

052303 DISCUSSION DRAFT

**LICENSE AGREEMENT** ("Agreement") with an Effective Date of \_\_\_\_\_, 2003 between INTERNATIONAL BUSINESS MACHINES CORPORATION, a New York corporation ("IBM"), and \_\_\_\_\_ a \_\_\_\_\_ corporation ("LICENSEE").

Each party has, or may hereafter obtain, the right to license others under the Essential Claims of patents and patent applications, and the other party desires to acquire a nonexclusive license under such Essential Claims of such patents and applications for certain products which are fully compliant with the Specification.

In consideration of the premises and mutual covenants herein contained, IBM and LICENSEE agree as follows, wherein capitalized terms shall have the meaning set forth in Section 6:

**Section 1. License and Release**

1.1 Each party (as Grantor), on behalf of itself and its Subsidiaries, agrees to grant and hereby grants to the other party (as Grantee) a worldwide, nonexclusive, nontransferable, fully paid-up and royalty-free license under its Essential Claims to make, use, import, sell, offer to sell, license (in the case of software), lease, and otherwise transfer Licensed Products.

1.2 No license, immunity or other right is granted under this Agreement, either directly or by implication, estoppel, or otherwise:

- (a) other than under the Essential Claims;
- (b) to have Licensed Products made by a third party;
- (c) with respect to any item other than a Licensed Product notwithstanding that such other item may be combined with or incorporate one or more Licensed Products; or
- (d) to third parties acquiring any item from either party for the combination of such acquired item with any other item, including other items provided by such party, or for the use of any such combination even if such acquired item has no substantial use other than as part of such combination.

1.3 The licenses granted herein shall include the right of each party to grant sublicenses to its Subsidiaries existing on or after the Effective Date, which sublicenses may include the right of sublicensed Subsidiaries to sublicense other Subsidiaries of said party.

1.4 Each party, on behalf of itself and its Subsidiaries, irrevocably releases the other party, its Subsidiaries which are Subsidiaries as of the Effective Date and its and their respective customers, from any and all claims of infringement of any of the Essential Claims, which claims are based on acts prior to the Effective Date, which, had they been performed after the Effective Date would have been licensed under this Agreement.

**Section 2. Term of Agreement**

2.1 Subject to Section 2.2, the term of this Agreement shall be from the Effective Date until the expiration of the last to expire of the Essential Claims.

2.2 In the event one party (as the "Suing Party") or any of its Subsidiaries brings a claim for patent infringement against the other party (as the "Defending Party") or any of its Subsidiaries in any court of competent jurisdiction, the Defending Party may immediately suspend the license granted hereunder to the Suing Party and its Subsidiaries until such claim has been settled to the satisfaction of the Defending Party. In any discussion of a settlement of such patent claim, royalties alleged by the Suing Party to be owing for such patent infringement shall be offset by the fair market value of the license granted hereunder to the Suing Party and its Subsidiaries.

**Section 3. Warranty**

3.1 Each party represents and warrants that it has the full right and power to grant the license and release set forth in Section 1 and that there are no outstanding agreements, assignments, or encumbrances inconsistent with the provisions of said license or with any other provisions of this Agreement. **NEITHER PARTY MAKES ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, NOR SHALL EITHER PARTY HAVE ANY LIABILITY IN RESPECT OF ANY INFRINGEMENT OF PATENTS OR OTHER RIGHTS OF THIRD PARTIES DUE TO THE OTHER PARTY'S OPERATION UNDER THE LICENSE HEREIN GRANTED. NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE VALIDITY OR ENFORCEABILITY OF THE ESSENTIAL CLAIMS.**

3.2 Neither party warrants or represents that the other party will not require a license under other patent claims (whether licensable by the party or by third parties) to make, use, import, sell, offer to sell, license (in the case of software), lease, or otherwise transfer Licensed Products.

#### Section 4. Communication

4.1 Notices and other communications shall be sent by facsimile or by registered or certified mail to the following address, shall include the License Reference Number set forth above, and shall be effective upon mailing:

For IBM:  
Director of Licensing  
IBM Corporation  
North Castle Drive  
Armonk, NY 10504-1785  
United States of America

For LICENSEE:

Facsimile: (914) 765-4380

#### Section 5. Miscellaneous

5.1 Neither party may assign this Agreement or any of its rights or privileges, nor shall it delegate any of its obligations hereunder. Any attempt to do so shall be void.

5.2 LICENSEE agrees not to use or refer to this Agreement or any of its provisions in any promotional activity. LICENSEE grants IBM the right to refer to this Agreement or any of its provisions in any promotional activity related to the Specification.

5.3 Nothing contained in this Agreement shall be construed as conferring any rights by implication, estoppel or otherwise, to or under any patents other than the Essential Claims, or any non-patent intellectual property right. Neither party is required hereunder to furnish or disclose to the other any technical or other information (including copies of Essential Claims).

5.4 Neither party shall have any obligation hereunder to institute any action or suit against third parties for infringement of any of its Essential Claims or to defend any action or suit brought by a third party which challenges or concerns the validity of any of its Essential Claims. Neither party, nor any of their Subsidiaries, is required to maintain any patent in force. Neither party shall have any right to institute any action or suit against third parties for infringement of any of the other party's Essential Claims.

5.5 Each party shall bear and pay all taxes (including, without limitation, sales and value added taxes) imposed by the national government (including any political subdivision thereof) of any country in which such party is doing business, as the result of the existence of this Agreement or the exercise of rights hereunder.

5.6 This Agreement shall not be binding upon the parties and shall not obligate either of the parties, until it has been signed herein below by both parties, in which event it shall be effective as of the Effective Date. No amendment or modification hereof shall be valid or binding upon the parties unless made in writing and signed by both parties.

5.7 If any section of this Agreement is found by competent authority to be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such section in every other respect and the remainder of this Agreement shall continue in effect so long as the Agreement still expresses the intent of the parties. If the intent of the parties cannot be preserved, this Agreement shall be either renegotiated or terminated.

5.8 This Agreement shall be construed and the legal relations between the parties hereto shall be determined, in accordance with the law of the State of New York, United States of America as such law applies to contracts signed and fully performed in New York.

#### Section 6. Definitions

6.1 "Essential Claims" shall mean all claims in any patent or patent application with an effective filing date within one year and one day after publication of the Specification, in any jurisdiction in the world, that a party hereto or any of its

Subsidiaries has the right to grant licenses without obligation of payment or other consideration to an unrelated third party, that would necessarily be infringed by implementation of the Specification. A claim is necessarily infringed hereunder only when it is not possible to avoid infringing it because there is no non-infringing alternative for implementing the required portions of the Specification.

The following are expressly excluded from and shall not be deemed to constitute Essential Claims:

- (a) any claims other than as set forth above even if contained in the same patent as Essential Claims; and
- (b) claims which would be infringed only by:
  - (i) portions of an implementation that are not required by the Specification, or
  - (ii) enabling technologies that may be necessary to make or use any product or portion thereof that complies with the Specification but are not themselves expressly set forth in the Specification (e.g., semiconductor manufacturing technology, compiler technology, object-oriented technology, basic operating system technology, and the like); or
  - (iii) the implementation of technology developed elsewhere and merely incorporated by reference in the body of the Specification; and
- (c) design patents and design registrations.

For purposes of this definition, the Specification shall be deemed to include only architectural and interoperability requirements and shall not include any implementation examples or any other material that merely illustrates the requirements of the Specification.

6.2 "Licensed Products" shall mean those portions of a product that implement and are compliant with all relevant portions of the Specification.

6.3 "Subsidiary" shall mean a corporation, company or other entity:

- (a) more than fifty percent (50%) of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, now or hereafter, owned or controlled, directly or indirectly, by a party hereto, or
- (b) which does not have outstanding shares or securities, as may be the case in a partnership, joint venture or unincorporated association, but more than fifty percent (50%) of whose ownership interest representing the right to make the decisions for such corporation, company or other entity is, now or hereafter, owned or controlled, directly or indirectly, by a party hereto, but such corporation, company or other entity shall be deemed to be a Subsidiary only so long as such ownership or control exists.

6.4 "Specification" shall mean Business Process Execution Language for Web Services, Version 1.1, May 5, 2003.

This Agreement embodies the entire understanding of the parties with respect to their respective Essential Claims and replaces any prior oral or written communication between them.

Agreed to:

\_\_\_\_\_

Agreed to:

INTERNATIONAL BUSINESS  
MACHINES CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Gerald Rosenthal  
Vice President  
Date: \_\_\_\_\_