Rights, and assisting with any other proceedings which may be brought by or against the Assignee against or by any third party relating to the rights assigned by this agreement.

- 8.2. The Assignors each appoint the Assignee to be their respective attorney in their respective names and on behalf of each of them to execute documents, use each of the Assignor's names and do all things which are necessary or desirable for the Assignee to obtain for itself or its nominee the full benefit of this agreement. A certificate in writing, signed by each of the Assignors, or by any person appointed in accordance with clause 8.3, that any instrument or act falls within the authority conferred by this agreement shall be conclusive evidence that such is the case so far as any third party is concerned.
- 8.3. This power of attorney is irrevocable and is given by way of security to secure the performance of the Assignors' respective obligations under this clause and the proprietary interest of the Assignee in the Patent and so long as such obligations of the Assignors remain undischarged, or the Assignee has such interest, the power may not be revoked by either or both of the Assignors, save with the consent of the Assignee.
- 8.4. Without prejudice to clause 8.2, the Assignee may, in any way it thinks fit and in the name and on behalf of the Assignor:
- 8.4.1. take any action that this agreement requires the Assignors to take;
 - 8.4.2. exercise any rights which this agreement gives to the Assignors; and
 - 8.4.3. appoint one or more persons to act as substitute attorney(s) for either of the Assignors and to exercise such of the powers conferred by this power of attorney as the Assignee thinks fit and revoke such appointment.
- 8.5. Each Assignor undertakes to ratify and confirm everything that the Assignee and any substitute attorney does or arranges or purports to do or arrange in good faith in exercise of any power granted under this clause.

9. WAIVER

No failure or delay by a party to exercise any right or remedy provided under this agreement or by law shall constitute a waiver of that or any other right or remedy, nor shall it preclude or restrict the further exercise of that or any other right or remedy. No single or partial exercise of such right or remedy shall preclude or restrict the further exercise of that or any other right or remedy.

10. ENTIRE AGREEMENT

- 10.1 This agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.
- 10.2 Each party agrees that it shall have no remedies in respect of any statement, representation, misrepresentation, assurance or warranty (whether made

innocently or negligently) that is not set out in this agreement. Nothing in this agreement shall exclude liability for fraud.

11. VARIATION

No variation of this agreement shall be effective unless it is in writing and signed by the parties (or their authorised representatives).

12. SEVERANCE

12.1 If any provision or part-provision of this agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision or part-provision shall be deemed deleted. Any modification to or deletion of a provision or part-provision under this clause shall not affect the validity and enforceability of the rest of this agreement.

12.2 If any provision or part-provision of this agreement is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable, and, to the greatest extent possible, achieves the intended commercial result of the original provision.

13. COUNTERPARTS

13.1 This agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

13.2 Transmission of an executed counterpart of this agreement (but for the avoidance of doubt not just a signature page) by (a) fax or (b) e-mail (in PDF, JPEG or other agreed format) shall take effect as delivery of an executed counterpart of this agreement. If either method of delivery is adopted, without prejudice to the validity of the agreement thus made, each party shall provide the others with the original of such counterpart as soon as reasonably possible thereafter.

14. THIRD PARTY RIGHTS

No one other than a party to this agreement, their successors and permitted assignees, shall have any right to enforce any of its terms.

15. NOTICES

15.1 Any notice or other communication given to a party under or in connection with this contract shall be in writing and shall be:

15.1.1. delivered by hand or by pre-paid first-class post or other next working day delivery service at its registered office (if a Assignee) or its principal place of business (in any other case); or

- 15.1.2. sent by fax to its main fax number; or
- 15.1.3. sent by e-mail to the other party's pre-notified e-mail address provided that no bounce-back or non-deliverable or non-delivered response is received.
- 15.2 Any notice or communication shall be deemed to have been received:
- 15.2.1 if delivered by hand, on signature of a delivery receipt or at the time the notice is left at the proper address;
- 15.2.2 if sent by pre-paid first-class post or other next working day delivery service, at 9.00 am on the second Business Day after posting or at the time recorded by the delivery service;
- 15.2.3 if sent by fax, at 9.00 am on the next Business Day after transmission;
- 15.2.4 if sent by e-mail, on the Business Day of transmission.
- 15.3 This clause does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.
- 15.4 For the purposes of this clause, "writing" shall include e-mail.

16. COSTS

Save unless otherwise agreed by the parties, each party shall bear its own costs in connection with the negotiation, preparation, execution and consummation of this agreement and the matters contemplated by it.

17. GOVERNING LAW

This agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

18. JURISDICTION

Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this agreement or its subject matter or formation (including non-contractual disputes or claims).

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

SCHEDULE 1

PATENT

Patent Description	Application no	Application Filing Date	Status	Owners
<p>Method and System for Psychological Evaluation Based on Music Preference ** A system and method to determine people's personality type and in turn behavioral traits based on their music tastes and listening habits and integrating with the BIG % in psychology OCEAN. Openness, Conscientious, Extrovert, Agreeableness and Neurotic. The R&R sonic engine provides a depth and breadth that cannot be matched. Enabling the system with an accuracy and level of personalization that bridges all cultural and geographical boundaries and by passes privacy challenges.</p>	162/052,217	9/18/2014	Pending	David Innes Ritchie and Professor Adrian North

SCHEDULE 2

EXPLOITATION OF THE PATENT

1. Capitalised terms used in this Schedule but not otherwise defined in this agreement shall have the meaning given to them in clause 1 of this agreement, save that the following terms used in this Schedule shall have the following meanings:

"**Akazoo Business**" means the music-related content provision business operated by the Assignee, or as the case may be, by members of its Immediate Group, under the name "Akazoo"

"**Applicable Percentage**" has the meaning given to it in paragraph 2 of this Schedule.

"**Asset Sale**" means the disposal by the Assignee or any member of its Group of all, or a substantial part of, the business and assets of the Group to a person other than a member of the Assignee's Group.

"**Assignors' Revenue Share**" has the meaning given to it in paragraph 2 of this Schedule.

"**Effective Date**" means 8 July 2015.

"**Exit**" means: (a) a Share Sale; or (b) an Asset Sale; or (c) a Listing.

"**Exit Event**" has the meaning set out in paragraph 9 below.

"**Expert**" has the meaning set out in paragraph 9 below.

"**Financial Year**" means the 12-month calendar period from 1 January to 31 December.

"**Gross Salary**" means the aggregate of the monetary value of any current gross annual basic remuneration (excluding any employee related benefits, bonus or other incentives) and/or any consultancy and management fees of any kind whatsoever relating to services performed by both the Assignors to the Assignee's Group as such amounts are amended, varied or modified from time to time;

"**Licensed Product**" means any products and/or services of the business of the Assignee that incorporates or makes use of the Rights but, for the avoidance of doubt: (a) any use of the Patent by the Assignee's Immediate Group from time to time which is (i) in connection with the Akazoo Business and (ii) in the use of profiling to help select suitable music, is excluded; but (b) any use of the Patent by the Assignee's Group from time to time in

connection with the Akazoo Business or otherwise which involves the commercial use of profiling data beyond that set out in (a) above is included.

"Listing" means the successful application and admission of all or any of the shares in the capital of the Assignee, or securities representing such shares to the Official List of the UK Listing Authority or the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc, or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000).

"Net Revenue" means the aggregate amount generated from the invoiced price for all Licensed Product in any Financial Year less the Net Revenue Deductions, provided that where the Licensed Products are:

- (i) let, leased or sold on hire purchase or supplied other than in an arm's length transaction;
- (ii) sold or otherwise supplied to any member of the Assignee's Group;
- (iii) incorporated in another article and sold or otherwise supplied at a price which is included in the price of the other article; or
- (iv) put into use by the Assignee or a member of the Assignee's Group,

the Net Revenue of each such Licensed Product shall be deemed to be the Net Revenue which would have been applied under this agreement, had such Licensed Product been transferred to an independent arm's-length customer.

"Net Revenue Deductions" means the aggregate of:

- (i) the technical delivery cost to the Assignee in that Financial Year to develop and create the Licensed Product (through the utilisation of the Patent), including all costs incurred by the Assignee to develop, design, implement and realise the Licensed Product (such costs to be reasonable and consistent with industry practice), but excluding any payments made under this agreement;
- (ii) the fees, costs and expenses incurred by the Assignee's Group in that Financial Year in connection with the advertising, marketing and other promotional activities relating to the Licensed Product (such costs to be reasonably and properly incurred);
- (iii) to the extent identified on any invoice, the costs of packing, insurance, transport, delivery, VAT and any other government taxes, duties or levies incurred in that Financial Year; and
- (iv) the aggregate provision in that Financial Year for money advanced or trade credit given by the Assignee in any invoice or arrangement relating to any Licensed Product, which has not been repaid in full within three (3) months of the due date for such invoiced payment, but only to the extent that such advance or credit is also taken into account in the Net Revenue calculation for the Financial Year in question, and

provided that should payment later be received in relation to such advances or credits, it shall be included in the Net Revenue calculation for the relevant Financial Year in which the payment is actually received.

"**Non-Use Option**" has the meaning set out in paragraph 10 below.

"**Share Sale**" means the sale of (or the grant of a right to purchase or to dispose of) any of the ordinary shares in the Assignee (the "**Shares**") (in one transaction or a series of transactions) which will result in the buyer of those Shares (or grantee of that right) and persons acting in concert with him together acquiring control of the Assignee, except where the buyer is (a) the Assignee, (b) any member of the Assignee's Group or (c) any shareholders of the Assignee or its Group.

2. Subject always to paragraphs 7 and 10 below, in the event that the Assignee derives Net Revenue from the Licensed Product, the Assignors shall jointly in respect of each Financial Year receive an amount representing the Applicable Percentage of Net Revenue (and, for these purposes, the "**Applicable Percentage**" shall be as follows:

- (a) if the accumulated Net Revenue for each Financial Year since the Effective Date is less than, £50,000,000, then, the Applicable Percentage for that Financial Year shall be three (3)%;
- (b) if the accumulated Net Revenue for each Financial Year since the Effective Date is equal to, or greater than, £50,000,000, then, the Applicable Percentage for that Financial Year shall be five (5)%;
- (c) if the accumulated Net Revenue for each Financial Year since the Effective Date is equal to, or greater than, £100,000,000, then, the Applicable Percentage for that Financial Year shall be ten (10)%; and
- (d) if the accumulated Net Revenue for each Financial Year since the Effective Date is equal to, or greater than, £150,000,000, then, the Applicable Percentage for that Financial Year shall be 15%),

(the "**Assignors' Net Revenue**"),

less Gross Salary (the "**Assignors' Revenue Share**").

3. If the amount representing the Applicable Percentage of Net Revenue is equal to, or less than, Gross Salary in any relevant Financial Year then the Assignors shall not be entitled to receive any Assignors' Revenue Share in respect of that Financial Year. If, at any time, either Assignor ceases to be employed or otherwise engaged by the Assignee or its Group, the amount representing Gross Salary in respect of such Assignor shall be deemed to be zero for the purpose of this Schedule.

4. The Assignors' Revenue Share and any other sums payable under this agreement shall be paid in sterling to the credit of a bank account to be designated in writing by the Assignors from time to time.
5. The amounts representing Net Revenue, accumulated Net Revenue, and Assignors' Revenue Share shall be calculated promptly by the Assignee following the end of each Financial Year and, in any event, by no later than three calendar months following the end of each Financial Year and payment of the relevant Assignors' Revenue Share shall be made by the Assignee within three calendar months of the end of each Financial Year (or such other date as agreed by the Assignors with the Assignee).
6. The Assignee shall keep proper records and books of account showing the description and price of Licensed Products supplied or put into use. Upon reasonable request from the Assignors, they shall be entitled to inspect or audit such records and books during normal business hours. If such inspection or audit should reveal a discrepancy in the amounts that should have been paid from those which have actually been paid, the Assignee shall immediately make up the shortfall and reimburse the Assignors in respect of any professional charges incurred for such audit or inspection.
7. In the event of an Exit arising ("Exit Event"), the Assignors shall be entitled to receive a payment equal to the Exit Royalty Multiple (as defined below) of the amount that is the mean average Assignors' Net Revenue for all preceding complete Financial Years since the Effective Date up to the Exit Event. Such one-off payment shall be payable within twenty (20) Business Days of the Exit Event and shall be in addition to any sums due under paragraphs 2 to 5 (inclusive) of this Schedule for any periods prior to the Exit Event. The Assignee shall have no obligation to pay the Assignors or either of them any sum in respect of the Patent, Technology or any Rights for any period on or after the Exit Event following such one-off payment.
8. The "Exit Royalty Multiple" shall be agreed between the parties or otherwise determined as follows:
 - (a) It shall be a multiple determined after taking into account the Applicable Percentages that applied in the immediately preceding periods.
 - (b) A proposed multiple shall be proposed by the Assignee to the Assignors in writing at least 20 Business Days prior to the Exit Event.
 - (c) The parties shall act in good faith and each act reasonably to agree the Exit Royalty Multiple.
 - (d) If, however, the parties fail to agree an appropriate Exit Royalty Multiple within ten (10) Business Days of the Assignee first notifying the Assignors under paragraph 8(b) above, then, an Expert shall be appointed in accordance with paragraph 9 below to determine the Exit Royalty Multiple.

9. Expert

- (a) An "Expert" is a person appointed in accordance with this Schedule to determine the Exit Royalty Multiple.
- (b) The parties shall agree on the appointment of an independent Expert and shall agree with the Expert the terms of his appointment.
- (c) If the parties are unable to agree on an Expert or the terms of his appointment within five Business Days of either party serving details of a suggested expert on the other, either party shall then be entitled to request the President for the time being of the Institute of Chartered Accountants of England and Wales (a) to appoint an Expert Accountant of repute with appropriate experience in valuation of patent royalties; and (b) to agree with the Expert the terms of his appointment.
- (d) The Expert is required to prepare a written decision and give notice (including a copy) of the decision to the parties within a maximum of 10 Business Days of the matter being referred to the Expert.
- (e) The Expert shall act as an expert and not as an arbitrator. The Expert shall determine the Exit Royalty Multiple which may include any issue involving the interpretation of any provision of this Agreement, his jurisdiction to determine the matters and issues referred to him and/or his terms of reference. The Expert's written decision on the matters referred to him shall be final and binding on the parties in the absence of manifest error or fraud.
- (f) In determining the Exit Royalty Multiple, the Expert shall take into account that:
 - i. it should be no less than the multiple applied when valuing the Assignee, its shares or its business and assets (as the case may be) should a multiple be used in such valuation;
 - ii. it shall reflect a reasonable estimate of a fair market price for the loss of the future earnings and payments due to the Assignors under this agreement; and
 - iii. it shall take into account the Applicable Percentages that applied in the immediately preceding periods and the projected revenue from the Licensed Products in the immediately following periods after the Exit Event.
- (g) The Expert's fees and any costs properly incurred by him in arriving at his determination (including any reasonable fees and costs of any advisers appointed by the Expert) shall be borne by the parties equally or in such other proportions as the Expert shall direct.
- (h) All matters concerning the process and result of the determination by the Expert shall be kept confidential among the parties and the Expert.

- (i) Each party shall act reasonably and co-operate to give effect to the provisions of this clause and otherwise do nothing to hinder or prevent the Expert from reaching his determination.

10. In the event that:

- (A) the Assignors each cease to be employed or otherwise engaged by the Assignee or its Group at any time from the Effective Date; and
- (B) the Assignee's Group has not in the immediately preceding Financial Year generated any Net Revenue,

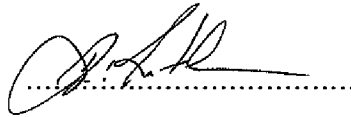
(the "**Non-Use Option**"),

then, the Assignors shall have the right, exercisable by notice in writing to the Assignee within 10 Business Days of the date of receipt of the calculation of Net Revenue in accordance with paragraph 2 above, to be granted a royalty-free assignment back of the Rights (on terms acceptable to the Assignors, acting reasonably) (the "**Reversionary Assignment**"), save unless the Assignee, in its sole discretion, opts to make a payment to the Assignors of the amount representing the mean average of Assignors' Net Revenue (which is based on Assignors' Net Revenue for all preceding Financial Years from the Effective Date) ("**Retention Payment**") in lieu of granting such Reversionary Assignment, such payment to be made within 10 Business Days of the Assignors' notice to exercise its right to the Reversionary Assignment.

In the event that the Assignors are granted the Reversionary Assignment, this agreement (including the provisions of this Schedule) shall terminate with immediate effect, and the parties shall have no further right of claim against each other, including any right by the Assignors to claim any further payments. For the avoidance of doubt, should a Retention Payment be made to the Assignors under this paragraph 10, this agreement shall continue in force thereafter and the Non-Use Option may be repeated should the criteria set out at (A) and (B) of this paragraph 10 above be subsequently met for later Financial Years.

11. In the event of any delay in paying any sum due under this Schedule by the due date, the Assignee shall pay to the Assignors:
- 11.1 interest (calculated on a daily basis) on the overdue payment from the date when such payment was due to the date of actual payment at a rate of three (3)% over the base rate of Barclays Bank plc from time to time; and
- 11.2 an amount equal to any penalties incurred by the Assignors as a direct result of the delay.

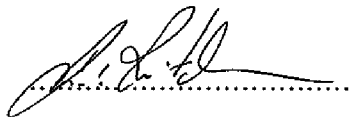
Executed as a deed by
DAVID INNES RITCHIE
in the presence of:



P. Clarke

Name of Witness: **PATRICK CLARKE**
Address: **LEVEL 13 BROADGATE TOWER**
20 PRIMROSE STREET
LONDON EC2A 2EW
Occupation: **TRAINEE SOLICITOR**

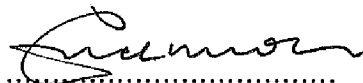
Executed as a deed by
ADRIAN NORTH
in the presence of:



P. Clarke

Name of Witness: **PATRICK CLARKE**
Address: **LEVEL 13 BROADGATE TOWER**
20 PRIMROSE STREET
LONDON EC2A 2EW
Occupation: **TRAINEE SOLICITOR**

Executed as a deed by
R&R MUSIC LIMITED
acting by a director
in the presence of:



Director

P. Clarke

Name of Witness: **PATRICK CLARKE**
Address: **LEVEL 13 BROADGATE TOWER, 20 PRIMROSE STREET, LONDON EC2A 2EW**
Occupation: **TRAINEE SOLICITOR**