



Water-tightness Airborne Detection Implementation

D8.3 Service Provision Terms and Conditions

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PU = Public

PP = Restricted to other programme participants (including the Commission Services)

RE = Restricted to a group specified by the consortium (including the Commission Services)

CO = Confidential, only for members of the consortium (including the Commission Services)

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Executive Summary

In this deliverable D8.3 we explore different sets of potential terms and conditions to govern the exploitation of the WADI results.

In a first step the different partners who own WADI results and those involved in the exploitation of those results are identified and the relationships between them are determined. For this step we largely rely on the findings set out in the IPR Guidelines, which are annexed to this deliverable, as well as the work performed in Work Package 9 (particularly D9.3) and the Innovation Management Plan (D1.2).

In a second step we propose two draft contracts which allow IPR owners either to transfer or to license the intellectual property rights on WADI results to those partners interested in exploitation. The transferable IPR under consideration are mainly copyrights applicable to the software which has been developed in the course of WADI.

In a third step we propose terms and conditions to govern (a) the relationship among the partners involved in the exploitation as well as (b) the relationship between those partners and a potential customer. The essence here is to start from the existing terms and conditions which partners currently use, and to see which specific terms need to be integrated.

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1 Introduction: an exploitation model

1.1 The WADI service

1.1.1 Service description and capabilities

In deliverable 8.2 the WADI service was described as an airborne leak detection service, able of reaching hard to reach areas or detecting leaks across great distances. The service is mainly aimed at water utilities. The technology in its current state has shown to work best in rather dry, warm and rural regions with limited vegetation (so not in cold periods/countries, in vast, humid forests or urban areas). These parameters help to determine the initial target market for the WADI service.

1.1.2 WADI results required for exploitation

The main results of WADI include generated data sets, developed software, inventions in terms of methodologies for processing images to identify water leaks, operational decisions regarding existing hardware and scientific approaches such as the approach used to calculate the water index. It is clear that these results are largely intangible, relying on legal constructs for assigning ownership and for the subsequent protection of such ownership and the use of these results. The innovation management plan (D1.2; p.19) correctly observes that the most relevant legal regime in the case of WADI's results is copyright. Hence, the partners responsible for developing these results are automatically the holders of the copyright, because copyright vests automatically in the author/creator of the result.¹

While WADI has generated a lot of useful outputs in terms of knowhow, methodologies and insights, it would seem that for the exploitation of a WADI service the following results are of particular importance:

1. the knowhow required to compute the water index and the vegetation index;
2. the knowhow required how to derive the water index and the vegetation index from the images acquired with the multispectral and infrared cameras;
3. the knowhow required to select the appropriate cameras for the manned and unmanned aerial platforms;
4. the knowhow required to on-board these cameras and other hardware required onto the aerial platform (e.g. through a geostabilized platform for the manned aircraft);
5. the software required for image acquisition on the manned and unmanned platforms and for pre- and post-processing of the images;
6. the knowhow required for the interpretation and validation of the results of a flight campaign.

While very important, none of the results in the list above are protected by any particular intellectual property right, with the exception of the software (point 5).

¹ We assume that the copyright is held by these partners as organisations. We have not made an assessment of the contracts used internally within those partners' organisations to assess whether they have indeed made the necessary contractually arrangements with their staff members and contractors to ensure that copyright generated in the framework of WADI vests indeed in the partner.

These results were made possible by certain partners leveraging pre-existing background for WADI. The following overview has been compiled on the basis of Attachment 1 of the Consortium Agreement:

	Description of background	Specific limitations and/or conditions for implementation	Specific limitations and/or conditions for Exploitation
ONERA	Development of Onboard optical sensors system Exploitation of infrared and multi/hyperspectral camera data Inverse process (including Physical model) and all data processing for infrared and multi/hyperspectral camera data exploitation Onboard data acquisition/monitoring system development	None	None
LNEC	Methodology and tools for data fault detection and data fusion	None	These products are part of an on-going PhD thesis. Until their publication is concluded and the thesis is presented, they cannot be explored by other parties.
EDIA	EDIA's Digital or analog data, including network and assets localisation and technical characteristics, business information, customer data, water use, among other data	<ul style="list-style-type: none"> - Data are to be construed as Confidential Information at all times, unless EDIA issues a written statement to the contrary - No transmission to third parties without specific EDIA agreement - No availability in Internet, unless agreed to in writing by EDIA - Publication in any form is subject to EDIA specific written authorization - Compulsory indication of the source and the date of the most recent update - Unless upon explicit prior permission of EDIA, Parties who are privy to EDIA's data shall be obliged to delete this information at the end of the project and shall prove that such deletion has been executed. 	<ul style="list-style-type: none"> - Data are to be construed as Confidential Information at all times, unless EDIA issues a written statement to the contrary - No transmission to third parties without specific EDIA agreement - No availability in Internet, unless agreed to in writing by EDIA - Publication in any form is subject to EDIA's specific written authorization - Compulsory indication of the source and the date of the most recent update - Unless upon explicit prior permission of EDIA, Parties who are privy to EDIA's data shall be obliged to delete this information at the end of the project and shall prove that such deletion has been executed - Details about EDIA's data cannot be used in any way to showcase, demonstrate or in any other way promote WADI results unless upon explicit permission of EDIA.

	<p>Hydraulic performance data, including water leaks, flow, quality, among other data</p>	<ul style="list-style-type: none"> - Data are to be construed as Confidential Information at all times, unless EDIA issues a written statement to the contrary - No transmission to third parties without specific EDIA agreement - No availability in Internet, unless agreed to in writing by EDIA - Publication in any form is subject to EDIA specific written authorization - Compulsory indication of the source and the date of the most recent update - Unless upon explicit prior permission of EDIA, Parties who are privy to EDIA's data shall be obliged to delete this information at the end of the project and shall prove that such deletion has been executed. 	<ul style="list-style-type: none"> - Data are to be construed as Confidential Information at all times, unless EDIA issues a written statement to the contrary - No transmission to third parties without specific EDIA agreement - No availability in Internet, unless agreed to in writing by EDIA - Publication in any form is subject to EDIA's specific written authorization. - Compulsory indication of the source and the date of the most recent update - Unless upon explicit prior permission of EDIA, Parties who are privy to EDIA's data shall be obliged to delete this information at the end of the project and shall prove that such deletion has been executed. - Details about EDIA's data cannot be used in any way to showcase, demonstrate or in any other way promote WADI results unless upon explicit permission of EDIA
<p>SCP</p>	<p>Digital data about SCP network localisation</p>	<ul style="list-style-type: none"> - Data are to be construed as Confidential Information at all times, unless SCP issues a written statement to the contrary - No transmission to third parties without specific SCP agreement - No availability in Internet, unless in adequately secured repositories agreed to in writing by SCP - Use scales from 1/25000 to 1/5000. If more detailed information proves to be essential for WADI's purposes, such information, SCP may at its own discretion decide to divulge such information under specific conditions for processing. - Compulsory indication of the source and the date of the most recent update 	<ul style="list-style-type: none"> - Data are to be construed as Confidential Information at all times, unless SCP issues a written statement to the contrary - No communication to third parties without specific SCP agreement - No communication in Internet - Use only scales from 1/25000 to 1/5000 - Indication of the source and the date of the most recent update

		<ul style="list-style-type: none"> - No individuals data, only aggregate and non-personal data. If and when the sharing of customers' personal data appears to be essential for the achievement of WADI's objectives, such sharing is only possible on the basis of the written explicit instructions of SCP. - Customers' data are to be construed as Confidential Information at all times. 	<ul style="list-style-type: none"> - No individuals data, only aggregate and non-personal data. - Personal data of customers cannot be used in any way to showcase, demonstrate or in any other way promote WADI results unless upon explicit permission of and in line with the written instructions of SCP.
		<ul style="list-style-type: none"> - Details about leakage locations are to be construed as Confidential Information. - Unless upon explicit prior permission of SCP, Parties who are privy to leakage locations shall be obliged to delete this information at the end of the project and shall prove that such deletion has been executed. 	<ul style="list-style-type: none"> - Details about leakage locations are to be construed as Confidential Information. - Details about leakage locations cannot be used in any way to showcase, demonstrate or in any other way promote WADI results unless upon explicit permission of SCP.

While all of the background listed in the table above has been useful for generating the results of the WADI project, only the methodologies and knowhow listed by ONERA are actually required for the exploitation of results as part of a commercial service. However, we are not aware of any particular intellectual property regime which would apply to these methodologies and knowhow. Moreover, it has all been made public through scientific publications.

The above leads to the necessary conclusion that partners who wish to exploit the WADI results as part of a commercial service, will need to obtain either the ownership of, or a license to use, the intellectual property rights pertaining to the software. Hence, in the second section of this deliverable we propose two template agreements whereby one allows for transfer and the other allows for a usage license of the WADI software.

1.1.3 Marketability of the current results

In discussions with the partners who have developed the results and those who are interested in exploiting the results, it became clear that the WADI results, as they are right now, are in a prototype phase only. The technology has shown to work, yet more testing is required to identify the relevant conditions and constraints for successful deployment, to improve system reliability and detection efficacy, to reduce image processing times, etc. Currently, WADI results are showing promise for roll-out as prototype but are not yet ready for full commercial deployment. This is consistent with the observations on the critical success factors as listed in the Market Strategy (Updated version; D9.6, p. 23).

All of this implies that the results will have to be further improved upon if the WADI service is to become a full-fledged commercial service. Some of the aspects that would require reworking are the system used on board the manned aircraft and the software for image post-processing. The contractual framework for a WADI service would initially have to take into account this prototype status. It may also require other partners than those who have

indicated an interest in exploiting the results to provide assistance in improving the current results to get them to a viable commercial readiness level (at least MVP (Minimum Viable Product) status).

1.2 Partners involved in exploitation

1.2.1 Structural exploitation

1.2.1.1 *Studio Galli Ingegneria and Air Marine*

Two partners of the WADI consortium have indicated their intention to further exploit the results of WADI. They wish to include a WADI-type service (for clarity's sake hereinafter referred to as the "WADI Service") into their current service portfolio. Each partner brings distinct skills to the table:

1. Studio Galli Ingegneria (SGI): an established Italian SME, SGI has been providing water leakage management services to water utilities across the globe for more than 3 decades. As such, SGI has built up an extensive customer portfolio which encompasses many water utilities. SGI therefore has the commercial knowhow and customer base available which would be required to put the WADI Service on the market.
2. Air Marine (AM): an established French SME, AM has been providing airborne services in the area of industrial installation protection for more than 20 years. AM currently has six manned aircraft as well as a drone fleet to perform inspection flights on a daily basis. As such, AM has both the hardware and knowhow available to operationally provide the WADI Service to the market.

1.2.1.2 *Model for cooperation*

The partners would like to proceed on the basis of a contractor – sub-contractor model for the prototype roll-out phase. This means that none of the options discussed in the business plan (D9.3) or in the IPR Guidelines have been selected. The current idea would be to let SGI contract with the customer to provide water leak detection/management services and have AM contract with SGI to operationally provide the airborne leak detection services.

Considering this structure for cooperation, we propose in the third section of this deliverable the key clauses which are necessary to include in the contractual relationship between:

- (a) Customer and SGI;
- (b) SGI and AM.

We have chosen to list these clauses in the form of a term sheet. This provides the partners concerned with a modular solution to shape the final contractual relationship in a manner that fully suits their needs. The starting point of the proposed clauses are the current terms and conditions that SGI and AM use to sell their services to the market. We only add those clauses which are relevant due to the WADI Service's specific nature and target audience.

1.2.2 Ad-hoc consultancy

As highlighted above, WADI results include a lot of knowhow which is not always present within the organizations of the partners who are interested in structurally exploiting the results. This knowhow is needed to provide the WADI Service to a customer but is also

required to improve upon the current WADI results. It is to be expected that AM and SGI will need the support of other partners to further develop the WADI Service and come to a MVP.

The other partners whose support would be useful, are especially ONERA, Galileo Geosystems, NTGS and LNEC. From discussions among the partners concerned, it became clear that, while ONERA and LNEC would be willing to provide ad-hoc assistance, NTGS and Galileo Geosystems are not interested to continue beyond the end of the WADI project.

The ad-hoc support required by AM and SGI would contractually best be construed as on-demand consultancy services. It would mainly involve the transfer of knowledge through training sessions and the further development of software. This would best be handled through a standard contract for consultancy services .

2 IPR transfer/license

In this section we provide two templates which can be used to either transfer IPR from one partner to another or to allow one partner to grant a license to another partner to use materials subjected to IPR under certain conditions. It seems quite clear that for the further development of the WADI Service it would be best if partners could agree on a transfer of all IPR related to those results which are required for the exploitation.

2.1 Agreement for the transfer of IPR

Intellectual property transfer agreement

Between [*], with registered office at [address], registered at [*], under the number [number], hereby represented by [name] (hereinafter [*]).

And [**], with registered office at [address], registered at [*], under the number [number], hereby represented by [name] (hereinafter [**]).

It is agreed as follows

1. In this agreement:

“Wadi Works” shall mean all works, inventions (whether or not under patent), trademarks (whether or not registered), logos, software applications, including software (source code and object code), preparatory works for software development, databases, functional analyses, technical analyses, step-by-step plans, technology, processes, algorithms, texts, reports, presentations, calculation tables, diagrams, images, drawings, designs, models, documentation, manuals, know-how, materials, etc., which [**] have been created in the context of the Water-tightness Airborne Detection Implementation (WADI) project funded by the European Union's Horizon 2020 research and innovation programme under grant agreement 689239.

“Rights” shall mean all intellectual and industrial property rights (copyright, trademark rights, patent rights, database rights, design rights, domain names, etc.) and any other rights attached to the Wadi Works, such as, but not limited to, the right to reproduce, communicate to the public, translate, adapt, arrange or otherwise modify, distribute and commercialize or exploit the Wadi Works in any way, worldwide, permanently or temporarily, in whole or in part, in any manner and in any form.

2. Insofar as this has not been done yet, all Rights to the Wadi Works shall automatically, irrevocably, unconditionally, worldwide, in their full scope and for the entire duration under Belgian law, be transferred to [*] as from the date of signature of this agreement.

3. The transfer of the Rights to the Wadi Works includes the transfer of all current and future modes exploitation of the Rights.

4. [**] confirms that no additional fee is due for the transfer of the Rights.

5. [**] hereby warrants irrevocably, unconditionally and for the duration of their protection under Belgian law, that any moral rights to the Wadi Works will not be exercised vis-à-vis the [*] and any third parties worldwide.



6. The aforementioned transfer of the Rights to the Wadi Works and renunciation of the exercise of moral rights shall survive the termination of the WADI project, regardless of its cause.

7. [**] warrants that it has all necessary rights and permissions to transfer the Rights and the Works, and that the transferred Rights do not infringe the rights of any third party.

8. If any third party asserts a claim or brings an action against [*] alleging that the Wadi Works, the Rights and/or the transfer thereof to [*] infringe any right of that third party, [**] shall at its expense and at the first request of [*] (1) provide [*] with all information and assistance (o. a. voluntarily intervene in a negotiation, mediation or procedure) in order to enable [*] to defend itself to the best of its ability, and (2) compensate [*] in full for any damages, fines, costs and other damages (including fees and costs of counsel and experts) arising out of or in connection with such claim or demand. If, as a result of such claim or demand, [*] can no longer use all or part of the Wadi Works, [*] shall be entitled, ipso jure and without judicial intervention, to have the infringing whole or part of the Wadi Works recreated by a third party at the expense of [**], without prejudice to [*]'s right to claim damages.

9. [**] shall refrain from claiming or obtaining, anywhere in the world, intellectual and industrial property rights and any other rights to the Wadi Works and any similar protection.

10. At the first request of [*], [**] shall (1) sign or ensure to be signed, without additional fee, any instrument which [*] considers necessary for the protection, anywhere in the world, of [*]'s intellectual and industrial property rights and any other rights to the Wadi Works, and (2) assist [*] in drawing up such deeds and in obtaining and enforcing such protection.

11. This agreement is governed by the laws of Belgium. All disputes arising under this agreement shall only be resolved by the competent courts in Brussels, Belgium.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, each party declaring to having received one signed copy hereof.

[*]

[**]

Name:

Name:

Title:

Title

Date:

Date:

2.2 Agreement granting a license to use IPR

License agreement

Between [*], with registered office at [address], registered at [*], under the number [number], hereby represented by [name] (hereinafter [*]).

And [**], with registered office at [address], registered at [*], under the number [number], hereby represented by [name] (hereinafter [**]).

It is agreed as follows

1. In this agreement:

“Wadi Works” shall mean all works, inventions (whether or not under patent), trademarks (whether or not registered), logos, software applications, including software (source code and object code), preparatory works for software development, databases, functional analyses, technical analyses, step-by-step plans, technology, processes, algorithms, texts, reports, presentations, calculation tables, diagrams, images, drawings, designs, models, documentation, manuals, know-how, materials, etc., which [**] have been created in the context of the Water-tightness Airborne Detection Implementation (WADI) project funded by the European Union’s Horizon 2020 research and innovation programme under grant agreement 689239.

“Rights” shall mean all intellectual and industrial property rights (copyright, trademark rights, patent rights, database rights, design rights, domain names, etc.) and any other rights attached to the Wadi Works, such as, but not limited to, the right to reproduce, communicate to the public, translate, adapt, arrange or otherwise modify, distribute and commercialize or exploit the Wadi Works in any way, worldwide, permanently or temporarily, in whole or in part, in any manner and in any form.

2. As of the date of signature of this agreement, [**] grants to [*] an exclusive, free-of-charge, transferable, world-wide license to use, modify and sell the Wadi Works and to exploit the Rights as [*] sees fit, with the right to sub-license.

3. This agreement shall remain in effect for a period equal to the duration of the protection of the last intellectual or industrial property right in effect amongst the Rights. This license agreement shall survive the termination of the WADI project, regardless of its cause.

4. [**] undertakes to make available to [*] all documents, plans, designs, studies, models, and other information in its possession connected with the Wadi Works. [**] shall also without delay inform [*] of any new developments, improvements and information in the relevant fields of which it learns in the future.

5. [**] warrants that it has all necessary rights and permissions to license the Rights and the Wadi Works, and that the transferred Rights do not infringe the rights of any third party

6. If any third party asserts a claim or brings an action against [*] alleging that the Wadi Works, the Rights and/or the transfer thereof to [*] infringe any right of that third party, [**] shall at its expense and at the first request of [*] (1) provide [*] with all information and assistance (o. a. voluntarily intervene in a negotiation, mediation or procedure) in order to enable [*] to defend itself to the best of its ability, and (2) compensate [*] in full for any damages, fines, costs and other damages (including fees and costs of counsel and experts)



arising out of or in connection with such claim or demand. If, as a result of such claim or demand, [*] can no longer use all or part of the Wadi Works, [*] shall be entitled, ipso jure and without judicial intervention, to have the infringing whole or part of the Wadi Works recreated by a third party at the expense of [**], without prejudice to [*]'s right to claim damages.

7. This agreement is governed by the laws of Belgium. All disputes arising under this agreement shall only be resolved by the competent courts in Brussels, Belgium.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed by their duly authorized representatives, each party declaring to having received one signed copy hereof.

[*]

[]**

Name:

Name:

Title:

Title

Date:

Date:

3 Contractual framework for the WADI Service

In this section we propose the terms and conditions to be included in the relationships between (a) a customer and SGI and (b) SGI and AM. The starting point are the terms and conditions of SGI and AM, which we complement with the required clauses. For each clause we also provide a brief explanation on the clause's intent and interpretation. We do not include clauses that have already been included in the partners' own terms and conditions.

Considering that we draft contracts from the perspective of the service providers, it makes sense to take a bottom-up approach. Indeed, taking into account that AM will provide the operational services to SGI as sub-contractor, whatever is agreed on in the relationship between both partners will then have to be reflected in the relationship between SGI and the customer. We therefore start with the agreement between AM and SGI and build on that for the agreement between SGI and the customer.

3.1 Agreement between AM and SGI

3.1.1 Context

3.1.1.1 Nature of the agreement

The services which AM currently provides to its customers are described as *"the provision of advice, information, studies, engineering services, expertise, technical assistance, support and any other service in the fields of aerial and drone photography and the processing of visual, multispectral and infrared data"*. The current agreement is therefore clearly and undeniably to be construed as an agreement for services. The WADI service would arguably not change that. On the contrary, the current description of AM's service offering already seems to encompass the WADI Service.

One big difference between AM's current service offering and the WADI Service, is the prototype nature of the latter. On the one hand results produced by the WADI Service will be prone to more errors and thus require more thorough verification and time. On the other hand AM will not only be expected to provide the WADI Service with the goal of identifying leaks, it will also be expected to contribute to the improvement of the prototype in collaboration with SGI. This dual nature is reflected in the clauses proposed in the term sheet below.

3.1.1.2 Impact of statutory law

As explained in D8.1, water utilities, as end-customers of the WADI Service, may be subject to a number of national statutory laws which will have a direct impact on the contractual framework for such service. Such laws relate to protection of critical infrastructure, public procurement law, laws related to the re-use of public sector information, etc. We do not believe that it would make sense to take these specific laws into account in the term sheets proposed here, especially since (a) these laws differ from country to country and (b) water utilities may be expected to have their own arrangements for dealing with such statutory obligations. The same applies for statutory laws which are specific to the water sector and relate to the reduction of non-revenue water, of which we have provided an overview in D8.2. It is therefore of the utmost importance to include a degree of flexibility in the

contractual framework between AM and SGI to ensure that obligations imposed by a customer as a consequence of statutory law can resort full effect in the contractor – sub-contractor relationship as well.

There are, however, a few statutory instruments which are of direct importance to the contractual relationship between AM and SGI. The first one is aviation law, which has an important influence on when, where and under which conditions manned and unmanned flights can be planned. A second is product liability legislation: when moving out of the prototype phase and to the extent that products are developed (e.g. drones with dedicated hardware or software impacting the drone’s core functionalities or other types of equipment), it may become required to seek CE certification. When that happens, parties need to agree on who will take on which role and who will bear the responsibility (and thus costs) for such certification.

3.1.2 Term sheet²

	Clause	Explanation
Definitions	<p>1. [Option 1] Services: the provision of leak detection services on the basis of infrared and multispectral image acquisition by leveraging manned and/or unmanned aerial platforms.</p> <p>[Option 2] Services: the collection of infrared and multispectral images via manned and/or unmanned aerial platforms which Customer can use for analysis to determine where potential leaks in water distribution infrastructure may be.</p> <p>2. Customer: SGI Studio Galli Ingegneria S.r.l., a company incorporated and existing under the laws of Italy, having its registered seat at Via della Provvidenza 15, 35030 Padova Sarmeola, Italy, VAT 01155390287.</p>	<p>There are several options to define the Services provided by AM to SGI. The main distinction between the different options is who is responsible for the WADI technology, i.e. hard- and software:</p> <ul style="list-style-type: none"> - In option 1 AM provides leakage detection services, which means that SGI is only concerned with getting a report which outlines locations where leaks may be. It is up to AM that the images are collected and pre- and post-processed using whatever systems and tools AM sees fit. - In option 2 AM only provides the raw images to SGI, whereas SGI and AM are jointly responsible for the post-processing of those images. <p>It is clear that a differing definition for the Services provided automatically and necessarily leads to two differing definitions for the Results generated by providing the Services.</p>

² This term sheet must be read as a supplement to the present “Conditions Générales de Service” of AM.

3. Company: Air Marine SA, a company incorporated and existing under the laws of France, having its registered seat at Aéroport de Bordeaux Mérignac, 303 avenue de Mont de Marsan, 33850 Léognan, France, with enterprise registration number 38136506300043 and VAT FR86381365063.
4. End-customers: the legal persons under public or private law to whom Customer provides its water leak detection services.
5. [Option 1] Results: the documents, images and materials generated with the Equipment which show the approximate location and intensity of one or more potential leaks in water distribution infrastructure.
[Option 2] Results: the infrared and multispectral images collected with the Equipment.
6. Territory: the territory as described in annex [add annex reference].
7. Offering: a joint offering for water leak detection and management services whereby (a) Customer provides Customer Services as contractor to an End-customer and (b) Company, as sub-contractor, provides the Services to Customer.
8. Mission: a single instance of providing the Services to Customer to identify leaks in a specific End-customer's infrastructure.
9. Customer Services: the leak detection services which Customer provides complementary to the Services as part of an Offering.

10. Equipment: the dedicated hard- and software as well as any associated works, inventions (whether or not under patent), trademarks (whether or not registered), logos, software applications, including software (source code and object code), preparatory works for software development, databases, functional analyses, technical analyses, step-by-step plans, technology, processes, algorithms, texts, reports, presentations, calculation tables, diagrams, images, drawings, designs, models, documentation, manuals, know-how, materials, etc., used to provide the Services and which are owned, or licensed to, Company.
11. Confidential Information: any information, data, materials or knowledge kept in whatever form (whether on paper or transmitted or stored electronically) belonging to, concerning or under the control of one of the Parties (the "**Disclosing Party**") which is made available or disclosed to the other Party (the "**Receiving Party**") in connection with this Agreement and which is commercially proprietary, sensitive, non-public or confidential by nature, whether or not explicitly indicated as such by one of the Parties. Information that in any case shall be considered as confidential: (i) trade secrets, (ii) technical details (including software, both in source and object code as well as non-public documentation) of, and knowhow about any technical processes and the (functioning of) Equipment, (iii) all data of the Parties and their customers

and suppliers collected, transferred or otherwise processed as part of participating to a call for tenders, drafting a specific Offering or providing the Services and Customer Services, (iv) information regarding business operations and strategies, (v) and the contents of this Agreement. Information which shall not be considered as confidential: any information for which the Receiving Party can demonstrate that (i) it was in the possession of, or was rightfully known by, the Receiving Party without an obligation to maintain its confidentiality prior to receipt from the Disclosing Party; (ii) was or has become generally available to the public other than as a result of disclosure by the Receiving Party or its agents; (iii) after disclosure to the Receiving Party, was received from a third party who, to the Receiving Party's knowledge, had a lawful right to disclose such information to the Receiving Party without any obligation to restrict its further use or disclosure; (iv) was independently developed by the Receiving Party without use of or reference to any Confidential Information of the Disclosing Party; or (v) that the Disclosing Party has disclosed to unaffiliated third parties without similar restrictions.

12. Intellectual Property Rights: all intellectual and industrial property rights (copyright, trademark rights, patent rights, database rights, design rights, domain names, etc.) and any other rights, such as, but not limited to, the right to reproduce, communicate to

the public, translate, adapt, arrange or otherwise modify, distribute and commercialize or exploit works, inventions (whether or not under patent), trademarks (whether or not registered), logos, software applications, including software (source code and object code), preparatory works for software development, databases, functional analyses, technical analyses, step-by-step plans, technology, processes, algorithms, texts, reports, presentations, calculation tables, diagrams, images, drawings, designs, models, documentation, manuals, know-how, materials, etc. in any way, worldwide, permanently or temporarily, in whole or in part, in any manner and in any form.

13. End-customer Data: all information, data and documents, including but not limited to network layouts, plans, designs and specifics, which End-customer provides to Customer for (a) the preparation and drafting of a specific Offering or tender, or (b) the performance of the Services and Customer Services.

<p>Subject matter description</p>	<p>This Agreement governs:</p> <ul style="list-style-type: none"> - the provision of the Services by Company to Customer so that Customer can integrate the Results in its own service offering to the End-customers; - the cooperation between Company and Customer with the objective of improving the Results generated by the Services. <p>Unless explicitly agreed to otherwise, the language of the Agreement, the Services and of all Results will be English.</p>	<p>This clause explains the dual nature of the Agreement, i.e. both an agreement to provide services as well as a cooperation agreement to improve the results which are generated by the services.</p>
<p>Services input</p>	<ol style="list-style-type: none"> 1. Company and Customer shall agree on the documents, specifications and information to be obtained from the End-customers which are required to provide the Services. Customer shall procure from the End-customers that such documents, specifications and information are accurate, truthful and complete. 2. Customer acknowledges to have been informed about the technical and functional limitations and constraints of the Services and confirms to have understood them. 	<p>Taking into account the technical requirements of the Services, AM and SGI should agree on which information they require before the flights can be performed. It should then be SGI's responsibility to obtain the required information from the End-customer (this is a direct consequence of the contractor – sub-contractor model).</p>

<p>Compliance</p>	<p>1. It is Company's responsibility to ensure that the Services are provided in accordance with applicable legislation and regulations, including, but not limited to, aviation law and flight regulations/authorizations. It is also Company's responsibility to ensure that any Equipment developed and used, complies with product safety regulations and that the required CE markings, if any, are obtained when the Equipment exits the prototype phase.</p> <p>2. It is Customer's responsibility, however, to inform Company of any legal or regulatory obligations or requirements to which Customer or the End-customers are subjected as well as any relevant safety and security policies and guidelines which Customer or End-customer has put in place and which may impact the provision of the Services in the context of a specific Offering. Company cannot be held responsible nor liable for any non-compliance with such legal or regulatory obligations or requirements or such policies and guidelines which have not been duly communicated.</p>	<p>1. As specialist aviation service provider, AM should be responsible for ensuring that all requirements under aviation and drone law for making the drone or manned flights are complied with. Similarly, it is fair to say that most of the development as well as the exploitation of the hard- and software will befall AM, which makes AM the most suitable party to ensure compliance with product safety regulations.</p> <p>2. However, considering that SGI has a direct link with the End-customer, it should be SGI's responsibility to ensure that legal requirements originating in laws to which the End-customer is subject, are taken into account when providing the Services.</p>
<p>Results</p>	<p>Company shall make its best efforts to provide the Results in the digital format agreed with Customer. After each Mission Customer will validate the Results and report any issues, such as false positives, successes and End-customer feedback regarding these Results to Company. Parties shall discuss the quality of the Results and identify points for improvement.</p>	<p>Irrespective of option 1 or option 2 applies for the offering of the Services as outlined in the definitions above, it is to be expected that the Results are made available in a digital format (e.g. a PDF, or the images). Since the initial accuracy rate of the Services will only be around 50%, it is paramount that SGI continuously verifies the Results to assess accuracy and to allow further improvements to the Services.</p>

Joint offering	Customer shall actively develop and promote, the Offering. Company has the right to validate and approve any marketing or promotional materials to be produced in relation to the Offering where and insofar it references the Services.	It is an essential aspect of the role of SGI to put the leak detection services based on WADI solutions into the market. Since SGI's marketing materials will reference services provided by AM, it would be appropriate to give AM the opportunity to assess these materials.
Participation to calls for tenders	Customer shall inform Company in a timely manner of Customer's intent to participate with the Offering in a call for tenders launched by a potential End-customer. Company shall provide Customer, taking into account Company's then current capacity and availability, the necessary information, documents, materials and other input related to the Services which are required for Customer to participate in such a call. Company shall accept, insofar commercially reasonable, an invitation to participate in any oral meetings organized with a potential End-customer in defense of a submitted tender. Both Parties shall bear their own expenses related to participating in the call for tenders.	It is important that SGI is able to quickly respond to calls for tenders which it may come across. SGI must therefore be able to trust that it has AM's commitment to join when a relevant call is launched, especially taking into account the exclusive nature of the relationship. This clause ensures such a commitment, but only insofar AM has the required bandwidth to effectively participate to the tender. Indeed, the nature of the Services may not immediately allow for a global scaling.
Territory	Any obligation of Company to participate in the Offering as described herein, applies within the Territory only. Parties shall discuss beforehand any promotion of the Offering, actively or through participating to calls for tenders, outside the Territory.	AM's services are provided in a heavily regulated environment, with widely diverging laws across the globe. It would be unfair to oblige AM to provide its services anywhere in the world, without first having been able to assess the regulatory context in which those services would be provided. We have therefore limited the obligation to participate in a joint offering to a pre-described territory.

Governance	<p>Each Party shall appoint a single point of contact ("SPOC") as well as a back-up SPOC for all communications and discussions related to the subject matter of this Agreement. Parties shall meet regularly and at least once a month to discuss at minimum the progress of the promotion of the Offering within the Territory, the quality and timeliness of the Results and the improvements to be made to the Services.</p>	<p>While the relationship between AM and SGI has taken the legal shape of a contractor – sub-contractor model, it is still a relationship of highly cooperative nature with both parties working towards the same goal. This is the reason why a good governance system and regular interaction is very important. The proposal here is quite concise, but Parties may wish to go further and include a more formalized change management and escalation process as well.</p>
Budget forecasting	<p>Before sending a tailored Offering to an End-customer, Parties shall provide each other with an estimate of the resources each Party expects to spend on that specific Offering.</p>	<p>Considering that the WADI technology is new for both Parties, they should provide each other with sufficient input regarding expected resource investments so that they can work on a commercially attractive pricing model for End-customers which at the same time allows AM and SGI to work towards a profitable business model.</p>
Financial reporting	<ol style="list-style-type: none"> 1. After each Mission Company shall report to Customer the effective amount of resources spent on a particular Mission and shall provide Customer with a forecast and the resources required to improve the Services. 2. Customer shall report on the resources effectively spent on on-boarding a particular End-customer, including resources spent on promoting the Offering. 	<p>A key aspect of the contractual relationship between AM and SGI will be to learn how to commercialize the innovative solutions developed by WADI and thus to transcend the prototype phase. It is therefore important that both Parties are able to learn from each other, not only operationally and technically, but also from a commercial perspective so that they may come to a mutually beneficial commercial model.</p>

<p>Payment terms</p>	<ol style="list-style-type: none"> 1. All prices, fees or amounts charged, agreed to or reported on under this agreement shall be in Euro and shall exclude all governmental taxes, levies and other similar charges. If the End-customer demands that the services as outlined in the Offering are payable in a different currency, Parties shall discuss in good faith on how to distribute any exchange rate risks in a fair and balanced manner. 2. Customer shall pay Company the amounts due for the Services if and only if Customer is paid by the End-customer for the services rendered as agreed to in the Offering accepted by End-customer. 3. Parties agree to re-invest a commercially reasonable portion of the revenue generated by providing services to the End-customers in further improving the Services and the Results. 	<ol style="list-style-type: none"> 1. Some End-customers may not be located in the Eurozone, meaning that they will wish to pay in a different currency. AM and SGI will therefore have to discuss how they will allocate the currency risks. 2. Since AM and SGI will essentially go to the market with a joint service offering, we would recommend to distribute the risk of non-payment evenly by including a pay-if-paid clause. 3. The objective of AM and SGI is to exploit the results of WADI in such a way that it can become a commercial service. This will require investments to allow the technology to exit the prototype phase.
<p>Exclusivity</p>	<p>Parties agree that their cooperation under this Agreement shall be exclusive for the whole duration of the Agreement: unless agreed to otherwise in writing by the other Party, (a) Company agrees to provide the Services exclusively to Customer and (b) Customer agrees to procure the Services only from Company. The exclusivity as described herein only pertains to the Services and Customer Services. Nothing in this Agreement will prevent a Party, however, from providing its services, other than the Services or Customer Services, to third parties, even if such a third party is also an End-customer.</p>	<p>Considering that both AM and SGI will invest in the commercialization of the WADI technology, it is important that the right context is created where parties can trust on a certain degree of reciprocity and loyalty. However, such a context should not prevent either Party from providing its other services to the market in whatever way they see fit.</p>

Non-competition	<p>Parties warrant for the whole duration of this Agreement and until two (2) years thereafter not to provide, nor allow their affiliates, employees, agents or contractors to provide, without explicit consent of the other Party, services in the Territory which can be considered the same or equivalent as the services provided by that other party and thus in direct competition with that other party's services.</p>	<p>To foster trust it is important that AM and SGI are both contractually required to stick to their roles and that neither party uses the knowledge gained under this agreement to go in direct competition with the other party. A non-competition clause should always be limited in time and space, hence the limitation to the Territory and the duration of the agreement plus two years.</p>
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Confidentiality	<p>1. Each Party acknowledges that it may be furnished, receive or otherwise have access to Confidential Information of the other Party in connection with this Agreement. The Receiving Party will keep the Confidential Information of the Disclosing Party confidential and secure and will protect it from unauthorised use or disclosure by using at least the same degree of care as the Receiving Party employs to avoid unauthorised use or disclosure of its own Confidential Information of a similar nature, but in no event less than reasonable care.</p> <p>2. The Receiving Party may disclose Confidential Information of the Disclosing Party to any employee, officer, director, agent, contractor, representative or Affiliate who has a need to know the information for the purposes of this Agreement and who is bound to the Receiving Party to protect the confidentiality of the information in a manner substantially equivalent to that required of the Receiving Party. The Receiving Party may also disclose Confidential Information of the Disclosing Party to the Receiving Party's regulatory agencies and auditors provided they are made aware of the Receiving Party's obligations of confidentiality with respect to the Disclosing Party's Confidential Information and execute confidentiality agreements as required by this Agreement.</p> <p>3. If any unauthorised disclosure, loss of, or inability to account for any Confidential Information of the Disclosing Party occurs, the Receiving Party will promptly</p>	<p>Considering the depth of the collaboration between parties and the R&D nature of the information being shared, it is highly advisable to include a significantly strong confidentiality clause. Parties could contemplate adding a stronger enforcement mechanism when the Receiving Party would breach its confidentiality obligations, e.g. by adding penalties or lump sum damages.</p>
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notify the Disclosing Party and will cooperate with the Disclosing Party and take such actions as may be necessary or reasonably requested by the Disclosing Party to minimize the violation and any damage resulting from it and to prevent a recurrence of the violation.

4. If the Receiving Party becomes legally compelled to disclose any Confidential Information of the Disclosing Party in a manner not otherwise permitted by this Agreement, the Receiving Party will provide the Disclosing Party with prompt notice of the request (unless legally precluded from doing so) so that the Disclosing Party may seek a protective order or other appropriate remedy. If a protective order or similar order is not obtained by the date by which the Receiving Party must comply with the request, the Receiving Party may furnish that portion of the Confidential Information that it determines it is legally required to furnish.

5. Each Party's Confidential Information will remain the property of that Party. Nothing contained in this Agreement will be construed as obligating a Party to disclose its Confidential Information to the other Party, or as granting to or conferring on a Party, expressly or by implication, any rights or license to the Confidential Information of the other Party. Any such obligation or grant will only be as provided by other provisions of this Agreement.

<p>Data protection</p>	<p>For the processing of personal data under this Agreement each Party shall act as controller and shall comply at all times with all applicable data protection laws (including, without limitation, EU Regulation 2016/679). Each Party agrees to fully indemnify and keep indemnified the other Party against all losses, costs, expenses, damages and liabilities which that other Party may incur as a result of a breach thereof.</p>	<p>It is not likely that personal data will be processed under this Agreement, due to the nature of the Services and the images collected. Personal data would arguably be limited to personal data of SPOCs and their backups at both parties as well as contact persons working for End-customers. Parties would be processing these personal data as controllers.</p>
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Intellectual property

1. Parties grant each other for the duration of this Agreement a non-exclusive, non-assignable worldwide license, without right to grant sub-licenses, to use and display their logo and trade name for the communication about, and the promotion of, the Services and Customer Services.
2. Parties shall each remain the owner of all Intellectual Property Rights they had prior to the signing of this Agreement. The performance of each Party's obligations under this Agreement shall not entail a transfer of any Intellectual Property Rights to the other Party.
3. Any Intellectual Property Rights with respect to the Equipment, whether or not created in performance of this Agreement, whether or not preceding the Effective Date of this Agreement, shall be vested exclusively in or licensed to Company and/or its respective licensors as the case may.
4. Parties agree that the End-customer Data remains the property of the End-customer and that nothing in this Agreement shall be interpreted as a transfer of ownership or of other Intellectual Property Rights pertaining to the End-customer Data. Customer shall procure from End-customer, on its own behalf and on behalf of Company, the right to use the End-customer Data for the purposes of (a) providing the Services and Customer Services; (b) to protect Company's interests or claims in legal proceedings or alternative dispute resolution mechanisms; (c) to comply with applicable laws and regulations or with a valid

Taking into account the respective roles of AM and SGI, we believe that it would make sense to allocate all IPR related to the Equipment to AM and not SGI. Most of the Equipment would in any case be used by AM, since it is directly dependent on, and integrated in, the manned and unmanned aerial platforms, which SGI does not have. The only part where we see a possible deviation, is if Parties decide that SGI will be responsible for the post-processing of the images (which is option 2 for the definition of the Services and Results as outlined above). In that case one could add a clause that states that all IPR related to the software used for post-processing is owned by SGI and that any IPR associated with further development of such software automatically vests in SGI.

	<p>request from a competent supervisory, judicial or other authority; and (d) to improve the Services and the Results. When all Missions have been performed which relate to a specific Offering for a particular End-customer, Company shall delete all remaining End-customer Data unless a statutory obligation prevents Company from doing so.</p>	
<p>Warranty</p>	<p>Parties understand and agree that the Equipment underlying the Services is still in a prototype phase only and requires testing and improvements. The Results are provided "as is" and on a best efforts basis only and Company does not warrant the accuracy or timeliness of any of the Results provided. Company makes no express or implied warranties in connection with the Services, including, but not limited to, fitness for a particular purpose, merchantability or the compliance thereof with any legal or regulatory requirement, unless specifically agreed to by Company in this Agreement. Insofar any defects in the Results cannot be fully mitigated by measures taken as part of the Customer Services, Customer undertakes to explain to the End-customer that the Equipment used for the Services is in a prototype phase only.</p>	<p>It is important to make it very clear from the outset that the Services initially are using a prototype technology which requires further testing and improvement to demonstrate its full commercial viability. Hence, with this clause it is emphasized that AM cannot give any warranties related to the output of the Services.</p>

Liability	<p>Taking into account the prototype nature of the Equipment, Company shall not be liable, neither in contract nor in tort, for any damages caused by the erroneous, incomplete or incomprehensible nature of the Results, unless in the event of gross negligence, willful misconduct or fraud on the part of Company.</p>	<p>It must be agreed upon who will be liable for any damages caused by defects in the Results. In the clause proposed here we have placed the liability with SGI, because SGI could allocate it to End-customers. Parties could also agree, of course, to work with liability caps in order to distribute liability risks more evenly between themselves. Such an approach is already introduced in AM's own General Terms and Conditions.</p>
Force Majeure	<p>1. Parties are not responsible and cannot be held liable for any non-performance of their obligations when the non-performance is caused by a force majeure event, which shall include but will not be limited to, natural disaster, unexpected bad weather, war, civil war, insurrection or riot, fire, flood, explosion, earthquake, electrical disconnection as a result of any of the above events, global or regional internet outage, pandemics leading to restrictions on normal activities, strikes or labour disputes causing cessation, slowdown or interruption of work unless such strikes or labour disputes are specific to either Party, national emergency, act or omission of any governmental authority or agency (including the unexpected refusal or withdrawal of flight authorizations).</p> <p>2. Notwithstanding the previous clause, all expenses associated with rescheduling and re-performing a Mission due to a force majeure event shall be borne by Customer.</p>	<p>The ability to provide the Services is dependent on a number of external factors. Some of these factors are completely outside the control of AM, such as when the weather unexpectedly deteriorates or when a flight authorization is unexpectedly revoked. The risk for these types of events should be allocated to the End-customer. Hence, in this Agreement we allocate them to SGI, so that SGI can further allocate them to the End-customer.</p>

Duration and termination	The Agreement shall commence on the Effective Date and shall terminate automatically after [x] years. The Agreement cannot be tacitly renewed.	This Agreement, which ultimately allows for a learning phase, should be limited in time so that on the one hand parties have an incentive to keep working at a certain pace and on the other hand to give them time to evaluate how their collaboration is going.
Sub-contracting	Company shall have the right to sub-contract to third parties any part of the Services but shall not be allowed to sub-contract, in whole or in part, its obligations hereunder to cooperate with Customer to improve the Services and the Results.	We believe that AM should have the right to sub-contract for instance the performance of drone flights to independent drone operators, but it should still be AM which sits together with SGI to discuss on how to improve the WADI technology.
Choice of law and forum	This Agreement shall be governed by and shall be construed in accordance with the laws of France without reference to its conflict-of-laws or similar provisions that would mandate or permit application of the substantive law of any other jurisdiction. For the avoidance of doubt, the UN Convention on Contracts for the International Sale of Goods shall not apply. Any dispute arising out of or in connection with this Agreement shall be brought before the commercial courts of Bordeaux, France, which shall have exclusive competence.	The relationship of AM and SGI is such that it makes sense, as explained earlier, to work with the terms and conditions of AM. We believe it would be most appropriate to have the terms and conditions and any additional clauses be governed by the same jurisdiction.

3.2 Agreement between SGI and the customer

3.2.1 Context

Whereas the agreement between SGI and AM is an agreement between peers, the relationship between SGI and a customer would be quite different. In many cases the customers for water leak detection services are public sector organizations subject to public procurement law. As a consequence the contractual relationship is largely governed by statutory provisions; complemented by the call for tenders documents and the tender documents of the selected candidate. It is fair to say that in such a context the room to negotiate is usually fairly limited. The situation would not be all that different when the customer is a private sector entity, however. The customer would still be an organization which is larger and therefore has significantly more contractual leverage than SGI would have.

This premise is confirmed by the documents which SGI made available to provide an idea of the general terms and conditions they currently use for their services. Each of these documents illustrates that a customer in the water services sphere typically requires a dedicated contract for services. There is virtually no standardization of the contractual terms under which SGI provides services to its customers. Hence, the term sheet which we propose below to govern the relationship between SGI and a customer should not be seen providing the building blocks for a single set of terms and conditions. It should rather be seen as a checklist to identify any conflicts or gaps between the relationship SGI-customer on the one hand and the relationship SGI-AM on the other hand.

3.2.2 Term sheet

	Clause	Explanation
Definitions	<ol style="list-style-type: none"> 1. Services: the provision of consultancy services as described in the Work Plan, which shall include, but shall not be limited to, leak detection services on the basis of infrared and multispectral image acquisition by leveraging manned and/or unmanned aerial platforms. 2. Customer: the legal person under public or private law to whom Customer provides its water leak detection services. 	<ol style="list-style-type: none"> 1. Contrary to the agreement between SGI and AM it is far more difficult to define the services provided to the customer in one single sentence. The services will rather be identified and described in a separate work plan which is annexed to the agreement. We nonetheless wish to make sure that the airborne leak detection services provided by AM are explicitly brought in scope as well. Hence the definition proposed here.

3. Company: SGI Studio Galli Ingegneria S.r.l., a company incorporated and existing under the laws of Italy, having its registered seat at Via della Provvidenza 15, 35030 Padova Sarmeola, Italy, VAT Results: the documents, images and materials provided to Customer as a consequence of providing the Services.01155390287.
4. Results: the documents, images and materials provided to Customer as a consequence of providing the Services.
5. Confidential Information: any information, data, materials or knowledge kept in whatever form (whether on paper or transmitted or stored electronically) belonging to, concerning or under the control of one of the Parties (the "**Disclosing Party**") which is made available or disclosed to the other Party (the "**Receiving Party**") in connection with this Agreement and which is commercially proprietary, sensitive, non-public or confidential by nature, whether or not explicitly indicated as such by one of the Parties.
6. Intellectual Property Rights: all brands, logos, trademarks, service marks, internet domain names, models and designs, patents, copyrights (including all rights relating to software) and moral rights, rights relating to databases, software, knowhow, and other rights, as well as all other industrial and intellectual rights, in any case independent from whether or not they have been registered and with the inclusion of registration applications as well as all equivalent rights or means of protection leading to a similar result anywhere in the world.

To safeguard the consistency of the proposed term sheet we have included a definition for "Customer" which is the same as the definition for "End-customer" under section 3.1.2 above. In reality the definition for Customer would most likely be replaced with the identity of the specific customer.

Note that certain definitions provided here are different than those provided for in the term sheet above. The reason for this is twofold: (a) the terms provided here are only meant as a checklist and we can presume that any agreement with a customer will have its own definitions; (b) we presume that during the tendering/pre-closing period a separate non-disclosure agreement is concluded with its own confidentiality obligations.

	<p>7. Customer Data: all information, data and documents, including but not limited to network layouts, plans, designs and specifics, which Customer provides to Company for the performance of the Services.</p> <p>8. Work Plan: the statement of work describing the Services as set out in annex [X].</p>	
<p>Subject matter description</p>	<p>This Agreement governs the provision of the Services as set out in the Work Plan, whereby Customer understands and agrees that Company is allowed to test, as part of the Services, innovative airborne optic technologies which are still in a prototype phase. Company shall make all commercially reasonable efforts to detect defects in the output generated with this prototype technology and to validate such output before integrating it in the Results. Unless explicitly agreed to otherwise, the language of the Agreement, the Services and of all Results will be English.</p>	<p>Since the technologies used are only in a prototype phase and not all CE marking required may have been obtained (still to be assessed), the customer should provide explicit consent to prototypes being tested as part of the Services to avoid product liability issues. As a downside, of course, a customer may use the fact that prototype technologies are used to drive down the price.</p> <p>It is important to check whether the contract with the customer requires Services to be rendered in a language other than English, especially considering that it must be checked with AM which languages they are able to work in and whether additional translation costs must be budgeted.</p>
<p>Services input</p>	<p>1. It is the exclusive responsibility of the Customer to ensure the accuracy, truthfulness and completeness of the Customer Data. Company shall not be liable for damages caused due to a defect of whatever nature in the Customer Data.</p> <p>2. Customer acknowledges to have been informed about the technical and functional limitations and constraints of the Services and confirms to have understood them.</p>	<p>The data on the basis of which the Services are provided, such as network layouts, technical details etc. should of course be accurate and only the Customer can guarantee that this is the case. Since the Services include prototype services, it may be wise to include in the Work Plan a functional description of the WADI technology, where it is emphasized that this technology is in a prototype phase only.</p>

<p>Compliance</p>	<p>Customer shall inform Company of any legal or regulatory obligations or requirements to which Customer is subject as well as any relevant safety and security policies and guidelines which Customer has put in place and which may impact the provision of the Services. Company cannot be held responsible nor liable for any non-compliance with such legal or regulatory obligations or requirements or policies and guidelines which have not been duly communicated.</p>	<p>Mirroring the compliance clause from the term sheet above, the Customer should communicate all compliance requirements to SGI, so that SGI can relay them to AM and the Services can be provided in a compliant manner.</p>
<p>Results</p>	<p>Company shall provide the Results in the format agreed with Customer.</p>	<p>It would be advisable to ensure that it is clearly agreed with the customer which results the customer can expect as well as the format of those results (e.g. can he expect to receive the images (pre- or post-processed), a digital or hard-copy report etc.). The best efforts obligation here is not particularly related to providing the Results, but rather to providing the Services. This has been covered in the warranty clause.</p>

Confidentiality	<p>1. Each Party acknowledges that it may be furnished, receive or otherwise have access to Confidential Information of the other Party in connection with this Agreement. The Receiving Party will keep the Confidential Information of the Disclosing Party confidential and secure and will protect it from unauthorised use or disclosure by using at least the same degree of care as the Receiving Party employs to avoid unauthorised use or disclosure of its own Confidential Information of a similar nature, but in no event less than reasonable care.</p> <p>2. The Receiving Party may disclose Confidential Information of the Disclosing Party to any employee, officer, director, agent, contractor, representative or Affiliate who has a need to know the information for the purposes of this Agreement and who is bound to the Receiving Party to protect the confidentiality of the information in a manner substantially equivalent to that required of the Receiving Party. The Receiving Party may also disclose Confidential Information of the Disclosing Party to the Receiving Party's extern counsel and auditors provided they are made aware of the Receiving Party's obligations of confidentiality with respect to the Disclosing Party's Confidential Information and execute confidentiality agreements as required by this Agreement.</p> <p>3. If any unauthorised disclosure, loss of, or inability to account for any Confidential Information of the Disclosing Party occurs, the Receiving Party will promptly notify the Disclosing Party and</p>	<p>Considering the depth of the collaboration between parties and the R&D nature of the information being shared, it is highly advisable to include a significantly strong confidentiality clause. Parties could contemplate adding a stronger enforcement mechanism when the Receiving Party would breach its confidentiality obligations, e.g. by adding penalties or lump sum damages.</p>
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will cooperate with the Disclosing Party and take such actions as may be necessary or reasonably requested by the Disclosing Party to minimize the violation and any damage resulting from it and to prevent a recurrence of the violation.

4. If the Receiving Party becomes legally compelled to disclose any Confidential Information of the Disclosing Party in a manner not otherwise permitted by this Agreement, the Receiving Party will provide the Disclosing Party with prompt notice of the request (unless legally precluded from doing so) so that the Disclosing Party may seek a protective order or other appropriate remedy. If a protective order or similar order is not obtained by the date by which the Receiving Party must comply with the request, the Receiving Party may furnish that portion of the Confidential Information that it determines it is legally required to furnish.
5. Each Party's Confidential Information will remain the property of that Party. Nothing contained in this Agreement will be construed as obligating a Party to disclose its Confidential Information to the other Party, or as granting to or conferring on a Party, expressly or by implication, any rights or license to the Confidential Information of the other Party. Any such obligation or grant will only be as provided by other provisions of this Agreement.

<p>Data protection</p>	<p>For the processing of personal data under this Agreement each Party shall act as controller and shall comply at all times with all applicable data protection laws (including, without limitation, EU Regulation 2016/679). Each Party agrees to fully indemnify and keep indemnified the other Party against all losses, costs, expenses, damages and liabilities which that other Party may incur as a result of a breach thereof.</p>	<p>It is not likely that personal data will be processed under this Agreement, due to the nature of the Services and the images collected. Personal data would arguably be limited to personal data of SPOCs and their backups at both parties as well as contact persons working for End-customers. Parties would be processing these personal data as controllers. However, this would change if a customer would provide SGI with lists of landowners on whose land Services would have to be provided. In that case SGI would become a data processor and AM a sub-processor (insofar AM would receive the personal data as well). At present this scenario seems mostly theoretical.</p>
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<p>Intellectual property</p>	<ol style="list-style-type: none"> 1. Parties shall each remain the owner of all Intellectual Property Rights they had prior to the signing of this Agreement. The performance of each Party's obligations under this Agreement shall not entail a transfer of any Intellectual Property Rights to the other Party. 2. Any Intellectual Property Rights with respect to Results shall remain the property of Company and/or its respective licensors as the case may be. Company grants Customer a perpetual, worldwide license to use the Results for its normal business purposes. The payment of the fees shall constitute the whole and complete compensation for such license. 3. Customer shall remain at all times the owner of all Customer Data and nothing in this Agreement shall be interpreted as a transfer of ownership or of other Intellectual Property Rights pertaining to the Customer Data. Customer grants Company and Company's sub-contractors a right to use the Customer Data to (a) provide the Services; (b) protect Company's and Company's sub-contractors' interests or claims in legal proceedings or alternative dispute resolution mechanisms; (c) comply with applicable laws and regulations or with a valid request from a competent supervisory, judicial or other authority; and (d) to improve the Services. When the Agreement ends, for whatever reason, Company shall delete or return, and shall procure from its sub-contractors to delete or return, all remaining Customer Data unless a statutory 	<p>The intellectual property clauses we propose here are mainly aimed at protecting the IPR vested in the Results and provide customer with the confidence that its data are not used beyond what is needed for this agreement, while at the same time allowing AM and SGI to use the data to improve their services.</p>
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	<p>obligation prevents Company from doing so.</p> <p>4. Customer grants Company a non-exclusive, non-assignable worldwide license, without right to grant sub-licenses, to use and display Customer's logo and trade name for the purpose of communicating that Customer is indeed a customer of Company.</p>	
<p>Warranty</p>	<p>Parties understand and agree that the Services use new and innovative techniques and are provided on a best efforts basis. Company makes no express or implied warranties in connection with the Services or the Results, including, but not limited to, fitness for a particular purpose, merchantability or the compliance thereof with any legal or regulatory requirement, unless specifically agreed to by Company in this Agreement.</p>	<p>It is important to make it very clear from the outset that the technology used for the Services is novel. The customer should be made aware of the fact that the technologies are new which may imply that there could still be issues.</p>
<p>Liability</p>	<ol style="list-style-type: none"> 1. Company shall not be liable, neither in contract nor in tort, for any damages caused by the erroneous or incomplete nature of the Results, unless in the event of gross negligence, willful misconduct or fraud on the part of Company. 2. Company can never be held liable for any indirect or consequential loss or damages suffered by Customer, such as any loss of profits, revenue, turnover or any other potential financial or commercial opportunities, whether this loss or damage arises from a breach of contract or duty in tort. 3. Company's total liability under this Agreement shall be limited, in aggregate, to the amount paid by the Customer for the Services under this Agreement. 	<p>In the relationship between AM and SGI we placed the liability risk largely with SGI, because SGI in turn could allocate the liability to the customer. With the present clause we place the liability with the customer, but considering the limited negotiation power of SGI with a larger customer we have also added a liability cap.</p>

Force Majeure	<p>Company is not responsible and cannot be held liable for any non-performance of its obligations when the non-performance is caused by a force majeure event, which shall include but will not be limited to, natural disaster, unexpected bad weather, war, civil war, insurrection or riot, fire, flood, explosion, earthquake, electrical disconnection as a result of any of the above events, global or regional internet outage, pandemics leading to restrictions on normal activities, strikes or labour disputes causing cessation, slowdown or interruption of work unless such strikes or labour disputes are specific to either Party, national emergency, act or omission of any governmental authority or agency (including the unexpected refusal or withdrawal of flight authorizations). All expenses associated with rescheduling and re-performing parts of the Services due to a force majeure event shall be borne by Customer.</p>	<p>This clause pushes the risks associated with unexpected circumstances from SGI to the Customer.</p>
Sub-contracting	<p>Company shall have the right to sub-contract to third parties any part of the Services.</p>	<p>Considering the involvement of AM it is paramount that SGI is allowed to use sub-contractors.</p>

4 Conclusions

In this deliverable we have provided the contractual building blocks for two categories of relationships. First we have provided two different templates for handling the intellectual property rights which are needed for the exploitation of the WADI results. One template pertains to transfer of intellectual property rights while the other pertains to granting a license to use those intellectual property rights. It is now up to the partners which are involved in the exploitation to sit together with the partners owning the intellectual property rights to see which regime is most applicable.

Secondly, we have provided two sets of clauses which help partners interested in exploitation to (a) govern the relationship between themselves and (b) govern the relationship with a potential customer. We have chosen the format of a term sheet because partners (a) work with terms and conditions already or (b) always use the contracts provided by the customer and are only in a position to propose amendments or changes. A term sheet, explaining the rationale of each provision, provides partners with the modular building blocks required to shape a contractual relationship tailored to their needs.