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ROYALTY AGREEMENT

State of Alabama

BACKGROUND

A. This Royalty Agreement (the "Agreement") is made effective as of the following date _____, by and between _____ (the "Grantor"), of the following address:

_____

and _____ (the "Grantee"), of the following address:

_____

B. Whereas Grantor owns and has the right to grant an interest in the following property (the "Property"):

_____

C. Whereas Grantor's right was issued to Grantor on _____, by _____.

D. Whereas Grantee desires to make use of Grantor's property for a specific period by paying a percentage of Grantee's profits as Royalty to Grantor apart from any lump sum payment Grantee pays Grantor for the permission to use the Property.

THEREFORE, in consideration of the mutual promises and covenants herein contained, the Parties hereto agree to the following:

I. Granting of Rights.

1. Grantor hereby grants to Grantee the rights and license in the United States of America and its territories to use the Property for the following period of time: _____.

II. Grantor's Representations and Warranties.

2. Grantor represents and warrants that they own the Property, have the right to grant any license or permission for using the Property for which Grantor exercises their option hereunder, and that they have the right to enter into this Agreement.

3. Substantially contemporaneously with the signing of this Agreement, Grantor shall deliver to Grantee all relevant documents which are necessary for the use of the Property.

4. Grantor shall indemnify and hold Grantee harmless from all losses, claims, damages, and expenses resulting from the breach of its representations and warranties.

III. Grantee's Representations and Warranties.

5. Grantee shall, for a period described above from the effective date of this Agreement, maintain the Property in confidence, exercising the same degree of care Grantee exercises with respect to Grantee's own proprietary information.

6. In the event Grantee becomes aware of any act or event which has or may have the effect of compromising the confidentiality with regard to the Property, such as a Court Order requiring Grantee to produce documentation with regard to the Property, Grantee shall promptly notify Grantor thereof and consult with Grantor with respect to the manner in which such compromise can be mitigated.

7. To the extent that Grantee's negligence is the cause of any personal injury or property damage suffered by Grantee, any of its affiliates or subsidiaries, and/or any of their respective employees in the course of using the Property hereunder, Grantee hereby indemnifies Grantor and shall hold Grantor harmless against any such claims, demands, or losses for personal injury or property damage in the course of using the Property, provided that Grantee is given prompt written notice of any such claim and has the right to control the defense of any such claim including the right to compromise any such claim on such terms as Grantee deems

reasonable.

IV. Royalty.

8. As consideration for the rights and licenses granted to Grantee hereunder, Grantee agrees to pay Grantor $2 (two US dollars) as a lump sum at the time of execution of this Agreement.

9. As further consideration for the rights and licenses granted to Grantee hereunder, Grantee agrees to pay Grantor 100% of the Grantee's net profits, to be capitalized at the end of each calendar quarter.

10. Grantee shall pay to Grantor a minimum royalty payment of $2 (two US dollars) each calendar quarter.

11. Royalty payments shall change over the life of this Agreement in the following manner:

_____

V. Net Profits.

12. "Net profits" shall mean the total revenue received by Grantee from the use of the Property, less:

a. all direct manufacturing and marketing expenses, including commissions payable to third parties;

b. all direct overhead and general administrative expenses, excluding taxes; and

c. all other amounts agreed to be excluded by written approval of Grantor.

VI. Payment of Royalties.

13. The Grantee shall keep an accurate account of the revenue generated by using the Property under the scope of the right granted hereunder and shall render a statement in writing to Grantor within 30 days after the end of each calendar month during the term of this Agreement, and shall, concurrently with the rendering of such statement, pay to Grantor the amount of the Royalties accrued during this time

period.

14. Payment shall be made to the following person/address:

_____
_____

15. The following manners of payment shall be accepted under this Agreement:

_____

16. Grantor shall have the right, not more often than once in any calendar year, to have an independent certified public accountant acceptable to Grantee examine the books of Grantee to verify the Royalty statements and Royalties due to Grantor pursuant to this Agreement.

17. The cost of such examination by Grantor of the Grantee's books shall be borne by Grantor, unless such examination determines that Grantee has underpaid the Royalties due hereunder, in which event, Grantee shall pay the cost of such examination.

18. If any statement is not provided to the Grantor and subsequently paid within 30 days after the aforementioned payment frequency, the Grantee will be charged a late fee of $2 (two US dollars).

19. In addition to any other right or remedy provided by law, if the Grantee fails to pay for use of the Property when due, the Grantor has the option to treat such failure as a material breach of this Agreement, and may cancel this Agreement, revoke permission from the Grantee to use the Property, and/or seek any and all available legal remedies.

VII. Default.

20. If Grantee fails to render statements or make payments of Royalties as herein provided, Grantor may, upon 30 days' written notice to Grantee, terminate this Agreement and the rights and licenses granted hereunder. If such default is not cured within such 30 days, this Agreement shall thereafter terminate upon the date set in such notice without prejudice, however, to the Royalties due to Grantor hereunder.

21. If Grantee shall abandon the exploitation of the Property by failing for a period of

one calendar year to pay Grantor a minimum royalty of $2, Grantor may, upon 30 days' written notice to Grantee, terminate this Agreement and the rights granted hereunder without prejudice, unless Grantee, during said 30 day period, pays Grantor the difference between the minimum Royalty amount and the Royalties actually paid. Any termination by Grantor hereunder shall be without prejudice to the Royalties due to Grantor hereunder.

22. In addition to the above situations, the occurrence of any of the following shall constitute a material default under the terms of this Agreement:

a. The insolvency or bankruptcy of either Party.

b. The subjection of either Party's property to any levy, seizure, general assignment for the benefit of creditors, application or sale for or by any creditor or governmental agency.

c. The failure to make available or deliver the Property in the time and manner provided for in this Agreement.

VIII.

IX.

X. Termination.

23. Grantee may terminate this Agreement by giving notice thereof to Grantor if:

a. Grantor makes a general assignment of substantially all of their assets for the benefit of creditors; or,

b. A petition in bankruptcy or under any insolvency law is filed by or against Grantor and such petition is not dismissed within 60 days after it has been filed; or,

c. Grantor commits a material breach under this Agreement and fails to correct the breach within 30 days after it shall have been served with a notice

specifying the breach, requiring that such breach be corrected, and stating Grantee's intention to terminate the Agreement if the breach is not corrected within such 30 day period.

24. Grantor or Grantee may terminate this Agreement prior to the agreed-upon termination time by providing the following amount of written notice: _____.

25. If Grantor or Grantee terminates this Agreement prior to the agreed-upon termination time, they will be required to pay to the other Party the following early termination penalty:

_____

XI. Assignment.

26. This Agreement may not be assigned by either Party without the prior written consent of the other Party.

XII. Severability.

27. If any provision of this Agreement will be held to be invalid or unenforceable for any reason, the remaining provisions will continue to be valid and enforceable.

28. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision will be deemed to be written, construed, and enforced as so limited.

XIII. Amendment.

29. This Agreement may be modified or amended in writing if the writing is signed by the Party obligated under the amendment.

XIV. Governing Law.

30. This Agreement shall be construed in accordance with the laws of the State of Alabama.

XV. Notice.

31. Any notice or communication required or permitted under this Agreement shall be sufficiently given if delivered in person or by certified mail, return receipt requested, to the address set forth in the opening paragraph of this Agreement or to such other address as one Party may have furnished to the other in writing.

XVI. Waiver of Contractual Rights.

32. The failure of either Party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that Party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.

IN WITNESS WHEREOF, the Parties execute the Agreement as follows:

_____
_____, *Grantor*

Date:_____

_____
_____, *Grantee*

Date:_____