

ROYALTY AGREEMENT

This royalty agreement (“**the Agreement**”) has been entered into on the date stated below between

(1) **Johan Berhin Studios AB**, reg no 556737-4748, Möllevägen 4, 236 31 Höllviken, Sweden (“**the Producer**”); and

(2) **[Name]**, [social security/reg no, address] (“**the Participant**”)

1 Background

1.1 The Participant has participated in the design contest “Green Furniture Award”, and has been awarded [first/second/third] prize for the product described in Exhibit 1.1 (“**the Product**”).

2 Grant of License

2.1 The Participant hereby grants to the Producer a worldwide and exclusive license to make, have made, use, sell and otherwise market the Product. The license shall include the right to sub-license the rights. In case of sub-license, the Producer shall be responsible towards the Participant for the fulfilment by the sub-licensee of the terms and conditions of this Agreement.

2.2 The Participant warrants that he/she is the sole author of the Product design, and that the grant of – and the production, use, sell or marketing under – the license pursuant to Section 2.1 does not infringe any right belonging to any other person, legal or otherwise.

3 Royalties

3.1 In consideration of the license granted to the Producer under Section 2.1 above, the Producer shall pay royalties to the Participant, amounting to three (3) percent of the net wholesale selling price of each individual unit of the Product, invoiced by the Producer and paid by the customer to the Producer.

3.2 Royalties shall be paid by the Producer under this Agreement on all sales of Product units by the Producer during the term of this Agreement, provided that the Producer receives payment for the units in question from the customer/s.

3.3 Royalties shall be paid quarterly. Payment shall be made in the currency/ currencies used by the Producer when invoicing the customers, at the latest forty-five (45) days after the end of each quarter, by transfer to a bank account designed in writing by the Participant. When relevant, VAT (value-added tax) shall be added to the royalty payment.

3.4 Payment of royalties shall be accompanied by a quarterly report stating the total net wholesale selling price of the Product units invoiced by the Producer and paid by the customer/s during the previous quarter.

3.5 The Producer shall keep true, complete, accurate and consistent records and books of account containing regular entries relating to the sales of the Products. These records shall – during the term of the Agreement – be ready for

examination during normal business hours to a certified public accountant appointed by the Participant. All costs and expenses related to the examination shall be borne by the Participant.

4 Costs and Expenses

4.1 The Producer shall compensate the Participant for all agreed and reasonable costs for printing, board, lodging and journeys, which are requested by the Producer.

5 Marketing etc

5.1 The Producer shall, in all marketing material produced and/or published by the Producer, state the Participant as author of the Product design.

5.2 At the Producer's request, the Participant shall assist the Producer in designing and producing promotional material and other marketing material, and attend exhibitions, expos and trade fairs, etc. In such case, the Participant shall be entitled to reasonable compensation, which shall be agreed between the Producer and the Participant in advance.

5.3 The Producer shall keep the Participant informed of planned marketing and sales measures.

6 Condition

6.1 The final implementation of this Agreement is conditional upon the Producer having started production of the Product within twelve (12) months after that the Product has been completely defined in terms construction drawings, and approved by the Producer.

6.2 Should the closing of the Agreement not be effected as a result of the condition set out in Section 6.1 not being fulfilled within the prescribed time, the parties shall have no liability whatsoever towards the other party, except for obligations stated in this Agreement.

7 Confidentiality

7.1 The terms of this Agreement are confidential. Each party undertakes not to, without the other party's prior written consent, disclose the terms of this Agreement unless required to do so by law. If any of the parties should be required to disclose information regarding this Agreement or any part of this Agreement, the other party should be informed before such disclosure.

7.2 If this Agreement is terminated or expires, the provision of this Section 7 shall nevertheless remain in full force and effect.

8 Assignment

8.1 This Agreement, and the rights and obligations under it, shall not be assignable by either of the parties without the prior written consent of the other party, except for sub-licensing pursuant to Section 2.1 above.

9 Effective Date and Termination

- 9.1 This Agreement shall enter into force on this day and shall remain in force for five (5) years.
- 9.2 The agreement shall be renewed automatically for additional periods of two (2) years unless either party gives notice of termination not later than twelve (12) months prior to the expiration.
- 9.3 Each party may terminate this Agreement, with immediate effect, if the other party makes any arrangement with its creditors generally, has a receiver appointed of, or execution levied upon, all or any part of its business or assets, goes into liquidation or becomes unable to pay debts as they fall due.
- 9.4 The Participant may also terminate this Agreement if – as from the first full calendar year following the production launch – the total amount of royalties payable to the Participant by the Producer does not exceed SEK five thousand (5 000) during a period of one (1) calendar year (1 January – 31 December). Such termination shall, to be valid, be made with six (6) months notice and at the latest thirty (30) days after that the Participant has received full payment of royalties relating to the calendar year in question.
- 9.5 The Producer undertakes to inform the Participant in case the Producer decides on a non-temporarily production stop regarding the Product. At such a notice, the Participant may terminate this Agreement with effect as from the stated date of production stop.
- 9.6 Notices of termination shall be given in writing.
- 9.7 Notwithstanding the termination of this Agreement, the Producer are entitled to market and sell all Product units which are under production as well as all Product units included in the Producer's stock on hand. Furthermore, the Producer has the right to produce and sell any Product units needed to fulfil the orders on hand. Royalties regarding such Product units shall be paid in accordance with Section 3 above.

10 Notices

- 10.1 Any and all notices regarding this Agreement shall – to be deemed to have been duly given – be sent by delivery or by mail to the addresses set forth in Sections (1) and (2) above, or to such other addresses as may be given by written notice in accordance with this Section 10.1. The notice shall be deemed to have been delivered to the recipient (i) if delivered by hand; at the delivery to the recipient, and (ii) if sent by mail; five (5) business days after posting.

11 Partial Invalidity

- 11.1 If any provision of this Agreement or the application thereof shall be declared or deemed void, invalid or unenforceable, the remaining provisions hereof shall not be affected thereby.

12 Governing Law and Disputes

- 12.1 This Agreement shall be governed by and construed in accordance with the laws of Sweden.
- 12.2 Any dispute, controversy or claim arising out of or in connection with this contract, or the breach, termination or invalidity thereof, shall be finally settled by arbitration

administered by the Arbitration Institute of the Stockholm Chamber of Commerce (the “**SCC Institute**”). The Rules for Expedited Arbitrations of the Arbitration Institute of the Stockholm Chamber of Commerce shall apply, unless the SCC Institute, taking into account the complexity of the case, the amount in dispute and other circumstances, determines, in its discretion, that the Rules of the Arbitration Institute of the Stockholm Chamber of Commerce shall apply. In the latter case, the SCC Institute shall also decide whether the arbitral tribunal shall be composed of one or three arbitrators.

- 12.3 The place of arbitration shall be Malmö, Sweden, and the arbitration proceedings shall be held in Swedish.

This Agreement has been executed in two (2) original copies of which the parties have taken one each.

Place:

Place:

Date:

Date:

JOHAN BERHIN STUDIOS AB

Johan Berhin

[the Participant]