

INTELLECTUAL PROPERTY INFRINGEMENT ABATEMENT INSURANCE

PROGRAM SUMMARY

The following summary is for promotional purposes only, and in no way changes the terms or effect of the Policy language. Consult a copy of the Policy itself for any specific questions that you may have. The term, "Alleged Wrongdoer(s)" referred to throughout this document shall mean an entity which is or is suspected of making, using, selling, offering for sale or substantially completing and displaying any process, machine, manufacture, composition of matter, symbol, slogan, mark or work of authorship defined by the IP for which insurance is sought.

Program

Administrator: Intellectual Property Insurance Services Corporation

Carriers: Gotham Insurance Company (New York Marine & General Insurance Co.)
Lloyd's of London

**A.M. Best
Ratings:** Gotham: A (Excellent), VIII
Lloyd's of London: A (Excellent), XV

Limits: From \$250,000 to \$5,000,000 Each Claim
From \$250,000 to \$5,000,000 Aggregate
Higher limits may be available

**Self-Insured
Retention:** Minimum: 2% of the per Claim Limits; Higher Options Available

Co-Pay 10% minimum; Higher Co-Pay Available

Coverage: Litigation Expense Reimbursement for:

1. Authorized Litigation (intellectual property infringement suits) brought by the Named Insured against an Alleged Wrongdoer for Infringement which began during the Policy Period;
2. Defense of Patent Invalidity counterclaims in Authorized Litigation;

3. Re-examination in the Patent Office of Named Insured's patent in Authorized Litigation if petitioned by the Defendant in an attempt to invalidate Named Insured's patent;
4. Re-issue costs during Authorized Litigation in an effort by Named Insured to strengthen the patent claims.

Territory

The United States, its Territories and Districts.

Partial List of Conditions:

1. Acts of the Alleged Wrongdoer must begin and claim must be filed during the Policy Period.
2. Favorable opinion by IP counsel of Named Insured's choice regarding Intellectual Property validity and Infringement required before authorization.
3. Company issues authorization letter after a claim form is received and all conditions are met.
4. An Economic Benefit is realized when the Named Insured receives a monetary settlement; an award of damage, a gain of market share; retention of market share; a licensing agreement, an injunction or a settlement agreement to stop the infringing activity.
5. When an Economic Benefit has been realized, the Insured pays back to the Company, pro rata, only the amount paid into the lawsuit by the Company. The Insured keeps any recoveries beyond what is paid back to the carrier. The policy limits are reinstated, thus allowing the Insured to pursue other infringers.
6. All new policies have an Economic Benefit Relief of the first \$100K, so that amount does not have to be repaid. Any Authorized Litigation that is resolved within the first \$100K requires no repayment of Economic Benefit to the Company.

Partial List of Exclusions:

1. Pre-existing acts of an Alleged Wrongdoer.
2. Liability for judgments and damages. (May be available for defense reimbursement policies, however).
3. Expenses incurred prior to initiation of a Civil Proceeding underlying Authorized Litigation.
4. Breach of contract by Licensees (unless included by Endorsement).
5. Willful acts of Named Insured giving rise to infringement.
6. Criminal acts.
7. Coverage against licensees which are not included by endorsement (New licensees must be added within thirty (30) days of license).

Note: Applicant should refer to the Specimen Policy for all terms and conditions of the Policy as well as all Exclusions. The above Summary in no way changes the terms or effect of the Policy language.