

LICENSE AGREEMENT

FOR SOUND CHOICE® GEM SERIES MP3G KARAOKE TRACKS

For License to Professionals Only. Not for License to Home Users or the General Public

This agreement (“the Agreement” or “this Agreement”) is a binding agreement between you, the professional end user of Sound Choice® MP3G Karaoke Tracks, and Slep-Tone Entertainment Corporation d/b/a Sound Choice, a North Carolina corporation located at 14100 South Lakes Dr., Charlotte, NC 28273.

You must read, understand, sign, and return this Agreement before you acquire any Sound Choice GEM Series MP3G discs. However, your acquisition or use of Sound Choice GEM Series MP3G discs for any purpose signifies your acceptance of these terms, regardless of the presence or absence of your signature on this Agreement.

Because of a combination of technology, anonymity, competitive pressure, lack of controls and unscrupulous individuals, the karaoke industry, from the producers to the commercial hosts to the singers has seen a dramatic downward spiral at all levels of the value chain. Regardless of your present situation (whether you are in a lawsuit with Sound Choice or trying to avoid one by the legal purchase of a set of discs or just starting in business) you will be making a substantial investment in your business by the licensing of these Tracks. This License Agreement is intended to help us and you gain some measure of protection over the illegal use or copying of the Content and to maintain the value of your investment.

PURPOSE OF AGREEMENT. The purpose of this Agreement is to state the terms under which we permit you to acquire and use MP3G format karaoke tracks from the Sound Choice® GEM Series. This is a license agreement, not a contract for sale. Legal ownership of the physical discs will remain with Sound Choice, and the Agreement will permit you to have physical possession and use of the discs and their contents, with restrictions, for a specific period of time. You are responsible for adhering to the terms of this Agreement during the entire time you have possession of the media. A breach of your obligations may result in legal action against you.

1. **DEFINITIONS.** Unless the context clearly requires otherwise, the following terms have the following definitions for purposes of this Agreement.
 - (a) The terms “**you**” and “**your**,” whether or not capitalized, refer to you, the end user or acquirer of Sound Choice® MP3G Karaoke tracks.
 - (b) The terms “**we**,” “**us**,” and “**our**” (whether or not capitalized) and the term “**Sound Choice**” refer to us, Slep-Tone Entertainment Corporation d/b/a Sound Choice, a North Carolina corporation.
 - (c) The term “**Track**” refers to a single, unitary audiovisual work stored on a medium, typically including a karaoke sound recording of a single musical work synchronized to a display of lyrics, cues, and other material.
 - (d) The terms “**Medium**” and “**Media**” (used alone) refer to any mechanism for storing digital files of any type, including hard drives, thumb drives, solid-state media, compact discs (CDs), digital versatile discs (DVDs), portable digital music players, other mechanisms not yet invented, and the like.
 - (e) The terms “**Original Medium**” and “**Original Media**” refer to one or more Media originally produced by us or at our direction and containing one or more Tracks.
 - (f) The term “**Non-Original Medium**” refers to any Medium that does not constitute an Original Medium.
 - (g) The term “**Content**,” particularly including the “**Content**” of an Original Medium, refers to the Tracks and any other material stored on that Original Medium.

- (h) The term “**Marks**” refers to the trademarks displayed in U.S. Trademark Registrations nos. 1,923,448 (SOUND CHOICE) and 2,000,725 (SOUND CHOICE & Design).
- (i) The term “**Commercial Business**” refers to the production of live karaoke entertainment shows or the provision of live karaoke services to a third party, whether for pay (or in-kind trading, such as free drinking privileges at a bar), without pay (such as for advertising or trial purposes, or gratuitous services rendered to a nonprofit organization or cause), or ancillary to the commercial purposes of a third party (such as services rendered to attract paying patrons to an event, contest, or commercial establishment). Additionally, to the extent that any of your activities qualify as Commercial Business under this provision, all use of the Media under this Agreement shall be deemed to be commercial in nature. Further, for the avoidance of doubt, the location (for example a private residence, school, church, outdoor event) at which the show is performed or services rendered is not the determining factor as to whether or not the activity is a “commercial business.”
- (j) The term “**shift**” means to copy or otherwise transfer Content from one Medium (Original or Non-Original) to another medium.
- (k) The term “**including**” means “including without limitation” or “including but not limited to.”
2. **OWNERSHIP.** You acknowledge and agree that the ownership of all Media, including all right, title, and interest therein, belongs to Sound Choice and will remain with Sound Choice throughout the term of this Agreement. You also acknowledge that all rights in the Media and the Content not specifically granted to you by operation of law or expressly granted through this Agreement are reserved to Sound Choice or to third parties, as applicable. You further acknowledge and agree that the ownership of all Content—including the entire right, title, and interest therein, including copyrights, trademarks, and other intellectual property rights—belongs to Sound Choice or the respective rights holders of the Content. In particular, copyright in the underlying musical works (the composition rights) belongs to the original authors or their assignees and are reserved to them. This Agreement does not grant you any rights with respect to those copyright holders. We are unable to grant you any particular license or resolve any claim on behalf of those copyright holders or any other third party. You are responsible for obtaining any necessary licenses or permissions prior to any public performance of the underlying musical works.
3. **LICENSE GRANT.** You are hereby granted a non-exclusive license to use the Media and the Content stored thereon, as described in the invoice(s) appended to this Agreement as “Attachment B”, “Attachment C”, etc., subject to the restrictions found in paragraph 4 below, during the term of the Agreement, for the purpose of conducting a commercial business or for private home use. You are additionally granted a non-exclusive license to use the Marks for commercial purposes, subject to the restrictions found in paragraph 5 below, during the term of the Agreement.
4. **RESTRICTIONS ON MEDIA/CONTENT LICENSE.**
- (a) **FIELD OF USE.** This license is restricted to use of the Media and Content by you to conduct the commercial business of providing live karaoke entertainment to or for third parties. It is not for private home use or for license to the general public.
- (b) **GEOGRAPHIC RESTRICTION.** This license is restricted to use of the Media and Content by you within the United States of America and its possessions and Canada and its possessions (“the Licensed Territory”). You may **not** export the Media or Content from the Licensed Territory.
- (c) **MEDIA-SHIFTING POLICY.** You may **not** shift the Content of the Original Media to any Non-Original Medium unless you are in compliance with our media-shifting policy. Provided that such media-shifting is otherwise in compliance with the laws of the United States or Canada (as applicable), you may shift the Content stored on each of the Original Media to **ONE** Non-Original Medium of your choice. You must maintain possession of the Original Media whose Content you have shifted during the entire time the Content is stored on the Non-Original Medium. While the Content has been shifted, you may **not** use the Original Media for **any** purpose, commercial or otherwise. If you desire to shift the Content of any of the Original Media to more than one Non-

Original Medium, you must acquire one or more additional original discs, so that you maintain a 1-to-1 relationship between original discs and the non-original media. For example, if you want to store the Content of a disc on three hard drives, you must acquire and maintain three original discs. This media-shifting policy operates only to state the terms under which we tolerate media-shifting. We do not, by this Agreement or otherwise, indemnify you against any action or claim by any third party.

(d) **TRANSFER OF MEDIA TO THIRD PARTIES.** You may **NOT** transfer possession of the Original Media or Non-Original Medium to any third party unless (i) you have OUR written permission to do so, or (ii) you complete and return a "Certificate for Transfer of Possession of Licensed Media", which can be obtained from us and insure that the third party executes the then-current version of this Agreement with Sound Choice as a condition of the transfer. The transfer of possession of the Original Media or Non-Original Medium to a third party who has not executed the then-current version of this Agreement is a violation of this Agreement and will result in forfeiture of all licenses granted herein as well as legal action against you and the third party. In the event of a transfer under this paragraph, you must remove the Content from any Non-Original Medium to which you have shifted that content unless the transfer of the Non-Original medium is part of the transaction and we give prior written approval for the transfer of both the Original Media and the Non-Original Medium to the third party.

(e) **STREAMING AND OTHER REDISTRIBUTION.** You may **NOT** sublicense or distribute the Content of the Media to any other person or entity, through any mechanism (whether now known or later developed), except

(i) as part of a transfer of the Media to a third party pursuant to paragraph 4(d); or

(ii) temporarily as part of a bona fide employer-employee or contractor relationship, whereby you authorize a third party to provide live karaoke entertainment in your name in the same manner as would be permitted under this Agreement if you provided the entertainment yourself. If you temporarily transfer the content according to this clause, and your employee or contractor commits acts prohibited by this Agreement, we will not hold you vicariously responsible if (A) you did not direct, authorize, or encourage the acts and (B) you promptly inform us of the acts upon learning of them, providing us with all information in your possession about the acts, including the particular facts, the venues where unauthorized tracks are being played, and the identity of the employee or contractor.

You are specifically prohibited from uploading or otherwise transferring the Content to a computer network, bulletin board, or IRC channel; from making the Content available via a bit torrent, file sharing service, peer-to-peer exchange, or other similar service; from listing the Content on or storing the Content in a database (online or otherwise, except that you may provide one or more computer terminals containing a track listing for patron use as part of the production of a live karaoke show); from incorporating the Content in any derivative product, including any product that would allow you or a third party to download, access, or extract the Content as a stand-alone file; from incorporating the Content in a product offered from sale or other transfer, such as by burning, copying, or uploading a media file of a performance in which the Content was used to a portable medium, file storage service, server, or electronic mail account; from incorporating the Content into a product for the purpose of redistributing the Content or using the Content to create derivative works for resale, display, broadcast, or any other form of distribution; and from broadcasting the Content via television, radio, or online streaming. Notwithstanding the foregoing, nothing in this Agreement is intended to prohibit you from uploading and streaming via the Internet an audiovisual recording of a patron singing along to the Content. You are responsible for obtaining any necessary permissions from third-party rights holders if you choose to upload and stream such a recording.

(f) **MAINTENANCE OF MEDIA/CONTENT INTEGRITY.** You will not remove any notice of copyright, trademark, or other form of intellectual property of any type, or any other information that appears

on, is embedded in, or is displayed in connection with the Media or from the Content. You are specifically prohibited from removing the manufacturer's original serial number from the Media.

- (g) **LICENSEE IDENTIFICATION STICKER.** Your license is tied to specific serialized discs that you will acquire from us. In connection with your acquisition of the Original Media, you will be provided with a Licensee Identification Sticker that contains a serial number associated with the Original Media. If you shift the Content to a Non-Original Medium, you must apply this sticker to the exterior of the Non-Original Medium in such a manner as to make it easily visible when the Non-Original Medium is in ordinary use. If you elect to shift the Content to a different Non-Original Medium (e.g., when a hard drive fails), you must return this sticker to us for replacement. If you transfer the Media as provided in part (d) above, you must return this sticker to us, and a replacement will be provided to the recipient of the Media.
- (h) **SET SPLITTING.** The Media you will acquire through this program have been created and licensed as a set. You will **not** subdivide the set, load part of the set onto one Non-Original Medium and part of the set onto another Non-Original Medium, or divide the set for transfer to multiple recipients.
- (i) **OBLIGATIONS OF LAW.** You will not take any action in connection with the Content that violates any law, regulation or statute in an applicable jurisdiction, and you will not take any action in connection with the Content that violates or infringes the intellectual property or other rights of any person or entity, including, without limitation, the moral rights of the creator of the Content and the rights of any person who, or any person whose property, appears in the Content.
- (j) **CONSENT TO AUDIT.** You consent to an audit to confirm your compliance with the terms of this Agreement, on one week's notice, on your property at reasonable times. You will comply in all respects with the reasonable requests of the auditor, making available for inspection your equipment, files, and accounting records relating to karaoke entertainment activities. You agree that the audit coverage extends to any Sound Choice®-branded karaoke track in your possession. We agree that we will not audit you more than once per calendar year.

5. **RESTRICTIONS ON MARK LICENSE.** You have been granted a limited, non-exclusive royalty-free license to use the Marks. Your use of the Marks shall be confined to (a) the display of the Marks in connection with your providing live karaoke entertainment services to third parties, only as part of the display of the synchronized graphical portion of the Content, and (b) the truthful identification of karaoke tracks as being SOUND CHOICE® tracks in an accompanying song listing, whether in printed or electronic format. You agree that you will not modify the manner in which the Marks are electronically displayed as part of your live karaoke entertainment services; that you will not apply the Marks to any track to which it has not already been applied or to the listing of any track that did not originate with US; that you will not disparage, mutilate, or otherwise modify the Marks in any public place; that you will not use the Marks in any advertising except as part of song listings; that you will not undertake any action that brings the Marks or US into disrepute; and that you will not downsample, compress, or otherwise modify the Content of the Media in such a manner as to reduce the performance quality of that Content. You agree that these provisions constitute appropriate efforts on our part to maintain control over the quality of the karaoke tracks and your services, and that any breach of the provisions of this paragraph in a manner that is detrimental to the quality of any good or service to which the Marks are applied is grounds for termination of this Agreement.

6. **COVENANT NOT TO SUE.** Subject to your performance of all of your obligations hereunder, Sound Choice covenants that it will not sue you at law or in equity based solely upon your transfer of the Content to one Non-Original Medium according to the policies set forth in this Agreement. This covenant does not apply (1) if you are in breach of this Agreement; or (2) if you or any entity under your control or under common control with you (whether direct or indirect) is a defendant in a currently pending lawsuit in which we or a related company is a plaintiff, unless you have entered into a binding settlement agreement.

7. **TERM AND TERMINATION.**

- (a) This Agreement shall have an initial term expiring December 31 of the fifth calendar year following the date of this Agreement (“the Expiration Date”). For example, if you signed this Agreement on July 1, 2010, it would expire on December 31, 2015. This Agreement may be renewed according to such terms offered by Sound Choice as are in effect on July 1 of the expiration year of the Agreement (July 1, 2015, in the above example) (“the Renewal Date”). Regardless of the particular terms of renewal, the length of the renewal term shall be not fewer than three (3) years and the cost of the renewal shall not exceed \$100. In the event of our failure to offer specific renewal terms in advance of the Renewal Date, this Agreement shall be deemed renewed in all respects for a three-year period upon our receipt from you of a \$100 renewal fee, after the Renewal Date but before the Expiration Date.
- (b) If you breach this Agreement, we may terminate it at any time upon 14 days’ notice and your failure to cure the breach. In the event of our termination under this provision, you must remove all Content from any Non-Original Medium to which you have shifted it, return the Licensee Identification Sticker to us, and return the Original Media to us. **Our waiver of any breach of this Agreement shall not be deemed a waiver of any future breach of this Agreement.**
- (c) If you acquired the Media in connection with (i) a financing or installment agreement with us or (ii) any financing or installment agreement for which repossession of the Media may be asserted as a remedy for your breach, then this Agreement shall be deemed terminated upon your default under that financing or installment agreement or upon such repossession. Any notice to you of default or repossession under that financing or installment agreement shall be deemed notice to you of the termination of this Agreement.
- (d) You may terminate this Agreement at any time by
 - (i) notifying us in writing that you are terminating the Agreement, and
 - (ii) removing the Content from any Non-Original Medium to which you have shifted it, and
 - (iii) returning the Licensee Identification Sticker to us, and
 - (iv) either
 - (A) transferring the Content to a third party as provided in paragraph 4 above, or
 - (B) returning the Media to us at your expense.

You must complete all four steps (i)-(iv) before the agreement will be considered terminated.

- 8. **DISCLAIMER OF IMPLIED WARRANTIES. ALL MEDIA PROVIDED PURSUANT TO THIS AGREEMENT ARE PROVIDED WITHOUT WARRANTY OF ANY KIND, AND ALL IMPLIED WARRANTIES, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE, ARE SPECIFICALLY DISCLAIMED.**
- 9. **NOTICE.** You have provided your name, business name, address, telephone number, and e-mail address in the space provided below. You consent to receive any notice we are required by this Agreement to give you by postal mail, overnight courier, fax (if provided), or e-mail, at our selection, and such notice will be deemed to have been given when mailed, given to the courier, or transmitted by fax or e-mail. When you are required to give us notice, you may give that notice by fax to 704-583-1871 or by postal mail or overnight courier to the address in the first paragraph above. You or we may change the notice location or address by giving written notice to the other party.
- 10. **FORUM SELECTION AND CHOICE OF LAWS.** The parties agree to the jurisdiction of the state and federal courts sitting in Mecklenburg County, North Carolina, over any dispute arising under this Agreement or involving your infringement of Sound Choice’s copyrights and/or trademarks, waiving all objections to personal jurisdiction and venue therein. The parties further agree that the substantive laws of the State of North Carolina shall apply to such disputes, without resort to the conflicts of laws

provisions thereof. The choice of forum and choice of laws provisions hereunder are bargained-for terms of this Agreement.

- 11. **ASSIGNMENT AND SUCCESSION.** This Agreement shall be binding upon and inure to the benefit of the parties, their successors, assigns and executors, administrators, personal representatives and heirs, provided, however, that you may not, without the written consent of Sound Choice, assign your interests under this Agreement, except as provided in paragraph 4(d) above. Any other transfer of the Media or Content is invalid.
- 12. **ENTIRE AGREEMENT; MODIFICATION.** This Agreement, including Appendix A, constitutes the entire agreement between the parties on the subject matter to which it relates, and this Agreement may not be modified except (a) by a writing signed by both parties, or (b) by our written notice to you of a change in terms coupled with your failure to refuse the change in terms within 90 days after that notice was given, or (c) as to any non-accepted change in terms under part (b) above, automatically upon renewal of this Agreement as provided in paragraph 7(a) above. Any part of this Agreement that is found by a court of competent jurisdiction to be unenforceable shall be severed herefrom and the remaining terms enforced to the greatest extent possible.

By completing the information block in Appendix A, attaching the required documentation, and returning this signed document to Sound Choice, you signify your agreement to and acceptance of the foregoing terms.

PRINTED NAME OF LICENSEE

SIGNATURE OF LICENSEE

DATE

TITLE

PRINTED NAME OF CO-LICENSEE

SIGNATURE OF CO-LICENSEE

DATE

TITLE

This contract is not valid unless accompanied by page 7 which is printed on security paper and which bears the signature of an officially authorized representative of Slep-Tone Entertainment Corp., d/b/a Sound Choice®.

NOTE TO LICENSEE:

When this document is officially accepted and executed by Slep-Tone Entertainment Corp., d/b/a Sound Choice, it will be returned to you with a page replacing this one, printed on security paper with a raised impression Sound Choice seal and bearing the signature of an authorized representative of the company.

BEFORE RETURNING THIS DOCUMENT, MAKE SURE YOU HAVE:

1. Put your initials on the bottom of each of the pages (except this one).
2. Signed, dated, and put your title on Page 6.
3. Filled out all information in Appendix A and attached the required documents.

YOU MUST RETURN A COMPLETED SIGNED AGREEMENT, INCLUDING APPENDIX A AND ALL ADDITIONAL REQUIRED DOCUMENTATION, BEFORE ANY PRODUCT WILL BE SHIPPED.

YOU MAY RETURN THIS LICENSE AGREEMENT:

- i. by fax to 704-583-1871
- ii. as a PDF file emailed to: gem@soundchoice.com, or
- iii. by mail to:

**Sound Choice
14100 South Lakes Dr.
Charlotte, NC 28273**

[You do not need to initial this page. Please make sure all other pages are initialed at the bottom]

Appendix A Business Owner and/or Principal Officer Personal Information

(Please print or type)

YOUR NAME	YOUR PERSONAL PHONE NUMBER				
YOUR EMAIL ADDRESS	YOUR FAX NUMBER				
YOUR PERSONAL ADDRESS	CITY	STATE	ZIP		
YOUR BUSINESS NAME					
CIRCLE TYPE OF BUSINESS ENTITY [1] [2]					
	Sole Proprietorship	Partnership	LLC		
	S-Corp	C-Corp	Other (explain)		
PRINCIPAL OFFICE STREET ADDRESS	CITY	STATE	ZIP	PHONE	
PRINCIPAL OFFICE MAILING ADDRESS (If Different)	CITY	STATE	ZIP	PHONE	
1 st PRINCIPAL OFFICER'S NAME			TITLE		
HOME MAILING ADDRESS	CITY	STATE	ZIP	PHONE	
2 nd PRINCIPAL OFFICER'S NAME			TITLE		
HOME MAILING ADDRESS	CITY	STATE	ZIP	PHONE	
3 rd PRINCIPAL OFFICER'S NAME			TITLE		
HOME MAILING ADDRESS	CITY	STATE	ZIP	PHONE	

[1] Attach a copy of your business license. If your state does not require one, provide contact name and information for one of your venues.

[2] For any incorporated business or LLC attach a copy of your Certificate of Registration from the Secretary of State in which your business is registered.