

**Textile Republic, LLC.  
Designer Royalty Agreement**



This Designer Royalty Agreement (the “Agreement”) is made the \_\_\_\_ day of \_\_\_\_\_, 2008, by and between \_\_\_\_\_ whose address is \_\_\_\_\_ (the “Artist”), and Textile Republic, L.L.C. (the “Company”), an Ohio limited liability company with offices in Cleveland and Chicago.

I, the Artist, have submitted certain patterns, graphics, paintings, logos, sayings, signatures and/or characters (the “Submitted Material”) to the Company for possible use in connection with the creation of a line of fabric, clothing, accessories, bags, wallpaper, stationary and other merchandise (collectively, a “Merchandising Opportunity”). By submitting the Submitted Material, I understand and agree that I am entering into a design contest whereby the Company, or others on behalf of the Company, may select my Submitted Material for possible use in connection with a Merchandising Opportunity.

In consideration of the opportunity to participate in this design competition, and regardless of whether my Submitted Material is selected for a Merchandising Opportunity, I hereby grant to the Company the absolute and irrevocable right to use and display my name and my Submitted Material on the Company’s website and in connection with the Company’s products, printed materials, promotions and endorsements. I further agree that I will not use the Submitted Material for any other commercial purpose and will not grant any other person or entity the right to use the Submitted Material in connection with a commercial purpose for a period of ninety (90) days from the date that I submitted the Submitted Materials to the Company.

I acknowledge and agree that the selection of any Submitted Material for use in connection with a Merchandising Opportunity is within the Company’s sole and absolute discretion. The Company may decline to select my Submitted Material for any reason whatsoever.

If my Submitted Material is selected by the Company as a winner of the design competition (a “Selected Design”), then I will be notified by the Company, and I will receive a one-time payment in the amount of One Thousand Dollars (\$1000.00), plus quarterly royalty payments in an amount equal to five percent (5%) of the Company’s net profits, if any, generated from the sale or other distribution of my Selected Design, payable on a quarterly basis.

I hereby acknowledge and agree that in consideration for the payments set forth above, from and after the date of selection, ownership of my Selected Design (and all derivatives thereof) shall belong to the Company, and by signing this Agreement I hereby transfer to the Company all of my ownership rights, title and interest in and to my Selected Design (and all derivatives thereof), including but not limited to the exclusive right to trademark and/or copyright the Selected Design. I agree to furnish the Company with any additional information requested in order to secure trademark and/or copyright protection in connection with a Selected Design, at no additional cost to the Company.

I further acknowledge and agree that the Company, its successors and assigns, will be the sole and exclusive owner of the Selected Design, as if such design was created by the Company, which means that the Company will have the sole and exclusive right to alter, modify, use, publish, produce, reproduce, sell, license, sublicense, transfer or otherwise distribute the Selected Design (and all derivatives thereof) (collectively, “Ownership Rights”). I understand and agree that my Ownership Rights in the Selected Design (and all derivatives thereof) will cease upon selection of the design by the Company, and from that point forward all such Ownership Rights will belong to the Company. I also understand and agree that I shall have no right to inspect or approve any products that may incorporate my Selected Design.

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I understand and agree that for purposes of this Agreement, the term “net profit” shall mean the Company’s total revenue generated as a result of the production, sale, licensing or other distribution or use of the Selected Design in connection with Merchandising Opportunities, less the Company’s total expenses attributable to the production, sale, licensing or other distribution or use of the Selected Design in connection with Merchandising Opportunities. I further understand and agree that all determinations relating to the allocation of expenses for purposes of determine net profit shall be within the Company’s sole and absolute discretion. Upon my request, the Company will provide me with written statements on a quarterly basis showing the calculation of net profits for my Selected Design, and I will, upon reasonable notice to the Company, have the right to examine the Company’s accounting records relating to such calculations. Any such examination will take place at the Company’s offices during the normal business hours, and I will be required to bear the cost of the examination. I also acknowledge and agree that I shall also be responsible for the reporting and payment of any taxes arising as a result of my receipt of any payments under the terms of this Agreement.

I hereby warrant that all of my Submitted Material is **original work** that has not been previously published, that I have full authority to grant the rights given herein, and that the submission of the Submitted Material does not violate any contractual rights and does not infringe upon the copyright, trademark, or other intellectual property rights of any other person or entity. I hereby agree to indemnify and hold the Company harmless from and against any alleged copyright or trademark violations or breaches of any foregoing warranties.

I hereby warrant that I am of full age and have the right to contract in my own name. I have read the above authorization, release, and agreement, prior to its execution, and I am fully familiar with the contents thereof. This release shall be binding upon me and my heirs, legal representation, and assigns.

By signing below, I hereby acknowledge that I am in agreement with the terms and conditions of this Designer Royalty Agreement.

ARTIST/DESIGNER: \_\_\_\_\_ Date: \_\_\_\_\_

TEXTILE REPUBLIC, LLC: \_\_\_\_\_ Date: \_\_\_\_\_