

Know-How License and Technical Assistance Agreement

KNOW-HOW LICENSE AND TECHNICAL ASSISTANCE AGREEMENT

This Agreement between ^ABC Inc., an Illinois corporation ("^ABC"), and ^XYZ Inc., a ^ corporation ("^XYZ"), is dated as of ^, 19^.

1. BACKGROUND

1.1. ^ABC manufactures and sells certain Products (defined below) and has acquired and owns certain technical information relating to formulas, processes and apparatus suitable for manufacturing the Products for various uses and applications.

1.2. ^XYZ desires to receive ^ABC's Technical Information (as defined below) for the manufacture of the Products in the Plant (as defined below) and ^ABC is willing to make such Technical Information available to ^XYZ on the terms and conditions hereinafter set forth.

2. CERTAIN DEFINITIONS

As used in this Agreement the following terms shall have the following respective meanings:

2.1. *Products* shall mean the products of ^ABC identified in Attachment I hereto.

2.2. *The Plant* shall mean the manufacturing facility in ^, ^ which is owned by ^XYZ and is suitable for the manufacture of the Products.

2.3. *^ABC's Technical Information* shall mean all operating techniques, know-how, designs, formulas, inventions, improvements, apparatus, processes, and developments (whether or not patentable), relating to the manufacture, use and/or sale of the Products and based on research development and/or experience acquired by ^ABC prior to the Effective Date and hereafter acquired until this Agreement is terminated.

2.4. *^ABC's Technical Services* shall mean all technical information, services and assistance rendered to ^XYZ pursuant to Section 3 of this Agreement.

2.5. *^ABC's Trademarks* shall mean the trademarks, service marks and trade names identified in Attachment II hereto.

2.6. *Gross Sales* shall mean, for any time period, gross revenues received during such time period from sales in the Territory of Products manufactured by ^XYZ at the Plant, excluding sales and use taxes and shipping charges; provided that sales to affiliates of ^XYZ

shall be deemed to have been made at the average price paid by unaffiliated parties during the calendar quarter in which the sale to the affiliated party(ies) occurred.

2.7. *Effective Date* shall mean ^, 19^.

2.8. *Territory* shall mean the states of ^.

3. ^ABC'S TECHNICAL ASSISTANCE

3.1. Promptly after the Effective Date, ^ABC shall make available to ^XYZ ^ABC's Technical Information to the extent necessary for the manufacture and sale of the Products by ^XYZ.

3.2. ^ABC shall at ^XYZ's request from time to time furnish or cause to be furnished to ^XYZ during the term of this Agreement such additional and continuing technical services and assistance in connection with the manufacture, distribution, use and marketing of the Products as ^XYZ may reasonably require for such purposes.

3.3. When requested by ^XYZ, ^ABC will supply technical personnel at the per diem cost of \$^ plus out-of-pocket expenses.

3.4. ^ABC shall, in addition, train personnel designated by ^XYZ at ^ABC's premises in ^, Illinois free of charge; provided that ^XYZ will be responsible for and bear all travel, living and other expenses of such ^XYZ personnel.

3.5. All information furnished to ^XYZ pursuant to this Section 3 shall be deemed included in ^ABC's Technical Information.

4. GRANTS

4.1. ^ABC hereby grants to ^XYZ (1) an exclusive right under ^ABC's Technical Information to manufacture the Products in the Plant and to use and sell the Products in the Territory, and (2) an exclusive right to use ^ABC's Trademarks in the Territory on the Products manufactured by ^XYZ in the Plant.

5. FEES

5.1. As consideration for the undertakings of ^ABC set forth in this Agreement and for the use of ^ABC's Trademarks and Technical Information, ^XYZ agrees to pay ^ABC a royalty fee for each calendar quarter equal to the greater of (a) ^% of Gross Sales for such quarter or (b) \$^.

5.2. Payments by ^XYZ to ^ABC of all royalties due shall be made within 30 days after the end of each calendar quarter, and each such payment shall be accompanied by a statement certified by an independent public accountant in a form reasonably satisfactory, to ^ABC stating the Gross Sales during the quarter in question and the amount of royalty payable.

5.3. ^XYZ agrees that throughout the term of this Agreement it shall keep complete and accurate financial records and books of account in sufficient detail to permit verification of

Gross Sales and the amount of royalties payable hereunder. ^XYZ further agrees that ^ABC or its designated representatives shall at all times during normal business hours have access to and the right to inspect, copy and make extracts from any portion of such financial records and books of account.

6. TRADEMARKS, ETC.

6.1. ^XYZ shall use and display ^ABC's Trademarks on all Products manufactured or sold by ^XYZ.

6.2. ^ABC shall have the right to specify, control and supervise the formulations, raw material specifications, raw material quality, finished product quality and performance of the Products manufactured or sold by ^XYZ or bearing any one or more of ^ABC's Trademarks; and ^XYZ agrees to comply with all such specifications, instructions and recommendations. ^ABC shall have the right, at its own expense, to send one or more representatives to the Plant or any other facilities of ^XYZ from time to time for the purpose of inspecting and monitoring the operations thereof in connection with the enforcement of ^ABC's rights under this Agreement.

6.3. ^ABC shall take reasonable steps to register ^ABC's Trademarks in the Territory. Registration of ^ABC's Trademarks shall be made in the name of ^ABC. ^XYZ shall not represent in any way that it has title to or ownership of ^ABC's Trademarks, nor shall ^XYZ do or cause to be done any act or thing contesting or in any way impairing ^ABC's right, title of ownership and interest in and to ^ABC's Trademarks.

6.4. On termination of this Agreement ^XYZ will either deliver to ^ABC or destroy (as ^ABC shall direct) all labels, package markings, tags, stickers, stencils, advertising and sales literature, invoice forms, letterheads and other similar items containing or relating to ^ABC's Trademarks.

7. EXCHANGE OF INFORMATION; CONFIDENTIALITY

7.1. ^ABC and ^XYZ will meet and exchange information periodically during the term of this Agreement concerning their respective experience in the manufacture, use and marketing of the Products, and ^ABC will at all times have full access to all relevant documentation and information concerning the activities performed or to be performed by ^XYZ under this Agreement.

7.2. ^XYZ shall exercise all reasonable efforts to prevent the disclosure to others of all ^ABC's Technical Information except to the extent that such information is (a) obtained by ^XYZ from third parties that have not directly or indirectly obtained or derived it from ^ABC or (b) is or becomes generally known to the public through no act or failure to act on the part of ^XYZ.

8. IMPROVEMENTS

8.1. If during the term of the Agreement ^XYZ shall develop a significant new or unique product, process or other major development relating to the Products, the parties will negotiate in good faith the conditions of ^ABC's use thereof.

9. OTHER RIGHTS OR PRODUCTS

9.1. ^ABC warrants that, to the best of its knowledge on the date of this Agreement, there are no patent rights of third parties known to ^ABC that interfere with the manufacture and use of the Products in the Territory, it being expressly understood, however, that ^ABC shall not be liable under the provisions of this Agreement or otherwise for claims or judgments pertaining to patent infringement or the costs, expenses or attorneys' fees related thereto. ^XYZ shall indemnify and hold harmless ^ABC and its agents, officers, directors and employees from and against all claims, actions, damages, losses, costs and expenses arising directly or indirectly as a result of the manufacture, use or sale of Products by ^XYZ or other actions by ^XYZ contemplated by this Agreement.

9.2. ^XYZ agrees that it will not manufacture, use or sell products of other parties in competition with the use or sale of the Products.

10. TERM

10.1. This Agreement shall continue in effect from the Effective Date until the ^ anniversary thereof; provided that either party may terminate this Agreement for material breach by the other party (the "**Breaching Party**") if such breach continues uncured for a period of ^ days following written notice to the Breaching Party.

11. MISCELLANEOUS

11.1. Nothing in this Agreement shall be construed to require the commission of any act contrary to law, and in the event of any conflict between any provision of this Agreement and any statute, law or ordinance the affected provision of this Agreement shall be limited to the extent necessary to bring it within the legal requirements.

11.2. This Agreement shall be governed and construed under the internal laws of Illinois.

11.3. This Agreement shall not be assigned by either party without the written consent of the other party, which shall not be unreasonably withheld.

11.4. All notices contemplated by or respecting this Agreement shall be in writing and shall be transmitted in a manner which permits confirmation of receipt and shall be deemed given when received. The addresses of the parties hereto for purposes of notice shall be:

^ABC:

^

Attention: ^

^XYZ:

^

Attention: ^

11.5. This Agreement contains the entire understanding of the parties hereto relating to the subject matter hereof and it shall not be modified, altered or otherwise changed other than by an instrument in writing executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties have respectively caused this Agreement to be executed on the date hereinafter indicated.

^ABC Inc.

By: _____

Title: ^

^XYZ Inc.

By: _____

Title: ^

Attachment I

THE PRODUCTS

Attachment II

^ABC's TRADEMARKS