

Created To Inspire S.D. Licensing Agreement

1 of 4 pages

Agreement made this _____ between Created To Inspire Sports Designs / G. Pauling (the "Licensor") and _____ (the "Licensee"), whereby Licensor grants to Licensee a license to use "Created To Inspire Sports Designs" Trademark/Icons and copyrighted line art sports designs in accordance with the terms and conditions of this Agreement and only for the production, sale, advertising, and promotion of _____ for a two (2) year term and in the United States of America. Licensee shall have the right to affix the designs "Created To Inspire Sports Designs" Trademark name and copyrighted line art sports designs on or to the Licensed Products and on packaging, advertising, and promotional materials sold, used, or distributed in connection with the Licensed Products.

2. Licensor's Representation and Credits

A. Licensor warrants that Licensor has the right to grant to the Licensee all of the rights conveyed in this Agreement. The Licensee shall have no right, license, or permission except as herein expressly granted. All rights not specifically transferred by the Agreement are reserved to the Licensor.

B. The Licensee prominently shall display the "Created To Inspire Sports Designs Trademark/Icon and the designers name "G. Pauling" on each Licensed Product and on all packaging, advertising, and displays and in all publicity therefor and shall have reproduced thereon (or on an approved tag or label) the following notices: "© 2022 G. Pauling, Created To Inspire Sports Designs, all rights reserved." The Licensed Products shall be marketed under the name Created To Inspire Sports Designs by G. Pauling. The name shall not be co-joined with any third party's name without the Licensor's express written permission.

3. Royalties and Statements of Account

A. Licensee agrees to pay Licensor a nonrefundable royalty of seven percent (7%) of the net sales of all of the Licensed Products incorporating and embodying "Created To Inspire Sports Designs" Trademark/Icons or any of the copyrighted line art sports designs. "Net sales" is defined as sales direct to customers less prepaid freight and credits for lawful and customary volume rebates, actual returns, and allowances; the aggregate of said deductions and credits shall not exceed 3% of accrued royalties in any year. No costs incurred in the manufacture, sale, distribution, or exploitation of the Licensed Products shall be deducted from any royalties due to Licensor. Royalties shall be deemed to accrue when the Licensed Products are sold, shipped, or invoiced, whichever first occurs.

B. Royalty payments for all sales shall be due on the 15th day after the end of each calendar quarter. At that time and regardless if any Licensed Products were sold during the preceding time period, Licensee shall furnish Licensor an itemized statement categorized by Design, showing the kinds and quantities of all Licensed Products sold and the prices received therefor, and all deductions for freight, volume rebates, returns, and allowances. The first royalty statement shall commence on: _____

4. Term and Renewal Option

A. The term of this Agreement shall be two (2) years from the date first set forth above. Thereafter, the term shall continue until the end of three (3) months after the date on which Licensor gives Licensee written notice of termination.

B. Licensee shall have the option, for thirty (30) days after expiration of the aforesaid term of this Agreement, to acquire from Licensor the rights set forth in this Agreement for an additional two (2) years, on terms to be mutually agreed.

5. Advances and Minimum Royalties

A. In each year of this Agreement, Licensee agrees to pay Licensor a Guaranteed Minimum Royalty in the amount of \$2,000.00 which shall be deemed a Nonrefundable Advance against royalties.

B. The Nonrefundable Advance shall be paid on the signing of this agreement. No part of the Guaranteed Minimum Royalty (a Nonrefundable Advance) shall be repayable to Licensee.

C. Licensor has the right to terminate this Agreement upon the giving of 30 days' notice to Licensee if the Licensee fails to pay any portion of the Guaranteed Minimum Royalty when due.

6. Books and Records

Licensee agrees to keep complete and accurate books and records relating to the sale and other distribution of each of the Licensed Products. Licensor or its representative shall have the right to inspect Licensee's books and records relating to the sales of the Licensed Products upon 30 days' prior written notice. Any discrepancies over 5% between the royalties received and the royalties due will be subject to the royalty payment set forth herein and paid immediately. If the audit discloses such an underpayment of 10% or more, Licensee shall reimburse the Licensor for all the costs of said audit.

7. Quality of Licensed Products, Approval, and Advertising

A. Licensee agrees that the Licensed Products shall be of the highest standard and quality and of such style and appearance as to be best suited to their exploitation to the best advantage and to the protection and enhancement of the Licensed Products and the good will pertaining thereto. The Licensed Products shall be manufactured, sold, and distributed in accordance with all applicable national, state, and local laws.

B. In order to ensure that the development, manufacture, appearance, quality, and distribution of each Licensed Product is consonant with the Licensor's good will associated with its reputation, copyrights, and trademark, Licensor shall have the right to approve, in advance, the quality of the Licensed Products (including, without limitation, concepts and preliminary prototypes, layouts, or camera-ready art prior to production of first sample and revised production sample, if any) and all agreements. No part of the Guaranteed Minimum Royalty (a Nonrefundable Advance) shall be repayable to Licensee.

C. On signing this agreement, Licensee shall be responsible for delivering all items requiring prior approval pursuant to Paragraph 7B without cost to the Licensor. Licensor agrees not to withhold approval unreasonably.

D. Licensee shall not release or distribute any Licensed Product without securing each of the prior approvals provided for in Paragraph 7B. Licensee shall not depart from any approval secured in accordance with Paragraph 7B without Licensor's prior written consent.

E. Licensee agrees to expend at least one 1% percent of anticipated gross sales of the Licensed Products annually to promote and advertise sales of the Licensed Products.

8. Nonexclusive Rights

Nothing in this Agreement shall be construed to prevent Licensor from granting other licenses for the use of the designs "Created To Inspire Sports Designs" Trademark/Icons and copyrighted line art sports designs or from utilizing the Created To Inspire Sports Designs" Trademark/Icons and copyrighted line art sports designs in any manner whatsoever, except that the Licensor shall not grant other Licenses for the use of the designs "Created To Inspire Sports Designs" Trademark/Icons and copyrighted line art sports designs in connection with the sale of the Licensed Products in the Territory to which this License extends during the term of this Agreement.

9. Nonaquisition of Rights

The Licensee's use of the designs "Created To Inspire Sports Designs" Trademark/Icons and copyrighted line art sports designs shall inure to the benefit of the Licensor. If Licensee acquires any trade rights, trademarks, equities, titles, or other rights in and to the Designs or in the Trademark, by operation of law, usage, or otherwise during the term of this Agreement or any extension thereof, Licensee shall forthwith upon the expiration of this Agreement or any extension thereof or sooner termination, assign and transfer the same to Licensor without any consideration other than the consideration of this Agreement.

10. Licensee's Representations

The License warrants and represents that during the term of this License and for any time thereafter, it, or any of its affiliated, associated, or subsidiary companies will not copy, imitate, or authorize the imitation or copying of the Designs, Trade names, and Trademarks, or any distinctive feature of the foregoing or other designs submitted to the Licensee by Licensor. Without prejudice to any other remedies the Licensor may have, royalties as provided herein shall accrue and be paid by Licensee on all items embodying and incorporating imitated or copied Designs.

11. Registrations and Infringements

A. Licensee shall notify Licensor in writing immediately upon discovery of any infringements or imitations by others of the Designs, Trade names, or Trademarks. Licensor in its sole discretion may bring any suit, action, or proceeding Licensor deems appropriate to protect Licensor's rights in the Designs, Trade names, and Trademarks, including, without limitation, for copyright and trademark infringement and for unfair competition.

If for any reason Licensor does not institute any such suit or take any such action or proceeding, upon written notice to the Licensor, Licensee may institute such appropriate suit, action, or proceeding in Licensee's and Licensor's names. In any event, Licensee and Licensor shall cooperate fully with each other in the prosecution of such suit, action, or proceeding. Licensor reserves the right, at Licensor's cost and expense, to join in any pending suit, action, or proceeding. The instituting party shall pay all costs and expenses, including legal fees, incurred by the instituting party. All recoveries and awards, including settlements received, after payments of costs and legal fees, shall be divided 75% percent to the instituting party and 25% percent to the other party.

12. Indemnification and Insurance

A. The Licensee hereby agrees to indemnify and hold the Licensor harmless against all liability, cost, loss, expense (including reasonable attorney's fees), or damages paid, incurred, or occasioned by any claim, demand, suit, settlement, or recovery against the Licensor, without limitation, arising out of the breach or claim of breach of this Agreement; the use of the Designs by it or any third party the manufacture, distribution, and sale of the Licensed Products; and for any alleged defects in the Licensed Products. Licensee hereby consents to submit to the personal jurisdiction of any court, tribunal, or forum in which an action or proceeding is brought involving a claim to which this foregoing indemnification shall apply.

B. Licensee shall obtain at its sole cost and expense product liability insurance in an amount providing sufficient and adequate coverage, but not less than \$1 million combined single limit coverage protecting the Licensor against any claims or lawsuits arising from alleged defects in the Licensed Product.

13. Grounds for and Consequences of Termination

A. Licensor shall have the right to terminate this Agreement by written notice, and all the rights granted to the Licensee shall revert forthwith to the Licensor and all royalties or other payments shall become due and payable immediately if:

- i.** Licensee fails to comply with or fulfill any of the terms or conditions of this Agreement;
- ii.** The Licensed Products have not been offered or made available for sale by Licensee 12 months from the date hereof;
- iii.** Licensee ceases to manufacture and sell the Licensed Products in commercially reasonable quantities; or
- iv.** The Licensee is adjudicated a bankrupt, makes an assignment for the benefit of creditors, or liquidates its business.

B. Licensee, as quickly as possible, but in no event later than 30 days after such termination, shall submit to Licensor the statements required in Paragraph 3 for all sales and distributions through the date of termination. Licensor shall have the right to conduct an actual inventory on the date of termination or thereafter to verify the accuracy of said statements.

C. In the event of termination, all payments theretofore made to the Licensor shall belong to the Licensor without prejudice to any other remedies the Licensor may have.

14. Sell-off Right

Provided Licensee is not in default of any term or condition of this Agreement, Licensee shall have the right for a period of months from the expiration of this Agreement or any extension thereof to sell inventory on hand subject to the terms and conditions of this Agreement, including the payment of royalties and guaranteed minimum royalties on sales that continue during this additional period.

15. Purchase at Cost

Licensee shall give Licensor free of charge ten (10) samples of each Licensed Product for Licensor’s personal use. Licensor shall have the right to purchase additional samples of the Licensed Products at the Licensee’s manufacturing cost. Any amounts due to Licensee pursuant to this Paragraph shall not be deducted from any royalties, including any minimum royalties, owed to Licensor.

16. Miscellaneous Provisions

A. Nothing herein shall be construed to constitute the parties hereto partners or joint ventures, nor shall any similar relationship be deemed to exist between them.

B. The rights herein granted are personal to the Licensee and shall not be transferred or assigned, in whole or in part, without the prior written consent of the Licensor.

C. No waiver of any condition or covenant of this Agreement by either party hereto shall be deemed to imply or constitute a further waiver by such party of the same or any other condition. This Agreement shall be binding upon and shall inure to the benefit of the parties, their successors, and assigns.

D. Whatever claim Licensor may have against Licensee hereunder for royalties or for damages shall become a first lien upon all of the items produced under this Agreement in the possession or under the control of the Licensee upon the expiration or termination of this Agreement.

E. This Agreement shall be construed in accordance with the laws of the State of Michigan. The Licensee hereby consents to submit to the personal jurisdiction of the City of Detroit and Wayne County, and Federal Court of the State of Michigan for all purposes in connection with this Agreement.

F All notices and demands shall be sent in writing by certified mail, return receipt requested, at the addresses above first written; royalty statements, payments, and samples of Licensed Products and related materials shall be sent by regular mail.

G. This Agreement constitutes the entire agreement between the parties hereto and shall not be modified, amended, or changed in any way except by written agreement signed by both parties hereto. Licensee shall not assign this Agreement.

In witness whereof, the parties have executed this Licensing Agreement as of the date first set forth above.

(Licensee)

CREATED TO INSPIRE S.D. / G. PAULING
(Licensor)

By _____

By _____

Name:

Copyright Owner

Title: