



## AUTHORIZED RESELLER AGREEMENT

THIS AUTHORIZED RESELLER AGREEMENT ("Agreement") is entered into as of this \_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_ ("Effective Date") between \_\_\_\_\_, a \_\_\_\_\_ with principal place of business at \_\_\_\_\_ ("Reseller"), and Paragon Software Group Corporation, a California corporation, with principal place of business at 15615 Alton Parkway, Suite 450, Irvine, CA 92618, U.S.A. ("Paragon")(Paragon and Reseller hereafter individually a "Party" and collectively "the Parties").

Licensor owns certain software programs and publications and provides services related thereto. Reseller markets and resells computer software programs in the Territory (as defined herein) and desires to obtain a license to market and resell the Licensed Products (as defined herein) in the Territory on the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual covenants stated herein, the Parties agree as follows.

### **I. DEFINITIONS**

Agreement means this License Agreement and any Exhibits hereto.

Channels means reputable establishments in the Territory (reasonably acceptable to Paragon) to which Reseller shall sell Licensed Product(s) for subsequent purchase and use by end users subject to the applicable EULA (which Reseller shall include with all Licensed Products produced and sold).

EULA means the end-user license agreement to which an end user must agree in order to use a Licensed Product.

IP Rights means Paragon's or its suppliers' intellectual property rights in the Licensed Products, of any kind or type, registered or unregistered, arising under the law of any country.

Licensed Product(s) means the Paragon software program(s) Reseller is authorized to sell under this Agreement as listed in Exhibit A, and all previous and future versions, updates, upgrades and platform additions thereto.

Marks means Paragon's trademarks and logos related to the Licensed Products, and each of them.

Sales Target means the sales volumes stated in Exhibit D that Reseller must achieve in order to obtain automatic renewal of its rights under this Agreement.

Territory means \_\_\_\_\_.

### **II. RESELLER APPOINTMENT AND PRODUCT LICENSE**

- 2.1 Reseller Appointment and License Grant Subject to the provisions of this Agreement, (a) Paragon hereby appoints Reseller and Reseller accepts appointment as a non-exclusive Reseller to market and sell Licensed Products in the Territory, and (b) Paragon grants to Reseller a limited, nontransferable and exclusive license to, and Reseller shall, reproduce and distribute English language version of the Licensed Products to end-user customers in the Territory. Paragon reserves the right to distribute, promote, market and sublicense, directly or through third parties, all Paragon products in the Territory during the Term. The authorization in this Section entitles Reseller to participate in the Paragon Authorized Reseller Program outlined in Exhibit B attached hereto according to the level of its sales activity.
- 2.2 Sub-Resellers Reseller shall not, without Paragon's prior written approval, appoint sub-resellers, resellers, agents or sub-providers ("Sub-resellers") to market, sell, or service Licensed Products. Reseller shall be liable for the acts and omissions of any such Sub-resellers. Paragon shall have no obligation to provide warranty, technical, or customer service to end-users of Products purchased from Sub-resellers.
- 2.3 Advertising, Marketing and Product Support Reseller shall use best efforts to market and sell Licensed Products in the Territory during the Term through on-line advertising, catalogs and direct mailings, space advertising, educational meetings, trade show exhibits, etc., and shall comply with such advertising, marketing & product support policies, programs, and requirements as Paragon may establish.
- 2.4 Sales Support and Service Reseller shall a) supply Paragon with any requested data on Reseller sales to end-users; b) participate fully in Paragon campaigns to notify customers of any patch, bug fix, retrofit or recall of Licensed Products; c) not reverse engineer, decompile, or otherwise remove or alter components or coding of any Licensed Products or sell or distribute the same separately; d) comply with laws and regulations applicable to returned merchandise and never place back in inventory or resell as new any copy of a Licensed Product returned to Reseller; e) instruct its customers on obtaining replacement Licensed Products under warranty; and g) follow Paragon policies and procedures for customer support.



2.5 International Resales Reseller shall be authorized to export Licensed Products and resell them outside the United States only if an International Reseller Addendum in the form attached as Exhibit H is executed by the Parties and attached hereto. If attached, all provisions of such Addendum shall prevail over any otherwise conflicting sections of this Agreement. The International Reseller Addendum may be amended or deleted without otherwise affecting this Agreement.

### III. TRADEMARK LICENSE

3.1 License Grant Reseller is authorized to use the Paragon Marks as stated in the Trademark License Agreement attached hereto as Exhibit G solely in connection with the marketing, advertisement, packaging and sale of the Licensed Products. Termination of this Agreement shall automatically terminate the Trademark License Agreement.

3.2 Scope of Use Reseller's use of the Marks shall comply with Paragon's branding guidelines in Exhibit F hereto. Reseller will not delete, omit or remove any markings, legends or notices from Licensed Products or use the Marks in any way likely to deceive the public.

3.3 Review & Approval of Use Reseller's packaging, marketing and advertising of Licensed Products and Marks usage are subject to Paragon's prior written approval. Reseller shall forward a sample of all proposed uses to Paragon for such approval, and Paragon shall respond within ten (10) business days. If it does not, the proposed use shall be deemed approved. Notwithstanding Reseller's compliance with this procedure, each proposed use shall require Paragon's prior written approval and no approval shall be deemed granted merely by the passage of time.

### IV. ORDERS AND PAYMENT

#### 4.1 Orders

4.1.1 Order Placement Reseller may order from Paragon by telephone, fax, mail or e-mail as may be designated in writing to Reseller. Paragon's acceptance of a purchase order ("P.O.") shall occur (a) when the P.O. is entered into Paragon's system, or (b) when an order number is provided to Reseller by fax or e-mail on Reseller request, whichever occurs first.

4.1.2 Purchase Order Content P.O.s shall state the Licensed Product(s) ordered, quantity and type, specifications, any applicable quote number, addresses for billing and shipment, agreed payment terms, shipping instructions (if allowed by Paragon), and Reseller's order number.

4.1.3 Offer and Acceptance Each P.O. shall be deemed an offer by Reseller to purchase Licensed Products and when accepted by Paragon shall constitute acceptance under this Agreement. In any conflict between this Agreement and any provision of a P.O., this Agreement will prevail. Paragon's acceptance of a P.O. is contingent on the P.O. containing all information required by Paragon for an order, and shall be made by (a) fax or e-mail, or (b) commencement of performance by Paragon.

4.1.4 Product Modifications Paragon reserves the right to modify any Licensed Product, and any Licensed Product so modified shall be accepted by Reseller in fulfillment of existing orders. Paragon reserves the right to discontinue production, shipment, and servicing of any Licensed Product title at any time. No alteration, revision, or any other change of any type to any Licensed Product by Reseller or any third party is authorized by this Agreement.

4.1.5 Order Fulfillment Paragon will endeavor to fill all P.O.s from Reseller insofar as practicable and consistent with Paragon's production schedules, but shall not be liable for any failure to fill all or part of any order. Paragon may fill Orders by delivering CDs with copies of Licensed Product or, at its option, by electronic download to an End-User's location according to contact information notified to Paragon by Reseller.

4.1.6 Changes to Orders Changes to orders can be accepted only up to the time the order enters Paragon's processing queue. Reseller may initiate changes to accepted orders by sending an order modification to Paragon referencing the original order. Paragon shall process the modified order upon its written acceptance of the modification.

4.2 Pricing Pricing for the Licensed Product(s) shall be as specified in Exhibit C attached hereto.

#### 4.3 Payment

4.3.1 Invoice and Payment Terms Paragon shall invoice Reseller or its distribution partner or sub-reseller as of the date of order shipment or download all charges relating to that shipment and any other charges owed. Reseller shall provide advance written information on all partners or sub-resellers sufficient for Paragon to invoice them directly for sales made through them to end-users. Payment for Licensed Products shall be due in U.S. Dollars net thirty (30) days from the date of Paragon's invoice.



- 4.3.2 Overdue Balance On any overdue balance Paragon may (a) charge interest at a rate fixed in its discretion but no greater than the legal maximum, (b) assess a late charge or finance charge, and, at its option, (c) suspend further shipments and deliveries hereunder.
- 4.4 Change to Credit Terms If in Paragon's opinion Reseller's financial condition becomes impaired or unsatisfactory or inadequate to meet Reseller's obligations hereunder, Paragon may change or withdraw any credit terms extended to Reseller and require advance cash payment or other security before filling further Orders from Reseller.
- 4.5 Shipping and Title Reseller shall bear any shipping and handling fees for delivery of tangible versions of Licensed Products, which shall be shipped FOB Paragon facility unless Paragon states otherwise in its P.O. acceptance. Title and risk of loss shall pass from Paragon to Reseller or Reseller customer at the point of delivery or download. The foregoing notwithstanding, Paragon shall retain a security interest in all Licensed Products and in any proceeds from the sale thereof until they are paid for in full.

## V. SALES TARGETS

The rights granted to Reseller by this Agreement are contingent on Reseller achieving the Sales Targets in Exhibit A. Should Reseller not achieve those Sales Targets, Paragon may terminate this Agreement on thirty (30) days notice and Section 12.5 shall apply.

## VI. RESELLER OBLIGATIONS AND RESTRICTIONS

- 6.1 Replication and Sales Standards Reseller shall (a) include in each copy of a Licensed Product the Paragon End User License Agreement attached hereto as Exhibit E and such other documentation as Paragon may designate; (b) ensure that all copies of the Licensed Product(s) made or authorized hereunder are accurate and error-free, and (c) implement such processes as are necessary to ensure compliance with this section.
- 6.2 Tech Support Reseller shall provide all first-tier technical support to end-user customers who purchase Licensed Products from it through Channels in the Territory. Licensor shall provide second tier tech support to Reseller as reasonably necessary to facilitate Reseller's support to end-users. Reseller shall promptly notify Paragon of any bug or error in the Licensed Product(s) discovered by Reseller or reported to Reseller by any party, after verifying the bug or error.
- 6.3 Marketing Reseller shall during the Term (a) publicize, market and distribute the Licensed Product(s) in the Territory; (b) comply with all branding and marketing guidelines for Licensed Product(s) as established by Paragon and/or as stated in Exhibit F hereto; (c) provide Paragon with a rolling calendar quarterly written marketing plan and sales forecast for the lesser of (i) the next (12) calendar months or (ii) the remainder of the Term hereof
- 6.4 Promotional Copies Reseller may distribute free of charge such limited number as Paragon may authorize of "seeding copies" of the Licensed Program with such functionality and configurations as Paragon decides. Such copies shall be used as promotional samples for press and sales purposes, and Reseller shall account to Paragon each quarter for all distributions of the same.
- 6.5 Marketing Assistance Paragon may make MDF funding available from time to time on an individual proposal basis. Any such funds authorized in response to a proposal from Reseller will be accrued by Paragon Software at the rate of three percent (3%) off all Paragon software Channel business.
- 6.6 Compliance with Laws Reseller shall (a) comply with all laws and regulations applicable to its activities hereunder; and (b) cooperate fully with Paragon in respect of Paragon's performance of this Agreement. Reseller shall, and shall cause its Channel distribution partners to (i) do business in a way that reflects favorably at all times on Paragon and the Licensed Programs, (ii) avoid deceptive or unethical practices detrimental to Paragon or the Licensed Programs, (iii) make no false or misleading representations regarding Paragon or the Licensed Programs, (iv) not publish or use, or cooperate in the publication of, any misleading or deceptive advertising material about Paragon or the Licensed Products, (v) make no representations, warranties or guarantees regarding the Licensed Programs inconsistent with those provided by Paragon; and (vi) enter no contract or engage in any practice detrimental to Paragon's interests in the Licensed Programs.
- 6.7 Acknowledgements Reseller acknowledges and agrees that (i) the Licensed Products are proprietary to, and contain trade secrets of, Paragon and its suppliers; (ii) Paragon and its suppliers retain all right, title and interest in and to the Licensed Products and all portions thereof and documentation for distribution therewith, including any copies provided to or made by Reseller or any modifications thereto; (iii) Reseller has no rights, express or implied, therein other than as stated in this Agreement, and (iv) Paragon shall have the right, in its reasonable discretion and at any time, to implement a substitute for any Licensed Product(s) or part thereof and within ninety (90) days of receiving Paragon's notice of such substitution, Reseller shall stop all distribution of the substituted Licensed Product(s) or part thereof.



- 6.8 **Prohibitions** Other than as expressly permitted by this Agreement or required by law, Reseller shall not (i) use, register, copy, sublicense, or distribute of any Licensed Product or any of Paragon's or its suppliers' IP Rights in the Licensed Products; (ii) market or distribute any product that competes with any Licensed Product; (iii) alter, create derivative works of, edit, modify or revise any Licensed Product or IP Right; (iv) reverse engineer or compile, decompile, disassemble or otherwise attempt to reconstruct or discover any source code or algorithms of any Licensed Product or any IP Right; (v) rent, lease, loan, electronically transfer or otherwise make available a Licensed Product to another party other than through licensed purchase; (vi) use a Licensed Product to create or support any commercially available service that replicates any function of any Licensed Product, (vii) engage in any deceptive, misleading or unethical practices detrimental to Paragon or any Licensed Product; (viii) distribute Licensed Products with any material or software (1) that is unlawful, abusive, defamatory, obscene, libelous, invades another's privacy or is otherwise objectionable, (2) to which Reseller has no right under law or contract, (3) that infringes any patent, trademark, trade secret, copyright or other proprietary rights of any party, (4) that contains viruses or any other code, file or program designed to interrupt, destroy or limit the functionality of any software, hardware or telecommunications equipment, or (viii) permit any other party to do any of the foregoing.
- 6.9 **Export** Reseller will not directly or indirectly, export or re-export or transmit Licensed Products and/or IP Rights, in whole or in part, or any technical data relating thereto, to any country to which such export or transmission is restricted by any U.S. or international regulation or statute, without prior written consent, if required, of the Bureau of Export Administration of the U.S. Department of Commerce or other government body with jurisdiction over such export or transmission.
- 6.10 **No Transfer** Reseller may not transfer any Licensed Product or any licenses and rights therein as granted under this Agreement, in whole or in part, to a third party other than as specifically authorized herein.
- 6.11 **Localization**
- 6.11.1 **Translation** Neither Reseller nor any third party acting on its behalf may translate any Licensed Product in whole or part or related documents or materials, without Paragon's prior written consent. Licensor shall reasonably assist Reseller free of charge to confirm the accuracy of any authorized such translations and shall provide Reseller with all original package design and production files necessary for Reseller's reproduction, distribution and sale of translated versions of Licensed Products in the Territory.
- 6.11.2 **Localization of Licensed Products and Collateral** Subject to Paragon's authorization in Section 6.10.1 above, Reseller shall at its own expense translate or have translated the Licensed Products and their related original English language packaging and documentation and collateral materials (e.g. product manuals) into non-English versions for distribution in the Territory, and shall exert best efforts to produce such translations with full accuracy, *provided that* all such final designs, packaging and materials shall be subject to Licensor's advance approval (not to be unreasonably withheld). All such translated Licensed Product(s) and modified materials shall contain all notices, statements, attributions and disclosures as may be legally required or otherwise designated by Paragon, including but not limited to Paragon's name, copyright notices, Licensed Product credits, and so forth.
- 6.11.3 **IP Rights in Translated/Localized Material** Any translations by or for Reseller of any Licensed Product in whole or part, and any localized or translated content or derivative work created by or for Reseller in respect of any Licensed Product(s) or its sale or marketing, including but not limited to names, packaging design, logos, slogans, advertising materials, and new content created originally in the Territory's language by or for Reseller ("Localized Materials") shall be deemed work for hire created for and owned by Paragon. Paragon shall receive and retain all IP Rights inuring to or existing in all such Localized Material, and Reseller hereby waives and, to the extent non-waivable, irrevocably assigns to Paragon all IP Rights of any kind in such Localized Materials, and shall assist Paragon necessary to formalize and register Paragon's IP Rights in all such Localized Materials.

## **VII. REPORTING AND AUDIT RIGHTS**

- 7.1 **Reports** Reseller shall provide a quarterly report of sales by month of the Licensed Product, categorized by country, language, and Channel partner, in a form reasonably acceptable to Paragon, certified by an authorized representative of Reseller, and delivered within 30 days of the end of each calendar quarter to Paragon's separately designated representative.
- 7.2 **Audit Rights** Reseller shall make and maintain for three (3) years after the last report is due under this Agreement books, records and accounts sufficient to calculate and confirm Reseller's compliance with its obligations under this Agreement. Paragon shall have the right, not more than once every twelve (12) months, through an agent reasonably acceptable to Reseller, to examine such books, records and accounts, upon reasonable notice and during Reseller's normal business hours, to verify Reseller's reports and such compliance. Such audit shall be subject to the confidentiality obligations stated in Section Eleven hereof. If it discloses a shortfall or overpayment in fees due to Paragon hereunder, the appropriate Party shall promptly remit or reimburse the full amount thereof. Should the audit discover any Reseller underreporting or underpayment to Paragon by more than five percent (5%) for any quarter, Reseller shall reimburse Paragon for the costs of such audit.



## **VIII. REPRESENTATIONS AND WARRANTIES**

- 8.1 By Paragon Paragon represents and warrants to Reseller that (i) it has and will have throughout the term of this Agreement the right to license the Licensed Software to Reseller according to the terms and conditions of this Agreement; and (ii) the Licensed Products will meet the product specifications stated in Exhibit A.
- 8.2 By Reseller Reseller represents and warrants to Paragon that (i) it has and will have during the Term the right and authority to enter into this Agreement and perform its obligations hereunder, and will render such performance in an accurate, thorough, and professional manner; (ii) no Reseller performance under this Agreement will violate any other agreement, contract, or obligation to which Reseller is bound; (iii) Reseller and all of its activities hereunder will comply throughout the Term with all applicable laws and regulations; and (iv) all translations of Licensed Products and any other related material produced by or on behalf of Reseller hereunder shall be complete and accurate, in full compliance with this Agreement, and shall accurately reproduce in the target language all elements of the original work.

## **IX. LIMITED WARRANTY**

Reseller agrees to accept the Licensed Product(s) on an “as-is” basis with no warranties of any kind, and hereby assumes sole responsibility for all claims, damages, costs, expenses, or other losses actual or claimed of any kind arising out of use by Reseller or its customers of the Licensed Product(s). PARAGON DOES NOT MAKE, AND HEREBY DISCLAIMS, ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. PARAGON DOES NOT WARRANT THAT THE LICENSED PROGRAMS OR ANY OF THEM WILL (A) BE UNINTERRUPTED, ERROR-FREE, OR SECURE OR (B) OPERATE IN COMBINATIONS OTHER THAN AS STATED IN DOCUMENTATION PROVIDED BY PARAGON. PARAGON MAKES NO WARRANTIES, EXPRESS OR IMPLIED, TO END USERS OF ANY LICENSED PROGRAMS, OTHER THAN AS STATED IN THE APPLICABLE EULA, AND RESELLER, TO THE EXTENT PERMITTED BY APPLICABLE LAW, SHALL NOT MAKE ANY WARRANTY TO END USERS REGARDING THE LICENSED PROGRAMS OR ANY OF THEM.

## **X. GOVERNMENT USE**

Reseller sales of Licensed Products or services to the U.S. Government are at its own option and risk, and Reseller shall not obligate Paragon as a subcontractor or otherwise to the U.S. Government. Paragon makes no representations, certifications or warranties with respect to the ability of its goods, services or prices to satisfy any laws or regulations. This Agreement does not constitute a Letter of Supply for purposes of Reseller's GSA Schedule compliance. Anything in the foregoing to the contrary notwithstanding, each Licensed Product is a "commercial item" as defined at 48 C.F.R. 2.101 (OCT 1995) and all U.S. Government Resellers and end users acquire the Licensed Product with only those rights stated herein.

## **XI. CONFIDENTIALITY; PUBLICITY**

- 11.1 Each Party shall keep confidential any information disclosed to it by the other which is marked confidential or which the disclosing Party describes as confidential in writing to the recipient Party at disclosure or within 30 days of disclosure (collectively "Confidential Information"). Confidential Information includes, but is not limited to, software code of any kind, technical information, product roadmaps, business records, financial information, lists of potential or existing customers or suppliers, business and strategic plans, or any other related information of non-public nature. Confidential Information will not include (i) information which becomes public information through no breach of recipient, (ii) information which the recipient had in its possession prior to receiving it from the disclosing Party, provided such information was learned without restrictions (iii) information which the recipient develops without reference to the Confidential Information, and (iv) information which the recipient receives from a third party who learned such information without restrictions. Confidential Information may be disclosed only to employees or contractors of a recipient Party with a “need to know” who are bound by confidentiality obligations substantially similar to those in this Agreement. Neither Party will disclose any Confidential Information to any third party without the other Party's written consent, except as otherwise provided herein. If a receiving Party is ordered by a court or government agency to disclose a disclosing Party's Confidential Information, it shall before such disclosure immediately notify the disclosing Party and assist the disclosing Party as necessary in order to protect such Confidential Information from disclosure to the extent possible.
- 11.2 Upon termination or expiration of this Agreement, each receiving Party shall deliver to each disclosing Party all originals and copies of any material in any form of Confidential Information in its possession or shall destroy the same and certify the same to the disclosing Party. Delivery of Confidential Information shall occur no later than the close of business on the tenth (10<sup>th</sup>) business day after written request by any disclosing Party.

## **XII. TERM AND TERMINATION**

- 12.1 Term The term of this Agreement will begin on the Effective Date and will continue for one (1) year thereafter (“Initial Term”), at which time it shall automatically renew for an additional one (1) year (“Renewal Term”) if Reseller has met the Sales Targets for the Initial Term, provided that

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Licensor shall have discretion to set new Sales Targets for the Renewal Term. Should Reseller meet such new Sales Targets for the Renewal Term, it shall be entitled to request renewal of this Agreement for an additional one (1) year Renewal Term with new Sales Targets, and Paragon shall give good faith consideration to such request.

12.2 Termination for Convenience This Agreement may be terminated at any time by either party giving 30 days written notice to the other party.

12.3 Termination for Cause

- (a) By Paragon Paragon may terminate this Agreement immediately on written notice if at any time (a) Reseller is in material breach of any provision of this Agreement and fails to cure the breach within thirty (30) days of written demand (except no notice or opportunity to cure shall be required for Reseller's breach of Sections 2, 4 or 11).
- (b) By Either Party Either Party may terminate this Agreement on thirty (30) days' written notice if the other Party (i) becomes insolvent; (ii) admits in writing its insolvency or inability to pay its debts or perform its obligations as they mature; or (iii) makes an assignment for the benefit of creditors.

12.4 Notice of Cessation If Reseller stops distributing Licensed Products completely, it will promptly provide Paragon with a final quarterly report, final payment of the full amount for all licenses distributed, and written certification that Reseller has stopped all distribution of Licensed Products and will not resume. Should Reseller so notify Paragon, Paragon may terminate this Agreement forthwith on written notice, in which case the relevant provisions of Section 12.5 shall apply.

12.5 Effects of Termination Upon termination of this Agreement: (a) Paragon shall stop making available or providing the Licensed Product(s) to Reseller; (b) Reseller shall stop all distribution of Licensed Product(s), *provided that* if termination is not due to Reseller's breach or fault, Reseller may continue to sell its stock of finished Licensed Products in inventory as of the date of termination for ninety (90) days after termination, on a non-exclusive basis; (c) Reseller shall stop using Paragon's name and trademarks other than as used for sell off as stated in Section 12.5(b) or as approved in writing by Paragon and all Reseller's interests in any accrued marketing funds will lapse, (d) Reseller will within thirty (30) days deliver to Paragon all Licensed Products originally provided hereunder and any copies thereof embodied in any medium as well as all copies of any other Confidential Information received from Paragon during the term, and separately certify in writing that all such Confidential Information has been returned and no copies have been kept by or on behalf of Reseller in any form. Valid EULAs of Reseller's customers will not be affected by termination or expiration of this Agreement. Neither expiration nor termination of this Agreement shall release either Party from any obligation accrued before or as of the date of termination.

### **XIII. LIMITATION ON LIABILITY**

EXCEPT FOR DAMAGES IN SETTLEMENT TO THIRD PARTIES PURSUANT TO SECTION 14 BELOW, NEITHER PARTY SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, OR DAMAGES FOR LOSS OF PROFITS, REVENUE, DATA OR USE, INCURRED BY THE OTHER OR ANY THIRD PARTY, IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

### **XIV. INDEMNIFICATION**

14.1 By Reseller Reseller shall indemnify, defend and hold harmless Paragon and its officers, directors, employees and agents from and against any and all suits, actions, claims, losses, judgments, damages, liabilities, settlements, costs and expenses (including reasonable attorneys' fees) arising from or related to any third party claim, suit or proceeding brought against Paragon as a result of (a) Reseller's use or distribution of the Licensed Products, (b) any representation or warranty by Reseller to any third party not authorized by Paragon or otherwise not compliant with Paragon's own warranty for the Licensed Products or any of them, or (c) any Reseller failure to comply with any law or regulation applicable to Reseller's obligations or activities under this Agreement.

14.2 By Paragon Paragon shall indemnify and hold harmless Reseller from any loss, liability, damage, cost, expense (including legal fees) arising out of any third party claim or suit which may be brought or threatened against Reseller by reason of breach, claim of breach, or non-compliance by Paragon with the representations and warranties stated in Section Eight. Such foregoing indemnification obligation shall not apply to the extent an otherwise indemnified claim arises out of or in relation to (a) any portion of a Licensed Product modified by Reseller or anyone other than Paragon or persons within Paragon's control or by Paragon at Reseller's request; (b) a Licensed Product combined with any services, applications or software not made available by Paragon and specified by Paragon to work with the Licensed Product; or (c) any use or distribution of the Licensed Product(s) outside the scope of or in violation of this Agreement. If Reseller's ability to continue replicating or distributing a Licensed Product is materially affected by a third party claim subject to indemnification hereunder, Paragon may, at its option and expense, (a) modify or replace the Licensed Product as necessary to avoid the claim, or (b) obtain a license for Reseller to continue using the Licensed Product. If neither of these options can be reached in a commercially reasonable time or manner, Paragon may terminate this Agreement.





14.3 Claim Procedure A Party seeking indemnification under this Section shall promptly notify the other in writing of the indemnified claim and give the other control of the disposition thereof; provided, however, that failure to give timely notice shall not relieve the indemnifying Party of its obligations under this Section except to the extent that untimely notice materially impairs its ability to defend. The indemnified Party shall have the right, but not the obligation, to participate at its expense in any such suit through counsel of its choosing. Neither Party to this Agreement shall, without the other's prior written consent, settle any proceeding to which the other is a party and indemnification is sought hereunder unless such settlement either (a) unconditionally releases the other Party from all liability on all claims in the proceeding or (b) is consented to by the other Party (consent not unreasonably withheld). If an indemnifying Party fails after notice to adequately and timely defend or settle such a matter, the indemnified Party shall have the right, but not the obligation, of defending or settling the matter and the indemnifying Party shall indemnify the other Party for all damages, settlements, expenses and costs, including reasonable attorneys' fees, arising therefrom.

## **XV. GENERAL PROVISIONS**

15.1 Relationship of the Parties Each Party is an independent contractor and not an employee, agent, or fiduciary of the other Party, and as such, neither Party shall have the right to make any commitments for or on behalf of the other Party. Nothing in this Agreement will create any association, partnership, or joint venture between the Parties.

15.2 Notices All notices and communications hereunder shall be sent to the receiving Party at the address or fax number separately designated by that Party, (a) if by fax, with confirmation of transmission, or (b) personal or next day delivery or (c) by express courier with written verification of delivery. All notices so given will be deemed given upon the earlier of receipt or two (2) business days after dispatch.

15.3 Governing Law This Agreement shall be governed by the laws of the State of California, without reference to its conflict of law principles.

### **15.4 Dispute Resolution**

Disputes arising out of or in relation to this Agreement shall be resolved as follows.

- (a) A representative of the Party who raises the dispute will notify the other Party's representative in writing of the dispute, and the non-complaining Party will exercise good faith efforts to resolve the matter by mutual agreement as expeditiously as possible within ten (10) business days. Failing such resolution, the matter will be submitted to an executive officer of each Party for resolution by mutual agreement as expeditiously as possible within thirty (30) calendar days.
- (b) If the dispute is not resolved through the methods described in (a) above, the dispute shall be submitted to arbitration administered by the National Arbitration Forum (NAF) and conducted under its rules, except as otherwise provided below. The arbitration will be conducted before a single arbitrator and limited solely to the dispute between Reseller and Paragon. The arbitration shall be held in Irvine, California, U.S.A. Any decision rendered in such arbitration proceedings will be final and binding on each of the Parties, and judgment may be entered thereon in any court of competent jurisdiction.
- (c) Any arbitration brought hereunder, and all disputes determined therein, shall be governed by California law. The arbitrator may order the pre-hearing production or exchange of documentary evidence and may require written submissions from the Parties, but may not otherwise order pre-hearing depositions or discovery. Unless the Parties otherwise agree, the arbitrator shall not have the power to appoint experts. The prevailing Party shall be entitled to recover its attorneys' fees, costs and other expenses. The arbitrator shall not issue any award, grant any relief or take any action that is prohibited by or inconsistent with the provisions of this Agreement and may not, under any circumstances, award punitive or exemplary damages. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.
- (d) The foregoing to the contrary notwithstanding, each Party shall have the right to seek immediate injunctive or other judicial relief against or from any ongoing or impending injury or damage which the foregoing dispute resolution procedure would not in that Party's reasonable opinion avoid. Each Party hereby submits to the jurisdiction and venue of the Superior Court of the State of California, Orange County, and the United States District Court situated in Orange County California for purposes of any arbitration to be conducted, in each case for preliminary relief pending arbitration or for any litigation ancillary to the arbitration or to compel arbitration or enforce an arbitral award.
- (e) If any action or proceeding is brought in connection with this Agreement, the prevailing Party will be entitled to recover its costs and attorneys' fees following a final judgment.

15.5 Amendment This Agreement may be amended only by a writing signed by the Parties.



- 15.6 Assignment Neither Party may assign this Agreement without the other's prior written consent except to a person or entity into which a Party has merged or which has otherwise succeeded to all or substantially all of a Party's business and assets to which this Agreement pertains, by merger, reorganization, sale of assets, outstanding stock or otherwise, and which has assumed in writing or by operation of law such Party's obligations under this Agreement. Subject to the previous sentence, the rights and liabilities of the Parties hereto will bind and inure to the benefit of their respective permitted successors, executors and administrators, as the case may be.
- 15.7 Waiver A failure or delay in exercising any right hereunder will not be considered a waiver thereof unless expressly waived in writing and signed by the waiving Party. No single waiver will be considered a continuing or subsequent waiver.
- 15.8 Force Majeure Except as to the payment of any sums due, neither Party to this Agreement will be liable to the other for any failure to perform, or delay in the performance of, any obligation under this Agreement caused by circumstances beyond its reasonable control, including but not limited to: acts of God, fire, labor difficulties, or governmental action. It is agreed that the time for performance by either Party will be extended by the period of such uncontrollable circumstances. In no event, however, will any Party's performance be delayed for more than three (3) months from the date of such circumstances arising pursuant to this Section 15.9 inasmuch as any Party may terminate this Agreement if such circumstances are continuing.
- 15.9 Severability If a court of competent jurisdiction finds any provision of this Agreement unenforceable, all other provisions will remain in full force and effect and the unenforceable provision will be replaced with an enforceable provision that most nearly achieves the intent and economic effect of the unenforceable provision.
- 15.10 Survival In the event of a termination of this Agreement, the following provisions shall be deemed to survive such termination: Sections 4.3, 6.2, 6.6~10, 6.10.3, 7.2, 9, 11, 12.5, 13, 14 and 15 and any payment obligations accruing or accrued under Section 4.3. Expiration or termination shall not relieve the Parties of any obligation accruing prior to such expiration or termination.
- 15.11 Counterparts This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.
- 15.12 Integration This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereto and supersedes all prior or contemporaneous understandings or agreements of the Parties. No Party has been induced to enter into this Agreement by, nor is any Party relying on, any representation or warranty outside those expressly stated in this Agreement.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement by their respective duly authorized representatives to be effective as of the Effective Date first written above.

**PARAGON:**

PARAGON SOFTWARE GROUP CORPORATION,  
a California corporation

Signature: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

**RESELLER:**

Signature: \_\_\_\_\_  
 Printed Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_





EXHIBIT A  
LICENSED PROGRAMS  
and  
SPECIFICATIONS



**EXHIBIT B  
PARAGON AUTHORIZED RESELLER PROGRAM**

Paragon Authorized Resellers are organized into the following four tiers:

**Registered Partner 15%**

Will order product only from “online partner store” (element 5/cleverbridge/Digital River)  
Has access to product and sales materials in partner portal.  
No annual Revenue quota

**Standard Partner 20%**

Will order product only from “online partner store” (element 5/cleverbridge/Digital River)  
Has access to product and sales materials in partner portal.  
Must sell at least \$10K per year

**Premium Partner 25%**

Must purchase product through Synnex  
No tech training required  
Will have access to register a deal with Paragon  
Access to MDF funds  
Rev quota of \$20K per year

**Elite Partner 35%**

All components of “Premium” partner plus:  
At least one technically certified engineer  
Must have one demand generating event that highlights Paragon Software (email blast, lunch and learn to clients, etc)  
Must participate in a Quarterly Business Review (QBR) with Channel Manager or Territory Manager  
Revenue quota \$50K per year

**Partner Incentive (only available for Premium and Elite Partner levels)** - For each opportunity that has been entered into the Paragon Partner Portal, Paragon will grant the VAR an upfront 10% discount for that “registered” end-user.

A registered deal consists of:

Opportunity must be part of Paragon’s Volume Licensing Program;  
Deal must be over \$2500 (gross value before partner’s discount);  
Deal must be accepted by Paragon Territory Manager or Channel Manager.



## EXHIBIT C

### PRICING

#### 1. Pricing

#### 2. General Pricing Terms

Paragon may change its applicable pricing without notice or liability at any time prior to Order acceptance. Any Order accepted by Paragon before a price change takes effect shall be invoiced at the previous price.

Paragon may at any time remove from or add to the list of Licensed Products available for resale by Reseller as provided or made available by Paragon from time to time, in conjunction with changes to its company-wide product configurations and offerings, without advance notification to Reseller. Reseller acknowledges its responsibility to confirm the availability of any particular Product from Paragon before placing an Order for such Product. Any discounts provided by Paragon for products that are not part of any Pricing will be subject to Paragon's pricing and discount guidelines and shall be established at Paragon's sole discretion. Except as expressly authorized by Paragon in writing, no Pricing shall be construed as applicable to any products not listed in the authorization of such Pricing or any other modification to this Agreement.

#### 3. Taxes

Reseller shall pay all taxes, tariffs, fees, duties, levies or other public levies imposed in connection with Reseller's activities as a Reseller in connection with this Agreement. Prices quoted pursuant to this Agreement do not include existing or future taxes, sales taxes, tariffs, fees, duties, or other levies that may be applicable to the Products sold under this Agreement. If such additional charges (but excluding taxes on Paragon's income) are required to be withheld, collected or paid, then Paragon shall be entitled to add them to the price payable by Reseller unless a valid exemption certificate is provided to Paragon.



**EXHIBIT D**  
**SALES TARGETS**



EXHIBIT E  
END-USER LICENSE AGREEMENT



**EXHIBIT F**

**TRADEMARKS**  
**and**  
**BRANDING/USAGE GUIDELINES**





## EXHIBIT G

### TRADEMARK LICENSE AGREEMENT

This Trademark License Agreement (“License Agreement”) is made and entered into by and between \_\_\_\_\_, a \_\_\_\_\_ with principal place of business at \_\_\_\_\_ (“Reseller”), and Paragon Software Group Corporation, a California corporation, with principal place of business at 15615 Alton Parkway, Suite 450, Irvine, CA 92618, U.S.A. (“Paragon”) contemporaneously with the Paragon Authorized Reseller Agreement (“Reseller Agreement”) dated \_\_\_\_\_ (Paragon and Reseller individually hereafter a “Party” and collectively “the Parties”).

WHEREAS, Paragon owns good and valuable Paragon Marks and logos; and

WHEREAS, Reseller wishes to use the Paragon Marks described in Schedule A attached hereto (the “Paragon Marks”) in conjunction with the Reseller Agreement and in accordance with Paragon’s terms and conditions described below.

NOW THEREFORE, the Parties hereby agree as follows.

1. Grant of License Subject to and conditioned on compliance with this License Agreement, Paragon hereby grants Reseller a non-exclusive, royalty-free right to use the Paragon Marks listed in Schedule A attached hereto for the purposes contemplated in the Reseller Agreement, and otherwise in order to fulfill its obligations thereunder. All rights of ownership and use of the Paragon Marks and any translations or derivative works thereof shall at all times remain vested solely and exclusively in Paragon. Reseller has no right to use any Paragon Marks, service marks, logos or any other Paragon intellectual property other than as specifically stated in this Agreement and in Schedule A, without Paragon’s prior express written permission.
2. Trademark Use
  - 2.1. Reseller shall include appropriate trademark attribution language in close proximity to its first use of the Paragon Marks in any medium (including any screen display), or in a location to which users are directed for statements concerning ownership of Reseller intellectual property rights. In any other use of the Paragon Marks, Reseller shall include appropriate trademark attribution language in all promotional materials as more stated in Paragon’s branding guidelines which Paragon shall make available to Reseller.
  - 2.2. Reseller may not use or reproduce the Paragon Marks in any way other than as provided in Paragon’s branding guidelines, which Paragon may modify from time to time in its discretion. In no event shall Reseller use the Paragon Marks to imply or give the impression that Reseller is anything other than a licensed distributor of the Software defined in the Reseller Agreement.
  - 2.3. Reseller shall supply Paragon with a specimen of each of its uses of the Paragon Marks for Paragon’s approval before first public release of such use as specified in Section 2.4 of the Reseller Agreement.
3. Ownership of Paragon Marks
  - 3.1. All ownership rights in the Paragon Marks belong exclusively to Paragon. Reseller has no ownership rights in the Paragon Marks and shall acquire no ownership rights in the Paragon Marks as a result of its performance (or breach) of this License Agreement. All use of the Paragon Marks or variations thereon shall inure solely to the benefit of Paragon. Upon termination of this License Agreement all rights of Reseller to use the Paragon Marks shall terminate immediately except as otherwise provided herein.
  - 3.2. Reseller agrees:
    - to take no action that will interfere with any Paragon rights in and to the Paragon Marks;
    - not to challenge Paragon’s right, title or interest in and to any of the Paragon Marks or the benefits therefrom;
    - not to make any claim or take any action adverse to Paragon’s ownership of the Paragon Marks;
    - not to register or apply for registrations, anywhere, for the Paragon Marks or any other mark similar to or which incorporates the Paragon Marks;
    - not to use any mark which is confusingly similar to the Paragon Marks; and
    - on Paragon request to sign any documents, including assignments, that may be necessary for Paragon to secure and maintain its ownership in the Paragon Marks.



3.3. During and after the term of this License Agreement, Reseller shall assist Paragon as necessary to procure and/or expand any protection of the Paragon Marks, including trademark and domain name registration, and Reseller agrees to execute all documents deemed reasonably necessary to procure such protection in Paragon's name. Paragon shall reimburse Reseller for reasonable expenses incurred in assisting Paragon pursuant to the provisions of this paragraph.

#### 4. Trademark Protection

4.1. Reseller shall notify Paragon within ten (10) business days if Reseller learns of:

- any uses of, or any application or registration for, a trademark, service mark or trade name that conflicts with or is confusingly similar to the Paragon Marks;
- any acts of infringement or unfair competition involving the Paragon Marks; or
- any allegations or claims whether or not made in a lawsuit, that use of the Paragon Marks by Paragon or Reseller infringes the trademark or service mark or other rights of any other entity.

4.2. Paragon may take whatever action it deems necessary or desirable to protect the validity and strength of the Paragon Marks, at its expense. Reseller shall at Paragon's expense comply with all reasonable requests from Paragon for assistance in connection with any action regarding Paragon Marks that Paragon may take.

4.3. Reseller shall not institute or settle any claims or litigation affecting any rights in and to the Paragon Marks without Paragon's prior written approval.

#### 5. Warranties; Limitation of Liability

5.1. Paragon makes no warranties of any kind as to the Paragon Marks, including the validity of Paragon's rights in the Paragon Marks in any country, and disclaims any and all warranties otherwise imposed or implied by applicable law, including warranties against infringement of third-party marks and similar rights.

5.2. In no event shall Paragon be liable for any damages (including, without limitation, loss of profits) arising from or related to Reseller's use of the Paragon Marks, even if Paragon has been advised of the possibility of such damages.

6. Life of Agreement The term of this License Agreement shall be contemporaneous with the term of the Reseller Agreement; provided, however, that either Party shall have the right to terminate this Agreement with or without cause upon thirty (30) days written notice. If the Reseller Agreement is terminated or expires, this License Agreement shall likewise contemporaneously terminate or expire and be of no further force and effect. From and after termination or expiration of this License Agreement, Reseller shall cease and desist from all use of the Paragon Marks. If Reseller breaches this License Agreement, Paragon shall notify Reseller of the breach in writing, and Reseller shall have thirty (30) days from receipt of such notice to cure the breach. If Reseller fails to do so, then it shall cease use of the Paragon Marks immediately thereafter.

7. Assignability This License Agreement shall bind the successors and assigns of both Parties. Reseller shall not assign, sublicense, make available or otherwise transfer or disclose any right to use or otherwise enjoy any Paragon Mark without Paragon's prior written consent.

8. Governmental Licenses, Permits and Approvals Reseller shall, at its expense, obtain and maintain all licenses, permits and approvals required by all governmental authorities with respect to this License Agreement. Reseller shall comply with any requirements of such governmental authorities for the registration or recording of this License Agreement. In fulfilling this requirement, Reseller shall, enter into and file, if possible, a substitute document such as a Trademark User Agreement, in place of this Agreement, in order to obtain the benefits of filing without actually filing this Agreement. At Paragon's request, Reseller shall furnish to Paragon written evidence from such governmental authorities of any such licenses, permits, clearances, authorizations, approvals, registration or recording.

9. Survivability Rights and obligations under this License Agreement which by their nature should survive, including, but not limited to, all rights and obligations in Sections 3, 5, 6, 7, 9, 10, and 11 will remain in effect after termination or expiration hereof.

10. Governing Law, Dispute Resolution & Relationship of the Parties The governing law, dispute resolution and Relationship of Parties provisions in the Reseller Agreement control this Agreement.

11. Conflicts Should there be any conflict between this License Agreement and the Reseller Agreement regarding any matter relating to the Paragon Marks or any other mark, design or trade dress of Paragon, this License Agreement shall control.



IN WITNESS WHEREOF, the Parties hereto have executed this License Agreement effective as of the date first written above.

**PARAGON:**

PARAGON SOFTWARE GROUP CORPORATION,  
a California corporation

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RESELLER:**

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



## EXHIBIT H

### INTERNATIONAL RESELLER ADDENDUM to PARAGON AUTHORIZED RESELLER AGREEMENT

This International Reseller Addendum ("Addendum") forms part of the Paragon Authorized Reseller Agreement ("Agreement") to which it is attached. All defined terms used herein shall have the same meaning as stated in the Agreement. The following terms shall replace or amend their corresponding numbered provisions in the Agreement, or shall be newly added as numbered.

- 3.4 Local Registration Reseller hereby agrees to cooperate with Paragon to the extent necessary for Paragon to register and establish Paragon's full legal rights to the Trademarks, or any of them, in Reseller's country, at such time as Paragon shall determine, and further agrees not to contest or take any action which would have the effect of impeding Paragon's application for such registration or the successful completion of such registration of the Trademarks, or any of them. This obligation shall survive the expiration or termination of this Agreement.
- 4.3.1 Invoice and Payment Terms Paragon shall invoice Reseller as of the date of order shipment or download. The invoice shall include all charges relating to that shipment as well as any other charges owed by Reseller. Reseller shall pay all taxes, tariffs, fees, duties, levies or other charges that are levied or asserted by any public authority in connection with Reseller's activities as a Reseller by reason of or in connection with this Agreement. Unless otherwise specified in an Order, Reseller shall pay for Paragon Products in U.S. Dollars or other agreed currency net thirty (30) days from the date of Paragon's invoice to Reseller. At Paragon's sole discretion, Reseller may pay Paragon for Paragon Products using any of the following methods: (i) standard net 30 terms pursuant to Paragon's invoice, (ii) the opening of an irrevocable at-sight letter of credit in favor of Paragon at an international bank headquartered in the United States and acceptable to Paragon, or (iii) direct wire transfer payment to a Paragon bank account at a bank designated by Paragon. Paragon shall have the exclusive right to designate where and how such payments shall be made.
- 4.5 Shipping and Title Shipping terms for any Licensed Products actually shipped from the United States to a Reseller location outside the United States shall be ex works Paragon US facility per Incoterms 2000. Title and risk of loss or damage to the goods shall pass to Reseller when Paragon puts the goods into possession of Reseller's freight forwarder or delivers them to Reseller's other agent at Paragon's facility or other mutually specified U.S. designation for shipment to Reseller (the forwarder being deemed to be acting as Reseller's agent) or when otherwise placed at Reseller's disposal in the United States as determined by Paragon.
- 6.5 Compliance with Laws Reseller shall (a) comply with all laws, restrictions and regulations of any government, agency or authority applicable to its activities hereunder and to distribution of the Licensed Products in the Territory; (b) use the Licensed Product(s) only in strict compliance with any reasonable instructions provided by Paragon; and (c) cooperate fully with Paragon in respect of the performance by Paragon of this Agreement. Reseller shall, and shall cause its Channel distribution partners to: (i) conduct business in a manner that reflects favorably at all times on Paragon and the Licensed Programs, (ii) avoid deceptive, misleading or unethical practices that are or might be detrimental to Paragon, the Licensed Programs, or the public; (iii) make no false or misleading representations with regard to Paragon or the Licensed Programs; (iv) not publish or employ, or cooperate in the publication of, any misleading or deceptive advertising material with regard to Paragon or the Licensed Products; (v) to the extent permitted by the applicable law, make no representations, warranties or guarantees to customers or the trade regarding the Licensed Programs that are inconsistent with those provided by Paragon; and (vi) not enter any contract or engage in any practice detrimental to Paragon's interests in the Licensed Programs. Reseller acknowledges that the Paragon Products sold to it hereunder will be United States domestic configurations, and agrees that it shall act so as, and shall cooperate with Paragon to the extent necessary, to comply with export laws and regulations of the Governments of the United States and any other country that may apply to the export and/or import of Products, and to obtain any licenses required for export or import thereof. Reseller shall bear any and all responsibilities, costs and liabilities associated with any export or shipment of the Products, or any of them, to a destination outside the United States. Reseller may sell Paragon Products only to end-users within the Territory and agrees not to export or re-export any of the Products or any parts or components thereof, including Programs and components, or any product or system containing any Paragon Product (or component thereof) as a component of such product or system, to any location(s) outside the United States without first obtaining Paragon's approval and, if required, the permission of the U.S. Departments of Commerce or State, either in writing or as provided by an applicable regulation. This requirement shall survive the termination or expiration of this Agreement. Reseller further agrees not to transact business with any person or firm identified by the U.S. Departments of Commerce or Treasury as being denied the right to receive any U.S. product.
- 6.11 Reseller agrees to comply with any import regulations and registration requirements in any country outside the United States where Reseller does business or deals in the Licensed Products, as well as any applicable United States regulations, licensing or other requirements, with respect to the Licensed Products and/or their resale outside the United States, including but not limited to the Foreign Corrupt Practices Act ("FCPA"), 15 U.S.C. §§ 78dd-1, et seq.



6.12 Reseller shall at its own expense and risk undertake any or all of the following to the extent required by applicable law or regulation:

- a) obtain such approvals, testings, reviews, and certifications, and make any filings necessary for compliance with any multinational (e.g. European Union), national, regional, local laws and regulations affecting Reseller's activities as a Reseller of Licensed Products and/or the sale and salability of Licensed Products in Reseller's Territory, including by way of example, but not limitation, the sale of Licensed Products in the Territory, the importation and re-export of such Licensed Products into and out of the Territory, and any electrical safety, environmental, recycling and similar requirements relating or applicable to Licensed Products or packaging materials;
- b) ensure and declare that all Licensed Products comply with any local, regional, national, or international requirements, procure and affix required product safety and certification markings and notified bodies' number(s) to Licensed Products, draw up, sign and maintain any required declarations of conformity, and keep all such declarations and technical documentation at the disposal of relevant government authorities;
- c) be solely responsible for receiving, responding to, and acting on any and all communications from relevant government authorities with respect to any of the foregoing;
- d) exert best efforts to complete all of the above in a timely fashion, acknowledging that time is of the essence for each such item; and
- f) undertake and perform such other activities as Paragon may request in furtherance of any of the foregoing.

8.3 Reseller represents and warrants that i) it is duly organized and in good standing as a corporate entity in its home jurisdiction and has, and will maintain throughout the Term of this Agreement, all legal rights, powers, privileges and capacities necessary to fulfill its obligations under this Section and this Agreement generally; ii) it has fully informed Paragon in writing of any provisions of the law of any country or international organization outside the United States where Reseller does business or uses the Products that would render any rights provided to Paragon under this Agreement invalid or unenforceable, render any limitations of liability under this Agreement ineffective, treat Reseller as an agent or employee of Paragon and not as an independent contractor, grant Reseller any exclusive rights not granted by this Agreement, make the choice of law in this Agreement ineffective, or otherwise be inconsistent with any of the terms of this Agreement, and that no such legal impediment exists. Reseller further agrees that it shall notify Paragon of any such legal impediment, if any arises after the execution of this Agreement, and which has not previously been disclosed to Paragon. Upon any such notification, this Agreement may be terminated by Paragon pursuant to its terms. Failure of Reseller to provide any such notice shall constitute a material breach of this Agreement.

12.2 This Agreement may be terminated at any time, with or without cause, by either party giving 30 days written notice to the other party, provided, however, that the parties may agree in writing to a shorter notice period. The termination of this Agreement shall not affect the obligations of either party under any Orders dated and accepted prior to the effective date of termination. Anything stated herein to the contrary notwithstanding, this Agreement shall be terminable by Paragon immediately if, in Paragon's reasonable opinion, any element or change of law, regulation, or government requirement in Reseller's country, whether in force as of the Effective Date hereof or thereafter enacted, regardless of form, may or will materially alter Paragon's rights or policies as stated herein, or if compliance with such law, regulation or requirement threatens to compel Paragon to engage in business in a manner which conflicts with its standard policies or practices in order for it to continue doing business in Reseller's country.

14.1 Reseller agrees to indemnify, defend and hold harmless Paragon and its officers, directors, employees and agents from and against any and all suits, actions, claims, losses, judgments, damages, liabilities, settlements, costs and expenses (including reasonable attorneys' fees) arising from or related to any third party claim, suit or proceeding brought against Paragon as a result of any use or distribution of the Licensed Products by Reseller, from any failure by Reseller to strictly adhere to the provisions of this Agreement, and from any actions that may, under applicable law or regulation of Reseller's home jurisdiction or other applicable national or international law or regulation, be deemed to have been taken on Paragon's behalf. Reseller shall, at Paragon's request and Reseller's expense, procure and maintain any such security instrument (e.g. a stand-by Letter of Credit, performance bond, etc.) as Paragon may request in order to back Reseller's indemnification obligations hereunder, such security instrument to be maintained for the duration of the Term of this Agreement and any period thereafter during which Paragon may be at any risk of any claim subject to Reseller's indemnification under this Section.

Exh. C(6) Taxes Paragon shall be responsible for collecting all taxes imposed on any sales to Reseller hereunder by any government entity within the United States, unless a tax Reseller's number is provided. Prices quoted pursuant to this Agreement do not include any existing or future taxes, fees, duties, levies or other charges which Paragon may be required by United States federal, state, municipal, non-U.S., or other law now in effect or hereafter enacted, to withhold, collect or pay with respect to the sale, delivery, or use of any Paragon Product. If such additional sums (but excluding taxes on Paragon's income) are required to be withheld, collected or paid by Paragon, then Paragon shall be entitled to add them to the price payable by Reseller (which shall be separately stated in the Paragon invoice) unless a valid exemption certificate is provided to Paragon.



Exh. C(7) Withholding Tax The Parties acknowledge that payments to U.S. companies may be subject to withholding tax in Reseller's home jurisdiction if Reseller is located outside the United States. In order to avoid such withholding tax, Reseller shall provide, each year Paragon with an exemption certificate required by Reseller's Taxing Authority ("Tax Certificate"), that Paragon undertakes to have duly filled and signed by the applicable authority at the date of execution of this Agreement and prior to any payment by Reseller to Paragon. The Tax Certificate shall be completed and acknowledged in writing by the U.S. Internal Revenue Service and returned to Reseller by Paragon each calendar year before January 1<sup>st</sup> in order to allow Reseller to make its payment from January 1<sup>st</sup> to December 31<sup>st</sup> of the following year. Notwithstanding any provision to the contrary, failure to comply to this obligation, or in case of termination or alteration of a bilateral convention between Paragon's country and Reseller's country, or if the filing by Paragon or the U.S. Internal Revenue Service of the Tax Certificate is not satisfactory to the taxing authority of Reseller's home jurisdiction, Reseller will be required to withhold at such rate as may be in force at that time on its payments to Paragon an amount corresponding to the withholding tax. Such amount shall not be reimbursed to Paragon provided that Reseller does not obtain a reimbursement or credit by its taxing authority of the amount withheld. Reseller shall furnish and make available to Paragon relevant receipts regarding the payment of any withholding taxes paid over to the relevant government on behalf of Paragon. Such tax receipts shall clearly indicate the amounts that have been withheld.

By signatures of their authorized representatives below, the Parties hereby adopt the International Reseller Addendum to the Paragon Authorized Reseller Agreement.

**PARAGON:**

PARAGON SOFTWARE GROUP CORPORATION,  
a California corporation

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RESELLER:**

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_