EXHIBIT 10.41  
  
 IMAGING DIAGNOSTIC SYSTEMS, INC.  
  
 DISTRIBUTION AGREEMENT  
  
 This Distribution Agreement ("Agreement") is made and entered into as  
of April 12, 2001, by and between Medical Imaging Systems, Inc. a corporation  
duly incorporated under the laws of the Province of Ontario, Canada (the  
"Distributor"), and Imaging Diagnostic Systems, Inc., a corporation organized  
and existing under the laws of the State of Florida ("IDSI").  
  
 WITNESSETH:  
  
 RECITALS  
  
 WHEREAS, IDSI is the owner, and manufacturer of a state of the art  
laser imaging system for detection and analysis of masses in the breast  
("CTLM(R)"), and ancillary equipment as more fully described on Exhibit A hereto  
and incorporated herein (the "Equipment").  
  
 WHEREAS, IDSI is the owner of a certain Patents, Patents pending and  
Patent applications, trade secrets and other proprietary information in  
connection with the Equipment and represents that it has the legal right to  
manufacture, sell and distribute the Equipment, either individually or through  
others;  
  
 WHEREAS, IDSI wishes to grant to Distributor and Distributor wishes to  
obtain the exclusive right to be supplied with, sell, distribute and market the  
Equipment, in the Territory.  
  
 NOW THEREFORE, in consideration of the mutual covenants and agreements  
herein contained, and for other good and valuable consideration, the parties  
hereto agree as follows:  
  
1. DEFINITIONS. For purposes of this Agreement the following terms shall have  
the definition set forth below.  
  
 (a) Equipment. The term "Equipment" shall mean and include only those  
products listed on Exhibit A, as amended from time to time. IDSI may add to, or  
upgrade the Equipment from time to time by providing written notice not less  
than thirty (30) days prior to any such change.  
  
 (b) Territory. The term "Territory" shall mean the territories set  
 forth in Exhibit "B" hereto.  
  
 (c) Software. The term "Software" shall mean the license for the use  
 of the Software. IDSI retains sole ownership and rights to the Software  
 itself. This Software is included in the CTLM(R).  
  
  
  
2. TERM. This Agreement shall be for a term of three (3) years from the date of  
its execution by Distributor and will automatically renew for an additional five  
(5) years provided however that Distributor meets the Performance Standards set  
forth in Section 5. That Distributor satisfactorily fulfills all other terms and  
conditions of this Agreement and that the Distributor sells two CTLM(R)'s per  
two (2) quarters commencing upon Canadian Health Bureau approval. If the  
Distributor fails to sell two (2) CTLM(R) s, as set forth above then IDSI any  
sever this agreement immediately and without any opportunity to cure the  
default. Additionally, Distributor must provide a letter from its attorneys that  
said Distributor is financially solvent. Should Distributor fail to obtain  
adequate funding or experience financial problems they must immediately notify  
IDSDI in writing and said agreement will become null and void.  
  
3. RIGHT TO SELL, DISTRIBUTE AND MARKET. During the term of this Agreement and  
any renewal hereof, IDSI hereby grants to Distributor, as its exclusive agent,  
the right to sell, distribute, individually or through outside distributors, and  
market the Equipment in the Territory. Distributor shall also have the right to  
use the trade names, and trademarks associated with the Equipment in connection  
with the promotion, sale, marketing and distribution of the Equipment.  
Distributor hereby acknowledges and agrees that all trade names and trademarks  
associated with the Equipment are the property of and proprietary to IDSI.  
  
4. DISTRIBUTOR'S DUTIES, REPRESENTATIONS AND WARRANTIES. Distributor agrees to  
use its best efforts to sell, market and/or distribute the Equipment in the  
Territory. Distributor agrees that it will perform at its expense the following  
duties to IDSI's reasonable satisfaction  
  
 (a) Promotion and Marketing.  
  
 (i) Distributor will maintain a qualified sales and  
distribution organization which will provide sales personnel, advertisement,  
marketing and distribution support for the solicitation of customers and  
potential customers in the Territory for the sale of the Equipment.  
  
 (ii) Any sales promotion, promotional activities, marketing or  
advertising strategies, pamphlets, advertisements, brochures or other  
promotional materials, other than those provided by IDSI, must have the prior  
written approval of IDSI. At least one copy of all Distributor's advertising and  
sales promotion materials in which the Equipment of IDSI is mentioned, must be  
provided for IDSI's review and approval prior to the time of first use. All  
advertisements, pamphlets, brochures or other promotional materials, other than  
those provided by IDSI shall be at the sole cost of the Distributor. The  
Distributor shall have the continuing right to use any promotional materials  
produced by IDSI while this Agreement is in effect.  
  
 (iii) Distributor, at its sole cost, will attend the RSNA and be  
 present in the IDSI booth for at least 4 hours per day.  
  
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 (iv) Distributor will exhibit the CTLM(R) in at least one major  
 exhibit in the Territory or in the countries surrounding the Territory.  
  
 (v) Any costs incurred in the promotion, promotional activities,  
 advertising, marketing and exhibits of the Equipment will be the full  
 responsibility of the Distributor.  
  
 (b) Quarterly Reports. Distributor shall promptly prepare and  
 deliver to IDSI quarterly reports identifying each purchaser of Equipment by  
 name, address and designation of type of business and the date of sale, model  
 and serial number for each unit of Equipment sold during the preceding three  
 months and a forecast of requirements for Equipment, as well as a description  
 of all training, support, and advertising and sales promotional activities  
 undertaken during such period. In addition, such Report shall contain a  
 statement of the Distributor's then current inventory of spare parts and  
 technical literature available for customer service, maintenance and support  
 of the Equipment. Such reports should be in Excel Master Activity Sales Report  
 (MASR) e-mail format. An officer of the Distributor shall certify the Report.  
  
 (c) General Conduct. Distributor shall at all times conduct its  
business in a manner that reflects favorably on IDSI and its Equipment and will  
not engage in any deceptive, misleading, illegal or unethical business  
practices.  
  
 (d) Service and Support. Distributor's personnel will be required to be  
trained at IDSI's headquarter facilities in sales and support techniques for all  
of the Equipment and services. (See attached as Exhibit "E") All service  
personnel must successfully pass a CTLM service-training program as soon as  
possible and using their best efforts, prior to installation. IDSI will not  
charge for such initial training, however Distributor shall be responsible for  
all travel, accommodation and other expenses. Distributor will provide adequate  
installation, customer service, and maintenance and support for the Equipment in  
the Territory. Distributor will establish and maintain a staff of certified  
trained technicians and purchase and maintain stock of spare parts and technical  
literature necessary in order to provide adequate installation, customer  
service, maintenance and support of the Equipment in the Territory. Distributor  
hereby agrees to provide such service and support in a prompt and workmanlike  
manner to any user of the Equipment in the Territory. All service agreements  
must be approved by IDSI.  
  
 (e) Competitive Products. Distributor will do everything within its  
power to feature, promote, and advertise, as part of its merchandising and sales  
policy, the Equipment and use its best efforts to stimulate and increase  
interest in IDSI's Equipment. IDSI understands that some existing and some new  
customers may request competitors' products. Distributor will use its best  
efforts to sell, market and distribute the IDSI Equipment to such customers.  
Distributor will give IDSI the opportunity to assist with these accounts.  
  
 (f) Customer Requirements. With a view to maximizing the potential  
market for the Equipment within the Territory, Distributor will report to IDSI  
  
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on a quarterly basis, and assist IDSI in the assessment of the needs and  
requirements of the potential customer base in the Territory with respect to the  
Equipment, including, but not limited to: (i) a rolling twelve-month quantity  
forecast, (ii) quality of the Equipment, (iii) design, functional capability and  
additional features of the Equipment and related modifications, improvements and  
enhancements, and (iv) general market conditions of the Territory.  
  
 (g) Co-marketing Protection. Distributor will maintain confidentiality  
 of IDSI supplied prospective customers and not conduct any direct efforts  
 to persuade such clients toward competitive equipment or services.  
  
 (h) Purchase Orders. Distributor shall forward all orders promptly to  
 IDSI. The orders shall state clearly the name of the purchaser, the  
 quantity purchased, and the time and place of delivery.  
  
 (i) Delivery. Distributor shall give IDSI at least 90 days prior  
written notice before each shipment is required.  
  
 (j) Expenses and Taxes. Distributor is an independent contractor, and  
as such shall pay all expenses, including compensation of salesmen, rentals,  
travel, and all taxes, including assessments, which may be made against the  
salary or wages of those directly employed by Distributor.  
  
 (k) Relationship of Parties. Except as set forth herein, Distributor  
shall have no right or authority to create any obligation on the part of IDSI or  
bind IDSI to any agreement.  
  
 (l) Offices. Distributor shall maintain a suitable office with a  
telephone, facsimile line, and e-mail with Microsoft Word, PowerPoint, and Excel  
suitable for use for the sale of the Equipment. The office shall contain a  
suitable display area where the Equipment shall be prominently displayed at all  
times. This display area or another area shall be suitable for and used for the  
demonstration of and training in the use of, the Equipment. The office shall be  
staffed from 9:00 a.m. to 5:00 p.m., Monday through Friday, subject to  
recognized national holidays.  
  
 (m) Complaints. Any event that causes injury or that might have caused  
injury to patient or health professional once the Equipment has been "Put into  
Service" must be reported to IDSI within 24 hours. Each report should contain  
the name of the individual injured, customer name, address, and serial number of  
the Equipment and installation information. Failure to report any such injury  
shall result in a breach of this Agreement and the Distributor would be subject  
to liability. Further, any installation or service problems must be reported to  
IDSI immediately together with a full report of the situation.  
  
 (n) The Distributor shall notify IDSI of any product or healthcare  
related information including but not limited to changes in the Territory's  
medical reimbursement system, breast cancer treatment, hospital procedural  
changes, etc.  
  
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(o) A Distributor may not unilaterally start a recall.  
  
 (p) All records must be retained for at least five (5) years after the  
last date of manufacturer or the length of time as set forth in the Territory's  
Rules and Regulations.  
  
 5. PERFORMANCE STANDARDS.  
  
  
 If the following performance standards (the "Minimum Performance  
 Standards") are not met, IDSI will notify Distributor, in writing, that it  
 is in default of this Agreement. If Distributor does not cure the  
 deficiency within 30 days from receipt of the notice, IDSI, at its sole  
 option, may: (i) continue this Agreement on a nonexclusive basis; (ii)  
 continue this Agreement on a nonexclusive basis and limit the Territory; or  
 (iii) terminate this Agreement. Any such action taken by IDSI shall be  
 without prejudice to the rights of the parties with respect to Equipment  
 already ordered, sold or delivered.  
  
  
6. PURCHASE OF EQUIPMENT.  
  
 (a) Orders. Orders from Distributor for equipment shall be made by  
delivery of a purchase order to IDSI. As soon as practicable after receipt of  
such purchase order, IDSI will: (i) if such order is accepted, return to  
Distributor IDSI's standard form of Sales Acknowledgment (the "Acknowledgment")  
setting forth dates on which delivery will be made, or (ii) notify Distributor  
in writing that such order is rejected. IDSI will use its best efforts to make  
prompt delivery of the Equipment accepted by IDSI on the delivery dates  
specified in the Acknowledgment, F.O.B. Fort Lauderdale, at the time and to the  
entities and destinations listed in the purchase orders. IDSI shall not be  
liable for any failure to deliver, if such failure has been occasioned by fire,  
embargo, strike, failure to secure materials from a usual source of supply, or  
any circumstance beyond IDSI's control, which shall prevent IDSI from making  
deliveries in the normal course of its business. IDSI shall not, however, be  
relieved from making delivery when the causes interfering with deliveries shall  
have been removed. In particular, the Parties acknowledge that IDSI is reliant  
on outside suppliers, which supply the components for its Equipment. Should  
these suppliers fail to produce the required components in a timely manner, than  
IDSI shall be excused from the delivery obligations under this Agreement until  
such time as the components can be manufactured, delivered and installed in the  
Equipment. In no event shall IDSI be responsible for any loss or liability  
suffered by Distributor as a result of delay in delivery of any order.  
  
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 (b) Cancellation of Orders. Distributor may not cancel an order once  
the letter of credit has been approved by IDSI. Should such cancellation occur,  
the Distributor is responsible for thirty (30) percent of the full purchase  
price of all Equipment ordered.  
  
 (c) Rescheduling Orders. Distributor may at any time, upon not less  
than forty-five (45) days written notice to IDSI, reschedule and/or postpone the  
delivery date relating to an order (or any part thereof) for up to forty-five  
(45) days. The postponement of delivery to a date more than forty-five (45) days  
from the delivery date specified in the initial order shall be deemed a  
cancellation of such order. DISTRIBUTOR MAY NOT POSTPONE THE DELIVERY DATE MORE  
THAN ONCE WITH RESPECT TO ANY ORDER. THIS SECTION DOES NOT AFFECT THE TERMS OF  
THE LETTER OF CREDIT.  
  
7. PRICE.  
  
 (a) Purchase Price. The purchase price for the Equipment to be sold  
hereunder shall initially be as set forth on IDSI's Price List attached hereto  
as Exhibit "C", which may be discounted based on the cumulative quantities of  
such Equipment purchased by Distributor during the term hereof or any Additional  
Term. Discounts shall not apply retroactively to prior purchases of Equipment.  
IDSI shall have the sole right to set the price and other terms of the sales of  
the Equipment. IDSI, at its sole discretion, reserves the right to change  
prices, materials used, Equipment line and the components of the Equipment. IDSI  
will provide reasonable notice of any price or other changes to Distributor as  
to not disrupt the sales and distribution of the Equipment. IDSI reserves the  
right to amend Exhibit "C" with respect to any Additional Term.  
  
 (b) Price Changes. IDSI may change the prices to be charged for  
Equipment sold hereunder by amending its published Price List and giving  
Distributor sixty (60) days prior notice. All orders received and accepted by  
IDSI prior to the effective date of the price increase for shipment within  
thirty (30) days of such effective date will be billed at the prices in effect  
at the time of acceptance of the order; provided, however, that if Distributor  
notifies IDSI in writing prior to the effective date of such price increase that  
it quoted the original price in an outstanding bid submitted prior to receipt of  
IDSI's amended Price Lists, any order relating to such bid accepted by IDSI  
prior to the effective date of such price increase for shipment within ninety  
(90) days of such effective date will be billed at the prices in effect at the  
time of acceptance. All other shipments after thirty (30) days (or ninety days,  
if applicable) of such effective date shall be billed at the prices set forth in  
the amended Price List.  
  
 (c) Payment. All payments hereunder shall be in United States dollars and  
shall be effected by means of confirmed, irrevocable letters of credit on a  
United States bank established, upon execution of this Agreement, to IDSI's  
satisfaction 90 days prior to the final shipping. All exchange, interest,  
banking, collection and other charges outside the USA shall be the sole expense  
of the Distributor.  
  
Shipment will be made upon receipt of the letter of credit approved by IDSI.  
  
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8. TERMS AND CONDITIONS OF SALE. This Agreement and all sales of Equipment  
hereunder by IDSI to Distributor shall be subject to IDSI's standard terms and  
conditions of sale as set forth on the applicable Acknowledgment. A copy of  
IDSI's current Standard Terms and Conditions of Sale is attached hereto as  
Exhibit "D" and incorporated herein. To the extent that IDSI's standard terms  
and conditions are inconsistent with express provisions of this Agreement, the  
provisions of this Agreement shall prevail. Distributor agrees that although it  
may use its standard forms for others or other notices hereunder, said standard  
forms will be governed by the terms and conditions of this Agreement and any  
applicable Acknowledgment shall have no force and effect. Distributor agrees to  
place the following legend on its standard forms submitted to IDSI hereunder:  
  
"NOTWITHSTANDING ANY OTHER TERMS AND CONDITIONS APPEARING HEREON, THIS PURCHASE  
SHALL BE GOVERNED BY THE TERMS AND CONDITIONS OF SALE SET FORTH IN THE IDSI  
DISTRIBUTION AGREEMENT."  
  
9. PRODUCT WARRANTY.  
  
 (a) Distributor Warranty. The sole warranties provided by IDSI to  
Distributor with respect to the Equipment are those contained in IDSI's Standard  
Terms and Conditions. Notwithstanding the foregoing, with respect to Equipment  
for which IDSI is not the original manufacturer, the sole warranties provided by  
IDSI to Distributor shall be equivalent to the sole warranties provided by the  
original manufacturer to IDSI (current original manufacturer warranties and the  
Equipment to which they pertain are set forth on Exhibit A).  
  
IDSI DISCLAIMS ALL OTHER WARRANTIES, WARRANTS OF TITLE, MERCHANTABILITY, AND  
FITNESS FOR A PARTICULAR PURPOSE AND AGAINST INFRINGEMENT UPON THE RIGHTFUL  
CLAIM OF ANY THIRD PERSON. IDSI DISCLAIMS LIABILITY FOR ALL CONSEQUENTIAL  
DAMAGES IN ANY FORM, EVEN THOUGH IDSI MAY HAVE BEEN ADVISED OR MAY OTHERWISE  
KNOW OF THE POSSIBILITY OF SUCH DAMAGES.  
  
Nothing contained in this warranty shall make IDSI liable beyond the express  
limitations of this warranty for loss or damage to the business of Distributor,  
including any claims as to breach of contract, lost receipts or profits,  
business interruptions or other tangible business loss.  
  
 (b) End-User Warranty. Distributor is hereby authorized, subject to the  
succeeding sentence, to offer the warranties set forth in Section 9 (a) to  
customers to whom it sells the Equipment, and IDSI agrees to honor such  
warranties. Distributor acknowledges and agrees that the warranty period set  
forth in the Acknowledgment commences, with respect to both Distributor and its  
  
  
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customers, on the date of delivery to Customer provided however, in no event  
shall the warranty period exceed fifteen months. In the event that the  
Distributor extends or otherwise represents to a customer that the warranties  
are more extensive or encompassing than those set forth herein, the Distributor  
shall indemnify IDSI for any warranty claims made by a customer based on  
Distributor's representations.  
  
10. MAINTENANCE.  
  
 (a) Distributor's Obligation to Provide Service. Distributor agrees  
that IDSI shall have no obligation to maintain the Equipment except for the  
warranty obligations specified in Section 9. Distributor acknowledges and agrees  
that it will perform, at no expense to IDSI, maintenance and repair of Equipment  
sold or leased to the Distributors customers  
  
 (b) Consignment of Spares Parts. IDSI may, at its sole discretion,  
consign to Distributor, from time to time, as it may deem necessary, spare parts  
to support warranty repair service in Distributor's Territory. The title to such  
parts shall at all times remain with IDSI and Distributor shall have no right,  
title or interest therein until such time as payment is made to IDSI as set  
forth below. In the event that such parts used for non-warranty repair service,  
Distributor will purchase the part used or to be used for non-warranty repair  
services at prices listed in Exhibit A, as may be amended from time to time.  
Distributor will provide IDSI with a monthly report, not later than 15 days  
after the first day of each month, which will indicate the Customers name,  
address and phone number, the work performed, the parts used and whether the  
repair was under warranty. The report shall also include a total dollar amount  
for parts used for non-warranty repair and be accompanied by a check for full  
payment therefore.  
  
11. TERMINATION.  
  
 (a) Either party may, by written notice to the other party, terminate  
this Agreement upon the occurrence of any one or more of the following events:  
  
 (i) Upon the failure of the other party to pay any monies when  
due hereunder, if such default continues for five (5) business days or more  
after written notice to the defaulting party;  
  
 (ii) Upon material failure of a party to observe, keep or  
perform any of the covenants, terms or conditions herein, if such default  
continues for thirty (30) business days or more after written notice to the  
defaulting party;  
  
 (iii) In the event: (A) a party makes a general assignment for  
the benefit of creditors or transfers all or a substantial portion of its  
assets; (B) a receiver is appointed and not discharged within 30 days of  
appointment, or (C) the other party has become insolvent.  
  
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 (b) IDSI may, by written notice to Distributor, terminate this  
Agreement upon occurrence of any one more of the following events:  
  
 (i) In the event that Distributor solicits orders for Equipment outside its  
Territory;  
  
 (ii) In the event of any dispute, disagreement or controversy between or  
among the owners, partners, managers, officers or stockholders of Distributor  
which in the opinion of IDSI adversely affects the ownership, operation,  
management, business or interests of Distributor, or in the event of a change in  
control or majority ownership of Distributor, unless XxxXxx Xxxxx remains in  
control of the sales and marketing aspect of the Distributor;  
  
 (iii) If Distributor ceases to function as a going concern or to conduct  
its operations in the normal course of business, or  
  
  
 (iv) If the Distributor unilateral commences a recall of the Equipment  
listed on Exhibit "A", IDSI may file suit for consequential and liquidated  
damages against the Distributor;  
  
 (v) Failure to comply with the Regulatory Compliance Section of the Council  
Directive;  
  
 (vi) Failure to comply with National Rules and Regulations;  
  
 (vii) Distributor financial problems,  
  
 (viii) Failure to comply with confidentiality requirements, or  
  
 (ix) Direct efforts to persuade prospective customers towards competitive  
equipment or services.  
  
  
 (c) If Distributor fails to meet the Minimum Performance Standards set  
forth in Section 5, IDSI shall have the right, upon 30 days written notice to  
the Distributor, to terminate this Agreement. Distributor shall have the right  
to cure the deficiency within such 30-day period. If Distributor does not cure  
the Deficiency within such 30-day period, IDSI may terminate this Agreement on  
the 30th day.  
  
 (d) Upon termination or expiration of this Agreement, for any reason  
Distributor shall discontinue the use of IDSI's name, trademarks, trade names,  
labels, copyrights, and other advertising media and shall remove all signs and  
displays relating thereto: and will no longer identify itself as a distributor  
of IDSI or indicate, in any way, that it is associated with IDSI. Distributor  
shall promptly return to IDSI all marketing and selling materials, all manuals,  
  
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all technical data, all other documents and copies thereof previously supplied  
by IDSI and all spare parts consigned to Distributor by IDSI.  
  
 (e) Upon termination or expiration of this Agreement, for any reason,  
IDSI shall have the option to repurchase its Equipment and spare parts then in  
possession of the Distributor, at prices originally billed to the Distributor if  
the Equipment and spare parts are new and at an adjusted price if the Equipment  
is used, and with deductions for money due or to become due to IDSI under this  
Agreement. As to any of the IDSI's Equipment or spare parts not repurchased by  
IDSI, Distributor shall have the right to dispose of them in the regular course  
of its business and for this purpose only, the restrictions of preceding sub  
paragraph shall be deferred until three months after the termination of this  
Agreement.  
  
 (f) It is expressly understood and agreed that the rights of  
termination as provided in this Agreement are absolute and that both parties  
hereto have considered the costs and expenditures associated with the  
preparation and performance of this Agreement and the possible losses and  
damages which may be incurred by both parties in the event of its termination.  
The parties hereto acknowledge and agree, by execution hereof that they have  
entered into this Agreement with full knowledge of such possibilities, and  
except as provided herein neither party hereto shall be responsible to the other  
for compensation, damages, losses, or otherwise, for termination of this  
Agreement as set forth above.  
  
12. TRADEMARKS: MARKINGS.  
  
 (a) Trademarks and Names. Distributor is hereby granted permission to  
use during the term of this Agreement, and any renewal hereof, the trademarks  
and trade names used by IDSI in connection with the Equipment. Such permission  
is expressly limited to uses by Distributor necessary to performance of  
Distributor's obligations under this Agreement, and Distributor hereby admits  
and recognizes IDSI's exclusive ownership of such marks and names and the renown  
of IDSI's marks and names, both worldwide and specifically in the Territory.  
Distributor agrees not to take any action, inconsistent with such ownership and  
further agrees to take any action, including without limitation the conduct of  
legal proceedings, which IDSI deems necessary to establish and preserve IDSI's  
exclusive rights in and to its trademarks and trade names. Reproductions of  
IDSI'S trademarks, logos, symbols, etc. shall be true reproductions and shall be  
done photographically, in a manner, which enhances the reputation and status of  
IDSI.  
  
 (b) Markings. Distributor will not remove or make or permit any  
alterations in any labels or other identifying markings placed by IDSI on any of  
the Equipment without written consent by IDSI.  
  
 (c) No Additional Rights. No rights to manufacture, alter, or use the  
Equipment for purposes other than those contained herein are granted by this  
Agreement. Moreover, no licenses are granted or implied by this Agreement under  
any patents owned or controlled by IDSI or under which IDSI has a right, except  
the right to sell, market and distribute IDSI's Equipment, as contemplated  
herein, during the term of this Agreement.  
  
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13. IDEMNIFICATION. Distributor shall indemnify and hold harmless IDSI, its  
officers, directors, employees, or agents (collectively referred to in this  
Section 13as "IDSI") for damages or expenses resulting from any claim, suit or  
proceeding brought against IDSI, with regard to any untrue statement or alleged  
untrue statement, misrepresentation or alleged misrepresentations, promise or  
agreements made or allegedly made by Distributor or arising from the marketing,  
sale or distribution of the Product by Distributor. This provision shall not  
apply to Distributor or any person controlling Distributor in respect of any  
losses, claims, damages, liabilities or actions arising out of or based upon any  
untrue statement or alleged untrue statement, misrepresentation or alleged  
misrepresentations, promise or agreement made or allegedly made by Distributor  
or arising from the marketing, sale or distribution of the Product by  
Distributor, if such untrue statement or alleged untrue statement,  
misrepresentation or alleged misrepresentations, promise or agreement was made  
in reliance upon information furnished in writing to Distributor by IDSI  
specifically for use in connection with the sale, marketing or distribution of  
the Equipment. IDSI agrees that Distributor has the right to defend, or at its  
option to settle, and Distributor agrees, at its own expense, to defend or at  
its option to settle, any claim, suit or proceeding brought against IDSI.  
Distributor agrees to pay any costs of litigation, investigation or defense  
incurred by IDSI, including reasonable attorney fees, and final judgment,  
entered against IDSI on such issue in any such suit or proceeding.  
  
14. RISK OF LOSS. Title to the Equipment shipped shall pass upon shipping,  
subject to full payment. Distributor assumes the risk of loss and damage of the  
Equipment in transit from IDSI's shipping point to the point of destination.  
  
15. COMPLIANCE WITH LAWS. Distributor shall comply with all material applicable  
present and future federal, state, county, local and foreign laws, ordinances  
and regulations relating to the importation and sale of the Equipment.  
Distributor will take all steps necessary to obtain the proper import licenses,  
if applicable and Distributor shall be solely responsible for any excise tax,  
duties, insurance or other costs for the importation of the Equipment.  
  
16. NON-CIRCUMVENTION AGREEMENT. The respective Parties involved in this  
Agreement, agree not to circumvent each other. The Parties agree that they will  
not make any contact, directly or indirectly, written, oral, electronic or by  
any medium of contact whatsoever, with any Sources without the express written  
consent of the other introducing Party. Each of the listed Parties hereto,  
accepts and understands that any overt or covert action of circumvention, or  
unauthorized disclosure shall constitute a breach of trust and shall be  
considered a breach of the terms and conditions of this agreement. Such action  
shall be subject to judicial action, and recompense.  
  
If either Party shall bring an action to recover payment or other compensation  
pursuant to the terms of this Agreement, the prevailing Party shall be entitled  
to reasonable attorney's fees and expenses as may be awarded, including legal  
  
  
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fees and costs, and recovery for liquidated damages and punitive damages as may  
be awarded by and through any legal process or jurisdiction.  
  
For the purposes of this Section 16, the term "Party" or "Parties" shall be  
considered to include and be binding upon the parties to this Agreement, any  
individual, entity or entities, including but not limited to, associates,  
partners, assigns, spouses, employees, agents, principals, clients,  
corporations, companies, subsidiaries, divisions, affiliated, associations,  
collateral providers or the like, which the Parties hereto may now or in the  
future be associated with during the term of this Agreement and any renewal  
thereof.  
  
For the purposes of this Section 16, the term "Sources" shall be considered to  
include any business opportunity, principal, individual, entity or entities,  
including but not limited to, customers and distributors, their associates,  
partners, assigns, spouses, employees, agents, principals, clients,  
corporations, companies, subsidiaries, divisions, affiliated partnerships,  
associations or the like, introduced to or brought to the attention of a Party  
to the other Party during the term of this Agreement or any renewal thereof.  
  
Distributor acknowledges and agrees that no separate or additional payment will  
be required to be made to it in consideration of its undertakings in this  
Section 16.  
  
17. NO COPYING. Without the prior written consent of IDSI, Distributor shall  
refrain from copying, reverse engineering, disassembling, translating or  
modifying the Equipment for its benefit, or granting any other person or entity  
the right to do so.  
  
18. NOTICES. Any notice required or permitted by this Agreement shall be in  
writing and shall be delivered by U.S. Certified Mail, return receipt requested,  
or by special messenger service with receipt (such as Federal Express), by  
facsimile delivery or by hand, to the parties at the following addresses or such  
substitute person or address of which notice is given in like manner:  
  
  
Imaging Diagnostics Systems, Inc.  
0000 XX 00 Xxxxx  
Xxxxxxxxxx, Xxxxxxx 00000  
Phone (000) 000-0000 Fax (000) 000-0000  
  
Distributor:  
Medical Imaging Systems, Inc.  
0000 Xxxxxxxxxx Xxxxxx, Xxxxx Xxxxx  
Xxxxxxxxxxx, Xxxxxxx X0X0X0 Xxxxxx  
Phone (000) 000-0000  
Fax (000) 000-0000  
E-mail \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Or to such other address as either of them, by notice to the other may designate  
from time to time. The transmission confirmation receipt from the sender's  
  
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facsimile machine shall be conclusive evidence of successful facsimile delivery.  
Time shall be counted to, or from, as the case may be, the delivery in person or  
by mailing.  
  
19. GOVERNING LAW. VENUE AND ARBITRATION. This Agreement shall be deemed to be  
executed in the State of Florida and governed by the laws of the State of  
Florida. Any controversy or claim arising out of or relating to this Agreement  
or to the interpretation, breach or enforcement thereof, except a claim for  
injunctive relief, shall be submitted to an arbitrator and settled by  
arbitration in Broward County, Florida, in accordance with the rules then  
obtaining of the American Arbitration Association. Any award made by the  
arbitrator shall be final, binding and conclusive on all parties hereto for all  
purposes, and judgment may be entered thereon in any court having jurisdiction  
thereof. Nothing contained herein shall serve to prohibit the parties from  
seeking injunctive relief in a court of competent jurisdiction.  
  
20. GENERAL.  
  
 (a) Independent Contractor. Distributor will act as an independent  
contractor under the terms of this Agreement and not an agent or legal  
representative of IDSI for any purpose, whatsoever, and, except for the  
extension of the warranty set forth in Section 9, Distributor has no right or  
authority to assume or create any obligation of any kind, express or implied, on  
behalf of IDSI to Distributor's customers or to any other person.  
  
 (b) Product Changes. IDSI reserves the right to make design and other  
modifications in the Equipment at any time but shall not be obligated to  
implement such modifications in Equipment that has previously been delivered.  
  
 (c) Confidential Information. Distributor agrees not to disclose to any  
person outside of its employ, and not to use for any purpose other than to  
fulfill its obligations under this Agreement, any information which is disclosed  
to Distributor by IDSI and which is not otherwise publicly available.  
Distributor agrees to take all preventative measures and precautions to guard  
against and prevent any use or disclosure of such confidential information by  
its partners, employees, agents, or other persons consistent with the intent of  
this paragraph. Distributor further agrees not to disclose to IDSI any  
information, which Distributor deems to be confidential, and it is understood  
that any information received by IDSI will not be of a confidential nature.  
  
 (d) Waiver and Amendment. Any party shall not construe the waiver by  
any party to this Agreement of a breach of any provision hereof by any other  
party as a waiver of any subsequent breach. The failure by either party at any  
time to enforce the provisions of this Agreement, or to exercise any election or  
option provided herein, shall in no way be construed as a waiver of such  
provisions or options, nor in any way to affect the validity of this Agreement  
or any part thereof, or the right of either party thereafter to enforce each and  
every such provision. No provision of this Agreement may be terminated, amended,  
  
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supplemented, waived or modified other than by an instrument in writing signed  
by the party against whom the enforcement of the termination, amendment,  
supplement, waiver or modification is sought.  
  
 (e) No Other Warranty or Representation. Distributor hereby  
acknowledges that it has not entered into this Agreement in reliance upon any  
warranty or representation by any person or entity except for the warranties or  
representations specifically set forth herein.  
  
 (f) Language. This Agreement is in the English language only, which  
language shall be controlling in all respects, and all versions hereof in any  
other language shall be for accommodation only and shall not be binding upon the  
parties hereto. All communications and materials made or given pursuant to this  
Agreement, including without limitation any operations and maintenance manuals,  
shall be in the English language. IDSI shall have no obligations or liabilities  
to Distributor or any other person for loss of profits, loss of use or  
incidental, special or consequential damages, even if IDSI has been advised of  
the possibility thereof, arising out of or in connection with the translation  
from English into any other language of any materials made or given pursuant to  
this Agreement, including without limitation any operations and maintenance  
manuals.  
  
 (g) Licenses and Permits. Distributor will aid the Company in securing  
approval by the Canadian Government, including but not limited to,  
"Investigational Testing Medical Devices" implemented on 7/1/98t, import  
licenses and permits required in connection with the importation, marketing,  
sale and distribution of the Equipment. Distributor will furnish IDSI with the  
name of the clinical site institution, principal investigator's CV and IRB  
approval. Each party will furnish any information and assistance reasonably  
required by the other party in connection with securing any such licenses and  
permits.  
  
 (h) Import/Export Controls. IDSI's obligations hereunder shall be at  
all times subject to the export administration and control laws and regulations  
of the United States Government, and any amendments thereof and the import  
administration and control laws and regulations of the Territory, and any  
amendments thereof. Distributor shall provide IDSI with any written assurances  
it may reasonably request with respect to Distributor's compliance with such  
laws or regulations. Distributor agrees that, with respect to the import, resale  
or any other disposition of Equipment and any printed commercial and technical  
data and information supplied by IDSI, Distributor will comply fully with the  
import/export administration and control laws and regulations of the United  
States of America and the Territory, and any amendments of such laws and  
regulations.  
  
 (i) Compliance with Laws. IDSI represents that, with respect to the  
production of Equipment to be furnished hereunder, IDSI will fully comply with  
all applicable laws of the United States and the State of Florida. Distributor  
represents that, with respect to the purchase, marketing, sale and distribution  
of the Equipment furnished hereunder, Distributor will comply with all  
applicable laws of the Territory.  
  
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 (j) Entire Agreement. This Agreement constitutes the entire agreement  
and understanding between the parties concerning the subject matter hereof and  
supersedes all prior agreements, negotiations and understandings of the parties  
with respect thereto. No representation, promise, modification or amendments  
shall be binding upon either party as a warranty or otherwise, unless in writing  
and signed on behalf of each party by a duly authorized representative.  
Although, Distributor may use its standard purchase order form to give any order  
or other notice provided for hereunder, said order or notice will be governed by  
the terms and conditions of this Agreement any applicable Acknowledgment, and  
any term or condition set forth in any such standard form which is inconsistent  
with or in addition to the terms and conditions of this Agreement and any  
applicable Acknowledgment shall have no force or effort.  
  
 (k) Attorney's Fees. In the event any action is commenced with regard to  
this Agreement, the prevailing party shall be entitled to reasonable attorney's  
fees, costs and expenses.  
  
 (l) Severability Clause. In the event any parts of this Agreement are  
found to be void, the remaining provisions of this Agreement shall nevertheless  
be binding with the same effect as though the void parts were deleted.  
  
 (m) Successors. Subject to the provisions of this Agreement, this  
Agreement shall be binding upon and inure to the benefit of the parties hereto  
and their respective successors and assigns, subject to limitations set forth in  
paragraph (q) of this Section.  
  
 (n) Section and Paragraph Headings. The section and paragraph headings in  
this Agreement are for reference purposes only and shall not affect the meaning  
or interpretation of this Agreement.  
  
 (o) Counterparts. This Agreement may be executed in one or more  
counterparts, each of which shall be deemed an original but all of which  
together shall constitute one and the same instrument. The execution of this  
Agreement may be by actual or facsimile signature, provided however that  
original signatures must be provided within ten days from the date of signing.  
  
 (p) Further Assurances. The Parties hereto agree to execute and deliver  
from time to time at the other Party's request, without further consideration,  
such additional documents and to take such other action necessary to consummate  
the transactions contemplated herein.  
  
 (q) Assignment. This Agreement may be assigned by IDSI. Distributor will  
not be permitted to assign this Agreement with out the prior written consent of  
IDSI.  
  
 IN WITNESS WHEREOF, the parties have executed this Agreement on the day  
and year set forth below.  
  
Dated: April 12, 2001  
  
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In the presence of: Imaging Diagnostic Systems, Inc.  
  
  
  
/s/ Xxxxx Xxxxx BY: /s/ Xxxxx X. Xxxxxx  
 Xxxxx Xxxxxx, President  
  
  
Dated: April 12,2001  
In the presence of: Cycle of Life Technologies, Inc.  
  
  
  
/s/ Timur Mostarac BY: /s/ Xxx Xxxx Xxxxx  
 Xxx Xxxx Xxxxx  
  
TITLE:Vice-President  
  
  
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 EXHIBIT "A"  
  
 DESCRIPTION OF EQUIPMENT  
  
  
  
  
  
 CTLM  
  
  
  
  
  
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 EXHIBIT "B"  
  
 TERRITORIES  
  
 Distributors may not solicit orders outside their territory  
without prior written consent by IDSI.  
  
  
 "Territory" collectively defined as all of the following:  
  
  
Iran, Iraq, Yemen, Kuwait, Jordan, Lebanon, Saudi Arabia, Qatar, Syria, Turkey,  
Dubai, Egypt, Slovenia, Bosnia, Macedonia, and Canada.  
  
  
  
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 EXHIBIT "C"  
  
 PRICING  
  
  
  
  
  
  
  
  
  
  
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 EXHIBIT "D"  
  
 IMAGING DIAGNOSTIC SYSTEMS, INC.  
 STANDARD TERMS AND CONDITIONS  
  
1. PAYMENT. Payments hereunder shall be made through confirmed, sight,  
irrevocable letters of credit in U.S. dollars, opened by DISTRIBUTOR/PURCHASER  
and advised through First Union National Bank of Florida, OR ANY OTHER BANK  
APPROVED BY IDSI in the full amount of the Purchase Price for all Equipment,  
including an amount estimated for freight and insurance. DISTRIBUTOR/PURCHASER  
shall open the letter of credit upon issuance of any purchase order. IDSI shall  
receive disbursement under the letter of credit upon presentment to the  
issuing/confirming bank of (i) an airway xxxx, xxxx of lading or similar  
certificate issued by the transportation IDSI, and (ii) a copy of IDSI's invoice  
for goods shipped (including freight and insurance). No other documents shall be  
required. All interest, banking, collection, or other charges shall be at the  
sole expense of DISTRIBUTOR/PURCHASER. Payment shall be made without regard to  
whether DISTRIBUTOR/PURCHASER has made or may make any inspection or use of the  
Equipment. Shipment will not be made until First Union National Bank is in  
receipt of the letter of credit and IDSI has been notified of same.  
Each shipment shall be treated as a separate transaction, but in the event of  
any default of DISTRIBUTOR/PURCHASER, IDSI may decline to make further shipments  
without in any way affecting its rights hereunder. If, despite any default by  
DISTRIBUTOR/PURCHASER, IDSI elects to continue to make shipments, IDSI's action  
shall not constitute a waiver of any default by DISTRIBUTOR/PURCHASER or in any  
way effect IDSI's legal remedies for any such default.  
2. TAXES. The purchase price is exclusive of any sales, use or privilege tax,  
customs or import duty, excise tax based on gross revenue or any similar tax or  
charge which might be levied as a result of the production, sale or shipment of  
any Equipment or the use of any Equipment by DISTRIBUTOR/PURCHASER.  
DISTRIBUTOR/PURCHASER agrees to pay and otherwise be fully responsible for any  
such taxes (except for taxes based on the net income of IDSI). Any personal  
property taxes assessable on the Equipment after delivery shall be borne by  
DISTRIBUTOR/PURCHASER. IDSI shall have the right, but shall not be obligated, to  
pay any such taxes directly, in which event DISTRIBUTOR/PURCHASER shall promptly  
reimburse IDSI in the amount thereof upon presentation by IDSI of evidence of  
payment.  
3. DELIVERY. The Equipment shall be delivered to DISTRIBUTOR/PURCHASER  
F.O.B. IDSI's plant in Plantation, Florida. Delivery of the Equipment to a  
common carrier shall be deemed a satisfactory delivery by IDSI to  
DISTRIBUTOR/PURCHASER. DISTRIBUTOR/PURCHASER agrees to pay all freight,  
insurance, packing and other transportation charges related to said delivery.  
IDSI shall have the right, but shall not be obligated, to prepay such charges,  
in which event DISTRIBUTOR/PURCHASER shall promptly reimburse IDSI in the amount  
thereof upon presentation by IDSI of evidence of payment. In connection with the  
delivery of the Equipment, DISTRIBUTOR/PURCHASER may designate in writing, not  
less than ten (10) business days prior to the shipment date, the carrier for  
shipment and the amount of insurance and nature of coverage. If  
DISTRIBUTOR/PURCHASER fails to so designate any or all such items, IDSI, at its  
discretion, may specify any item not so designated. IDSI shall select, at its  
discretion, the types, amount of crating, and the carrier of any insurance. The  
purchase price does not include any maintenance, installation, or training  
except as provided for under the Warranty and paragraph 9. IDSI will use its  
best efforts to make prompt delivery of the EQUIPMENT on the delivery date  
specified, to the entities and destinations listed above. IDSI shall not be  
liable for any failure to deliver, if such failure has been occasioned by fire,  
embargo, strike, failure to secure materials and/ or components from a usual  
  
  
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source of supply in a timely manner, or any circumstance beyond IDSI's control.  
Should these suppliers fail to produce the required components in a timely  
manner, than IDSI shall be excused from the delivery obligations under this  
Advance Purchase Order until such time as the components can be manufactured,  
delivered and installed in the EQUIPMENT. In no event shall IDSI be responsible  
for any loss or liability suffered by DISTRIBUTOR/PURCHASER as a result of delay  
in delivery of any order. 4. CANCELLATION OF ORDERS. Distributor may not cancel  
an order once the DISTRIBUTOR/PURCHASER has secured a letter of credit. Should  
such cancellation occur, the Distributor is responsible for the full purchase  
price of all Equipment ordered 5. RESCHEDULING ORDERS. DISTRIBUTOR/PURCHASER may  
at any time, upon not less than forty-five (45) days written notice to IDSI,  
reschedule and/or postpone the delivery date relating to an order (or any part  
thereof) for up to forty-five (45) days. The postponement of delivery to a date  
more than forty-five (45) days from the delivery date specified in the initial  
order shall be deemed a cancellation of such order. DISTRIBUTOR/PURCHASER MAY  
NOT POSTPONE THE DELIVERY DATE MORE THAN ONCE WITH RESPECT TO ANY ORDER. THIS  
SECTION DOES NOT AFFECT THE TERMS OF THE LETTER OF CREDIT.  
6. RISK OF LOSS; SECURITY INTEREST. Title and risk of loss or damage to the  
Equipment shall pass to DISTRIBUTOR/PURCHASER upon delivery by IDSI to a common  
carrier for shipment. DISTRIBUTOR/PURCHASER assumes the risk of loss and damage  
of the EQUIPMENT in transit from IDSI's shipping point to the point of  
destination. IDSI retains a security interest in the Equipment, any replacements  
of the Equipment, and all proceeds of the Equipment or its replacements,  
including, but not limited to, insurance proceeds, to secure performance of all  
DISTRIBUTOR/PURCHASER's payment obligations under this Agreement. If  
DISTRIBUTOR/PURCHASER shall fail to pay any portion of the purchase price or any  
related charges when due, IDSI shall have the right, without liability, to  
repossess the Equipment and to avail itself of any legal remedy.  
DISTRIBUTOR/PURCHASER agrees to execute and deliver such financing statements  
and other documentation as IDSI may reasonably request to perfect and protect  
IDSI's interests in the Equipment.  
7. PROGRAMS LICENSE. IDSI hereby grants to DISTRIBUTOR/PURCHASER a nonexclusive  
license to use the Software Programs solely in connection with the use of the  
EQUIPMENT. DISTRIBUTOR/PURCHASER shall not assign, transfer, or sublicense any  
Programs to any third party, without the express written consent of IDSI. IDSI  
shall retain all right, title and interest in and to any Programs provided or  
licensed to DISTRIBUTOR/PURCHASER. DISTRIBUTOR/PURCHASER agrees to maintain the  
confidentiality of the Programs and to instruct and obligate its employees and  
agents to do the same. Without limiting the generality of the foregoing,  
DISTRIBUTOR/PURCHASER shall not reproduce or modify all or any portion of the  
Programs, nor shall DISTRIBUTOR/PURCHASER disclose, sell, sublicense or  
otherwise transfer or make available all or any portion of the Programs to any  
third party, without the prior express written consent of IDSI. In addition to  
any other remedy IDSI may have, IDSI reserves the right to terminate  
DISTRIBUTOR/PURCHASER's license if DISTRIBUTOR/PURCHASER fails to comply with  
any term or condition hereof. DISTRIBUTOR/PURCHASER's license, granted pursuant  
to this paragraph 7 shall also terminate at such time as DISTRIBUTOR/PURCHASER  
shall permanently cease to use the EQUIPMENT. DISTRIBUTOR/PURCHASER agrees, upon  
notice from IDSI of any termination of the license granted pursuant to this  
paragraph 7 and, in accordance with any more specific directions from IDSI, to  
deliver immediately to IDSI all Software and copies thereof, and all Firmware  
chips and printed circuit boards and other tangible items and materials in the  
possession or custody of DISTRIBUTOR/PURCHASER embodying the Programs. As used  
herein, the word "Programs" shall include IDSI' Firmware and Software, each of  
which is defined as follows: (a) "Firmware" shall mean all fixed electrical  
  
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circuits (including printed circuit boards and chips embodying such circuits)  
placed in the EQUIPMENT by IDSI that perform predetermined programs and routines  
in the EQUIPMENT in response to specific inputs. (b) "Software" shall mean all  
alterable programs and routines for the internal operation of the EQUIPMENT  
placed in the EQUIPMENT by IDSI, or furnished with or for the EQUIPMENT by IDSI.  
IDSI retains all ownership rights to the Software. The license to the Software  
is sold with the Equipment.  
  
8. PROPRIETARY TECHNICAL MATERIALS. Documentation, maintenance manuals and  
drawings relating to the Equipment or the Programs (collectively, "Proprietary  
Technical Material") that IDSI may furnish shall be in DISTRIBUTOR/PURCHASER's  
or customer's possession pursuant only to a restrictive, nonexclusive license  
under which DISTRIBUTOR/PURCHASER or customer may use such Proprietary Technical  
Materials solely for the purpose of operating, servicing and repairing the  
Equipment and the Programs and for no other purpose. One installation,  
maintenance and operation manual will be provided with each system purchased  
hereunder. DISTRIBUTOR/PURCHASER agrees to maintain the confidentially of all  
Proprietary Technical Materials and to instruct and obligate its employees and  
agents to do the same. Without limiting the generality of the foregoing,  
DISTRIBUTOR/PURCHASER may not reproduce or copy any Proprietary Technical  
Material or transfer, assign, sublicense, loan, disclose or otherwise make  
available all or any portion of such Proprietary Technical Materials to any  
other person or entity, without prior express written consent of IDSI. Title to  
and ownership of the Proprietary Technical Materials shall at all time remain in  
IDSI. In addition to any other remedy IDSI may have, IDSI reserves the right to  
terminate DISTRIBUTOR/PURCHASER's license granted pursuant to this paragraph 8  
if DISTRIBUTOR/PURCHASER fails to comply with any term or condition hereof.  
DISTRIBUTOR/PURCHASER's license granted pursuant to this paragraph 8 shall also  
terminate at such time as DISTRIBUTOR/PURCHASER shall permanently cease to use  
the Equipment. DISTRIBUTOR/PURCHASER agrees, upon notice from IDSI of any  
termination of the license granted pursuant to this paragraph 8 and, in  
accordance with any more specific directions from IDSI, to deliver immediately  
to IDSI all Proprietary Technical Material and all copies thereof.  
9. LIMITED WARRANTY. With respect to Equipment for which IDSI is the original  
IDSI, IDSI warrants to DISTRIBUTOR/PURCHASER that, for a period of twelve (12)  
months from installation each item of Equipment will conform in all materials  
and workmanship. A Certificate of Acceptance must be signed by the  
DISTRIBUTOR/PURCHASER for the warranty to be effective. IDSI's obligation under  
this warranty is limited to, at IDSI's option, repairing or replacing, at IDSI's  
facility or at the location of the Equipment, any Equipment or parts thereof  
that do not conform to this warranty. DISTRIBUTOR/PURCHASER shall promptly  
notify IDSI in writing of any alleged defects in the Equipment and specifically  
describe the problem. Upon receipt of such notice, IDSI shall either advise  
DISTRIBUTOR/PURCHASER that warranty service shall be provided at the location of  
the Equipment or shall instruct DISTRIBUTOR/PURCHASER as to the part or parts of  
the Equipment that DISTRIBUTOR/PURCHASER shall ship back to IDSI for repair or  
replacement. IDSI will pay the costs of transporting Equipment to IDSI which to  
have been defective; otherwise, DISTRIBUTOR/PURCHASER shall pay all costs of  
transportation in both directions. With respect to Equipment for which IDSI is  
the original manufacturer, IDSI warrants to DISTRIBUTOR/PURCHASER that the  
Programs provided to DISTRIBUTOR/PURCHASER in connection with such Equipment  
will conform to and perform in accordance with the then existing Equipment  
documentation for a period of one (1) year from shipment of the last item of  
Equipment in conjunction with which the Programs are to be used if properly used  
on the Equipment. IDSI's obligation under this warranty is limited to, at IDSI's  
option, correcting, repairing or replacing, at IDSI's option, at IDSI's facility  
or the location of the Programs, any Program or parts thereof that do not  
conform to this warranty.  
  
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With respect to Equipment for which IDSI is not the original manufacture, the  
sole warranties provided by IDSI to DISTRIBUTOR/PURCHASER shall be equivalent to  
the sole warranties provided by the original manufacturer to IDSI (current  
original manufacturer warranties and the identification of Equipment to which  
they pertain shall be provided to DISTRIBUTOR/PURCHASER upon request). The  
foregoing warranties shall not apply to any Equipment or Programs which have  
been (i) used or operated in a manner inconsistent with the license granted by  
IDSI, (ii) modified or repaired by anyone other than IDSI personnel or IDSI's  
authorized service representatives in a manner which adversely affects their  
operations or reliability, or (iii) damaged because of accident, neglect or  
misuse by anyone other than IDSI personnel, failure or surge of electrical  
power, air conditioning or humidity control, transportation, or other than  
ordinary use. THE FOREGOING WARRANTIES APPLY ONLY TO THE ORIGINAL  
DISTRIBUTOR/PURCHASER AND ARE IN LIEU OF ALL OTHER WARRANTIES, EXPRESS, IMPLIED  
OR STATUTORY, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF TITLE,  
MERCHANTABILITY UPON THE RIGHTFUL CLAIM OF ANY THIRD PERSON.  
10. LIMITATION OF LIABILITY. IDSI shall in no event have obligations or  
liabilities to DISTRIBUTOR/PURCHASER or any other person for loss of profits,  
loss of use or incidental, special or consequential damages, whether based on  
contract, tort (including negligence), strict liability, or any other theory or  
form of action, even if IDSI has been advised of the possibility thereof,  
arising out of, or in connection with, the sale, delivery, use, repair or  
performance of the Equipment or the Programs, or any failure or delay in  
connection with any of the foregoing, which resulted from unauthorized use of  
the EQUIPMENT.  
11. PATENTS AND TRADEMARK INDEMNITY. IDSI will defend, at its own expense, any  
suit or proceeding against DISTRIBUTOR/PURCHASER in a court of the United States  
for the direct infringement of United States patents and trademarks by Equipment  
from which IDSI is the original IDSI purchased from IDSI hereunder. IDSI shall  
pay all damages and costs finally awarded against DISTRIBUTOR/PURCHASER because  
of direct infringement; provided, however, that IDSI shall not be obligated to  
defend or be liable for costs or damages awarded in any suit or proceeding for  
infringement of patents by any other products, or any completed equipment,  
system, assembly, combination, method or process, in which, or in the  
manufacture or testing of which, any Equipment purchased from IDSI may be used;  
and provided further that IDSI's obligations to pay such damages and costs shall  
not apply to any alleged infringement occurring after DISTRIBUTOR/PURCHASER has  
received notice of such alleged infringement unless IDSI thereafter gives to  
DISTRIBUTOR/PURCHASER written consent for such continuing alleged infringement.  
IDSI's liability hereunder shall not exceed the purchase price paid by  
DISTRIBUTOR/PURCHASER for the infringing Equipment, and IDSI shall not be liable  
for any collateral, incidental, or consequential damages awarded against  
DISTRIBUTOR/PURCHASER. IDSI's duties under this paragraph 11 are conditioned  
upon DISTRIBUTOR/PURCHASER giving IDSI prompt written notice of commencement of  
any suit or proceeding or any claim of infringement and furnishing to IDSI a  
copy of each communication relating to the alleged infringement and giving to  
IDSI all authority (including the right to exclusive control of the defense of  
any such suit or proceeding), information and assistance (at IDSI's expense)  
necessary to defend or settle such suit or proceeding. IDSI shall not be bound  
by any settlement made without IDSI's prior written consent.  
If in any such suit or proceeding, DISTRIBUTOR/PURCHASER's continued use of any  
item Equipment is enjoined or, if by reason of any claim of infringement, IDSI  
deems it advisable to do so, IDSI may, at its option and expense, (i) procure  
for DISTRIBUTOR/PURCHASER the right to continue using such Equipment, (ii)  
modify or replace such Equipment with non-infringing Equipment, provided that  
such modification does not materially affect performance, or (iii) remove such  
Equipment, grant DISTRIBUTOR/PURCHASER a credit thereon as depreciated on a  
straight-line-3-year basis and accept its return. If an infringement is alleged  
  
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prior to completion of deliveries of the Equipment, IDSI may decline to make  
further shipments without being in breach hereunder.  
IDSI shall not be obligated to defend any suit or proceeding, or be liable for  
any costs or damages, if the infringement arises out of compliance with  
DISTRIBUTOR/PURCHASER's specifications or any marking or branding applied at the  
request of DISTRIBUTOR/PURCHASER. DISTRIBUTOR/PURCHASER agrees, at its own  
expense, to defend and to pay costs and damages finally awarded in any suit or  
proceeding against IDSI based on any such infringement, provided that  
DISTRIBUTOR/PURCHASER is promptly notified by IDSI in writing of the  
commencement or threat of such suit or proceeding or claim of infringement and  
is given all authority (including the right to exclusive control of the defense  
of any such suit or proceeding), information and assistance (at  
DISTRIBUTOR/PURCHASER's expense) necessary to defend or settle such suit  
proceeding.  
12. COMPLIANCE WITH LAWS. PURCHASER shall comply with all applicable present and  
future federal, state, county, local and foreign laws, ordinances, and  
regulations relating to the importation and sale of the EQUIPMENT.  
DISTRIBUTOR/PURCHASER will take all steps necessary to obtain the proper import  
licenses, if applicable and DISTRIBUTORURCHASER shall be solely responsible for  
any excise tax, duties or other costs for the importation of the EQUIPMENT.  
13. IMPORT/EXPORT CONTROLS. IDSI's obligations hereunder shall be at all times  
subject to the export administration and control laws and regulations of the  
United States Government, and any amendments thereof and the import  
administration and control laws and regulations of the country to which the  
EQUIPMENT is being shipped, and any amendments thereof. Purchaser shall provide  
IDSI with any written assurances it may reasonably request with respect to  
Purchaser's compliance with such laws or regulations. Purchaser agrees that,  
with respect to the import, resale or any other disposition of EQUIPMENT and any  
printed commercial and technical data and information supplied by IDSI,  
Purchaser will comply fully with the import/export administration and control  
laws and regulations of the United States of America and the Territory, and any  
amendments of such laws and regulations.  
14. FORCE MAJEURE. If the performance hereof or any obligation hereunder, except  
the making of payments hereunder, is prevented, restricted or interfered with by  
reason by fire, flood, earthquake, explosion or other casualty or accident;  
strikes or labor disputes; inability to procure parts, supplies or power; war or  
other violence; any law, order, proclamation, regulation, ordinance, demand or  
requirement of any government agency; or any other or condition whatsoever  
beyond the reasonable control of the affected party, the party so affected, upon  
giving prompt notice to the other party, shall be excused from such performance  
to the extent of such prevention, restriction or interference; provided,  
however, that the party so affected shall take all reasonable steps to avoid or  
remove such causes of nonperformance and shall resume performance hereunder with  
dispatch whenever such causes are removed.  
15. ASSIGNMENT. The rights of DISTRIBUTOR/PURCHASER hereunder may not be  
assigned in whole or in part, by operation of law or otherwise, without the  
express written consent of IDSI.  
16. APPLICABLE LAW. The validity, construction and effect of this Agreement and  
the respective rights and obligations of the parties hereunder, shall be  
governed by and determined in accordance with the laws of the state of Florida  
in the United States of America as such laws are applied to contracts between  
Florida residents entered into and to be performed entirely within the state of  
Florida, without reference to principles of conflicts of law. The parties hereby  
agree to opt out of coverage of the United Nations Convention on Contracts for  
the International Sale of Good. The parties hereby agree that this Agreement  
shall be governed by the Uniform Commercial Code ("UCC") as adopted by the state  
of Florida.  
17. FORUM AND SERVICE OF PROCESS. All actions and proceedings arising out of or  
relating to this Agreement shall be heard and determined in a state or federal  
court sitting in the County of Broward, State of Florida. Service of process  
  
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shall be considered effective if done pursuant to any of the methods set forth  
in Rule 4(i), Federal Rule of Civil Procedure or pursuant to Florida law. 18.  
ATTORNEY'S FEES AND COSTS OF LITIGATION. If any action or proceeding arising out  
of or relating to this Agreement is commenced the prevailing party shall be  
entitled to its reasonable attorney's fees, costs, and expenses including the  
costs, expenses, and fees associated with the enforcement or collection of any  
judgment.  
  
  
  
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 EXHIBIT "D"  
  
 SERVICE TRAINING  
  
  
  
 Monday  
 9:00am-4:00pm - Terminology, Theory of Operation, IDSI Policies, CTLM  
 Hardware and Software  
  
 Tuesday - Thursday  
 9:00am-4:00pm - Installation, Servicing, Maintenance on CTLM System  
  
 Friday  
 9:00am-10:00am - Written Test  
 10:30am-12:30 pm - Demonstration of Skills Proficiency  
 12:30pm-1:00 pm - Wrap up and Presentation of Certificates  
  
  
  
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