

UMTS/LTE TERMINAL PATENT LICENSE AGREEMENT

This UMTS/LTE Terminal Patent License Agreement (“Agreement”) is entered into on [dd mm 201x] (“Effective Date”) by and between:

KONINKLIJKE PHILIPS N.V., having its registered office in Eindhoven, The Netherlands (“Philips”)

and

COMPANY, having its registered office in xxx, xxx (“Licensee”)

(Philips and Licensee may hereinafter be referred to individually as “a Party” and collectively as “the Parties”).

WHEREAS, Philips has for many years been engaged in research and development in the area of mobile radio communication systems;

WHEREAS, Philips owns multiple patents which are used in the manufacture, use, sale and other disposal of UMTS/LTE Terminals (as hereinafter defined);

WHEREAS, Licensee wishes to obtain a license under such patents for the manufacture, use and sale or other disposal of UMTS/LTE Terminals; and

WHEREAS, Philips is willing to grant such license on the conditions set forth hereinafter.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained, the Parties agree as follows:

1. Definitions

When used in this Agreement, the following capitalized terms shall have the meanings ascribed thereto below:

“Affiliate” shall mean, in relation to either Party, any legal entity which is directly or indirectly owned or controlled by that Party at the Effective Date, but any such legal entity shall only be considered an Affiliate for as long as such ownership or control exists. For the purpose of this definition, an entity is controlled if more than 50% (fifty percent) of its voting stock is owned by the controlling company or if such controlling company has the ability to direct the business activities of the entity or to appoint the majority of the directors of the entity.

“Compliance Rate” shall mean the compliance rate per Licensed Product as specified in Annex B1 as attached to this Agreement.

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“Licensed Product” shall mean a UMTS/LTE Terminal prominently bearing a trademark (which is either owned by or licensed to Licensee or its Affiliates), the manufacture, use or Sale of which infringes one or more claims of the Philips UMTS/LTE Patents, irrespective of whether such infringement occurs in the country of manufacture, the country of use or the country of Sale.

“Non-compliance Rate” shall mean the non-compliance rate per Licensed Product as specified in Annex B2 as attached to this Agreement.

“Patent” shall mean any patent or patent application in any country, having a priority date before the end of the term of this Agreement, including any divisionals, re-issues, re-examinations, continuations, continuations-in-part and renewals thereof.

“Philips Patent” shall mean any Patent owned by Philips or any of its Affiliates at any time during the term of this Agreement, provided that such Patent can be freely licensed by Philips without payment to any third party other than its employees.

“Philips UMTS/LTE Patents” shall mean the Philips Patents listed in Annex C which claim apparatus or methods for implementing Radio Technology defined by the UMTS/LTE Standard and are used in the manufacture, use or Sale of UMTS/LTE Terminals.

“Radio Technology” shall mean functions performed by a UMTS/LTE Terminal in relation to a Uu interface between the UMTS/LTE Terminal and a network, including functions performed by the UMTS/LTE Terminal relating to mandatory speech codecs, but excluding functions relating to any other audio, video or multimedia codecs. The Uu interface comprises a physical layer, a data link layer (including medium access control and radio link control) and a network layer (including radio resource control, call control, mobility management and session management).

“Royalty Reporting Form” shall mean a written statement setting forth the quantities of Licensed Products Sold by Licensee and its Affiliates in the relevant reporting period using the form attached hereto as Annex A, or such other form as may be subsequently prescribed by Philips to Licensee.

“Sale” shall mean the sale, lease, loan or other disposal and Sell, Sold and other cognate expressions shall be construed accordingly.

“UMTS/LTE Standard” shall mean all Technical Specifications (TS) and Technical Reports (TR) released by the 3rd Generation Partnership Project (3GPP) and numbered aa.bbb, where aa is in the range 21 to 39, as amended from time to time by 3GPP, but excluding the contents of all items referenced therein.

“UMTS/LTE Terminal” shall mean a complete ready-to-use communication device which fully complies with the UMTS/LTE Standard and which includes a port for a Subscriber Identity Module (SIM).

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2. Past Use, Release and License

- 2.1 Past Use: It is confirmed that Licensee has submitted to Philips a Royalty Reporting Form certified by a corporate officer of Licensee and setting forth the number of Licensed Products Sold by Licensee and its Affiliates prior to the Effective Date (“Past Use”) and a specification of the corresponding royalties due (“Past Use Amount”), based on the Compliance Rate.

The Royalty Reporting Form in respect of Past Use is attached hereto as Annex A. Licensee represents that said Royalty Reporting Form in respect of Past Use represents a true, accurate and complete report of the Licensed Products Sold by it and its Affiliates prior to the Effective Date.

The past use Royalty Reporting Form shall be subject to Philips’ right of audit set out in Clause 3.6.

Licensee shall pay the Past Use Amount to Philips by way of a non-recoupable and non-refundable payment, within 30 days after the Effective Date in accordance with Clause 3.4.

- 2.2 Release: Subject to the timely receipt by Philips of the Past Use Amount, Philips, in good faith reliance upon Licensee’s representation as to the truthfulness, accuracy and completeness of the Royalty Reporting Form for Past Use, acting for itself and on behalf of its Affiliates, shall release Licensee, Licensee’s Affiliates existing at the Effective Date, as well as its/their customers from all claims of infringement of any Philips UMTS/LTE Patent in respect of Past Use, provided that this release shall be strictly limited to the use of Radio Technology in Licensed Products and not extend to any other functionality incorporated in Licensed Products.

- 2.3 Philips UMTS/LTE Patents – License: For the term of this Agreement and subject to its provisions, including but not limited to the timely receipt by Philips of all payments specified in Clause 3, Philips hereby grants Licensee and its Affiliates a non-exclusive, indivisible, non-transferable, worldwide royalty-bearing license, without the right to grant sub-licenses, under the Philips UMTS/LTE Patents, to make or have made or otherwise to procure and to Sell Licensed Products so manufactured by or for it provided that this license shall be strictly limited to the use of Radio Technology in Licensed Products and not for any other functionality in Licensed Products or otherwise.

It is expressly confirmed that the license granted herein extends only to Licensee and to those of its Affiliates which qualify as Affiliates at any time during the term of this Agreement and, as to any particular Affiliate, only for as long as it continues to be an Affiliate of Licensee. Further, if any particular Affiliate of Licensee ceases to be an Affiliate of Licensee, all rights and licenses hereunder shall automatically terminate as to that Affiliate with immediate effect from the date of divestiture. Licensee shall inform Philips in writing promptly on the occurrence of any such event.

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- 2.4 **Multi-Mode Terminals:** The rights and licenses granted by Philips in this Agreement with respect to UMTS/LTE Terminals which are designed to communicate using multiple standards (such as dual mode UMTS/cdma2000 terminals) are expressly and strictly limited and only apply to the functionality of UMTS/LTE Terminals which is essential for communication using the UMTS/LTE Standard. Licensee acknowledges that additional and separate licenses from third parties or Philips may be necessary in respect of such terminals.
- 2.5 **Components:** The license granted under Clause 2.3 shall not extend to the separate Sale of components for Licensed Products (including, but not limited to semiconductor devices, integrated circuits, subassemblies and kits), save where such components are Sold as replacement parts for the purpose of repair of defective Licensed Products.
- 2.6 **Transfer of Patents:** If, during the term of this Agreement, Philips or any of its Affiliates assigns or transfers any of the Philips UMTS/LTE Patents or grants an exclusive or sole license to a third party under any of the Philips UMTS/LTE Patents, Philips or the Affiliate concerned shall obtain from that third party an undertaking that it shall respect and maintain the license granted to Licensee and its Affiliates under this Agreement in accordance with its provisions.

3. Reporting and Payment

- 3.1 **Royalty Rate:** Licensee shall pay Philips the applicable royalty on all Licensed Products Sold by it and its Affiliates during the term of this Agreement, irrespective of the number of Philips UMTS/LTE Patents that may be used in the Licensed Products. The applicable royalty shall be the Compliance Rate, unless the Non-compliance Rate applies.

If Licensee fails to submit a Royalty Reporting Form or to make a royalty payment or to pay the Past Use Amount in due time, Philips shall send Licensee a written notice requiring Licensee to cure such default within 14 days from the day of such notice. If Licensee does not cure such default within 14 days from the date of such notice, it shall be considered not to be in full compliance with its obligations under this Agreement, and the Non-compliance Rate shall apply from the first day of the reporting period to which the occurrence of non-compliance relates until such moment that Philips confirms in writing to Licensee that Licensee's non-compliance has been remedied in full.

- 3.2 **Royalty Reporting:** Within 30 days following the last day of each calendar quarter ending after the Effective Date, Licensee shall submit to Philips (even in the event that no sales have been made) a Royalty Reporting Form signed by an authorized officer of Licensee and setting forth with respect to the preceding calendar quarter, in a true, complete and accurate manner, and for all Licensed Products, specified per brand name:
- (1) UMTS/LTE Terminal model name(s);
 - (2) Manufacturing site and name of manufacturer(s);
 - (3) Total quantity of Licensed Products Sold by Licensee and its Affiliates; and
 - (4) Computation of the royalties due.

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In addition, Licensee shall submit any other information as Philips may reasonably request in order to verify the correctness and completeness of Licensee's reporting under this Agreement.

For the avoidance of doubt, the initial reporting period hereunder shall be the period from the Effective Date until the last day of the calendar quarter ending immediately after the Effective Date.

Licensee shall specify in its Royalty Reporting Form the name, telephone number and email address of its employee acting as contact person for any updates or enquiries regarding the Royalty Reporting Form.

Philips shall maintain all information included in the Royalty Reporting Forms as confidential information in accordance with the provisions of Clause 4.

- 3.3 Royalty Payment: Licensee shall pay to Philips the royalties due hereunder in respect of all Licensed Products for the relevant reporting period within 45 days following the end of each calendar quarter ending after the Effective Date to Philips' bank account specified below, without any deduction whatsoever, whether for bank transmission charges or otherwise, save as explicitly permitted by Clause 3.4.

Acceptance of the payment by Philips shall not be deemed to constitute acceptance by Philips of the correctness of the Royalty Reporting Form and shall not affect any of Philips rights under this Agreement, including, without limitation, Philips' right to conduct an audit in accordance with the provisions of Clause 3.6.

- 3.4 Any payment under this Agreement shall be made by wire transfer without any deduction whatsoever, whether for bank transmission charges or otherwise, in US Dollars to:

Bank account No.:	4067-1001
In the name of:	Koninklijke Philips N.V. - Licenses Citibank, 111 Wall Street, New York, New York 10043
Swiftcode:	CITIUS33
ABA:	021000089
Ref:	Royalties 2010PJT02295

All costs, stamp duties, taxes (including but not limited to business taxes, value added taxes, income taxes) and other similar levies arising from or in connection with the conclusion of this Agreement shall be borne by Licensee.

In the event that the government of a country imposes any income taxes to be withheld from payments made by Licensee to Philips hereunder and requires Licensee to withhold such tax from such payments, Licensee may deduct such tax from such payments. In such event, Licensee shall promptly provide Philips with tax receipts issued by the relevant tax authorities so as to enable Philips to support a claim for credit against income taxes which may be payable by Philips or its Affiliates in The Netherlands and to enable Philips to document, if necessary, its compliance with tax obligations in any jurisdiction outside The Netherlands. If such tax receipts are not provided promptly, Philips reserves the

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right to treat the undocumented deductions as unpaid royalties due which will become subject to the provisions of this Agreement.

- 3.5 Late Payment: Any payment under this Agreement which is not made on the date(s) specified herein, shall accrue interest at the rate of 1% (one percent) per month or part thereof, computed from the original date due until such time that the principal amount outstanding, together with all interest accrued thereon will have been paid in full, irrespective of whether such full payment occurs during the term of this Agreement or thereafter.

In no event shall Licensee have the right to set off or suspend any payments due hereunder against or based on any claim, of whatever nature, that it or any of its Affiliates may have against Philips or any of its Affiliates.

Any excess payment shall not be refunded by Philips, but shall be credited to subsequent payment obligations of Licensee under this Agreement.

- 3.6 Audit and Inspection: To enable verification of the Royalty Reporting Forms, Licensee and its Affiliates shall keep complete and accurate books and records relating to the procurement and inventory of components for the manufacture of all Licensee's UMTS/LTE Terminals and the Sale of all Licensee's UMTS/LTE Terminals and shall keep these books and records available for a period of 5 years following the procurement, manufacture or Sale of such UMTS/LTE Terminals. In the event that competent authorities take possession of the records and books of Licensee or its Affiliates for tax investigation purposes or otherwise, Licensee shall ensure that a complete set of photocopies or electronic copies of all such records and books is kept so as to allow inspection in accordance with this Clause 3.

Philips shall have the right to have a certified public auditor inspect the books and records of Licensee and its Affiliates from time to time to verify the completeness and accuracy of the Royalty Reporting Forms. Any such inspection shall take place no more than once per year and shall be conducted by a certified public auditor appointed by Philips, associated with a recognized accounting firm. The inspection conducted by such firm may be managed and supervised by an employee of Philips. Philips shall give Licensee written notice of such inspection at least 14 days prior to the inspection. Licensee and its Affiliates shall willingly co-operate and provide all such assistance in connection with such inspection as Philips or the auditor may require, including by providing an electronic copy of the records and access to any document, record or IT system the auditor considers necessary to perform the verification of the completeness and accuracy of the reporting by Licensee.

The inspection shall be conducted at Philips' own expense, except in case the audit establishes any discrepancy or error exceeding 3% (three percent) of the royalties actually due.

Any obligation of Licensee to bear the cost of the audit shall be without prejudice to Licensee's obligation to promptly make up for such underpayment and to any other claim or remedy as Philips may have under this Agreement or under the applicable law.

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Failure by Licensee or its Affiliates to co-operate with the inspection as set out in this Clause 3 shall constitute a material breach of this Agreement and, in the event of such failure, Licensee shall be liable for the cost of the inspection and all costs and damages resulting from such failure. Further, such failure shall entitle Philips to terminate this Agreement.

4. Confidentiality

- 4.1 Each Party and its Affiliates shall keep the terms and conditions of this Agreement confidential and shall not disclose any of the terms or conditions of this Agreement to any third party, except to external auditors, legal representatives, and to the competent courts to the extent that this is required by either Party in connection with the enforcement of its rights under this Agreement or at law.
- 4.2 Philips shall, during the term of this Agreement and for a period of 5 years thereafter, not disclose to any third party any confidential information obtained from Licensee in connection with Clause 3, save that Philips may disclose such information to its employees engaged in Philips' licensing programs, its external auditors, legal representatives and to the competent courts in connection with the enforcement of Philips' rights under this Agreement or at law.
- 4.3 Each Party may disclose to its business contacts (customers, suppliers, licensees) this Agreement is concluded; in addition, Philips may add Licensee and its Affiliates and its/their trademarks used in relation to Licensed Products to the list of licensed companies on its website (which currently is www.ip.philips.com) and may remove Licensee and its Affiliates in case of non-compliance. No press release or other public announcement concerning the conclusion of this Agreement or its contents shall be issued without the prior written consent of each Party.

5. No Warranty; Indemnification

- 5.1 It is acknowledged by Licensee that third parties may own intellectual property rights in the field of UMTS/LTE Terminals. Philips makes no warranty whatsoever that the manufacture, procurement and/or Sale of Licensed Products does not infringe or will not cause infringement of intellectual property rights of any third party.
- 5.2 Licensee shall defend, indemnify and hold Philips and its Affiliates harmless from and against any and all third party claims in connection with Licensed Products manufactured or Sold by Licensee and its Affiliates.
- 5.3 Licensee acknowledges that Philips may own intellectual property rights other than the Philips UMTS/LTE Patents that may be relevant to aspects of Licensed Products other than the implementation of Radio Technology covered by such Patents or not covered by the Philips UMTS/LTE Patents. Philips reserves the right to charge separate royalties over and above those payable under this Agreement in relation to any use of its Patents in respect of any such other technology. Philips makes no warranty whatsoever that the manufacture or Sale of the Licensed Products does not infringe or will not cause

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infringement of any intellectual property rights other than the hereunder licensed Philips UMTS/LTE Patents.

6. Term and termination

6.1 Term and Expiration: This Agreement shall enter into force on the Effective Date and shall remain in force until the date of expiration of the last to expire of the Philips UMTS/LTE Patents, unless terminated earlier in accordance with its provisions. Any termination or expiration shall not affect any royalty payment or other obligation under this Agreement accrued prior to such termination.

6.2 Termination: Without prejudice to the provisions of Clause 6.3, each Party may terminate this Agreement at any time by means of a written notice to the other Party in the event that the other Party fails to perform any obligation under this Agreement and such failure is not remedied within 30 days after receipt of a notice specifying the nature of such failure and requiring it to be remedied.

Further, Philips is entitled to terminate this Agreement at any time by means of a written notice to Licensee and with immediate effect in the event Licensee fails to comply with its obligations under Clause 3.1 and 2.1 or in the event Licensee is in breach of its representation contained in Clause 2.1.

Any right of termination hereunder shall not be exclusive of any other right or remedy to which the non-breaching Party may be entitled and all such remedies shall be cumulative.

6.3 Receivership / Bankruptcy: Philips may terminate this Agreement forthwith by means of a written notice to Licensee in the event that a creditor or other claimant takes possession of, or a receiver, administrator or similar officer is appointed over any of the assets of Licensee, or in the event that Licensee becomes insolvent or makes any voluntary arrangement with its creditors or becomes subject to any court or administration order pursuant to any bankruptcy or insolvency law.

6.4 All provisions of this Agreement which are intended to survive expiration or termination (whether express or implied and including, without limitation, all royalty payment obligations and the provisions of Clauses 3, 4, 5 and 6.5) shall so survive.

6.5 Consequences of Expiration and Termination: Upon termination of this Agreement for any reason, Licensee and its Affiliates shall immediately cease the manufacture and all procurement of Licensed Products. Further, upon such termination, any and all amounts outstanding hereunder shall become immediately due and payable. Within 30 days following the expiration or termination of this Agreement, Licensee shall submit to Philips a certified report on the number of Licensed Products in stock at the time of expiration or termination of this Agreement certified by its Chief Financial Officer. Royalties, calculated in accordance with Clause 3, shall be due and payable for all Licensed Products manufactured prior to but remaining in stock with Licensee on the date of expiration or termination of this Agreement, and all such products shall be

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considered Licensed Products and may be freely Sold by Licensee provided the royalties associated with them have been paid in full.

The certified report on the number of Licensed Products in stock shall similarly be subject to Philips' right of audit set out in Clause 3.6 herein.

7. **Miscellaneous**

7.1 **Notice:** Any notice, other than the Royalty Reporting Forms, by either Party under this Agreement shall be given in writing and signed by an authorized representative of the notifying Party by means of a letter, facsimile or electronic mail directed:

If to Philips: Koninklijke Philips N.V.
c/o Philips Intellectual Property & Standards
High Tech Campus 5
5656 AE Eindhoven
The Netherlands
E-mail: iplicensing@philips.com
Attention: Head of IP Licensing

If to Licensee: [Company Name]
[Address 1]
[Address 2]
[Country]
E-mail: []
Attention: []

7.2 **Integration:** This Agreement sets forth the entire understanding and agreement between the Parties as to the subject matter hereof and supersedes and replaces all prior arrangements, discussions and understandings between the Parties relating thereto. No variation of this Agreement shall be binding upon either Party unless made by means of a single written instrument, signed by an authorized representative of each Party.

7.3 Nothing in this Agreement shall be construed as:

- (a) imposing on Philips and its Affiliates any obligation to instigate any suit or action for infringement of any of the Philips UMTS/LTE Patents or to defend any suit or action brought by a third party challenging the validity of any such Patents. Licensee and its Affiliates shall have no right to instigate any such suit or action for infringement of any of the Philips UMTS/LTE Patents or to defend any such suit or action challenging the validity of any such Philips UMTS/LTE Patents;
- (b) imposing any obligation on Philips and its Affiliates to file, to secure or to maintain any Patent in force;
- (c) a warranty or representation by Philips as to the validity or scope of any of the Philips UMTS/LTE Patents;
- (d) conferring any license or right to copy or imitate the appearance and/or design of any product of Philips or its Affiliates;
- (e) granting by implication, estoppel, or otherwise any licenses or rights under any patent or patent application other than the Philips UMTS/LTE Patents; and

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- (f) conferring any license or other rights to manufacture, procure, sell or otherwise dispose of any product or device other than a Licensed Product under this Agreement.
- 7.4 Free to prosecute and abandon: Licensee acknowledges and agrees that Philips is entitled to abandon and apply for amendments to any of the Philips UMTS/LTE Patents. Licensee consents to such abandonment or amendment as Philips or its Affiliates may undertake or apply for in the future and acknowledges that it shall not be entitled to any royalty reduction by virtue thereof.
- 7.5 No Waiver: Neither the failure nor the delay of either Party to enforce any provision of this Agreement shall constitute a waiver of such provision or of the right of either Party to enforce each and every provision of this Agreement.
- 7.6 Severability: Should any provision of this Agreement be finally determined void or unenforceable in any judicial proceeding, such determination shall not affect the operation of the remaining provisions hereof.
- 7.7 No Assignment: Licensee may not transfer any of its rights or obligations under this Agreement to any third party. Philips may freely assign its rights and obligations under this Agreement to any third party.
- 7.8 Export Laws and Regulations: Licensee hereby acknowledges that the rights and obligations of the Agreement may be subject to the laws and regulations relating to the export of Licensed Products. Without limitation, Licensee shall comply with all such laws and regulations. Licensee shall indemnify Philips in respect of any claims and damages resulting from Licensee's conduct in contravention of the aforementioned export control laws and regulations.
- 7.9 Applicable law and jurisdiction: This Agreement shall be governed by and construed in accordance with the laws of the Netherlands, without reference to conflicts of laws principles.

Any dispute arising out of or in connection with the interpretation or execution of this Agreement (including, without limitation, any question regarding its existence, validity or termination) shall be finally settled by the competent courts of The Hague.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their duly authorized representatives.

Koninklijke Philips N.V.

Licensee

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Name:

Title:

Name:

Title:

**ANNEX B1
Compliance Rate**

The compliance rate is US\$ 0.75 per Licensed Product Sold.

**ANNEX B2
Non-compliance Rate**

The non-compliance rate is US\$ 1.00 per Licensed Product Sold.