

PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

EPAS ID: PAT4199835

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	LICENSE		
CONVEYING PARTY DATA			
Name			Execution Date
106 LABS, LLC			08/18/2016
RECEIVING PARTY DATA			
Name:	KAHOOTZ, LLC		
Street Address:	772 AIRPORT BLVD., SUITE 1		
City:	ANN ARBOR		
State/Country:	MICHIGAN		
Postal Code:	48108		
PROPERTY NUMBERS Total: 2			
Property Type	Number		
PCT Number:	US2015037227		
Application Number:	14747769		
CORRESPONDENCE DATA			
Fax Number:	(312)977-4405		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	312-977-4400		
Email:	ipdocket@nixonpeabody.com		
Correspondent Name:	JOSEPH A FUCHS		
Address Line 1:	NIXON PEABODY LLP		
Address Line 2:	70 W. MADISON STREET, SUITE 3500		
Address Line 4:	CHICAGO, ILLINOIS 60602-4224		
ATTORNEY DOCKET NUMBER:	296643-007003WOPT		
NAME OF SUBMITTER:	JOSEPH A. FUCHS		
SIGNATURE:	/Joseph A. Fuchs/		
DATE SIGNED:	12/23/2016		
Total Attachments: 8			
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LICENSE AGREEMENT

THIS AGREEMENT is being entered into on this 18th day of August , 2016 (the "Effective Date") by and between Kahootz, LLC a limited liability corporation organized under the laws of Michigan and having a principal place of business at 772 Airport Blvd., Suite 1, Ann Arbor, MI 48108 ("Kahootz") and 106 Labs, LLC a limited liability corporation organized under the laws of Michigan and having a principal place of business at 1613 Old Salem Road, Plymouth, Michigan 48170 ("106 LABS").

WHEREAS, (A) 106 LABS, as assignee from Zachary Aaron Coon, is the owner of all rights to the invention entitled Hyperboloid Device With Sliding Element that is the subject of and described in Patent Application Number 14/747,769 as filed with the United States Patent & Trademark Office on June 23, 2015 (the "Invention") and confidential information and knowhow related to that Invention (the "Proprietary Information") and (B) Kahootz wishes to obtain a license for the exclusive rights to the use of the Invention and Proprietary Information (collectively, the "Technology") to produce toys, games and other products that include or utilize the Technology and 106 LABS has agreed to the grant of that license.

NOW, THEREFORE, 106 LABS and Kahootz (each a "Party" and both the "Parties") hereby agree as follows:

I. DEFINITIONS

1.1 The "Technology Rights" all rights of 106 LABS in the technology relevant to the invention, including, without limitation, all rights under any patent issued in the United States or any other country from the Patent Application(s) (the "Patents") and any modifications or improvements to the technology hereafter conceived of or developed by 106 LABS, regardless of patentability.

1.2 The "Field of Use" means products produced for any purpose, without restriction, including, without limitation, books, stationery items, novelty items, desk accessories, puzzles and toys but excluding products which would not be characterized as books, stationery items, novelty items, desk accessories, puzzles or toys that are produced for lobby displays, museum exhibits, and industrial uses.

1.3 "License" means the license granted by 106 LABS to Kahootz pursuant to Section 2.1.

1.4 "Licensed Products" means products that utilize or include part or all of the Technology Rights.

1.5 "Adjusted Net Sales" means Kahootz's gross sales of the Licensed Products to resellers or end users, less actual returns, trade discounts and allowances, retail co-op fees, markdowns and placement fees; provided that such adjustments shall in no quarterly period exceed 15% of gross sales.

1.6 The terms "Supporting Product" and "Supporting Products" shall mean any product sold by Kahootz to be used with the Licensed Products including, but not limited to, stands, beads, enclosures, lighting, string, replacement parts and the like.

1.7 "Royalties" means the amounts that Kahootz commits to pay to 106 LABS for the License, as detailed in Section 2.4.

1.8 "Term" means the term of this Agreement and the License, as provided in Section 4.1.

1.9 The term "Patent Application(s)" shall mean 106 LABS' United States patent application Serial No. 14/747,769 and PCT International Application No. PCT/US15/37227 titled "Hyperboloid Device with Sliding Elements."

II. RIGHTS AND DUTIES OF THE PARTIES

2.1 Grant of License. 106 LABS hereby grants to Kahootz an exclusive, world-wide License for the Term of this Agreement to make, use, offer for sale, sell, export and import the Licensed Product and Supporting Products in the Field of Use.. In support of that grant, 106 LABS will not during the Term of this Agreement grant a license to any third party to utilize the Technology Rights or produce Licensed Products in the Field of Use.

2.2 Right to Have Made. Kahootz may, at its sole discretion, select third party manufacturers for the Licensed Products and Supporting Products provided the third party agrees to the terms of this Agreement including, but not limited to, to submit to inspections and audits. 106 LABS shall have the right to inspect Kahootz's manufacturing, production, and assembly facilities only with respect to the subject matter of this Agreement on an annual basis with reasonable notice to Kahootz. The right to inspect shall apply to any third party manufacturer used by Kahootz on the same terms. The cost of the inspection shall be at 106 LABS' sole expense.

2.3 Right To Permit Resale. Kahootz may, at its sole discretion, directly sell the Licensed Products to end users or sell the Licensed Products to resellers for ultimate sale to end users.

2.4 Payment of Royalty. In return for Grant of License, Kahootz agrees to pay 106 LABS the following Royalties:

(a) Kahootz will pay 106 LABS a base royalty equal to 3.0 % of the first \$5,000,000 of Adjusted Net Sales realized by Kahootz from the sale of the Licensed Products and Supporting Products and 5% of all Adjusted Net Sales in excess of \$5,000,000, computed for all Licensed Products and Supporting Products sold by Kahootz on a cumulative basis, payable on a calendar quarterly basis (i.e., each three month period ending March 31st, June 30th, September 30th and December 31st), beginning with the first calendar quarter in which any Licensed Products are sold. Kahootz will prepare and deliver to 106 LABS a written report within 45 days after the close of each calendar quarter detailing the Adjusted Net Sales and the number of Licensed Products and Supporting Products sold by Kahootz for that calendar quarter and will include with that report a payment of the base royalty payable with respect to those Adjusted Net Sales.

(b) Kahootz will pay to 106 LABS a royalty premium of 2% of the first \$1,250,000 of Adjusted Net Sales realized by Kahootz from the sale of any Licensed Products produced by Kahootz or

any third party contractor used by Kahootz which utilizes existing tooling owned by 106 LABS, payable on a calendar quarterly basis (as above).

(c) Kahootz will pay to 106 LABS a royalty bonus of \$15,000 when the cumulative Adjusted Net Sales of the Licensed Product and Supporting Products equal \$1,000,000, payable in full on the 45th day after the close of the calendar quarter in which that sales level is achieved.

2.5 Best Efforts. Kahootz represents and warrants that it will use its best efforts, in its sole discretion, to promote, market, advertise, sell, and distribute the Licensed Products and Supporting Products.

2.6 Insurance. Kahootz shall, throughout the Term obtain and maintain at its own expense from a qualified insurance company, standard product liability insurance. The amount of coverage shall be for a minimum of ONE MILLION U.S. dollars (\$1,000,000.00) combined single limit.

III. Indemnity

3.1 Kahootz agrees to defend, indemnify and hold 106 LABS, its officers, directors, agents and employees, harmless against all costs, expenses and losses, including reasonable attorneys' fees and costs, incurred through claims of third parties against 106 LABS based on the manufacture or sale of the Licensed Products and Supporting Products including, but not limited to, actions founded in products liability but excluding any actions founded on any circumstance constituting a breach by 106 LABS of its warranties in Section 8.1.

IV. Term & Termination.

4.1 This Agreement shall be for an initial term of five years unless terminated earlier pursuant to the conditions herein (the "Initial Term"). If in the last year of the Initial Term, the Adjusted Net Sales of Licensed Products and Supporting Products sold by Kahootz are less than one hundred twenty thousand dollars (\$120,000) this Agreement will terminate on the last day of the Initial Term. If in the last year of the Initial Term, the Adjusted Net Sales of Licensed Products and Supporting Products sold by Kahootz equal or exceed one hundred twenty thousand dollars (\$120,000) this Agreement will thereafter automatically renew on a year-to-year basis (each a "Renewal Term") until the Renewal Year in which the Adjusted Net Sales of Licensed Products and Supporting Products sold by Kahootz are less than one hundred twenty thousand dollars (\$120,000) and will terminate on the last day of that Renewal Term..

4.2 As an exception to Section 4.1, as of the last year of the Initial Term or any Renewal Term thereafter the Adjusted Net Sales of Licensed Products and Supporting Products sold by Kahootz are less than one hundred twenty thousand dollars (\$120,000) Kahootz may pay the difference in royalties to achieve an equivalent one hundred and twenty thousand dollars (\$120,000) Adjusted Net Sales and such payment will cause the Agreement to renew for the next Renewal Term.

4.3 106 LABS may terminate this Agreement on sixty (60) days written notice to Kahootz in the event that Kahootz or the third party manufacturer licensed by Kahootz is not in compliance with

International Council of Toy Industries (ICTI) Code of Business Practices and Kahootz fails to cure such breach within such 60-day period

4.4 This License Agreement may be terminated at any time during the Term by mutual consent of both Parties in writing. Any such consent may, if desired, include wind-down or inventory-clearance provisions.

4.5 Upon the occurrence of any of the following events of default, this License Agreement may be terminated:

4.5.1 By either Party upon thirty (30) calendar days' written notice in the event of a material breach of any provision of this Agreement; provided, however, the breaching Party may cure the breach within the thirty (30) day notice period and, if so cured, no termination will be deemed to have occurred; provided further, that if the nature of the breach is such that it is incapable of being cured within thirty (30) calendar days, the non-breaching Party may not terminate this Agreement as long as the breaching Party has taken action to begin to cure such breach before the thirty (30) day period to cure runs and continues to act diligently and in good faith to complete a cure of such breach until the breach is cured;

4.5.2 By either Party immediately if (i) the other Party (A) shall make an assignment for the benefit of creditors, (B) is unable to pay its debts as they become due, (C) shall file a voluntary petition in bankruptcy seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation pertinent to such circumstances, (D) shall seek or consent to or acquiesce in the appointment of any trustee, receiver, or liquidator of such Party or of all or any substantial part (*i.e.*, one-third (1/3) or more) of the assets or property of such Party, (E) shall cease operation of its business as its business has normally been conducted, or terminate substantially all of its employees, or (ii) either Party or its respective directors, shareholders, managers or members, as the case may be, shall take any action initiating any of the actions described in clauses (i)(A) through (i)(E); or

4.5.3 By either Party immediately, if either (i) thirty (30) calendar days shall have expired after the commencement of an involuntary bankruptcy action against the other Party seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, without such action being dismissed or all orders or proceedings thereunder affecting the operations or the business of the other Party being stayed, (ii) a stay of any such order or proceedings shall thereafter be set aside and the action setting it aside shall not be timely appealed, (iii) the other Party shall file any answer admitting or not contesting the material allegations of a petition filed against such Party in any such proceedings or (iv) the court in which such proceedings are pending shall enter a decree or order granting the relief sought in any such proceeding.

4.5.4 By either Party immediately in the event of the other Party's intentional or reckless misconduct or violation of any criminal laws, statutes or ordinances in its performance of this License Agreement.

4.5.5 Any termination in accordance with this Agreement shall not relieve either Party of any obligation or liability accrued hereunder prior to such termination, or rescind or give rise to any right to rescind anything done by either Party or any payments made or other considerations given to the other Party hereunder prior to the time such termination becomes effective, and such termination shall not effect in any manner any rights of a Party arising under this Agreement prior to such termination.

4.6 Upon expiration or termination of this Agreement, Kahootz or its partners shall be entitled, for six (6) months (the "Sell-Off Period") and on a nonexclusive basis, to continue to sell its current inventory of Licensed Products. Such sales shall be made pursuant to the provisions of this Agreement.

V. Patent Marking

5.1 Kahootz shall fully comply with the patent marking provisions of the intellectual property laws of the United States by marking any Product sold under this License Agreement as "Patent Pending" and upon the issuance of any Patent will print any relevant patent numbers on any Products, provided 106 LABS gives Kahootz proper notice and instructions regarding such marking(s).

5.2 No more than one (1) time during the Term, Kahootz shall submit to 106 LABS upon 106 LABS' written request, one (1) sample of each Licensed Product for the purpose of determining if Kahootz has properly marked such Licensed Product(s).

VI. Audit Rights

6.1 During the Term, Kahootz shall upon written request provide 106 LABS reasonable access upon reasonable notice to Kahootz relevant books, records, work papers and personnel during normal business hours for purposes of and to the extent required for determining adherence to the terms of this Agreement. The fees and expenses for any such inspection and verification shall be the responsibility of 106 LABS.

6.2 In the event that such inspection reveals an underpayment by Kahootz of the royalty payments owed 106 LABS, Kahootz shall pay the difference, plus interest calculated at FIVE PERCENT (5%) per annum. If such underpayment be in excess of seven and a half percent (7.5%) of total royalty due for any royalty period, Kahootz shall also reimburse 106 LABS for the cost of such inspection.

6.3 In the event that such inspection reveals an overpayment by Kahootz to 106 LABS the credit shall be deducted from the next scheduled royalty payment to 106 LABS.

6.4 All books and records relative to Kahootz's obligations hereunder shall be maintained and made accessible to 106 LABS for inspection at a location in the United States for at least two (2) years after termination of this Agreement.

VII Confidentiality. Neither party shall disclose to a third party or use any confidential or proprietary information received from the other (including but not limited to financial and sales data,

marketing plans, or product development ideas), unless expressly authorized by this Agreement. Each party shall take all reasonable steps to minimize the risk of disclosure of such information.

VIII. WARRANTIES

8.1 Ownership of Technology. 106 LABS warrants that it is the sole owner of the invention and that it will be the sole owner of all rights under the Patents when the Patents are issued and that Kahootz's use of the Technology as authorized by this Agreement will be exclusive in the Field of Use and to the knowledge of 106 LABS will not violate or infringe upon any patent issued by any country or any proprietary rights of any third parties.

8.2 In the event that either Party becomes aware of any products or methods, manufactured, sold, offered for sale, or imported for sale by a third party which infringes or may reasonably be alleged to infringe upon the Patent(s) or Patent Application(s), that Party shall promptly inform the other Party of such.

8.3 106 LABS, at its sole discretion, shall prosecute the alleged or threatened infringement of any Patent(s) of which it is aware or which is brought to its attention including through litigation. 106 LABS shall act in its own name and at its own expense.

8.4 In the event 106 LABS declines to pursue a third party patent infringer under Section 8.3, Kahootz upon receiving written approval from 106 LABS, which will not be unreasonably withheld, can bring at its sole expense an action for patent infringement and have the right to recover for past damages and 106 Labs shall be compensated per the Section 2.4 Payment of Royalty based on all sums recovered after deduction of all reasonable expenses and attorney's fees. 106 LABS shall cooperate in such lawsuit at Kahootz's expense

IX. Dispute Resolution Prior to pursuing legal remedies hereunder, an executive officer of 106 LABS and an executive officer of Kahootz shall negotiate in good faith within ten (10) business days after notice of the dispute is provided to the other Party to attempt to resolve such dispute. If the dispute is not resolved to the satisfaction of the Parties within twenty (20) business days from the first meeting, then either Party may pursue all available remedies under this License Agreement.

X. MISCELLANEOUS PROVISIONS

10.1 Public Announcements. Any public announcement of similar publicity with respect to this Agreement shall be issued, if at all, at such time and in such manner as the Parties determine. Unless consented to by the Parties in advance, each Party shall keep this Agreement strictly confidential and may not make any disclosure of this Agreement to any person. Notwithstanding the foregoing, the specific terms and conditions of this Agreement shall remain confidential.

10.2 Assignment. Neither Party may assign this Agreement without the other Party's prior written consent. As an exception, a Party, following written notice to the other Party, may assign this Agreement in connection with a sale or other transfer of substantially all of its operating assets and good will provided that the transferee agrees in writing to be bound by and comply with all terms and conditions in this Agreement. This Agreement shall benefit and bind the permitted successors and assigns of the Parties.

10.3 Further Assurances. Each Party agrees (a) to furnish upon request to each other such further information, (b) to execute and deliver to each other such other documents, and (c) to do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the documents referred to in this Agreement.

10.4 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by facsimile (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (c) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and facsimile numbers set forth below:

If to Kahootz:

Kahootz, LLC
Attn: Joseph Yassay, CEO
772 Airport Blvd., Suite 1
Ann Arbor, MI 48108

If to 106 LABS:

106 Labs, LLC
Attn: Zachary Coon
1613 Old Salem Road
Plymouth, Michigan 48170

10.5 Relationship of Parties. The relationship between the Parties is that of independent contractors, and nothing in this Agreement is intended to, or should be construed to create a partnership, agency, joint venture or employment relationship. Neither Party is authorized to make any representations, contracts or commitments on behalf of the other.

10.6 Force Majeure. Neither Party shall be liable or responsible hereunder by reason of any failure or delay in the performance of its obligations hereunder (except for the payment of money) on account of strikes, shortages, riots, insurrection, fires, flood, storm, explosions, acts of God, war, governmental action, labor conditions, earthquakes, or any other cause which is beyond the reasonable control of such Party.

10.7 Equitable Relief. Each Party agrees that certain breaches of this Agreement by other Party may result in irreparable harm to the other Party, the extent of which would be difficult or impracticable to assess, and that money damages would not be an adequate remedy for such breach. Accordingly, the other Party shall be entitled to seek immediate injunctive and other provisional relief without prejudice to any such other remedies.

10.8 Governing Law. This Agreement shall be governed in all respects by the laws of the State of Michigan.

10.9 Jurisdiction. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement may be brought against any of the Parties in the courts of the State of Michigan and each of the Parties consents to the jurisdiction of such courts in any such action or proceeding and waives any objection to venue laid therein. Process in any action or proceeding referred to in the preceding sentence may be served on any Party anywhere in the world (by mail).

10.10 Survival. The rights and obligations contained in the sections regarding Royalty Payment, Patent Marking, Non-Disclosure and Confidentiality and Termination shall survive any termination or expiration of this Agreement.

10.11 Severability. If any Party of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, the other provisions of the Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in Party or degree will remain in full force and effect to the extent not held invalid or unenforceable.

10.12 Waiver. The rights and remedies of the Parties to this Agreement are cumulative and not alternative. Neither the failure nor delay by any Party in exercising any right, power, privilege, and no single or partial exercise or any such power, right, or privilege will preclude any other or further exercise of such or any other power, right or privilege.

10.13 Integration. This Agreement is the entire agreement between the Parties regarding its subject matter. It supersedes and its terms govern, all prior proposals, agreements, or other communications between the Parties, oral or written, regarding such subject matter. This Agreement shall not be amended or modified except by a subsequently dated writing signed by both Parties.

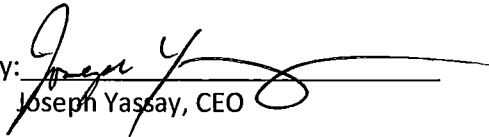
10.14 Construction. The Section headings in this Agreement are provided for convenience only and will not affect its construction or interpretation. All references to "Section" or "Sections" refer to the corresponding Section of Sections of this Agreement. All words used in this Agreement will be constructed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms.

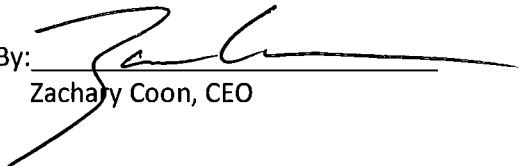
10.15 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute on and the same agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by its authorized representative as of the Effective Date.

Kahootz, LLC

106 LABS, LLC

By: 
Joseph Yassay, CEO

By: 
Zachary Coon, CEO