

25 April 1985

LICENSE AGREEMENT

BETWEEN

THE SECRETARY OF THE ARMY  
IN THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA

and

ROYAL ORDNANCE plc

concerning

L118/L119 BRITISH LIGHT GUN

RO AGREEMENT NO: D/P & L/81/38

US CONTRACT NO: DAAA09-85-H-W001

PRON:

FUND CITATION: To be cited upon exercise of the option.

inter alia, to manufacture or have manufactured, the EQUIPMENTS in the United States of America and its Territory and to dispose of and use the EQUIPMENTS in accordance with the terms and conditions set forth herein; and

5. RO is the manufacturer of the EQUIPMENT and has in its possession a Technical Data Package (TDP) and Technical Information relating to the manufacture of the EQUIPMENT and desires to sell EQUIPMENTS to the USG; and

6. In the exercise of his powers under the Ordnance Factories and Military Services Act of 1984, the Secretary of State for Defence has transferred ownership in the TDP and Technical Information in the EQUIPMENT to RO, and has transferred all his rights, liabilities and interests in the loan agreement No. DAAK-10-85-C-0017 to RO; and

7. RO warrants that it has the right to enter into this License and to grant the rights herein for the USG to use the TDP and the Technical Information of RO and any relevant patents and patent applications owned or controlled by RO, to manufacture the EQUIPMENT under License in the United States of America and its Territories; and

8. USG warrants that this License is authorized by United States law, including 10 USC 2386, and PL 97-252 (8 Sept 1982); and

9. RO is specially qualified and equipped to perform such work and render the services hereinafter set forth.

NOW THEREFORE, in consideration of the grant, release and undertakings hereinafter recited, it is hereby agreed between the parties as follows:

#### Article 1 -Definitions

In this Agreement including any SCHEDULES hereto, the following words shall have the following respective meanings:

(a) Light Gun:

(1) Light Gun: the 105mm British Light Gun L119 to the latest build standard at the date of this License, as described in Schedule 4, and

(2) Light Gun: the 105mm British Light Gun L118 to the latest build standard at the date of this License, as described in Schedule 5.

(b) Ancillary and Support Equipment: means the Initial Spares Requirement (ISR), Unit Equipment, Tools and Test Equipment defined in Schedule 6 and includes any parts thereof as the context permits.

(c) EQUIPMENT: means the Light Gun together with the corresponding Ancillary and Support Equipment whether it be the L118 or L119, with the exception of those items which are identified to RO at Type Classification as being capable of being replaced with existing U.S. Army equivalent items or being inappropriate in the scaling quoted due to the U.S. Army Deployment Procedures.

(d) Contracting Officer: means the official employed by the Department of the Army vested with the necessary authority to execute and administer this Agreement and any modifications of this Agreement on behalf of the USG.

(e) Manufacture: means the machining, fabrication and assembly of the L118 and L119 Light Gun, using the technology licensed herein.

(f) Technical Information: includes the entire body of knowledge whether reduced to record in the form of plans, drawings, specifications, design, software, including computer software, or existing in intangible form and know-how and manuals possessed by RO pertaining to the said EQUIPMENTS, their development, manufacture and use, in whatever form it may exist, be it recorded, or transmitted, including oral assistance necessary to accomplish the practice of, to form and use the Licensed Technology.

(g) Royalty Ceiling: means the amount of royalty that the USG under the terms of this License is required to pay RO in order to obtain a royalty free, paid-up License.

(h) FMS Share: means the portion of USG FMS orders placed with RO for the manufacture of EQUIPMENTS, parts thereof, and spare and repair parts. As part of the consideration of the granting of a license, the USG shall purchase from RO and/or its contractors, EQUIPMENTS, assemblies, components and spare parts equivalent to 30% of the FMS Price. Items selected shall be within the exclusive discretion of USG but, in order that a portion of the 30% will be items manufactured by RO, the 30% shall be computed on FMS orders on an annual basis so that the USG purchases may be combined to make an economic manufacturing quantity.

(i) Know-how: includes all information now existing which resulted from the design and development and manufacture of the EQUIPMENT and is owned by RO and its contractors as related to patents and patent applications, technical data, trade secrets and the TDP existing in intangible form (e.g. technical assistance) to be provided by skilled personnel of the RO, and including the whole body of knowledge held by the RO and which RO represents as that which has enabled it to manufacture, test and deliver the EQUIPMENT successfully to the United Kingdom Ministry of Defence for use by its military personnel.

(j) Patent Rights: means any and all patent and patent applications now owned or controlled by RO which would be infringed by the Manufacture and use of the EQUIPMENT.

(k) Territory: means Territories and Possessions of the United States, Puerto Rico and Canada, wherever it appears.

(l) Contractor: means prime contractor, subcontractor or vendor at any tier.

(m) RO net selling price: means the cost as certified by the UK Audit Agency in accordance with the MOU between USG and UKG entitled "Cooperation Agreement" dated September 1975 as extended and as allowable pursuant to FAR Part 31 (Contract Cost Principles and Procedures) with a profit of not greater than 10%. In the event the aforesaid MOU is not extended or renegotiated then the certification shall be in accordance with a review and/or certification procedure acceptable to the US Department of Defense Audit Agency.

(n) Technical Data Package (TDP): shall be as defined and set forth in Schedule 1 attached.

(o) Modifications or Improvements: means any engineering design change, addition or substitution made to manufacturing drawings or specifications of the EQUIPMENT less Ordnance).

(p) Ordnance: means the barrel assembly, muzzle brake and breech mechanism assembly pertaining to the EQUIPMENT.

(q) Foreign Military Sales (F.M.S.): Sales of EQUIPMENT, spares and repairs by USG to other countries.

(r) Grant Aid - EQUIPMENTS, or parts thereof, repair and spare parts manufactured by or for the USG which the USG transfers to other countries at less than the full manufacturing cost.

(s) Work Share: is that share of the USG military requirements for the EQUIPMENTS, parts thereof and repairs and spare parts, which the USG is required to purchase from RO at RO net selling price pursuant to Article 4, paragraph 1 of this Agreement. purchase from paragraph 1 of this Agree

(t) Type Classification: means the formal event when USG accepts an item as a standard for field use and/or introduction into inventory.

(u) FMS Price: FMS Royalties and FMS Share for the purposes of this Agreement shall be based upon the invoice price to the purchaser, less the overhead, financing and administrative costs, if any, included in the price for the administration of FMS sales. The invoice price shall not be less than the full manufacturing cost which shall be taken to include all elements normally included by USG in its purchase of similar items from its Commercial Contractors. For record purposes, packaging and packing costs, usually incurred in the shipment of newly manufactured EQUIPMENTS from the manufacturing facility, FOB its facility shall be included in the price.

#### Article 2 - Scope of Agreement

1. Upon exercise of the option hereinafter granted to USG in Article 2 of this Agreement, RO hereby agrees to, and does hereby grant and convey to the USG, subject to the terms and conditions of this Agreement, a non-transferrable, non-exclusive License to use the Licensed Technology including the TDP and other Technical Information, to manufacture, or have manufactured within the United States of America, and its Territory, the EQUIPMENT and parts thereof, repair and spare parts, or Modifications or Improvements therein, which RO has the right to License, for use throughout the World by the Armed Forces of the United States of America, and for sale to its Foreign Military Sales (FMS) and Grant Aid (GA) customers throughout the World.
2. In order to meet the USG requirement necessary for Type Classification and Integrated Logistic Support (ILS), RO agrees to commence providing the USG additional within 30 days and complete within 90 days after execution of the amendment to the

Contract No. DAAK10-85-C-0017 adding the additional quantities of EQUIPMENTS for the June 1985 tests, three reproducible copies of the drawings and specifications, including inspection specifications for the EQUIPMENTS, more particularly described in SCHEDULE 7. In addition to the foregoing data, RO shall furnish all such additional data requested by the USG required solely in order to enable USG to complete the tests and requirements necessary for Type Classification and ILS. If RO considers the request as unreasonable or inappropriate, RO shall refer the matter to the Contracting Officer who shall resolve the matter or treat the refusal as a dispute. Prior to exercise of the option by USG, USG hereby agrees not to make additional copies of the said drawings and specifications except as may be required for Type Classification or preparation of the ILS systems being performed with the assistance of RO; and not to disclose the same other than to employees and contractors of the USG who have a need to receive the information for Type Classification of the EQUIPMENT and preparation of ILS services. In the event that the USG decides not to Type Classify the EQUIPMENT, this Agreement shall be terminated without prejudice to the rights accrued to RO at the date thereof, and the USG shall return or destroy promptly all of the said data received.

3. Upon exercise of the option set forth in Article 3, by such notification to the RO, the License shall be in effect. Within 60 days of such notice, RO shall deliver to USG the balance of the TDP and the balance of the documents set forth in the Schedules to this Agreement.

4. RO will furnish from time to time in response to reasonable requests of the USG, any additional information in RO's possession at the date of the License, relating to the EQUIPMENT, such as Research, Development, Test and

Evaluation information which the USG may require for purposes of setting up its facility for manufacture and for resolution of any problems which may arise during manufacture, inspection and test of the EQUIPMENT.

5. USG may make any design Modification or Improvement to the EQUIPMENT including changes to the Ordnance and may amend the TDP and Manufacture or have Manufactured the EQUIPMENT to the revised TDP. RO and USG shall, subject to their existing national laws concerning transfer/export of technical data, within 90 days of incorporation of design Modification or Improvements to the TDP, inform the other party of the change. Each party shall have the right to use such data, subject to the statutory conditions and upon terms and conditions to be negotiated, with the party owning rights to the change. If the Improvements are owned by a third party, each party will assist the other party in obtaining rights to any change.

6. All EQUIPMENTS or parts thereof, repair or spares, ordered from RO for USG use, must be manufactured and assembled in the UK or acquired from companies who manufacture same in United States of America or its Territory.

7. USG may purchase from RO or its contractors, at RO net selling price, parts of EQUIPMENT that it decides not to manufacture or have manufactured in the United States of America and its Territory.

8. At the request of UK MOD, USG shall consult with UK MOD prior to transfer of the EQUIPMENT to any non-NATO country.

Article 3 - Option:

1. In consideration of USG entering into a Loan Agreement DAAK10-85-C-0017 and expending over \$10,000,000.00 for the testing of the Light Gun to as USG products determine whether or not the Light Gun meets the USG requirements for type-reef, and/c

Classification, RO hereby grants to the USG an option to exercise its rights for the License. The USG may exercise its option by the citation of funds and by either:

(a) formal notification by a letter signed by the U.S. Army Armament, Munitions and Chemical Command (AMCCOM) Contracting Officer advising that he is exercising the option directly, or

(b) by placing an order for the acquisition of the EQUIPMENTS under loan under contract No. DAAK10-85-C-0017.

#### Article 4 - Consideration

##### 1. Workshare

As part of the consideration for the granting of a License to the USG for the manufacture of the L-118 and L119 Light Guns, the USG agrees to the following:

The USG shall purchase from RO a work share consisting of:

(a) 100 EQUIPMENTS,

(b) 75 EQUIPMENTS less Ordnance,

(c) 25 Trail Assemblies, and

(d) 5 million Pounds Sterling over and above (a), (b) and (c) above, of EQUIPMENTS, Ordnances, assemblies, components, spare and repair parts and Ancillary and Support Equipment (except winter kit) commencing with Loan Agreement DAAK10-85-C-0017,

which taken together (i.e. (a), (b), (c) and (d) above) is herein referred

to as "Work Share". Insofar as the RO Work Share is concerned, USG agrees

that as USG production orders are placed for the manufacture of EQUIPMENTS, production of parts thereof, and/or spare and repair parts, whether by contracts thereof, and/or sp

or to government facilities, USG shall place orders with RO so that at all times the aggregate EQUIPMENT equivalents awarded to RO is not less than forty (40) percent of the aggregate EQUIPMENT equivalents USG production orders issued as of that date. This work share shall continue until the complete Work Share Requirement as set forth above is satisfied.

2. TDP/License Fee: The USG shall pay a TDP/License fee in the sum of 1,150,000 pounds sterling which sum includes the cost of reproduction and delivery of 3 reproducible sets of the TDP set forth in Schedule 1.

Payment of the fee of 1,150,000 Pounds Sterling by USG shall be made as follows: A payment of 10% of the fee (115,000 pounds sterling) shall be paid upon Type Classification and upon exercise of the option granted in this Agreement of Article 3, paragraph 1(a), within 30 days of receipt by USG of properly certified invoices. Payment of 50% of the TDP/License fee (575,000 pounds sterling) shall be paid upon delivery of the remainder of the TDP within 30 days of receipt by USG of properly certified invoices. The balance and final payment of the fee (460,000 pounds sterling) shall be paid within ninety days of delivery of the balance of the TDP or upon inspection and acceptance of the TDP by USG whichever shall first occur.

3. Royalty

(a) Any EQUIPMENTS or parts thereof, spare or repair parts, purchased from RO or its contractors, including the Work Share shall bear no royalty, but instead there shall be a credit against the Royalty Ceiling for that amount of royalty which would have been paid if manufactured by the USG. Royalties for EQUIPMENTS or parts thereof or spare and repair parts non-proprietary to RO or their contractors which are manufactured or acquired by

above the quant  
one-half percent (1/2)

USG, shall bear no royalty .

(b) The rate of Royalties to be paid by the USG on all EQUIPMENTS and parts thereof, and spare and repair parts, manufactured by or for the USG using proprietary data shall be as follows:

(1) The first Five Hundred (500) EQUIPMENT manufactured for USG use shall bear a royalty rate of five and one-half percent (5 1/2 %) of the RO net selling price applicable in the corresponding calendar year. If the RO delivered any of the 500 EQUIPMENT or their Equipment Equivalents as described below, no royalties shall be due for those quantities but those quantities shall be utilized for determining the rate of royalty, and the RO shall in addition grant a credit against the Royalty Ceiling. The amount of credit for the initial 100 EQUIPMENTS or Equipment Equivalents purchased for USG use from RO, shall be two times the rate that the USG would have paid, had it manufactured or had manufactured said equipment. For the remaining EQUIPMENTS or Equipment Equivalents purchased from RO, the credit shall be equal to the royalty which would have been paid had these quantities been manufactured by the USG or its Contractors. If RO has not sold any EQUIPMENTS in a calendar year in which the USG manufactures EQUIPMENTS, then the net selling price obtained competitively by the USG, or if such does not exist, the USG audited price for the item shall be the base upon which said royalties shall be determined for payment to RO and for determining the credit against the Royalty Ceiling.

(2) All EQUIPMENTS or Equipment Equivalents manufactured for the USG above the quantity of 500 EQUIPMENTS shall bear a royalty rate of four and one-half percent (4 1/2 %) of the RO net selling price. All quantities in excess of 500 shall bear a royalty rate of four and one-half percent (4 1/2 %).

manufactured for the USG by RO above the quantity of 500 EQUIPMENTS shall bear no royalty and RO shall in addition grant USG a credit against the Royalty Ceiling. The amount of such credit shall be equal to the royalty which would have been paid had these quantities been manufactured by the USG or its Contractors.

(3) (a) In calculating quantity of EQUIPMENTS purchased from RO or their Contractors for the purposes of determining royalties, the Pound Sterling value of spares, repairs, and parts of EQUIPMENT shall be aggregated and divided by the RO net selling price of an EQUIPMENT to arrive at the "Equipment Equivalent". This Equipment Equivalent number will be added to the full number of EQUIPMENTS purchased for royalty purposes, as to whether 5 1/2 % or 4 1/2 % royalty rate shall be applicable thereto. The Royalty amount which would have been paid had the USG manufactured same shall be credited against the Royalty Ceiling.

(b) Up to Fifty (50) EQUIPMENTS acquired by the USG for its own use may be utilized by the USG for GA without the payment of any additional royalties. All further GA transfers shall be treated as FMS for royalty and FMS Share purposes.

(c) For the purpose of FMS, RO shall deliver to USG at the end of each calendar year, RO net selling price list of the EQUIPMENT, parts thereof and spare and repair parts, and delivery schedule for each such item. Said price and delivery schedule shall be applicable for the ensuing year. The USG agrees to contract with RO an FMS Share in accordance with the Definition in Article 1(h). For all EQUIPMENTS or parts thereof, spare and repair parts manufactured by USG or its contractors, (the 70% Share) the USG under this provision of prior to reaching the

shall pay a royalty of eight percent (8%) of the USG FMS Price. This royalty shall be payable for a period of twenty (20) years from the exercise of the option by the USG. No royalty shall apply to RO or their contractor supplied EQUIPMENTS or parts thereof, spare and repair parts. However, if RO under a USG FMS case can not deliver its FMS Share or part thereof, within the period specified on its annual applicable RO specified price and delivery schedule or if RO decides not to accept an FMS Share order within 21 days of receipt of that order by RO, then that order or portion not accepted shall be waived and the cancelled portion shall be deducted from the 30% obligation. Notwithstanding such refusal or waiver, the USG shall pay RO a royalty of eight percent (8%) on that portion of the share waived or not accepted by RO.

(d) In order to induce USG to purchase additional quantities from RO beyond the Work Share for USG use, RO agrees, whether the additional quantities are awarded by directed purchase or after competition, that in addition to its waiver of their royalty on such additional quantities, RO will grant the USG an additional credit against the Royalty Ceiling. The additional amount of credit against the ceiling will be an amount equal to the royalties which the USG would have had to pay had the item been manufactured by the USG. This can amount to a savings of up to 11% (5 1/2% credit against the Royalty Ceiling and 5 1/2% royalty) which would otherwise be paid to RO if said additional quantities were within the first 500 EQUIPMENTS acquired by USG, or 9% thereafter (4 1/2% credit against the Royalty Ceiling and 4 1/2% royalty). In no event, however, will credits against Royalties granted by RO under this provision require repayment of Royalties heretofore paid or due prior to reaching the Royalty Ceiling.

(e) PAID UP LICENSES

(1) ROYALTY CEILING FOR USG REQUIREMENTS

After the US Government pays and/or receives credits for royalties as provided in this license for a total sum of eight million Pounds Sterling, or after 20 years from the exercise of the option in Article 3, whichever comes first, the USG shall have a paid up License, and no further royalties for USG use shall be due.

(2) ROYALTY CEILING FOR FMS

Twenty years after the exercise of the option in Article 3, the USG shall have a paid up License for FMS and all restrictions and conditions relating to such sales shall terminate.

Article 5 - Miscellaneous

1. (a). RO warrants that the TDP supplied under this License has allowed RO to manufacture the EQUIPMENT in the UK for the RO's own purposes, and is of sufficient detail to enable the USG, with adequate capital equipment and the requisite skill and experience of its work force, to manufacture the aforementioned EQUIPMENTS in the United States of America and its Territory. In the event the TDP is shown to be deficient or in error, RO shall at its own cost promptly correct such deficiency or error.

(b) RO will furnish such Technical Assistance as may be necessary at no additional cost to the USG, to correct the TDP, if the TDP which is furnished does not permit the Manufacture of EQUIPMENTS to the same quality as that delivered by RO to the UK Ministry of Defence.

2. After Type Classification and USG exercises its option for the License, the RO agrees to defend, and indemnify the USG, in the event of a lawsuit by a delivered, shall be de TDP may be utilized af

third party due to a deficiency in the design as represented by the TDP. Such indemnity shall not exceed the sums paid under the License.

3. If, as a result of this License, USG purchases any items from RO, RO agrees that any resulting procurement contracts shall include as a minimum a warranty as to design, workmanship, materials and manufacture, the details of which will be covered by the production contract.

4. (a) Each party will give all reasonable assistance to the other party in his defense against any patent infringement claims by third parties.

(b) Without additional payment, USG shall be entitled to use any patent, design, copyright or any other information owned by the RO and his contractors, in respect of Manufacture of the EQUIPMENT by or for the USG.

(c) If, during the establishment of the initial U.S. manufacturing facilities for the EQUIPMENTS or parts thereof, including spare and repair parts and/or subsequent Manufacture by USG, problems should occur due to the lack of access to information owned by RO contractors, RO shall obtain the information or provide the assistance necessary to overcome the problem within a reasonable time.

5. The TDP and any other proprietary information supplied by RO shall at all times remain the property of RO and the RO's contractors unless it is in or should become in the public domain. If the USG should terminate the License after placing its initial production order but prior to, procurement and delivery of the entire Work Share required by this License, all copies of the TDP, except that necessary for maintenance and upkeep of EQUIPMENTS already delivered, shall be destroyed. Notwithstanding the foregoing, the remaining TDP may be utilized after termination for Manufacture of repairs and spares, and shall be destroyed after

and no less than 50% of the repairs or spares required must be purchased from RO except in time of national emergency. For those repairs and spares Manufactured by the USG and not the RO, the royalty rates set forth in the License shall be due and payable to RO upon proper invoicing.

6. (a) USG shall not, without prior written consent of RO, disclose to any third party any part or the whole of any properly marked proprietary information. Notwithstanding this, however, nothing in this License shall prevent the USG from entering into contracts for the Manufacture in the United States of America and its Territory of EQUIPMENTS and parts thereof, including spare and repair parts, but USG shall disclose to its contractors, bidders and potential bidders only so much of the TDP and Know-how, and any other information supplied by RO, that is necessary for the purposes of such contract. USG shall take all necessary precautions to protect any RO proprietary information to which this Article applies, and in particular USG shall require its Contractors, bidders and potential bidders to execute secrecy agreements requiring them to keep confidential any RO proprietary information to which such Contractor, bidders or potential bidders may have access.

(b) Notwithstanding the foregoing, the obligation of confidentiality set forth in this License shall not extend to Proprietary Information which:

- (i) is legally and without restriction in the possession of USG or its employees prior to receipt thereof from RO, which fact of prior possession shall be the burden of proof by the USG;
- (ii) enters the public domain through no fault of the parties or their employees and Contractors;

rules in force between

- (iii) is disclosed without restriction and without breach of this License or any other obligation of confidentiality by a third party who has the right to make such disclosure;
- (iv) is rightfully made available to the USG from a third party who did not receive the proprietary information or any part thereof either directly or indirectly from RO;
- (v) if it is published or made available to the public with the written approval of RO;
- (vi) if the USG can show that it was conceived independently by the USG to whom no disclosure of the proprietary information has been made; or
- (vii) if it is required by law to be published or made available to the public and then only insofar as is required by law.

(c) All the protections and restrictions in this License as to the use and disclosure of any document marked as proprietary shall apply to all orally disclosed proprietary information which the RO has advised at the time of disclosure is proprietary and reduced to writing and properly marked during the period of 21 calendar days thereafter.

(d) RO has the burden to establish that any of its marked data is in fact proprietary. Further, USG may remove markings from any data it finds to appear in the public domain, without consulting the RO. USG shall, prior to the removal, advise RO by telex.

(e) The USG will undertake to protect any UK Government military classified information passed to it under this License in accordance with rules in force between the Governments of the United States of America and between the

United Kingdom.

(f) RO hereby certifies that it has been assigned all the rights necessary to license use by USG of Technical Data, Patents, Patent Applications, Copyrights, and all information which it is licensing to the USG except for those items in Schedule 2.

(g) With respect to the items listed in (f) above, RO agrees to furnish the USG the performance specification and envelope requirements for each of these items. In addition, RO shall obtain binding commitments from each of the subcontractors to license at least a company in the USA or its Territory to Manufacture same and sell same competitively. In the event that the US companies are unable or unwilling to supply USG at prices which correspond with those paid by RO, then sufficient information to enable Manufacture within USA will be made available by RO to USG at no cost to USG within a reasonable amount of time.

7. Except for recorded information relating to contracted items, the design rights which are owned by the contractors listed in Schedule 2, USG shall not reproduce the TDP except as authorized herein and shall take all necessary measures to prevent the reproduction of the TDP by third parties except for the purposes and in accordance with the conditions of this License.

Article 6 - Secrecy of Proprietary Information

1. USG shall take all measures necessary to prevent the disclosure to or access by unauthorized third parties to the Proprietary Information furnished under this License and in particular to observe the following security precautions:

(a) The Proprietary Information shall not be disclosed to any Government

or to any person except such officers, employees, agents, Contractors or potential Contractors of the USG as are concerned in the Manufacture of EQUIPMENTS and parts thereof and/or spare repair parts in the United States of America and without written consent of the RO.

(b) The RO shall mark and identify the Information subject to the above limitations, and which it established is proprietary, with a protective legend cross referencing this License by contract number and setting forth the limitations of use.

#### Article 7 - Technical Assistance In Manufacturing

1. RO shall provide at the request of USG, reasonable periods of training for approved representatives of USG, his agents or Contractors at RO factories while the EQUIPMENTS are in production in RO factories, and shall provide Technical Assistance in the United States of America and its Territory on the manufacturing, inspection and proof techniques and methods insofar as they relate to processes for use under this License. The following conditions shall apply to any training or Technical Assistance provided in accordance with this Article:

(a) At no cost to USG or its Contractors, RO shall make available at RO Nottingham and its other facilities its skilled personnel to USG at the request of USG, the numbers to be agreed from time to time between the parties for the purposes of supplying Know-how to USG in connection with the manufacture of the EQUIPMENT, parts thereof, spares and repair parts.

(b) RO shall make available a reasonable number of its RO skilled personnel for the USA for a reasonable amount of time for the purpose of supplying assistance and Know-how in connection with the Manufacture of assistance and

EQUIPMENTS, parts thereof, repairs and spare parts.

(i) The provision of Technical Assistance by the RO factory production and quality experts in the United States of America and its Territory will be for a period of a minimum of one week and a maximum of 4 weeks at any one time.

(ii) Such periods of training and Technical Assistance for manufacturing purposes in the USA shall be paid for by USG or its contractors at the rates set out in Schedule 8. In addition, USG or its Contractors shall pay travel and subsistence in accordance with the rates paid by the USG or its Contractors to their own employees. Travel and subsistence to and from and in the United Kingdom and the United States of America and its Territory and incurred by such approved representatives in connection with such training and Technical Assistance and supply of Know-how shall be at the expense of the USG. RO shall, wherever possible, utilize USG's travel facilities, and utilize USG's Agents.

Article 8 - Disputes (FAR 52.233-1, Apr 1984)

(a) This License is subject to the Contract Disputes Act of 1978 (referred to in this Article as the "Act"), 41 U.S.C. Sections 601-613.

(b) Except as provided in the Act, all disputes arising under or relating to this License shall be resolved in accordance with this Article.

(c) (1) As used herein, "claim" means a written demand or assertion by one of the parties seeking, as a matter of right, the payment of money, adjustment, or interpretation of contract terms, or other relief, arising under or relating to this License. However, a written demand by the RO seeking the payment of money in excess of \$50,000 is not a claim until

certified in accordance with paragraph (d) below.

(2) A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim for the purposes of the Act. However, where such submission is subsequently disputed either as to liability or amount or not acted upon in a reasonable time, it may be converted to a claim pursuant to the Act by complying with the submission and certification requirements of this Article.

(3) A claim by the RO shall be made in writing and submitted to the Contracting Officer for decision. A claim by the USG against the RO shall be subject to a decision by the Contracting Officer.

(d) For RO claims of more than \$50,000, the RO shall submit with the claim a certification that the claim is made in good faith; the supporting data are accurate and complete to the best of the RO's knowledge and belief; and the amount requested accurately reflects the contract adjustment for which the RO believes USG is liable. The certification shall be executed by a senior official in charge at the RO's plant or location involved, or by an officer of RO having overall responsibility for the conduct of RO's affairs.

(e) For RO claims of \$50,000 or less, the Contracting Officer must, if requested in writing by RO, render a decision within 60 days of the request. For RO certified claims in excess of \$50,000, the Contracting Officer must decide the claim within 60 days or notify RO of the date when the decision will be made.

(f) The Contracting Officer's decision shall be final, unless the RO appeals to the Board of Contract Appeals or files a suit in the U.S. Claims Court, as provided in the Act.

(g) Interest on the amount found due on an RO claim shall be paid from the date the Contracting Officer receives the claim (properly certified, if required, in accordance with (d) above), or from the date payment otherwise would be due, if such date is later, until the date of payment. Simple interest will be paid at the rate, established by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each six-month period as fixed by the Secretary during the pendency of that claim.

(h) RO shall proceed diligently with performance of this License, pending final resolution of any request for relief, claim, appeal, or action arising under the Agreement, and comply with any decision of the Contracting Officer.

#### Article 9 - Interest Concerning Disputes

If an appeal is filed by RO from a final decision of Contracting Officer under the Disputes clause of this License, denying a claim arising under the License, simple interest on the amount of the claim finally determined to be owed by USG shall be payable to the RO. Such interest shall be at the rate established by the Secretary of the Treasury pursuant to Public Law 92-41, 85 STAT 97, from the date the RO furnishes to the Contracting Officer his written appeal under the Disputes clause of this contract, to the date of (i) a final judgment by a court of competent jurisdiction, or (ii) mailing to the RO of a supplemental agreement for execution either confirming completed negotiation between the parties, or carrying out a decision of a board of contract appeal.

not operate as a waiver

#### Article 10 - Termination

1. Prior to the exercise of the option granted herein in Article 3, the USG may upon thirty (30) days written notice to RO terminate this Agreement. Upon termination USG shall return all proprietary data to RO Licensor, save for one copy for its archives.
2. USG shall also have the right to terminate the license at any time prior to the USG satisfying the Work Share requirements stated in Article 4, paragraph 1, subject to the terms of paragraph 5 of Article 5, above.
3. Termination of this Agreement for whatever reason shall be subject to the rights and obligations accrued by the parties hereto up to the date of such termination and in particular such termination shall not release USG from its undertakings and obligations incurred prior to termination.
4. Should the USG terminate the License as provided above, however, the USG shall remain obligated to pay RO for any royalties which have accrued prior to the effective date of such termination;

#### Article 11 - Assignments

This License is specific to the parties hereto and except as specifically included herein, neither party hereto shall assign this License or any rights herein without the prior written consent of the other party.

#### Article 12 - No Waiver of Rights

The failure of either party hereto at any time to enforce any of the terms, provisions, or conditions of this License shall not be construed as a waiver of the same or of the right by either party to enforce the same on any subsequent occasion. The waiver by either party of any right hereunder shall not operate as a waiver of that right on any subsequent occasion. operate as a waiver.

### Article 13 - Force Majeure

Any delays in or failure of performance by either party under this License shall not be considered a breach of this License if and to the extent that the delay or failure was caused by occurrence beyond the control of the party affected including but not limited to decrees of Government, Acts of God, strikes or other concerted acts of workmen, fires, floods, explosions, riots, war, rebellion and sabotage. Should such delays occur the party so affected shall expeditiously provide notice to the other party of the nature and expected duration of the delay. The foregoing shall not be considered a waiver of either party's obligations under this License and as soon as such occurrences will cease, the party affected by such occurrences shall promptly fulfil its obligations under this License. USG will have the right to Manufacture the EQUIPMENTS and parts thereof and spare and repair parts, subject to payment of a Royalty to RO, determined in accordance with the scale of Royalties in this License if the RO for reasons of Force Majeure is unable to continue deliveries to the USG at a rate of delivery specified in its delivery schedule of the production contract or FMS Share, but will within a reasonable time, not to exceed 90 days or the completion of work in progress, whichever occurs later, cease such production when deliveries can be resumed. The obligation to pay royalties will cease once the Royalty Ceiling has been reached, or after twenty (20) years from the effective date of this License.

### Article 14 - Release

RO hereby releases each and every claim and demand which he now has or may hereafter have against USG for the Manufacture of the EQUIPMENTS or parts thereof and spare and repair parts or use by or for USG, prior to the <sup>may thereafter further</sup> assignment to any type

effective date of this License, in relation to any invention covered by any patent or application for patent owned by RO in respect of the EQUIPMENTS.

Article 15 - Non-Estoppel

USG reserves the right at any time to contest the enforceability, validity or scope of, or the title to any patent or patent application herein Licensed without waiving or forfeiting any right under this License.

Article 16 - Officials Not To Benefit (FAR 52.203-1, Apr 1984)

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this License, or to any benefit arising from it. However, this Article does not apply to this License if made with a corporation for the corporation's general benefit.

Article 17 - Covenant Against Contingent Fees (FAR 52.203-5, Apr 1984)

RO warrants that no person or agency has been employed or retained to solicit or obtain this License upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, USG shall have the right to annul this License without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

Article 18 - Assignment Of Claims (FAR 52.232-23, Apr 1984)

(a) RO, under the Assignment of Claims Act, as amended, 31 U.S.C. 203, 41 U.S.C. 15 (hereafter referred to as the "Act"), may assign its rights to be paid amounts due or to become due as a result of the performance of this License to a U.S. bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment may thereafter further assign or reassign its right under the original assignment to any type of financing institution described in the preceding any type of

sentence. Unless otherwise stated in this License, payments to an assignee of any amounts due or to become due under this License shall not, to the extent specified in the Act, be subject to reduction or setoff.

(b) Any assignment or reassignment authorized under the Act and this Article shall cover all unpaid amounts payable under this License, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this License.

(c) RO shall not furnish or disclose to any assignee under this License any classified document or information related to work under this License until Licensee's Contracting Officer authorizes such action in writing.

Article 19 - Gratuities (FAR 52.203-3, Apr 1984)

(a) The right of RO to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that RO, its agent, or another representative-

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of USG; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.

(c) If this License is terminated under paragraph (a) above, USG is entitled -

(1) To pursue the same remedies as in a breach of the License; and

(2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by RO in accruing under this

giving gratuities to the person concerned, as determined by the agency head or a designee. (This subparagraph (c)(2) is applicable only if this License uses money appropriated to the Department of Defense).

(d) The rights and remedies of USG provided in this Article shall not be exclusive and are in addition to any other rights and remedies provided by law or under this License.

#### Article 20 - Royalties from Government Agencies Other Than Department of Army

(a) RO hereby agrees that the rights and license granted herein are also granted to any Department or Agency of USG for Governmental purposes at no additional costs. The Department of the Army, having contracted for USG, shall be responsible for the payment of all royalties.

(b) Royalties for all departments or agencies of USG shall be combined for the purpose of computing the amount of money USG has paid as set forth in the computation of royalties. The Department of the Army shall account to and pay, or arrange for paying, RO for use of this License by Government agencies other than the Department of the Army as if such use were made by the Department of the Army.

#### Article 21 - Readjustment of Payments

(a) If any License, under substantially the same technology and patents and authorizing substantially the same acts which are authorized under this License shall hereafter be granted by RO to any third parties, on terms which, taken as a whole, in context are more favorable than those contained herein, USG shall be entitled to the benefit of such more favorable terms with respect to all terms including royalties, product purchase prices, and the Ceilings accruing under this License after the date such more favorable terms become this Lice

effective, and RO shall promptly notify the USG in writing of the granting of such more favorable terms, and thereafter the USG shall be considered as having a paid up License.

(b) In the event any claim of any patent hereby Licensed is construed or held invalid by decision of a court of competent jurisdiction, the requirement to pay royalties under this License insofar as it arises solely by reason of such claim, and any other claim not materially different therefrom, shall be interpreted in conformity with the court's decision as to the scope of validity of such claims; provided, however, that in the event such decision is modified or reversed on appeal, the requirement to pay royalties under this License shall be interpreted in conformity with the final decision rendered on such appeal.

Article 22 - Applicable Law

This License shall be construed according to the laws of the United States.

Article 23 - Approval of Agreement

This License shall be subject to approval for the Secretary of the Army by or on behalf of the Assistant Judge Advocate General for Civil Law, Department of the Army, and shall not be binding until so approved. The date of such approval which shall be the effective date of the License, shall be communicated to RO immediately thereafter.

Article 24 -This License contains all terms and conditions relating to the licensed manufacture of the EQUIPMENT by the USG in United States of America and its Territory, and no oral, written or other representation between the parties shall have the effect of varying, adding to or substituting for what is contained herein. Any revisions, amendments or changes to this License

shall be in writing, shall be signed by both parties, and shall become effective upon the date specified at the time of signature thereof.

Article 25 - Correspondence

The addresses for correspondence in connection with matters arising under this License are:

- (a) The Managing Director  
Royal Ordnance  
Weapons and Fighting Vehicles Division  
Head Office  
Manston Lane  
Crossgates  
Leeds LS15 8ST  
England  
Telephone: 0532 608811 Telex: 55360 WfvHQ G
  
- (b) The Secretary of the Army  
Department of the Army  
Headquarters US Army Armament  
Munitions and Chemical Command,  
Rock Island,  
Illinois,  
USA

or to such other addresses as supplied thereafter by the parties to each other, in writing.

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

ROYAL ORDNANCE

BY: 

TYPED NAME: P. J. LEE

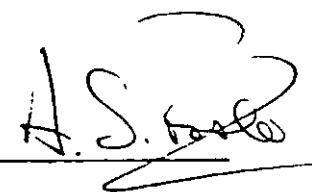
DATE

25/4/85

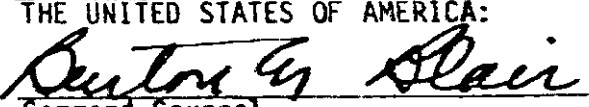
I, A. S. FOSTER, certify that I am a European Patent Attorney, of ROYAL ORDNANCE named above, that Mr. P. J. LEE, who signed this AGREEMENT on behalf of said Corporation, was then Commercial Director, WFV Division of said Corporation by authority of its governing body and is within the scope of Corporate powers.

Witness my hand this 25th day of April, 1985.

ROYAL ORDNANCE

BY: A. S. FOSTER 

THE UNITED STATES OF AMERICA:

  
Command Counsel  
US Army Materiel Command  
Contracting Officer

DATE

26 April 1985

Pursuant to AFARS 27.7006-94, the foregoing Agreement is hereby approved.

BY:

*[Handwritten Signature]*  
Assistant Judge Advocate  
General for Civil Law

DATE

4/26/85

## SCHEDULE 1

### TRANSFER OF TECHNOLOGY, FABRICATION AND TESTING PACKAGE

TDP means the Technical Data Package, which consists of all the recorded "know-how" required to manufacture, assemble and test (including method of operation) the L118/L119 Light Gun. The know-how consists of all information now existing, reduced to record in the form of plans, drawings, specifications, designs, software, etc.; including the whole body of recorded knowledge that must be transferred to enable a skilled third party (after Americanization) to successfully manufacture, integrate, test, deliver and use a gun in accordance with Licensor's acceptance specifications; to enable the licensee to operate, maintain and support the gun using the Licensor's common tools, maintenance and support equipment.

As a minimum such information includes:

Weapons performance specifications

Interface data

Operating and maintenance instructions and manuals.

Complete set of detail drawings and technical manuals showing dimensions and tolerances.

Complete set of general assembly, subassembly, component and reference drawings to include casting and forging drawings.

List of parts detailing levels of assembly.

Material specifications showing chemical composition, physical/mechanical properties and process of manufacture, where necessary or mandatory, but will not include manufacturing information in respect to such raw materials.

Preventative maintenance schedules.

Power requirements (electrical, hydraulic, etc.) and interface requirements.

Guidance/Documentation on drawing symbol interpretation.  
(British Standard 308)

Initial spare parts scaling

Storage Serviceability Standards.

Depot Maintenance Work Requirements.

Contractor named and items shall be included regarding the method

Items List. List of provisioning spares for gun, including Basic Issue

Test results of actual performance to include reliability predictions and test data (i.e. test and field firing data, wear data, fatigue and condemnation data).

Complete set of manufacturing and assembly process routings identifying the machines, equipment, accessories and standard times for each operation as well as for alternate operations.

Complete set of detailed drawings showing dimensions and tolerances for jigs, fixtures, tools, holding devices, special cutting tools, die and pattern equipment.

Special machine tools or equipment information to include specifications, drawings, etc. to permit duplication or acquisition.

Complete set of quality control/assurance plan and instructions as well as final acceptance gage drawings.

Process manuals, equipment lists, specifications and drawings for special process operations.

Complete end items and repair part item packaging and preservation to include drawings, specifications and instructional procedures.

Documentation containing instructions and equipment for any approved repair procedures such as but not limited to weld repairs and plating repairs.

Detailed inspection criteria for items such as magnetic particle inspection, porosity, surface treatment, paint adhesion, etc.

Complete inspection information including quality assurance, proof and final acceptance test specifications and test descriptions.

The component parts of the Light Gun detailed in Schedule 2 are manufactured for Royal Ordnance by contractors in the United Kingdom. Design rights for such parts are owned by the contractor and detailed manufacturing information other than acceptance specification are not included in the TDP. The companies concerned will make available all the necessary specialized information to their affiliated companies in the USA to enable them to supply to USG. In the event that the US companies are unable or unwilling to supply USG at prices which correspond with those paid by Royal Ordnance, then sufficient information to enable manufacture within USA will be made available by RO to USG at no cost to USG.

The items listed at Schedule 3 are manufactured in the UK by the contractor named and the corresponding information and data relating to these items shall be included in the TDP except that no detailed information regarding the methods of manufacture will be included.

SCHEDULE 7

TECHNICAL DATA REQUIRED FOR TYPE CLASSIFICATION

OF THE BRITISH LIGHT GUN

Functional performance specification/purchase descriptions and qualitative RAM requirements to include:

- Interface data
- Complete set of detail drawings and technical manuals showing dimensions and tolerances of all assembly, subassembly and components (to include casting and forging drawings).
- Guidance/Documentation on drawing symbol interpretation.
- Process manuals, equipment lists, specifications and drawings for special process operations (i.e. Trail Bending).

Special testing required including final acceptance testing.

Quality assurance controls to include:

- Complete set of quality control/assurance plans and instructions as well as final acceptance gage drawings.
- Detailed inspection criteria for items such as magnetic particle inspection, porosity, surface treatment, paint adhesion, etc.

Warranty provisions and applicability.

SCHEDULE 8

The training and technical assistance provided under Article 6 of this Agreement shall be paid for by the USG at the following rates:

410 pounds sterling per standard United Kingdom working manday for a senior engineer.

340 pounds sterling per standard United Kingdom working manday for a junior engineer.

The prices quoted herein are base dated at January 1985 price levels and are subject to variation at the time of payment. The price variation adjustment shall be calculated as follows:

$$\text{Adjustment} = \text{Appropriate Fee} \frac{(\text{Index current at time of payment} - \text{Jan 85 Index})}{\text{Jan 85 Index}}$$

Where the indices quoted are taken from the Index of Average Earnings - All manufacturing industries (Table 18.5 in the monthly Digest of Statistics published by the United Kingdom Central Statistical Office.)

RO certifies that the foregoing are the standard rates and adjustments.