

Daikin's Patent Pledge for HFC-32 Equipment

Daikin Industries, Ltd. ("Daikin") believes innovation plays a vital role in protecting the environment. And Daikin hopes to advance the pace innovation by encouraging the development of equipment using HFC-32 refrigerant. Accordingly, Daikin provides this patent pledge on the following terms:

1. Definitions

"Affiliate" means any person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the referenced person or entity. The term "control" means

- (a) the ability to, directly or indirectly, direct the management or policies of a person or entity, whether through the ownership of voting securities, contract, corporate governance, or otherwise; or
- (b) the ownership, directly or indirectly, of more than fifty percent of the voting securities or other ownership interest of an entity.

"Pledge" means the pledge defined in Section 2 below.

"Pledged Patents" means the specific patents or patent applications listed by Daikin at the following URL: <https://www.daikin.com/patent/r32/patents/>, and includes any patent that claims a benefit of priority to a listed patent or patent application. Daikin may add patents or patent applications, from time to time and in its sole discretion, to this list, but Daikin will not remove patents or patent applications from it.

"HFC-32 Equipment" means

- (a) any equipment that
 - (i) is an air conditioner, heat pump, freezing machine, or refrigerator, and
 - (ii) uses non-blended, single-component HFC-32 refrigerant as the refrigerant during operation; or
- (b) any mechanical components that are used in any equipment described in paragraph (a).



For the avoidance of doubt, HFC-32 Equipment does not include equipment, or components thereof, that may be capable of using HFC-32 in some fashion but that is not actually using HFC-32 as the refrigerant during operation.

2. Pledge

Except as set forth in Section 4 (Defensive Termination) below, Daikin pledges to not file a lawsuit or other proceeding against a person or entity alleging that such person's or entity's development, manufacture, use, sale, offer for sale, lease, exportation, importation, or distribution of any HFC-32 Equipment infringes any Pledged Patent.

3. Legal Effect

This Pledge is legally binding and enforceable against Daikin and its Affiliates, and their successors and assigns ("Daikin Parties"). If a Daikin Party sells, assigns, or otherwise transfers a Pledged Patent to any person or entity, that Daikin Party will be obligated to require that person or entity to agree, in writing, to abide by the Pledge and to require the same of any subsequent transferees.

Except as expressly stated in the Pledge, no other rights, licenses, or obligations are undertaken, granted, received, or waived—whether by implication, estoppel, or otherwise. And the Daikin Parties provide no warranties of any kind regarding the Pledged Patents, including whether any activities covered by this Pledge are free from a claim of infringement by other persons or entities.

4. Defensive Termination

Daikin makes this Pledge to encourage innovation for HFC-32 Equipment. To that end and to avoid the possibility that someone may misuse the Pledge, the Daikin Parties reserve the right ("Defensive Termination") to terminate the Pledge at any time with respect to any person or entity if that person or entity (or an Affiliate or agent thereof)

- (a) files a lawsuit or other proceeding alleging patent infringement based, in whole or in part, on HFC-32 Equipment developed, used, imported, manufactured, offered for sale, sold, or distributed by or on behalf of a Daikin Party;

- (b) challenges in a lawsuit, opposition, *inter partes* review, or other proceeding the validity or enforceability of a Pledged Patent;
- (c) has a financial interest in any proceeding or challenge as described in (a) or (b);
- (d) provides voluntary assistance to the filing or prosecution of any such proceeding or challenge as described in (a) or (b), except to the extent that such assistance is required by a subpoena or other binding order from a government agency with jurisdiction;
- (e) threatens, in writing, to initiate a proceeding or challenge as described in (a) or (b); or
- (f) previously owned or controlled a patent that is asserted as described in paragraph (a).

No delay or omission by a Daikin Party in exercising its right of Defensive Termination will impair or be construed as a waiver of such right by any Daikin Party.

If a Daikin Party terminates the Pledge pursuant to this Section 4, that termination will void the Pledge *ab initio* and will have the same effect as if the Pledge had never been extended to that person or entity in the first instance. And Daikin, in its sole discretion, shall determine if and when, and the manner and terms on which, the Pledge shall again extend to that person or entity after a Daikin Party has exercised Defensive Termination.