

Sample Agreements

- Sample Staff Agreement
- Sample Consultant Agreement
- Sample Secrecy Agreement
- Sample Joint-Development Agreement
- Sample License Agreement
- Sample Distributor Agreement



Just give me your standard agreement is a catch cry often heard, but there are no really standard agreements. Why? Every agreement addresses particular facts and relationships and is an invitation to negotiate with what often seems like Medusa--the cunning gorgon, who could turn people to stone. With the increasing complexities of intellectual property law, product liabilities, and warranties, there is no substitute for competent legal counsel to help fight today's gorgons..

BOILERPLATE SAMPLE AGREEMENTS

It is important for the small business person to be familiar with the following sample agreements for SmallBiz, Inc., and to become acquainted with issues that frequently come up during the operation of our business.

For our purposes, we will presume our earlier meeting with Mr. Small, president of SmallBiz, Inc., the Licensing Case Study, was successful and he has asked us to work with legal counsel to prepare appropriate agreements.

NOTE: THE FOLLOWING AGREEMENTS WERE DESIGNED TO MEET PARTICULAR FACTUAL CIRCUMSTANCES, ARE SAMPLES ONLY, AND ARE INTENDED TO RAISE SOME OF THE ISSUES THAT SHOULD BE CONSIDERED AND TO SHOW TYPICAL FORMATS. ALWAYS SEEK LEGAL COUNSEL WHEN PREPARING SUCH DOCUMENTS.

SAMPLE STAFF AGREEMENT

In consideration of my employment by SmallBiz, Inc. ("SMALLBIZ") for the purpose of promoting its interests, and in consideration of compensation paid to me, I agree:

1. During the term of my employment and thereafter, to regard and preserve as confidential all information pertaining to SMALLBIZ's business, projects, and products, the disclosure of which would be prejudicial to the interests of SMALLBIZ, and all information obtained as a result of my employment pertaining to the business, projects, and products of any and all of SMALLBIZ's clients, customers, and associates.
2. To promptly disclose to SMALLBIZ or to its designated representatives all inventions or discoveries which I, solely or jointly with others, make or conceive during the period of my employment by SMALLBIZ, or within one (1) year after the termination of such employment, pertaining to, suggested by, or resulting from any phase of SMALLBIZ's business or any phase of a business or research project with which it may be connected, and to assign all my rights, title, and interest in such inventions to SMALLBIZ or those designated by SMALLBIZ.
3. To assist upon request in every proper way in obtaining and enforcing patents on said inventions or discoveries in any and all countries, and to execute applications for Letters Patent covering said inventions, assignments of said applications to SMALLBIZ or those designated by SMALLBIZ, and such other documents and instruments as may be reasonably requested in connection therewith. So long as I am employed by SMALLBIZ, such assistance shall be without additional charge for my time, but any expenses incidental thereto shall be borne by SMALLBIZ. Time actually spent by me at such work at the request of SMALLBIZ after termination of my employment shall be paid for at a reasonable rate (to be determined by mutual agreement between myself and the President of

SMALLBIZ, or if such agreement cannot be made, then at the per diem rate received by me at the time of the termination of my employment). It is expressly understood that my obligations as to inventions covered by this Contract are not released by termination of employment.

4. I will promptly disclose to SMALLBIZ all writings, art designs, prints, labels, software, and other works of authorship created or developed by me, either solely or jointly with others, during my employment or during the one (1) year following my employment with SMALLBIZ, whether or not during regular working hours, which relates in any manner to the actual or anticipated business of SMALLBIZ, or relates in any manner to SMALLBIZ's actual or anticipated research and development, or is suggested by or results from any task assigned to me or work performed by me for or on behalf of SMALLBIZ. All copyrightable subject matter created by me within the scope of my employment by SMALLBIZ constitute "works-made-for-hire" as set forth in 17 U.S.C. 101 and are the property of SMALLBIZ.
5. That every invention made by me prior to the date of my employment by SMALLBIZ is identified on the reverse side hereof by either (a) the serial number and filing date of a pending application for patent which discloses such invention, or (b) if no application for patent has been filed, a brief description of such invention. This list is warranted to be complete, and only the inventions listed are expressly reserved and excepted from the provisions of this Contract.
6. To abide by all present and future secrecy and security regulations of the United States Government applicable to my work at SMALLBIZ or to information obtained by me as a result of my association with SMALLBIZ.
7. That should I at any time leave the employment of SMALLBIZ, not to take without the consent of the President of SMALLBIZ, or his designated representative, any drawings, blueprints, research, or other data of any description, or other reproduction of any information.
8. During my employment and for one (1) year thereafter, I will not enter into activities competitive with SMALLBIZ or solicit another SMALLBIZ employee to leave his employment with SMALLBIZ. "Competitive activities" includes work which competes with a service or product offered by SMALLBIZ.

IN WITNESS WHEREOF, I have affixed my signature hereto in the presence of a witness the day and year first above written.

STAFF MEMBER: _____

SMALLBIZ, INC.

By: _____

Date: _____, 19_____

SAMPLE CONSULTANT AGREEMENT

THIS AGREEMENT is made and entered into this _____ day of _____, 199__, between SMALLBIZ, INC. ("SMALLBIZ") and _____ (hereafter referred to as "CONSULTANT") for the services described below:

ARTICLE 1 - CHARACTER AND EXTENT OF SERVICES

CONSULTANT will render to SMALLBIZ personal consulting services during the period _____ through _____ 19__, or such later date as may be mutually agreed upon by the parties to this Agreement.

Such services shall include matters relating to provision of consulting support to further the business and interests of SMALLBIZ and shall include but shall not be limited to the following tasks:

(OUTLINE SPECIFIC SERVICES)

Such services shall be furnished by the CONSULTANT to the best of the CONSULTANT's ability at such times and places as may be mutually agree to by both parties.

This Agreement is made with the CONSULTANT personally, and as an independent contractor, the CONSULTANT will not, by virtue of this Agreement, become an employee or agent of SMALLBIZ.

ARTICLE 2 - CONSIDERATION

SMALLBIZ agrees to pay CONSULTANT as full compensation for services rendered on the following basis:

1. CONSULTANT shall be paid a fee of _____ Dollars (\$_____) for each hour of time devoted to providing services including necessary travel time if such travel is required to perform services. It is agreed that no reimbursement shall be made for any hours worked in excess of eight (8) hours per day without prior approval of SMALLBIZ.
2. All travel and other reasonable expenses incident to the rendering of service shall be in accordance with established SMALLBIZ reimbursement policy and paid by SMALLBIZ. If such expenses are paid in the first instance by CONSULTANT, SMALLBIZ shall promptly reimburse CONSULTANT upon presentation of proper expense accounts.
3. As an independent contractor, CONSULTANT shall not be entitled to or eligible to participate in any benefits or privileges given or extended by SMALLBIZ to its employees. Nothing shall prevent SMALLBIZ and CONSULTANT, at any time, however, from mutually agreeing in writing to change CONSULTANT's status to that of a regular employee of SMALLBIZ.

ARTICLE 3 - PAYMENT

The CONSULTANT shall present an invoice on or about the first day of each month for services rendered prior to the date of the invoice. The invoice shall contain a brief description of the services performed, the level of effort provided and multiplied by the fee rate, and an itemization of other claimed expenses incurred including required receipts. SMALLBIZ shall pay properly certified invoices covering earned consideration as promptly as practical.

CONSULTANT acknowledges that CONSULTANT is an independent contractor and shall be responsible for all self-employment and quarterly withholding taxes.

ARTICLE 4 - CONFIDENTIALITY

CONSULTANT further agrees, both during the term of this Agreement and thereafter, to keep confidential and not to use, in accordance with accepted standards of business and professional ethics, any information or data developed pursuant to the provision of consulting services contemplated herein, the disclosure of which would be prejudicial to the interests of SMALLBIZ or its clients.

CONSULTANT's obligations under this Article shall survive termination of this Agreement; provided, however, that CONSULTANT's obligation to keep confidential shall not apply to information that:

- is or becomes generally available to the public by publication or otherwise through no act of CONSULTANT;
- was independently made available as a matter of lawful right to CONSULTANT by a third party.

CONSULTANT shall not originate any publicity, news release, or other public announcement, written or oral, whether to the public press or otherwise relating to SMALLBIZ, its business, its clients, or to performance under this Agreement, without the prior written approval of SMALLBIZ.

ARTICLE 5 - INVENTIONS AND COPYRIGHTS

Any inventions, improvements, or ideas made or conceived by CONSULTANT in connection with and during the performance of services hereunder shall be the sole property of SMALLBIZ, and shall be reported to SMALLBIZ promptly.

Without additional charge to SMALLBIZ other than reasonable payment for time involved in the event the services contemplated hereunder shall have terminated, CONSULTANT shall execute, acknowledge, and deliver to SMALLBIZ all such further papers, including applications for patents, as may be necessary to enable SMALLBIZ to publish or protect said inventions, improvements, and ideas in SMALLBIZ, or its nominees, their successors or assigns, and shall render all such assistance as SMALLBIZ may require in any patent office proceeding or litigation involving said inventions, improvements, or ideas.

CONSULTANT shall promptly disclose to SMALLBIZ all writings, art designs, prints, labels, software, and other works of authorship created or developed by CONSULTANT, either solely or jointly with others, during the performances of services hereunder for or on behalf of SMALLBIZ. All copyrightable subject matter created by CONSULTANT

within the scope of my employment by SMALLBIZ constitutes "works-made-for-hire" as set forth in 17 U.S.C. 101 and are the property of SMALLBIZ.

ARTICLE 6 - IRREPARABLE DAMAGE

CONSULTANT acknowledges that the damage to SMALLBIZ resulting from a breach of his obligations herein will cause irreparable injury to SMALLBIZ. Accordingly, CONSULTANT hereby agrees that SMALLBIZ shall have the remedy of specific performance, injunction and such other equitable relief as may be declared or issued by a court to enforce the provisions of the Agreement. Such injunction relief, however, shall be in addition to any other remedies provided by law to SMALLBIZ.

ARTICLE 7 - NO SOLICITATION OF EMPLOYEES

During the term of this Agreement and for one (1) year thereafter, CONSULTANT shall not solicit or encourage an employee of SMALLBIZ to terminate his employment with SMALLBIZ.

ARTICLE 8 - ASSIGNMENT

Since the obligations provided for herein require CONSULTANT's personal performance, CONSULTANT's rights, interest, and obligations as provided herein may not be assigned to any third party.

ARTICLE 9 - SEVERABILITY

CONSULTANT agrees that the covenants, and any portions thereof, in this Agreement are severable. The invalidity, unenforceability or reformation of any covenant or portion thereof shall not affect or impair the binding effect or enforceability or any covenant or portion thereof.

ARTICLE 10 - GENERAL

This Agreement shall be construed, and the legal relations between the parties determined, in accordance with the laws of the State of Missouri.

If any provision in this Agreement is held invalid or unenforceable by a court of competent jurisdiction, it shall be considered severed from this Agreement and shall not serve to invalidate the remaining provisions thereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

ACCEPTED:

AUTHORIZED BY:
SMALLBIZ, INC.

By: _____

By: _____

Sample Secrecy Agreement

Date

Company
Address
City, State, Zip

Gentlemen:

Referring to our earlier correspondence, you have expressed an interest in further evaluating certain proprietary flexible coupling technology owned by SMALLBIZ, INC. ("SMALLBIZ") and which is the subject of United States Patent No: _____ ("the TECHNOLOGY"). We market the TECHNOLOGY under our registered trademark, FLEXICUP®

We, for our part, believe that you may have the required capabilities and resources we are seeking in a business partner to develop and commercialize the TECHNOLOGY. It now seems desirable that:

- i. you be able to understand the TECHNOLOGY in more detail;
- ii. based on such understanding, you further comment on your interest and ability to enter into a commercial relationship with us;
- iii. you have the opportunity to visit our facilities, to inspect our manufacturing operations in Kansas City, and to permit our staff to make a confidential presentation on the TECHNOLOGY to you.

We are willing to disclose to you certain technical information in connection with the TECHNOLOGY to assist your evaluation.

All such technical information and know-how disclosed to you in connection with your evaluation, whether in video tape, written, or oral form, and reduced to writing within thirty (30) days, or that you may learn from visits to our facilities, is considered proprietary and confidential by us and is hereinafter referred to as "SMALLBIZ INFORMATION."

In view of the proprietary and confidential nature of SMALLBIZ INFORMATION and to provide an appropriate basis upon which SMALLBIZ INFORMATION can be made available to you, we propose the following arrangement:

1. You will treat as confidential all SMALLBIZ INFORMATION which may be made available to you and will not use any SMALLBIZ INFORMATION except as and to the extent necessary to complete your evaluation. However, you need not treat as confidential any SMALLBIZ INFORMATION which is not designated in writing by us as confidential.

2. You agree, for a period of five (5) years from the date of receipt of SMALLBIZ INFORMATION hereunder, not to disclose any SMALLBIZ INFORMATION to any third party without our express written consent. At the conclusion of the evaluation, if so requested in writing by us, you agree to return to us any written information you may have acquired or developed as a result of the evaluation.
3. You agree to complete your evaluation within six (6) months of the date of your acceptance of this Agreement and to promptly disclose the results of your evaluation to us and to meet with us to review said results at a time and place convenient to both parties. At which time, an extension of time to continue your evaluation, if necessary, could be negotiated between us.
4. For a period of five (5) years from the date of the last receipt of SMALLBIZ INFORMATION hereunder, you will limit access to SMALLBIZ INFORMATION to those employees reasonably requiring same for the aforesaid purposes.
5. Your obligations of confidentiality contained herein shall not in any way restrict or impair your right to use, disclose, or otherwise deal with any other technology, information, or data which:
 - at the time of the disclosure to you, is, or was, generally available to the public by publication or otherwise through no act of your company and/or your employees;
 - was not acquired directly or indirectly from us and you can reasonably demonstrate was in your possession prior to the time of the disclosure to you;
 - was independently made available as a matter of lawful right to you by a third party;
 - is developed by you independent of our disclosure under this Agreement.
6. This Agreement shall terminate twelve (12) months from the date of your acceptance unless extended by the mutual agreement of the parties. Termination shall not terminate your obligations under paragraphs 2 and 4 with respect to SMALLBIZ INFORMATION disclosed under this Agreement prior to its termination.
7. This Agreement may be terminated earlier by either party on thirty (30) days written notice to the other.
8. No right or license express or implied is granted in connection with any patent, patent application or SMALLBIZ INFORMATION to you by this Agreement, and neither party shall be obligated to enter into any further agreement with the other party as a result of this Agreement.

If you agree to proceed on the above basis, please confirm your agreement by signing and returning the enclosed copy of this letter.

Yours faithfully,

Accepted by:

SMALLBIZ, INC.

DISTRIBUTOR

By: _____
President

By: _____
Title

Date:

Date:

SAMPLE DEVELOPMENT AGREEMENT

THIS AGREEMENT, effective as of the ____ day of _____, 199__, by and between

SmallBiz, Inc., a Missouri corporation, having a principal place of business at Kansas City, Missouri, hereafter referred to as "SMALLBIZ,"

AND

BigCat Corporation, a Texas corporation, having its principal place of business at Dallas, Texas hereafter referred to as "BIGCAT"

WHEREAS:

SMALLBIZ owns inventions, trade secrets and confidential proprietary know-how related to certain proprietary coupling technology specifically configured to meet the requirements of SMALLBIZ (hereafter the "PRODUCT"); and

SMALLBIZ has identified and is in a position to exploit certain markets for the PRODUCT; and

While SMALLBIZ has developed certain technical information concerning the structure and the manufacture of the PRODUCT, SMALLBIZ requires the facilities for development of a larger commercial-scale manufacturing process (hereafter the "PROCESS") for the PRODUCT; and

BIGCAT has considerable experience in processes and has equipment for commercial-scale manufacturing of gear and coupling products (hereafter the "EQUIPMENT"); and

BIGCAT desires to assist SMALLBIZ in development of the PROCESS and SMALLBIZ desires such assistance; and

The successful development of the PROCESS may require the disclosure by SMALLBIZ to BIGCAT of confidential information relating to the inventions, trade

secrets, and proprietary know-how belonging to SMALLBIZ which information must be protected from disclosure to third parties; and

The successful development of the PROCESS may require the disclosure by BIGCAT to SMALLBIZ of confidential information relating to manufacturing processes belonging to BIGCAT which information must be protected from disclosure to third parties;

NOW, THEREFORE, SMALLBIZ and BIGCAT hereby agree as follows:

ARTICLE I

1. SMALLBIZ shall disclose to BIGCAT information relating to the PRODUCT including specimens of the PRODUCT and candidate techniques for manufacturing the PRODUCT.
2. SMALLBIZ shall provide sufficient samples of representative couplings and technical design data to permit performance under this Agreement.
3. BIGCAT will use the EQUIPMENT, coupling samples and technical design data supplied by SMALLBIZ, guidance supplied by SMALLBIZ personnel, and BIGCAT's own background and experience to refine the techniques for manufacturing the PRODUCT and to define the parameters and operating conditions of the PROCESS.
4. SMALLBIZ will communicate to BIGCAT specifications for a PRODUCT which are reasonably suitable for its intended purpose.
5. With respect to the subject matter of this Agreement, SMALLBIZ and BIGCAT shall work exclusively with each other for a period of one (1) year from the Effective Date, which period shall be the Initial Phase.
6. SMALLBIZ shall pay to BIGCAT one hundred dollars (\$100.00) for each hour of use of the EQUIPMENT. The parties estimate that approximately twenty-four (24) hours of EQUIPMENT time will be required during the Initial Phase.
7. During the Initial Phase, the parties shall consult as necessary and shall exchange any information reasonably necessary to achieve the purposes of this Agreement.
8. BIGCAT shall disclose to SMALLBIZ all information necessary to perform the PROCESS or PROCESSES used to manufacture PRODUCT.
9. It is understood that any information owned by either party prior to this Agreement and transmitted to the other party pursuant to Article I shall be considered "Confidential Information" if identified by the transmitting party as such in writing within thirty (30) days after its transmittal, and shall remain the property of the transmitting party.

It is further understood that any information learned or developed pursuant to this Agreement shall be "Confidential Information" and shall be the property of SMALLBIZ, provided, however, that BIGCAT shall have a nonexclusive,

irrevocable, royalty-free license to use the “Confidential Information” learned or developed pursuant to this Agreement and to make, use and sell any invention which is the subject of paragraph 10 hereof, in all fields of use, without limitation, except for the field defined as “flexible coupling applications for power transmission in the mining, construction, industrial, transportation, and manufacturing industries” which field is retained exclusively by SMALLBIZ.

ARTICLE II

10. Any invention arising out of the performance of this Agreement concerning the subject matter of ARTICLE I hereof and conceived by employees of either party shall be the property of SMALLBIZ. BIGCAT shall promptly notify SMALLBIZ of any such invention and shall execute all documents reasonably necessary to vest in SMALLBIZ title to any such invention and to obtain U.S. and foreign patents therefore. All expenses involved in obtaining any such patents shall be borne by SMALLBIZ.

ARTICLE III

11. SMALLBIZ will buy all of its requirements for PRODUCT from BIGCAT for a period beginning on the date BIGCAT notifies SMALLBIZ it is prepared to manufacture commercial quantities using the PROCESS and ending one and one-half (1-1/2) years after the Initial Phase or three (3) years from the Effective date of this Agreement (hereafter the “Requirements Period”).
12. SMALLBIZ shall be obligated under paragraph 11 hereof only so long as the price and delivery terms of BIGCAT are competitive and only so long as the PRODUCT produced by BIGCAT meets the specifications referred to in ARTICLE I hereof.
13. After the Requirements Period, SMALLBIZ will be free to use any supplier of PRODUCT but will continue to treat BIGCAT as a favored supplier of PRODUCT provided BIGCAT is competitive in the then prevailing market.

ARTICLE IV

14. BIGCAT shall take all reasonable precaution to avoid disclosure to any third party of SMALLBIZ’s Confidential Information as defined in Paragraph 9 hereof.
15. SMALLBIZ shall take all reasonable precaution to avoid disclosure to any third party of BIGCAT’s Confidential Information as defined in Paragraph 9 hereof.
16. The provisions of this ARTICLE IV shall apply for a period of ten (10) years from the beginning of the Requirements Period, provided, however, that the obligations under this ARTICLE IV shall not apply to the extent that any Confidential Information is:
 - already available to the receiving party as shown by a written record in its possession at the time of receiving the information;
 - is or becomes available to the public through sources independent of and through no fault of the receiving party;

- is received in good faith from a third party without breach of any agreement to which a party hereto is a party; or
- is independently developed without knowledge of the information received under this Agreement.

ARTICLE V

17. During the Initial Phase, this Agreement may not be terminated by BIGCAT, but may be terminated by SMALLBIZ on thirty (30) days advance written notice to BIGCAT. During the Requirements Period, this Agreement may not be terminated by SMALLBIZ, but may be terminated by BIGCAT on thirty (30) days advance written notice to SMALLBIZ.
18. Unless modified by written amendment, or terminated pursuant to paragraph 17 hereof, this Agreement shall expire three (3) years from the Effective Date. It is understood that termination or expiration of this Agreement shall not affect the obligations with respect to confidentiality pursuant to ARTICLE IV or the obligations with respect to inventions and patents pursuant to ARTICLE II.
19. This Agreement is the entire agreement between the parties and may only be modified in writing and signed by both parties.
20. This Agreement shall be interpreted in accordance with the laws of the State of Missouri.
21. This Agreement may not be assigned by either party.
22. Notices required under this Agreement shall be sent to the following addresses:

For BIGCAT: _____

For SMALLBIZ: _____

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their duly authorized representatives.

SMALLBIZ, INC.

BIGCAT CORPORATION

By: _____

By: _____

SAMPLE LICENSE AGREEMENT

(Discussion Draft)

THIS AGREEMENT is made the _____ day of _____ One thousand nine hundred and ninety _____

BETWEEN

SMALLBIZ, INC., a company incorporated under the Laws of the State of Missouri, USA and having its Registered Office at Kansas City in the said State (hereinafter called "SMALLBIZ" of the one part,

AND

WANNABE, INC., a company incorporated under the Laws of Japan and having its Registered Office at Tokyo in the said Country (hereinafter called "LICENSEE" of the other part.

WHEREAS:

- A. SMALLBIZ represents that it owns rights to certain proprietary flexible coupling technology (hereinafter called "the TECHNOLOGY") which is the subject of Letters Patents; and
- B. SMALLBIZ represents and warrants that it has the requisite authority to license said rights and further, that said rights are unencumbered and not subject to any claim whatsoever from any third party; and
- C. SMALLBIZ possesses technical information and know-how (hereinafter defined) relating to the TECHNOLOGY; and
- D. LICENSEE desires to obtain a disclosure of the said technical information and know-how from SMALLBIZ; and
- E. LICENSEE further desires to obtain a license from SMALLBIZ to use the patent rights (hereinafter defined) and the said technical information and know-how in the licensed territory (hereinafter defined); and
- F. SMALLBIZ agrees to make a disclosure of the said technical information and know-how and to grant a license to LICENSEE subject to the terms and conditions hereinafter set forth.

THE PARTIES AGREE AS FOLLOWS:

1. DEFINITIONS

- a) "Licensed Field" shall mean power transmission coupling applications in the manufacturing and mining industries.
- b) "Technical Information and Know-How" shall mean the technical knowledge relating to the TECHNOLOGY developed to the point of being capable of commercial use and to the extent that SMALLBIZ has the right to transmit such technical knowledge to LICENSEE.
- c) "Licensed Territory" shall mean Japan.
- d) "Patent Rights" shall mean the United States Patent No. _____ and any pending Japanese Patent Application and any Letters Patent issuing thereon.

- e) "Period covered by this Agreement" shall mean the period defined in Clause 11 of this Agreement.
- f) "Effective Date of this Agreement" shall mean either the date first written above or the date upon which approval is received from the Government of Japan if such approval is required, whichever is the earlier.
- g) "Licensed Product" shall mean flexible couplings incorporating part or all of the design and technical information described in the Patents Rights or Technical Information and Know How.
- h) "Net Sales Value of the Licensed Product sold" by LICENSEE shall mean the gross invoice value received from the Licensed Product less allowances for returns and less (to the extent separately stated on such invoices) all trade discounts, sales, use and other excise taxes and packaging and transportation costs included therein.
- i) "Net Sales Value of the Licensed Product used" by LICENSEE but not sold shall mean the standard list price of LICENSEE for the Licensed Product in effect at the time of the use thereof and if LICENSEE shall have no standard list price at such time "Net Sales Value" shall mean the cost of direct labor and materials consumed in the manufacture of the Licensed Product plus _____ percent of such cost in lieu of overhead and all other indirect charges.

2. LICENSE

- a) From the effective date of this Agreement and for the period covered by this Agreement, SMALLBIZ hereby grants to LICENSEE a nonexclusive license, without the right to grant sublicenses, under the Patent Rights and Technical Information and Know-How:
 - i. to manufacture the Licensed Product in the Licensed Field, and
 - ii. to market and sell the Licensed Product in the Licensed Territory.
- b) The rights and licenses granted by this Agreement are personal to LICENSEE and LICENSEE shall not at any time assign, charge, or otherwise create liens or encumbrances upon such license or deal with the rights granted hereby or by the said license without the previous consent in writing of SMALLBIZ.

3. CONSIDERATION

A) Lump Sum

- a) LICENSEE shall pay to SMALLBIZ license fees in accordance with the following schedule:
 - i. the sum of _____ UNITED STATES DOLLARS (\$US) within thirty (30) days of the effective date of this Agreement, and

- ii. the sum of _____ UNITED STATES DOLLARS (\$US _____) within one (1) year of the effective date of this Agreement, which sums once paid shall not be refundable for any reason whatsoever.

or

B) Downpayment/Running Royalty

- a) LICENSEE shall pay to SMALLBIZ the sum of _____ UNITED STATES DOLLARS (\$US _____) within thirty (30) days of the Effective Date of this Agreement which sum shall not be creditable against any royalties accruing as provided hereunder.
- b) LICENSEE shall pay to SMALLBIZ royalties equal to _____ percent (%) of the net sales value of Licensed Product PROVIDED THAT the said royalties shall not be less than UNITED STATES DOLLARS (\$US _____) per unit of Licensed Product used or sold.
- c) The said royalties shall be due and payable within thirty (30) days of the end of each calendar half-year Product in respect of the preceding six (6) months.

4. TECHNICAL ASSISTANCE

- a) SMALLBIZ shall provide the services of one (1) representative familiar with the TECHNOLOGY to assist LICENSEE in connection with the transfer of the technology for a period not exceeding thirty (30) consecutive days or such further period as shall be mutually agreed to in writing.
- b) LICENSEE shall pay to SMALLBIZ promptly on receipt of invoice therefore _____ UNITED STATES DOLLARS (\$US _____) per day for the services of the said representative together with traveling and living expenses to be computed from the time of leaving the usual place of employment until return thereto based on traveling on economy class airfare.
- c) Except as otherwise agreed in writing, it is expressly understood that SMALLBIZ's representative shall serve in an advisory capacity only and LICENSEE hereby agrees to indemnify and to hold SMALLBIZ harmless from any claims from LICENSEE and/or any third parties which may arise out of the visit of SMALLBIZ's representative to the facilities of LICENSEE.

5. SECRECY

- a) Except as provided in sub-Clause (b) hereof or as otherwise agreed in writing by SMALLBIZ, LICENSEE shall for a period of fifteen (15) years from the Effective Date of this Agreement, maintain secret and use its best endeavors to prevent the disclosure of Technical Information and Know-How relating to the TECHNOLOGY except on a confidential basis to such of its employees, duly authorized representatives, contractors and subcontractors as need such Technical Information and Know-How in order to properly perform duties assigned by LICENSEE to transfer the said TECHNOLOGY.

- b) The obligations under subclause (a) hereof shall survive the expiration or termination of this Agreement but shall not apply to information which:
- i. at the date of this Agreement is in the public domain or subsequently enters the public domain without fault of LICENSEE; or
 - ii. at the date of this Agreement LICENSEE can demonstrate to the reasonable satisfaction of SMALLBIZ was already within its own knowledge; or
 - iii. during the duration of the secrecy period LICENSEE received in good faith from a third party not under a secrecy obligation to SMALLBIZ and having a bona fide right to disclose such information.

6. STATEMENTS AND CURRENCY

- a) At the time of each payment of royalties hereunder LICENSEE shall render to SMALLBIZ a statement in writing showing the computation of the royalties payable for the calendar half-year for which such payment is made. If no payment is due for any calendar half-year LICENSEE shall render to SMALLBIZ a written statement to that effect within thirty (30) days after the end of such calendar half-year. Payment of royalties shall be made in United States currency at the official rate of exchange published by _____ current on the date payment is made by LICENSEE.
- b) All taxes and charges which may be imposed in the licensed territory on the amounts paid by LICENSEE to SMALLBIZ hereunder shall be borne and paid by LICENSEE to the extent that such taxes or charges are not allowable as a credit against SMALLBIZ's taxes. If LICENSEE is required to withhold such taxes or charges from the amount paid to SMALLBIZ hereunder and to pay the taxes or charges for the account of SMALLBIZ, then LICENSEE shall promptly deliver to SMALLBIZ the original or true copies of the receipts covering each of such payments of said taxes or charges.

7. RECORDS

LICENSEE shall keep true books of account containing an accurate record of all data necessary for the determination of the royalties payable hereunder and shall permit SMALLBIZ at SMALLBIZ's request to examine such books of account by its duly authorized auditors to such extent as may be reasonably necessary to enable SMALLBIZ to determine the accuracy or inaccuracy of the statements in writing to be rendered by LICENSEE pursuant to Clause 3 hereof. SMALLBIZ agrees that its duly appointed auditors will not disclose details of such records to any other party.

8. NOTICES

Any notice, consent, approval, or other communication required or permitted to be given under this Agreement shall be by telex, fax, or cable, with confirming copy by air mail, to the address given above or to such other address as notified by either party. Notices shall be effective on the day they are dispatched by telex, fax, or cable.

9. PERIOD COVERED BY THIS AGREEMENT

- a) This Agreement shall commence on the Effective Date of this Agreement and unless sooner terminated as provided hereunder shall continue for the duration of the Letters Patents referred to in the patent rights or ten (10) years from the Effective Date of the Agreement, whichever is the longer.
- b) If the approval of this Agreement by the Governmental authorities of Japan is required by law and if such approval is not granted within six (6) months after the Effective Date of this Agreement, SMALLBIZ shall have the right to terminate this Agreement immediately upon notice, in writing, to LICENSEE.

10. TERMINATION FOR CAUSE

- a) If either party hereto shall fail to perform or fulfill at the time and in the manner herein provided any obligation or condition required to be performed or fulfilled by such party hereunder and if such party shall fail to remedy such default within ninety (90) days after written notice thereof from the party not at fault, the party not at fault shall have the immediate right to terminate this Agreement and the licenses herein granted by notice in writing. Any termination of this Agreement pursuant to this Clause 10 shall be in addition to and shall not be exclusive of or prejudicial to any other rights or remedies which the party not at fault may have on account of the default of the other party.
- b) LICENSEE's obligations for secrecy pursuant to Clause 5 hereof shall survive and continue in full force and effect notwithstanding any termination of this Agreement for any cause whatsoever.
- c) Any cause of action or claim by either party against the other party because of any breach or default by the other party shall survive termination pursuant to this Clause 13.

11. HEADINGS

Clause headings used in this Agreement are inserted for convenience of reference only and shall not affect the construction of the respective Clauses.

12. WAIVER

No waiver by either party of any breach of any of the terms or conditions herein provided to be performed by the other shall be construed as a waiver of any subsequent breach whether of the same or of any other terms or conditions hereof.

13. ARBITRATION

- a) All questions and differences whatsoever which shall at any time hereafter arise between the parties hereto or their representatives or any of them touching or concerning this Agreement or the construction meaning operation or effect thereof or of any Clause herein contained or as to the rights, duties, or liabilities of the parties hereto respectively or their respective representatives or any of them under or by virtue of this Agreement or otherwise or touching the subject matter hereof or arising out of or in relation thereto shall be referred to arbitration in accordance with the Licensing Agreement Arbitration Rules of the American Arbitration Association.
- b) Judgment upon any award entered through arbitration may be entered in any Court having jurisdiction thereof or application may be made to such Court for judicial acceptance of the award and an order of enforcement as the case may be. If the arbitration award or judgment rendered thereof be entered in a Court of competent jurisdiction for judicial acceptance or an order of enforcement, both parties waive all rights to object thereto insofar as permissible under applicable law.
- c) Pending decision of the arbitrator, the parties to this Agreement shall diligently proceed pursuant to the provisions and terms hereof.
- d) This Agreement shall be interpreted in accordance with the laws of the State of Missouri, United States of America.

14. IMPROVEMENTS

Subject to the prohibition of law, LICENSEE shall promptly disclose to SMALLBIZ full details of all inventions and improvements, patentable or unpatentable, relating to the TECHNOLOGY that are made, discovered, developed, invented, acquired, or owned or controlled by LICENSEE during the period covered by this Agreement and LICENSEE shall negotiate with SMALLBIZ in good faith for a nonexclusive license to use such invention or improvement and for SMALLBIZ to sublicense same upon terms and conditions to be mutually negotiated between the parties.

15. PATENT INFRINGEMENT

- a) SMALLBIZ makes no patent infringement indemnification warranties other than as stated in this Clause 15 and the LICENSEE releases SMALLBIZ from all implied and statutory patent infringement warranties.
- b) In the event any claim is made or suit is filed against LICENSEE for alleged patent infringement of any patent(s) of any third parties arising out of LICENSEE's use of the process or apparatus described in the Patent Rights, LICENSEE shall give written notice promptly to SMALLBIZ of the claim or service of the complaint in any such suit giving SMALLBIZ all information in the possession of LICENSEE relating to such claim or suit. SMALLBIZ shall have the first right to defend or settle any such suit, proceedings, or claim and LICENSEE shall give SMALLBIZ such authority, information, and assistance for the defense or settlement as SMALLBIZ may reasonably require. LICENSEE shall have the right to be represented by counsel at such proceedings at its own cost and to participate in, but not control, the defense of any suit.
- c) If, during the term of this Agreement, LICENSEE is adjudged by a competent Court of Law to have infringed a patent or patents of any third party, and LICENSEE is required by the judgment of the said Court to pay patent royalties or damages or make an account of profits thereon arising out of its use of the apparatus or process described in the patent rights, SMALLBIZ shall indemnify LICENSEE in respect of the said judgment or any contract liability of LICENSEE with respect to said judgment, PROVIDED THAT SMALLBIZ's total liability to LICENSEE shall be limited to that liability prescribed in Clause 18 hereof accruing as prior to the date of a final decree of final judgment rendered by a Court of competent jurisdiction in a decision unappealed or unappealable from and against all damages and costs adjudged or decreed against and actually paid by LICENSEE in such suit or action.

16. INFRINGEMENT OF LETTERS PATENTS

LICENSEE shall give prompt notice in writing to SMALLBIZ of any infringement or threatened infringement of the Letters Patents referred to in the Patent Rights which may at any time come to the knowledge of LICENSEE.

17. INDEMNIFICATION AND GUARANTEE LIMITATIONS

The warranties and guarantees of Clause 17 hereof are in lieu of all other guarantees, warranties, obligations and liabilities expressed, implied, or statutory by SMALLBIZ. The cumulative liability of SMALLBIZ for all warranties and guarantees, whether expressed or implied, shall not exceed ninety percent (90%) of the royalties prescribed in Clause 3 hereof paid or payable to SMALLBIZ prior to the date of the LICENSEE's written notification to SMALLBIZ of its liability thereunder.

18. LIABILITY EXCLUSION

LICENSEE agrees that SMALLBIZ's entering into this Agreement is conditioned upon the express understanding that SMALLBIZ shall not at any time be liable, under any circumstance, for any indirect or consequential loss or damage to LICENSEE of any nature, including, but not limited to, liability or damage resulting from any breach of contract, loss of time in manufacturing the Licensed Product, or resulting from any

delays or loss of time affecting other property or plans of the LICENSEE or for loss of profits, products, or production by LICENSEE.

19. FORCE MAJEUR

Neither party shall be liable for any failure to perform or for delay in performance hereunder which results from an act of God, war, fire, explosion, storm, strikes or other labor trouble, or any other circumstances beyond the reasonable control of the affected party. The party who is unable to perform or who is delayed in performance on account of the foregoing, shall promptly notify the other party in writing and shall exert its best efforts to recommence performance as soon as possible.

20. CONFLICTS OF LAW

If, at any time during the life of this Agreement, the Government of the United States, or any regulatory agency thereof (including any court), shall directly or indirectly disapprove of this Agreement or any provisions hereof, SMALLBIZ shall attempt to revise this Agreement in a mutually satisfactory manner and in a manner acceptable to such Government. In the event that a mutually satisfactory solution is not arrived at within ninety (90) days of the date both parties have actual notice of the problem, this Agreement shall terminate.

21. COMPLETE AGREEMENT

There are no other understandings between the parties hereto as to the subject matter of this Agreement other than as herein set forth. All previous communications between the parties hereto, which relate to the subject matter of this Agreement whether verbal or written, are hereby abrogated and withdrawn. This Agreement constitutes the whole Agreement between the parties hereto. No agent, or any employee of SMALLBIZ, except a duly authorized officer, has any authority to obligate SMALLBIZ by any terms, stipulations, or conditions not herein expressed.

IN WITNESS WHEREOF the parties hereto have set their hands and seals on the date first herein before mentioned.

SMALLBIZ, INC.

WANNABE, INC.

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

SAMPLE DISTRIBUTOR AGREEMENT

(Simplified Initial Discussion Version)

Date

Company Name
Address
City, State, Zip

Gentlemen:

SMALLBIZ, INC. is seeking a distributor to market and sell a certain proprietary coupling product which is marketed under the tradename FLEXICUP® and is the subject of U.S. Patent No. _____ and certain proprietary trade secrets.

BRIE, S.A. ("DISTRIBUTOR") markets and sells gears and transmission equipment primarily to the transportation and construction industries in France and Germany and represents that it has the capability to market and sell FLEXICUP in those markets.

SMALLBIZ wishes to appoint DISTRIBUTOR as its distributor for FLEXICUP couplings for a specific territory and DISTRIBUTOR is willing to accept such an appointment.

This Letter Agreement records our respective obligations for our mutual understanding:

APPOINTMENT

SMALLBIZ hereby grants DISTRIBUTOR the nonexclusive right to market, use, and sell the FLEXICUP Product Line ("the Product") for power transmission applications in the transportation and construction industries in the European Economic Community ("the Territory"), and DISTRIBUTOR accepts such appointment.

DISTRIBUTOR clearly understands that SMALLBIZ is actively looking for other regional and national distributors for the Product lines in additional markets.

SALES EFFORTS

DISTRIBUTOR agrees to use its best efforts to market and sell the Product in the Territory. In this regard, DISTRIBUTOR agrees to:

- Set up and maintain an office and staff to market, sell, and support the Product during the term of this Agreement. SMALLBIZ expects that DISTRIBUTOR will train its technical and sales representatives, who will in turn instruct DISTRIBUTOR's appointed resellers and customers, in the use and application of the Product.

- Advertise and promote the Product in the Territory and submit annual advertising plans and budgets for SMALLBIZ's review and comment no later than January 15th for each coming calendar year.
- Provide timely reports to SMALLBIZ for each calendar half year showing sales in the previous half year and estimated sales for the coming calendar half year.
- Report to SMALLBIZ the status of its sales and marketing activities at reasonable intervals, not less frequently than semi-annually;
- Maintain a minimum inventory of _____ thousand dollars (\$US____,000) of Product to permit the prompt sale and shipment of Product to potential customers.
- Advise SMALLBIZ promptly of the appointment, or termination if previously appointed, of any dealers, subdistributors, or resellers to sell the Product together with the terms and conditions of their appointment.
- Keep true and complete books of account and make standard accounting entries relating to the sale of any of the Product sold under the Agreement. DISTRIBUTOR agrees to permit representatives of SMALLBIZ to inspect said books, as shall reasonably be required, during regular business hours.

In lieu of performance standards for the calendar year 19____, DISTRIBUTOR agrees that a minimum of _____ thousand dollars (\$US____,000) will be spent for advertising and promotion of the Product.

SMALLBIZ agrees to provide, at no expense to DISTRIBUTOR, reasonable supplies of its current advertising literature to encourage and promote the marketing and sale of the Product to customers.

Upon reasonable notice, SMALLBIZ also agrees to make available its facilities and staff to assist in customer sales presentations and demonstrations. Each party shall bear their own respective costs for these activities.

PRODUCT PURCHASE

SMALLBIZ agrees to sell to DISTRIBUTOR the various forms of Product it manufactures, or has manufactured under subcontract, at a selling price which is discounted by _____percent (____%) from its published list price for the said forms, a current copy of which is hereto appended.

Product may be ordered by DISTRIBUTOR either by a written purchase order or by a telefax order followed by written confirmation to SMALLBIZ. Upon receipt of order, SMALLBIZ shall promptly ship Product to DISTRIBUTOR to be delivered in accordance with instructions accompanying the order.

Unless otherwise agreed to in writing by SMALLBIZ, the terms of payment for orders received from DISTRIBUTOR shall be net thirty (30) days after date of invoice, payable

in United States currency. Product sold to DISTRIBUTOR is sold on an FOB Kansas City basis.

PRODUCT SUPPLY

DISTRIBUTOR understands that delivery of the Product sold to DISTRIBUTOR will be influenced by the prevailing production schedule of SMALLBIZ and/or its suppliers, and the availability of component materials at the time an order is received. SMALLBIZ will, of course, make every effort to expedite orders placed by DISTRIBUTOR and will promptly advise any significant changes in the production schedule.

CUSTOMER PRICING

DISTRIBUTOR shall set its own resale prices for the various forms of the Product it sells to its customers and shall promptly provide SMALLBIZ with a copy of any published price lists and any revisions thereto.

DISTRIBUTOR shall invoice its customers and resellers direct and shall assume all costs and expenses associated with billing and collection of its accounts.

PRODUCT QUALITY

SMALLBIZ manufactures Product to meet defined design specifications and test representative units of manufactured Product in accord with written quality assurance test program.

SMALLBIZ assumes all responsibility for the quality and performance of the Product manufactured by, or under subcontract for, SMALLBIZ shall assume all expenses related to the exchange or the return of substandard or defective merchandise which does not meet manufacturing specification. Neither party will be compensated for substandard or defective merchandise returned for credit to SMALLBIZ.

SMALLBIZ shall not be responsible for, and DISTRIBUTOR agrees to indemnify and to hold harmless SMALLBIZ from, any and all representations which may be made by DISTRIBUTOR, its staff, or resellers as to the suitability of the Product for particular applications.

TRADEMARK

DISTRIBUTOR agrees that all Product and advertising and promotion of the Product shall prominently display the trademark "FLEXICUP."

All proposed uses of the said trademark shall require SMALLBIZ's written consent prior to such use, which consent shall not be unreasonably withheld.

SMALLBIZ agrees that DISTRIBUTOR may repackage the Product to sell under its own label provided that said repackaging and/or labeling shall prominently display the said trademark and the following notice:

**Manufactured by SMALLBIZ, Inc. and repackaged
by BRIE, S.A, Inc., distributor.**

TECHNICAL ASSISTANCE

SMALLBIZ agrees to provide technical assistance to DISTRIBUTOR, its resellers, and customers, as required, upon reasonable notice by DISTRIBUTOR. DISTRIBUTOR agrees to promptly reimburse SMALLBIZ, upon presentation of invoice, for such assistance which shall be charged to DISTRIBUTOR at SMALLBIZ's prevailing per diem allowance rate plus reasonable travel and living expenses.

For their mutual benefit, the parties shall regularly exchange information on new applications and methods for applying the technology and further, hold an annual meeting to ensure such exchange of information.

COMPETITIVE PRODUCT

During the term of our Agreement, DISTRIBUTOR agrees not to engage in the promotion, sale, distribution, or manufacture of any competitive product in the Territory.

PATENTS

SMALLBIZ makes no warranty, express or implied, regarding the patentability or validity of the Patent Rights and no representations whatsoever with regard to the scope of the Patent Rights or that the Patent Rights may be exploited without infringing any other patents.

DISTRIBUTOR agrees to advise SMALLBIZ of any product either contemplated or on the market which is similar to the Product or which might infringe any applicable patents relating to the Product. SMALLBIZ will be free to decide whether or not to commence legal proceedings, at its own expense, as it shall deem necessary. DISTRIBUTOR agrees to provide reasonable assistance to SMALLBIZ in such proceedings at SMALLBIZ's expense.

CONFIDENTIALITY

Except as provided hereunder or as otherwise agreed in writing by SMALLBIZ, DISTRIBUTOR shall for a period of ten (10) years from the effective date of this Agreement, keep confidential any technical or commercial information relating to the Product or the business of SMALLBIZ, the disclosure of which would be prejudicial to the interests of SMALLBIZ.

The obligations of secrecy herein shall not apply to information which at the effective date of this Agreement is in the public domain or subsequently enters the public domain without fault of DISTRIBUTOR.

DISTRIBUTOR shall take all reasonable steps through confidentiality agreements and other legally enforceable measures to prevent any such unauthorized use and/or disclosure. DISTRIBUTOR further agrees that such confidentiality obligations shall survive termination or expiration of this Agreement.

AGENCY

Neither party shall represent itself as an agent of the other or as authorized to assume or create obligations of any kind whether expressed or implied. The parties agree that their relationship is that of an independent contractor, and not as employer and employee.

DISPUTES

SMALLBIZ and DISTRIBUTOR have agreed that a spirit of cooperation, confidence, and respect are of utmost importance in carrying on a mutually satisfactory relationship.

When disputes do arise as a result of misunderstandings or breach of duties, every effort will be made to arrange fair, practical, and speedy resolution of the respective differences.

In the event that such differences cannot be settled amicably, we agree that such differences will be submitted for arbitration in accordance with the rules and procedures established by the American Arbitration Association. It is further agreed that the decision of the arbitrator will be binding upon the parties and will be enforceable at law in any court having competent jurisdiction thereof.

The laws of the State of Missouri, United States of America, shall apply on all differences and questions that arise concerning the terms of this Agreement, regardless of the jurisdiction in which any legal proceedings may have been initiated or continued.

PERIOD OF AGREEMENT

This Agreement shall commence on the effective date as written hereon and shall be for an initial period of three (3) years from the date hereof. Thereafter, the Agreement will automatically renew from year to year unless terminated by either party by six (6) months advance written notice to the other party.

Commencing with the calendar year _____, and with each succeeding year thereafter for the period of this Agreement, SMALLBIZ may, at its option, terminate the Agreement if Product purchased from SMALLBIZ does not meet or exceed the following performance standards:

Performance Standards

<u>Year</u>	<u>Sales Performance Standard</u>
199_	\$US _____
199_	\$US _____
199_	\$US _____
Thereafter	\$US ____ for each year.

At the conclusion of the first year of the Agreement, the parties shall review the Agreement and offer to negotiate in good faith any changes to the Agreement that may be appropriate thereto following DISTRIBUTOR's first year of operation.

TERMINATION

Either party may terminate this Agreement if the other party becomes involved in bankruptcy, reorganization, receivership, or any insolvency proceedings.

SMALLBIZ, may at its option, also terminate the Agreement immediately if payment for any order is not received within thirty (30) days of the due date of such order. Immediately upon termination of this Agreement, DISTRIBUTOR shall:

- Cease to represent itself as a SMALLBIZ distributor and cease to take orders for the Product.
- Promptly pay and settle all outstanding accounts with SMALLBIZ for purchase of Product.
- Advise the names of customers with unfilled orders and cooperate with SMALLBIZ to permit SMALLBIZ or its designated representative to fill or cancel such orders.
- Grant SMALLBIZ the option to repurchase any current inventory of Product and if SMALLBIZ exercises such option, transfer all such inventory to SMALLBIZ with clear title free of any liens, charges, or encumbrances.

ASSIGNMENT

Without the prior written approval of SMALLBIZ, DISTRIBUTOR may not assign its rights and obligations, in part or whole, under this Agreement to a third party.

LEGAL

The terms of this Agreement shall supersede and cancel any and all previous understandings, contracts, and Agreements, oral or written, that were in effect between the parties.

If either party fails to perform any of its obligations under this Agreement, and does not remedy such failure within sixty (60) days after receipt of written notice from the aggrieved party, then the aggrieved party shall have the right to immediately terminate this Agreement.

The failure of either party to enforce any condition or part of this Agreement at any time shall not be construed as a waiver of that condition, nor shall they forfeit rights to future enforcement during the term of this Agreement.

All written notices in compliance with any of the requirements or terms of this Agreement shall be sent by registered mail to the last known address.

Kindly indicate your Agreement with an acceptance of our Distribution Agreement by signing the enclosed duplicate copy of this Letter Agreement and returning same to us.

Yours faithfully,

Agreed to and accepted:

SMALLBIZ, INC.

By: _____
President

By: _____

Title: _____

Attachment: Current Price List