

Representation Agreement

THIS AGREEMENT is made as of _____, by and between ATech Designs, Inc. ("ADI"), a New Hampshire corporation, and _____ ("Inventor"), an individual resident of the state of _____, city of _____ with offices located at _____.

WHEREAS, Inventor has participated in a ADI invention review (the "Search") on the terms and conditions set forth in the Entry Agreement dated _____ between ADI and Inventor (the "Entry Agreement") and Inventor has submitted a New Product Idea (as defined in the Entry Agreement) to ADI, a summary of which New Product Idea is attached hereto as Exhibit A; and

WHEREAS, Inventor's New Product Idea ("NPI") has been selected by ADI for representation and Inventor has agreed to such representation by ADI.

NOW, THEREFORE, pursuant to the terms of the Entry Agreement and in consideration of the mutual promises and agreements contained herein, ADI and Inventor agree as follows.

1. REPRESENTATION.

(a) Grant and Acceptance of License. Subject to the terms and conditions set forth herein, Inventor hereby grants to ADI, and ADI hereby accepts, an exclusive, worldwide right and license for the purposes of representation of the New Product Idea from Inventor for the purpose of ADI's right to sublicense the New Product Idea to a third-party(ies) company(ies) or independently manufacture the New Product Idea itself. The terms and conditions of any such sublicensing agreement, including choice of sublicensee, are to be made at the sole discretion of ADI. During the term of this agreement, Inventor (i) will not himself/herself, nor will he/she authorize any third party to represent the New Product Idea, in whole or in part, in any manner whatsoever or (ii) he/she will not grant any third party any interest in or rights with respect to the New Product Idea.

(b) Improvements and Technical Information. Inventor will promptly communicate any improvements in the New Product Idea to ADI and will promptly provide to ADI all technical information and documentation now or hereafter in Inventor's possession or under Inventor's control relating to the use or application of the New Product Idea or any Improvements to the New Product Idea.

(c) Term. ADI's right to represent and sublicense this Product shall be for a period of one hundred and eighty (180) days from the execution date of this agreement. If ADI does not place the New Product Idea with a third party or if ADI does not decide to manufacture the item itself, then after the 180-day period has expired, all rights in and to the New Product Idea will revert to the Inventor and ADI shall have no further rights whatsoever in the New Product Idea. If ADI does place the New Product Idea with a third party or if ADI does decide to manufacture the item itself, then after the 180-day period has expired, all rights in and to the New Product Idea will stay with ADI so long as such agreements remain in effect.

2. PAYMENTS.

(a) Royalties. In consideration of the grant of the License, and for all rights and privileges granted by Inventor to ADI under this Agreement, ADI hereby agrees to make Royalty payments to Inventor one of two ways. Either ADI will decide to manufacture the New Product Idea itself or ADI will sublicense the New Product Idea to a third party. Payments will be made one of the following ways.

(i) ADI will pay Inventor Royalties in an amount equal to five percent (5%) of Sales Revenues if ADI decides to independently manufacture, inventory, and distribute the New Product Idea itself. "Sales Revenues" means, with respect to any calendar year, the aggregate gross revenue unconditionally received by ADI during such year from sales of Licensed Products less (i) amounts repaid or credited by reason of defects, returns, rejections, rebates, retroactive price allowances or adjustments; (ii) sales, excise, value-added and other similar taxes and customs duties paid, absorbed or allowed; (iii) commissions paid or allowed to independent brokers and/or agents; (iv) packing and transportation charges (including insurance); and (v) trade and quantity discounts actually allowed and taken.

(ii) ADI will pay Inventor Royalties in an amount equal to fifty percent (50%) of Royalty Revenues if ADI sublicenses or executes distribution agreements for the New Product Idea to a third party. "Royalty

Revenues" means, with respect to any calendar year, any and all royalties and other "Sublicensing Income" unconditionally received by ADI during such year with respect to the New Product Idea from third parties.

(b) Payment Schedule. Within sixty (60) days after the close of each calendar quarter of the term of any sublicense agreement, ADI will pay Inventor any and all Royalties owed with respect to such calendar quarter. Each such Royalty payment will be accompanied by a reasonably detailed written description of the calculation of the payment amount. All Royalties will be paid in U.S. Dollars. Any Royalty Revenues amount expressed or invoiced in another currency will be converted, prior to computing the Royalties due with respect to such amount, from such other currency into U.S. Dollars at the conversion rate actually received by ADI or, in the absence of any actual conversion, at a conversion rate which is the mean between Citibank, N.A.'s buying and selling rate for the other currency at its principal offices in New York, New York, on the last business day of the calendar quarter for which the Royalties are being determined.

3. ACCOUNTS.

ADI will maintain complete and accurate books of account with respect to the Royalty Revenues. Upon at least ten (10) business days prior written notice and no more than once each calendar year, Inventor (or Inventor's duly authorized representative) will be entitled to inspect such books of account, during normal business hours, at Inventor's own cost, solely for the purpose of verifying the correctness of ADI's payments under Paragraph 2 above. All information obtained in connection with any such inspection will be deemed Confidential Information belonging to ADI.

4. PROPRIETARY RIGHTS.

(a) Title. Title to the New Product Idea (including all Improvements) will be and shall remain vested with the Inventor. Any improvements or enhancements to the New Product Idea and/or Licensed Products made by or on behalf of ADI, as between Inventor and ADI, will be jointly owned by ADI and Inventor. Neither Inventor nor ADI will sell, transfer or grant any rights with respect to any Joint Improvements without the express prior written consent of the other, provided however that Inventor's consent will not be required with respect to any grant of rights to a Joint Improvement by ADI to a third party in connection with ADI's exercise of its rights under the

license granted to ADI by Inventor in the granting of a sublicense to a third party or in the development of a New Product Idea by ADI itself.

(b) Protection. ADI will be solely responsible for making any additional filings and taking such other actions, if any, as ADI, in its sole discretion, may deem necessary or appropriate to protect Inventor's and/or ADI's intellectual property rights in the New Product Idea or a Joint Improvement. ADI will consult with Inventor with regard to the filing of any and all patent or copyright applications relating to the New Product Idea and will provide Inventor with periodic reports concerning the status of any such patents and/or copyrights. ADI will bear all costs and expenses incurred in connection with actions taken hereunder to protect the New Product Idea or a Joint Improvement. At ADI's request, Inventor will execute all required documents necessary to take such other actions, if any, as ADI may reasonably request of Inventor in connection with protection of the New Product Idea or a Joint Improvement.

(c) Warranty and Indemnity. Inventor warrants that he/she has conceived the New Product Idea in the form presented to ADI and further warrants that he/she has such right, title and interest in and to the New Product Idea as to enable it to vest in ADI, without any qualifications whatsoever, the sole and exclusive right, privilege and license herein conveyed. To the best of the Inventor's knowledge, Inventor further warrants that the New Product Idea does not violate or infringe any rights of others. Inventor shall indemnify and hold harmless ADI and any third party sublicensee from and against any claim of Intellectual Property (copyright, trademark and patent) infringement by the New Product Idea as a result of the use contemplated herein of the New Product Idea, in the form submitted by Inventor to ADI. ADI agrees to indemnify and hold Inventor harmless against any claims, causes of action, damages or liabilities arising out of the manufacture, marketing, sale, distribution, sub-licensing, or use of the New Product Idea. Manufacturer shall assume full responsibility for testing, verifying and assuring the functionality and safety of the New Product Idea.

(d) Infringement. ADI will notify Inventor promptly upon becoming aware of any actual or alleged infringement of any intellectual property rights in the New Product Idea and of any available evidence thereof. Inventor will notify ADI promptly upon becoming aware of any actual or alleged infringement of any intellectual property rights in the New Product Idea and of any available evidence thereof. ADI will have the right (but not the obligation) to prosecute any such infringement at its own expense and, for such purposes, may use Inventor's name as

plaintiff, either solely or jointly with that of ADI. Inventor will not prosecute any such infringement except with the express prior written consent of ADI. Inventor will cooperate fully and promptly with any such action by ADI. Any recovery, damages, or settlement awarded to plaintiff in such action will be applied first in satisfaction of any unreimbursed costs and expenses incurred by ADI in connection with such action; and any balance then remaining will be distributed fifty percent (50%) to ADI and fifty percent (50%) to Inventor.

5. CONFIDENTIALITY.

Each party agrees that during the term of this Agreement and thereafter (a) it will use Confidential Information belonging to the other party solely for the purpose(s) for which it was disclosed hereunder and (b) it will not disclose Confidential Information belonging to the other party to any third party (other than its employees and/or professional advisors on a need-to-know basis who are bound by obligations of nondisclosure and limited use at least as stringent as those contained herein). The parties further agree that except as necessary to perform their respective obligations hereunder or otherwise expressly required by law, they will not publicly announce or otherwise disclose any of the terms and conditions of this Agreement. In the event either party is requested or ordered by a court of competent jurisdiction to disclose Confidential Information belonging to the other party, such party will give the other party immediate notice of such request or order and, at the other party's request and expense, resist such a request or order to the fullest extent permitted by law. Each party will promptly (i) return to the other upon request any or all Confidential Information of the other then in its possession or under its control and (ii) erase or otherwise destroy all computer entries containing any Confidential Information of the other then in its possession or under its control and provide the other with written certification of such erasure or destruction. The provisions of this Paragraph 5 will survive any termination of this Agreement.

6. RELATIONSHIP OF PARTIES.

This Agreement and the relations established hereby between Inventor and ADI do not constitute a partnership, joint venture, agency or similar endeavor between Inventor and ADI. Each party will act under this Agreement as an independent party and independent contractor. ADI or ADI's employees may have other licenses or financial interests with one or more Third Parties sublicensed and any such relationship shall not be grounds for contesting a sublicense entered into on behalf of Inventor.

7. AMENDMENTS AND WAIVERS.

None of the provisions of this Agreement may be amended or waived except by a writing signed by Inventor and ADI. Any waiver by either party of any breach of this Agreement by the other party is not to be deemed a continuing waiver of other breaches of the same nature or of any other provisions of this Agreement.

8. ASSIGNMENT.

This Agreement will be binding upon, and inure to the benefit of, the parties and their respective successors and permitted assigns. ADI may grant one or more sublicenses under the License upon such terms and conditions, as it may deem appropriate. Neither party may otherwise assign its rights or obligations hereunder without the express prior written consent of the other, provided that Inventor's consent will not be required with respect to any assignment by ADI to an affiliate of ADI or any successor to all (or substantially all) of ADI's assets.

9. NOTICES.

All notices given pursuant to this Agreement must be delivered in writing by personal service or sent by nationally recognized overnight courier service or written telecommunication (subject to confirmation of receipt in complete legible form) or U.S. registered mail, postage prepaid, to the address specified in this Agreement (or to such other address as the addressee may direct by notice given in accordance with this paragraph).

10. REMEDIES.

It is understood and agreed that all provisions of this Agreement are fundamental and essential for the protection of ADI's legitimate business interests, and in the event of any breach or threatened breach of the provisions of this Agreement by Inventor, ADI will suffer irreparable harm and its remedies at law will be inadequate. Accordingly, in the event of a breach or attempted breach of this Agreement by Inventor, ADI will be entitled, in addition to all other rights or remedies which may be available to ADI, to seek injunctive and other equitable relief, without any showing of irreparable harm or damage. In the event ADI seeks such relief, it shall not be required to post a bond or provide other security. All remedies available for breach of this Agreement are cumulative and may be exercised concurrently or separately. The exercise of one remedy will not be deemed an election of such remedy to the exclusion of other remedies.

It is understood and agreed that all provisions of this Agreement are fundamental and essential for the protection of Inventor's interests, and in the event of any breach or threatened breach of the provisions of this Agreement by ADI, Inventor will suffer irreparable harm and its remedies at law will be inadequate. Accordingly, in the event of a breach or attempted breach of this Agreement by ADI, Inventor will be entitled, in addition to all other rights or remedies which may be available to Inventor, to seek injunctive and other equitable relief, without any showing of irreparable harm or damage. In the event Inventor seeks such relief, it shall not be required to post a bond or provide other security. All remedies available for breach of this Agreement are cumulative and may be exercised concurrently or separately. The exercise of one remedy will not be deemed an election of such remedy to the exclusion of other remedies.

11. FURTHER ASSURANCES.

The parties agree to execute such other documents and provide such further assurances, if any, as may be reasonably required from time to time to give effect to the provisions of this Agreement.

12. LIMITATION OF LIABILITY.

IN NO EVENT SHALL ADI BE LIABLE TO INVENTOR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION, LOSS OF PROFIT, REVENUE, DATA OR USE, OR FOR SIMILAR COSTS, WHETHER IN AN ACTION IN CONTRACT OR TORT OR BASED ON WARRANTY OR OTHER CLAIM, EVEN IF THE INVENTOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES UNLESS ADI HAS ENGAGED IN WILLFUL MISCONDUCT OR GROSS NEGLIGENCE.

13. MISCELLANEOUS.

This Agreement is the sole understanding and agreement between Inventor and ADI with respect to its subject matter and supersedes all other prior or contemporaneous oral or written agreements and understandings, except for the Entry Agreement which will remain in full force and effect. This Agreement will be governed by and interpreted under the internal laws of the State of New Hampshire and the United States of America and Inventor agrees to the jurisdiction of these courts and to Hampton, NH, as the venue for any cause of action in state court and to the appropriate Federal District Court for the City of Hampton State of New Hampshire. This

Agreement may be executed in separate counterparts, all of which together will constitute a single agreement. In proving this Agreement, it will not be necessary to produce or account for more than one such counterpart.

14. DEFINITIONS.

For purposes of this Agreement, the following words and expressions have the following meanings:

"Affiliate" means, with respect to either party, any person or entity controlling, controlled by, or under common control with such party.

"Confidential Information" means, with respect to either party, all information in any written or other form whatsoever, relating directly or indirectly to the present or potential business, operations, corporate or financial condition of such party or to data, know-how, materials, supplier or customer lists or other similar information belonging to such party which is not at the relevant time (i) generally known to the public (through no act or omission in violation of this Agreement), (ii) furnished to the receiving party by a third party having the lawful right to do so or (iii) acquired by the receiving party from a source other than the disclosing party, provided that the receiving party immediately notifies the disclosing party of any such acquisition.

"Joint Improvements" improvements or enhancements to the New Product Idea and/or Licensed Products made by or on behalf of ADI, as between Inventor and ADI.

"Improvements" means any and all developments or improvements upon the New Product Idea which Inventor may now or hereafter, alone or with others, acquire, discover, invent, originate, conceive or have rights to, in whole or in part, whether or not such development or improvement is patentable, commercially useful or reduced to writing or practice.

"License" means the license granted to ADI in Paragraph 1 above.

"Licensed Product" means any product embodying the New Product Idea, in whole or in part (whether or not it is capable of being protected under patent or copyright laws).

"New Product Idea" means (1) the product concept described on Exhibit A hereto, including any and all technology, technical information, patents, inventions, know-how, trademarks, trade secrets, formulae, models, methods, designs, know-how, and materials relating thereto and (2) any and all Improvements.

"Patent Costs" means any and all costs and expenses incurred by ADI in connection with establishing, maintaining, defending, protecting and/or confirming the patent, copyright and/or other intellectual property rights of Inventor and/or ADI with respect to the New Product Idea and/or Licensed Products.

"Person" means an individual, a corporation, a partnership, a trust, an unincorporated organization, an entity or a government or any agency or political subdivision thereof.

"Royalties" means amounts payable by ADI pursuant to Paragraph 2 above.

"Sublicense Income" means the difference between cash receipts and cash expenditures for items independently manufactured by ADI, but inventoried and distributed by a third-party company as part of a product distribution agreement.

"Third Party" means any entity that is less than 100% owned, controlled, or possessed by ADI and owns, controls, or possesses less than 100% of ADI.

"U.S. Dollars" means the currency of the United States of America. IN WITNESS WHEREOF, the parties hereto have signed, sealed and delivered this Representation Agreement as of the date first written above.

ATech Designs, Inc.

By: _____
[ADI employee]

Title: _____

Address: _____

By: _____
Inventor

Address: _____