

## INTELLECTUAL PROPERTY LICENSE AGREEMENT

THIS INTELLECTUAL PROPERTY LICENSE AGREEMENT (“Agreement”) is entered this 6/27/2019, 2019 (“Effective Date”) by and between 6858 IP, LLC, a Washington limited liability company (“6858 IP” or “Licensor”), and New Leaf Enterprises, Inc., a Washington state corporation (“New Leaf” or “Licensee”).

WHEREAS, Licensor is the sole and exclusive owner of the Licensed Trademarks;

WHEREAS, Licensor is the sole and exclusive owner of the Licensed Tradenames;

WHEREAS, Licensor has other intellectual property, including but not limited to, the Licensed Trade Secrets, Licensed Tradedress and Licensed Domain Names; and

WHEREAS, Licensor has the power and authority to grant to Licensee the right, privilege and license to use the Licensed Intellectual Property on or in association with the goods and/or services in conjunction with producer and processor business (the “Licensed Products”);

WHEREAS, Licensee has represented that it has the ability to produce, process, market and distribute the Licensed Products in the State of Washington and to use the Licensed Intellectual Property on or in association with the Licensed Products and Licensee’s business;

WHEREAS, Licensee desires to obtain from Licensor a license to use, produce, process and sell Licensed Products in the Territory and to use the Licensed Intellectual Property on or in association with the Licensed Products;

NOW, THEREFORE, in consideration of the promises and agreements set forth herein, the parties, each intending to be legally bound hereby, do promise and agree as follows.

### **1. DEFINITIONS**

1.1. “Licensed Domain Names” means all the Domain Names identified in Exhibit A.

1.2. “Licensed Intellectual Property” means all the Licensed Trademarks, Licensed Tradenames, Licensed Domain Names, Licensed Tradedress, and Licensed Trade Secrets.

1.3. “Licensed Tradedress” means the Tradedress identified in Exhibit B.

1.4. “Licensed Trademarks” means: (a) the Trademarks identified on Exhibit C; (b) all goodwill associated with the business related to such Trademarks; and (c) all rights with respect to such Trademarks.

1.5. “Licensed Tradenames” means the Tradenames NEW LEAF ENTERPRISES, NLE, NLE INC, and DAMA.

1.6. "Licensed Trade Secrets" means all of Licensor's trade secrets, including but not limited to Standard Operating Procedures, Recipes, Formulas, Ingredients, Processes, Methods, and Know-How currently owned by Licensor that meet the definitions of Section 1 of the Uniform Trade Secrets Act ("UTSA") and RCW 19.108.010.

## **2. LICENSE GRANT**

2.1. Licensor hereby grants to Licensee an exclusive, non-revocable, non-transferable license to use the Licensed Intellectual Property on or in association with the Licensed Products (the "Intellectual Property License") in the State of Washington (the "Territory"), as well as on packaging, promotional and advertising material associated therewith.

2.2. Licensor hereby grants to Licensee the exclusive right and license to use, manufacture, have manufactured, sell, distribute, and advertise the Licensed Products in the Territory. It is understood and agreed that this license shall pertain only to the Licensed Intellectual Property and the Licensed Products and does not extend to any other mark, product or service.

2.3. Licensee may not grant any sublicenses to any third party without the prior express written consent of the Licensor which may be withheld for any reason.

## **3. TERM OF THE AGREEMENT**

This Agreement and the provisions hereof, except as otherwise provided, shall be in full force and effect commencing on the last the date of execution below and shall extend for six (6) months from the Effective Date of this Agreement (the "Term").

## **4. COMPENSATION**

4.1. In consideration for the licenses granted hereunder, Licensee agrees to pay to Licensor annual exclusivity fees in the amount of One Hundred Thousand Dollars USD dollars (\$100,000 USD), which such annual exclusivity fees shall be payable on or before the first business day of August (subject to extension by written mutual agreement of Licensee and Licensor) of each year in which this Agreement remains in effect, with late payments incurring interest at the rate of fifteen percent (15%) per month from the date such payments were originally due. The first such annual exclusivity fee is due on or before August 1, 2019 (subject to extension by written mutual agreement of Licensee and Licensor).

4.2. As additional consideration for the licenses granted hereunder, Licensee agrees to pay to Licensor a fixed monthly license fee of One Dollar and 07/100 (\$1.07) (the "License Fee") for each unit of Licensed Product that includes the Licensed Intellectual Property (i.e., when the Licensed Product is billed or paid for, whichever is first regardless of the time of collection by Licensee), calculated on a quarterly calendar basis (the "License Fee Period") and shall be payable no later than thirty (30) days after the termination of the preceding full calendar quarter, i.e.,

commencing on the first (1st) day of January, April, July, and October, with late payments incurring interest at the rate of fifteen percent (15%) per month from the date such payments were originally due.

4.3. Licensee agrees that for each License Fee Period, Licensee shall guarantee Licensor a minimum quarterly License Fee of One Hundred Fifty Thousand Dollars USD (\$150,000) (“Guaranteed Minimum”).

4.4. Notwithstanding any other provision in the Agreement, the parties agree that the total compensation payable by Licensee to Licensor shall not exceed the amount of license fee permitted under WSLCB rules and Washington State law on the gross sales of the Licensed Products that includes the Licensed Intellectual Property.

4.5. In the event that Licensee grants any previously approved sub-licenses for the use of the Licensed Intellectual Property, Licensee shall pay Licensor fifty percent (50%) of the gross income received by Licensee from such sub-licensees.

4.6. Licensee shall provide Licensor with a written Licensee Fee statement in a form acceptable to Licensor (the “License Fee Statement”) for each License Fee Period whether or not any Licensed Products were sold during that period and the receipt or acceptance by Licensor of any License Fee Statement or payment shall not prevent Licensor from subsequently challenging the validity or accuracy of such Statement or payment.

## **5. AUDIT**

5.1. Licensor shall have the right, upon at least five (5) days written notice to inspect Licensee's books and records and all other documents and material in the possession of or under the control of Licensee with respect to the subject matter of this Agreement at a location in the United States. Licensor shall have free and full access thereto for such purposes and shall be permitted to make copies thereof and extracts therefrom.

5.2. In the event that such inspection reveals a discrepancy in the amount of License Fee owed to Licensor from what was actually paid, Licensee shall pay such discrepancy, plus interest, calculated at the rate of one and one-half percent (1 1/2%) per month. In the event that such discrepancy is in excess of one thousand dollars (\$1,000.00), Licensee shall also reimburse Licensor for the cost of such inspection including any attorney's fees incurred in connection therewith.

5.3. All books and records relative to Licensee's obligations hereunder shall be maintained and kept accessible and available to Licensor for inspection in the United States for at least three (3) years after termination of this Agreement.

5.4. In the event that an investigation of Licensee's books and records is made, certain confidential and proprietary business information of Licensee may necessarily be made available to the person or persons conducting such investigation. It is agreed that such confidential and proprietary business information shall be retained in confidence by Licensor and shall not be used

by Licensor or disclosed to any third party for a period of two (2) years from the date of disclosure, or without the prior express written permission of Licensee, unless disclosure is: required by law, made by Licensor to its advisors, directors, officers or employees in connection with their provision of services or carrying out their duties, or otherwise enters the public domain through no breach of this Agreement by Licensor. It is understood and agreed, however, that such information may be used in any proceeding based on Licensee's failure to pay its actual License Fee obligation.

## **6. WARRANTIES AND OBLIGATIONS**

6.1. Licensor represents and warrants that it has the right and power to grant the Licensed Intellectual Property granted herein and that there are no other agreements with any other party in conflict herewith.

6.2. Licensor represents and warrants it is the sole owner of the Licensed Intellectual Property and is able to license all of Licensor's rights to the Licensed Trademarks, Licensed Tradenames, Licensed Trademark, and Licensed Trade Secrets in the Territory for the purposes of this Agreement.

6.3. Licensor further represents and warrants that to the best of its knowledge, the Licensed Intellectual Property does not infringe any valid right of any third party.

6.4. Licensee represents and warrants that it will use its best efforts to promote, market, sell, and distribute the Licensed Products.

6.5. Licensee shall be solely responsible for the production, processing, sale, and distribution of the Licensed Products and will bear all related costs associated therewith.

## **7. NOTICES, QUALITY CONTROL AND SAMPLES**

7.1. The Intellectual Property Licenses granted hereunder are conditioned upon Licensee's full and complete compliance with applicable laws or regulatory requirements with respect to the conduct of Licensee's business.

7.2. The Licensed Products, as well as all promotional, packaging, and advertising material relative thereto shall include all appropriate legal notices as required by any applicable laws or regulatory requirements.

7.3. The Licensed Products shall be of a high quality which is at least equal to comparable products previously manufactured and marketed by Licensee under the trademarks.

7.4. The Licensee agrees to permit Licensor or its representative to inspect the facilities where the Licensed Products are being manufactured and packaged.

## **8. NOTICE AND PAYMENT**

8.1. Any notice required to be given pursuant to this Agreement shall be in writing and delivered personally or mailed by certified or registered mail, return receipt requested or delivered

by a recognized national overnight courier service, except e-mail may be used for day-to-day operations and contacts but not for 'notice' or other communications required under this agreement or by law.

8.2. Either party may change the address to which notice or payment is to be sent by written notice to the other in accordance with the provisions of this paragraph.

**[Address for notice redacted.]**

## **9. INTELLECTUAL PROPERTY PROTECTION**

9.1. Licensor shall seek, obtain and, during the Term of this Agreement, maintain in its own name and at its own expense, appropriate protection for the Licensed Intellectual Property as well as any modifications made to the Licensed Intellectual Property. Licensee agrees that its use of the Licensed Intellectual Property inures to the benefit of Licensor and that the Licensee shall not acquire any rights in the Licensed Intellectual Property.

9.2. The parties agree to execute any documents reasonably requested by the other party to effect any of the above provisions.

9.3. Licensee acknowledges Licensor's exclusive rights in the Licensed Intellectual Property and, further, acknowledges that the Licensed Intellectual Property is unique and original to Licensor and that Licensor is the owner thereof. Licensee shall not, at any time during or after the effective Term of the Agreement dispute or contest, directly or indirectly, Licensor's exclusive right and title to the Licensed Intellectual Property or the validity thereof. Licensor, however, makes no representation or warranty with respect to the validity of any patent, trademark or copyright which may issue or be granted therefrom.

## **10. TERMINATION OR EXPIRATION**

10.1. In addition to the termination rights that may be provided elsewhere in this Agreement, either party may terminate this Agreement upon thirty (30) days written notice to the other party in the event of a breach of a material provision of this Agreement by the other party, provided that, during the thirty (30) day period, the breaching party fails to cure such breach. Upon expiration or termination, all License Fee obligations, including any unpaid portions of the Guaranteed Minimum License Fee, shall be accelerated and shall immediately become due and payable, and

Licensee's obligations for the payment of a License Fee and the Guaranteed Minimum License Fee shall survive expiration or termination of this Agreement and will continue for so long as Licensee continues to manufacture, sell or otherwise market the Licensed Products.

10.2. Upon expiration or termination, Licensee shall provide Licensor with a complete schedule of all inventory of Licensed Products then on-hand with Licensee or with any pre-approved sub-licensees (the "Inventory").

10.3. Upon expiration or termination, except for reason of a breach of Licensee's duty to comply with the quality control or legal notice marking requirements, Licensee shall be entitled, for an additional period of three (3) months and on a nonexclusive basis, to continue to sell such Inventory. Such sales shall be made subject to all of the provisions of this Agreement and to an accounting for and the payment of a License Fee thereon (as well as payment of 50% of the gross income received by Licensee from previously approved sub-licensees), due and paid within thirty (30) days after the close of the three (3) month period.

10.4. Upon the expiration or termination of this Agreement, all of the rights of Licensee under this Agreement shall terminate and immediately revert to Licensor and Licensee shall immediately discontinue all use of the Trademarks and Tradenames at no cost whatsoever to Licensor, and Licensee shall immediately return to Licensor all material relating to the Trademarks and Tradenames including at no cost to Licensor.

## **11. GOODWILL**

Licensee recognizes the value of the goodwill associated with the Licensed Intellectual Property and all rights therein including the goodwill pertaining thereto, belong exclusively to Licensor.

## **12. INFRINGEMENTS**

Licensee shall inform Licensor forthwith if Licensee learns of any goods or activities which infringe the Licensed Intellectual Property. Licensee shall use commercially reasonable efforts to provide, at Licensor's expense, information, cooperation, and assistance to Licensor concerning such infringements, including participating in any further investigation and legal action. Upon learning of such infringements, Licensor shall, in its sole discretion and expense, take such actions as Licensor considers necessary or appropriate to enforce Licensor's rights, including without limitation legal action to suppress or eliminate the infringements and to settle any such dispute or action.

## **13. INDEMNITY**

Licensee agrees to defend and indemnify Licensor, its officers, directors, agents and employees (the "Licensor Representatives"), against all costs, expenses and losses (including reasonable attorneys' fees and costs) incurred through claims of third parties against Licensor or any Licensor Representatives based on the manufacture or sale of the Licensed Products including, but not limited to, actions founded on product liability.

Licensors shall defend, indemnify, and hold Licensee, its officers, directors, agents, and employees, against all costs, expenses, and losses (including reasonable attorneys' fees and costs) incurred through claims of third parties against Licensor based on the Licensed Intellectual Property pursuant to this agreement.

Licensors shall defend, indemnify and hold Licensee harmless from and against any claim, suit, loss or expense (including without limitation reasonable attorneys' fees) arising out of or relating to any breach of Licensor's representations, warranties and agreements hereunder.

#### **14. JURISDICTION AND DISPUTES**

14.1. This Agreement shall be governed in accordance with the laws of the State of Washington, United States of America.

14.2. Any controversy, claim or dispute arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate (except at the option of either party for any application for injunctive relief) shall be finally settled by arbitration in King County, Washington under the rules of the American Arbitration Association (AAA) before one arbitrator and judgment upon the award rendered may be entered in any court having jurisdiction. In this regard, the parties submit to the personal subject matter jurisdiction of the State of Washington.

**EACH PARTY HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT TO A TRIAL BY JURY OF ANY DISPUTE RELATING TO THIS AGREEMENT AND AGREES THAT ANY SUCH ACTION SHALL BE ADJUDICATED BY AN ARBITRATOR AND WITHOUT A JURY.**

#### **15. AGREEMENT BINDING ON SUCCESSORS**

The provisions of this Agreement shall be binding on and shall inure to the benefit of the parties hereto, and their heirs, administrators, successors, and assigns.

#### **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**

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. NO JOINT VENTURE**

Nothing contained herein shall constitute this arrangement to be employment, a joint venture or a partnership.

## **19. ASSIGNABILITY**

The license granted hereunder is personal to Licensee and shall not be assigned by any act of Licensee or by operation of law unless with the consent of Licensor. This Agreement is freely assignable by Licensor.

## **20. GOVERNMENTAL APPROVAL**

As promptly as possible after execution of this Agreement, Licensee agrees to submit copies of this Agreement to any governmental agency in the Territory where approval of a license agreement is necessary and agrees to promptly prosecute any such approval diligently. This Agreement shall only become effective in the Territory upon receipt of appropriate approval from the applicable governmental agency.

## **21. INTEGRATION**

This Agreement constitutes the entire understanding of the parties pertaining to the subject matter hereof, 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. This Agreement shall take precedence over any other documents which may be in conflict with said Agreement.

## **22. AMENDMENTS**

Any amendment to this Agreement must be in writing and signed by an authorized person of each party.

*[signatures next page]*



**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have each caused to be affixed hereto its or his/her hand and seal the day indicated.

**LICENSOR:**

6858 IP, LLC

By: "Robert D. Colwell"  
Robert D. Colwell, Manager

By: "Boris Gorodnitsky"  
Boris Gorodnitsky, Manager

**LICENSEE:**

New Leaf Enterprises, Inc.

By: "Robert D. Colwell"  
Robert D. Colwell, President

By: "Boris Gorodnitsky"  
Boris Gorodnitsky, Vice-President

EXHIBIT A  
LICENSED DOMAIN NAMES

**[Domain names redacted.]**

EXHIBIT B  
LICENSED TRADEADDRESS

All Tradaddress

EXHIBIT C  
LICENSED TRADEMARKS

**[Trademarks redacted.]**