

PATENT LICENSE AGREEMENT
(Licensing Principles-Based, FRAND-Inspired)

between

IPGATE AG
Churerstrasse 160a
CH-8808 Pfäffikon
Switzerland

– hereinafter “LICENSOR” –

and

[LICENSEE]

– hereinafter “LICENSEE” –

LICENSOR and LICENSEE together the “**Parties**” and each a “**Party**”.

PREAMBLE:

WHEREAS, LICENSOR owns and controls patents, patent applications, utility models and related technical know-how in the field of automotive brake systems, brake-by-wire systems, electrohydraulic brake boosters and related brake control technologies.

WHEREAS, LICENSOR is willing to make such intellectual property available to third parties on standardized licensing terms reflecting principles commonly referred to as fair,

reasonable and non-discriminatory, taking into account the specific economic circumstances of the licensed use.

WHEREAS, the Licensed Patents are not declared essential to any formal technical standard, and LICENSOR does not act pursuant to any obligation vis-à-vis a standard-setting organization. Any reference to FRAND principles in this Agreement is voluntary and contractual only.

WHEREAS, LICENSEE desires to obtain a license for the manufacture, use, offer for sale, sale and import of Licensed Products.

NOW, THEREFORE, the Parties agree as follows:

§1

DEFINITIONS

- 1.1 “Affiliate” means any legal entity that directly or indirectly controls, is controlled by, or is under common control with a Party. Control means ownership of fifty percent (50%) or more of the shares or voting rights, or comparable management control.
- 1.2 “Agreement” means this Agreement and any Appendices hereto.
- 1.3 “Control” (including the correlative terms “Controlled by” and “under common Control with”), as used with respect to any Party or Affiliate, means the possession, whether directly or indirectly, of the power or right to direct or cause the direction of the management or policies of such Party or Affiliate, whether through the ownership of share capital and/or voting securities, by contract or otherwise, it being understood that ownership of fifty percent (50%) or more of the shares or

voting rights, or comparable management control, shall in all circumstances constitute Control within the meaning of this definition.

- 1.4 “Change of Control”, as used with respect to LICENSEE and/or its Affiliates, means if a person obtains or acquires direct or indirect Control over LICENSEE and/or its Affiliate(s) (including, but not limited to, takeover of LICENSEE, split-off, merger or joint venture) , or if any third party acquires directly or indirectly fifty percent (50%) or more of the shares or voting rights, or comparable management control, in LICENSEE and/or its Affiliates, or if LICENSEE and/or its Affiliate(s) directly or indirectly sells, transfers or otherwise disposes of all or substantially all of its assets or the business division related to the Licensed Products to a third party. Intragroup restructuring measures between LICENSEE and its Affiliates shall not constitute a Change of Control within the meaning of this definition.
- 1.5 “Effective Date” means the date of the last signature of this Agreement.
- 1.6 “License Fees” means the running royalties payable under Section 7 of this Agreement, calculated as a percentage of Net Sales of Licensed Products.
- 1.7 “Licensed Patents” means all patents, patent applications, utility models and similar IP rights worldwide that are owned or controlled by LICENSOR during the Term.
- 1.8 “Licensed Technology” means the technical teachings disclosed in the Licensed Patents, together with associated know-how solely to the extent necessary to practice such patents.
- 1.9 “Licensed Products” means automotive brake systems, brake boosters, brake control units, brake-by-wire systems or comparable brake-related components or systems that implement the Licensed Technology and are described in Appendix A (Licensed Products).

- 1.10 “Net Sales” means the net invoiced sales price of Licensed Products sold by LICENSEE or its Affiliates, excluding VAT, sales taxes, customs duties, rebates, credits, returns and customary trade discounts.
- 1.11 “Territory” means worldwide.

§ 2

LICENSE GRANT

- 2.1 Subject to the terms of this Agreement and payment of the applicable License Fees, LICENSOR grants LICENSEE and its Affiliates a non-exclusive, non-transferable, non-sublicensable license under the Licensed Patents to make, have made, use, offer for sale, sell and import Licensed Products in the Territory.
- 2.2 The license granted herein is limited to Licensed Products and does not extend to any other products, services or technologies.
- 2.3 The license and any release granted under this Agreement shall apply solely to Licensed Products that are manufactured by or on behalf of LICENSEE or its Affiliates and placed on the market by LICENSEE or its Affiliates in the ordinary course of their business.
- 2.4 For the avoidance of doubt, this Agreement does not grant any rights, licenses or releases to any original equipment manufacturer (OEM), vehicle manufacturer, customer or other third party solely by virtue of the supply, integration or incorporation of Licensed Products into vehicles or other systems.

- 2.5 No rights or licenses are granted with respect to products manufactured by LICENSEE or its Affiliates for third parties where such third parties commercially exploit the Licensed Technology outside the scope of the Licensed Products as defined herein, nor shall this Agreement be construed as granting any implied sublicense or exhaustion of rights beyond the Licensed Products themselves.
- 2.6 All rights not expressly granted are reserved by LICENSOR.

§ 3

ASSIGNMENT

- 3.1 LICENSEE may not assign or transfer this Agreement or any rights or obligations hereunder, whether by operation of law or otherwise, without the prior written consent of LICENSOR.
- 3.2 LICENSOR may, without the consent of LICENSEE, assign this Agreement together with any Licensed Patents to which this Agreement relates to any third party acquiring such Licensed Patents. In such case, this Agreement shall remain in force between such assignee and LICENSEE solely with respect to the Licensed Patents so assigned.
- 3.3 LICENSOR shall ensure that any such assignee assumes and complies with all obligations of LICENSOR under this Agreement in relation to the assigned Licensed Patents.
- 3.4 Notwithstanding the foregoing, either Party may freely assign monetary claims arising out of this Agreement.

§ 4

CHANGE OF CONTROL

- 4.1 LICENSEE shall notify LICENSOR in writing without undue delay of any Change of Control of LICENSEE.
- 4.2 Any Change of Control shall not result in any automatic extension of this Agreement or any licenses or releases granted hereunder to the acquiring person or entity.
- 4.3 LICENSOR reserves the right to terminate this Agreement upon a Change of Control of LICENSEE with three (3) months' prior written notice.
- 4.4 Nothing in this Agreement shall be construed as obligating LICENSOR to grant a license to any acquiring person or entity or to enter into negotiations with such person or entity.
- 4.5 In the event that LICENSEE acquires Control of a third party after the Effective Date, the inclusion of such third party within the scope of this Agreement shall require the prior written agreement of LICENSOR.
- 4.6 LICENSOR may, at its discretion, consider entering into discussions with LICENSEE regarding a possible extension of this Agreement to such third party, taking into account the specific circumstances of such acquisition.
- 4.7 Nothing in this Agreement shall be construed as obligating LICENSOR to grant any such extension or as granting any third party any rights hereunder.

§ 5

LICENSING PRINCIPLES (FRAND-INSPIRED)

- 5.1 LICENSOR states its willingness to offer licenses under the Licensed Patents on terms reflecting principles commonly referred to as fair, reasonable and non-discriminatory, taking into account the economic value of the Licensed Technology and the specific circumstances of its use.
- 5.2 The Parties acknowledge that the License Fees set out in this Agreement have been individually negotiated and reflect such principles for the Licensed Products and business model of LICENSEE.
- 5.3 Nothing in this Agreement shall be construed as:
- a) an undertaking vis-à-vis any third party;
 - b) a most-favored-LICENSEE obligation;
 - c) a representation that the License Fees constitute a uniform or maximum FRAND rate; or
 - d) granting LICENSEE any right to challenge or benchmark the License Fees by reference to licenses granted to other parties.
- 5.4 LICENSEE acknowledges and agrees that, based on the information available to it as of the Effective Date, the License Fees and other terms of this Agreement are fair, reasonable and non-discriminatory.

§ 6

TERM

- 6.1 This Agreement enters into force on the Effective Date and shall remain in effect until the expiration of the last Licensed Patent, unless terminated earlier in accordance with this Agreement.

§ 7

LICENSE FEES

7.1 Export License Fee

For Licensed Products manufactured in the People's Republic of China and sold outside the People's Republic of China, LICENSEE shall pay a running royalty of five percent (5.0%) of Net Sales of such Licensed Products.

7.2 Domestic China License Fee

For Licensed Products manufactured and sold for use within the People's Republic of China, LICENSEE shall pay a running royalty of zero point five percent (0.5%) of Net Sales of such Licensed Products ("Domestic China License Fee").

- 7.3 The differentiation between Export License Fee and Domestic China License Fee is based on objective differences in economic use, market scope and territorial exploitation of the Licensed Technology and does not constitute discrimination.

- 7.4 License Fees shall be calculated as a percentage of Net Sales of Licensed Products in accordance with this Section. Notwithstanding the foregoing, the License Fee payable per Licensed Product shall in no event be less than:

- a) CHF 5.00 per Licensed Product for Licensed Products manufactured in the People's Republic of China and sold outside the People's Republic of China; and
- b) CHF 0.75 per Licensed Product for Licensed Products manufactured and sold within the People's Republic of China.

The Parties acknowledge that such minimum License Fees reflect the typical market value of comparable brake system components and ensure that the royalty payable remains reasonable and economically meaningful in circumstances where internal transfer prices or other pricing structures result in unusually low Net Sales values.

7.5 The Parties acknowledge that License Fees under this Agreement are calculated on a component-level basis with respect to Licensed Products supplied by Licensee. Where Licensed Products are transferred, supplied or sold between Licensee and its Affiliates, including but not limited to transfers within the same corporate group, Net Sales shall not be artificially reduced through internal transfer pricing arrangements or other structures. In such cases, Net Sales shall be determined based on the higher of:

- a) the transfer price applied between such Affiliates; or
- b) the price at which the Licensed Product, or a functionally comparable component, is sold to independent third parties under comparable commercial conditions.

Furthermore, Licensee shall not avoid or reduce License Fees through the artificial separation, restructuring, or reclassification of Licensed Products into multiple subcomponents or modules that together perform the functionality of a Licensed Product.

For the avoidance of doubt, where multiple components or modules supplied by Licensee or its Affiliates collectively implement the functionality of a Licensed Product, such components shall be treated as a single Licensed Product for purposes of calculating License Fees.

- 7.6 For purposes of this Agreement, the classification of a sale of a Licensed Product as an Export sale or a Domestic China sale shall be determined based on the intended market of the vehicle, system or product into which the Licensed Product is incorporated, and not solely on the place of sale of the Licensed Product by LICENSEE.

Accordingly, if a Licensed Product is supplied by LICENSEE in the People's Republic of China to a customer located in the People's Republic of China, but is incorporated into a vehicle, system or product that is intended for sale or is in fact sold outside the People's Republic of China, such sale shall be deemed an Export sale for purposes of this Agreement and shall be subject to the Export License Fee pursuant to Section 7.1.

- 7.7 Where Licensed Products are supplied for vehicle programs, platforms or models that are intended both for domestic sale in the People's Republic of China and for export outside the People's Republic of China, LICENSEE shall allocate such sales between Export sales and Domestic China sales in a commercially reasonable manner based on reliable production, shipment or sales data available to LICENSEE.

- 7.8 To the extent such allocation is not reasonably possible at the time of reporting, LICENSEE shall provisionally treat such sales as Export sales, subject to subsequent adjustment in a later reporting period once reliable allocation data becomes available.

- 7.9 License Fees shall accrue upon the sale of the relevant Licensed Products and shall be reported and paid in accordance with Sections 8 and 10 of this Agreement.
- 7.10 All License Fees are exclusive of VAT and withholding taxes. Any legally required withholding taxes shall be borne by LICENSEE, subject to applicable double taxation treaties.

§ 8

ENTRANCE FEE

- 8.1 Upon execution of this Agreement, Licensee shall pay to Licensor a one-time, non-refundable entrance fee in the amount of CHF 100,000 (the “Entrance Fee”). The Entrance Fee shall be payable within thirty (30) days from the Effective Date and is independent of and in addition to any running License Fees payable under this Agreement.

The Parties acknowledge that the Entrance Fee reflects administrative, onboarding and program-related costs associated with the inclusion of Licensee into Licensor’s licensing program and does not constitute a prepayment, advance payment or credit against any future License Fees.

The Entrance Fee shall be applied in a fair, reasonable and non-discriminatory manner to similarly situated licensees.

- 8.2 The Entrance Fee shall be credited against the first License Fees payable under this Agreement until fully offset and shall not be refundable.

§ 9

INVOICING AND PAYMENT

- 9.1 License Fees payable under this Agreement shall be calculated and reported by LICENSEE in accordance with this Agreement on a quarterly basis based on Net Sales of Licensed Products.
- 9.2 Following receipt of the applicable quarterly report, LICENSOR shall issue a written invoice or payment notice to LICENSEE specifying the amount due.
- 9.3 LICENSEE shall pay the invoiced amount within thirty (30) days from the date of the invoice or payment notice by wire transfer to a bank account designated by LICENSOR in writing from time to time.
- 9.4 LICENSOR may change its designated bank account by written notice to LICENSEE without requiring any amendment to this Agreement.
- 9.5 Payments shall be made in the currency specified in the invoice. Payments shall be deemed made on the date the relevant amount is credited to the designated bank account of LICENSOR.
- 9.6 All payments shall be made without set-off or deduction, except as required by applicable law.
- 9.7 Any undisputed amount not paid when due shall accrue interest from the due date until payment at a rate equal to one hundred and fifty percent (150%) of the Loan Prime Rate (LPR) for the corresponding term published by the National Interbank Funding Center (as authorized by the People's Bank of China). If the aforementioned rate exceeds the maximum rate permitted by applicable law, the

interest rate shall be adjusted to the maximum rate permitted by such applicable law.

§ 10

PAST SALES

- 10.1 As a condition precedent to the execution and effectiveness of this Agreement, LICENSEE shall provide LICENSOR, in the course of the license negotiations, with a written report (“Past Use Report”) disclosing LICENSEE’s and its Affiliates’ past manufacture, use, offer for sale, sale and import of products that would constitute Licensed Products under this Agreement for the period prior to the Effective Date.
- 10.2 Subject to the full and timely payment of the Release Amount, Licensor hereby releases Licensee and its Affiliates existing as of the Effective Date from any claims for infringement of the Licensed Patents solely arising from the manufacture, use, offer for sale, sale or import of Licensed Products during the Past Sales Period as disclosed in the Past Use Report. For the avoidance of doubt, the Release Amount reflects the License Fees and applicable interest that would have been payable under this Agreement for the Past Sales Period.
- 10.3 The conclusion of an agreement on the Release Amount shall be a condition precedent to the execution and/or effectiveness of this Agreement. In the absence of such agreement, neither Party shall be obliged to enter into or perform this Agreement.
- 10.4 The Release Amount shall be payable in accordance with the terms agreed in writing between the Parties. Unless otherwise agreed, payment of the Release Amount shall be due prior to or simultaneously with the Effective Date.

- 10.5 Subject to the full and timely payment of the Release Amount, LICENSOR hereby releases LICENSEE and its Affiliates existing as of the Effective Date from any claims for infringement of the Licensed Patents solely arising from the past manufacture, use, offer for sale, sale or import of products as disclosed by the Past Use Report prior to the Effective Date.
- 10.6 The provision of the Past Use Report, the negotiation and payment of the Release Amount and the release granted pursuant to this Section shall not constitute an admission of infringement or liability. For the avoidance of doubt, the Release Amount and the release granted under this Section relate exclusively to past use prior to the Effective Date and shall not affect the License Fees or any other terms applicable to Licensed Products sold after the Effective Date, nor shall the Release Amount be construed as establishing any binding royalty rate or benchmark for any third party.

§ 11

REPORTING AND AUDIT

- 11.1 Within thirty (30) days after the end of each calendar quarter, LICENSEE shall provide LICENSOR with a written report for such quarter, specifying for each category of Licensed Products:
- (a) quantities of Licensed Products sold;
 - (b) Net Sales of such Licensed Products;
 - (c) the applicable License Fee rate (Export License Fee or Domestic China License Fee);
 - (d) the calculation of the License Fees due; and

- (e) the allocation of sales between Export sales and Domestic China sales in accordance with Section 7.

If no Licensed Products were sold in a quarter, LICENSEE shall submit a “zero report”.

- 11.2 Where Licensed Products are supplied for vehicle programs, platforms or models intended both for domestic sale in the People’s Republic of China and for export outside the People’s Republic of China, LICENSEE shall disclose in its quarterly reports the basis and methodology used for the allocation pursuant to Section 7.4 and shall retain reasonable supporting information.
- 11.3 LICENSOR may, upon reasonable prior written notice and no more than once per calendar year, have an independent auditor audit LICENSEE’s books and records solely to verify the accuracy of the reports and payments under this Agreement.
- 11.4 Any audit shall:
 - (a) be conducted during normal business hours;
 - (b) be limited to records reasonably necessary to verify the correctness of the reports and payments; and
 - (c) be subject to customary confidentiality obligations.
- 11.5 If an audit reveals any underpayment, LICENSEE shall promptly pay the underpaid amount together with any accrued interest in accordance with Section 9.7.
- 11.6 LICENSOR shall bear the costs of the audit unless the audit reveals an underpayment of more than five percent (5%) for the audited period, in which case LICENSEE shall bear the reasonable costs of the audit.

- 11.7 If an audit reveals an underpayment exceeding ten percent (10%) of the License Fees due for the audited period, such underpayment shall be deemed a material breach of this Agreement.
- 11.8 The conduct or non-conduct of an audit shall not be deemed a waiver of LICENSOR's rights under this Agreement.

§ 12

BOOKS AND RECORDS

- 12.1 LICENSEE shall keep complete, accurate and detailed books and records sufficient to verify the correctness of all reports and payments under this Agreement, including records of:
- (a) quantities of Licensed Products manufactured and sold;
 - (b) Net Sales of such Licensed Products;
 - (c) the applicable License Fee rates;
 - (d) the calculation of License Fees; and
 - (e) the allocation of sales between Export sales and Domestic China sales in accordance with Section 7.
- 12.2 LICENSEE shall retain such books and records for at least five (5) years after the end of the calendar year to which they relate.
- 12.3 Books and records may be kept in electronic form in accordance with LICENSEE's normal accounting practices, provided that they are reasonably accessible for purposes of reporting and audit under this Agreement.

- 12.4 LICENSEE shall ensure that the books and records maintained pursuant to this Section 12 are consistent with the quarterly reports provided under Section 11.

§ 13

REPRESENTATIONS AND WARRANTIES

- 13.1 Each Party represents that it has full power and authority to enter into this Agreement.
- 13.2 LICENSOR makes no representation or warranty as to the validity, enforceability or scope of the Licensed Patents.

§ 14

INDEMNIFICATION

- 14.1 LICENSEE shall indemnify and hold harmless LICENSOR from and against any damages, costs and expenses finally awarded by a competent court or arbitral tribunal arising solely from LICENSEE's use of the Licensed Patents outside the scope of this Agreement or from LICENSEE's failure to pay undisputed License Fees when due.
- 14.2 This indemnification shall not apply to claims arising from the permitted use of Licensed Products in accordance with this Agreement and shall not be construed as an indemnity with respect to the validity, enforceability or infringement of the Licensed Patents.

§ 15

LIMITATION OF LIABILITY

- 15.1 Except in cases of willful misconduct or fraud, neither Party shall be liable for indirect or consequential damages.

§ 16

TERMINATION

- 16.1 Either Party may terminate this Agreement for material breach not cured within thirty (30) days after written notice.
- 16.2 Licensor may terminate this Agreement by written notice if Licensee fails to pay any amount invoiced under this Agreement within thirty (30) days after its due date and does not cure such failure within thirty (30) days after receipt of a written notice from Licensor.
- 16.3 If an audit reveals an underpayment exceeding ten percent (10%) of the License Fees due for the audited period, such underpayment shall be deemed a material breach of this Agreement. Licensor may terminate this Agreement by written notice if Licensee does not cure such breach within thirty (30) days after receipt of a written notice from Licensor, including full payment of the underpaid amount together with accrued interest and applicable audit costs.
- 16.4 Upon termination, all licenses granted hereunder shall cease, subject to accrued payment obligations.

16.5 Sell-off Right

Upon termination or expiration of this Agreement for any reason, LICENSEE shall be entitled, for a period of six (6) months thereafter, to sell off Licensed Products that were manufactured prior to the effective date of termination or that were irrevocably committed to be manufactured prior to such date.

Any such sell-off shall be subject to the continued payment of the applicable License Fees in accordance with this Agreement.

For the avoidance of doubt, no right is granted to manufacture new Licensed Products after termination, and this sell-off right shall not be construed as a continuation or extension of the license beyond the limited sell-off period.

The provisions of this Agreement which by their nature are intended to survive termination or expiration, including, without limitation, the provisions relating to payment obligations, reporting and audit rights, books and records, past sales and any release therefor, indemnification, limitation of liability, confidentiality, and governing law and dispute resolution, shall survive any termination or expiration of this Agreement.

§ 17

GOVERNING LAW AND DISPUTE RESOLUTION

18.17 This Agreement shall be governed by Swiss law, excluding conflict-of-law rules. Any dispute shall be finally settled by arbitration under the Swiss Rules of International Arbitration. Seat of arbitration shall be Zurich. Language shall be English.

§ 18

CONFIDENTIALITY

18.1 During the Term and for ten (10) years thereafter, each Party agrees to treat the following as strictly confidential (the “Confidential Information”):

- (a) the existence, terms and conditions of this Agreement;
- (b) all Past Use Reports and quarterly reports under Section 11 (collectively, the “Reporting Data”); and
- (c) any non-public technical or business information exchanged hereunder.

Each Party shall use the same degree of care (but no less than reasonable care) to avoid disclosure to any third party.

18.2 Each Party agrees to not to disclose, and to cause its Affiliates not to disclose, such Confidential Information to any third party, without obtaining prior written consent from the other Party, except that each Party may disclose such Confidential Information, to the extent that such disclosure is limited:

- (a) to the Parties’ and its Affiliates’ respective employees, managers, directors, insurers, lawyers and accountants who have a need to know such information and who are subject to obligations of confidentiality at least as stringent as those contained herein;
- (b) to enforce the terms of this Agreement;
- (c) subject to the terms of Section 18.3, as may be required by law, regulation, court order, discovery request or subpoena; or
- (d) as may become necessary, in connection with due diligence activities relating to the potential acquisition of a Party or any of its Affiliates by a third party, provided that such third party is contractually subject to confidentiality obligations that are at least as protective as those set forth in this Agreement.

18.3 In the event that a Party is required or intends to disclose the existence of this Agreement or any terms and conditions of this Agreement (or the Reporting Data) in response to a discovery request, subpoena, or similar disclosure in a legal or regulatory proceeding, or pursuant to any regulatory obligation, the disclosing Party: (i) shall give prior written notice to the other Party, including providing the other Party with a copy of the relevant request for production or subpoena, or written reference to such regulatory obligation; (ii) shall not disclose this Agreement until fifteen (15) business days after the notification set forth in clause (i) above; and (iii) shall make all reasonable efforts to ensure that the disclosure is pursuant to the highest level of confidentiality available under the applicable protective order or other governing agreement, order or regulation.

§ 19

MISCELLANEOUS

19.1 Amendments must be in writing and signed by both Parties.

19.2 If any provision is held invalid, the remaining provisions shall remain in full force.

SIGNATURES

IPGATE AG

[LICENSEE]

Name:

Name:

Title:

Title:

Date:

Date: