

FEATURES OF INTELLECTUAL PROPERTY (IP) DEFENSE COST AND (OPTIONAL) DAMAGES REIMBURSEMENT INSURANCE

The following material is for promotional purposes only, and in no way change the terms or effect of the Policy language. Consult a copy of the Policy itself for any specific questions that you may have.

What is IP Defense Cost Reimbursement Insurance?

- IP Defense Cost Reimbursement Insurance reimburses you for your LEGAL EXPENSES when you have to defend yourself against lawsuits brought in the U.S. for patent/trademark/copyright infringement.
- IP Defense Cost Reimbursement Insurance reimburses your legal costs when you assert patent invalidity as a defense to a charge of patent/trademark/copyright infringement.
- The policy will reimburse the cost of reexamination proceedings initiated by the Named Insured as a defense strategy arising out of a lawsuit for patent/trademark/copyright infringement.
- Optionally coverage for the reimbursement of DAMAGE awards against you can be purchased.

Why do I need IP Defense Cost Reimbursement Insurance?

- Your ability to defend yourself in infringement lawsuits may be the key to your company's survival. Every lawsuit charging infringement must be taken very seriously and defended to the utmost no matter how frivolous the suit may be.
- The alternatives available to you for dealing with infringement are as follows:
 - Abandon your accused products.
 - Attempt to obtain a license from the accuser from a position of financial weakness.
 - Defend yourself using your cash reserves and available credit lines.
- The first two alternatives are not acceptable as they may result in you having to capitulate to an aggressive accuser or incur a burdensome royalty payment. Insurance is the best vehicle for defending an infringement suit.
- **Litigation is expensive!** Median litigation costs for an infringement suit through trial can range from \$50,000 for copyrights to \$5,500,000 for patents for the U.S. as a whole.
- Now with IP Defense Cost Reimbursement Insurance you can insure that litigation and indemnification funds will be available when needed.

What are the advantages of having IP Defense Cost Reimbursement Insurance?

- Prevents abandoning of market share by timely and forceful defense of infringement charges.
- Prevents unexpected cash drain on operations.

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- Provides adequate litigation funds to optimize a favorable decision for you.
- Deters frivolous suits by demonstrating ability to financially protect yourself.
- Reduces pressures on you to settle infringement cases because of mounting legal expenses.
- Makes your business more attractive to investors.
- Insurance strengthens the viability of your company.

What are the key terms of the policy?

- IP Defense Cost Reimbursement Insurance policies can be obtained with per claim and aggregate limits of coverage from \$100,000 to \$5,000,000.
- The policy reimburses you for your legal costs of IP defense until the aggregate limit of your policy has been reached. Coinsurance requirement of 90/10%. Minimum Self-Insured Retentions are 2% of the per Claim Limits. Higher options available.
- IP Defense Cost Reimbursement Insurance is written on an annual basis. The policy is issued as claims made and the INFRINGEMENT action against you must begin while the policy is in effect.
- The Insured has total control over the litigation in that:
 - The Insured selects the counsel of his choice, subject to the Company's approval;
 - The Insured dictates the settlement terms if any, not the Company.
- The Insured may invoke the policy by 1) notifying the Insurance Company of a lawsuit filed against it and other relevant facts on a claim form supplied by the Company; and 2) providing the Company with a favorable opinion letter from an intellectual property counsel regarding the issues of enforceability, validity and INFRINGEMENT. Upon compliance with the policy terms, the Company will then authorize the suit and the policy will begin to reimburse the Insured for his legal expenses.

How much does it cost to protect my products?

- The actual cost per product will vary and depends upon many factors. All premium quotes are given only after application has been submitted for insurance. Average 2007 Defense policy premiums were \$30,000.
- **Coverage for DAMAGES can be included for an additional premium.**

How is the premium paid?

- The premium can be paid annually or it can be financed over a nine (9) month period with as little as 20% of the premium (plus any applicable taxes) as down payment.

How can I obtain a quote?

- Call (800) 537-7863 for more information, or,
- **Visit our website at www.IPISC.com.**

****Contact your Independent Insurance Agent****