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Introduction and Parties

Introduction

This Royalty Agreement (the "Agreement") is made and entered into as of August 9, 2025. It defines the terms and conditions under which DocuPal Demo, LLC grants Acme, Inc. certain rights.

Parties

Licensor

DocuPal Demo, LLC, a company organized and existing under the laws of the United States, with its principal place of business at 23 Main St, Anytown, CA 90210 ("Licensor").

Licensee

Acme, Inc ("ACME-1"), a business entity organized and existing under the laws of the United States, with its principal place of business at 3751 Illinois Avenue, Wilsonville, Oregon - 97070, USA ("Licensee").

Purpose

The Licensor owns certain patented technology. The Licensee desires to obtain a license to use this technology for commercializing a new product line within the United States. This Agreement sets forth the terms and conditions of that license.

Grant of License

DocuPal Demo, LLC grants to ACME-1 a non-exclusive license to use the patented technology. This license allows ACME-1 to utilize the technology for commercial purposes.



Scope of License

This grant permits ACME-1 to manufacture, market, and sell products incorporating the patented technology. The application of this technology is specifically for ACME-1's new product line.

Exclusivity

This license is non-exclusive. DocuPal Demo, LLC retains the right to grant similar licenses to other parties.

Territory

The rights granted to ACME-1 under this license are limited to the United States. ACME-1's activities related to the patented technology must occur within the United States.

Duration

The term of this license is concurrent with the term of this Agreement, which is five (5) years from the effective date.

Royalty Payment Terms

ACME-1 will pay DocuPal Demo, LLC a royalty fee for each product sold using the patented technology. The royalty rate is five percent (5%) of net sales. Net sales means gross sales revenue less any customary deductions, such as returns, discounts, and allowances.

Royalty Calculation

The royalty will be calculated based on the net sales during each calendar quarter.

Payment Schedule

ACME-1 will submit royalty payments to DocuPal Demo, LLC quarterly. Each payment is due within thirty (30) days after the end of each calendar quarter (March 31, June 30, September 30, and December 31).



Reporting

ACME-1 will provide DocuPal Demo, LLC with a detailed sales report each quarter. This report must include the gross sales, deductions, net sales, and the total royalty amount due for that quarter. The report must accompany each royalty payment.

Intellectual Property Rights Retention

Ownership

DocuPal Demo, LLC retains all right, title, and interest in and to the patented technology, including all intellectual property rights. This agreement does not transfer any ownership rights to ACME-1.

Licensee's Rights

ACME-1 is granted a non-exclusive license to use the patented technology solely for the purpose of manufacturing, using, and selling products incorporating the patented technology within the United States. This license is limited to the specific terms and conditions outlined in this agreement. ACME-1 shall not have any rights to sublicense, modify, or create derivative works based on the patented technology without the prior written consent of DocuPal Demo, LLC.

Audit and Record-Keeping

ACME-1 must maintain complete and accurate records. These records will document all sales of products related to the licensed technology. They will also include manufacturing records and detailed royalty calculations.

Audit Rights

Docupal Demo, LLC has the right to audit ACME-1's records. This audit will verify the accuracy of royalty payments. Docupal Demo, LLC will bear the cost of the audit unless a discrepancy of 5% or greater is discovered. If a discrepancy of 5% or greater is discovered, ACME-1 will bear the cost of the audit.



Inspection Rights

Docupal Demo, LLC has the right to inspect ACME-1's facilities. This inspection will ensure compliance with this agreement. Docupal Demo, LLC will provide reasonable notice before conducting any audit or inspection.

Record Retention

ACME-1 must retain all relevant records for at least three (3) years. The retention period starts from the end of the calendar year to which they pertain.

Confidentiality

Each party agrees to keep the other's Confidential Information confidential. "Confidential Information" includes technical data, sales figures, and the financial terms of this Royalty Agreement. Both DocuPal Demo, LLC, and ACME-1 will use the Confidential Information only to fulfill their obligations under this agreement.

Protection of Confidential Information

Each party must protect the other's Confidential Information from unauthorized disclosure. They will use the same degree of care to protect the Confidential Information as they use to protect their own confidential information, but no less than reasonable care.

Warranties and Representations

Licensor Warranties

DocuPal Demo, LLC warrants that it owns all right, title, and interest in and to the patented technology. We also warrant that we have the right to grant the license to ACME-1 as outlined in this Agreement. DocuPal Demo, LLC represents that the patent is valid and enforceable. We will indemnify ACME-1 against any losses arising from breach of these warranties.



Licensee Warranties

ACME-1 warrants that it will use the licensed technology in compliance with all applicable laws and regulations. ACME-1 also warrants it will make all royalty payments as outlined in this Agreement. ACME-1 will indemnify DocuPal Demo, LLC against any losses arising from its use of the licensed technology.

Term and Termination

Term

This Royalty Agreement will begin on August 9, 2025 and continue for a period of five (5) years.

Termination

Termination for Breach

Either party may terminate this Agreement if the other party materially breaches its obligations. The non-breaching party must provide written notice of the breach. The breaching party will then have thirty (30) days to cure the breach. If the breach is not cured within this period, the Agreement may be terminated immediately.

Termination for Bankruptcy

Either party may terminate this Agreement immediately by providing written notice to the other party if the other party becomes insolvent, files for bankruptcy, or has a receiver appointed for its assets.

Dispute Resolution

Any controversy or claim arising out of or relating to this Royalty Agreement will be settled by arbitration. The arbitration will be administered by the American Arbitration Association (AAA) under its Commercial Arbitration Rules. The place of arbitration will be a mutually agreed upon location. If the parties cannot agree, the arbitration will take place in Delaware.



Arbitration Details

The arbitration will be conducted by one arbitrator. The decision of the arbitrator will be final and binding on both Docupal Demo, LLC and ACME-1. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. Each party will bear its own costs and expenses of the arbitration. The parties will share equally the expenses of the arbitrator.

Miscellaneous Provisions

Miscellaneous

Assignment

Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party. Any attempt to assign these rights or obligations without consent will be void.

Notices

All notices relating to this Agreement must be in writing. Notices must be delivered by certified mail, return receipt requested, to the addresses listed in this Agreement.

Force Majeure

Neither party will be liable for any failure to perform its obligations under this Agreement. This is subject to events beyond its reasonable control. Such events include acts of God, war, riots, strikes, or other similar causes. The affected party will promptly notify the other party of such event and will make reasonable efforts to resume performance.

