

**AMERICAN PETROLEUM INSTITUTE
ENGINE OIL LICENSING AND CERTIFICATION SYSTEM (EOLCS)
APPLICATION FOR LICENSURE**

PART C—LICENSE AGREEMENT

This Agreement dated _____ between THE AMERICAN PETROLEUM INSTITUTE (hereinafter "API"), a corporation of the District of Columbia, having an office at 1220 L Street, N.W., Washington, D.C., 20005, and _____ (hereinafter "Licensee"), a corporation of _____, having its principal place of business at _____.

WHEREAS, API is the owner of all rights to certain certification marks relating to API's Engine Oil Licensing and Certification System, (hereinafter "EOLCS").

WHEREAS, Licensee desires a nonexclusive license from API on or in connection with the marketing of goods made in accordance with API standards and specifications.

NOW THEREFORE, in consideration of the mutual covenants hereinafter stated, the parties agree as follows:

1. API grants to Licensee a nonexclusive license to use the certification mark(s) for the service categories, viscosities, and brand names set forth in Schedule A which is made a part hereof (hereinafter the "marks") provided that these products are made in accordance with the standards and requirements set forth in API 1509 entitled, *Engine Oil Licensing and Certification System* ("the products"), including any amendments, modifications, substitutions or interpretations that hereafter are adopted.
2. Licensee shall not use the mark "API" or "AMERICAN PETROLEUM INSTITUTE", except in the following circumstances: (1) As part of the marks; (2) In text on motor oil containers or in advertising stating that products meet, exceed or otherwise satisfy API or AMERICAN PETROLEUM INSTITUTE standards. However, licensee shall not use the marks "API" or "AMERICAN PETROLEUM INSTITUTE" apart from the marks, in such a manner to suggest or indicate API's sponsorship, approval or endorsement of the products; or (3) When used to describe the service category of a licensed product (e.g., "API Service XX").
3. Licensee agrees to comply with all requirements specified in the Application for Licensure as well as each Product Data Sheet on file, with any requirements specified



in API 1509, any subsequent revisions to API 1509, any interpretations of API 1509, and any additional requirements imposed in subsequent renewal applications.

4. Licensee agrees to use the marks on motor oil containers only as specified in Section 4 of API 1509 and the license application.

5. Licensee agrees that API is the sole owner of the marks and agrees not to take any actions which are inconsistent with API's ownership rights including, but not limited to, challenging API's ownership rights and/or attempting to register the marks in any country, state or other jurisdiction.

6. Licensee agrees to pay to API an annual minimum royalty fee [two thousand five hundred dollars (\$2,500) for API members; three thousand dollars (\$3,000) for non-members] plus \$0.0050 per gallon of licensed motor oil after the first million gallons of production. This minimum royalty may be revised annually if deemed necessary by API to cover the costs of administration and enforcement of the program. Licensee agrees to submit the necessary annual volume of sales data and the minimum royalty fee to API within the time frame specified by API. All fees are payable in U.S. dollars.

7. Licensee agrees to pay all sales, use, property, excise, and other taxes now or hereafter imposed by any government body or authority based on or in any way measured by this Agreement.

8. The Licensee's authorization to use the mark(s) will terminate each year on the anniversary date of this Agreement. However, the authorization to use the mark(s) will be automatically renewed each successive year on this date for an additional twelve-month period under the same terms and conditions, except as modified by API, provided that: the Licensee has submitted the necessary annual volume of sales data and pays the annual royalty due to API within the specified time frame; has complied with all terms and conditions of the program; and has agreed to comply with any additional terms or conditions specified by API.

9. Licensee agrees that it is the marketing organization responsible for the integrity of the brand name and the product's representation in the marketplace and agrees to use the marks only on products bearing the Licensee's name.

10. It is expressly understood between the parties hereto that no association, agency, apparent agency, employer/employee relationship, partnership, or joint venture of any kind has been created.

11. This Agreement shall not be assignable or transferable by Licensee in any manner except with API's prior written consent nor shall Licensee have the right to grant sublicenses.

12. The Licensee agrees that it will use the marks only on products that meet all of API's requirements and agrees to assume full and complete responsibility for the use of the marks on its products. The Licensee shall establish and maintain a program of production, inspection and testing which is designed to ensure that the Licensee's products comply with all API requirements.

13. If API's technical requirements are modified during the term of this Agreement, API shall determine the date by which the new requirements become effective and shall notify the Licensee of such date. Licensee agrees to comply with the modified requirements and to use the marks after the effective date only on products that meet the new or revised requirements.

14. Licensee agrees that it will do all acts required of it by API to ensure that pertinent API standards and specifications are being met at all times in the manufacture of the products, including submitting when requested by API a statement of manufacturer's qualifications and samples of the products and permitting API, or a representative thereof, upon reasonable notice to inspect pertinent manufacturing facilities. Licensee agrees that it has on file and will retain on file evidence that its products meet all applicable API standards and performance requirements for such products. Licensee agrees to submit this evidence to API in a timely manner upon request.

Further, Licensee agrees to submit the data requested in the Application for Licensure for each licensed product. API agrees to restrict use of this data for the sole purpose intended. Summary data, if collected and published, will not be company specific. API shall be the sole judge of whether Licensee meets the appropriate qualifications to become and remain a Licensee and whether the products meet the appropriate qualifications.

15. API or API's representative may make periodic examinations or tests of the Licensee's product by selecting samples from the marketplace and submitting them to a testing facility for evaluation to determine whether the products comply with specified requirements. If requested by API, the Licensee shall send samples of the Licensee's product, at API's expense, directly to a designated test facility for evaluation in the time frame specified by API.

16. Licensee agrees that any sampling, inspections or tests conducted by API are designed only to verify compliance with API requirements and do not relieve the licensee of its responsibility to ensure the quality of its products in the marketplace.

17. API's representatives shall, after giving reasonable notice, have access to facilities utilized by the Licensee to manufacture, process or store products displaying the marks. The right of API's representative to obtain free access to these facilities shall not be conditioned upon the execution by him or API of any agreement, waiver or release

which in any way purports to affect his legal rights or the rights or obligations of API. Any such document executed in contravention of this provision shall be without force or effect. However, API shall direct its representative to exercise due care in complying with any plant safety regulations which may be generally applicable to the manufacturer's plant personnel.

18. Licensee agrees that its use of the marks on the products shall constitute a representation and warranty by the Licensee to API and to the purchasers of the products that the products conform to the standards, specifications and properties set out in API 1509, any subsequent revisions to API 1509, any interpretations of API 1509, the Licensee's Application For Licensure, the Licensee's Product Data Sheet, and any additional requirements imposed in subsequent renewal applications. Licensee agrees to hold harmless and indemnify API for any and all liability, loss, damage, cost and expense which API may suffer, personal injury, property damage or economic loss based on the failure or alleged failure of the Licensee's products to conform to such standards and specifications. Licensee further agrees to defend API, at Licensee's expense, against any and all such suits, claims or proceedings.

19. Licensee agrees to notify API in a timely manner if it has evidence or information which indicates that its product does not conform to API's requirements or the properties specified in each Product Data Sheet and agrees to take action immediately in order to bring the product into full compliance.

20. If Licensee's products in the marketplace do not comply with API's requirements, or the properties specified in the Product Data Sheet, Licensee agrees to take whatever corrective action (including product recall) that is deemed necessary by API to protect consumers or API in a time frame specified by API.

21. If the Licensee defaults in any of its obligations under this Agreement, API may immediately terminate or suspend, as to any covered products affected by such default, the rights or authority conferred by this Agreement without prejudice to any other rights which API may have. The Licensee agrees that API may notify vendors, governmental authorities, potential users, and others of an improper or unauthorized use of the mark when in the judgement of API such notifications are necessary to protect consumers or for API's own protection.

22. The Licensee agrees that the manufacture, sale, delivery, shipment, distribution or promotion of any product utilizing the marks would mislead the public if such product does not comply with the requirements of API as herein provided and agrees that any breach of this contract in this respect could not adequately be compensated for in money damages. For these and other reasons, the Licensee agrees that, in the event of the violation of any of the terms and conditions of this Agreement, a temporary injunction may be issued at the instance of API restraining the Licensee from further use of the marks in any manner whatsoever, and from any further sale or offering for sale,

delivery or distribution of said products bearing the marks, and any other relief which may be deemed appropriate. Such temporary injunction shall not, however, restrain the sale and delivery of products already properly bearing the marks which have been previously found to be covered products and to be in compliance with the requirements of API at the time the mark was applied to the products. The granting or issuance of such temporary injunction shall not affect the right of API to compensatory and punitive damages for the misuse of the marks or its name, abbreviations, or symbols, and shall be in addition to, and not in lieu of, any other rights and remedies provided by this Agreement.

23. If any action or proceeding is brought by API to enforce, protect or establish any right or remedy with respect to this Agreement or with respect to the subject matter of this Agreement, API shall be entitled to recover reasonable attorney's fees and costs provided that it is the prevailing party.

24. Termination or expiration of this Agreement shall not affect any liability of the parties existing as of the date of such termination, shall not relieve the Licensee of its obligation of indemnity as to products manufactured or distributed prior thereto, and shall not excuse Licensee from paying any royalties or other charges owing to API.

25. Upon termination, with or without cause, of any rights or authority conferred by this Agreement, or upon expiration of this Agreement, the Licensee agrees to immediately discontinue the use of the marks on any product which is the subject of such termination. After termination, the Licensee agrees to destroy unused labels or containers displaying the marks.

26. Licensee agrees that it will not perform any acts which directly or indirectly assist a third-party in using the marks without authorization.

27. This Agreement may be terminated by API at any time and for any reason satisfactory to API after providing notice to the Licensee.

28. The terms and conditions of this Agreement are severable. If any condition of this Agreement is deemed to be illegal or unenforceable under any rule of law, all other terms shall remain in force.

29. This Agreement shall not and is not intended to benefit nor to grant any right or remedy to any person or entity that is not a party to this agreement.

30. API has the right, but not the obligation, to register at its own cost, any or all of the marks worldwide. Furthermore, API does not represent or warrant, express or implied, that the marks do not infringe the rights of third parties. API, however, represents and warrants that it has no actual knowledge that the marks infringe any valid right of any

third party in whole or part that would preclude Licensee from using the marks as provided for in this Agreement.

31. The Licensee shall promptly notify API of any assertion that the use of the marks in the promotion or sale of Licensed Products hereunder infringes the rights of any third party and will consult with API to determine the course of action to be followed in response to said assertion. API shall have the right to terminate this Agreement, in whole or in part, in response to said assertion. API does not undertake and shall have no obligation, but nevertheless shall be entitled, to defend any action brought for infringement of trademarks, patents, industrial and artistic designs or copyrights owned by a third party or unfair competition with a third party when the basis of the claim is related to the Licensee's use of the marks. If API does not defend any such action, it shall have no obligation to reimburse or indemnify the Licensee, its agents, sub-agents, customers or any other persons for the cost of defending such suit or for damages incurred as a result of such actions.

32. The Licensee agrees to cooperate fully with API in any effort which API may deem advisable in order to record the Licensee as a registered user of the marks, including the providing of information and execution of documents in connection therewith. Upon expiration or termination of this Agreement, the Licensee shall similarly cooperate with API in expunging any such recordations that may exist. Expenses associated with such recording and expungement shall be borne by API.

33. The Licensee agrees to assist API in the enforcement of any rights of API in the marks. The Licensee agrees to notify API in writing of any infringements or imitations by third parties of the marks which may come to the Licensee's attention. API shall have sole right to determine whether or not any action shall be taken, at its sole expense, on account of any such infringement or imitation. API, if it so desires, may commence or prosecute any claims, actions or suits in its own name or in the name of the Licensee or join the Licensee as a party thereto.

34. The Licensee agrees that this Agreement does not relieve the Licensee of its obligations concerning products marketed or distributed pursuant to previous license Agreements between Licensee and API and any amendments or renewals thereof. Licensee agrees that API may utilize the rights and remedies specified in this Agreement to ensure that products in the marketplace which were licensed to use the mark(s) pursuant previous agreements are in full compliance with the specifications applicable at the time the product was marketed or distributed.

35. With respect to all claims, actions and suits to enforce API's rights in the marks, including suits in which the Licensee is joined as a party, API shall have the sole right to employ counsel of its choosing and to direct the handling of the litigation and any settlement thereof. API shall be entitled to receive and retain all settlement proceeds

and all amounts awarded as damages, profits or otherwise in connection with such suits.

36. The undersigned individuals represent and warrant that they are expressly and duly authorized by their respective entities to execute this Agreement and to legally bind their respective entities as set forth in this Agreement.

37. This Agreement shall be interpreted and governed by the law of the District of Columbia, United States of America.

38. This instrument contains the entire and only agreement between the parties. No oral statements or representations not herein contained shall have any force and effect.

39. Paragraphs 5, 7, 18, 19, 20, 22, 26, and 35 survive termination of this Agreement.

40. Notices required to be given by this Agreement shall be in writing and shall be effective as of the date on which such notice is delivered to: (a) The EOLCS Manager at 1220 L Street, N.W., Washington, D.C., 20005; (b) The Licensee at _____.

Dated: _____ By: _____
Name of Organization, Company or Individual

Signature and Title of Authorized Officer

Subscribed and sworn to before me this ____ day of _____, _____.
Notary Public in and for the County of _____,
State of _____. My commission expires
_____.

Notary Signature **(NOTARY SEAL)**

AMERICAN PETROLEUM INSTITUTE

Dated: _____ By: _____
Manager, Engine Oil Licensing and Certification System