



O: 713 467 8500

F: 888 223 4724

C: 713 398 1045

May 18, 2017

Sent by email; no paper copy mailed.

Name
Address
City, State, Zip

Re: Consultations, A Patentability Search, And A Patentability Opinion

Dear Sir,

Thank you for considering me to represent you in the above-referenced matter. I would also be happy to help you with any other intellectual property issues you may have, such as trademark applications, copyright applications, negotiating software licenses, and helping you protect trade secrets. I also handle many types of lawsuits, including patent, trademark, trade secret, and/or copyright infringement lawsuits. You can find my detailed resume outlining my experience in such matters at www.headleyiplaw.com.

This letter describes the terms and conditions on which I will provide legal services to you, and how I will be compensated for those services, and reimbursed for the expenses I incur during performance of those services. If you have any questions about these matters, please call me. In the event you do not return a signed copy of this letter, and the required retainer deposit, then I shall have no obligation to represent you, or any other persons or entities mentioned in this letter, *notwithstanding* the fact that in the interests of time and efficiency I may have already met and interviewed you, or others, received information, and begun research or investigation into the facts and law. (Of course, in the event that you had sent to me a retainer without signing this letter, I would return to you any such retainer if I chose not to represent you.)

In addition to confirming that I will undertake representation as of the date that I sign this letter, this letter agreement also provides for the payment of fees and expenses incurred in this matter, and sets forth the scope, and the terms and conditions, of my representation. It also provides for an orderly means of resolving any disputes which may arise between us. This is an important legal document -- you should read it carefully before signing and returning it to me.

The terms and conditions of my engagement are as follows:

1. **Client** I represent you individually. My statements for services rendered will be submitted to you via email, and **payment must be made within 30 days. If you do not pay me within 30 days, I may stop all work on your matters, and terminate our relationship.**
2. **Scope of Work** You have engaged me to represent you in the above-referenced matter. You have not yet hired me to represent you in any other matters. However, I am happy to discuss changing the scope of the engagement, my fee, and my retainer. This letter agreement shall govern any additional representation on other matters, if any, unless and until a separate engagement agreement is signed. My engagement will be limited to providing legal services. It will not include accounting, engineering, financial, management, or other non-legal services.
3. **Conflicts** I have checked my records for conflicts of interest. I have found no indication of any prior or current representation of any other party that would present a conflict of interest.
4. **Sanctions** I have not performed a conflict search regarding any opposing counsel. In certain instances in any lawsuit, it may become appropriate for you to consider seeking sanctions from a court against your opponent *or even against the opponent's counsel*. Whenever I reach a professional judgment that you should consider such course, I will so advise you. However, I reserve the right to decline to seek such sanctions because of conflicts or for other reasons. If I conclude that I am not able to seek sanctions in such circumstance on your behalf, and you desire to seek such sanctions, I will consult with you to determine alternative courses.
5. **Lawyer-to-Lawyer Relationships** I have relatives or friends working at other law firms, and from time to time I represent other lawyers and law firms. It is my professional judgment that such relationships with other attorneys do not adversely affect my ability to represent any client. The acceptance of these terms of engagement represents an unqualified consent to any such relationships between me and other lawyers or law firms, even counsel who is representing a party that is adverse to your company in the matter that is the subject of this engagement, or in any other matters.

Similarly, it is possible that during the course of my representation of your company that other parties involved may be represented by an attorney or firm which I

represent or which represents me. I do not attempt to determine whether any party with interests adverse to your interests, in connection with my representation of your company, is represented by a lawyer or law firm with whom I previously or presently have an existing attorney-client relationship. Also, in the future I will not make any inquiry of you prior to establishing a relationship with any lawyer or law firm.

6. **Personnel** While I will have the primary responsibility for representing your company, I may hire other lawyers and/or legal assistants when I believe it would be beneficial to you and/or your company.
7. **Results** While I endeavor to achieve a successful result, such a result is not always possible under the applicable facts and law. All of my communications to you in this matter will necessarily be limited by my knowledge of the facts, and will be based on the state of the law as it then exists.
8. **Records** You should retain all originals and copies of documents you may need or desire for future reference, and at the conclusion of a matter you should advise me of which, if any, documents you wish returned to you. While I generally retain most of my file for a limited period of time following the conclusion of a matter, ultimately my file will be destroyed in accordance with my then-applicable record retention schedule. I do not contact my clients prior to such destruction. (I keep no paper – I have ONLY electronic files.)
9. **Cooperation** To enable me to provide effective representation, you agree to do the following: (1) disclose to me, fully and accurately and on a timely basis, all facts and documents that are or might be material, or that I may request, (2) keep me apprised on a timely basis of all developments relating to this matter that are or might be material, (3) attend meetings, conferences, and other proceedings when it is reasonable to do so, and (4) otherwise cooperate fully with me.
10. **Fees** Legal fees and costs are difficult to estimate. Accordingly, I make no commitment concerning the maximum fees and costs that will be necessary to resolve or complete the Representation. From time to time, I may furnish estimates of legal fees and other charges that I anticipate will be incurred in connection with the matter. Such estimates are by their nature inexact because of the potential for unforeseeable circumstances; and therefore, my actual fees and other charges may vary from such estimates. It is expressly understood that payment of my fees and costs is in no way contingent on the ultimate outcome of the Representation.

My fees will be based on the time spent by firm personnel, primarily firm lawyers or legal assistants, who participate in representing your company. I will charge for all time spent by such personnel in increments of tenths of an hour. For example, I charge for time spent in the following: (1) telephone and office conferences with clients, representatives of clients, opposing counsel, and others; (2) factual investigation if needed; (3) legal research; (4) responding to requests from you that I provide information; (5) drafting letters and other documents; and (6) travel, if needed.

My fees are based on a number of factors. Generally, my objective of charging a reasonable fee is achieved through these time records. However, fees derived from these calculations may be modified when I consider other factors, such as the novelty and difficulty of the issues involved, the skill required to perform the legal services properly, time constraints which may necessitate extraordinary effort, the amount involved and the results obtained, the likelihood that such employment will preclude other employment, the fee customarily charged by others for similar services, and the nature and length of my relationship with you.

Although I may on rare occasions advance certain expenses on your behalf, I shall be under no obligation to do so. My current hourly rate is \$500. I review this rate periodically, and adjust it if appropriate.

11. **Retainer** It is my practice and policy to require a retainer deposit of money from all new clients, or from existing clients on some new matters. I try to set the retainer amount to be commensurate with the planned amount of legal work and expected expenses. The payment and receipt of any retainer is a condition prerequisite to my representation obligation, and this agreement is not effective unless and until any required retainer is paid and received.

The legal work that you are requesting right now (advising you, and preparing a patentability opinion) will take about three hours of my time, at \$500/hr., plus the searcher's fee of about \$1,500.

After you pay me \$3,000, and sign this engagement letter, we will begin. Because I bill in increments of tenths of an hour, if your projects take less of my time than I have estimated, and if you do not intend to use my services after the above-listed projects, then I will refund the remainder to you.

The retainer shall be a "back end" retainer, meaning that I will deposit the retainer into an account to be held and applied against the last invoice or statement for professional services rendered and expenses incurred. Although your company shall be obligated to pay all statements as and when received, as provided in this

letter, if you do not pay within 30 days, I may use the retainer deposit to pay my bills, and then terminate the relationship. Additionally, if I anticipate governmental fees, or fees from foreign associates, that I will incur on your behalf in excess of \$500 for a given month, you will be required to pay me for the estimated amount of such fees, in advance, as “prepaid estimated expenses”.

As required by law, I will place the retainer and any prepaid estimated expenses in a State Bar of Texas “Interest On Lawyers Trust Account” (also known as “IOLTA”). Under Texas law, the interest on these accounts benefits the Texas Equal Access to Justice Foundation.

There are at least three ways in which you can pay: by check (made out to “Tim Headley”), via Intuit’s website, or by a wire transfer (to “Tim Headley”) (**add \$15 to the amount that you send by wire transfer, to pay for the bank’s wire transfer fees**).

Here’s the easiest option for paying the retainer. Intuit PaymentNetwork, a service by the makers of TurboTax, QuickBooks and Quicken, lets you pay directly from your bank account. All you have to do is click on this link: <https://ipn.intuit.com/login> Once you are logged into the Intuit network, you can enter your banking information and the amount you’d like to pay. To learn more about making payments online, visit <https://ipn.intuit.com/qb/payorLearnMore>.

If you wish to pay the retainer by wire transfer, instead of by check or Intuit’s website, here is the information you will need (call me for the account number and routing number):

**JPMorgan Chase Bank, N.A.
712 Main, 2nd Floor East
Houston, TX 77252-8305
The bank swift/bic code is CHASUS33**

Future wire transfers for payments of bills must be made to a **different** account – checks or Intuit is easier. The retainer is security for the payment of my legal fees, and not an estimate of my fees and expenses for this matter. The retainer will remain in my trust account throughout my representation in this matter. **If in the future you want me to do a significant amount of legal work, and if we agree on a larger retainer, I may then require that when the retainer amount drops below a certain amount, I will notify you, and require that you pay an additional amount to replenish your retainer account.** If you refuse to replenish the retainer account, then I may discontinue representation until the retainer is replenished. I will credit any remaining retainer against my final

statement, and I will return the balance of the retainer, if any, to you upon the conclusion of my representation of you.

12. **Billing Practices and Payment**

- a. I bill for matters on a monthly basis, **and payment must be made within 30 days, or else I will discontinue representation of you.** I will not charge you for items such as long distance telephone calls, facsimile and telex charges, photocopying expenses, and computerized legal and other research systems. However, I **WILL** charge you for messenger and special delivery services, such as UPS, travel expenses, filing and recording fees, and any other expenses for items which may be generated by the particular demands of the project involved.
- b. Invoices for third-party services such as deposition transcripts, video-taping of depositions, bond premiums, photocopy service, witness fees, printing of briefs on appeal, and other types of out-of-pocket expenses that are obtained on your company's behalf, will be sent directly to you for payment. If experts or consultants are retained or if other support services are required, such as mediators, arbitrators, court reporters, and investigators, these individuals or firms will be retained after consultation with you. You will be directly responsible for paying the fees of these individuals or firms, and such payments should be made within thirty days of receipt of their invoices.
- c. The bills will generally describe the services performed and the expenses incurred. I request mileage reimbursement at the then-current IRS rate. I keep receipts for all expenses above \$25. I agree not to incur the services of third parties in connection with the matters contemplated by this agreement for an amount in excess of \$2,000 without first obtaining your approval.
- d. If any question should arise about a statement, please call me promptly so that we can discuss the matter. I prefer that questions be raised as soon as possible so that I can address the concerns, and be certain that you fully understand my procedures and my statements, and are satisfied with them. If you think a particular item does not meet a particular billing criterion or if you have a problem, I request that you place in line for payment any portion of a bill you do not question, and then call me about any question you may have with the remainder of the bill.

- e. During our discussion about the handling of this matter, I may provide, at your request, certain estimates of the fees and expenses that will be required at certain stages of my representation. Such estimates are just that, and the fees and expenses required are ultimately a function of many conditions over which I have little or no control, particularly the extent to which other parties require my involvement on your behalf. The reason I submit my clients' bills shortly after the services are rendered is so they will have a means of monitoring and controlling their expenses. If you believe the fees or expenses are mounting too rapidly, please contact me immediately so I can assist you in evaluating how they might be curtailed. If I do not hear from you, I assume that you approve of the overall level of activity in this matter.
- f. On rare occasions I might advance expenses for your account as I incur them in performance of my services to your company in connection with this matter. However, if the expenses begin to exceed \$500 during any one month, I will ask you to make a deposit with me to cover such out-of-pocket expenses so that I do not have to use significant amounts of my own funds for that purpose. As mentioned previously, I will place any such expense deposit in a State Bar of Texas Interest on Lawyers Trust Account. I will then pay the monthly expenses from this account. As mentioned previously, when my representation of you ends, I will promptly refund the balance of any retainer, whether for fees or expenses, to you.
13. **Termination** You may terminate my employment at any time by notifying me in writing. I may withdraw from my representation of your company by notifying you in writing. In either case, my withdrawal will be accomplished subject to applicable ethical requirements and any court approval. Upon termination of my representation, you will be obligated to pay me for all services rendered, and expenses incurred, through the date of termination.

There are several types of conduct or circumstances that could result in my withdrawing from representing a client, including, for example, the following: non-payment of fees or costs; misrepresentation or failure to disclose material facts; fraudulent or criminal conduct; action contrary to my advice; and conflict of interest with another client. I try to identify in advance and discuss with my clients any situation that may lead to my withdrawal.

A failure by you to meet any obligations under these terms of engagement shall entitle me to terminate my representation in this matter. In that event, you will take all steps necessary to release me of any further obligations in the matter, including without limitation the execution of any documents necessary to effectuate my

withdrawal from the matter. My right to withdraw in such circumstances is in addition to any rights created by statute or recognized by the governing rules of professional conduct.

14. **Independent Legal Review** I have written this engagement letter on my own behalf. Please feel free to seek independent legal advice from a lawyer of your choosing in order to review this engagement letter. As I wish to provide you ample opportunity to consult with independent counsel, I do not require that you return a signed copy of this letter immediately. If you wish, I will be glad to provide you with names of counsel for your interview and selection, and to discuss with such counsel any issues arising under this engagement letter.
15. **Privacy Notice** Although I do not anticipate that this engagement will involve investment or financial advice to you for personal purposes, just in case I do so advise you, federal law requires me to tell you that all information that I receive from you or obtain in the course of representing you is ALWAYS held in confidence, and is not released to people outside this law firm, except as expressly or implicitly authorized by you in the course of representing you, or as required under applicable law. Also, I maintain physical, electronic, and procedural safeguards that comply with professional standards to protect your personal information.
16. **Press Inquiries** From time to time, I receive media inquiries concerning cases in which I am involved. Applicable ethical requirements may preclude or limit my response to those inquiries. Subject to ethical limitations, I will abide by your instructions concerning whether and in what manner I respond to media inquiries. In the absence of specific instructions, I will respond to such inquiries in accordance with my best judgment, revealing non-confidential information when it is ethical to do so and appears to advance your interests.
17. **Electronic Mail** In the course of my representation, I may have occasion to communicate with you or with others by electronic mail. Such communications will not be encrypted. Although interception of such communications by a third party would constitute a violation of federal law, I can offer no assurance that such interception will not occur. I will abide by any instructions you may give me concerning electronic mail communications; in the absence of such instructions, I will use my own judgment regarding the advisability of using such means of communication.
18. **Texas Lawyer's Creed** On November 7, 1989, the Texas Supreme Court adopted the Texas Lawyer's Creed - a Mandate for Professionalism. Paragraph II, subparagraph 1 of the Creed requires me to advise you of its contents when I

undertake representation. I have attached a copy of the Creed. I fully agree with the Creed, and I intend to abide by the Creed.

19. **Applicable Law** This agreement shall be construed under and in accordance with the laws of the State of Texas. For any dispute arising under this agreement, you and I waive any right to a jury trial. If either of us sues the other, the most inexpensive level of “discovery” rules shall apply to our case. We each also waive any right to any arbitration or mediation of any dispute between us. This agreement is the sole and only engagement agreement of the parties, and supersedes any prior understandings or oral agreements between the parties affecting the subject matter of this fee agreement.
20. **Standards of Professionalism and Attorney Complaint Information** Pursuant to rules promulgated by the Texas Supreme Court and the State Bar of Texas, I am to advise you that the State Bar of Texas investigates and prosecutes complaints of professional misconduct against attorneys licensed in Texas. A brochure entitled *Attorney Complaint Information* is freely available for downloading at <http://www.texasbar.com/template.cfm?section=pamphlets>. If you have any questions about State Bar’s disciplinary process, you should call the Office of the General Counsel of the State Bar of Texas at 1-800-932-1900 (toll free).
21. **Conclusion** This letter constitutes the entire terms of my engagement in this matter. These written terms of engagement are not subject to any oral agreements or understandings, and they can be modified only by further written agreement signed both by you and me. Unless expressly stated in these terms of engagement, no obligation or undertaking shall be implied on the part of either you or me. If you agree with the terms of my engagement as set forth in this letter, please sign and return the enclosed copy of this letter, together with the retainer stated above.



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If you have any questions, or disagree with any of the terms of my engagement, please feel free to call me. My goal is to have a good working partnership with you. If you have a question about any of my bills or billing procedures, please feel free to call me at any time.

Sincerely yours,

A handwritten signature in black ink that reads 'Tim Headley'.

Tim Headley

Attachment: Texas Lawyers Creed

Mr. _____ Agrees To Retain Tim Headley On The Foregoing Terms.

(Signature of Mr. _____)

Dated: _____