



crayton.communications, llc

www.crayton.com
info@crayton.com

SOFTWARE COMPONENT LICENSE

THIS AGREEMENT (“Agreement”) entered into as of , 19, by and between Software Supplier Company (“SSC”), having its principal place of business at and Development Company, a corporation, having a place of business at (“Devco”).

NOW, THEREFORE, the parties agree as follows:

1. Definitions.The terms used in this Agreement shall have the following definitions:

1.1 End User Documentation means the manuals and other documentation relating to the Program for the end user.

1.2 Future Version means any modifications and updates, except Error Corrections, if any, to the Initial Release in object code form distributed by SSC.

1.3 Error Corrections means bug fixes to the Initial Release and in the Enhancements.

1.4 Devco’s Products mean finished computer software or other products distributed by Devco. A Devco Product will consist of the original product and any new versions of such original product.

1.5 Product Specifications mean (a), for the Initial Release, SSC’s product specification sheet set forth on Exhibit A for the Program on the Effective Date; and (b), for Enhancements, SSC’s product specification sheet, if any, for the Enhancements or if SSC has not published a product specification sheet for the Enhancements, the most recent version of SSC’s product specification sheet for the Program.

1.6 Program means the Initial Release, Error Corrections, and Enhancements.

1.7 Source Code means the source code form of the Program.

2. Term of Agreement.The term of this Agreement will commence on the Effective Date and, unless earlier

terminated as provided below, will continue for the term of the copyrights in the Program.

3. Scope of Rights.

3.1 Software License.

(a) SSC grants to Devco a perpetual, irrevocable, worldwide, nonexclusive, license, with right to sublicense, during the term of this Agreement, to do the following:

(1) Reproduce, modify, and distribute the Program for use as part of Devco's Products;

(2) Reproduce and use the Program for Devco's internal purposes.

(b) Devco shall be the sole and exclusive owner of all rights in the modifications of the Program and Source Code developed by Devco.

3.2 Error Correction. During the term of the Agreement, SSC will provide all of the Error Corrections and reasonable technical assistance to Devco without cost.

3.3 Enhancements. During the term of the Agreement, SSC shall give Devco the Enhancements as soon as they are distributed to other parties. SSC shall make Enhancements available to Devco on the most favorable terms which it offers to third parties. If SSC subsequently offers more favorable terms for an Enhancement to a third party, such terms shall retroactively apply to Devco.

3.4 Documentation. SSC grants to Devco a non-exclusive, worldwide, royalty-free license to use the End User Documentation for its own internal purposes and to reproduce, modify and distribute the End User Documentation to customers for the Devco's Products.

4. Delivery and Acceptance. SSC shall deliver to Devco one copy of the Initial Release (and Source Code) on magnetic media and one copy of the End User Documentation for the Program within ten days of the Effective Date. If Devco has the right to receive Enhancements, SSC shall deliver to Devco one copy of the Enhancement (and Source Code) on magnetic media and one copy of the End User Documentation for the Enhancement. Devco shall have thirty (30) days to review the Initial Release or Enhancement to ensure that it meets the Product Specifications. If the Initial Release or Enhancement fails to meet the Product Specifications, Devco may return such Initial Release or Enhancement and receive a refund of the royalty paid for it.

5. Order and Payment. Devco shall pay SSC the sum of _____ for the first Devco Product which includes the Program ten days after the distribution of the Devco Product incorporating the Program. Devco shall pay SSC \$ _____ for each additional Devco Product that incorporates the Program ten days after the first distribution of such additional Devco Product. An additional Devco Product is a program that includes significantly different functions, not new versions of the original Devco Product.

6. Warranty.SSC warrants to Devco that the Initial Release and Enhancements (and the Source Code versions thereof) received during the Agreement will perform in accordance with the Program Specifications during the Agreement. SSC warrants that the End User Documentation shall be free of material errors during the warranty period of the Initial Release or Enhancement with which it is associated. Devco agrees to report in writing any failure to meet the warranties (“Error”) to SSC. In the event Devco discovers and gives written notice of an Error within the relevant warranty period, SSC will, at its own expense, correct the Error within five (5) days of notice of the Error. If the Error cannot be corrected within such period, SSC will provide a workaround. Errors will be reported to SSC in a form and with supporting information reasonably requested by SSC to enable it to verify, diagnose and correct the Error. SSC DISCLAIMS ALL OTHER REPRESENTATIONS AND WARRANTIES,INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

7. SSC’s Warranty and Indemnification for Infringement of Proprietary Rights.SSC represents and warrants that it is the sole and exclusive owner of all rights in the Program. Further, SSC represents and warrants that: **(i)** the Program is not subject to any restrictions or to any mortgages, liens, pledges, charges, security interests, encumbrances or encroachments, or to any rights of others of any kind or nature whatsoever which would prevent the grant of this license; **(ii)** the Program does not encroach or infringe any copyrights, trademarks, trade secrets or other proprietary rights of third parties; **(iii)** SSC has not received any notice of such encroachment or infringement; and **(iv)** SSC has not entered into any agreements or arrangements between SSC and any third party that have any effect upon SSC’s rights to license the Program, as set forth in this Agreement. SSC agrees to indemnify and hold harmless Devco, its officers, directors, employees and agents against any claims, actions, or demands alleging that the modification, reproduction, or distribution of the Program (or Source Code) infringes any patents, copyrights, or trade secrets of any third parties.

8. Termination.This Agreement shall terminate upon the ninetieth (90th) day after either party gives the other notice of a material breach by the other of any term or condition of this Agreement, unless the breach is cured before that day.

9. General Provisions.

9.1 Assignment.Devco may assign its rights under this Agreement to any person to whom it transfers all or substantially all of its proprietary rights in any of the Devco Product (it may assign its rights to different parties if it assigns rights in Devco Products to different parties). This Agreement will bind and inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement will be governed by and construed in accordance with the laws of the United States and the State of California as applied to agreements entered into and to be performed entirely within California between Californiarésidents.

9.2 Notice.Any notice provided for or permitted under this Agreement will be treated as having been given when (a) delivered personally, (b) sent by confirmed telex or telecopy, (c) sent by commercial overnight courier with written verification of receipt, or (d) mailed postage prepaid by certified or registered mail, return receipt requested, to the party to be notified, at the address set forth above, or at such other place of which the other party has been notified in accordance with the provisions of this Section.

9.3 Entire Agreement. This Agreement, including all Exhibits to this Agreement, constitutes the entire agreement between the parties relating to this subject matter and supersedes all prior or simultaneous representations, discussions, negotiations and agreements, whether written or oral.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date. _____

“SSC”: _____ “DEVCO”: _____

SOFTWARE SUPPLIER COMPANY DEVELOPMENT COMPANY

By: _____ By: _____

Printed name: _____ Printed name: _____

Title: _____ Title: _____

EXHIBIT A
Initial Release Description
Product Specifications for the Initial Release