

TRADEMARK LICENSE AGREEMENT

THIS TRADEMARK LICENSE AGREEMENT (this "Agreement") is made this [] day of [], 2003 by and between "A" ("Licensor"), and "B" ("Licensee"), with reference to the following recitals:

RECITALS:

A. Licensor has acquired, and owns, the Trademarks (as defined below) and the substantial goodwill and reputation associated therewith in ----- and South Korea.

B. Licensee desires to obtain, and Licensor is willing to grant, a license in the Territory (as defined below) to use the Trademarks in identifying, manufacturing, marketing, selling, distributing and advertising the Licensed Products (as defined below), upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the foregoing recitals, and of the promises and covenants herein contained, the parties hereto agree as follows:

Section 1. Certain Definitions.

When used in this Agreement, the following terms shall have the following respective meanings:

"Approved Points of Sale" means corners or shops in reputable department stores and shopping malls located within the Territory and other points of sale located within the Territory, which, in the opinion of Licensor, conform to the reputation and image of the Trademarks.

"Product Line" means, among the Lines, those "Product" line products which are, while carrying the high image and reputation of the Trademarks, designed to provide the subsequent range to high-end "Product" line products, as distinguished from "Product-----" line products which are designed to offer the sports line products.

"Contract Year" means a period of twelve (12) months commencing on April 1 in any year and ending on March 31 in the following year during the term of this Agreement; provided, however that the first (1st) Contract Year commences on the date first above written and end on March 31, 2005.

"Designs" has the meaning assigned to it in Section 4.1 below.

"-----" means the lawful currency of -----.

"Know-how" means certain know-how, designs and other information available to Licensor which Licensor may provide to Licensee for the production of the Licensed Products hereunder.

“Licensed Accessories” means men’s headwear, bag, shoes, belt, scarf, wristwatch, tie and other accessories approved in writing by Licensor which belong to the Product Line.

“Licensed Clothing” means men’s clothing which belong to the Product Line.

“Licensed Products” means the Licensed Accessories and the Licensed Clothing.

“Line” means each or any of “PRODUCT” line, “PRODUCT -----” line and the Product Line, each of which bears the Trademarks or other “PRODUCT” trademarks in particular forms designated by Licensor from a strategic standpoint to develop the total “PRODUCT” branded products in the Territory.

“Marketing Plan” means the marketing plan specifying, in respect of each Season, (i) projected items of Licensed Products to be sold, (ii) projected wholesale prices and suggested retail prices, (iii) projected Net Sales Price, (iv) list of projected customers, (v) estimated amount to be spent for advertisement and promotional activity for the Licensed Products and (vi) other items as are reasonably requested by Licensor.

“Minimum Royalty” means, in respect of each Contract Year, the amount of minimum guaranteed royalty set opposite the column of such Contract Year in Exhibit A attached hereto.

“Net Sales Price” means the gross retail price of the Licensed Products sold by Licensee less consumption taxes, returns and discounts, but without deduction for prompt payment discounts or uncollected accounts.

“Percentage Royalty” means, in respect of each Contract Year, the amount equal to four percent (4%) of the Net Sales Price, and, in case the Net Sales Price in a Contract Year exceeds one and billion US Dollars, three point five percent (3.5%) of the excess part of Net Sales Price.

“Season” means each or any of spring/summer (“S/S”) seasons and fall/winter (“F/W”) seasons described below:

| <u>CONTRACT YEAR</u> | <u>SEASONS</u> |
|---|--------------------|
| First (1 st) Contract Year | 2004 S/S, 2004 F/W |
| Second (2 nd) Contract Year | 2005 S/S, 2005 F/W |
| Third (3 rd) Contract Year | 2006 S/S, 2006 F/W |
| Forth (4 th) Contract Year | 2007 S/S, 2007 F/W |
| Fifth (5 th) Contract Year | 2008 S/S, 2008 F/W |

“Sell-off Period” has the meaning assigned to it in Section 12.1 below.

“Stocks” has the meaning assigned to it in Section 12.1 below.

“Territory” means the geographical area of Republic of Korea.

“Trademarks” means the trademarks which are listed in Exhibit B attached hereto.

Section 2 Grant of License.

2.1 Grant. Licensor hereby grants to Licensee, and Licensee hereby accepts from Licensor, upon and subject to the terms and conditions of this Agreement, the following licenses:

(a) an exclusive license to use the Trademarks and the Know-how in the Territory for or in connection with the identification, advertisement, manufacture, marketing, sale and distribution of the Licensed Clothing; and

(b) a non-exclusive license to use the Trademarks and the Know-how in Asian countries approved in writing by Licensor in advance in manufacturing or having manufactured the Licensed Clothing for the sole purpose of selling the same within the Territory.

No right or license is granted by Licensor to Licensee, either express or implied, with respect to any other products, trademarks, trade names or other intellectual property rights owned by Licensor, except as provided in this Agreement.

2.2 Marketing Efforts. Licensee shall diligently and continuously use and exert its best efforts throughout the Territory and during the term of this Agreement to sell the Licensed Clothing, to make and maintain adequate arrangements for the sale of the Licensed Clothing and to promote and expand their sales hereunder to the highest levels practicably obtainable.

2.3 Acknowledgement. Licensee hereby acknowledges that Licensed Products are one of the Lines to be marketed in the Territory, and that Licensor has licensed and/or may license others to market, manufacture, sell, distribute and/or advertise products which belong to other Line than Product Line in the Territory.

2.4 Production of Licensed Accessories. Licensee is authorized to produce and sell the Licensed Accessories only if such Licensed Accessories are deemed necessary or desirable for the purpose of the sale of the Licensed Clothing. In each event Licensee desires to produce and sell the Licensed Accessories, Licensee shall provide to Licensor a list of the proposed items of Licensed Accessories and the projected quantity thereof for Licensor’s prior written approval. Upon Licensor’s approval, which approval shall be given to Licensee on a spot by spot basis, Licensee shall sell or cause its distributors to sell, the Licensed Accessories in conjunction with the Licensed Clothing at the Approved Points of Sale. The foregoing provision shall not prevent Licensor from appointing a

licensee for the Licensed Accessories in the Territory, subject to Licensee's right of first refusal set forth in Section 2.6 below.

2.5 Appropriate Positioning of the Licensed Products. Licensee is authorized to produce and sell only the Product Line. Licensee shall have no right to produce and sell any products which, in the reasonable judgement of Licensor, belong to a separate Line unless approved in writing by Licensor. Licensee shall not use the Trademarks on, or in connection with the sale of, goods or services other than the Licensed Products or in any manner not specifically authorized by this Agreement. Licensee shall not make or authorize any use, direct or indirect, of the Licensed Products or Trademarks in any other country outside of the Territory unless authorized hereunder. Licensee acknowledges and agrees to the current positioning of the Product Line among the Lines and shall maintain the appropriate positioning of the Licensed Products among all the "PRODUCT" related products in the Territory.

2.6 First Refusal Right. In the event Licensor intends to grant to a third party other than Licensee the exclusive license to use the Trademarks in the Territory for or in connection with the identification, advertisement, manufacture, marketing, sale and distribution of any of the Licensed Accessories, Licensor shall provide a written notice (the "License Notice") to Licensee specifying the terms and conditions upon which Licensor desires to grant to the third party such exclusive license. Licensee shall have a right of first refusal, exercisable within thirty (30) days following its receipt of the License Notice, to obtain the exclusive license on the terms and conditions no less favorable to Licensor than those specified in the Licensor Notice. In the event Licensee exercises the right of first refusal pursuant to the foregoing, Licensor and Licensee shall discuss in good faith the applicable terms and conditions between the parties. Notwithstanding such good-faith discussion if the parties hereto fail to achieve an agreement regarding such license within sixty (60) days after Licensee's exercise of the right of first refusal, Licensor shall have a right to grant to a third party other than the Licensee the exclusive license, but upon the terms and conditions no less favorable to Licensor than those specified in the Licensor Notice.

2.7 Sublicense and Subcontract. Licensee may not sublicense to others the whole or any part of the licenses and rights to use the Trademarks and the Know-how granted to Licensee hereunder. Licensee may contract for manufacture of the Licensed Products with manufacturers; provided that Licensee shall provide to Licensor the name and location of such proposed manufacturers and other information on such manufacturers requested by Licensor and shall obtain Licensor's prior written approval therefor.

2.8 Points of Sale. Licensee agrees to sell or cause its distributors to sell the Licensed Products at the Approved Points of Sale unless authorized in writing by Licensor in advance.

Section 3. Know-how.

Licensor shall supply to Licensee the Know-how at such times and in such forms

as are deemed appropriate by Licensor.

Section 4. Creation of Designs; Approvals; Use of the Trademarks.

4.1 Creation of Designs. Licensee shall create and develop or cause to be created and developed the designs of the Licensed Products (the “Designs”) for each Season, taking into consideration (i) the Know-how provided by Licensor pursuant to Section 3 above, if any, (ii) the image and reputation that the Trademarks enjoy in the Territory and (iii) the appropriate positioning of the Product Line among the Lines in the Territory.

4.2 Approvals of the Designs. In order to assure that the Designs meet the image of the Trademarks, Licensee shall, prior to the commencement of manufacture of each Licensed Products, submit to Licensor the materials of Designs requested by Licensor (technical sketches, swatch, samples and color) per each item, for Licensor’s approval. Licensee shall only manufacture the Licensed Products for which the Designs have been approved pursuant to the foregoing, and shall not change or alter the Designs without prior written approval of Licensor.

4.3 Submission of Representative Samples. Licensee shall at its expense submit to Licensor for reference a selected number of representative samples of the Licensed Products before the commencement of sale of the Licensed Products.

4.4 Form of Use of the Trademarks. Licensee shall use the Trademarks in such forms as reasonably designated by Licensor in connection with advertisement, manufacture, marketing, sale and distribution of the Licensed Products to clarify that the Licensed Products belong to the Product Line. Licensee acknowledges and agrees that Licensor initially designates such forms as set forth in Exhibit B attached hereto.

4.5 Tags and Other Materials. Licensee shall specify on each tags, labels, lapping materials, sales promotion materials and advertisement materials used for the Licensed Products that the respective Licensed Products are manufactured and sold under the licenses from Licensor in the form and manner approved by Licensor in advance. For the purpose of the maintenance and the unification of the image of the Trademarks, Licensee shall purchase such tags, labels, lapping materials, sales promotion materials and advertising materials from Licensor or third parties designated by Licensor.

4.6 Maintenance of Quality. Licensee shall maintain the quality and specification of the Licensed Products as have been approved by Licensor pursuant to Sections 4.2 and 4.3 above. When Licensor gives instruction to Licensee to improve the quality and/or details, Licensee shall follow the instruction.

Section 5 Limitation on Sale

Licensee may only sell the Licensed Products in the Territory; provided, however,

that Licensee shall not sell the Licensed Products to a third party who, to the best knowledge of Licensee, has an intention to sell or export the Licensed Products in or to the areas outside the Territory.

Section 6 Consideration.

6.1 Royalty. In consideration of the rights and licenses granted under this Agreement, Licensee shall pay to Licensor for each Contract Year the greater of the Minimum Royalty set opposite the column of such Contract Year in Exhibit A to this Agreement or the Percentage Royalty accrued for such Contract Year. Minimum Royalty and Percentage Royalty shall be payable in accordance with Sections 6.2 and 6.3 below.

At the end of the second (2nd) Contract Year, Licensor and Licensee may review the license exploited by the Licensee hereunder in the first (1st) and second (2nd) Contract Years, and based upon such review, may discuss whether to increase or decrease the Minimum Royalties for fourth (4th) and fifth (5th) Contract Years. For the avoidance of doubt, the Minimum Royalties for fourth (4th) and fifth (5th) Contract Years may only be changed if agreed in writing by the parties hereto.

6.2 Advance Payment of Minimum Royalty. Within thirty (30) days following the execution and delivery of this Agreement, Licensee shall make advance payment of the Minimum Royalties for the first (1st) Contract Year. With respect to the Minimum Royalty for the second (2nd) Contract Year and for any subsequent Contract Year, Licensee shall pay in advance to Licensor the Minimum Royalty for each Contract Year in equal two (2) installments, payable in accordance with the payment schedule set forth in Exhibit A attached hereto. Upon the end of a relevant Contract Year, the Minimum Royalty paid in advance pursuant to this Section 6.2 shall be applied in reduction of the royalties to be paid for such Contract Year as provided in Section 6.1 above.

6.3 Payment of Excess Percentage Royalty. In the event that the total amount of Percentage Royalty accrued for a particular Contract Year exceeds the amount of Minimum Royalty for such Contract Year, such excess amount shall be paid within forty-five (45) days following the end of such Contract Year. For the purpose of the computation of the royalty hereunder in respect of each Contract Year, the Net Sales Price shall be converted into US Dollars using the spot rate for the purchase of US Dollars with Korean won quoted at 11:00 A.M. on the last business day of the Contract Year, and the Percentage Royalty for the Contract Year shall accrue on the Korean won amount of the Net Sales Price.

6.4 Remittance; Withholding Tax. Royalty payments by Licensee under this Agreement shall be made in US Dollars by means of telegraphic transfer to the bank account of Licensor designated in writing by Licensor. All expenses and charges associated with remittance, including bank charges, shall be borne by Licensee. All taxes levied by the Korean government on the royalties to be paid by Licensee to Licensor under this Agreement shall be borne by Licensor, and shall be withheld and paid by Licensee.

6.5 Royalty Statement. Within thirty (30) days following the end of each

Contract Year, Licensee shall send to Licensor an annual royalty statement prepared in English. Such royalty statement shall set forth the quantity of each item of the Licensed Products manufactured and sold during a given Contract Year, the Net Sales Price of the Licensed Products sold during the Contract Year, together with the Percentage Royalty, if any, payable to Licensor for the Contract Year and each sum of deductions and returns of Licensed Products. Books and records relating to the Licensed Products and the calculation of the royalty hereunder shall be retained by Licensee during the term of this Agreement and a further period of two (2) years thereafter and shall be available for inspection and audit by Licensor or its representative upon reasonable notice during normal business hours. Licensee shall reimburse to Licensor the costs and expenses incurred by Licensor for such inspection and audit (including attorneys' and accountants' fees) if the result of such inspection and audit shows an underpayment of royalties by more than five percent (5%) of the total royalties due to Licensor hereunder.

Section 7. Accounting Standards.

All computations relating to the determination of the Percentage Royalties due and payable pursuant to this Agreement shall be made in accordance with generally accepted accounting principles, as reflected in the practice of certified public accountant in the Territory.

Section 8. Promotional Activities.

8.1 Marketing Plan. Licensee shall provide to Licensor the Marketing Plan for F/W of a Contract Year by June 30 of the Contract Year, and the Marketing Plan for S/S of a Contract Year by December 31 of the precedent Contract Year. The Marketing Plan shall be prepared in the form designated by Licensor. When Licensor requests Licensee to modify the Marketing Plan, Licensee shall modify the Marketing Plan following the Licensor's request.

8.2 Brand Maintenance. Licensee acknowledges that appropriate advertisement and promotional activity for the Licensed Products are necessary and desirable in order to maintain the current brand image of the Trademarks and to develop overall business involving the Trademarks in the Territory.

8.3 Minimum Advertisement Expenditure. In view of the spirit described in Section 8.2 above, Licensee shall actively and diligently promote the sale of the Licensed Products within the Territory through advertising, media publicity or other appropriate forms and shall spend at least an amount set forth below for the advertisement and promotional activity for Licensed Products for each Contract Year. Licensee shall report to Licensor the amount spent for the advertisement and promotional activity in each Contract Year in the written form designated by Licensor within 30 days after the end of the Contract Year.

| CONTRACT YEAR | AMOUNT |
|-------------------------------|------------|
| 1 st Contract Year | 50,000,000 |
| 2 nd Contract Year | 55,000,000 |
| 3 rd Contract Year | 60,000,000 |
| 4 th Contract Year | 66,000,000 |
| 5 th Contract Year | 90,000,000 |

Currency: US Dollars

8.4 Approval. In each event Licensee intends to conduct advertisement and promotional activity for the Licensed Products, Licensee shall submit to Licensor the plan and advertising materials for the proposed advertisement and promotional activity for Licensor's prior approval.

Section 9. Claims and Infringements; etc.

9.1 Covenants; Representations and Warranties. Licensee hereby covenants with Licensor that the Licensee manufactures the Licensed Products in conformity with the safety standards and other laws and regulations prevailing within the Territory. Licensor hereby represents and warrants to Licensee that it is the owner of the Trademarks to the extent registered, but does not represent or warrant that no claims will be made against Licensee by third parties for infringement of any other proprietary rights due to the use of the Trademarks in the Territory. Licensor shall have the sole right to conduct or defend any action relating to the Trademarks within the Territory.

9.2 Trademarks for Wristwatch. Licensee hereby expressly acknowledges that Trademarks in relation to wristwatches are applied for registration but has not yet been registered. If such application for the registration of the Trademark is rejected, or if, in the reasonable judgment of Licensor, it becomes unfeasible to register said Trademarks, Licensor may in its sole discretion exclude the wristwatch from the definition of Licensed Products for all purposes hereunder. In this case, Licensee shall disclaim any and all claims, damages and compensation of any kind against Licensor in relation to such Licensor's discretion.

9.3 Third Party Infringement. Licensee shall forthwith notify Licensor of all possible infringement of the Trademarks or relevant passing off or unfair competition relating to the Trademarks which may come to the attention of Licensee. Licensor shall to the extent it considers practicable take at its own expense appropriate and reasonable measures in order to terminate such infringements, passing off or unfair competition.

9.4 Indemnification. ~~Licensee-Licensor~~ shall defend, indemnify and hold Licensor harmless from and against any and all actions, causes of action, suits, proceedings, claims, liabilities, losses, expenses and damages of any kind or character and all costs and expenses (including, without limitation, attorneys' fees and expenses and all other litigation costs and expenses) arising out of or in connection with claims asserted by a third party against ~~Licensor-Licensee~~ in connection with the manufacture and sale of the Licensed Products or other activities of Licensee in connection therewith for infringement

| of any intellectual property rights.

Section 10 Term; Renewal.

10.1 Term. This Agreement shall be effective as of the date of this Agreement and continue to be in full force and effect until March 31, 2009, unless sooner terminated as provided herein.

10.2 Renewal. If Licensee desires to renew this Agreement, Licensee shall notify Licensor of its willingness to renew this Agreement in writing by March 31, 2008. This Agreement may be renewed only if Licensor and Licensee agree on the renewal terms and conditions of this Agreement in writing by September 30, 2008.

Section 11 Termination.

11.1 Breach. In the event of a material breach of this Agreement by either party hereto, the other party shall have the right to terminate this Agreement immediately by giving written notice, if such breach has not been cured within thirty (30) days after written notice complaining of breach is given.

11.2 Bankruptcy. Either party hereto may immediately terminate this Agreement if: (i) the other party becomes bankrupt or insolvent; (ii) the other party files, or is filed by any third party, for bankruptcy, dissolution, reorganization, receivership or any other similar proceedings; (iii) the other party's business shall be placed in the hands of a receiver or trustee, whether by voluntary act of the party or otherwise; or (iv) the other party makes a general assignment for the benefit of its creditors.

11.3 Remedies Cumulative. The rights and remedies under this Agreement, either at law or in equity, shall be cumulative and may be exercised singularly or concurrently. Licensor's election to terminate this Agreement pursuant to Sections 11.1 or 11.2 above shall not exclude pursuit of any other remedy at any time.

Section 12. Effect of Termination.

12.1 Sell-off Period. Upon expiration or termination of this Agreement for any reason whatsoever, Licensee shall immediately refrain from all use of the Trademarks and the Know-how supplied hereunder. Notwithstanding the foregoing, except in the case of termination of this Agreement by Licensor, Licensed Products which have been manufactured by or for Licensee prior to expiration of this Agreement ("Stocks") may be sold by Licensee during the six (6) months period following the expiration or termination of this Agreement ("Sell-off Period"); provided that, (i) Licensee shall furnish to Licensor at least by twenty one (21) days before the effective date of expiration of this Agreement or immediately upon the termination of this Agreement a written statement specifying the

items and quantity of the Stocks; and (ii) Licensee shall obtain approval of Licensor for the such statement. Licensee shall comply with the terms of this Agreement with respect to the sales of the Stocks during the Sell-off Period and any such sales shall be made in the manner not damaging the reputation of the Trademarks. Licensee shall pay to Licensor royalty equal to [four percent (4%)] of the Net Sales Price of the Licensed Products sold by Licensee during the Sell-off Period, within thirty (30) days after the Sell-off Period in the manner set forth in Section 6.4 above and accompanied by similar royalty statement under Section 6.5 above.

12.2 Discontinuance to Use Trademarks and Know-how. Upon the expiration of the Sell-off Period or early termination of this Agreement by Licensor, all rights in the Trademarks granted to Licensee hereunder shall automatically revert to Licensor, and Licensee shall immediately discontinue and thereafter refrain from all use of the Trademarks or the Know-how supplied hereunder. Licensee shall return all the Know-how then in the possession of Licensees to Licensor, remove the tags, labels, lapping materials, sales promotional materials and advertising materials bearing the Trademarks or the notice showing the Licensed Products are manufactured and sold under the licenses by Licensor from the remaining Stocks, and destroy all the Stocks as evidenced by written statement for such destruction within thirty (30) days after the expiration of the Sell-off Period or the early termination. In case Licensor or its designee desires to purchase any of such Stocks, Licensee shall sell such Stocks to Licensor or the designee at the price mentioned below:

| Stocks | Price |
|---|---|
| The Stocks of the Licensed Products for the current Season at the time of the expiration of Sell-off Period or termination | 40% of suggested retail price of the Stocks |
| The Stocks of the Licensed Products for the passed Season at the time of the expiration of the Sell-off Period or termination | 25% of suggested retail price of the Stocks |

Section 13 Limitation of Liability.

IT IS AGREED THAT IN NO EVENT SHALL EITHER PARTY HERETO BE LIABLE FOR ANY INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES OF THE OTHER UNDER ANY CIRCUMSTANCES, WHETHER SUCH DAMAGES ARE RESULTING FROM BREACH OF THIS AGREEMENT, NEGLIGENCE OR OTHERWISE.

Section 14 Governing Law and Arbitration.

14.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of -----

of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

15.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior discussions, promises and covenants and other commitments, oral or written, made and entered into between the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first above written.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[_____] hereby fully acknowledges and agrees that all the terms and conditions of this Agreement shall duly apply to the agreement between A and B

By:
Name:
Title:

MINIMUM ROYALTY AND PAYMENT SCHEDULE

| <u>CONTRACT YEAR</u> | <u>MINIMUM ROYALTY</u> | <u>PAYMENT DATE</u> | <u>PAYMENT AMOUNT</u> |
|-------------------------------|------------------------|---|--------------------------|
| 1 st Contract Year | 7,000,000 | Within 30 days after the date of this Agreement | 7,000,000 |
| 2 nd Contract Year | 16,000,000 | September 30, 2004 March 31, 2005 | 8,000,000 8,000,000 |
| 3 rd Contract Year | 37,000,000 | September 30, 2005 March 31, 2006 | 18,500,000 18,500,000 |
| 4 th Contract Year | 54,000,000 | September 30, 2006 March 31, 2007 | 27,000,000 27,000,000 |
| 5 th Contract Year | 64,000,000 | September 30, 2007 March 31, 2008 | 32,000,000 32,000,000 |

Currency US Dollars

EXHIBIT B

Trademarks

| REGISTRATION NUMBER | CLASS | DISCRIPTION |
|---------------------|---|-------------|
| 467016 | International classification 18 and 25 | |
| 307734 | Korean old classification 45 | (logo) |

Form of Use