

DATED

Day

Month

Year

**MASTER LOCKSMITHS ASSOCIATION OF
AUSTRALASIA LIMITED**

**LICENCE AGREEMENT
DC-1 LOCK CYLINDER SYSTEM**

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THIS LICENCE AGREEMENT is made on the date specified in Item 1 of the Schedule.

BETWEEN:

MASTER LOCKSMITHS ASSOCIATION OF AUSTRALASIA LIMITED

(ACN 008 578 603) of Suite 213/370 St. Kilda Road, Melbourne 3004 ("the **Association**")

AND THE PERSON whose name and address is specified in **Item 2 of the Schedule** ("the **Locksmith**")

BACKGROUND:

- A. The Association is the Licensee of the Intellectual Property in accordance with the Head Licence from Davcor and has the right, pursuant to the Head Licence, to sub-license the Intellectual Property to Members of MLAA.
- B. The Locksmith has requested the Association grant to the Locksmith a sub-licence to use and exploit the Intellectual Property for the purpose of utilizing the Products to develop DC-1 Restricted Key Systems for its customers, and supplying such systems to its customers.
- C. The Association has agreed to grant the sub-licence referred to in the preceding Recital to the Locksmith upon and subject to the terms and conditions set out in this Agreement.

OPERATIVE:

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this Agreement, unless the contrary intention appears:

"Address for Service" means:

- (a) in the case of the Association:
Suite 213/370 St. Kilda Road, Melbourne 3004
Facsimile Number: (03) 9645 9997;
marked to the attention of the Chief Executive; and
- (b) in the case of the Locksmith:
the address and facsimile number specified in Item 2 of the Schedule;
marked to the attention of the contact person specified in Item 2 of the Schedule;

or such other address as either party may from time to time by notice in writing to the other nominate as its new or alternate address for the service of notices;

"Business Day" means a day that is not a Saturday, Sunday, public holiday or bank holiday in the Melbourne metropolitan area;

"the Commencement Date" means the date of this Agreement as set out in Item 1 of the Schedule;

"Davcor" means Davcor Group Pty Limited (ABN 950035625098), the Licensor of the Intellectual Property to MLAA pursuant to the Head Licence.

"DC-1 Restricted Key Systems" means hierarchical sets of lock cylinders and keys providing graduated levels of access to the user developed by the Locksmith using the Products.

"Head Licence" means the licence of the Intellectual Property from Davcor to the Association, dated 14 July 2011.

"Intellectual Property" means the intellectual property specified in Item 3 of the Schedule.

"Key Profiles" means collectively each of the key profiles for which Davcor has registered design ownership, referred to as "DC1A, DC1B, DC1C and DC1M".

"Licence Fee" means the fee specified in Item 5 of the Schedule (or such other amount as nominated by the Association from time to time);

"Licensed Key Profile" means the key profile, for which the Locksmith is granted a licence pursuant to this Agreement, as specified in Item 7 of the Schedule.

"Party" means a party to this Agreement and "parties" has a corresponding meaning;

"Permitted Use" means the use for which the Locksmith is permitted to use the Intellectual Property, as set out in Item 4 of the Schedule, subject to the terms and conditions of this Agreement.

"Products" means the products specified in Item 6 of the Schedule;

"the Term" means the period commencing on the Commencement Date and expiring on the date of cessation of the design registration, as notified to the Locksmith in writing, unless otherwise terminated earlier under Clause 7; and

"the Territory" means the geographical areas specified in Item 8 of the Schedule.

1.2 **Interpretation**

In this Agreement, unless the contrary intention appears:

- (a) words and expressions defined in the Recitals or elsewhere in this Agreement have the meaning therein ascribed to them;
- (b) unless otherwise stated, monetary amounts are expressed in Australian dollars;
- (c) Clause headings and the table of contents are inserted for convenience only and are not to be used in the interpretation or construction of this Agreement;
- (d) words importing any gender include all other genders;
- (e) words importing the singular include the plural and vice versa;
- (f) a reference to an Annexure, Clause, Recital or Schedule is a reference to an Annexure to, clause of, or recital or schedule to this Agreement;
- (g) a reference to a person includes a natural person, corporation, incorporated association, statutory corporation, the Crown and any other type of legal entity;
- (h) references to natural persons extend to and include their personal representatives, successors and permitted assigns;

- (i) references to companies extend to and include their successors and permitted assigns; and
- (j) an agreement on the part of or in favour of two or more persons binds or is for the benefit of them jointly and severally.

1.3 **Recitals and Schedule**

The Recitals and the Schedule form part of this Agreement.

1.4 **Good Faith**

Each party must act in good faith towards the other and use its best endeavours to comply with the spirit and intention of this Agreement.

2. **LICENCE**

2.1 **Grant of Licence**

The Association grants to the Locksmith, and the Locksmith accepts from the Association, a non-exclusive, non-transferable licence, with no right to grant sub-licences, to use and exploit the Intellectual Property in the Territory during the Term for the Permitted Use ("**Licence**").

2.2 **Extent of Licence**

The Locksmith agrees and acknowledges that Clause 2.1 sets out the full extent of the rights granted to the Locksmith in relation to the Intellectual Property and that the Locksmith is not entitled to do any other act or thing in respect of the Intellectual Property.

2.3 **Locksmith Licence**

The Locksmith warrants that as at the Commencement Date it holds and will maintain, at its cost, for the Term of this Licence, a security licence, required by any government authority in the Territory. Failure to hold any such licence entitles the Association to terminate this Agreement pursuant to Clause 7.

2.4 **Association Membership**

The Locksmith warrants that as at the Commencement Date it is and will maintain, at its cost its membership in the Association for the Term of this Licence. Failure to renew its membership as and when such renewal falls due, entitles the Association to terminate this Agreement pursuant to Clause 7.

2.5 **Locksmith Acknowledgment**

MLAA discloses and the Locksmith acknowledges that:

- (a) the Products are manufactured exclusively by Davcor and the Locksmith cannot obtain the Products from any other person (except authorised resellers appointed in Davcor's ultimate discretion and notified by MLAA from time to time) ; and

- (b) the license to MLAA (and subsequent sub-license pursuant to this Agreement) of the Patent registration W02010121332 is non-exclusive and Davcor may in its absolute discretion use the Patent for any other purpose.

2.6 **Locksmith Disclosure to Customers**

The Locksmith agrees to advise customers and potential customers of the following:

- (a) DC-1 based Restricted Key Systems are the intellectual property of the Locksmith. DC-1 based Restricted Key Systems means hierarchical sets of lock cylinders and keys providing graduated levels of access to the user.
- (b) A DC-1 Restricted Key System is developed by the Locksmith to assist in the key control of premises at which the DC-1 Restricted Key System is installed.
- (c) The ability to cut and copy a key is restricted to the Locksmith which designs the system and maintains the records for the individual DC-1 Restricted Key System.
- (d) The customer purchases locks, DC-1 cylinders and DC-1 keys to operate a DC-1 Restricted Key System. These systems provide protection for the customer by offering restricted access to purchasing cut key blanks, and can include (at the customer's request) a bump resistant cylinder designed to resist unauthorised and illegal entry to these locks.
- (e) The customer owns the physical products: being keys, locks and cylinders.
- (f) The Locksmith owns the intellectual property of the DC-1 Restricted Key System it develops. The Locksmith also pays licence fees and/or satisfies tests and criteria in order to represent the brand of the DC-1 Restricted Key System and on-sell the Products as part of the DC-1 Restricted Key System.
- (g) The records of each DC-1 Restricted Key System are created and maintained by the Locksmith. The Locksmith's service to a customer requires reference to these records, involving creation of key codes, processing key orders, verifying authorisation of such orders, maintaining files, and developing additions to the DC-1 Restricted Key System to ensure there are no code overlaps.
- (h) The records referred to in 2.5(g) and the DC-1 Restricted Key System details are the intellectual property of the Locksmith and are treated as part of the goodwill of the Locksmith, and can only be transferred by the Locksmith if the Locksmith sells the whole of the Locksmith's business. The Locksmith must obtain written approval to transfer this Licence on sale of its business. If such approval is not given, the purchaser of the Locksmith's business will not be entitled to any rights under this Agreement.
- (i) The DC-1 Restricted Key System as developed by the Locksmith is not available for transfer to either a customer or another locksmith as a distinct item of property.

3. **LICENCE FEE**

- 3.1 In consideration of the Association granting the Licence under Clause 2.1, the Locksmith must pay to the Association the Licence Fee in the manner specified in Item 5 of the Schedule.

4. INFRINGEMENT

4.1 Notification of Infringement

If the Locksmith learns of any infringement or threatened infringement of any of the Intellectual Property, the Locksmith must immediately notify the Association in writing, giving particulars of the infringement. The Association will have the sole right (subject to any agreement between the Association and Davcor) to determine what, if any, action will be taken in respect of any infringement, and the Locksmith agrees that it will assist in the conduct of any action brought in relation to such infringement as reasonably requested.

4.2 Indemnity by Locksmith

The Locksmith must immediately advise the Association in writing of any action, proceeding, suit, claim or demand brought or made against it or in respect of which it or the Association may become liable arising out of the development of DC-1 Restricted Key Systems, sale of Products by the Locksmith and use of those systems and products by the Locksmith's customers. The Locksmith hereby indemnifies and agrees to keep the Association indemnified against any such action, proceeding, suit, claim or demand arising out of that part played by the Locksmith in the development of DC-1 Restricted Key Systems, sale of Products by the Locksmith and use of those systems and products by the Locksmith's customers and against any damage, loss, cost or expense suffered or incurred by the Association as a direct or indirect consequence thereof.

5. SECRECY OBLIGATIONS

5.1 The Locksmith's Obligation

The Locksmith must:

- (a) keep confidential all trade secrets and disclosures in the patents and design registrations that form part of the Intellectual Property and all other information and technical data disclosed by the Association to the Locksmith ("**Confidential Information**"); and
- (b) not use any of the Confidential Information except for the purposes of the Licence granted under this Agreement and on the terms set out in this Agreement.

5.2 Exceptions

Notwithstanding Clause 5.1, the Locksmith may disclose the Confidential Information if and to the extent that:

- (a) such disclosure is required by laws, regulations or orders;
- (b) the information is generally available in the public domain otherwise than as a result of a disclosure in breach of this Agreement;

- (c) the Locksmith can prove that it knew the information before it was disclosed to it by the Association; or
- (d) it is reasonably necessary for the Locksmith to disclose that information to its officers and employees to enable those persons to perform their obligations in connection with the development of the DC-1 Restricted Key System and sale of Products where those obligations are not inconsistent with the terms of this Agreement, provided that the Locksmith uses all reasonable endeavours to impose undertakings of confidentiality on those officers and employees to whom the information is disclosed.

6. SECURITY AND QUALITY OF PRODUCTS

6.1 Stock Security

The Locksmith must:

- (a) keep all stock of Products and components for Products ("Stocks") under the maximum degree of physical security possible at the Locksmith's premises at all times, and in particular (but without limitation) the Locksmith must keep all key blanks in a secure location separate from other components and under independent lock and key;
- (b) not part with possession of any Stocks otherwise than for the purpose of supply of Products to the Locksmith's customers in accordance with this Agreement;
- (c) allow representatives of the Association to inspect the Locksmith's premises from time to time for the purpose of ensuring compliance by the Locksmith of this Agreement and evaluating the degree of physical security afforded by the Locksmith's premises;
- (d) comply with all reasonable directions of the Association to improve the degree of physical security afforded by the Locksmith's premises to Stocks;
- (e) maintain stock lists and records of all Stocks, including all sales of Stocks, letters of authorisation enabling other persons to cut the Locksmith's customer's key blanks and regarding cutting of key blanks by the Locksmith for persons other than the Locksmith's customers;
- (f) conduct regular inspections of the Stocks; and
- (g) report to the Association any Stock which ceases to be under the Locksmith's control otherwise than in accordance with this Agreement.

6.2 Acquisition and Disposal of Stock

The Locksmith must:

- (a) order supplies of components for Products only for the purpose of fulfilling firm customer orders or maintaining minimum quantities of Stocks reasonably required by the Locksmith for the efficient conduct of its business; and
- (b) not cause or permit any key blanks or other components of Products to be made available to any third person in any way whatsoever other than by retail sale of Products in accordance with this Agreement.

6.3 **Distribution of Keys**

The Locksmith must:

- (a) identify all key blanks used in Products as having been issued by the Locksmith, and in particular (but without limitation) must stamp each key blank with an appropriate system number, key level identification and key issue number;
- (b) only sell or part with possession of a key or cut a key from a key blank upon receipt of the written authority of the person who owns the particular DC-1 Restricted Key System for which the key is intended to be used;
- (c) take all reasonable and proper steps to verify that any written authority tendered to it for the purpose of paragraph (b) is genuine and that it bears the signature of a properly authorised person on behalf of the owner of the particular DC-1 Restricted Key System and that such signature is recorded on the system registration card held by the Locksmith;
- (d) not sell or part with possession of any uncut key blanks to any third person; and
- (e) comply with the Association's Code of Conduct, a copy of which is annexed to this Agreement (including any alterations to the Association's Code of Conduct occurring after the date of this Agreement which are notified in writing to the Locksmith), including the provisions relating to the issue of restricted keys.

6.4 **Maintenance of Sales Records**

The Locksmith must maintain sufficiently detailed and properly kept records to show the following:

- (a) the name and address of the owner of each DC-1 Restricted Key System supplied by the Locksmith;
- (b) the address at which each DC-1 Restricted Key System is installed;
- (c) the number and Profile of keys originally supplied with the DC-1 Restricted Key System;
- (d) the number of keys subsequently cut and supplied in relation to each DC-1 Restricted Key System including particulars of their coding and their key stamping;
- (e) the date of supply of each of the foregoing and of the customer's order or letter of authority; and
- (f) a written signatory authority in relation to each order of Products sold, properly signed or executed by the person to whom the DC-1 Restricted Key System was sold and naming the person or persons who are authorised to obtain duplicate keys for such system and containing the specimen signatures of such persons.

The Locksmith must produce all records kept under this Clause 6.4 to the Association for inspection as and when requested by the Association.

6.5 **Quality**

The Locksmith must:

- (a) do all things within its power to ensure that all key duplication by the Locksmith in connection with each DC-1 Restricted Key System is of the highest professional quality and in conformity with locksmithing standards from time to time established by the Association and notified to the Locksmith; and
- (b) do all things within its power to duplicate keys to code using its best technical resources and expertise.

7. TERMINATION

7.1 Termination for Cause

If the Locksmith:

- (a) being a body corporate:
 - (i) has a liquidator or provisional liquidator appointed to it;
 - (ii) resolves to wind up or is subject to an order to wind up;
 - (iii) has an administrator appointed to it under Part 5.3A of the Corporations Law;
 - (iv) has a receiver, receiver and manager or official manager appointed to any of its assets or undertakings;
 - (v) enters into a scheme of arrangement with its creditors or otherwise compromises or compounds with its creditors;
 - (vi) has a petition brought to wind it up which petition is not dismissed, withdrawn or stayed within twenty (20) Business Days after being so brought; or
 - (vii) has judgment given against it in an amount exceeding fifty thousand dollars (\$50,000.00) (or the equivalent in another currency) and that judgment is not satisfied, quashed or stayed within ninety (90) Business Days after being given;
- (b) being a natural person:
 - (i) becomes bankrupt or commits an act of bankruptcy or suspends payment of his or her debts or compounds with or assigns his or her estate for the benefit of his or her creditors;
 - (ii) dies or becomes permanently disabled or incapacitated or insane;
 - (iii) is convicted of an indictable criminal offence carrying a maximum penalty of not less than twelve (12) months imprisonment; or
 - (iv) commits any act involving fraud, deceit or dishonesty (whether in relation to the Association or otherwise);
- (c) is in breach or default of any of the Locksmith's agreements, duties or obligations under this Agreement and fails to rectify that breach or default within ten (10) Business Days after being requested to do so by notice in writing from the Association;
- (d) loses its security licence as issued by any government authority whether in Australia or in New Zealand which regulates Locksmiths;

- (e) transfers the DC-1 Restricted Key System as developed by the Locksmith to another locksmith or customer of the Locksmith or any other person as a distinct item of property (that is: not as part of the sale of the whole of the goodwill of the Locksmith's business) except where any such transfer has been permitted by the Association; or
- (f) ceases to be a member of the Association for any reason;
- (g) the Head Licence is terminated for any reason;

then the Association may by notice in writing to the Locksmith terminate this Agreement immediately, without prejudice to any other claim, right or remedy the Association may have against the Locksmith.

7.2 **Consequences of Termination**

Upon the termination of this Agreement:

- (a) subject to paragraph (b), all rights and privileges of the Locksmith under this Agreement will terminate and the Locksmith must immediately cease using the Intellectual Property, the Products and developing the DC-1 Restricted Key System from the Products;
- (b) the Locksmith may complete the development of all DC-1 Restricted Key System for which it has purchased Products as at the date of termination;
- (c) the Locksmith (or the new holder of the System on the occasion of 7.1e above) must deliver to the Association all documents and other materials in its possession, custody or control relating to the Products, DC-1 Restricted Key Systems developed by it pursuant to this Licence, the Intellectual Property and all sales records (kept pursuant to clause 6.4 of this Agreement) and must do such further things as may be required by the Association to protect the Association's rights, title and interest in the Intellectual Property; and
- (d) Clause 3 will continue to bind the Locksmith until the Association is satisfied that all Fees payable under this Agreement have been paid.
- (e) If this Agreement is terminated in accordance with clause 7.1(g) the Locksmith may in its absolute discretion negotiate with and enter into an agreement on the terms and conditions it sees fit with Davcor and the Association cannot make any claims for loss, damage or compensation.

8. **CONFIDENTIALITY**

- 8.1 Neither party may make any public announcement or disclosure of or in relation to the terms of this Agreement or the transactions contemplated hereby or the Confidential Information, other than as required by law or to its professional advisers for the purpose of obtaining professional advice, without the prior written consent of the other.

9. **GENERAL**

9.1 **Assignment**

- (a) The Licence granted under Clause 2.1 is personal to the Locksmith, and the Locksmith must not assign, novate, transfer or sub-license to any person any of

the rights granted to it under this Agreement, without the prior written consent of the Association which consent may be given, given on conditions or withheld in the absolute discretion of the Association.

- (b) For the purposes of paragraph (a), a change in the shareholders of the Locksmith or a change in the composition of the board of directors of the Locksmith which, in the opinion of the Association, has the effect or may have the effect of taking the control of the Locksmith away from its existing board of directors or puts the Locksmith under the control, direct or indirect, of persons or companies different from those in control on the later of the date of this Agreement and the date on which the Association last consented in writing to particular changes in the shareholders or board of directors of the Locksmith, will be deemed to be an assignment.
- (c) The Association may assign its rights and obligations under this Agreement to any person, subject to any agreement between the Association and Davcor, provided that the Association ensures that prior to such assignment the assignee accepts, by agreement in writing, all of the Association's responsibilities, duties and obligations under this Agreement.

9.2 **Entire Agreement**

This Agreement constitutes the whole and entire agreement between the parties in respect of the matters set out in it and supersedes any prior representation, understanding or arrangement given or made by the parties whether orally or in writing. This Agreement may not be altered or modified other than by a subsequent written instrument executed by the parties.

9.3 **Further Assurances**

Each party must, and must procure that its servants and agents will, execute and deliver all deeds, documents and instruments and do all acts and things as are necessary to give full effect to all of the agreements, arrangements and transactions contemplated by this Agreement.

9.4 **Existing Rights**

The expiry or termination of this Agreement will not affect any right which has accrued to a party prior to the date of expiry or termination.

9.5 **Stamp Duty**

The Locksmith will bear and be responsible for the payment of all and any stamp duty payable on or in respect of this Agreement or any instrument or transaction contemplated by or necessary to give effect to this Agreement.

9.6 **Counterparts**

This Agreement may be executed in any number of counterparts and all such counterparts taken together will be deemed to constitute one instrument.

9.7 **Legal Expenses**

Each party is responsible for its own legal costs and expenses (if any) in connection with the preparation, completion and carrying into effect of this Agreement.

9.8 **Binding Agreement**

Each of the parties covenants and warrants with and to the other that it is duly authorised and empowered to enter into this Agreement and to bind itself to the provisions of this Agreement.

9.9 **Governing Law**

This Agreement is governed by and is to be construed in accordance with the laws from time to time in force in the State of Victoria, Australia and the parties irrevocably submit to the non-exclusive jurisdiction of the courts of that State and any courts competent to hear appeals therefrom.

9.10 **Notices**

Any notice, consent or other communication which either party may be required or may wish to give to the other under this Agreement must be in writing and may be given by:

- (a) being delivered by hand to the recipient party at its Address for Service;
- (b) being sent by facsimile transmission to the facsimile number of the recipient party; or by email to the email address of the recipient party; or
- (c) being sent by prepaid ordinary mail to the Address for Service of the recipient party;

and that notice will be deemed to have been given:

- (i) if delivered personally, on the date on which that notice was personally delivered;
- (ii) if sent by facsimile (or email) transmission, on the date on which the sending party's facsimile machine records or email records that the facsimile or email has been dispatched to the facsimile number or email address of the recipient; or
- (iii) if sent by prepaid ordinary mail within Australia, on the date being three (3) Business Days after the date of posting; or 6 days in the case of mail posted overseas.

EXECUTED AS AN AGREEMENT in two (2) counterparts.

SIGNED for and on behalf of
MASTER LOCKSMITHS ASSOCIATION
OF AUSTRALASIA LIMITED

by the Chief Executive

).....
(Signature)

in the presence of:

).....
(Signature of Witness)

[NATURAL PERSON]

SIGNED by

).....
(Individual's Name)

).....
(Signature of Individual)

in the presence of

).....
(Signature of Witness)

OR

[COMPANY]

SIGNED by

).....
(Company Name)

) Number :
(ACN)

).....
(Director's Name)

).....
(Signature of Director)

).....
(Name of Director/Secretary)

).....
(Signature of Director/Secretary)

SCHEDULE

Item 1 - Date of this Agreement

Item 2 - the Locksmith

Business Name:

Contact Person:

Address:

.....

Phone No:

Fax No:

Email:

Item 3 - the Intellectual Property

1. Patent publication number W02010121332;
2. Australian design registration number 333936 to 33939 for the Licenced Key Profile; and
3. all current pending or future design and patent registrations in relation to the DC-1 Restricted Key Systems, as notified to the Locksmith in writing from time to time.

Item 4 – the Permitted Use

1. Use of the Products for development of the DC-1 Restricted Key Systems and on-sale of those Products and Systems to the Locksmith's customers.
2. Cutting of keys, subject to the terms of this Agreement.

Item 5 - the Licence Fee

\$10.00 per annum payable annually in advance.

Item 6 - the Products

Key blanks and barrels for the Licenced Key Profile.

Item 7 – Licenced Key Profile

DC1A, DC1B, DC1C, DC1M (*delete all that do not apply*)

Item 8 - the Territory

Australia and New Zealand.