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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is entered into as of the Effective Date (the last date of execution below by a Party to this Agreement) between Shenzhen Happy Vaping Technology Ltd. (“Plaintiff”) and Logic Technology Development LLC and Japan Tobacco International U.S.A. Inc. (collectively “Defendants”). Plaintiff and Defendants are referred to in this Agreement collectively as the “Parties” and individually as a “Party.”

WHEREAS, Plaintiff filed an action against Defendants in the United States District Court for the Southern District of Florida for alleged infringement of U.S. Patent No. 9,924,744 (“the ’744 Patent”) in Civil Action No. 22-cv-61407-Smith (the “Litigation”).

WHEREAS, Defendants have denied the patent infringement allegations and denied liability in the Litigation, and asserted counterclaims against Plaintiff;

WHEREAS, Defendants have filed a petition seeking *inter partes* review (“IPR”) of the ’744 Patent (“IPR2024-00055” or the “IPR Proceeding”) challenging the validity of various claims of the ’744 Patent.

WHEREAS, the Parties desire to settle the Litigation and the IPR proceeding, and desire to achieve global peace in connection with the ’744 Patent and its worldwide family pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, including the covenants and other terms herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. DEFINITIONS

1.1 “Affiliate” means any firm, partnership, joint venture or other form of business organization which, either directly or indirectly, controls, is now or hereafter controlled by, or is under common control with a Party, or is a related corporate family member (such as a direct or indirect parent, subsidiary or sister company), or is a joint venture involving a parent or a corporate family member of a Party. An organization shall be regarded as in control of another organization if it owns or directly or indirectly controls (a) at least fifty percent (50%) of the shares entitled to vote for the election of directors or persons performing similar functions, or (b) at least fifty percent (50%) of the total combined voting power entitled to elect or appoint directors.

1.2 “Covered Third Party” means any of Defendants’ and their Affiliates’ current or former direct and indirect customers, distributors, manufacturers, subcontractors, resellers, franchisees, partners, end users, vendors, suppliers, and any entity in the chain of commerce for the manufacture, distribution or sale of Defendants’ or their Affiliates’ products.

2. COVENANTS

2.1 Covenant Not-to-Sue or Assert. Plaintiff covenants and represents not to sue or assert patent infringement of the '744 Patent and its worldwide patent family against Defendants, Defendants' Affiliates, or a Covered Third Party with respect to Defendants' or their Affiliates' products in any forum throughout the world. Should Plaintiff assign, license, sell or otherwise dispose of any right to the '744 Patent and/or its worldwide patent family (or part thereof) to a third party (a "Disposal") it shall put such third party on notice in writing of this Agreement and this covenant prior to such Disposal. Plaintiff further covenants that it shall impose as a contractually binding condition of any such Disposal that the third party acquiring such rights shall provide a similar covenant to that which Plaintiff provides herein in favor of the Defendants, Defendants' Affiliates, and a Covered Third Party and that such third party shall be bound by a contractual obligation to include a similar covenant (mutatis mutandis) to the benefit of the Defendant, Defendants' Affiliates, and a Covered Third Party as a condition of any future Disposal to any third party.

2.2 Validity. Defendants covenant and represent that they shall not challenge the validity or enforceability of the '744 Patent and its worldwide patent family in any forum throughout the world, including but not limited to federal courts in the United States, United States Patent and Trademark Office, the International Trade Commission, and courts or other forums throughout the world; provided, however, that Defendants and their Affiliates shall have the right to challenge the validity and enforceability of the '744 Patent and its worldwide patent family in defense of a lawsuit or assertion of a patent infringement claim brought against Defendants, their Affiliates or a Covered Third Party, if such patent infringement assertion is not dismissed or withdrawn within thirty (30) days of Defendants or an Affiliate providing Plaintiff or its successor with notice of the patent infringement assertion in violation of Section 2.1 of this Agreement. Nothing in this Agreement shall be construed to prohibit Defendants or their Affiliates from complying with any lawful subpoena, order or other law or regulation.

3. RELEASES

3.1 Plaintiff's Release. Plaintiff releases, acquits, and forever discharges Defendants, Defendants' Affiliates (and their respective officers, directors, managers, members, employees, agents, experts, consultants, attorneys, predecessors, successors, and assigns), and Covered Third Parties from liability related to the terms of this Agreement including, but not limited to, the Litigation.

3.2 Defendants' Release. Defendants release, acquits, and forever discharges Plaintiff and its officers, directors, managers, members, employees, agents, experts, consultants, attorneys, predecessors, successors, and assigns from liability related to the terms of this Agreement including, but not limited to, the Litigation.

4. IPR TERMINATION

4.1 Request to Terminate IPR. Defendants shall request authorization from the PTAB to file a Motion to Terminate IPR2024-00055 within one business day of the filing of a Stipulated

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Notice of Voluntary Dismissal with prejudice of the Litigation in accordance with Section 5.1 of this Agreement.

5. DISMISSAL OF LITIGATION

5.1 Dismissal. The Parties shall file a Stipulated Notice of Voluntary Dismissal with prejudice of the Litigation in the form shown in Exhibit A within one business day of complete execution of this Agreement.

5.2 Attorneys' Fees and Costs. The Parties shall bear their own costs and attorneys' fees relating to the Litigation, to IPR2024-00055 and to this Agreement.

6. GENERAL PROVISIONS

6.1 Representations and Warranties

(a) Plaintiff represents and warrants as of the Effective Date that it: (i) owns all right, title and interest in and to the '744 Patent and its worldwide patent family, (ii) has the full right and authority to enter this Agreement; and (iii) the person executing this Agreement on Plaintiff's behalf has the full right and authority to do so and to bind Plaintiff to this Agreement.

(b) Defendants represent and warrant that they, and the Person executing this Agreement on their behalf, have the full right and authority to enter this Agreement and to bind Defendants to this Agreement.

6.2 Governing Law. This Agreement shall be construed, interpreted, applied and governed in accordance with the laws of the United States of America and the State of New Jersey, without reference to conflict of laws principles.

6.3 Jurisdiction. All disputes regarding this Agreement, its construction and matters connected with its performance shall be subject to the exclusive jurisdiction of the state and federal courts in the District of New Jersey (the "Court").

6.4 Sophisticated Parties Represented by Counsel. The Parties each acknowledge and represent that they have been represented at all relevant times by competent counsel of their choice through the Litigation and the IPR Proceeding, and through the negotiation and execution of this Agreement, and that they have executed this Agreement with the advice of such counsel.

6.5 Severability. If any provision of this Agreement is held to be illegal or unenforceable, such provision shall be limited or eliminated to the minimum extent necessary so that the remainder of this Agreement will continue in full force and effect and be enforceable.

6.6 Entire Agreement. This Agreement, including the Stipulated Notice of Voluntary Dismissal shown as Exhibit A form of dismissal, embodies the entire and only understanding with respect to the subject matter of the Agreement, and merges, supersedes and cancels all previous representations, warranties, assurances, conditions, definitions, understandings or any other

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statement, express, implied, or arising by operation of law, whether oral or written, between the Parties with respect to the subject matter of the Agreement.

6.7 Modification. The terms and conditions of this Agreement may only be amended in writing by authorized representatives of the Parties.

6.8 Counterparts. This Agreement may be executed in counterparts or duplicate originals, both of which shall be regarded as one and the same instrument, and which shall be the official and governing version in the interpretation of this Agreement. Copies and electronic signatures shall be effective as if they were original signatures.

6.9 Notice. Any notice required by this Agreement shall be in writing and shall be sent by an overnight courier service (e.g., FedEx, DHL, UPS) with tracking ability and by email to the other Party at the address below or to such other address for which such Party shall give notice hereunder. Such notice shall be deemed to have been given one day after the date of sending if by overnight courier service, or upon confirmed receipt if delivered by email.

To Plaintiff

Shenzhen Happy Vaping Technology Ltd.
Attn: Guangrong Lin
3A Building, Shaer Lantian Tech Industrial Park
Ditang Road, Shajing Town, Bao'an District,
Shenzhen City, China, 518102
Email: mike@happyvaping.net

With a copy to:

Lei Mei
Mei & Mark LLP
818 18th Street NW, Suite 410
Washington, D.C.
Email: mei@meimark.com

To Defendants

Logic Technology Development LLC
Attn: Nadezda Pshenitsyna
Glenpointe Centre
300 Frank W. Burr Blvd, Suite 70
Teaneck, New Jersey, 07666
Email: nadezda.pshenitsyna@jti.com

Japan Tobacco International U.S.A., Inc.
Attn: Brendan LeMoult
Glenpointe Centre
300 Frank W. Burr Blvd, Suite 70
Teaneck, New Jersey, 07666

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Email: brendan.lemoult@jti.com

With a copy to:

Gregory S. Gewirtz

Lerner David LLP

20 Commerce Drive, Suite 4

Cranford, NJ 07016

Email: ggewirtz@lernerdavid.com

IN WITNESS WHEREOF, the Parties hereby execute this Agreement by duly authorized representatives as of the Effective Date.

Shenzhen Happy Vaping Technology Ltd.

By: 

Name: Guangrong Lin

Title: President

Date: 02/18/2024

Logic Technology Development LLC

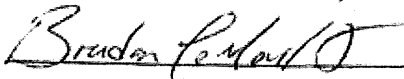
By: 

Name: Nadezda Pshenitsyna

Title: Treasurer & CFO

Date: 2/15/24

Japan Tobacco International U.S.A., Inc.

By: 

Name: Brendan LeMoult

Title: Legal Director

Date: 2/15/24

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EXHIBIT A: FORM OF DISMISSAL

STIPULATED NOTICE OF VOLUNTARY DISMISSAL WITH PREJUDICE

Plaintiff, Shenzhen Happy Vaping Technology Ltd., and Defendants Logic Technology Development LLC and Japan Tobacco International U.S.A., Inc., by and through their undersigned counsel, hereby file this Stipulated Notice of Voluntary Dismissal with prejudice with each party bearing its own attorney fees and costs.