

## GSSC SALES TERMS AND CONDITIONS

Graphic Security Systems Corporation is engaged in the business of designing and developing systems and products in the nature of document and brand security software, printing encoded images and security indicia, as well as developing systems for decoding security indicia, and has, over the years, acquired and developed substantial and valuable technical knowledge, know-how, proprietary intellectual property, and experience in the design and development of such systems, referred to herein as (“GSSC TECHNOLOGY”).

**These terms form a binding Agreement between you (“CUSTOMER”) and Graphic Security Systems Corporation, a Delaware corporation, with offices at 4450 Jog Road, Lake Worth, Florida 33467 (“GSSC”). By accepting a Quotation (“QUOTE”) from GSSC, or by accepting delivery of any GSSC TECHNOLOGY, you (“Customer”) hereby agree to be legally bound by the following terms and conditions (this “Agreement”).**

### 1. LICENSE GRANT

- A. GSSC hereby grants to CUSTOMER, for the Term of this Agreement as defined below, the **non-exclusive** right and license to use the GSSC TECHNOLOGY and GSSC TRADEMARKS according to the QUOTE signed or otherwise authorized in writing by GSSC. CUSTOMER may only use the specific GSSC TECHNOLOGY listed on QUOTE, and only in the quantities, territories, fields, and for the duration listed on the QUOTE.
- B. CUSTOMER is not authorized to sell image files which were originally intended to be test files. Any sale or use of image files which were originally intended to be used as test files shall be a violation of this Agreement and an infringement of GSSC’s intellectual property.
- C. CUSTOMER may not grant sub-licenses to third parties under the Agreement without the express written approval of GSSC.
- D. In the event that CUSTOMER enters into a QUOTE with GSSC to sell GSSC TECHNOLOGY, but sells in larger quantity, territory, fields, or duration than authorized by GSSC in the QUOTE, then CUSTOMER hereby agrees that GSSC may choose to allow customer to sell the unauthorized portion of GSSC TECHNOLOGY for double the price per unit otherwise listed on the QUOTE, and/or pursue any legal remedies for breach of this Agreement available to GSSC, at GSSC’s sole discretion.

### 2. TERM

The term of this Agreement shall last for the duration listed on the applicable QUOTE, or for as long as CUSTOMER continues to sell GSSC TECHNOLOGY.

### **3. COMPENSATION**

A. Royalty Structure- In consideration of GSSC's undertakings herein, CUSTOMER will pay GSSC according to applicable QUOTE.

B. All payments due to GSSC shall be in United States dollars and made in the method listed on the QUOTE or such methods as otherwise agreed upon by the parties.

C. Late Payments- Payments not received by GSSC within thirty (30) days of the Due Date shall accrue interest retroactive to the Due Date at the prime lending rate as published by the Wall Street Journal on the Due Date.

D. Technical Support / Image Generation - GSSC shall make available to CUSTOMER and CUSTOMER's customers, at reasonable request, appropriate technicians or other employees or agents to provide CUSTOMER or vendors or its customers with technical assistance, training and consultation regarding the incorporation of the GSSC TECHNOLOGY. Such technical assistance shall be available at compensation rates according to GSSC's standard rate sheet, which will be provided upon request. CUSTOMER or CUSTOMER's customers shall also reimburse GSSC for reasonable out-of-pocket expenses in providing technicians, including costs of travel, subsistence, and hotel accommodations.

### **4. CONFIDENTIALITY**

A. Confidential Information- Confidential Information under this agreement shall mean any information including but not limited to, specifications, formulas, manufacturing processes, know-how, technical descriptions and other technical and economic data, budgets, customer information, business plans, analyses, forecasts, marketing plans and studies, agreements, documents, permits, licenses, approvals, knowledge, concepts, ideas, processes, technical know-how, records and all other information which is disclosed by GSSC whether orally, in written and/or in graphic or computer data base form and any derivatives thereof. Written information includes information submitted by email. Confidential Information shall also be referred to herein as "Information".

B. Disclosure- All such Confidential Information shall not be disclosed to any third party without written consent of GSSC. Where such consent is granted, disclosure shall only be made to a third party which accepts the obligations of confidentiality contained in this agreement or, if such third party is a government or government agency, agrees to treat such information as confidential and proprietary information.

C. Use - CUSTOMER undertakes to restrict its use of Confidential Information to the project, to make no further or other use of the same and to ensure that dissemination of Confidential Information within its own organisation is made on a strict "need to know" basis. CUSTOMER shall ensure that all persons to whom Confidential Information is made available are aware of the confidential nature of such

Confidential Information and comply with the terms and conditions of this agreement relating to protection and use of Confidential Information.

- D. Copies- CUSTOMER shall not make any copies of the Information, in whole or in part, for any purpose other than the purposes specified in this Agreement or applicable QUOTE. If this Agreement expires or terminates, or at any time upon the request of GSSC, CUSTOMER will return all such Confidential Information, including without limitation all copies of Confidential Information and any and all documents, notes and memoranda, and any magnetic tapes or other electronic media which have been received directly or indirectly, and will, subject to the following sentence destroy any Information. As far as any Information is stored in any computer, word processor or other electronic device in its possession, CUSTOMER will use its reasonable best efforts to expunge all that Information. CUSTOMER shall confirm to GSSC without delay by a written certification of an officer of the company that all Confidential Information has been returned, all Information has been deleted and, as far as the foregoing sentence applies, Information has been expunged by CUSTOMER. Any Information as well as the Information (to the extent it could not be destroyed) will continue to be subject to the terms of this Agreement.
- E. Duration of Obligations- The obligations hereof relating to the confidentially and use of Confidential Information shall survive the termination of this agreement for a period of five (5) years from disclosure of any Confidential Information, unless such Information is a trade secret of GSSC, in which case the obligation shall survive as long as such information remains a trade secret.
- F. Inspection of Premises - GSSC shall have the right to inspect the premises of CUSTOMER, its vendors or subcontractors, or its customers related to use of the GSSC TECHNOLOGY from time to time during the term of this agreement to verify appropriate safeguards of the GSSC TECHNOLOGY.

## **5. OWNERSHIP OF INTELLECTUAL PROPERTY**

- A. Initial IP Ownership- Nothing in this agreement shall be construed to imply or grant a transfer of any ownership rights, in any patent (granted or pending), copyright, trademark, or any other intellectual property right. Any intellectual property developments made during the integration of GSSC's technology into CUSTOMER's processes shall be owned by GSSC.
- B. Improvements to GSSC's Technology- CUSTOMER shall notify GSSC within sixty (60) days of any improvement made by CUSTOMER with or to the GSSC TECHNOLOGY or to any GSSC Confidential Information. CUSTOMER hereby irrevocably assigns to GSSC, and agrees that GSSC shall be the sole and exclusive owner of, all right, title, and interest in and to such improvements. Upon the request of GSSC, CUSTOMER shall sign and deliver any assignments or other necessary documents and otherwise assist GSSC to obtain, maintain, perfect, or enforce any of GSSC's rights hereunder.

C. Copyright Ownership - Encoded image creation will not be considered a “work for hire.” GSSC shall retain the copyright ownership of all derivative works created by GSSC.

D. Optical Lens Formulas and Digital Decoding Technology – CUSTOMER shall not copy, attempt to determine the geometric formula, or reverse engineer any lenses supplied by GSSC. CUSTOMER shall not copy, attempt to determine the software algorithms or reverse engineer any digital decoding technology supplied by GSSC.

## **6. CUSTOMER’S REPRESENTATIONS AND WARRANTIES**

A. CUSTOMER represents and warrants that it has the right, power, and authority to enter into this Agreement and that there are no other agreements with any other party in conflict with this Agreement.

B. CUSTOMER represents and warrants that any artwork provided to GSSC is owned, properly licensed, or otherwise in the rightful possession of CUSTOMER and will not infringe any copyright, trademark or other proprietary right of any third party, or otherwise conflict with the rights of any third party.

C. CUSTOMER represents and warrants that to the best of its knowledge any artwork provided to GSSC in digital format will not contain any “time-bombs,” “worms,” “viruses,” “Trojan horses,” “protect codes,” “data destruct keys” or other programming devices that might, or might be used to, improperly access, modify, delete, damage, deactivate or disable GSSC’s computer hardware, software, or data.

## **7. LIMITATION OF LIABILITY AND DISCLAIMER OF WARRANTY**

IN NO EVENT SHALL GSSC BE LIABLE TO CUSTOMER FOR ANY INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES.

ALL WARRANTIES OF THE PARTIES AS DESCRIBED HEREIN SHALL BE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

## **8. BOOKS AND RECORDS**

CUSTOMER shall be responsible for maintaining accurate books and records regarding the administration of this Agreement, including those related to CUSTOMER’s payment obligations under Article 3. CUSTOMER shall keep these records for at least two (2) years after the termination of this Agreement. GSSC shall have the right upon advance written notice, at its own expense, to inspect and audit, or have its representative audit and inspect the books and records described in this section. If upon inspection and auditing of the books and records, GSSC discovers

any discrepancies related to this Agreement, CUSTOMER shall pay GSSC's expenses related to the audit and inspection of the books and records.

## **9. MARKETING**

GSSC and CUSTOMER shall determine the appropriate market tools such as brochures, literature, samples, presentations materials, hardware and Software for sales related activities of GSSC Technology. All GSSC Technology related press releases will have the consent and written approval by both Parties prior to publishing and distribution.

## **10. INDEMNITY**

CUSTOMER agrees to defend, indemnify and hold GSSC, 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 GSSC based on a breach by CUSTOMER of any representation or warranty made in this Agreement.

## **11. FORCE MAJEURE**

Neither Party will be liable for or will be considered to be in breach of or default under this Agreement on account of any delay or failure to perform as required by this Agreement as a result of any causes or conditions that are beyond such Party's reasonable control and that such Party is unable to overcome through the exercise of commercially reasonable diligence. These include, without limitation, the following: any act of God, accident, explosion, fire, storm, earthquake, flood, the elements, casualty, riots, sabotage, embargo, war (whether or not declared and whether or not the United States is a participant), Federal, state or municipal law, regulation, order, decree, priority, seizure or allocation, failure or delay of transportation, shortage of or inability to obtain materials, equipment, parts or labor, at commercially reasonable prices, which prevents or impedes such Party's performance under this Agreement ("Force Majeure Event"). If any Force Majeure Event occurs, the affected Party will give prompt written notice to the other Party and will use commercially reasonable efforts to minimize the impact of the event.

## **12. NOTICE**

Any notice required to be given under this Agreement shall be in writing and delivered personally to the other Party; mailed by certified mail; by Federal Express; or by email. Notice shall only be effective upon confirmation of receipt.

## **13. CONTROLLING LAW AND ARBITRATION**

This Agreement shall be governed by, and construed in accordance with, the laws of Florida, without giving effect to the choice of law principles thereof, and specifically excluding the CISG. Any unresolved controversy or claim arising out of or relating to these Agreement or the applicable QUOTE shall be settled in the state or federal courts located in West Palm Beach,

Florida. The Parties consent to the jurisdiction of such courts, agree to accept service of process by mail, and hereby waive any jurisdictional or venue defenses otherwise available to them.

#### **14. ASSIGNABILITY**

This Agreement shall inure to the benefit of, and be binding upon, the Parties, their successors and legal representatives, and shall not be assignable without the express written consent of GSSC.

#### **15. INDEPENDENT CONTRACTORS**

It is expressly agreed and understood between GSSC and CUSTOMER that each Party, in entering into this Agreement and carrying out its obligations hereunder, is an independent contractor working for itself and is not, will not be deemed to be and will not hold itself out as an agent, representative or employee of the other Party. Neither Party is granted any right or authority to assume or to create any obligation, liability or responsibility, express or implied, on behalf of or in the name of the other Party, to bind such other Party in any manner to any contractual or other undertaking whatsoever or to accept payment from any party of any obligation owing to the other Party. Each Party is responsible for all costs it incurs in performing its obligations under this Agreement, and no Party has any liability for any debts or other obligations which the other Party may incur in rendering such performance, except as expressly stated herein.

#### **16. WAIVER**

No waiver by either Party of any default shall be deemed as a waiver of prior or subsequent default of the same or other provisions of this Agreement.

#### **17. SEVERABILITY OF TERMS**

If any term, clause or provision hereof is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or operation of any other term, clause or provision and such invalid term, clause or provision shall be deemed to be severed from the Agreement.

#### **18. HEADINGS**

Headings in this Agreement are provided for purposes of reference only and shall not affect the meaning or interpretation of this Agreement.

#### **19. SURVIVING PROVISIONS**

Sections 3, 4, 5, 6, 7, 10, 13, 21 and 22 of this Agreement shall survive the expiration or termination of this Agreement.

#### **20. ENTIRE UNDERSTANDING**

This Agreement constitutes the entire understanding of the Parties, and revokes and supersedes all prior agreements between the Parties and is intended as a final expression of their Agreement. It shall not be modified or amended except in writing signed by the Parties hereto and specifically referring to this Agreement.

## **21. RECOVERY OF LEGAL COSTS**

If any Party brings an action arising out of or relating to this Agreement or the transactions contemplated hereby, the Party who substantially prevails shall be entitled to recover the costs it incurred in bringing or defending that action and any appeal of that action, including but not limited to reasonable attorney's fees, in addition to any other relief to which that party may be entitled.

## **22. INJUNCTIVE RELIEF**

CUSTOMER acknowledges and agrees that in the event of any breach of this Agreement by CUSTOMER or its directors, officers, employees, contractors or Affiliates including, without limitation, unauthorized use of GSSC TECHNOLOGY, or the actual or threatened disclosure or unauthorized use of Confidential Information without GSSC's prior express written consent, GSSC will suffer irreparable injury, such that no remedy at law will afford it adequate protection against, or appropriate compensation for, such injury. Accordingly, CUSTOMER agrees that GSSC shall be entitled to injunctions, orders or decrees, and specific performance of the CUSTOMER'S obligations under this Agreement, as well as such further relief as may be granted by a court of competent jurisdiction.

## **23. COMPLIANCE WITH LAWS**

CUSTOMER agrees to, and shall be solely responsible for, complying with all applicable laws and regulations applicable in any nation, or political subdivision thereof, in which it engages in business thereunder. In addition, CUSTOMER hereby acknowledges it had read and agrees to comply with GSSC's Policy on Foreign Corrupt Trade Practices Act available at (<http://graphicsecurity.com/fcpa-policy/>). Any non-compliance with GSSC's FCPA Policy shall be considered a material breach of this Agreement.