

TRODAT MARKING CANADA INC.
SYSTEM SALE AND LICENSING AGREEMENT

This System Sale and Licensing Agreement (“Agreement”) is entered into as of the date of acceptance of every Sales Order issued by Trodat Marking Canada Inc., as Seller (“Seller”) and the Purchaser identified on said purchase order.

1. TERMS OF SALE

2.

- (a) Terms of Purchase Order. Any purchase order that may be submitted by Purchaser to Seller for the System shall be governed by the terms of this Agreement, and nothing contained in any such purchase order shall in any way modify such terms of purchase or add any additional terms or conditions. Where there is a conflict between the terms of the purchase order and the terms of this Agreement, the provisions of this Agreement shall govern.
- (b) Purchase of System Subject to Software License and Other Restrictions. The sale of the Trotec system consists of the transfer of title to the hardware and the licensing of software set forth on the purchase order (“System”) The Trotec Laser Software or the Third-Party Software (collectively, as described on the purchase order, the “Licensed Software”) contained in the System shall include a fully paid license for Purchaser to use the Licensed Software in accordance with the terms and provisions of Section 3 below.
- (c) Price. The System price set forth in the purchase order is F.O.B. Seller’s plant located at the address listed for Seller in the purchase order. In addition to the System price, (i) for prepaid orders, unless otherwise stated in the purchase order, Seller shall be responsible for all applicable freight insurance, special packaging and other shipping expenses, including taxes, duties and similar charges for shipment to Purchaser’s location and (ii) for orders that are not prepaid, Purchaser shall be responsible for all applicable freight insurance, special packaging and other shipping expenses, including taxes, duties and similar charges for shipment of the System from Seller’s plant to Purchaser’s location.
- (d) Taxes. The System price does not include any federal, provincial, or local taxes (including Goods and Services Tax or other valued added taxes) that may be applicable. When Seller has the legal obligation to collect such taxes, the appropriate amount shall be added to Purchaser’s invoice and paid by Purchaser.
- (e) Payment. Payment for the System shall be made in accordance with the terms set forth in the purchase order A service charge of one and one-half percent (1-1/2%) per month will be assessed on all invoices not paid promptly when due.
- (f) Shipping. The System shall be suitably packed for shipment in Seller’s standard shipping cartons, marked for shipment to Purchaser’s address set forth in the purchase order, and delivered to Purchaser or its carrier agent F.O.B Seller’s plant, at which time title to the hardware and risk of loss for the System shall pass to Purchaser. Unless otherwise instructed in writing by Purchaser, Seller shall select the carrier.
- (g) Notice of Defects. Purchaser shall inspect the System promptly upon receipt and inform Seller of any shortage of product or shipping damage to the System within three (3) days after its receipt by Purchaser. Any claim for shortages or damage to the System not brought to Seller’s attention within this three (3) day period shall be deemed to be waived by Purchaser. If, as a result of any damage, it is necessary to return the System or any part of it to Seller, Purchaser shall first request a Return Material Authorization (“RMA”) number, Purchaser shall return to Seller the System or the affected

product, in its original shipping carton with the RMA number displayed on the outside of the carton. Seller reserves the right to refuse to accept any System or product if it does not bear an RMA number of the outside of the carton. As promptly as possible, but not later than thirty (30) working days after receipt by Seller of the System or the affected product, Seller shall, at its option and expense, either repair or replace the System or the affected product, as the case may be.

- (h) Security Interest. Seller hereby reserves, and Purchaser hereby grants to Seller, a purchase money security interest under the Ontario *Personal Property Security Act* in any System for which the full System Price has not been received by Seller prior to shipment. This interest shall be satisfied by payment in full of the System Price and any related shipping charges and taxes. Purchaser hereby appoints Seller as its attorney under the Ontario *Substitute Decision Act* to execute, on Purchaser's behalf and in Purchaser's name, financing statements and other instruments to perfect Seller's security interest in the System. No property in the System shall pass to the Purchaser until the full purchase price is paid to the Seller.

2. INSTALLATION AND TRAINING

Purchaser shall be responsible for unpacking, inspecting, placing, and installing the System at Purchaser's location. Seller shall provide a manual for the purpose of installation and training.

3. SOFTWARE LICENSE AND PROPRIETARY RIGHTS

- (a) License. Effective upon the delivery of the System to Purchaser, Seller hereby grants to Purchaser a personal, nonexclusive, nontransferable license to use the Licensed Software in machine-readable (object code) form only on a single central processing unit in conjunction with the Hardware and only for Purchaser's internal business purposes. A separate license is required for use of the Licensed Software on other than a single central processing unit or with equipment other than the Hardware. Included in the license is the right to use the documentation accompanying the Licensed Software in conjunction with the authorized use of such software. With respect to the archival or back-up copy of the Licensed Software allowed under the provisions of Subsection 3 (c) below, the license covers the use of such copy only when the authorized copy is unavailable for use. Purchaser shall have no right to assign, sublicense, or otherwise transfer any rights in the Licensed Software or their documentation to any third party.
- (b) Title. The original and any copies of the Licensed Software and its documentation, in whole or in part, including translations, compilations, partial copies, modifications, and updates are and shall remain the property of Seller and the relevant Third-Party Software suppliers. Purchaser is not an owner of any copy of the Licensed Software or its documentation, or the media on which such software is encoded, and Purchaser shall have only the limited rights to the Licensed Software that are granted in this Section 3. No copyright, patent, trademark, trade secret, or other proprietary right in the Licensed Software or its documentation is granted to Purchaser, except as explicitly established in the Agreement.
- (c) Copies Prohibited. Each Licensed Program is copyrighted by Seller or the relevant Third-Party Software supplier. Purchaser shall not make any copies of the Licensed Software, except for a maximum of one copy for backup or archival purposes only. All such copies shall contain all copyright and other proprietary notices or legends of Seller or the relevant Third-Party Software supplier on or in the Licensed Software.
- (d) Confidentiality. Purchaser acknowledges that the Licensed Software and its documentation are confidential and proprietary information of Seller and the Third-Party Software suppliers developed at considerable expense to Seller and such suppliers. Purchaser shall not transfer the Licensed

Software or its documentation to any third party. Purchaser shall hold the Licensed Software and its documentation in confidence. Without limiting the foregoing, Purchaser shall protect the Licensed Software to at least the same extent that Purchaser protects its own similar confidential information and shall take any additional precautions necessary to achieve generally accepted standards in the data processing industry for safeguarding the confidentiality of such software.

- (e) Patent and Copyright Indemnification. Seller shall defend any action brought against Purchaser to the extent it is based on a claim that the Trotec Laser Software used within the scope of this Agreement infringes any duly issued Canadian copyright or patent. Seller shall pay any final award against Purchaser based on such infringement if Purchaser has notified Seller promptly in writing of the claim and has permitted Seller to control the defense and any settlement of the claim. Seller shall have no liability if the alleged infringement arises from (i) the use of other than a current unaltered release of the Trotec Laser Software or (ii) the use of combinations of the Trotec Laser Software with other than the Third-Party Software. THE FOREGOING STATES SELLER'S ENTIRE LIABILITY AND OBLIGATION EXPRESS, STATUTORY, IMPLIED, OR OTHERWISE, FOR CLAIMS OF INTELLECTUAL PROPERTY INFRINGEMENT.
- (f) Duration. The license granted in the Section 3 shall be perpetual except that it may be terminated by Seller upon written notice if Purchaser fails to comply with any of the provision of Subsection 1(c) above, Subsection 1 (e) above, or this Section 3. Upon termination of the license, Purchaser shall, at Seller's option, either (i) return the Licensed Software to Seller or (ii) destroy the original and all copies of the Licensed Software and certify to Seller that such destruction has occurred.

4. LIMITED WARRANTY

- (a) No Warranty for Third-Party Hardware and Third-Party Software. The warranties for Third-Party Hardware (including, but not limited to: personal computers, scanners, exhaust systems and air compressors) and Third-Party Software shall run directly from the manufacturers of such hardware and software to Purchaser. SELLER MAKES NO WARRANTIES, EXPRESS OR IMPLIED, WITH REGARD TO THE THIRD-PARTY HARDWARE OR THE THIRD-PARTY SOFTWARE. IF THE THIRD-PARTY MANUFACTURER(S) DO NOT OFFER WARRANTIES TO PURCHASER, THEN PURCHASER ACCEPTS THE THIRD-PARTY HARDWARE AND THE THIRD-PARTY SOFTWARE "AS IS".
- (b) Warranty for Trotec Laser Hardware and Trotec Laser Software.
- (i) Limited Warranty. Save as hereinafter provided, Seller warrants to Purchaser that the Trotec Laser Hardware and the Trotec Laser Software will be free of defects in material and workmanship, under the normal use for which they were designed. The period of this warranty begins on the date that the System is shipped by Seller to Purchaser and continues for a period of twelve (12) months, (unless extended in writing by the Seller), and terminates thereafter. The aforementioned warranty for the beam delivery and focusing optics hardware is only for a period of three (3) months from the date of shipment to the Purchaser. Please refer to the LIMITED WARRANTY TERMS AND CONDITIONS STATEMENT .. This warranty shall extend only to Purchaser and shall not be transferable. This warranty is not valid outside of Canada unless authorized in writing by Seller.
- (ii) Notification and Return. Within ten (10) days of discovery, but in no event later than the last day of the applicable warranty period set forth in Subsection 4 (b) (i), Purchaser shall notify Seller of any failure of either the Trotec Laser Hardware or the Trotec Laser Software to conform to the warranty set forth in Subsection 4 (b) (i). Any claims not brought to the Seller's attention within the time specified in the preceding sentence shall be deemed waived. Purchaser shall then request an RMA

number from Seller's customer service department and otherwise proceed to return the affected component to Seller in accordance with the provisions of Subsection 1(g).

(iii) Repair or Replacement. Following confirmation by Seller that the returned Trotec Laser Hardware or Trotec Laser Software is defective, Seller shall, within a reasonable time after receipt of the failed product at Seller's option, either (i) repair the affected product with new or refurbished parts or (ii) provide a replacement. Such repair or replacement shall be at Seller's expense. PURCHASER UNDERSTANDS AND AGREES THAT SELLER'S WARRANTY IS LIMITED AS A PARTS WARRANTY ONLY. ANY SHIPPING EXPENSE IN CONNECTION WITH THE REPAIR AND/OR REPLACEMENT OF DEFECTIVE PARTS OR ANY EXPENSES INCLUDING TRAVEL AND SERVICE EXPENSES FOR SELLER'S PERFORMANCE OF ITS WARRANTY AT PURCHASER'S LOCATION ARE NOT COVERED BY SELLER'S WARRANTY AND ALL SUCH EXPENSES WILL BE THE EXCLUSIVE RESPONSIBILITY OF PURCHASER. THESE REMEDIES SHALL BE PURCHASER'S ONLY REMEDIES FOR BREACH OF WARRANTY.

(c) Warranty Exclusions. Seller does not warrant that the operation of the System will be uninterrupted or free of errors (latent or patent). Seller does not warrant (i) any product, component, or part not manufactured by Seller (although the third-party manufacturer may offer such a warranty to Purchaser), (ii) defects caused by failure to provide a suitable installation and operation environment for the System (ii) defects caused by use of the System for purposes other than that for which it was designed, (iv) defects caused by unauthorized attachments or alterations to the System, (v) defects caused by modifications or repairs done by other than Seller or (vi) any other abuse or misuse of the System; (vi) suitability of the System for a particular use or application. [Tests may be performed by the Seller to help determine the suitability of the System for an application but this under no circumstance gives rise to a warranty that the System will provide predictable or required results due to the myriad of factors outside the Seller's control including but not limited to material composition, ambient temperature and humidity, exhaust airspeed and assist air contamination.] The parties agree that that the statutory warranties and conditions specified by the Ontario *Sale of Goods Act* do not apply to any sale of goods under or in furtherance of this Agreement

(d) Limitation of Warranty. THERE ARE NO WARRANTIES (STATUTORY OR OTHERWISE) WHICH EXTEND BEYOND THE EXPRESS WARRANTY SET FORTH ABOVE AND SELLER EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED OR ARISING BY OPERATION OF LAW, INCLUDING BUT NOT LIMITED TO, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

(e) No Other Warranty. No employee of Seller or any other party is authorized to make any warranty on behalf of Seller, other than those set forth in this Agreement.

(f) Allocation of Risks. This warranty allocates the risks of System failure between Seller and Purchaser. This allocation is recognized by both parties and is reflective in the price of the System.

5. SUPPORT AND MAINTENANCE

a. During the Warranty Period.

(i) Support Desk. Throughout the System Warranty Period, and during Seller's normal business hours, excluding weekends and all holidays observed by Seller, Seller shall provide telephone assistance through which Purchaser shall have access to appropriately trained technical personnel.

(ii) Software Error Corrections. Throughout the System Warranty Period, Seller shall use its reasonable best efforts to correct any reproducible errors reported by Purchaser in the Trotec Laser Software.

Whenever, during the System Warranty Period, Seller distributes a new version of the Trotec Laser Software that contains error corrections and that is distributed to Seller's other customers at no charge, Seller shall distribute such version to Purchaser at no charge.

b. After the Warranty Period

- (i) Software Support. On or before the expiration of the System Warranty Period, Purchaser shall have the right to execute Seller's standard form of software support agreement under Seller's then-current terms and conditions. If Purchaser elects not to execute such agreement on or before the expiration of the System Warranty Period, then Seller shall have no obligation to provide software support to Purchaser at any time thereafter.
- (ii) Hardware Support. Upon the expiration of the System Warranty Period, Purchaser shall have the right to procure maintenance for the Trotec Laser hardware from Seller at Seller's then-current rates.

6. LIMITATION ON LIABILITY

SELLER'S LIABILITY ARISING OUT OF THIS AGREEMENT AND/OR SALE OF THE SYSTEM, SHALL BE LIMITED TO THE AMOUNT PAID BY PURCHASER FOR THE SYSTEM. IN NO EVENT SHALL SELLER BE LIABLE FOR COSTS OF PROCUREMENT OF SUBSTITUTE GOODS. IN NO EVENT SHALL SELLER BE LIABLE TO PURCHASER OR ANY OTHER ENTITY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, OR DIRECT OR INDIRECT DAMAGES, HOWEVER CAUSED, ON ANY THEORY OF LIABILITY, WHETHER ARISING IN CONTRACT, TORT, PRODUCT LIABILITY OR OTHERWISE, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF LOST PROFITS OR SUCH OTHER DAMAGES."

7. GENERAL PROVISIONS

- (a) Governing Law and Jurisdiction. This Agreement shall be governed by and construed under the laws of the Province of Ontario. The federal and provincial courts within the Province of Ontario shall have exclusive jurisdiction to adjudicate any dispute arising out of this Agreement. Purchaser hereby expressly consents to (i) the personal jurisdiction of the federal and provincial courts within Ontario and (ii) service of process being affected upon it by registered mail, sent to the address set forth in the purchase order.
- (b) Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and merges all prior discussions between them. No modifications of or amendments to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the party to be charged. At the option of the Seller, any dispute between the parties may be adjudicated by private arbitration and in such event, the provisions of the Ontario *Arbitrations Act* shall govern. The costs of the arbitration shall initially be equally shared by the parties and the arbitrator shall have the power to reallocate such costs as part of the arbitration process.
- (c) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be sent by registered mail, return receipt requested, addressed to the other party at the address shown in the purchase order or at such other address for which such party gives notice hereunder. Such notice shall be deemed to have been given three (3) days after deposit in the mail. Alternatively notice may be given by email transmission provided receipt of the email transmission is confirmed by the recipient and in such event, notice shall be deemed to be given the date that the email transmission is confirmed by the recipient.

(d) Force Majeure. Nonperformance of either party shall be excused to the extent that performance is rendered impossible by strike, fire, flood, governmental acts or orders or restrictions, failure of suppliers, or any other reason where failure to perform is beyond the reasonable control of and is not caused by the negligence of the non-performing party.

(e) Severability. If any provision of any legislation invalidates or voids this agreement, or any provision of this agreement or any agreement to amend or rescind it is the intention of the parties that each provision of this agreement or any agreement to amend or rescind it be construed as a separate agreement under ordinary contract law and enforceable as such.