

Trademark License Agreement

_____, referred to as LICENSOR, and _____,
referred to as LICENSEE, agree:

LICENSOR owns the rights to certain characteristic designs, trade names, trademarks, service marks, and other proprietary information which are associated with it, its activities, or its property. A list of some of those items (collectively "the symbols") is attached to this agreement as Exhibit One. LICENSEE acknowledges the LICENSOR's rights in and to these symbols in connection with its wholesale manufacturing and merchandising business; the LICENSOR is willing to grant such a license, upon the terms contained in this Agreement.

LICENSOR grants to LICENSEE an exclusive license to use the symbols in connection with LICENSEE's merchandising business with respect to the following items ("items") and no others:
_____ in the following territories,
and no others:
_____.

This license shall authorize LICENSEE to reproduce and use the symbols on those items in accordance with the terms of this agreement.

LICENSEE'S INTEREST.

LICENSEE acknowledges that nothing in this Agreement grants to LICENSEE any right title or interest in any symbol licensed hereunder, except the right to use such symbol as provided in this agreement.

TERM. This license shall be effective from the date of this Agreement through _____, and shall then expire unless renewed.

ROYALTIES

(a) Rate of Royalty. In consideration of the license granted to it, LICENSEE shall pay to the LICENSOR a royalty equal to _____ percent, which rate may be adjusted as is provided below, of its wholesale price (without any adjustment for volume or other discounts) of all items sold by it using the symbols. For purposes of this Agreement, a sale by LICENSEE shall be deemed to have occurred when the item is shipped or the customer is billed for it, whichever occurs first. Deduction shall be allowed for any uncollectable accounts. No royalty shall be payable on sales by LICENSEE to the LICENSOR.

(b) Minimum Payments. Notwithstanding subparagraph (a) above, as minimum payments under this Agreement, LICENSEE shall be required to remit \$_____ (_____ & _____/100 dollars) to the LICENSOR upon execution of this Agreement. This advance payment will be applied to royalty payments due herein.

(c) Rate Changes. Notwithstanding any other provision of this Agreement to the contrary, the LICENSOR may change the rate of royalty set forth in this Agreement should it, in its sole discretion, elect to change the rate of royalty charged to all licensees having similar license agreements with the LICENSOR. Should it elect to change the rate of royalty, the LICENSOR shall give notice of the new rate of royalty to the LICENSEE. The new rate of royalty shall then take effect on the first day of the month, six months following the month in which the LICENSOR gives notice of the new rate of royalty. Should LICENSEE not wish to accept the new rate of royalty, it

may give notice of its rejection of the new rate to the LICENSOR, in which event this Agreement shall terminate without liability of either party upon the date the new royalty would have gone into effect if accepted. If the LICENSEE shall fail to give notice of rejection of the new rate of royalty within 120 days of the date of the LICENSOR's notice, the LICENSEE shall be deemed to have agreed to the new rate.

PAYMENT

Payment of the royalties shall be due quarterly for the three-month periods ending on the last day of each calendar quarter and the period ending on the last day of this Agreement if other than such a quarterly period. Payment shall be in good funds not later than 30 days after the close of each quarterly period or last day covering all sales which occurred during the period.

Payment shall be accompanied by an accounting acceptable in form to the LICENSOR showing all sales which occurred during the period including, but not limited to, the type of item, the wholesale price, the quantity, the name and address of the purchaser, and the computation of royalty due. The first royalty payment shall be due no later than _____. In the event of any late payment, LICENSEE shall pay interest at the rate of 12 percent per annum from the 30th day after the end of each calendar quarter until the date of payment.

Solely as liquidated damages for the extra burden of bookkeeping and administrative costs related to tracking payments and accountings which are overdue, and not as interest or as a penalty, the parties agreeing that the damages and extra costs suffered by the LICENSOR are difficult to fix, LICENSEE shall pay a fee of five percent of the royalty due to LICENSOR should any payment be made after the 30th day after the end of each calendar quarter.

AUDIT

The LICENSOR or representatives designated by it may audit the books and records of LICENSEE relating to this Agreement from time to time, and LICENSEE shall promptly provide access to those books and records upon the LICENSOR's request, but no more than once per quarter. All such audits shall be at the LICENSOR's expense except that, if the audit shall establish that additional royalties should have been paid to the LICENSOR, LICENSEE shall reimburse the LICENSOR upon demand for the cost of the audit. Any additional royalties owed shall be paid immediately to the LICENSOR. LICENSEE shall maintain complete, readily comprehensible records of its sales covered by this Agreement for not less than one year after the accounting pertaining to them is rendered to the LICENSOR. All royalties which were not properly accounted for and paid shall bear interest at the rate of 12 percent per annum from the 30th day after the end of the calendar quarter in which the payment was due until date of payment. In any event, no audit or lawsuit may reach back more than 12 months for royalty payments.

APPROVAL

LICENSEE shall not use the symbols in any manner derogatory or otherwise unacceptable to the LICENSOR. The LICENSOR shall have the right to approve prior to any sale by LICENSEE all use of any of the symbols by LICENSEE on items covered by this Agreement. LICENSEE shall submit samples of all such items to the LICENSOR and obtain its written approval prior to any sale.

NO ALTERATIONS. LICENSEE shall use the symbols only as developed and approved by the LICENSOR. LICENSEE shall not alter the symbols in any way without first obtaining the LICENSOR's express written consent.

EXPLOITATION

LICENSEE shall use its best efforts to exploit the symbols so as to maximize sales of items using the symbols while at the same time preserving the high standards of the LICENSOR. Without limiting the generality of the preceding sentence, LICENSEE shall maintain sufficient inventories of or manufacturing capability for items using the symbols so as to be able to fill promptly all purchase orders including but not limited to purchase orders from the LICENSOR. All items using the symbols shall be of high quality, design, and workmanship, and shall contain the notation "Manufactured under license from _____ LICENSOR." The parties recognize that, notwithstanding their relationship as independent contractors, any inferior items will reflect unfavorably on the LICENSOR. Therefore, LICENSEE shall not use any promotional, packing, or other materials or items in connection with items using the symbols which may reflect adversely upon the LICENSOR or to which the LICENSOR shall object.

ADDITIONAL INFORMATION

LICENSEE shall furnish such additional information pertaining to sales of items using the symbols as the LICENSOR may reasonably request. This shall include, but not be limited to, information necessary or helpful to the LICENSOR to protect its rights with respect to the symbols.

SUB-LICENSES, TRANSFERS, ETC.

The license provided for in this Agreement is granted solely to LICENSEE. LICENSEE may not grant any sub-licenses nor may it transfer the license or any interest in it to others, either by operation of law or otherwise.

INFRINGEMENT

The LICENSOR shall be responsible at its expense for defending the symbols from infringement by others and defending against any claims by others that the symbols infringe upon their rights, all as the LICENSOR may determine in its sole discretion. LICENSOR shall defend, indemnify, and hold harmless LICENSEE from any such claims of infringement by others. Upon any claims of infringement, LICENSEE shall promptly comply with the LICENSOR's instructions concerning the allegedly infringing item including, but not limited to, ceasing immediately all further sales of the item. LICENSEE shall promptly notify the LICENSOR of any possible infringement or claim of infringement of which it becomes aware.

PRODUCT LIABILITY.

LICENSEE shall be solely responsible for the design and manufacture of the items to which the symbols will be applied and for the manner of application of the symbols to the items. Should any product liability claims arise with respect to any such item, LICENSEE shall be solely responsible for them and shall defend with competent counsel, indemnify, and hold harmless the LICENSOR from any liability with respect to such claims.

INSURANCE.

LICENSEE shall maintain during the term of this Agreement liability insurance (including product liability coverage) in form, amount, and coverage reasonably satisfactory to the LICENSOR to protect against any loss of the kind contemplated by the preceding paragraph. LICENSEE shall provide the LICENSOR with evidence of such insurance, including a certificate naming the LICENSOR as an additional insured under the policy. LICENSEE shall obtain the written acknowledgment of its insurance carrier that LICENSEE's insurance shall be primary with respect to any loss contemplated by the policy. The insurance shall provide that the LICENSOR must be given at least 30 days written notice before LICENSEE's insurance can be reduced, canceled, or

not renewed.

TERMINATION

Should LICENSEE default with respect to any of its obligations under this Agreement, the LICENSOR may terminate this Agreement by written notice to LICENSEE, and the license and all of LICENSEE's rights under this Agreement shall then immediately cease. Notwithstanding the preceding, upon any such termination LICENSEE may, for a period of 120 days after the termination sell upon the terms of this Agreement and through normal distribution channels any items using the symbols which it may have in inventory or in process at the time of termination.

INDEPENDENT CONTRACTOR

The parties to this Agreement shall be independent contractors and shall have no other relationship not expressly granted by this Agreement. Neither shall hold itself out as having any other relationship to the other, and upon request from the other a party shall furnish a written disclaimer as to any other relationship. Neither party shall have the power or the right to bind or create liability for the other by its intentional or negligent act. Each shall defend with competent counsel, indemnify, and hold harmless the other for all claims of any kind arising out of its own acts or failures to act.

ENTIRE AGREEMENT

This Agreement contains the entire understanding of the parties with respect to its subject matter and supersedes all prior negotiations and understandings of every kind.

This Agreement is established as of the date set forth below by the following signatures of the parties.

Dated: _____

LICENSOR

LICENSEE

Trademark License Agreement

Review List

This review list is provided to inform you about this document in question and assist you in its preparation. This is a tough license agreement upon the Licensee. A Licensee should work to soften the terms of this agreement prior to using it. For a Licensor other than a Disney, this is an unusually strong and powerful agreement that should serve them well if they can get a reputable firm to agree to its terms and conditions.

The risks of these licensing agreements relate to the Licensee losing focus on their basic business and only promoting the licensed brand (s). If something goes wrong with the licensed brand, whether due to arguments with the Licensor or marketing weaknesses, the Licensee often suffers unusually large damages because they removed their focus from their basic unlicensed products.

1. Make multiple copies. Give one copy to each signatory. Put one copy in each related file.