

# LICENSE AGREEMENT

**TABLE OF CONTENTS**

	PAGE
RECITALS .....	1
1. Grant .....	1
2. Term, Expiration, and Additional License Period .....	2
3. Required Fees and Payments .....	5
4. Licensor Services .....	6
5. Territorial Provisions .....	7
6. Premises .....	8
7. Proprietary System and Marks .....	9
8. Advertising.....	12
9. Telephone Number.....	14
10. Construction, Design and Appearance; Equipment .....	14
11. Operations, Standards of Quality, Inspections.....	16
12. Products and Services .....	25
13. Transfer; Licensor’s Right of First Refusal .....	26
14. Covenants Against Unfair Competition.....	31
15. Trade Secrets and Confidential Information.....	33
16. Insurance .....	34
17. Termination.....	34
18. Obligations upon Termination or Expiration.....	39
19. Independent Contractor; Indemnification .....	42
20. Licensee Representations.....	42
21. Governing law, Jurisdiction and Venue.....	46
22. Notices .....	49
23. Miscellaneous .....	49

Attachment 1 Rider

Attachment 2 Lease Rider

Attachment 3 Internet, Social Media, and Telephone Assignment

Attachment 4 Guaranty

Attachment 5 Nondisclosure and Noncompetition Agreement

**LITTLE DOODLES PLAY CAFÉ, LLC  
LICENSE AGREEMENT**

**THIS LICENSE AGREEMENT** (the “Agreement”) is made and entered into as of \_\_\_\_\_ by and between LITTLE DOODLES PLAY CAFÉ, LLC, a North Carolina limited liability company (“Licensor”) and \_\_\_\_\_, a \_\_\_\_\_ (the “Licensee”). If the Licensee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

**RECITALS:**

**A.** Licensor has expended time, money and effort to develop a unique system for operating an interactive and safe café space for play, art, birthday parties, and other fun events and offering gourmet coffee and beverages, local goods, and snacks to children and their caretakers. (The methods of operation are referred to herein as the “System.”)

**B.** The distinguishing characteristics of the System include the name “LITTLE DOODLES PLAY CAFÉ,” specifically designed programs and materials, and distinctive design, décor, color scheme, furnishings, standards, specifications, procedures for operations, training and assistance, and advertising and promotional programs all of which may be improved, amended and further developed by Licensor from time to time.

**C.** Licensor identifies its goods and services with certain service marks, trade names and trademarks, including, but not limited to, the “LITTLE DOODLES PLAY CAFÉ” trademark as well as certain other trademarks, service marks, slogans, logos and emblems which have been and which may hereafter be designated by Licensor for use in connection with the System (the “Marks”).

**D.** Licensee desires to obtain a license from Licensor for use of the Marks and the System solely for the operation of a business at the location listed below (the “Center”), and Licensee desires to use the Marks and the System, and to obtain and use the methods, know how, experience and form of operation acquired, devised and/or established by Licensor and other benefits derived from this license relationship strictly in accordance with the provisions set forth below.

NOW, THEREFORE, in consideration of the recitals and the mutual agreements set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

**1. Grant.** Licensor hereby grants to Licensee, on the terms and conditions contained in this Agreement, and Licensee accepts from Licensor, a license (“License”) to establish, own, and operate under the System one Center at the location (“Location”) specified in the document attached hereto as Attachment 1 (“Rider”). Licensee agrees to identify the Center and all of the items Licensee sells or offers for sale only by the Marks. Licensee has no right to use the System or the Marks for any purpose other than as expressly provided herein.

Pursuant to this grant, Licensee, at its own expense, shall construct or remodel, and equip, staff, open and operate the Center at the Location, in accordance with this Agreement. Unless otherwise agreed in a writing executed by Licensor, Licensee shall commence operating the Center within one (1) year after the execution of this Agreement, and shall diligently operate such business in accordance with this Agreement for the Term stated herein. Failure to timely open the Center shall constitute an event of default under the Agreement.

**2. Term, Expiration, and Additional License Period.**

(a) **Initial Term.** The initial term of this Agreement shall commence upon the execution of this Agreement, and shall expire at midnight on the day preceding the fifth (5<sup>th</sup>) anniversary date of the execution of this Agreement (the “Term” or the “Initial Term”), unless this Agreement has been sooner terminated in accordance with the terms and conditions herein.

(b) **First Additional License Period.** Upon expiration of the Initial Term, Licensee will have the right to be granted a renewal of the License for one (1) additional consecutive period of five (5) years from the date of expiration of the Initial Term (the “First Renewal Term”), provided the following conditions have been met prior to the expiration of the Initial Term:

(i) Licensee has given Licensor written notice of its intent to renew the License not less than six (6) months nor more than nine (9) months prior to the expiration of the Initial Term; provided that if Licensor has not received notice from Licensee of its desire to renew within such period, Licensor will notify Licensee in writing and Licensee shall have a period of ten (10) days from the date notice is given to provide Licensor with notice of its intent to renew;

(ii) Licensee is not in default of any of the provisions of this Agreement both at the time Licensee gives notice of its intent to exercise its rights under the terms of this Section 2(b) and at the commencement of the First Renewal Term;

(iii) All debts and obligations of Licensee under this Agreement shall be current, including but not limited to Licensee’s obligations to pay Brand Fees;

(iv) Licensee has not received more than two (2) notices of default during any consecutive twelve (12) month period during the Initial Term;

(v) Licensee executes and delivers to Licensor, within thirty (30) days after delivery to Licensee, the then-current form of LITTLE DOODLES PLAY CAFÉ license or License Agreement and ancillary agreements, which agreements shall supersede this Agreement in all respects, and the terms and conditions of which may substantially differ from this Agreement;

(vi) Licensee has paid to Licensor a renewal fee equal to the greater of One Thousand Dollars (\$1,000) or Licensor’s reasonable attorneys’ and administrative costs, which fee shall be due in immediately available funds upon the execution of the new franchise or license agreement;

(vii) Licensee and its owners and guarantors execute and deliver to Licensor a general release, in the form prescribed by Licensor, releasing, to the fullest extent permitted by law, all claims that Licensee may have against Licensor and its affiliates and subsidiaries, and their respective members, shareholders, officers, directors, owners and employees in both their corporate and individual capacities;

(viii) Licensee shall make or provide for in a manner satisfactory to Licensor, such renovation and re-equipping of the Center as Licensor may require, including, without limitation, renovation, upgrading, or replacement of signs, equipment, furnishings, technology, Computer Systems (as defined in Section 11 below), fixtures and decor, to reflect the then-current standards and image of the System; and

(ix) Licensee presents satisfactory evidence that Licensee has the right to remain in possession of the Location for the duration of the First Renewal Term, unless Licensor determines that the location of Licensee's business is no longer viable for the operation of Licensee's Center, in which case Licensor may condition Licensee's right to renew on Licensee's obtaining a new site for Licensee's Center that Licensor approves.

If Licensee fails to perform any of the acts set forth in paragraphs (i) through (ix) of this subsection in a timely fashion, such failure will be deemed an election by Licensee not to exercise its right to enter into a new License Agreement, and will cause Licensee's right to enter into a new License Agreement to expire without further notice or action by Licensor.

(c) **Second Additional License Period.** Upon expiration of the First Renewal Term, Licensee will have the right to be granted a renewal of the License for one (1) additional consecutive period of five (5) years from the date of expiration of the First Renewal Term (the "Second Renewal Term"), provided the following conditions have been met prior to the expiration of the Initial Term:

(i) Licensee has given Licensor written notice of its intent to renew the License not less than six (6) months nor more than nine (9) months prior to the expiration of the First Renewal Term; provided that if Licensor has not received notice from Licensee of its desire to renew within such period, Licensor will notify Licensee in writing and Licensee shall have a period of ten (10) days from the date notice is given to provide Licensor with notice of its intent to renew;

(ii) Licensee is not in default of any of the provisions of this Agreement both at the time Licensee gives notice of its intent to exercise its rights under the terms of this Section 2(c) and at the commencement of the Second Renewal Term;

(iii) All debts and obligations of Licensee under this Agreement shall be current, including but not limited to Licensee's obligations to pay Brand Fees;

(iv) Licensee has not received more than two (2) notices of default during any consecutive twelve-month (12) month period during the First Renewal Term;

(v) Licensee executes and delivers to Licensor, within thirty (30) days after delivery to Licensee, the then-current form of LITTLE DOODLES PLAY CAFÉ license or License Agreement and ancillary agreements, which agreements shall supersede this Agreement in all respects, and the terms and conditions of which may substantially differ from this Agreement;

(vi) Licensee has paid to Licensor a renewal fee equal to the greater of One Thousand Dollars (\$1,000) or Licensor's reasonable attorneys' and administrative costs, which fee shall be due in immediately available funds upon the execution of the new franchise or license agreement;

(vii) Licensee and its owners and guarantors execute and deliver to Licensor a general release, in the form prescribed by Licensor, releasing, to the fullest extent permitted by law, all claims that Licensee may have against Licensor and its affiliates and subsidiaries, and their respective members, shareholders, officers, directors, owners and employees in both their corporate and individual capacities;

(viii) Licensee shall make or provide for in a manner satisfactory to Licensor, such renovation and re-equipping of the Center as Licensor may require, including, without limitation, renovation, upgrading, or replacement of signs, equipment, furnishings, technology, Computer Systems, and fixtures and decor, to reflect the then-current standards and image of the System; and

(ix) Licensee presents satisfactory evidence that Licensee has the right to remain in possession of the Location for the duration of the Second Renewal Term, unless Licensor determines that the location of Licensee's business is no longer viable for the operation of Licensee's Center, in which case Licensor may condition Licensee's right to renew on Licensee's obtaining a new site for Licensee's Center that Licensor approves.

If Licensee fails to perform any of the acts set forth in paragraphs (i) through (ix) of this Subsection in a timely fashion, such failure will be deemed an election by Licensee not to exercise its right to enter into a new License Agreement, and will cause Licensee's right to enter into a new License Agreement to expire without further notice or action by Licensor.

(d) **Expiration.** Renewal of the License after the Initial Term or First Renewal Term shall not constitute a renewal or extension of this Agreement but shall be conditioned upon satisfaction of the above provisions and shall, upon expiration of the Initial Term or Renewal Term, be governed by the License or License Agreement then executed by Licensee. If Licensee fails to meet any of the conditions under this Section 2 with respect to renewal of the License, then the License shall automatically expire at the end of the Initial Term.

(e) **Continued Operation Following Expiration.** Unless Licensee exercises its option to renew the License granted under this agreement in accordance with this Section, Licensee has no right to continue to operate the Licensed Business after the expiration date. If Licensor permits Licensee to continue to operate the Center after the expiration date, but before the execution by Licensee of a new franchise or license Agreement for a new term as required by

Section 2(b) above, then the temporary continuation of the Center will be on a month-to-month basis, and will be terminable at Licensors will by giving Licensee written notice of termination at least thirty (30) days before the termination is effective. If Licensors allows Licensee to continue to operate the Center on a month-to-month basis after termination or expiration of this Agreement, then Licensee must pay to Licensors weekly an additional fee equal to the greater of One Thousand Dollars (\$1,000) or One Hundred Fifty Percent (150%) of the Royalty due for the same week for every week of month-to-month operation after the Expiration Date, up to Licensors then-current initial fee, which fee shall be in addition to Royalty, Brand Fees, and any other payments due to Licensors under this Agreement. If applicable law requires a longer notice period, the thirty (30) day period will be deemed modified to be the shortest notice period required by such laws.

### **3. Required Fees and Payments.**

(a) **Initial Fee and Royalties.** In consideration of Licensors execution of this Agreement and the services that Licensors will perform, Licensee agrees to pay to Licensors the following fees in such manner as Licensors may from time to time designate:

(i) Licensee shall pay Licensors an initial fee in the amount of Twelve Thousand Five Hundred Dollars (\$12,500) for the initial grant of the License and Licensors associated pre-opening obligations (the "Initial Fee"). Fifty percent (50%) of the Initial Fee shall be due upon execution of this Agreement, and the other fifty percent (50%) of the Initial Fee shall be due on the date that is one (1) year after the date Licensees Center opens. The Initial Fee shall be deemed earned and non-refundable upon receipt.

(ii) Licensee shall pay Licensors a one-time fee not in excess of Five Hundred Dollars (\$500) upon the execution of this Agreement for the development of a location-specific subpage on the Licensors Website. Thereafter, Licensee shall pay Licensors or Licensors designated website designer, as Licensors directs, for any Location-specific updates to Licensors Website.

(iii) In further consideration of the grant of the License and in consideration of Licensors ongoing services to Licensee, Licensee agrees to pay to Licensors a continuing royalty fee (the "Royalty"), as set forth on Attachment 1 attached hereto.

(iv) At all times during the Term, Licensee shall pay to Licensors, its affiliate, or its approved third-party supplier a fee for use of, and access to, the training and materials created for the LITTLE DOODLES PLAY CAFÉ System ("Training and Materials Fee"). Licensors has the right to increase the Training and Materials Fee with thirty (30) days' notice to Licensee based on supplier pricing increases, modification to or upgrades of the training and materials used in the System, and introduction of new technology or material.

(b) **Payment of Fees.** On each Due Date, Licensee shall pay the amounts due to Licensors as set forth in this Agreement. Licensors may require Licensee to remit payment of the Royalty and other fees by electronic funds transfer ("EFT"). In connection with payment of the Royalty by EFT, Licensee shall: (1) comply with procedures specified by Licensors in Licensors confidential operations manual and owner manual (together, the "Manuals"); (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by EFT as

described in this Section; (3) give Licensor an authorization in the form designated by Licensor to initiate debit entries and/or credit correction entries to Licensee's Account for payments of the Royalty and other amounts payable under this Agreement, including any interest charges; (4) make sufficient funds available in the Account for withdrawal by EFT no later than the Due Date for payment thereof; and (5) maintain a single bank account to make all payments required by this Agreement (the "Account"). Licensee must advise Licensor at least fifteen (15) business days prior to any change in Licensee's Account or financial institution; no such change will be permitted without the prior written authorization of Licensor. To ensure the orderly electronic transfer of the Royalties and all other fees as outlined in this Section 3, Licensee will enter into and maintain a banking agreement with the financial institution which will be responsible for the transfer and payment of the fees owed by Licensee to Licensor, and a copy of that agreement will be submitted to Licensor upon request by Licensor. Licensee shall not withhold any payments required to be made under this Agreement on any grounds, including any allegations of Licensor's non-performance. If a transfer from Licensee's Account is refused, an administrative fee of Fifty Dollars (\$50) will be assessed, as well as reimbursement to Licensor of any fee its bank charges for uncollected deposit funds. If Licensee has not reported Gross Revenues (defined in Attachment 1) to Licensor for any fiscal period, Licensor will transfer from the Account an amount calculated in accordance with Licensor's estimate of the Gross Revenues during the fiscal period. If, at any time, Licensor determines that Licensee has underreported its Gross Revenues, or underpaid the Royalty or other amounts due to Licensor under this Agreement, or any other agreement, Licensor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Licensor and Licensee determine that such credit is due. Alternatively, Licensor shall have the right in lieu of the Royalty report submission procedure outlined above to obtain the Gross Revenues directly by accessing Licensee's point of sale system or requiring Licensee to submit reports to Licensor from Licensee's point of sale system. Failure by Licensee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as hereinafter set forth. If Licensee is delinquent in the payment of any obligation to Licensor, its subsidiaries, affiliates or designees, then Licensor (or such subsidiaries, affiliates or designees), will have the right to apply any payment from Licensee to any obligation due, including the oldest obligation due, whether under this Agreement or otherwise, notwithstanding any contrary designation by Licensee as to such application.

(c) **No Offset or Retention of Funds.** Licensee may not offset or withhold payments owed to Licensor or any of its affiliates for amounts purportedly due to Licensee as a result of any dispute of any nature or otherwise, but will pay such amounts to Licensor or its affiliates and only thereafter seek reimbursement.

**4. Licensor Services.** During the Term, Licensor agrees to provide to Licensee the following services:

(a) Licensor shall provide Licensee with specifications and supplier lists, if applicable, for fixtures, furnishings, decor, signs, learning and play resources and materials, and equipment;

(b) Licensor shall provide Licensee with a pre-opening training program for the Operations Manager (as defined in Section 11(a)), and such other persons as Licensor may



reasonably designate, and such other training for employees of Licensee at the locations and for such periods as may be designated by Licensor from time to time; provided that Licensee shall be responsible for all expenses incurred by such persons in connection with training, including, without limitation, all cost of travel, lodging, meals and wages.

(c) At Licensee's reasonable request, Licensor will promptly provide such advice and information as it considers reasonably appropriate to assist Licensee with all methods and procedures associated with the System marketing and advertising; management and administration, the use of the System or any changes to it and the use and application of products and services. Licensee understands and agrees that such advice and information may be rendered by phone, electronically, through the Manuals, training and/or by such other means as Licensor deems appropriate in its sole discretion.

(d) Licensor shall communicate to Licensee information relating to the operation of a LITTLE DOODLES PLAY CAFÉ Center, and to the extent necessary or pertinent to the operation of the Center, Licensor's know-how, new developments, techniques and improvements in the areas of Center management, employee training, marketing and service.

(e) Provided Licensee pays Licensor the Training and Materials Fee as set forth in the Manuals, Licensor will periodically provide Licensee with updated training and materials for the Center.

(f) LICENSEE AGREES THAT LICENSOR IS NOT OBLIGATED TO PROVIDE ANY TRAINING OR ASSISTANCE TO LICENSEE'S PARTICULAR LEVEL OF SATISFACTION, BUT AS A FUNCTION OF LICENSOR'S EXPERIENCE, KNOWLEDGE AND JUDGMENT. LICENSEE ALSO ACKNOWLEDGES THAT LICENSOR IS NOT OBLIGATED TO PROVIDE ANY SERVICES TO LICENSEE THAT ARE NOT SET FORTH IN THIS AGREEMENT. IF LICENSEE BELIEVES LICENSOR HAS FAILED TO ADEQUATELY PROVIDE ANY PREOPENING SERVICES TO LICENSEE OR TO LICENSEE'S EMPLOYEES, WHETHER WITH RESPECT TO SITE SELECTION AND PURCHASE OF EQUIPMENT AND SUPPLIES, TRAINING, OR ANY OTHER MATTER AFFECTING THE ESTABLISHMENT OF LICENSEE'S CENTER, LICENSEE MUST NOTIFY LICENSOR IN WRITING WITHIN THIRTY (30) DAYS FOLLOWING THE OPENING OF LICENSEE'S CENTER OR LICENSEE WILL BE DEEMED TO CONCLUSIVELY ACKNOWLEDGE THAT ALL PRE-OPENING AND OPENING SERVICES REQUIRED TO BE PROVIDED BY LICENSOR WERE SUFFICIENT AND SATISFACTORY IN LICENSEE'S JUDGMENT AND COMPLIANT WITH ALL REPRESENTATIONS MADE TO LICENSEE. IF LICENSEE FAILS TO SO NOTIFY LICENSOR, LICENSEE WILL BE DEEMED TO HAVE WAIVED ALL CLAIMS RELATING TO OR ARISING FROM LICENSOR'S OBLIGATIONS TO PROVIDE PRE-OPENING ASSISTANCE.

**5. Territory.** Licensee has no protected or exclusive territory. Licensor reserves all rights not explicitly granted to Licensee in this Agreement, including the right to operate or license

others to operate LITTLE DOODLES PLAY CAFÉ centers within close proximity to Licensee's Center.

**6. Premises.**

(a) **Leased Premises.** Licensee shall acquire or lease, at Licensee's expense, commercial real estate that is properly zoned for the operation of the Center and that consists of approximately One Thousand Seven Hundred (1,700) to Two Thousand (2,000) square feet but no more than Four Thousand Five Hundred (4,500) square feet of usable space. Failure by Licensee to acquire or lease a site for the Center within one (1) year after the execution of this Agreement shall constitute a default under this Agreement, and Licensor, in its sole discretion, may terminate the License Agreement pursuant to the terms of Section 17 of this Agreement. Licensee is responsible for constructing, renovating or up fitting or causing to be constructed, renovated or up fitted, the Center. If Licensee intends to lease the premises where the Center will be operated (the "Premises"), Licensee shall submit to Licensor executed copies of all such leases immediately after execution and at such other times as Licensor may request. The term of the leases plus all options for Licensee to renew shall together equal or exceed the Term. All leases pertaining to the Premises shall also include an Addendum in the form of Attachment 2 attached hereto, or shall contain terms and conditions substantially similar to those contained in Attachment 2 which Licensor has approved in writing. At Licensee's request, Licensor shall offer assistance to Licensee in selecting a site for the location and advising Licensee in negotiating an acceptable lease agreement for the site. Licensor shall not represent Licensee in a legal capacity and advises Licensee to seek independent legal counsel in the review and negotiation of its lease agreement. LICENSEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT LICENSOR'S APPROVAL OF A SITE FOR LICENSEE'S CENTER IS NOT AND SHALL NOT BE CONSTRUED AS A GUARANTEE OR ASSURANCE THAT THE BUSINESS WILL BE PROFITABLE. If Licensor does not approve of a site proposed by Licensee within thirty (30) days after receiving the proposal thereof, such site shall be deemed disapproved by Licensor and Licensee shall not locate its Center at such site.

(b) **Owned Premises.** If Licensee intends to own the Premises, Licensee must obtain approval of the Premises from Licensor, which approval may be withheld at Licensor's discretion, and shall furnish Licensor proof of ownership prior to the date Licensee commences any construction, build-out or remodeling of the Premises. In the event that Licensee proposes to lease the Premises from any owner, shareholder, member, manager, partner, director, or officer of Licensee, or from any person or entity related to or affiliated with Licensee or one or more of Licensee's owners, shareholders, members, partners, directors, or officers (the "Related Party"), Licensor may require the Related Party to sign this Agreement and/or separate agreements for the purpose of binding the Related Party to applicable provisions of this Agreement, as determined by Licensor. Licensee shall also execute a written lease agreement approved by Licensor with the Related Party and deliver a copy to Licensor.

(c) **Premises Identification.** Regardless of whether the Premises are owned or leased, Licensee shall remove all signs and other items and indicia which serve, directly or indirectly, to identify the Premises as a LITTLE DOODLES PLAY CAFÉ Center within ten (10) days of the expiration or termination of this Agreement. In the event Licensee does not comply with this requirement, Licensor may enter the Premises, without being guilty of trespass and without

incurring any liability to Licensee, to remove all signs and other items identifying the Premises as a LITTLE DOODLES PLAY CAFÉ Center and to make such other modifications as are reasonably necessary to protect the Marks and the LITTLE DOODLES PLAY CAFÉ System and to distinguish the Premises from LITTLE DOODLES PLAY CAFÉ Centers. Provided, however, that this obligation of Licensee shall be conditioned upon Licensor giving Licensee prior written notice of the modifications to be made and the items to be removed.

(d) **Suitability of Premises.** Regardless of whether the Premises are owned or leased, it shall be the responsibility of Licensee to determine that the Premises can be used, under all applicable laws and ordinances, for the purposes provided herein and that the Premises can be constructed or remodeled in accordance with the terms of this Agreement. Licensee shall obtain all permits and licenses that may be required to construct, remodel and operate the Center. Licensee agrees that the Premises will not be used for any purpose other than the operation of the Center in compliance with this Agreement.

(e) **Relocation.** Licensee shall not, without first obtaining Licensor's written consent, which is subject to the Licensor's sole discretion: (i) relocate the Center; or (ii) renew or materially alter, amend or modify any lease, or make or allow any transfer, sublease or assignment of its rights pertaining to the Premises. If Licensee relocates the Premises during the Term of this Agreement, Licensee shall pay Licensor all costs Licensor incurs as a result of evaluating and approving or rejecting Licensee's relocation proposal, or a minimum payment of Five Thousand Dollars (\$5,000).

## 7. **Proprietary System and Marks.**

(a) **Ownership; Use by Others.** Licensor and its affiliates shall have and retain all rights associated with the Marks other than those expressly licensed herein, including, but not limited to the following: (a) to use the Marks in connection with selling products and services; (b) to grant licenses to others to use the Marks; (c) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Licensee; and (d) to sell and distribute products, merchandise, accessories and other items via alternate distribution channels bearing the Marks. Licensee acknowledges that any unauthorized use of the System or the Marks is and shall be deemed an infringement of Licensor's rights. Licensee shall execute any documents deemed necessary by Licensor or its counsel for the protection of the System and the Marks or to maintain their validity or enforceability, or to aid Licensor in acquiring rights in or in registering any of the System and the Marks or any trademarks, trade names, service marks, slogans, logos and emblems subsequently adopted by Licensor. Licensee shall give notice to Licensor of any knowledge that Licensee acquires regarding the use by others of the same or similar names or marks or of any claim or litigation instituted by any person or legal entity against Licensee involving the System or any of the Marks. Licensee shall cooperate with Licensor in any suit, claim or proceeding involving the System or the Marks or their use to protect Licensor's rights and interest in the System and the Marks. In the event of any settlement, award or judgment rendered in favor of Licensor relating to the use or ownership of the System or the Marks, such settlement, award or judgment shall be the sole property of Licensor and Licensee shall not be entitled to or make any claim for all or any part of it. Provided Licensee complies at all times with this Section 7, Licensor shall indemnify Licensee against and reimburse Licensee for damages assessed against Licensee, if any, based on Licensee's use of the LITTLE DOODLES PLAY CAFÉ Mark. Otherwise,

Licensor shall not be required to indemnify Licensee against or reimburse Licensee for any loss or damages arising out of Licensee's use or misuse of any Mark. Licensor shall not indemnify Licensee for any use or misuse of Licensor's copyrights, Patents, Customer Lists, or Indicia.

**(b) Use of Marks.** During the term of this Agreement or thereafter, directly or indirectly, Licensee shall not commit any act of infringement or contest or aid in contesting the validity or ownership of the System or the Marks, or take any other action to disparage them. Licensee shall use the Marks only in connection with the operation of the Center at the Location specified herein, and shall use them only in the manner authorized by Licensor. Licensee shall prominently display the Marks in the manner prescribed by Licensor on all signs, merchandise, consulting materials, and other supplies and packaging materials designated by Licensor. Licensee shall not fail to perform any act required under this Agreement, or commit any act which would impair the value of the Marks or the goodwill associated with the Marks. Licensee shall not at any time engage in any business or market any products or service under any name or mark which is confusingly or deceptively similar to any of the Marks. Licensee shall not use any of the Marks as part of its corporate or trade name and shall not use any trademark, trade name, service mark, logo, slogan or emblem in connection with the Center that has not been authorized by Licensor. Licensee shall obtain such fictitious or assumed name registrations as may be required by Licensor or applicable state law. Licensee shall not attempt to register or otherwise obtain any interest in any Internet domain name, website or URL containing or utilizing any of the Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Marks. Licensee also acknowledges that its use of the Marks pursuant to this Agreement does not give Licensee any ownership or other interest in or to the Marks, except the license granted by this Agreement.

**(c) Designation as Licensee.** Licensee shall take such additional action as may be necessary under the laws of the state in which the Center is operated to make clear to the public that Licensee is an independent Licensee of Licensor and not owned by Licensor. Licensee shall post in a conspicuous location at the business premises, as well as on invoices, purchase orders, marketing materials and the like that "This LITTLE DOODLES PLAY CAFÉ Center is independently owned and operated by Licensee under license from LITTLE DOODLES PLAY CAFÉ, LLC."

**(d) Discontinuance of Use: Additional Marks.** Licensor has the right to change, revise, or substitute different Marks for use in identifying the System, the Center, and the products sold or offered for sale through the Center, if Licensor, in its sole discretion, determines that change, revision, or substitution of different Marks will be beneficial to the System. In such circumstances, the use of the substitute proprietary marks shall be governed by the terms of this Agreement. Licensee shall comply with each such change, revision, or substitution and bear all expenses associated therewith. In the event that a court of competent jurisdiction should order, or if Licensor in its sole discretion should deem it necessary or advisable, Licensee shall modify or discontinue use of any Mark. Licensee shall comply with Licensor's directions regarding any such Mark within thirty (30) days after receipt of notice from Licensor or, if such modification or discontinuance is court-ordered, immediately. Licensor shall not be obligated to compensate Licensee for any costs or expenses incurred by Licensee in connection with any such modification or discontinuance. Licensee shall also use such additional or substitute Marks as Licensor shall direct.

(e) **Changes in Law Affecting Marks.** In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Licensee shall sign any documents and do such other act and thing as in the opinion of Licensor may be necessary to affect the intent and purpose of the provisions of this Agreement.

(f) **Copyrights and Patents.** Licensee acknowledges that as between Licensee and Licensor, any and all present or future copyrights and patents relating to the System or the LITTLE DOODLES PLAY CAFÉ concept, including, but not limited to, training and play materials, the Manuals, construction plans and specifications and marketing materials, belong solely and exclusively to Licensor. Licensee has no interest in Licensor's copyrights or patents beyond the nonexclusive License granted in this Agreement.

(g) **Ideas and Innovations.** All inventions, ideas, consulting materials, forms, student aids, applications, trademarks, service marks, enhancements, modifications, improvements or other processes, methods and designs, technologies, computer software, electronic code, original works or authorship, formulas, patents, copyrights, marketing and business plans and ideas, and all improvements and enhancements thereto that Licensee or any of its owners, guarantors, shareholders, members, partners, directors, officers, employees, consultants, or independent contractors may develop, invent, discover, conceive or originate, alone or in conjunction with any other person or persons during the Term that relate in any way, either directly or indirectly, to the Center and/or the System (collectively referred to as "Inventions and Ideas") developed by the Licensee and/or any personal guarantors, either in whole or in part during the Term, must be promptly disclosed to Licensor and shall be the exclusive property of Licensor and works made-for-hire for Licensor, and no compensation will be due to Licensee or its owners or employees therefor. Licensor may incorporate such items into the System. To the extent any Invention or Idea does not qualify as a "work made-for-hire," Licensee and all guarantors of this Agreement hereby assign to Licensor, without compensation, all right, title and interest in such Inventions and Ideas, and agree that they will execute any and all instruments and do any and all acts necessary or desirable to establish and perfect in Licensor the entire right, title and interest in such Inventions and Ideas. As Licensor may reasonably request, Licensee and its owners and guarantors shall, at Licensor's expense, take all actions reasonably necessary to assist Licensor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Licensee or not.

(h) **Customer and Other Data.** Licensee shall maintain a current list of the names, home addresses, work addresses, e-mail addresses and telephone numbers of the customers and past customers who have provided such information to the Center (the "Customer List"). Licensee shall provide the Customer List to Licensor upon request. The Customer List shall be the property of Licensor, and Licensor shall have the right to use the Customer List for any purposes, subject to applicable law, in Licensor's sole discretion. Licensee shall not disclose such information to any person or entity other than Licensor, or sell such list(s) or any portions thereof to any person or entity without the express written consent of Licensor. Likewise, other data collected by Licensee or Licensee's information technology system (Customer Data and the other data collectively referred to herein as "Licensee Data") is deemed to be owned by Licensor, and Licensee agrees to furnish the Licensee Data to Licensor at any time that Licensor requests it. Licensor hereby grants Licensee a limited license to use Licensee Data while this Agreement or a successor License Agreement is in effect, but only in accordance with the policies that Licensor establishes periodically and applicable law. Upon termination or expiration of this Agreement for

any reason, Licensor shall be the exclusive owner of Licensee Data, and Licensee shall not use or disclose Licensee Data in any form or manner. Licensee shall not be due any compensation based upon Licensor use of the Licensee Data. Licensee may not sell, transfer, or use Licensee Data for any purpose other than marketing LITTLE DOODLES PLAY CAFÉ products and services.

## **8. Advertising.**

(a) **Brand Promotional Activities.** Licensee must pay for all website adjustments, marketing materials, and any other promotional activity or item that Licensor reasonably requires (collectively, “Brand Promotional Activities”). If Licensor makes any payments for Brand Promotional Activities on behalf of Licensee or the brand, Licensee shall reimburse Licensor for its portion of the Brand Promotional Activities within thirty (30) days of receiving an invoice from Licensor. Brand Promotional Activities may include, but are not limited to, research; promotional marketing, public relations, and advertising expenses to promote the brand; hiring marketing, public relations and advertising agencies, technology companies, or in-house personnel to assist in developing the LITTLE DOODLES PLAY CAFÉ brand name; developing, evaluating, or using technologies that Licensor believes may benefit the brand, the customers, or the brand’s reputation; developing new customer projects and Licensee revenue sources; expenses associated with listings on websites, contest registrations, digital marketing content, influencer marketing, radio, billboards, TV, print, or internet advertising, and events and promotions designed to garner media attention and promote the brand name; expenses associated with conducting market research; travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials; production of marketing, public relations, or digital or social media content, including, but not limited to, advertisements, coupons, and other promotional materials; expenses incurred in developing and maintaining the Website or social media pages; and expenses incurred in using search engine optimization, pay-per-click, or other digital marketing software, services, or companies to help promote the brand.

(b) **Marketing Requirements.** Licensee must adhere to Licensor’s minimum standards and procedures related to marketing, social media, and email blasts, as set forth in the Manuals, and as updated from time to time.

(c) **Approval by Licensor.** Prior to their use by Licensee, samples of all advertising and promotional materials not prepared or previously approved by Licensor within the 90-day period preceding their intended use shall be submitted to Licensor for approval, such approval which Licensor may, in its sole discretion, at any time revoke. If approval is not received within twenty (20) days from the date of receipt by Licensor of such materials, the materials shall be deemed disapproved by Licensor. Licensee shall not use any advertising or promotional materials that Licensor has disapproved, regardless of whether any such items had been previously approved by Licensor. Licensee shall immediately cease use of any advertising or promotional materials for which Licensor revokes approval.

(d) **Licensor Advertising.** Licensor will, from time to time expend its own funds to produce such promotional materials and conduct such advertising as it deems necessary or desirable. In any advertising conducted solely by or for Licensor, Licensor shall have the sole discretion to determine the products and geographical markets to be included, and the medium employed and Licensor shall not have any duty or obligation to supply Licensee with any advertising or promotional materials produced by or for Licensor at its sole expense. Licensor

disclaims and Licensee hereby acknowledges that Licensee has not received or relied upon any warranty regarding the success of any advertising and/or promotional plans or materials recommended by Licensor for use by Licensee. Further, Licensee acknowledges and agrees that all advertising and promotional plans and materials created in whole or in part by Licensor are and remain the exclusive property of Licensor.

(e) **Ownership of Advertising.** Licensor shall be the sole and exclusive owner of all materials and rights which result from advertising and marketing program produced and conducted, whether by Licensee or Licensor. Any participation by Licensee in any advertising, whether by monetary contribution or otherwise, shall not vest Licensee with any rights in the Marks employed in such advertising or in any tangible or intangible materials or rights, including, copyrights, generated by such advertising. If requested by Licensor, Licensee shall assign to Licensor any contractual rights or copyright it acquires in any advertising.

(f) **Use of Website.** Licensee will not, directly or indirectly, establish or operate a website, web page, domain name, internet address, blog, forum or e-mail address that in any way concerns, discusses or alludes to the Licensor, the System or the Licensee's Center without Licensor's written consent, which Licensor is not obligated to provide. Further, the Marks may not be used as part of, in conjunction with, to establish or to operate any domain names, internet addresses, blogs, forums or social media sites, unless specifically approved by the Licensor, which approval Licensor is not obligated to provide. Licensee will not post, and will take such steps as necessary to ensure that its employees do not post, any information to a social media page relating to the Licensor, the Marks, or the Center that (a) does not comply with the Licensor's then-current social networking guidelines described in the Manuals, (b) is derogatory, disparaging, or critical of the Licensor, the System or the Marks, (c) is offensive, inflammatory or indecent, or (d) harms the goodwill and/or public image of the System and/or the Marks. Licensee shall not establish or permit or aid anyone else to establish any links to any website or any other electronic or computer-generated advertising or communication arrangement which Licensor may create. Licensee specifically acknowledges and agrees that any website will be deemed "advertising" under this Agreement, and will be subject to (among other things) Licensor's approval under this Agreement. Licensor alone has the right, but not the obligation, to establish, maintain, modify or discontinue all internet and electronic commerce activities pertaining to the System, including through websites or profiles on social media websites and applications (all websites and profiles controlled by the Licensor collectively referred to as the "Website"). Licensor shall not be liable for downtime that may occur to any such Website, whether such downtime is caused by Licensor or a third-party. Licensor alone will be, and at all times remain, the sole owner of the copyrights to all material which appears on any Website, including any and all material Licensee may furnish to Licensor for use on the Website. Ownership of all URLs and other identifiers with any such Website shall vest exclusively in Licensor. Licensor shall have the right, but not the obligation, to designate one or more web page(s) to describe Licensee and/or the Center, with such web page(s) to be located within Licensor's Website. Licensee shall comply with Licensor's policies with respect to the creation, maintenance and content of any such web page(s); and Licensor shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any webpage. Licensee shall not establish a separate website, without Licensor's prior written approval (which Licensor shall not be obligated to provide), except the social media accounts and pages the Licensor provides Licensee with the right to create. If approved to establish a website, Licensee shall comply with Licensor's policies, standards and specifications with respect to the

creation, maintenance and content of any such website. Licensor shall have the right to modify its policies relating to websites as Licensor shall solely determine is necessary or appropriate.

(g) **Online Use of Marks.** Licensee shall not use the Marks or any abbreviation or other name associated with Licensor and/or the System as part of any e-mail address, domain name, and/or other identification of Licensee in any electronic medium, except as permitted by Licensor's then-current policies. Licensee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without Licensor's prior written approval of Licensee's plan for transmitting such advertisements and in compliance with all applicable laws and regulations.

(h) **Social Media.** Licensor may from time to time maintain one or more social media sites. Licensee shall establish a social media account for the Center and must provide to Licensor at all times the password information and administrative access for, and access to, the social media accounts related to the LITTLE DOODLES CAFÉ brand. Licensee must adhere to the social media policies established from time to time by Licensor and Licensee will require all of Licensee's employees to do so as well.

9. **Telephone Number.** Licensee shall establish a local telephone number for the Center. Licensee shall keep Licensor notified as to the current telephone number for the Center. In no event shall Licensee use such number for any other business. Licensee further covenants that in the event it obtains any additional or substitute telephone service or telephone number at the Center, it will promptly notify Licensor and such additional or substitute number shall be subject to the terms of this Section 9.

10. **Construction, Design and Appearance; Equipment.**

(a) **Construction.** Licensee agrees that it will construct or remodel the Premises at the approved Location in accordance with Licensor's construction or remodel plans and design, layout and decor specification ("Standard Plans"). Additionally, Licensor will provide Licensee with Licensor's specifications for the construction and design of the Center ("Spec. Sheet"). The Standard Plans will be provided by Licensor at no cost to Licensee. Licensee shall purchase or lease the equipment for displays, fixtures, and furnishings that Licensor designates.

Licensee is solely responsible for the construction of the Premises and the Center. Licensee will commence any required construction promptly after execution of a lease for or closing on the purchase of the Premises. Licensee shall maintain continuous construction of the Center and Premises until completion. Licensee will complete construction in accordance with the plans and specifications for the Center which have been approved in advance by Licensor and will not deviate, except as permitted below, from such plans and specifications without the prior written consent of Licensor. Such Standard Plans shall not contain the requirements of any federal, state or local law, code or regulation, including those concerning the Americans With Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities, nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation as may be necessary to obtain permits or authorization to build a specific Center ("Applicable Law"). It is solely Licensee's responsibility to make sure that the design and construction of the Center and the Premises are in compliance with all Applicable Laws including without limitation, the Americans with Disabilities Act. Licensee shall indemnify and hold



Licensors harmless against any and all claims, actions, causes of action, costs, fees, fines and penalties, of every kind and nature, should the design and/or construction of the Center fail in any way to comply with any Applicable Laws, including, without the limitation, the Americans with Disabilities Act. Licensee shall make no changes to any building plan, design, layout or decor, Spec. Sheet, or any equipment or signage except as necessary to comply with Applicable Law without the prior written consent of Licensor, and shall maintain the interior and exterior decor in such manner as may be prescribed from time to time by Licensor. Licensee acknowledges the specifications on the Spec. Sheet may exceed the requirements of Applicable Law.

(b) **Signs.** Licensee shall prominently display, at its own expense, both on the interior and exterior of the Premises, advertising signs in such form, color, number, location and size, and containing such Marks, logos and designs as Licensor shall designate. Licensee will be responsible for ordering any required signage, including an exterior signage for the Center. Licensee shall obtain all permits and licenses required for such signs and shall also be responsible for ensuring that all signs comply with all laws and ordinances. Licensee shall not display in or upon the premises any sign or advertising of any kind to which Licensor objects.

(c) **Remodeling and Re-equipping.** Licensor reserves the right to require Licensee to generally refurbish the Center and/or the Premises at Licensee's expense, in order to conform to the building design, trade dress, color schemes and presentation of the Marks in a manner consistent with the then-current image for LITTLE DOODLES PLAY CAFÉ brand, which include, without limitation, structural changes, installation of new materials and equipment, remodeling, redecoration, changing color schemes, and modifications and/or repairs to existing improvements. Such remodeling and re-equipping may include, without limitation, replacing worn out, obsolete, or dated equipment, fixtures, furnishings and signs; structural modifications, redecorating; or purchasing more efficient or improved equipment and materials. Licensor may require Licensee to perform remodeling and to purchase equipment at such times as Licensor, in its sole discretion, deems necessary and reasonable. LICENSEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY LICENSOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY LICENSEE DURING THE TERM OF THIS AGREEMENT. In the event of Licensee's delay, refusal, or failure to make repairs or modifications to the Premises as specified by this Section, Licensor or its agents may enter the Premises, without further notice and without liability for trespass or other tort and with Licensee's complete cooperation, and remove, repair, and/or replace, at Licensee's expense, any items which do not conform to Licensor's then-current standards and specifications or which are not in conformity with Licensee's obligation to maintain the Center and the Premises in the highest degree of repair and condition. In addition to any and all other remedies that Licensor may have in law or in equity, Licensee shall reimburse Licensor for all out-of-pocket expenses incurred by Licensor in connection with any refurbishing work performed by Licensor pursuant to this Section, plus an administrative fee of Fifteen Percent (15%) of the total aggregate amount of expenses incurred by Licensor.

## 11. **Operations, Standards of Quality, Inspections.**

(a) **Operations Manager.** Licensee shall designate an individual to serve as the "Operations Manager" for the Center. The Operations Manager shall meet the following qualifications:

(i) The Operations Manager shall devote full time and best efforts to the supervision and conduct of the development and operation of the Center and shall agree in writing to be bound by non-compete and confidentiality provisions substantially similar to those contained in Sections 14 and 15 of this Agreement.

(ii) The Operations Manager shall be approved by Licensor and shall complete Licensor's initial training requirements and shall participate in and complete to Licensor's satisfaction all additional training as may be reasonably required by Licensor. If at any time for any reason the Operations Manager no longer qualifies to act as such, Licensee shall promptly designate another Operations Manager subject to the same qualifications set forth in this Section 11.

(b) **Management of the Center.** The Operations Manager (who shall have completed Licensor's initial training program to Licensor's satisfaction) shall personally devote his or her full time and best efforts to the management and operation of the Center in order to ensure compliance with this Agreement and to maintain Licensor's high standards. Management responsibility shall include, without limitation, presence of the Operations Manager or an assistant manager who has successfully completed any training required by Licensor, during all business hours; maintaining the highest standards of service and consulting quality and consistency; maintaining the Center in the highest condition of sanitation, cleanliness and appearance; and supervising employees to ensure that the highest standard of service is provided and to ensure that Licensee's employees deal with customers, suppliers, Licensor, and all other persons in a courteous and polite manner. Licensor shall receive advance written notice of any change in the Operations Manager.

(c) **Compliance with Licensor's Standards.** Licensee shall operate the Center through strict adherence to Licensor's standards, specifications and policies as they now exist, and as they may from time to time be modified. Such standards and policies include, without limitation: (i) specifications related to merchandise, products, services and materials; (ii) hours of operation as set forth in the Manuals; (iii) employee uniform requirements and specifications; and (iv) use of specified emblems and Marks on materials, signs, and other items.

(d) **Training.** It will be solely Licensee's responsibility to ensure that all new employees and current employees are trained to perform their duties in a proper manner at the Center and Licensee shall implement and maintain an employee training program, at Licensee's expense, pursuant to all specifications, standards and procedures prescribed by Licensor. Licensee shall ensure that all employees have all necessary certifications and credentials as required by applicable state laws and licensing regulations, and that all employees must satisfy all requirements as may be specified by applicable laws and regulations. In the event that Licensee is unable to, or fails to, provide the employee training required by this Section, Licensor may train Licensee's employees at Licensor's then-current training rates, and Licensee shall reimburse Licensor for all expenses, including reimbursement for mileage at the then-current IRS reimbursement rate, living and travel expenses incurred by Licensor as a result of such training. Training by Licensor will be at reasonable times and subject to availability of Licensor's representatives. In the event that Licensor provides training to Licensee's employees upon Licensee's request, Licensee hereby releases, indemnifies and holds harmless Licensor and its affiliates, agents and employees from all claims, causes of action, expenses, costs, debts, fees, liabilities and damages of every kind arising out of or related to the training of Licensee's employees as set forth herein.

Licensors will offer Licensee additional training at Licensors's then-current training rate. Licensors reserves the right to change the additional training fee at any time, provided that in no event will the training fee exceed Fifty Dollars (\$50) per hour, per trainer or trainee. Licensee is solely responsible for Licensee's and its employees' expenses during any additional training.

(e) **Compliance with Specifications and Procedures.** Licensee acknowledges that the Manuals are designed to protect Licensors's Marks, brand image, goodwill, and standards and systems, and not to control the day-to-day operation of the business. Licensee shall comply with all rules, regulations, and directives specified by Licensors, as well as all mandatory standards, specifications and procedures contained in the Manuals, as amended from time to time.

(f) **Licensee Control.** Licensee acknowledges that it is responsible for the day-to-day operation of its Center, including hiring, setting the conditions of employment, supervision, discipline and termination of all personnel, purchases and maintenance of equipment and supplies, preparing Licensee's own marketing plans and funding and implementing those marketing plans, maintenance of employment records, and daily maintenance, safety, security and the achievement of compliance with the Manuals. Licensors's ability to approve certain matters, to inspect the Center and its operations and to enforce its rights exists only to the extent necessary to protect its interest in the System and the Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Licensee.

(g) **Employment Matters.** Licensee's employees are not Licensors's agents or employees and Licensors is not a joint employer of these individuals. Licensee is solely responsible for performing all administrative functions at the Center, including payroll and providing workers' compensation insurance. Licensee acknowledges that it is not economically dependent on Licensors, and that Licensors does not provide facilities, equipment, housing or transportation for Licensee's employees or provide to Licensee's employees tools or materials required for Licensee's employees to perform services for Licensee. Licensee shall comply with all employment laws and regulations.

(h) **Employer Acknowledgment.** Licensee shall obtain from each of its employees an acknowledgment signed by such persons providing that such individual understands, acknowledges, and agrees that (i) he or she is an employee of Licensee and not Licensors and (ii) he or she shall look solely to Licensee, and not to Licensors or its affiliates, agents, or employees, for his or her compensation and for all other employment matters.

(i) **Evidence of Relationship.** Licensee shall hold itself out to the public as an independent contractor by, without limitation: (i) clearly identifying itself in all dealings with third parties as an independently owned and operated entity, including on all public records, checks, stationery, contracts, receipts, marketing materials, envelopes, letterhead, business cards, employment applications, and other employment documents, invoices and other communications, electronic or otherwise; and (ii) displaying a sign in the Center so as to be clearly visible to the general public indicating that the Center is independently owned and operated as a Center.

(j) **Manuals.** Licensors will provide Licensee with the Manuals. The Manuals shall at all times remain the sole property of Licensors and shall promptly be returned to Licensors upon the expiration or other termination of this Agreement. Licensors may, from time to time, revise the

contents of the Manuals. To the extent that Licensor shall deem it necessary or appropriate, Licensor will provide Licensee with policy and procedure statements or other written notice of specifications standards and procedures, policies, and other standards and specifications contained in the Manuals, policy and procedure statements and other written notices as issued from time to time by Licensor. Licensee acknowledges and agrees that all information in the Manuals, policy and procedure statements and other notices constitute confidential information and trade secrets, and shall not be disclosed at any time by Licensee. **Licensor shall have the right to modify the policies and procedures of the Manuals at any time, which modifications shall be binding upon Licensee.**

(k) **Licensee Developments.** Licensor shall have the right to use and incorporate into the System any modifications, ideas or improvements, in whole or in part, developed or discovered by Licensee or Licensee's employees or agents, without any liability or obligation to Licensee or the developer thereof.

(l) **Compliance with Laws.** Licensee shall at all times during the Term comply with all laws, ordinances, rules and regulations of all applicable governmental bodies, and pay any and all taxes, assessments, fines and penalties arising out of the operation of the Center, including state and federal unemployment taxes and sales taxes.

(m) **Courtesy, Cooperation, Fair Dealing and Ethical Business Practices.** In all dealings with customers, suppliers, Licensor and others, Licensee will act according to the highest standards of honesty, integrity, fair dealing and ethical conduct. At all times and under all circumstances, Licensee and its employees shall treat all customers and other persons, including Licensor's agents, officers, and employees with the utmost respect and courtesy, and shall fully cooperate with Licensor and its agents, officers, and employees in all aspects of the relationship. Licensee will operate Licensee's business in full compliance with all applicable laws, ordinances and regulations, including all licensing requirements. Licensee will not engage in any illegal discriminatory practices. Licensor makes no representations as to what (if any) licenses, permits, authorizations or otherwise will be required in connection with Licensee's establishment or operation of Licensee's business. Licensee is solely responsible for determining what licenses, permits, authorizations or otherwise are required and to obtain them, all at Licensee's expense. Licensee will refrain from any practice which may injure the goodwill associated with the Marks. Licensee will notify Licensor in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which relates to, or which may affect the operation or financial condition of, Licensee, Licensee's business and/or the Marks.

Licensee agrees to comply with and/or assist Licensor in Licensor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise. Licensee agrees to comply with and assist Licensor in Licensor's compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities, including, without limitation, the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations. In connection with such compliance efforts, Licensee agrees not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Licensee's business as may be required by Licensor or by law. Licensee confirms that Licensee is not listed in the Annex to Executive Order 13224 and agrees not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at

<http://www.treasury.gov>). Licensee is solely responsible for ascertaining what actions must be taken by Licensee to comply with all such laws, orders and/or regulations, and Licensee specifically acknowledges and agrees that Licensee's indemnification responsibilities as provided in Section 19(b) of this Agreement pertain to Licensee's obligations hereunder.

(n) **Business Relations.** Licensee shall at all times operate the Center in a financially sound, prudent and business-like manner and, without limiting the generality of the foregoing, pay all its bills and accounts promptly when due and shall take no action, or omit to take any action, the result of which would be to tend to disrupt, damage or jeopardize Licensee's relationship with suppliers or customers, Licensor's good reputation, or the good reputation of the LITTLE DOODLES PLAY CAFÉ brand. Licensee will not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of Licensee, Licensor, the Center, the Marks, the services and/or products sold at the Center, or which constitutes deceptive or unfair competition or otherwise is in violation of any applicable laws.

(o) **Crisis Situations.** Licensee shall notify Licensor immediately upon the occurrence of any situation that may have a material impact on Licensee, Licensor, the Center, or which could have a deleterious effect on the LITTLE DOODLES PLAY CAFÉ brand, Marks or System (a "Crisis"). Licensee shall follow all of Licensor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by Licensor or as specified in the Manuals, whether or not Licensee has retained outside counsel or a public relations firm to assist with such matters.

A crisis includes, but is not limited to, any event that occurs at or about the Center or in connection with the Center that has or may cause harm or injury to customers or employees. Examples include, but are not limited to, injuries to employees or customers, contagious diseases, foodborne illnesses, natural disasters, terrorist acts, shootings, cyber-attacks, or any other circumstance which may damage the System, Marks, or image or reputation of the Center, the System or Licensor. Licensee will cooperate fully with Licensor with respect to Licensor's response to the Crisis. In the event of the occurrence of a Crisis, Licensor may establish emergency procedures which may require Licensee to temporarily close the Center to the public, in which event Licensor shall not be liable to Licensee for any loss or costs, including consequential damages or lost profits occasioned thereby.

(p) **Change in Marital Status.** If Licensee or one of its owners or guarantors has a change in marital status during the Term of this Agreement, Licensee shall promptly inform Licensor of that change and Licensee agrees that any new spouse will sign Licensor's form guaranty, non-compete, and confidentiality agreements.

(q) **Books and Records; Financial Reporting.**

(i) **Books and Records.** Licensee shall maintain during the term of this Agreement, and shall preserve for at least five (5) years from the dates of their preparation, and shall make available to Licensor at Licensor's request and at Licensee's expense, full, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles. Licensee shall maintain such records at the Premises, unless otherwise authorized by Licensor. Licensee agrees at all times to use the chart of accounts and accounting procedures established from time to time by Licensor.

(ii) **Submission of Performance Reports.** Licensee shall submit to Licensor, for review or auditing, financial statements, including a balance sheet and profit and loss statement prepared on a monthly basis, Gross Revenues reports and performance reports for monthly periods, and such forms, reports, records, information, and data as Licensor may reasonably designate, in the form and at the times and places reasonably required by Licensor, including without limitation, by electronic telecommunications data transmission methods, upon request and as specified from time to time in the Manuals or otherwise in writing. If Licensee prepares and submits to Licensor monthly profit and loss statements, Licensor may require Licensee to have a certified public accountant review such statements on a quarterly basis, the expense of which shall be borne entirely by Licensee, and then submit such quarterly reviews to Licensor. Licensee also shall immediately notify Licensor in writing when one or more liens or judgments are filed against Licensee, the Center and/or any of the personal guarantors (if any) under this Agreement.

(iii) **Submission of Financial Statements and Tax Returns.** Licensee shall submit, within sixty (60) days following the close of business of Licensee's fiscal year, copies of a balance sheet, profit and loss statement and cash flow report prepared and certified by a certified public accountant which cover the previous twelve (12) months of operations of the Center. The statements shall include a statement of income and a balance sheet certified by Licensee as true and correct and shall be furnished within forty-five (45) days after the end of each fiscal year of the Center. The fiscal year of the Center must coincide with the calendar year. Licensee also shall submit, within five (5) days of their filing, its federal and state tax returns for each year during the term of this Agreement; provided, however, that if Licensee is not a corporation or partnership, Licensee may, at its option, submit only those schedules to its personal tax filings which reflect the revenues and expenses of the Center.

(iv) **Audit of Licensee's Records.** Licensor or its designated agents shall have the right at all reasonable times to examine and copy, at Licensor's expense, the books, records, and tax returns of the Center and remove copies thereof from the Center premises. Licensor shall also have the right at any time, at Licensor's expense, to have an independent audit made of the Center books, records and accounts. If any inspection or audit reveals that an underpayment exists, Licensee shall immediately pay to Licensor the amount owing to Licensor, as determined by the inspection or audit. Upon discovery of an understatement of two percent (2%) or more, in addition to prompt payment of the underreported amount, Licensee shall reimburse Licensor for any and all expense connected with such inspections or audits, including but not limited to reasonable accounting and legal fees as well as interest as provided for in Section 3(a)(ii) and (iii) of this Agreement. Such payments shall be without prejudice to any other remedies Licensor may have under this Agreement or otherwise at law. If a discrepancy of less than two percent (2%) is revealed, Licensor will bear the costs of the audit.

(v) **Forms.** Licensee will use only such forms, including, without limitation, those used in and generated by the required software, as are approved by Licensor in the Manuals or otherwise in writing. Licensee will obtain all forms specified by Licensor and/or the required software, at Licensee's expense, from suppliers approved by Licensor. Licensor may maintain and make available to Licensee all or a portion of such forms electronically in addition to, or in lieu of, providing hard copies to Licensee.

(vi) **Accounting Software.** At Licensor's request, Licensee will use the online accounting service or accounting software designated by Licensor, which is currently Quickbooks Online. Licensor has the right to designate a new point-of-sale software type or vendor at any time, in its sole discretion, and Licensee must comply with the change at its sole cost within sixty (60) days of receiving notice of the change from Licensor.

(vii) **Point-of-Sale Software.** Licensee will use the point-of-sale software designated by Licensor, which is currently Square. Licensor has the right to designate a new point-of-sale software type or vendor at any time, in its sole discretion, and Licensee must comply with the change at its sole cost within sixty (60) days of receiving notice of the change from Licensor.

(r) **Inspections.** Licensor and its agents shall be permitted, with or without notice, to enter the Center before and after the Center opens to inspect, photograph, and/or videotape on-going new construction or leasehold improvements, equipment and operations, and the performance of services provided in and around the Center and/or the Premises to ensure compliance with all requirements of this Agreement. Upon written notification from Licensor of a scheduled inspection, Licensee must be present during such inspection. Licensee will cooperate with Licensor's representatives in those inspections by rendering whatever assistance they may reasonably request, including assistance necessary to enable Licensor to contact and interview contractors, vendors and suppliers, as well as Licensee's customers and former customers. Upon reasonable notice from Licensor, and without limiting Licensor's other rights under this Agreement, Licensee will take such steps as may be necessary to correct the deficiencies detected during any such inspection, including without limitation immediately correcting any problems with construction or leasehold improvements, and immediately desisting from the further use of any equipment, advertising materials, products, or materials that do not conform to Licensor's then-current plans and specifications, the Manuals, or other standards or requirements, and to repair or replace anything in the Center that does not so conform. Licensee acknowledges and agrees that any and all inspections by Licensor and all demands made by Licensor to correct deficiencies and conform to Licensor's standards and specifications will not constitute a representation or warranty by Licensor that the Center or its accounting practices comply with applicable laws, codes, ordinances, regulations or governmental standards.

(s) **Computer System and Technology.** Licensee, at its expense, shall purchase or lease and thereafter maintain such computer and point-of-sale hardware and software, software-as-a-service, broadband high-speed internet service, active e-mail account, required dedicated telephone and power lines, modem(s) printer(s), applications, and other computer-related and technological accessories or peripheral equipment as Licensor specifies, for the purpose of, among other functions, recording sales, maintaining customers lists, engaging with, or marketing to, customers, and performing other central functions. Licensor has the right to require Licensee to connect to Licensor's computer system and software. Licensee shall provide such assistance as may be required to connect its computer and point-of-sale system with Licensor's computer system. Licensor shall thereafter have the right from time to time and at any time to retrieve and use for any purpose such data and information from Licensee's computer and point-of-sale system that Licensor, in its sole and exclusive discretion, deems necessary or desirable. In view of the contemplated interconnection of computer and point-of-sale systems, and the necessity that such systems be compatible with each other, Licensee expressly agrees that it will strictly comply with Licensor's standards and specifications for all item(s) associated with Licensee's computer and

point-of-sale systems and other technological requirements. Licensee will secure and maintain separate business telephone lines for telephone and email use at the Center as specified by Licensor in the Manuals or otherwise. Licensee will also secure and maintain high speed Internet connection at the Center as specified by Licensor in the Manuals or otherwise. Licensee will provide continuous telephone answering coverage by an employee whenever the Center is open for business. Licensee will be solely responsible for the payment of all bills which result from the use and/or maintenance of the telephone lines and Internet connections at the Center and the operation of all computer hardware and software associated with the computer and point-of-sale system. The computer system shall meet or exceed the minimum requirements periodically prescribed by Licensor. Such requirements will be updated from time to time as deemed necessary by Licensor in accordance with changing technology and industry standards. Licensee must periodically update, as required by Licensor, all computer systems and technology, solely at Licensee's expense. Licensor shall have the right to access all information related to the operation of the Center from a remote location, without the need for Licensee's consent, at the times and in the manner prescribed by Licensor.

(t) **Credit Card Processing.** Licensee agrees to use such credit card processing services approved by Licensor and to purchase and maintain, at Licensee's expense, any equipment necessary to permit such credit card processing functionality. Notwithstanding the credit card processing requirement, Licensor does not represent, nor does it warrant, to Licensee or Licensee's customers that the credit card processing service approved by Licensor is compliant, whether or not certified as such, with the PCI Data Security Standards.

(u) **Data Protection; Privacy.**

(i) **Data Protection and Security Policies.** Licensee shall comply with, or, as applicable, adopt policies consistent with, the then-current version of Licensor's data protection and security policies as may be described in Licensor's Manuals ("Data Protection and Security Policies"). Such policies may govern how Licensee Data and Personal Information (as defined below) contained in such data shall be collected, protected, disposed of, or destroyed. Licensor has the right, but not the obligation to create such Data Protection and Security Policies. Licensee acknowledges that Licensor may supplement, modify or amend the Data Protection and Security Policies from time to time in its sole discretion, and that Licensee shall comply with such modifications or amendments within thirty (30) days of notice from Licensor. Licensor may require Licensee to institute a data privacy policy for its Center. Licensee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Licensor's prior written consent as to said policy.

(ii) **Privacy Laws.** Licensee warrants and represents and covenants that it shall comply with (i) applicable prevailing industry standards concerning privacy, data protection, confidentiality and information security, including, without limitation, the then-current Payment Card Industry Data Security Standard of the PCI Security Standards Council (the "PCI-DSS"), (ii) those Security and Data Protection Policies mandated by



the Manuals, if any, and (iii) all applicable international, federal, state, and local laws, rules, and regulations, as the same may be amended or supplemented from time to time, pertaining in any way to the privacy, confidentiality, security, management, disclosure, reporting, and any other obligations related to the possession or use of Personal Information (collectively, “Privacy Laws”).

(iii) **Marketing; Consumer Protection.** Licensee warrants and represents not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without first obtaining Licensor’s written consent as to: (a) the content of such e-mail advertisements or solicitations; and (b) Licensee’s plan for transmitting such advertisements. In addition to any other provision of this Agreement, Licensee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”), and to use of automatic dialing systems, SMS text messages, and artificial or prerecorded voice messages, including but not limited to the Telephone Consumer Protection Act of 1991 (“TCPA”). Licensee must comply with the Fair and Accurate Credit Transactions Act (FACTA) and all other consumer protection laws and regulations.

(iv) **Security Breach.** Licensee shall cooperate with Licensor in any audit that Licensor may conduct from time to time of its data storage and management systems and Licensee’s storage of Personal Information. In addition, if Licensee becomes aware of any actual or suspected unauthorized access, processing, loss, use, disclosure, alteration, destruction or other compromise or acquisition of or access to any information, whether such information is collected in paper or electronic form, (i) that can be used to identify, locate or contact an individual, including but not limited to Licensee’s employees and customers (collectively, “Personal Information”); (ii) that is subject to any of the Privacy Laws and/or PCI-DSS; or (iii) that might reasonably expose Licensor to any harm or prejudice of any type or actual or suspected intrusion by an unauthorized third party into Licensee’s or Licensor’s computers, networks, servers, IT resources, or paper files (a “Security Breach”), Licensee shall immediately notify the Licensor’s President via telephone of such matter and shall thereafter cooperate with Licensor to investigate and remedy such matter. Except to the extent required by applicable law, no public disclosure of any instance of such unauthorized access or breach shall be made by Licensee unless Licensor has authorized the provision of notice and the form of such notice in writing. Licensee shall reimburse Licensor for all reasonable Notification and Remediation Related Costs (hereinafter defined) incurred by Licensor arising out of or in connection with any such Security Breach that is directly or indirectly caused by Licensee or its personnel. “Notification and Remediation Related Costs” shall include Licensor’s internal and external costs associated with addressing and responding to the Security Breach, including but not limited to: (i) preparation and mailing or other transmission of legally required notifications to affected individuals, regulators and attorneys general; (ii) preparation and mailing or other transmission of such other communications to customers, agents or others as Licensor deems reasonably appropriate; (iii) establishment of a call center or other communications procedures in response to such Security Breach (e.g., customer service FAQs, talking points and training); (iv) engagement of information technology consultants, public relations and other similar crisis management services; (v) payment of legal and accounting fees and expenses associated with Licensor’s investigation of and response to

the Security Breach; and (vi) payment of costs for commercially reasonable credit reporting services that are associated with legally required notifications or are advisable under the circumstances. Licensee agrees to hold harmless, defend and indemnify Licensor and its officers, directors, agents, and employees from and against any and all losses, expenses, judgments, claims, attorney fees and damages arising out of or in connection with any claim or cause of action in which Licensor shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with a Security Breach or Licensee's or Licensee's officers, directors, agents or employees' violation of any Privacy Law or regulation, consumer protection-related law or regulation, e-mail marketing and other marketing laws and regulations, and the PCI-DSS.

(v) **Inspection.** Licensor, through its employees and/or any agents designated by Licensor from time to time, may at any time during business hours, and without prior notice to Licensee enter upon and inspect the Center premises and examine Licensee's computer hardware, software, databases, business records and other supporting records and documents in order to verify compliance with its Data Protection and Security Policies, and Privacy Laws. Any such inspection shall be made at Licensor's expense, provided that if such inspection is necessitated by Licensee's repeated or continuing failure to comply with the Data Protection and Security Policies, Privacy Laws, this Agreement or the License Agreement, Licensor may charge Licensee for the costs of making such inspection, including without limitation, travel expenses, room and board, and compensation of Licensor's employees and/or agents.

(v) **Secret Shoppers; Toll-Free Number; Etc.** Licensor may, at its sole discretion, institute various programs for verifying customer satisfaction and/or Licensee's compliance with all operational and other aspects of the System, including, without limitation, marketing research surveys, a toll-free number, customer comment cards, secret shoppers, or otherwise. Licensor will share with Licensee the results of such programs as they pertain to Licensee's business and Licensee agrees to reimburse Licensor for all costs associated with any and all such programs, which cost may be drafted by EFT at the sole discretion of Licensor.

(w) **Customer Service.** Licensee must guaranty the satisfaction of customers. Licensee must follow the procedures for customer complaints found in the Manuals. Resolution of customer concerns may involve discounting products or services and other such measures that affect the Gross Revenues of the Licensee.

(x) **Contributions and Donations.** Licensee must not contribute or donate any items, services, or money to any individual or entity, including any religious, political, social, civic, or other type of organization (or to any individual on behalf on any organization) in the name of the Center or the LITTLE DOODLES PLAY CAFÉ brand without Licensor's prior, written authorization, which may be withheld in Licensor's sole discretion.

(y) **Safety.** Licensee knowingly and voluntarily accepts and assumes responsibility for the risks and dangers involved in operating a children's play space and café, and all other risks and dangers that could arise out of the Licensed Business or Licensee's or its owners', agents', employees', invitees', or customers' use of Licensee's play space, food, beverages, or related items. Licensee agrees to hold harmless, defend and indemnify Licensor and its officers, members, directors, agents, and employees from claims arising out of or related to the Licensed Business or

Licensee's or its owners', agents', employees', invitees', or customers' use of Licensee's products, equipment, toys, food, or beverages. Licensee shall require that all customers who visit the Location sign waivers and releases of liability agreements.

## **12. Products and Services.**

(a) **Products and Services.** Licensee agrees that it will use and sell only products and services in the operation of the Center as Licensor shall have specifically designated or approved. Licensor may designate one or more designated suppliers, which may be Licensor or an affiliate, for any services, products, software, hardware, equipment, or supplies used in the operation of the Center, in which event Licensee must purchase every item exclusively from the designated supplier. Licensor or its affiliates may receive payments or other compensation from suppliers on account of the suppliers' dealings with Licensor, Licensee, or other Centers in the System. Licensor may use any amounts that it receives from suppliers for any purpose that Licensor deems appropriate. Products and services other than those required to be obtained from Licensor or a designated supplier may be purchased from any source provided that the particular supplier and products have been approved by Licensor. Licensor may, from time to time, amend the list and this section of approved products and suppliers. If Licensee requests that an alternate supplier or product be considered by Licensor, Licensee shall reimburse Licensor for all costs and expenses Licensor incurs in approving or rejecting the supplier or product. Licensor may, from time to time, amend the list of approved products and suppliers. Licensor may require Licensee to purchase its good or services from local business approved by Licensor. Licensor may also require Licensee to hold certain events and activities, such as birthday parties, in accordance with Licensor's Manuals.

(b) **Pricing.** Licensee shall have the right during the Term to set prices provided that, subject to applicable antitrust laws, such pricing: (1) complies with any minimum or maximum prices set by Licensor; and (2) complies with any prices specified by Licensor; and (3) conforms to any bona fide promotional programs or national or regional accounts programs periodically established by Licensor. Licensee must provide to Licensor a price list containing all of the prices charged for the products supplied by the Center. The price list must be updated and supplied to Licensor every time Licensee alters its prices and, in any event, at least annually. Licensee agrees that it will provide the membership options and types to customers of the Center at the prices Licensor requires, subject to applicable law.

(c) **System Changes.** Licensee acknowledges that the System, the services, and products offered by the Center may be modified (such as, but not limited to, the addition, deletion, and/or modification of operating procedures, products, and services) from time to time by Licensor; and Licensee agrees to comply, at its expense, with all such modifications, including, without limitation, all requirements needed to implement the modifications. Licensee agrees there is no limit to Licensor's ability to modify the System. Licensee may be required to pay additional or increased fees to Licensor, its affiliates, or third-party vendors, as a result of these System changes.

(d) **Technology Changes.** Licensee acknowledges and agrees that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Licensee agrees that Licensor shall have the right to establish, in writing, reasonable new standards for the

implementation of technology in the System; and Licensee agrees that it will abide by those reasonable new standards established by Licensor, at Licensee's sole cost and expense. Licensee may be required to pay additional or increased fees to Licensor, its affiliates, or third-party vendors, as a result of these changes to technology.

(e) **Promotional Requirements.** Licensor has the right to require Licensee to participate in national, regional, and local giveaways and promotions. Licensee may be required to provide free or discounted items or other free or discounted products or services as a result of such giveaways or promotions. Licensor is not required to reimburse Licensee for Licensee's costs and expenses incurred as a result of these giveaways and promotions.

### **13. Transfer; Licensor's Right of First Refusal.**

(a) **Transfers by Licensor.** This Agreement, and any and/or all of Licensor's rights and/or obligations under it, are fully transferable by Licensor in Licensor's sole discretion and will inure to the benefit of any person or entity to whom Licensor transfers it, or to any other legal successor to Licensor's interest in this Agreement. If Licensor transfers this Agreement, or any and/or all of Licensor's rights and/or obligations under it, all past, current and future obligations of Licensor to Licensee will cease and be forever extinguished. Licensor shall be released from all obligations and liabilities arising or accruing in connection with this Agreement after the date of such transfer or assignment, and Licensee's obligations and duties shall be and will remain the same notwithstanding any such assignment. Licensor may be sold and/or Licensor may sell any or all of its assets to a competitive or other entity; or Licensor may participate in an initial, or other, public offering or private placement of Licensor's stock; may merge, acquire other entities and/or assets (competitive or not); may be acquired by a competitive or other entity; and/or may undertake any refinancing, leveraged buy-out and/or other transaction. Licensee waives any and all claims, demands and/or damages with respect to any transaction or otherwise allowed under this section or otherwise.

(b) **Transfers by Licensee.** The rights and interest of Licensee under this Agreement are and shall remain personal to Licensee. Licensee recognizes that Licensor has granted the License in reliance on the business, financial capacity, personal skill, qualifications and representations of the owners of Licensee (the "Owner(s)") and in reliance upon Section 13, 14, 15 and 23 of this Agreement and the Owners' agreement to be bound thereby. Therefore, neither Licensee's interest, rights or privileges in the Agreement, the License or the Center, nor the Owners' interest in Licensee or the Owner(s), in whole or in part, voluntarily or involuntarily, by operation of law or otherwise, in any manner, except as provided in this Section 13. Notwithstanding the foregoing, an Owner may transfer all or a portion of his interest in Licensee to another Owner or to Licensee (such person or entity being referred to as a "Permitted Transferee") and such transfer shall not be subject to the restrictions of this Section 13, including but not limited to the transfer fee set forth herein; provided, however, Licensee shall promptly notify Licensor of any such transfer. For purposes of this Agreement, the term "transfer" shall mean any issuance, sale, assignment, gift, pledge, mortgage or any other encumbrance (other than a lien against Licensee's assets to secure a loan for the construction, remodeling, equipping or operation of the Center), transfer by bankruptcy, transfer by judicial order, merger, consolidation share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary.

(c) **Licensor's Right of First Refusal.** If Licensee or an Owner proposes to Transfer this Agreement or its interest herein or in the Center, in whole or in part, Licensee must first deliver a statement to Licensor offering to sell to Licensor the Licensee's or Owner's interest in this Agreement and the land, building, equipment, furniture and fixtures and any other assets or leasehold interests used in the operation of the business. If the proposed Transfer involves an offer from a third party, then Licensee must obtain from the third-party offeror and deliver to Licensor a statement, in writing, signed by the offeror and by Licensee, of the binding terms of the offer. If the Transfer does not involve an offer from a third party, then the purchase price for Licensor's purchase of assets described above will be the fair market value of the assets but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Marks and the System. If Licensee disagrees with the value of the Center as determined by Licensor, then Licensee and Licensor shall each hire an appraiser (or a single appraiser, if they so agree) to value the assets. If the appraisals are within twenty percent (20%) of each other, then the difference between the two shall be equally divided to establish the price at which Licensor may exercise its first right and option. If the difference between the appraisals is greater than twenty percent (20%), then the issue of the fair market value of such consideration shall be determined by a third appraiser selected by the other two appraisers and whose decisions shall be final, except that it may not be lower or higher than the lowest appraisal and highest appraisal, respectively, determined by the first two appraisers. Licensor and Licensee will each pay one-half of the appraiser's fees and expenses. Licensor then has forty-five (45) days from its receipt of the statement setting forth the third-party offer or the appraiser's report, as applicable (and all other information requested by Licensor) to accept the offer by delivering written notice of acceptance to Licensee. Licensor will have an additional forty-five (45) days to complete the purchase if Licensor elects to exercise its right of first refusal. Licensor's acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to Licensor; provided, however (and regardless of whether the following are inconsistent with the price and terms set forth in the statement) (1) Licensor has the right to substitute equivalent cash for any noncash consideration included in the offer, (2) Licensor will prepare the transaction documents for the Transfer, which will be on terms customary for this type of transaction (including representations and warranties, covenants, conditions, and indemnification), and (3) Licensor's purchase may be limited to any assets related to the business. If Licensor decides not to exercise its right of refusal, Licensor shall have the right to approve or disapprove the proposed transfer; provided, however, Licensor's consent shall not be unreasonably withheld as provided in Section 13(d). If Licensor approves the transfer in writing, Licensee (or Owner, as applicable) may make the proposed transfer on the exact terms and conditions specified in Licensee's notice to Licensor within sixty (60) days after the expiration of Licensor's right of first refusal. If the transfer is not consummated within such 60-day period, Licensee may not thereafter transfer such interest without again complying with this Section 13.

(d) **Conditions on Transfer.** Provided Licensor chooses not to exercise its right of first refusal, Licensor agrees that it will not unreasonably withhold its consent to a proposed transfer if all the following conditions are satisfied:

(i) Licensor shall have decided not to exercise its right of first refusal as provided in Section 13(c).

(ii) Licensee is in full compliance with this Agreement and there are no uncured defaults by Licensee hereunder, and all debts and financial obligations of Licensee under

this Agreement are current, including Licensee's obligations to pay Brand Fees and to pay all vendors, including but not limited to, Licensor and any affiliate.

**(iii)** The proposed transferee executes such documents as Licensor may reasonably require to evidence that it has assumed the obligations of Licensee under this Agreement, including, but not limited to, the then-current version of the License Agreement or License Agreement, and if required by Licensor, the proposed transferee executes, and in appropriate circumstances, causes such other parties as Licensor may require to execute, Licensor's then-current ancillary agreements to Licensor's form Franchise or License Agreement, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement. The License Agreement between Licensor and Licensee will terminate once an approved transfer is completed;

**(iv)** Licensee and all of the personal guarantors of this Agreement, if any, execute a general release, in a form prescribed by Licensor, releasing Licensor and its affiliates, predecessors, successors and assigns, and their respective members, managers, officers, directors, owners and employees, in their corporate and individual capacities, from any and all claims, causes of action, demands, debts, liabilities, obligations, fees, costs and expenses, including without limitation, claims and causes of action arising under federal, state and local laws, rules, regulations and ordinances, arising prior to and including the date the Transfer becomes effective.

**(v)** Prior to the date of the proposed transfer, the proposed transferee's principal operator and managers undertake and complete, to the satisfaction of Licensor, such training and instruction as Licensor shall deem necessary;

**(vi)** Licensor is satisfied that the proposed transferee, and if the proposed transferee is an entity, all owners of any interest in such entity, meets all of the requirement for Licensor's new licensees or (if applicable) franchisees as of the date Licensor receives notice of the proposed transfer and including, but not limited to, good reputation and character, business experience, Center management experience, and financial strength and liquidity;

**(vii)** The Owner transferring an interest in Licensee acknowledges and agrees in writing that it will remain bound by Sections 14, 15 and 23 of this Agreement;

**(viii)** Licensee or the Owner, as applicable, pays to Licensor a transfer fee equal to Six Thousand Dollars (\$6,000).

**(ix)** The proposed transferee, and all owners of any interest in a transferee that is an entity, provide Licensor, at least forty-five (45) days prior to the proposed transfer date, with copies of financial statements for the preceding three years, and where applicable, its certificate of incorporation and bylaws (and any amendments or modifications thereof), minutes and resolutions and all other documents, records and information pertaining to the transferee's existence and ownership;

(x) Within the time specified by Licensor, Licensee, at its expense, shall refurbish the Center, as necessary, to conform the Center to Licensor's then-current standards and specifications, including, without limitation, specifications regarding, size, color, trade dress, presentation of the Marks, fixtures, flooring, carpeting, and installed equipment;

(xi) If Licensee consists of one or more individual(s), Licensee may Transfer its interest under this Agreement to a corporation, limited liability company or other legal entity so long as: (1) the legal entity is owned entirely by all of the original individual Licensees or personal guarantors hereof; (2) each and all of the obligations of Licensee and the new legal entity are personally guaranteed by the original individual Licensees or personal guarantors hereof; (3) Licensor receives prior written notice of the Transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Licensee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Licensor pursuant to which the new legal entity assumes and agrees to discharge all of Licensee's obligations under this Agreement; and

(xii) Licensor's consent to a Transfer of any interest in Licensee or the Center granted through this Agreement will not constitute a waiver of any claims it may have against the transferring party, nor will it be deemed a waiver of Licensor's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(e) **Transfer of License.** Licensee may not transfer its rights and interest in this Agreement and/or the License without the prior written consent of Licensor, which consent may be granted or denied in the reasonable discretion of Licensor. In the event Licensor approves a transfer pursuant to this Section 13(e), the following requirements shall be met prior to the approved transfer:

(i) The proposed transferee shall execute such documents as Licensor may reasonably require to evidence that the transferee has assumed the obligations Licensee under this Agreement, and any then-current ancillary agreements, which documents may be substantially different than those executed contemporaneously with the execution of this Agreement;

(ii) Licensee acknowledges and agrees in writing that it is bound by Sections 14, 15 and 23 of this Agreement; and

(iii) Licensee pays a transfer fee equal to Six Thousand Dollars (\$6,000).

(f) **Ownership and Structural Changes.** Except for transfers between Permitted Transferees, any ownership or structural changes in Licensee including but not limited to, any merger, reorganization, issuance of additional shares or classes of stock or additional partnership interests, shall constitute and be deemed a transfer and shall be subject to the provisions of Section 13(d). If Licensee consists of one or more individual(s), Licensee may transfer its interest under this Agreement to a corporation, limited liability company or other legal entity so long as: (1) the legal entity is owned entirely by all of the original individual Licensees or personal guarantors hereof; (2) each and all of the obligations of Licensee and the new legal entity are personally guaranteed by the original individual Licensees or personal guarantors hereof;

(3) Licensor receives prior written notice of the Transfer along with a complete set of the new legal entity's filed, date stamped formation documents; and (4) Licensee and the new legal entity enter into a written assignment and assumption agreement in a form prescribed by Licensor pursuant to which the new legal entity assumes and agrees to discharge all of Licensee's obligations under this Agreement.

(g) **Death/Incapacity/Dissolution.** Licensor shall have the right to determine, in its reasonable business judgment, the mental or physical incapacity of Licensee or of any individual holding an interest in Licensee. In the event of such a determination of mental or physical incapacity, the holder of such interest or any duly appointed guardian must promptly decide whether to retain the interest in the Center and, if necessary, select a qualified manager to direct its operation. The persons with such interest or such guardian may then apply to Licensor for the right to retain that interest for the duration of the Term and any renewals of this Agreement. Likewise, if Licensee is a corporation, partnership or other entity, upon the death or incapacity, determined at Licensor's sole discretion, of an Owner or dissolution of Licensee, the executor, administrator, conservator, trustee or other representative of such person or entity shall comply with the right of first refusal and consent provision set forth in Section 13; provided that if the transferee is a Permitted Transferee, Licensor's right of first refusal and right to consent shall not apply and no transfer fee shall be payable. Further, if the transferee is required to be approved and is approved, and the transfer involves less than twenty-five percent (25%) of the ownership of Licensee, no transfer fee shall be payable. If a Licensee is one or more individual and any such person dies or becomes permanently incapacitated, and if the law of the jurisdiction where the Center is located so provides, nothing contained in this Section 13(g) shall deny the spouse, heirs or personal representative of such a Licensee the opportunity to participate in the ownership of the Center for a reasonable time after the death or incapacity of Licensee, provided that the spouse, heirs or personal representative execute an acknowledgement that this Agreement is valid and in effect. If the transfer fails to occur within nine (9) months of the date of death, incapacity, or dissolution, then the license to operate the Center shall terminate.

If upon the death, dissolution, or incapacity of the Licensee or any person holding an interest in Licensee, Licensor must operate the Center for any period of time, Licensee, or any person duly appointed to hold the interest, will pay to Licensor an additional fee of twenty percent (20%) of Gross Revenues plus any expenses Licensor incurs in managing the Center ("Management Fee"). The Licensee shall pay the Management Fee for as long as the Licensor is operating the Center. The Management Fee is due monthly and is based on the Center's monthly Gross Revenues.

#### **14. Covenants Against Unfair Competition.**

(a) **Licensee's Non-Compete and Non-Solicit – During Term.** Licensee acknowledges it will receive valuable, specialized training and Confidential Information (as defined in Section 14(e)) regarding the production, operational, sales, promotional, and marketing methods involved in creating and operating a creative space and café for play, art, birthday parties, and other fun events for children, which methods Licensor has developed through monetary and other resource expenditures that provide competitive advantages to Licensor's System. During the



Term, Licensee and its Owners will not, without Licensor's prior written consent, for themselves, or through, on behalf of, or in conjunction with any other person or entity:

(i) own, manage engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, salesperson or consultant for, any Competitive Business (as defined in Section 14(c));

(ii) solicit, divert or attempt to solicit or divert any business or customer to any Competitive Business, by direct or indirect inducement or otherwise;

(iii) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

(iv) use any vendor relationship established through Licensee's association with Licensor for any purpose other than to purchase supplies, products, equipment, merchandise, or services for use or retail sale in the Center.

(b) **Licensee's Non-Compete – Post-Term.** In partial consideration for Licensor allowing Licensee to license Licensor's Marks and Confidential Information, Licensee and each of the Licensee's Owners covenant and agree that for a period of two (2) years after the termination, expiration, or non-renewal of this Agreement, regardless of the reason for such termination, expiration, or non-renewal ("Restrictive Period"), Licensee and its Owners shall not, within the Restrictive Territory (as defined in Section 14(d) below):

(i) Engage in any Competitive Business as Licensee or licensee; or

(ii) Engage in any Competitive Business as an employee, owner, manager, or independent contractor in any capacity which directly competes with the work performed while a Licensee within one (1) year preceding the termination, expiration, or non-renewal of this Agreement; or

(iii) License or franchise any Competitive Business;

(iv) Engage in any Competitive Business as an employee, owner, manager, or independent contractor in any capacity in which Licensee or its Owners would be in a position to use or disclose Confidential Information of Licensor; or

(v) Become interested in any such Competitive Business as an individual, partner, shareholder, member, director, officer, principal, agent, employee, lender, consultant, spouse, or in any other relationship or capacity; provided, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 14(b) so long as Licensee does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation. To the extent required by applicable laws, the duration or the geographic areas included within the foregoing covenants, or both shall be deemed amended in accordance with Section 23(e); or

(vi) Serve, solicit, divert, or attempt to solicit or divert to any Competitive Business any business or customer located within the Restrictive Territory with whom

Licensors or any of its affiliates or other licensees or franchise owners had any business relationship as of the termination, expiration, or non-renewal of this Agreement or within one (1) year preceding the termination, expiration, or non-renewal of this Agreement.

(c) **Competitive Business.** For purposes of this Section 14, the term “Competitive Business” means the following:

(i) any business that receives Twenty-Five Percent (25%) or more of its gross revenue from the sale of childcare, day camp services, and birthday parties; or

(ii) any business that primarily provides children’s entertainment in an indoor venue; or

(iii) any business that offers and sells packages for children’s birthday parties.

(d) **Restrictive Territory.** For purposes of this Section 14, the term “Restrictive Territory” means the following:

(i) An area which is within a 10-mile radius of:

(A) The Location of the Center as of the date of termination, expiration, or non-renewal of this Agreement, or

(B) The location of any other LITTLE DOODLES PLAY CAFÉ location owned by Licensor or its affiliates or licensees at the time of termination.

(e) **Reasonableness.** The above post-termination covenant not to participate in a similar Competitive Business shall apply regardless of how the Agreement terminates, expires, or does not renew. The parties agree that the foregoing covenants contained in this Section 14 contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Licensor’s goodwill or Licensor’s other business interest, and the provisions do not prevent Licensee or its Owners from earning a living. Licensee agrees that the scope of activities prohibited in this Section 14, and the length of the term and geographical restrictions in this Section 14, are necessary to protect the legitimate business interests and are fair and reasonable and are not the result of overreaching, duress, or coercion of any kind. Licensee’s full, uninhibited, and faithful observance of each of the covenants in this Section 14 will not cause any undue hardship, financial or otherwise. Enforcement of each of the covenants in this Section 14 will not impair Licensee’s or its Owners’ ability to obtain employment commensurate with Licensee’s or its Owners’ abilities or on terms fully acceptable to Licensee or otherwise to obtain income required for the comfortable support of Licensee and its Owners and their families, and the satisfaction of the needs of all of Licensee’s and its Owners’ creditors. Licensee’s and its Owners’ special knowledge of children’s play spaces and day camps (and anyone acquiring this knowledge through Licensee or its Owners) is such as it would cause Licensor serious injury and loss if Licensee or its Owners (or anyone acquiring this knowledge through Licensee or its Owners) were to use this knowledge to the benefit of a competitor or were to compete with Licensor. The covenants in this Section 14 are to be construed as independent of any other covenant or provision of this Agreement. The existence of any claim Licensee or any of its Owners may have against Licensor or any of its affiliates (regardless of whether arising under this Agreement) is not a defense to the enforcement of these covenants against Licensee or its

Owners. In the event of any violation of the provisions of this Section 14, the Restrictive Period shall be extended by a period of time equal to the period of the violation. Licensee and Licensor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

(f) **Managerial and Supervisory Employees.** Licensee covenants that it shall cause all persons who are involved in managerial or supervisory positions with Licensee to enter into an agreement to be bound by provisions substantially similar to Sections 14 and 15 of this Agreement. Licensee agrees to provide Licensor with copies of such executed agreement upon request. If Licensee has reason to believe that any person has violated any such provisions of this Agreement, Licensee shall promptly notify Licensor and cooperate with Licensor to protect Licensor against unfair competition, infringement, or other unlawful use of the Marks, trade secrets, or System of Licensor. Licensee further grants Licensor the right, but not the obligation, to prosecute any such lawsuits at Licensor's expense in the name of Licensee.

**15. Trade Secrets and Confidential Information.** Licensee understands and agrees that Licensor has disclosed or will hereafter disclose to Licensee certain confidential or proprietary information and trade secrets. Except as necessary in connection with the operation of the Center and as approved by Licensor, Licensee shall not, during the Term or at any time after the expiration or termination of this Agreement, regardless of the cause of termination, directly or indirectly, use for its own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any Confidential Information. "Confidential Information" means all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the Center not generally known to the public and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Center, including, without limitation, all databases (whether in print, electronic or other form), designs, all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail software, lists, manuals, promotional and marketing materials, marketing strategies and any other data and information that the Licensor or its affiliates designate as confidential including all information contained in the Manuals, which may be provided as one or more separate manuals, written instructional guides, electronic files, or other communications from the Licensor or its affiliates, which may be changed or supplemented from time to time. Licensee shall disclose to its employees only such Confidential Information as is necessary to operate its business hereunder and then only while this Agreement is in effect. Any and all information, knowledge, or know-how, including without limitation, designs, drawings, materials, equipment, marketing, and other data which Licensor designates as secret or confidential shall be deemed secret and confidential for purposes of this Agreement. Licensee and all guarantors of this Agreement will divulge Confidential Information only to personnel, if any, who must have access to it in order to operate the Center. Further, Licensee will require all personnel having access to any Confidential Information from Licensor to execute an agreement, requiring them to maintain the confidentiality of information they receive in connection with their employment at the LITTLE DOODLES PLAY CAFÉ Center. Those agreements will be in a form satisfactory to Licensor, including without limitation, specific identification of Licensor as a third-party beneficiary of such agreements, with Licensor having an independent right to enforce them.

**16. Insurance.** Licensee shall at all times during the term of this Agreement maintain in force and pay the premiums for all types of insurance the Licensor requires, as Licensor will set forth in its Manuals. From time to time in its sole discretion, Licensor can increase or modify such limits of liability or require additional types of coverage, and Licensee must increase or modify its

insurance within thirty (30) days of receiving notice thereof from Licensor. Said policies of insurance shall name Licensor as an “additional insured” and shall expressly protect both Licensee and Licensor and shall require the insurer to defend both Licensee and Licensor in any action while reserving Licensor’s right to involve counsel of its own choosing in protection of its own and system wide interests. Additionally, Licensee’s insurance policy must waive on behalf of its insurer any right of subrogation by the insurance company against Licensor, its officers, owners, and employees. Licensee shall furnish to Licensor a certified copy or certificate of insurance for each such policy, naming Licensor as an additional insured and providing that such policies shall not be canceled, amended or modified without ten (10) days prior written notice thereof to Licensor. By doing the above Licensee will satisfy Licensor’s insurance mandate. Licensee understands that doing so does not necessarily furnish Licensee with protection levels adequate to its needs and that its obligation to indemnify Licensor as set forth above in this Agreement may exceed the amount of insurance Licensee is required to obtain or does obtain. Licensor, or its insurer, shall have the right to participate in discussions with Licensee’s insurance company or any claimant (in conjunction with Licensee’s insurance company) regarding any claim of liability, and Licensee agrees to adopt Licensor’s reasonable recommendations to its insurance carrier regarding the settlement of any such claims. Should Licensee for any reason fail to procure or maintain the insurance required by this Agreement, Licensor will have the right and authority to immediately procure such insurance deemed to be necessary and to charge the amount of the cost to procure and maintain such insurance to Licensee, along with a reasonable fee for Licensor’s expenses in procuring the insurance. Licensor is authorized to collect from Licensee all insurance related expenses paid on behalf of Licensee through automatic electronic bank transfers as provided for in Section 3 of this Agreement.

**17. Termination.**

(a) **Automatic Termination.** Licensee shall be in default under this Agreement, and this Agreement and all rights granted to Licensee herein shall automatically terminate without notice to Licensee in the event that (i) Licensee makes a general assignment for the benefit of creditors or a petition in bankruptcy is filed by Licensee; (ii) a petition in bankruptcy is filed against and not opposed by Licensee; (iii) Licensee is adjudicated as bankrupt or insolvent; (iv) a bill in equity or other proceeding is filed for the appointment of a receiver or other custodian for Licensee’s business or assets if filed and consented to by Licensee; (v) a receiver or other custodian (permanent or temporary) of Licensee’s assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) proceeding for a composition with creditors under any state or federal law should be instituted by or against Licensee; (vii) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or supersedeas bond is filed); (viii) Licensee is dissolved; (ix) any portion of Licensee’s interest in the Center becomes subject to an attachment, garnishments, levy or seizure by any creditor or any other person claiming against or in the rights of Licensee; (x) execution is levied against Licensee’s business or property; or (xi) the real or personal property of Licensee’s Center shall be sold after levy thereupon by any sheriff, marshal, or constable.

(b) **Termination without Opportunity to Cure.** Licensee shall be in default and Licensor may, at its option, terminate this Agreement and all rights granted herein, without affording Licensee any opportunity to cure the default, effective upon the earlier of receipt of notice of termination by Licensee, or five (5) days after mailing of such notice by Licensor, upon the occurrence of any of the following events:

**(i)** Licensee at any time ceases to operate or otherwise abandons the Center or forfeits the right to do or transact business in the jurisdiction where the Center is located or loses the right to possession of the Premises for a period of three (3) days; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Licensee the Premises are damaged or destroyed, then Licensee shall have forty-five (45) days after either such event in which to apply for Licensor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld), provided, Licensee shall either relocate or commence and diligently pursue reconstruction of the Center within sixty (60) days after the event;

**(ii)** Except as otherwise permitted in this Agreement, any Owner of more than five percent (5%) interest in Licensee transfers all or part of such interest or Licensee transfers any interest in the Center, a material portion of the assets of the Center or Licensee;

**(iii)** Licensee or any person or entity owning more than fifty percent (50%) of Licensee is proven to have engaged in fraudulent conduct, or is convicted of, or pleads guilty or no contest to, a felony or a crime involving moral turpitude, or any other crime or offense that is reasonably likely to have an adverse effect on the LITTLE DOODLES PLAY CAFÉ brand, the Marks or the goodwill associated therewith; provided, that if the act or conviction involves an Owner of Licensee, Licensor will not terminate this Agreement if Licensee notifies Licensor promptly after it learns of the event constituting the default, and within fifteen (15) days of the date of the notice, either (a) the person or entity that committed the wrongful act divests his or its entire interest in Licensee, or (b) Licensee obtains Licensor's consent for such Owner to maintain its ownership interest;

**(iv)** An approved transfer is not effected within six (6) months of the death or incapacity of any individual Licensee; or the death, incapacity or dissolution of any Owner of an interest in Licensee;

**(v)** Twice within a twelve (12) month period or three (3) times within a three (3) year period, Licensee is given notice of being in default under any of the terms or requirements of this Agreement, whether or not such defaults are timely cured after notice;

**(vi)** Licensee fails to comply with any of the non-compete or confidentiality covenants of Licensee set forth in this Agreement, or makes any material misrepresentation to Licensor or breaches any warranty of representation made to Licensor, whether in this Agreement or otherwise;

**(vii)** Licensee knowingly or intentionally maintains false books or records or submits any false records, statement or report to Licensor; or

**(viii)** Licensee, by act or omission, materially impairs the value of, or the goodwill associated with any of the Marks or the System.

**(ix)** Licensee takes, withholds, misdirects, or appropriates for Licensee's own use any funds from Licensee's employees' wages for employees' taxes, FICA, insurance

or benefits, or generally fails to deal fairly and honestly with Licensee's employees or customers.

(x) Licensee loses or is denied any federal, state or local license that Licensee must possess in order to operate the Center.

(c) **Termination with Opportunity to Cure.** Except for those defaults provided for under Sections 17(a) or 17(b), Licensee shall be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in any Manuals, policy and procedure statement or other written document provided by Licensor, or to carry out the terms of this Agreement in good faith. For such defaults, Licensor will provide Licensee with written notice and fifteen (15) days to cure or, if a default cannot reasonably be cured within fifteen (15) days, to initiate within that time substantial and continuing action to cure such default and to provide Licensor with evidence of such actions. If the defaults specified in such notice are not cured within the fifteen (15) day period, Licensor may, at its option, terminate this Agreement upon written notice to Licensee. Such defaults shall include, without limitation, the occurrence of any of the following events:

(i) Licensee fails to construct or remodel or to commence operating the Center in accordance with this Agreement;

(ii) Licensee fails, refuses, or neglects to promptly pay any monies owing to Licensor or its affiliates when due or to submit the financial or other information required under this Agreement;

(iii) Any person or entity owning five percent (5%) or more of Licensee makes a transfer of such interest in violation of this Agreement; provided, however, that Licensee's right to cure such a default shall be conditioned upon Licensee immediately notifying Licensor of the improper transfer and taking all actions necessary to either (a) obtain Licensor's approval thereof, or (b) if approval is not desired or the transfer or transferee is not approved by Licensor, to re-acquire the interest so transferred;

(iv) A threat or danger to public health or safety results from the construction, maintenance, or operation of the Center;

(v) Licensee or any of its Owners or employees misuses or makes any unauthorized use of the System or the Marks;

(vi) Licensee is convicted of or pleads guilty or nolo contendere to a felony, a crime involving moral turpitude, or any other crime or offense that Licensor believes is injurious to the Marks or the goodwill associated therewith, or if Licensor has proof Licensee has committed such a felony, crime or offense; including, but not limited to, abuse, use of employees who do not meet Licensor's then-current standards and training requirements, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at Licensee's business;

(vii) Licensee is found liable by any judicial, administrative, or arbitral body for violation of federal, state, or local laws barring discrimination on the basis of race, sex, national origin, age or sexual orientation, or is found liable for any common law civil claim

the facts of which are grounded in allegations of discrimination on the basis of race, sex, national origin, age, or sexual orientation;

(viii) Licensee maintains false books or records, or knowingly submits any false reports to Licensor;

(ix) Licensee submits to Licensor on two (2) or more separate occasions at any time during the Term or any renewal hereof, any reports or other data, information or supporting records which understate the Gross Revenues of the Center, the Royalties and/or any other sums owed to Licensor for any period of, or periods aggregating, three (3) or more weeks, and Licensee is unable to demonstrate that such understatements resulted from inadvertent error;

(x) Licensee, after curing a default pursuant to this Section 17 of this Agreement, commits the same act of default again within six (6) months; or

(xi) Licensee fails to maintain a good credit rating by failing to make prompt payment of undisputed bills, invoices or statements from suppliers of products and services;

Licensee hereby authorizes Licensor to notify any lender, creditor, customer or landlord of Licensee or the Center upon the occurrence of any default under this Section, or any event or circumstances which the giving or notice or passage of time or both would constitute an event of default under this Section, and to otherwise communicate with such lenders, creditors, customers or landlords with respect to any such default, or any such event or circumstance.

(d) **Relief in Equity.** Licensee agrees that neither termination of this Agreement nor an action at law, nor both, would be an adequate remedy for a breach or default by Licensee, or by any other persons bound by this Agreement, in the performance of any obligation relating to Licensor's Marks or indicia, the trade secrets revealed to Licensee in confidence pursuant to this Agreement or the obligations of Licensee and such other persons upon and after termination of this Agreement. The parties therefore agree that in the event of any such breach or default, in addition to all other remedies provided elsewhere in this Agreement or by law, Licensor shall be entitled to relief in equity from a judge or arbitrator, at its option (including a temporary restraining order, temporary or preliminary injunction and permanent mandatory or prohibitory injunction) to restrain the continuation of any such breach or default or to compel compliance with such provisions of this Agreement.

(e) **Termination by Licensee.** If Licensor fails to perform any material obligation imposed upon it by this Agreement, and such failure is not cured within ninety (90) days after Licensee delivers written notice of such failure to Licensor, then, provided Licensee is otherwise compliant with Licensee's obligation under this Agreement and any other agreement with Licensor, Licensee may terminate this Agreement at any time thereafter by delivering thirty (30) days' written termination notice to Licensor.

(f) **Limitation of Services or Benefits.** Licensor shall have the right, but not the obligation, to temporarily or permanently limit or remove certain services or benefits provided or

required to be provided to Licensee hereunder in lieu of exercising its right to terminate this Agreement pursuant to the terms hereof, including, without limitation, eliminating Licensee's right to use Licensor's website free of charge, restricting or removing Licensee's right to purchase products directly or indirectly from Licensor or its affiliates, limiting Licensor's advertising and promotional assistance, and restricting or removing Licensee's right to use any Computer Systems which are provided by or are proprietary to Licensor or its affiliate. Nothing in this Section constitutes a waiver of any other right or remedy of Licensor under this Agreement. Licensee acknowledges that Licensor's exercise of its rights pursuant to this Section shall not be deemed a constructive termination. Any services or benefits removed or limited pursuant to this Section may be reinstated at any time in Licensor's sole discretion.

(g) **Cross-Defaults.** Any default by Licensee under this Agreement shall be a default under any other agreement between Licensor (or any affiliate of Licensor) and Licensee (or any owner or affiliate of Licensee). Any such default under any other agreement or any other obligation between Licensor (or any affiliate of Licensor) and Licensee (or any owner or affiliate of Licensee) shall be a default under this Agreement. Any default by Licensee (or any owner or affiliate of Licensee) under any lease, sublease, loan agreement, or security interest may be regarded as a default under this Agreement, regardless of whether or not any such agreements are between Licensee (or any owner or affiliate of Licensee) and Licensor (or any affiliate of Licensor).

(h) **Extended Cure Period.** Notwithstanding anything to the contrary in this Agreement, Licensor reserves the right to grant to Licensee in Licensor's sole discretion an extended cure period for any breach. Licensee acknowledges that Licensor's decision to grant such an extended cure period shall not operate as a waiver of any of Licensor's rights and that Licensor can choose to condition such an extension upon the signing of a general release by Licensee and its Owners and guarantors.

(i) **Noncompliance.** Without waiving Licensor's rights that Licensor may have, and in Licensor's sole discretion, Licensor may elect not to terminate Licensee's License Agreement as a result of a default. In the event a default occurs, Licensor may elect to give written notification (a "Notice of Noncompliance") to Licensee that its Center is not in compliance with the terms and conditions of this Agreement. Such Notice of Noncompliance shall state a period for Licensee to cure the noncompliance, which shall be a period not less than thirty (30) days. For a period of six months from and after the date of such Notice of Noncompliance, Licensee shall reimburse Licensor for reasonable costs that Licensor incurs with respect to the Center, including, without limitation, the costs of any audit or inspection of the Center in excess of Licensor's normal audit program, any mystery shopping for the Center during such six (6) month period in excess of Licensor's normal mystery shopping program, additional training that Licensor determines is required to bring the Center up to Licensor's standards, and any personnel costs incurred by Licensor at the Center to ensure the proper management and operation of the Center. Nothing in this section shall limit Licensor's termination rights as otherwise set forth in this Agreement, which Licensor reserves the right to exercise at any time.

(j) **Step-In Rights.** In addition to Licensor's right to terminate this Agreement, and not in lieu of such right, or any other rights Licensor may have against Licensee, upon a failure to meet any of the requirements of this Agreement or upon a failure to cure any default within the



applicable time period (if any), Licensor has the right, but not the obligation, to enter upon Licensee's business premises and exercise complete authority with respect to the operation of Licensee's Center until such time as Licensor determines that the default has been cured, and Licensee is otherwise in compliance with this Agreement. In the event Licensor exercises the rights described in this Section, Licensee must reimburse Licensor for all reasonable costs and overhead, if any, incurred in connection with its operation of the Center including, without limitation, costs of personnel for supervising and staffing the Center and their travel and lodging accommodations, plus Licensor's then-current management fee. If Licensor undertakes to operate the Center pursuant to this Section 17(j), Licensee agrees to indemnify and hold Licensor (and Licensor's representative(s) and employees) harmless from and against any fines, claims, suits, or proceedings which may arise out of Licensor's operation of the Center.

**18. Obligations upon Termination or Expiration.** Upon termination or expiration of this Agreement, all rights granted hereunder to Licensee shall terminate and revert to Licensor, and Licensee shall have the following obligations with respect to the Center licensed under this Agreement:

(a) Licensee shall immediately cease to operate the business licensed under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a LITTLE DOODLES PLAY CAFÉ Licensee with respect to such business;

(b) Licensee shall immediately and permanently cease to use, in any manner whatsoever, all trade secrets, Confidential Information, methods, procedures and techniques used by or associated with the System, and the Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the LITTLE DOODLES PLAY CAFÉ brand or System;

(c) Licensee shall immediately return to Licensor any property held or used by Licensee which is owned by Licensor, including the Customer Lists, and shall cease to use, and either destroy or convey to Licensor, all signs, advertising materials, displays, stationery, forms, and any other materials that bear or display the Marks. Licensee shall deliver to Licensor all login credentials associated with any directory, marketing, website, point-of-sale, social media, and all other accounts and systems affiliated with the Center.

(d) Licensee shall take such actions as may be necessary to cancel any assumed name or similar registration which contains the Marks of Licensor, and Licensee shall furnish Licensor with evidence satisfactory to Licensor of compliance with its obligation within thirty (30) days after termination or expiration of this Agreement;

(e) Licensee shall promptly pay all sums owed to Licensor. Such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Licensor as a result of the default and the termination. Any outstanding obligations to Licensor shall give rise to and remain, until paid in full, a lien in favor of Licensor against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by Licensee located on the Premises on the date this Agreement is terminated;

(f) Licensee shall pay to Licensor all damages, costs and expenses including reasonable attorneys' fees, incurred by Licensor subsequent to the termination or expiration of this

Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement;

**(g)** Licensee shall immediately deliver to Licensor all manuals, policy and procedure statements, instructions, and other materials related to operating the Center, including, without limitation, brochures, marketing materials, and any other materials provided by Licensor and all copies thereof, and shall neither retain nor convey to another any copy or record of any of the foregoing;

**(h)** Licensor shall have the option, to be exercised within thirty (30) days of termination or expiration of this Agreement, to assume Licensee's assumed name or equivalent registration and business licenses, telephone numbers, telephone directory listings and advertisements (whether in print or part of an Internet directory), and e-mail addresses and/or Internet domain names which contain the Mark of Licensor or its affiliates, and Licensee shall sign all documents necessary to permit Licensor to assume Licensee's rights in such items. If Licensor elects not to exercise this option, Licensee shall take all action necessary to cancel each of the items listed above and shall furnish Licensor with evidence satisfactory to prove its compliance within fifteen (15) days after receiving notice of Licensor's termination or expiration of this Agreement and the expiration of the option granted herein. In the event Licensee fails to timely do so, Licensor shall have the right, for which purpose Licensee hereby appoints Licensor as its attorney-in-fact, to obtain such cancellation on Licensee's behalf and at Licensee's expense.

**(i)** Licensee shall comply with the covenants contained in this Agreement, including, but not limited to, the covenants, not to compete and the covenants not to disclose trade secrets or confidential information.

**(j)** Licensee shall, if Licensor so requests, assign to Licensor or its designee any interest which Licensee has in any lease for the Premises or any other agreement related to the Premises. Licensee will do whatever is necessary to effectuate and complete the assignment. In the event Licensor does not elect to exercise its option to acquire any lease for the Premises, and unless otherwise directed by Licensor, Licensee shall, within ten (10) days after termination, non-renewal, or expiration of this Agreement, make such modifications and alterations to the Premises as may be necessary to distinguish the appearance of the Premises from that of other LITTLE DOODLES PLAY CAFÉ Centers and shall make such specific additional changes thereto as Licensor may reasonably request.

**(k)** Licensee shall, if Licensor so requests and if Licensee owns the real property on which the Center is located, lease the Premises to Licensor on substantially the same terms and conditions contained in Licensee's lease for the Premises, or if no lease exists or if the existing lease is not commercially reasonable, then on commercially reasonable terms. The lease shall be for an initial five (5) year term, with two (2) five (5) year renewal terms (at Licensor's option). If the parties cannot agree on the rent to be charged under the lease within thirty (30) days after the expiration, termination, or non-renewal of the Agreement, the rent will be determined by a qualified independent appraiser. Licensee and Licensor shall each present their proposed rent, and the independent appraiser will select the most commercially reasonable rent from the two proposals. The independent appraiser's determination will be binding on the parties. If the parties are not able to agree on an independent appraiser within forty-five (45) days of the termination, non-renewal, or expiration of this Agreement, each party will select an independent appraiser. The

independent appraisers chosen will then select a third independent appraiser whose determination will be binding on the parties. The parties agree to select their respective appraisers within fifty-five (55) days after the termination, non-renewal, or expiration of this Agreement and the two appraisers chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers is appointed. Licensor and Licensee will bear the cost of their own appraisers and share equally the reasonable fees and expenses of the third appraiser. The parties will take reasonable actions to cause the third appraiser to complete his or her appraisal within fifteen (15) days after the third appraiser's appointment.

(l) If Licensor requests, Licensee shall sell to Licensor any assets used in connection with the operation of Licensee's Center. Licensor has the right, but not the obligation, to exercise this right by providing Licensee written notice of Licensor's election within sixty (60) calendar days after the termination, non-renewal, or expiration of this Agreement and paying Licensee the book value for such assets within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Licensee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Licensee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Licensor exercises Licensor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Licensee's remaining obligations under the lease or finance agreement, as applicable. Licensor shall be entitled to offset the purchase price by the amount of money owed by Licensee to Licensor for any payments necessary to acquire clear title to property or for any other debt. If Licensor exercises Licensor's option to purchase, pending the closing of such purchase, Licensor has the right to appoint a manager to maintain operation of the Center, or Licensor may require that Licensee close the Center during such period without removing any assets. Licensee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Licensor has the unrestricted right to assign this option to purchase the Center. Licensor will be entitled to all customary warranties and representations in connection with Licensor's purchase of Licensee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise. Licensor may purchase all or only a portion of the assets of the Center and may exclude from its purchase any assets or cash, for any reason, in Licensor's sole discretion. Licensor shall have the right to set off and apply any amounts due to Licensee pursuant to this subsection against any and all other amounts which may be due from Licensee to Licensor.

## **19. Independent Contractor; Indemnification.**

(a) **Independent Contractor.** It is understood and agreed by the parties that this Agreement creates only a contractual relationship between the parties subject to the normal rule of contract law. This Agreement does not create a fiduciary relationship between the parties and Licensee is and shall remain an independent contractor. Licensee agrees to hold itself out to the public as an independent contractor, separate and apart from Licensor. Licensee agrees that it shall not make any contract, agreement, warranty, or representation on Licensor's behalf without Licensor's prior written consent, and Licensee agrees that it shall not incur any debt or other obligation in Licensor's name. This Agreement shall not be deemed to confer any rights or benefits to any person or entity not expressly named herein.

(b) **Indemnification.** Licensee hereby waives all claims against Licensor for damages to property or injuries to persons arising out of the operation of the Center. Licensee must fully protect, indemnify, defend, reimburse and hold Licensor and its owners, directors, officers, insurers, successors and assigns and Licensor's affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with, or incidental to the operation of, the Center (regardless of cause or any concurrent or contributing fault or negligence of Licensor or its affiliates) or any breach by Licensee or Licensee's failure to comply with the terms and conditions of this Agreement. Licensor also reserves the right to select its own legal counsel to represent its interests, and Licensee must reimburse Licensor for all of Licensor's costs and all attorneys' fees immediately upon Licensor's request as they are incurred.

(c) **Payment of Taxes.** Licensee shall promptly pay to Licensor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on Royalties, and any similar taxes or levies, imposed upon or required to be collected or paid by Licensor or Licensor's affiliates by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Licensor to Licensee through the sale, license, or lease of property or property rights provided by this Agreement other than taxes on Licensor's net income.

**20. Licensee Representations.**

(a) **LICENSEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE PROPOSED LICENSE AND BUSINESS AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF LICENSEE AS AN INDEPENDENT BUSINESS OWNER OR BUSINESS.**

(b) **LICENSEE ACCEPTS THE TERMS, CONDITIONS AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLE AND NECESSARY TO MAINTAIN LICENSOR'S STANDARDS OF QUALITY, SERVICE AND UNIFORMITY AND IN ORDER TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS; AND**

(c) **LICENSEE RECOGNIZES THAT THE SYSTEM MAY EVOLVE AND CHANGE OVER TIME AND THAT THE LICENSE AND OPERATION OF THE CENTER INVOLVE AN INVESTMENT OF SUBSTANTIAL RISK AND ITS SUCCESS IS DEPENDENT PRIMARILY UPON THE BUSINESS ACUMEN AND EFFORTS OF LICENSEE AND OTHER FACTORS BEYOND LICENSOR'S CONTROL. LICENSEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE LICENSE AND CENTER AND HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH INDEPENDENT PROFESSIONAL ADVISORS, INCLUDING BUT NOT LIMITED TO LAWYERS AND ACCOUNTANTS, AND HAS NOT RELIED UPON ANY EXPRESS OR IMPLIED GUARANTEE AS TO POTENTIAL VOLUMES, REVENUES, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY LICENSEE. EVEN THOUGH THIS AGREEMENT CONTAINS PROVISIONS REQUIRING LICENSEE TO**

**OPERATE THE CENTER IN COMPLIANCE WITH LICENSOR'S SYSTEM: (1) LICENSOR OR LICENSOR'S AFFILIATES DO NOT HAVE ACTUAL OR APPARENT AUTHORITY TO CONTROL THE DAY-TO-DAY CONDUCT AND OPERATION OF LICENSEE'S BUSINESS OR EMPLOYMENT DECISIONS; AND (2) LICENSEE AND LICENSOR DO NOT INTEND FOR LICENSOR OR LICENSOR'S AFFILIATES TO INCUR ANY LIABILITY IN CONNECTION WITH OR ARISING FROM ANY ASPECT OF LICENSOR'S SYSTEM OR LICENSEE'S USE OF THE LICENSOR SYSTEM OR THE OPERATION OF THE CENTER, WHETHER OR NOT IN ACCORDANCE WITH THE REQUIREMENTS OF THE MANUALS.**

**(d) IF LICENSEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, LICENSEE MAKES THE FOLLOWING REPRESENTATIONS AND WARRANTIES: (1) LICENSEE IS DULY ORGANIZED AND VALIDLY EXISTING UNDER THE LAWS OF THE STATE OF ITS FORMATION; (2) LICENSEE IS QUALIFIED TO DO BUSINESS IN THE STATE OR STATES IN WHICH THE CENTER IS LOCATED; (3) EXECUTION OF THIS AGREEMENT AND THE DEVELOPMENT AND OPERATION OF THE CENTER IS PERMITTED BY ITS GOVERNING DOCUMENTS; AND (4) LICENSEE'S ARTICLES OF INCORPORATION, ARTICLES OF ORGANIZATION OR WRITTEN PARTNERSHIP AGREEMENT SHALL AT ALL TIMES PROVIDE THAT LICENSEE'S ACTIVITIES ARE LIMITED EXCLUSIVELY TO THE DEVELOPMENT AND OPERATION OF THE LITTLE DOODLES PLAY CAFÉ CENTER.**

**(e) IF LICENSEE IS AN INDIVIDUAL, OR A PARTNERSHIP COMPRISED SOLELY OF INDIVIDUALS, LICENSEE MAKES THE FOLLOWING ADDITIONAL REPRESENTATIONS AND WARRANTIES: (A) EACH INDIVIDUAL HAS EXECUTED AN AGREEMENT WHEREBY THEY AGREE TO BE BOUND BY ALL THE TERMS OF THIS AGREEMENT; (B) EACH INDIVIDUAL SHALL BE JOINTLY AND SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR, THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT; AND (C) NOTWITHSTANDING ANY TRANSFER FOR CONVENIENCE OF OWNERSHIP, PURSUANT TO THIS AGREEMENT, EACH INDIVIDUAL SHALL CONTINUE TO BE JOINTLY AND SEVERALLY BOUND BY, AND PERSONALLY LIABLE FOR THE TIMELY AND COMPLETE PERFORMANCE AND ANY BREACH OF, EACH AND EVERY PROVISION OF THIS AGREEMENT. IF LICENSEE VIOLATES A TERM OR CONDITION CONTAINED WITHIN THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO, WITHHOLDING ANY MONIES OWED TO LICENSOR IN THE ABSENCE OF A COURT ORDER PERMITTING THE WITHHOLDING OF SUCH MONIES, LICENSEE SHALL REIMBURSE LICENSOR FOR ALL REASONABLE COSTS INCURRED BY LICENSOR IN PURSUING THE ENFORCEMENT OF THIS AGREEMENT. THESE COSTS SHALL INCLUDE, BUT NOT BE LIMITED TO, COURT COSTS AND FEES, ACCOUNTING COSTS AND FEES, EXPERT WITNESS COSTS AND FEES, REASONABLE ATTORNEYS' FEES, THE REASONABLE VALUE OF LICENSOR'S EMPLOYEES' TIME, WITNESS FEES AND TRAVEL EXPENSES INCURRED BY LICENSOR. THE RECOVERY OF THE COSTS AND FEES SPECIFIED ABOVE SHALL INCLUDE THE RECOVERY OF ALL COSTS AND FEES INCURRED BY LICENSOR RELATING TO OR ARISING FROM ANY AND ALL DEFENSES,**

**COUNTERCLAIMS AND/OR CROSSCLAIMS ASSERTED BY LICENSEE OR THE PERSONAL GUARANTORS UNDER THIS AGREEMENT. THIS OBLIGATION WILL GIVE RISE TO AND REMAIN A LIEN IN FAVOR OF LICENSOR AGAINST ANY AND ALL OF THE PERSONAL PROPERTY, GOODWILL, CASH, FURNISHINGS, EQUIPMENT, SIGNS, FIXTURES AND INVENTORY OWNED BY LICENSEE AND LOCATED ON AND AROUND THE PREMISES OPERATED PURSUANT TO THIS AGREEMENT UNTIL LICENSEE IS IN FULL COMPLIANCE WITH THIS AGREEMENT AND ANY AMOUNTS OWED ARE PAID IN FULL. ALL COSTS TO BE COLLECTED BY LICENSOR PURSUANT TO THIS PROVISION SHALL BE COLLECTED VIA ELECTRONIC BANK TRANSFER AS SPECIFIED IN THIS AGREEMENT.**

**(f) IF LICENSEE IS A CORPORATION, A LIMITED LIABILITY COMPANY OR A PARTNERSHIP, LICENSEE HAS PROVIDED TO LICENSOR A CURRENT LIST OF ALL OWNERS AND LICENSEE AGREES THAT LICENSEE WILL ADVISE LICENSOR OF ANY AND ALL CHANGES IN OWNERSHIP.**

**(g) IF LICENSEE IS A CORPORATION, LICENSEE SHALL MAINTAIN STOP-TRANSFER INSTRUCTIONS AGAINST THE TRANSFER ON ITS RECORDS OF ANY VOTING SECURITIES, AND EACH STOCK CERTIFICATE OF THE CORPORATION SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: “ANY ASSIGNMENT OR TRANSFER OF THIS STOCK IS SUBJECT TO THE RESTRICTION IMPOSED ON ASSIGNMENT BY LICENSOR, PURSUANT TO LICENSE AGREEMENT(S) TO WHICH THE CORPORATION IS A PARTY.” IF LICENSEE IS A LIMITED LIABILITY COMPANY, EACH MEMBERSHIP OR MANAGEMENT CERTIFICATE OR OTHER EVIDENCE OF INTEREST IN LICENSEE SHALL HAVE CONSPICUOUSLY ENDORSED UPON ITS FACE THE FOLLOWING STATEMENT: “ANY ASSIGNMENT OR TRANSFER OF AN INTEREST IN THIS LIMITED LIABILITY COMPANY IS SUBJECT TO THE RESTRICTIONS IMPOSED ON ASSIGNMENT BY LICENSOR PURSUANT TO LICENSE AGREEMENT(S) TO WHICH THE LIMITED LIABILITY COMPANY IS A PARTY.” IF LICENSEE IS A PARTNERSHIP, ITS WRITTEN AGREEMENT SHALL PROVIDE THAT OWNERSHIP OF AN INTEREST IN THE PARTNERSHIP IS HELD SUBJECT TO, AND THAT FURTHER ASSIGNMENT OR TRANSFER IS SUBJECT TO, ALL RESTRICTIONS IMPOSED ON ASSIGNMENT BY THIS AGREEMENT.**

**(h) LICENSEE ACKNOWLEDGES THAT UNDER APPLICABLE U.S. LAW, INCLUDING, WITHOUT LIMITATION, EXECUTIVE ORDER 13224, SIGNED ON SEPTEMBER 23, 2001 (THE “ORDER”), LICENSOR IS PROHIBITED FROM ENGAGING IN ANY TRANSACTION WITH ANY SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON. “SPECIALLY DESIGNATED NATIONAL” OR “BLOCKED PERSON” SHALL MEAN (1) THOSE PERSONS DESIGNATED BY THE U.S. DEPARTMENT OF TREASURY’S OFFICE OF FOREIGN ASSETS CONTROL FROM TIME TO TIME AS A “SPECIALLY DESIGNATED NATIONAL” OR “BLOCKED PERSON” OR SIMILAR STATUS, (2) A PERSON ENGAGED IN, OR AIDING ANY PERSON ENGAGED IN, ACTS OF TERRORISM, AS DEFINED IN THE ORDER, OR (3) A PERSON OTHERWISE IDENTIFIED BY GOVERNMENT OR**

**LEGAL AUTHORITY AS A PERSON WITH WHOM LICENSOR IS PROHIBITED FROM TRANSACTING BUSINESS. CURRENTLY, A LISTING OF SUCH DESIGNATIONS AND THE TEXT OF THE ORDER ARE PUBLISHED AT THE WEBSITE: [WWW.USTREAS.GOV/OFFICES/ENFORCEMENT/OFAC](http://WWW.USTREAS.GOV/OFFICES/ENFORCEMENT/OFAC). ACCORDINGLY, LICENSEE REPRESENTS AND WARRANTS TO LICENSOR THAT AS OF THE DATE OF THIS AGREEMENT, NEITHER LICENSEE NOR ANY PERSON HOLDING ANY OWNERSHIP INTEREST IN LICENSEE, CONTROLLED BY LICENSEE, OR UNDER COMMON CONTROL WITH LICENSEE IS A SPECIALLY DESIGNATED NATIONAL OR BLOCKED PERSON, AND THAT LICENSEE (1) DOES NOT, AND HEREAFTER SHALL NOT, ENGAGE IN ANY TERRORIST ACTIVITY; (2) IS NOT AFFILIATED WITH AND DOES NOT SUPPORT ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY; AND (3) IS NOT ACQUIRING THE RIGHTS GRANTED UNDER THIS AGREEMENT WITH THE INTENT TO GENERATE FUNDS TO CHANNEL TO ANY INDIVIDUAL OR ENTITY ENGAGED IN, CONTEMPLATING, OR SUPPORTING TERRORIST ACTIVITY, OR TO OTHERWISE SUPPORT OR FURTHER ANY TERRORIST ACTIVITY. LICENSEE AGREES THAT LICENSEE SHALL IMMEDIATELY PROVIDE WRITTEN NOTICE TO LICENSOR OF THE OCCURRENCE OF ANY EVENT WHICH RENDERS THE REPRESENTATIONS AND WARRANTIES IN THIS SECTION INCORRECT.**

(i) Licensee covenants that during the Term, it will at all times faithfully, honestly and diligently perform its obligations under this Agreement, and that it will continuously exert its best efforts to promote and enhance the business of the Center and other Centers established and operated by Licensee under the System.

(j) Licensee and all guarantors hereof acknowledge and agree that the obligations regarding the use of Confidential Information and trade secrets set forth in this Agreement will apply throughout the Term and after the expiration or termination of this Agreement, without limitation as to time or geographic scope. Licensee covenants that upon termination or expiration, Licensee will immediately and permanently cease to use, in any manner whatsoever, any Confidential Information, trade secrets, methods, procedures and techniques associated with the System.

(k) Licensee hereby acknowledges and agrees that Licensor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Center or for any other purpose. Licensor's approval of a site indicates only that Licensor believes the site complies with acceptable minimum criteria established by Licensor solely for its purposes as of the time of the evaluation. Both Licensee and Licensor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Licensor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Licensor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Licensor's control. Licensor shall not be responsible for the failure of a site approved by Licensee to meet Licensee's expectations as to revenue or operational criteria. Licensee further acknowledges and agrees that its acceptance of a license for the operation of the Center at the site is based on its own independent investigation of the suitability of the site.

**21. Governing law, Jurisdiction and Venue.**

**(a) Mediation; Arbitration.**

(i) Before Licensee and Licensor may bring an action against the other, Licensor and Licensee must first meet to mediate the dispute (except as otherwise provided below). Any such mediation shall be non-binding. Mediation shall be conducted by the CPR Center for Alternative Dispute Resolution. Notwithstanding the previous sentence, the parties may mutually agree on a mediator and/or procedures and/or venue for mediation. The non-binding mediation provided for herein shall be commenced by the party requesting mediation (the “complainant”) providing written notice of the request for mediation (the “request”) to the party with whom mediation is sought (the “respondent”). The request shall specify with reasonable particularity the matter or matters on which non-binding mediation is sought. A copy of the request shall be given by the complainant simultaneously to Licensor if Licensor is not a complainant or respondent. Non-binding mediation commenced under this section shall be concluded within sixty (60) days of the issuance of the request or such longer period as may be agreed upon by the parties in writing. All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatever. Complainant and respondent shall each bear its own costs of mediation, and each shall bear one-half the cost of the mediator or mediation service.

(ii) Licensee acknowledges that it has and will continue to develop a substantial and continuing relationship with Licensor at its principal offices in the State of North Carolina. Therefore, the parties agree that, to the extent that any disputes cannot be resolved directly between Licensee and Licensor and following compliance with the applicable mediation requirements set forth in Section 21(a)(i) above, any action arising out of or relating to this Agreement or the making, performance, or interpretation thereof shall upon thirty (30) days’ written notice by either party be resolved, except as elsewhere expressly provided in this Agreement, upon application by any such party by binding arbitration in the City of Raleigh, North Carolina, in accordance with the Federal Arbitration Act under the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including without limitation the Optional Rules for Emergency Measures of Protection (“AAA”), and not under any state arbitration laws, and judgment on the arbitration award may be entered in any court of competent jurisdiction. Licensee and Licensor agree that arbitration shall be conducted on an individual—not a class-wide—basis. The Federal Arbitration Act shall apply to all arbitration and arbitration venue questions. Any award by the arbitrator shall be final, binding and nonappealable, except for errors of law. The matter shall be heard by one (1) arbitrator agreed upon by both parties, provided the arbitrator shall have at least ten (10) years’ experience in practicing franchise law during which franchise and licensing law is or has been their primary area of practice and shall have substantial experience in the preparation of license agreements and franchise disclosure documents. Licensee understands that by agreeing to arbitrate it gives up jury and appeal and other rights it might have in court.



(b) **Waiver.** LICENSOR AND LICENSEE IRREVOCABLY WAIVE THEIR RIGHT TO (AND LICENSEE'S OWNERS AND GUARANTORS, IF APPLICABLE IRREVOCABLY WAIVE AND SURRENDER THEIR RIGHT TO) PURSUE A JUDICIAL REMEDY OF ANY CLAIM ARISING OUT OF, OR RELATED TO THIS DISPUTE, EXCEPT AS ELSEWHERE EXPRESSLY PROVIDED IN THIS AGREEMENT.

(c) **Injunctive Relief.** Notwithstanding the provisions of Section 21(a) above, Licensee agrees that Licensor, at its option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction, or in the first instance from an Arbitrator, to restrain any conduct by Licensee in the development or operation of the Center that could materially damage the good will associated with the Marks, provided that if Licensee counters, as Licensee may, by initiating arbitration, Licensor agrees to arbitrate the entire dispute thereafter except preliminary injunctive relief (and permanent injunctive relief also, if Licensee will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement. Licensee agrees Licensor will not be required to post a bond to obtain any injunctive relief with respect to use of the Marks.

(d) **Prevailing Party, Attorney's Fees and Costs.** The non-prevailing party agrees to reimburse the prevailing party for all expenses reasonably incurred (including attorney's fees): (i) to enforce the terms of this Agreement, an obligation owed to Licensor by Licensee and/or the Owners, or an obligation owed to Licensee by Licensor; and (ii) in the defense of any claim that one party asserts against the other party on which the prevailing party substantially prevails in court, arbitration or other formal legal proceedings, whether incurred prior to or in preparation for such proceedings or thereafter. In the event Licensor is the prevailing party, Licensor has the right to reimburse Licensor through EFT transfer for any legal fees.

(e) **JURY TRIAL AND CLASS ACTION WAIVER.** LICENSOR AND LICENSEE (AND LICENSEE'S OWNERS AND GUARANTORS, IF APPLICABLE) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY LICENSOR AND LICENSEE. NEITHER LICENSEE NOR LICENSOR SHALL SEEK TO LITIGATE OR ARBITRATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE CENTER, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO LITIGATION, ARBITRATION OR OTHER ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN LICENSEE AND LICENSOR AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, LICENSEE OR LICENSOR, UNLESS BOTH LICENSEE AND LICENSOR CONSENT IN WRITING. LICENSOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. LICENSEE AGREES AND ACKNOWLEDGES THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY

**AGREEMENT OR RELATIONSHIP BETWEEN LICENSEE AND ANY AFFILIATE OF LICENSOR WILL BE CONSIDERED UNIQUE ON ITS FACTS AND SHALL NOT BE BROUGHT AS A CLASS OR GROUP ACTION. LICENSEE MAY NOT ARBITRATE ON A CLASS-WIDE BASIS (OR JOIN ANY THIRD-PARTY CLAIM).**

**(f) WAIVER OF CERTAIN DAMAGES. EXCEPT FOR LICENSEE'S OBLIGATIONS TO INDEMNIFY LICENSOR UNDER THIS AGREEMENT AND CLAIMS LICENSOR BRINGS AGAINST LICENSEE FOR ITS UNAUTHORIZED USE OF THE MARKS, UNAUTHORIZED USE OR DISCLOSURE OF CONFIDENTIAL INFORMATION, OR BREACH OF LICENSEE'S NON-COMPETITION COVENANTS, LICENSOR AND LICENSEE (AND LICENSEE'S OWNERS AND GUARANTORS, IF APPLICABLE) WAIVE ANY RIGHT TO OR CLAIM FOR PUNITIVE, CONSEQUENTIAL, MULTIPLE, INCIDENTAL OR OTHER DAMAGES IN EXCESS OF THE ECONOMIC DAMAGES ACTUALLY SUSTAINED, WHETHER ASSERTED AS A RELATED OR INDEPENDENT TORT, AS A BREACH OF CONTRACT, OR AS ANY OTHER CLAIM OR CAUSE OF ACTION BASED ON STATUTORY OR COMMON LAW. EXCEPT FOR ANY SPECIFIC WRITTEN WARRANTIES EXPRESSLY PROVIDED IN CONNECTION WITH A SPECIFIC ITEM, LICENSOR SHALL NOT BE LIABLE TO ANY PERSON OR ENTITY IN RELATION TO ANY GOODS AND/OR SERVICES (INCLUDING ANY ASPECT OF THE LABOR OR INSTALLATION OF ANY EQUIPMENT, OR PRODUCTS) PROVIDED BY LICENSOR, LICENSOR'S AFFILIATES AND/OR ANY PERSON/COMPANY REFERRED/APPROVED BY LICENSOR OR THEM. SUCH ITEMS ARE PROVIDED WITHOUT ANY WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED.**

**(g) Remedies Cumulative. All rights and remedies conferred upon Licensee and Licensor by this Agreement and by law shall be cumulative of each other, and neither the exercise nor the failure to exercise any such right or remedy shall preclude the exercise of any other such right or remedy.**

**(h) Governing Law. This Agreement and any claim or controversy arising out of or relating to rights and obligations of the parties under this Agreement and any other claim or controversy between the parties shall be governed by and construed under the laws of the State of North Carolina and any dispute between the parties shall be governed by and determined in accordance with the substantive law of the State of North Carolina and the Federal Arbitration Act, which laws shall prevail in the event of any conflict of law. The venue for any arbitration concerned with the enforcement and interpretation of this Agreement shall be Raleigh, North Carolina.**

**(i) Limitation of Claims. Any and all claims and actions arising out of or relating to this agreement, the relationship of Licensee and Licensor, or Licensee's operation of the Center, brought by Licensee against Licensor, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.**

**22. Notices. Except as otherwise provided in this Agreement, all notices, requests, demands and other communications required or permitted to be given or made under this**

Agreement shall be in writing and shall be given (i) by personal delivery, (ii) by registered or certified mail, return receipt requested, postage prepared, or (iii) by delivery to a nationally recognized overnight courier service, in each case, addressed as follows (or to such other address as may have been designated by notice to the other party):

Licensor: LITTLE DOODLES PLAY CAFÉ, LLC  
Attn: President  
6548 Glenwood Avenue  
Raleigh, NC 27612

With a copy (which shall not constitute notice) to:

Manning, Fulton & Skinner, P.A.  
Attn: Ashley G. Nielsen  
3605 Glenwood Avenue  
Suite 500  
Raleigh, NC 27612

Licensee: The notice address set forth on Attachment 1, or if Licensee has opened its Center, the address of the approved Location of the Center.

Notice shall be deemed received (i) in the case of hand delivery, on the same date as the notice is delivered, (ii) in the case of overnight courier, overnight courier the next business day after the notice is sent, or (iii) in the case of certified mail, three (3) days after the date the notice is deposited in the mail.

**23. Miscellaneous.**

(a) **Severability.** The invalidity or unenforceability of any one or more provision of this Agreement shall in no way affect any other provision. If any court of competent jurisdiction determines any provision of this Agreement to be invalid, illegal or unenforceable, that portion shall be deemed severed from the rest, which shall remain in full force and effect as though the invalid, illegal or unenforceable portion had never been a part of this Agreement.

(b) **Construction.** All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural, as the case may require. All acknowledgements, warranties, representations, covenants, agreements, and obligations herein made or undertaken by Licensee shall be deemed jointly and severally undertaken by all those executing this Agreement as Licensee.

(c) **Entire Agreement.** This Agreement, the documents incorporated herein by reference and the exhibits attached hereto, comprise the entire agreement between the parties and all prior understandings or agreements concerning the subject matter hereof are canceled and superseded by this Agreement. This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Licensee expressly acknowledges that no oral promises or declarations were made to it and that the obligations of Licensor are confined

exclusively to those set forth in this Agreement. Licensee understands and assumes the business risks inherent in this enterprise.

(d) **Assignees.** This Agreement shall be binding upon the heirs, successors, permitted assigns and legal representatives of the parties.

(e) **Waivers.** No failure of Licensor to exercise any right given to it hereunder, or to insist upon strict compliance by Licensee with any obligation, agreement or undertaking hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Licensor's right to demand full and exact compliance by Licensee and shall not affect or impair Licensor's rights with respect to any subsequent default of the same or of a different nature, nor shall any delay or omission of Licensor to exercise any right arising from such default affect or impair Licensor's rights as to such default or any subsequent default. Licensor has the unrestricted right to elect to not enforce (or to selectively enforce) any provision of this Agreement or any other agreement, standard or policy, whether with respect to Licensee and/or any other Licensee or other person, or any Affiliate of Licensee or Licensor, without liability.

(f) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same Agreement. The Parties may utilize electronic means, including electronic mail and facsimile, to execute and transmit the Agreement or PDF copies of the Agreement and all such electronically transmitted copies of the Agreement shall be deemed as valid as originals.

(g) **Headings.** The headings used in the Agreement are for convenience only, and the paragraphs shall be interpreted as if such headings were omitted.

(h) **Time of Essence.** Licensee agrees and acknowledges that time is of the essence with regard to Licensee's obligations hereunder, and that all of Licensee's obligations are material to Licensor and this Agreement.

(i) **Agreement Binding Upon Signature of Licensor.** Licensee acknowledges that this Agreement shall not take effect until its acceptance and execution by an authorized officer of Licensor.

(j) **Delegation.** Licensor shall have the right to delegate Licensor's duties under this Agreement to any affiliated or non-affiliated entity, agent, or employee and Licensee agrees to such assignment without any right to approve such actions.

(k) **Covenant of Good Faith.** No covenant of good faith and fair dealing shall be implied into this Agreement, except that if applicable law shall imply such a covenant in this Agreement, Licensor and Licensee agree that such covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply such a covenant, Licensee acknowledges that (a) this Agreement grants Licensor the discretion to make decisions, take actions, and refrain from taking actions not inconsistent with Licensor's explicit rights and obligations hereunder that may favorably or adversely affect Licensee's interests; (b) Licensor will use its judgment in exercising such discretion based on Licensor's assessment of its own interests and balancing those interests

against the interests of Licensee; (c) Licensor will have no liability to Licensee for the exercise of its discretion, so long as such discretion is not exercised in bad faith toward Licensee; and (d) in absence of such bad faith, no trier of fact in any legal action shall substitute its judgment for Licensor's judgment so exercised.

(l) **Modification of Agreement.** If any term or provision, or any portion thereof, of this Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereto, and Licensor will have the right, in its sole discretion, to modify such invalid or enforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable.

LICENSEE ACKNOWLEDGES THAT, IN ALL OF ITS DEALINGS WITH LICENSOR'S OWNERS, OFFICERS, DIRECTORS, EMPLOYEES, AND REPRESENTATIVES, THESE INDIVIDUALS ACT ONLY IN THEIR REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY. LICENSEE ACKNOWLEDGES THAT THIS AGREEMENT AND ALL BUSINESS DEALINGS BETWEEN LICENSEE AND THESE INDIVIDUALS AS A RESULT OF THIS AGREEMENT ARE SOLELY BETWEEN LICENSEE AND LICENSOR. IN ADDITION, LICENSOR MAKES NO WARRANTY AS TO LICENSEE'S ABILITY TO OPERATE THE CENTER IN THE JURISDICTION IN WHICH THE CENTER WILL BE OPERATED. LICENSEE MUST SEEK OR OBTAIN ADVICE OF COUNSEL SPECIFICALLY ON THIS ISSUE. IF LEGISLATION IS ENACTED, OR A REGULATION PROMULGATED, BY ANY GOVERNMENTAL BODY THAT PREVENTS LICENSEE FROM OPERATING THE CENTER, LICENSOR IS NOT LIABLE FOR DAMAGES NOR REQUIRED TO INDEMNIFY LICENSEE IN ANY MANNER WHATSOEVER OR TO RETURN ANY MONIES RECEIVED FROM LICENSEE.

**THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK**

**IN WITNESS WHEREOF**, parties hereto have duly executed this Agreement on the day, month and year first written above.

**Licensor:**

LITTLE DOODLES PLAY CAFÉ, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Licensee:**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTACHMENT 1 TO LICENSE AGREEMENT**

**RIDER**

**Royalty**

Licensee shall pay no royalties to Licensor for the first two (2) years of the Term of the License Agreement. Beginning the date that is two (2) years after the License Agreement has been executed, Licensee shall pay Licensor a Royalty of Four and One-Half Percent (4.5%) of Licensee’s Gross Revenues per month.

For purposes of this Attachment 1, “Gross Revenues” shall mean the total of gross revenue derived from the operation of the Center and Licensee’s business, including, but not limited to, revenue from services rendered by the Center and from the sale of products, whether such sales take place onsite at the Center or off-site (if applicable), and whether from sales for cash or credit and regardless of the collection thereof. Gross Revenues also includes any business interruption insurance proceeds Licensee receives.

The Royalty is due monthly via ACH or as Licensor otherwise designates on the fifteenth (15<sup>th</sup>) of each month and is based on Licensee’s Gross Revenues from the immediately preceding calendar month, or on such other date as Licensor may designate.

The following address is Licensee’s address for notice under Section 22 of the License Agreement.

Licensee’s Address for Notice:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Assigned Location (If Applicable)**

If the Location has already been selected by Licensee and approved by Licensor, then the following is Licensee’s Location for the term of the License Agreement:

Licensee’s Approved Location:

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**Unassigned Location (If Applicable)**

If no Location has been determined at the time this License Agreement is executed, then the Location will be within the following area, provided the exact location will be subject to Licensor’s review and approval: \_\_\_\_\_ (the “Prospective Market Area”).

When Licensee selects its desired location for the Center, Licensee must follow the approval process set forth in Section 6(a) of the License Agreements and Licensor’s Manuals. If Licensor approves of Licensee’s proposed location, Licensor will send Licensee its form site approval letter (“Site Selection Approval Letter”). The location set forth in the Site Selection Approval Letter shall constitute the “Location” of the Center pursuant to Section 1 of the License Agreement.



## ATTACHMENT 2 TO LICENSE AGREEMENT

### LEASE RIDER

This Lease Rider is executed as of this date of \_\_\_\_\_, by and between \_\_\_\_\_ (“Tenant”) and \_\_\_\_\_ (“Landlord”) as a Rider to the lease dated \_\_\_\_\_ (as amended, renewed, and/or extended from time to time, the “Form Lease”) for the Premises located at \_\_\_\_\_ (“Premises”).

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Form Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

1. **Permitted Use.** The Premises are leased to Tenant for the operation of a creative play space and café where kids and adults can experience unique learning, play, and creativity while enjoying gourmet coffee and beverages, local goods and snacks. Landlord covenants that from and after the date hereof, Landlord shall not permit any other tenant to operate a business in the same shopping center as the Premises that receives Twenty-Five Percent (25%) or more of its gross sales from the sale of childcare or day camp services.

2. **Signage.** Notwithstanding anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other Proprietary Marks and identification on both the exterior and within the interior of the Premises as approved by LITTLE DOODLES PLAY CAFÉ, LLC, a North Carolina limited liability company and licensor of the LITTLE DOODLES PLAY CAFÉ concept (“Licensor”).

3. **Assignment and Subletting.** Landlord’s consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant’s assets or business or an assignment or sublet to Licensor, any parent, subsidiary or affiliated corporation of Tenant or Licensor, or another LITTLE DOODLES PLAY CAFÉ Licensee. Landlord shall approve as an assignee or sublettee any tenant who has become a transferee of the License Agreement by and between Tenant and Licensor (the “License Agreement”) as a result of a merger, reorganization or sale of all or substantially all of Tenant’s assets. Tenant shall also have the right, without the consent of Landlord, to assign the Form Lease to a company incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding shares of capital stock of the company or is the managing general partner of the partnership.

4. **Notices; Opportunity to Cure.** Copies of any demand letters, default notices or other similar notices of non-compliance (“Notice”) sent by Landlord to Tenant shall also be sent to Licensor at the following address:

Jaime Adams  
LITTLE DOODLES PLAY CAFÉ, LLC  
6548 Glenwood Avenue  
Raleigh, NC 27612

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, and prior to exercising any remedies under the Form Lease, Landlord shall grant Licensor the identical period of time in which to cure same (said cure period to commence immediately upon Notice from Landlord to Licensor (at the address set forth herein) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Licensor within said period of time as performance by Tenant pursuant to the terms of the Form Lease.

**5. Option to Lease.** Landlord hereby agrees that, in the event of (a) the termination or expiration of the License Agreement by and between Tenant and Licensor; (b) the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; or (c) Tenant's failure to exercise any extension option contained in the Form Lease, Licensor shall have the option to lease the Premises pursuant to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give Notice to Licensor (at the address set forth herein) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If Licensor elects to lease the Premises, Licensor shall notify Landlord in writing of its election to exercise this option to lease within thirty (30) days after (1) termination or expiration of the License Agreement; (2) Licensor's receipt of Notice from Landlord that the Form Lease has been terminated; or (3) receipt of Notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease;

(c) If Licensor elects to lease the Premises, Licensor shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Form Lease) as are contained in the Form Lease; provided, however, that Licensor's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any such lease shall permit Licensor to assign the lease or sublease the Premises to a licensee of Licensor for use as a LITTLE DOODLES PLAY CAFÉ location; and

(d) Nothing contained herein shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

**6. De-identification.** Landlord and Tenant hereby acknowledge that in the event the License Agreement expires or is terminated, Tenant is obligated under the License Agreement to take certain steps to de-identify the location as a LITTLE DOODLES PLAY CAFÉ location

operated by Tenant. Landlord agrees to cooperate fully with Licensor in enforcing such provisions of the License Agreement against Tenant, including allowing Licensor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Licensor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises promptly upon termination or expiration as required under the License Agreement, Licensor may cause all required de-identification to be completed at Tenant's sole cost and expense.

**7. Assignment of Interest.** This Rider is binding and shall inure to the benefit of Landlord, Tenant, and Licensor, their assigns, and successors-in-interest. Licensor is an intended beneficiary of this Rider, provided Licensor shall have no liability for any of Tenant's obligations under the Form Lease. Licensor signs below for the limited purpose of acknowledging and agreeing to the provisions of this Rider.

**LANDLORD:**

**LICENSEE:**

\_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Agreed to:

**LICENSOR:**

LITTLE DOODLES PLAY CAFÉ, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **ATTACHMENT 3 TO LICENSE AGREEMENT**

### **INTERNET, SOCIAL MEDIA, AND TELEPHONE ASSIGNMENT**

This Assignment Agreement (the “Assignment”) is made, and entered into, between LITTLE DOODLES PLAY CAFÉ, LLC, a North Carolina limited liability company (“Company”) and the undersigned Licensee (“Licensee”).

#### **RECITALS**

A. Company has developed a system for creating and operating an interactive and safe café space for play, art, birthday parties, and other fun events and offering gourmet coffee and beverages, local goods, and snacks to children and their caretakers (the “System”);

B. Company and Licensee have entered into a License Agreement dated \_\_\_\_\_ (the “License Agreement”), pursuant to which Licensee was granted the right to operate a LITTLE DOODLES PLAY CAFÉ Center under the System; and

C. It is the desire of and in the best interests of Company and the System that in the event the License Agreement terminates, expires, or is not renewed, the telephone numbers, telephone directory listings, internet addresses, and social media accounts used by Licensee in connection with the operation of its LITTLE DOODLES PLAY CAFÉ Center are assigned to Company.

#### **AGREEMENT**

NOW THEREFORE, in consideration of the foregoing and Company agreeing to enter into the License Agreement, Company and Licensee agree as follows:

1. Licensee hereby agrees to assign to Company: (i) those certain telephone numbers and regular, classified or other telephone directory listings used by Licensee in connection with operating the LITTLE DOODLES PLAY CAFÉ Center (collectively, the “Telephone Listings”) and (ii) all email addresses, domain names, social media accounts and comparable electronic identities that use the Marks and any Internet directory, website or similar item used by Licensee in connection with the operation of the Center, whether now-existing or adopted by Licensee in the future, (collectively “Internet Listings”).

2. This Assignment is for collateral purposes only and, except as specified herein, Company will have no liability or obligation of any kind whatsoever arising from or in connection with Licensee's use of the Telephone Listings and the Internet Listings (collectively the “Listings”) unless and until Company notifies the telephone company and the listing agencies with which Licensee has placed telephone directory listings (all such entities are collectively referred to herein as “Telephone Company”), Licensee's Internet service provider (“ISP”), and social media websites (“Websites”) to effectuate the assignment pursuant to the terms hereof.

3. Upon termination, expiration, or nonrenewal of the License Agreement (without renewal or extension), Company will have the right and is hereby empowered to effectuate the

assignment of the Listings to itself or to any third party it designates. In the event Company exercises its assignment rights Licensee will have no further right, title or interest in the Listings; provided, however, Licensee will pay all amounts owed in connection with the Listings, including all sums owed under existing contracts for telephone directory advertising and immediately, at the Company's request, (i) take any other action as may be necessary to transfer the Listings to the Company or Company's designated agent, (ii) install and maintain, at Licensee's sole expense, an intercept message, in a form and manner acceptable to Company on any or all of the Listings; (iii) disconnect the Listings; and/or (iv) cooperate with Company or its designated agent in the removal or relisting of any telephone directory or directory assistance listing, Internet directory, website or advertising, whether published or online.

4. Licensee appoints Company as Licensee's attorney-in-fact, to act in Licensee's place, for the purpose of assigning any Listings covered by the Assignment to Company or Company's designated agent or taking any other actions required of Licensee under this Agreement. Licensee grants Company full authority to act in any manner proper or necessary to the exercise of the forgoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such numbers, and Licensee ratifies every act that Company may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, termination, or nonrenewal of Licensee's rights under the Agreement for any reason. Licensee intends that this power of attorney be coupled with an interest. Licensee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Licensee. This power is created to secure performance of a duty to Company and is for consideration.

5. The parties agree that the Telephone Company, the Websites, and the ISP may accept Company's written direction, the License Agreement or this Assignment as conclusive proof of Company's exclusive rights in and to the Listings upon such termination, expiration or nonrenewal of the License Agreement and that such assignment shall be made automatically and effective immediately upon Telephone Company's, Websites' and ISP's receipt of such notice from Company or Licensee. The parties further agree that if the Telephone Company, the Websites, or the ISP requires that the parties execute the Telephone Company's, the Websites,' or the ISP's assignment forms or other documentation at the time of termination, expiration or nonrenewal of the License Agreement, Company's execution of such forms or documentation on behalf of Licensee shall effectuate Licensee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the License Agreement.

6. The validity, construction and performance of this Assignment is governed by the laws of the State in which Company is located. All agreements, covenants, representations and warranties made in this Agreement survive the signing of this Agreement. All of Company's rights inure to Company's benefit and to the benefit of Company's successors and assigns.

[Signatures on the Following Page]

Agreed to this date of \_\_\_\_\_.

LICENSEE:

LICENSOR:

LITTLE DOODLES PLAY CAFÉ, LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## ATTACHMENT 4 TO LICENSE AGREEMENT

### PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE TERMS AND CONDITIONS OF THE LICENSE AGREEMENT

In consideration of the execution of the License Agreement (the "Agreement") between LITTLE DOODLES PLAY CAFÉ, LLC ("Licensor") and \_\_\_\_\_ ("Licensee") dated of even date herewith, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Licensee, including without limitation the dispute resolution provisions of the Agreement.

Further, except for those designated as "Spouse" and not "Owner" in the signature block below, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Licensee and the other guarantors of Licensee. The undersigned shall render any payment or performance required under the Agreement upon demand if Licensee fails or refuses punctually to do so. Licensor may proceed against the undersigned and Licensee jointly and severally, or Licensor may, at its option, proceed against the undersigned, without having commenced any action, or having obtained any judgment against Licensee. The undersigned agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Licensee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Licensee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; (3) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Licensor may grant to Licensee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Personal Guaranty, which shall be continuing and irrevocable during the term of the Agreement; and (4) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Licensee with or without the undersigned receiving notice thereof.

The undersigned waive: (1) notice of demand for payment of any indebtedness or on performance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right



he/she may have to require that an action be brought against the Licensee or any other person as a condition of liability; (4) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed; and(5) notice of any changes permitted by the terms of the Agreement or agreed to by the Licensee.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of Licensor's successors and assigns.

**PERSONAL GUARANTORS:**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Owner or Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Owner or Spouse: \_\_\_\_\_

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Owner or Spouse: \_\_\_\_\_

## ATTACHMENT 5 TO LICENSE AGREEMENT

### NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (“Agreement”) is made and entered into as of \_\_\_\_\_ by and between LITTLE DOODLES PLAY CAFÉ, LLC, a North Carolina corporation (“Licensor”), located at 8321 Bandford Way Suite 1, Raleigh, NC 27615, and \_\_\_\_\_ (“Associate”), who resides at \_\_\_\_\_. All initially capitalized terms not otherwise defined herein shall have the meanings set forth in the License Agreement.

#### RECITALS

A. The Licensor is licensing the rights to a system to create and operate a creative play space and CAFÉ where kids and adults can experience unique learning, play, and creativity while enjoying gourmet coffee and beverages, local goods and snacks (“Center”). The Center is operated under the Licensor’s trademark “LITTLE DOODLES PLAY CAFÉ” and other service marks, trademarks, logo types, architectural designs, trade dress and other commercial symbols (collectively, the “Marks”);

B. Licensor has developed methods for establishing, operating and promoting the Marks and the LITTLE DOODLES PLAY CAFÉ brand pursuant to the Licensor’s distinctive business format, plans, methods, data, processes, supply systems, marketing systems, techniques, designs, layouts, operating procedures, Marks and information and know-how of the Licensor (“Confidential Information” and “Trade Secrets”) and such Confidential Information and Trade Secrets as may be further developed from time to time by Licensor (“System”);

C. Associate desires to become involved with Licensee (as defined below) in the capacity of a shareholder, member, officer, partner, director, agent, manager, employee or as a beneficial owner of the Center, or is an immediate family member or domestic partner of an owner of the Center, and will become privileged as to certain Confidential Information and Trade Secrets. Associate may or may not have signed the License Agreement or Guaranty and Assumption of Licensee’s Obligations form; and

D. Associate and the Licensor have reached an understanding with regard to nondisclosure by Associate of Confidential Information and Trade Secrets and with respect to noncompetition by Associate with the Licensor. Associate agrees to the terms of this Agreement as partial consideration for the Licensor’s willingness to allow Associate to engage in a business relationship with Licensor or a Licensee of the Licensor using the Licensor’s Confidential Information and Trade Secrets.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate and the Licensor, intending legally to be bound, agree as follows:

1. Definitions.

(a) “Associate” shall mean the individual or entity described in the first paragraph of this Agreement and the Associate’s managers, officers, beneficial owners, directors,

employees, shareholders, partners, members, principals, immediate family members and domestic partners.

(b) “Competitive Business” as used in this Agreement means:

- (i) any business that receives Twenty-Five Percent (25%) or more of its gross revenue from the sale of childcare, day camp services, and birthday parties; or
- (ii) any business that primarily provides children’s entertainment in an indoor venue; or
- (iii) any business that offers and sells packages for children’s birthday parties.

(c) “Confidential Information” shall mean without limitation, all knowledge, know-how, standards, methods and procedures related to the establishment and operation of the Center and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Center including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information that the Licensor or its affiliates designates as confidential including all information contained in the Manuals, which may be provided as one or more separate manuals, written instructional guides, CD Rom, or other communications from the Licensor or its affiliates, which may be changed or supplemented from time to time.

(d) “License Agreement” shall mean the License Agreement between Licensor and \_\_\_\_\_ (“Licensee”) dated \_\_\_\_\_ as amended or renewed from time to time.

(e) “Term” shall have the meaning defined in the License Agreement.

(f) “Trade Secret(s)” shall mean information, including a customer lists, pattern, compilation, program, device, method, technique or process related to the Center that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

2. Confidential Information and Trade Secrets. Associate and the Licensor acknowledge that the Confidential Information and Trade Secrets that are developed and utilized in connection with the operation of the Center is unique and the exclusive property of the Licensor or its affiliates. Associate acknowledges that any unauthorized disclosure or use of the Confidential Information and Trade Secrets would be wrongful and would cause irreparable injury and harm to the Licensor or its affiliates. Associate further acknowledges that the Licensor or its affiliates has expended a great amount of effort and money in obtaining and developing the Confidential Information and Trade Secrets, that the Licensor or its affiliates has taken numerous precautions to guard the secrecy of the Confidential Information and Trade Secrets, and that it would be very costly for competitors to acquire or duplicate the Confidential Information and Trade Secrets.

3. Nondisclosure of Confidential Information. During the Term and any renewal Term of the License Agreement and for all periods after the Term and any renewal Term of the License Agreement, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Licensor or the Center, any of the Confidential Information of the Licensor or its affiliates.

4. Exceptions to Disclosing Confidential Information. Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) information that was in the public domain prior to being communicated to Associate through no fault of Associate; (b) information that entered the public domain after it was Communicated to Associate through no fault of Associate; (c) information that was in Associate's possession free of any obligation of confidence at the time it was communicated to Associate; or (d) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Associate is legally compelled to disclose the information, if Associate has notified the Licensor before disclosure and used Associate's best efforts, and afforded the Licensor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to the Licensor of confidential treatment for the information required to be so disclosed.

5. Nondisclosure of Trade Secrets. During the Term and any renewal Term of the License Agreement, and for as long as such information constitutes a Trade Secret, Associate shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Licensor or the Center, any of the Trade Secrets of the Licensor or its affiliates.

6. In-Term Covenant Against Unfair Competition. Associate acknowledges that, in addition to the license of the Marks hereunder, the Licensor has also licensed commercially valuable information that comprises and is a part of the Center, including without limitation, the Confidential Information and Trade Secrets. As a result of Associate's involvement with a LITTLE DOODLES PLAY CAFÉ business, Associate has gained or will gain valuable knowledge and information about all of the foregoing which could be used to the competitive disadvantage of Licensor. Associate therefore agrees that other than the Center licensed under a License Agreement, the Associate will not, during the Term and renewal Term of the License Agreement:

- (i) own, manage, engage in, be employed by, advise, make loans to, or have any other interest in, as a partner, owner, officer, executive, managerial employee, director, salesperson or consultant for, any Competitive Business;
- (ii) solicit, divert or attempt to solicit or divert any business or customer to any Competitive Business, by direct or indirect inducement or otherwise;
- (iii) perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or

- (iv) use any vendor relationship established through Licensee's association with Licensor for any purpose other than to purchase supplies, products, equipment, merchandise, or services for use in the Center.

7. Post-Termination Covenant Against Unfair Competition. Upon termination or expiration of the License Agreement for any reason, or termination of Associate's employment with Licensee, Associate agrees that, for a period of two (2) years commencing on the effective date of termination or expiration of the License Agreement, or termination of Associate's employment with Licensee ("Restrictive Period"), the Associate will not within the Restrictive Territory (as defined below):

- (i) Engage in any Competitive Business as Licensee or licensee; or
- (ii) License or franchise any Competitive Business;
- (iii) Engage in any Competitive Business as an employee, owner, manager, or independent contractor in any capacity which directly competes with the work performed while an Associate within one (1) year preceding the termination, expiration, or non-renewal of the License Agreement or the Associate's engagement with the Center; or
- (iv) Engage in any Competitive Business as an employee, owner, manager, or independent contractor in any capacity in which Associate would be in a position to use or disclose Confidential Information of Licensor; or
- (v) Become interested in any such Competitive Business as an individual, partner, shareholder, member, director, officer, principal, agent, employee, lender, consultant, spouse, or in any other relationship or capacity; provided, that the purchase of a publicly traded security of a corporation engaged in such business or service shall not in itself be deemed violative of this Section 7 so long as Associate does not own themselves or through their spouses or partners more than one percent (1%) of the securities of such corporation.
- (vi) Serve, solicit, divert or attempt to solicit or divert any business or customer located within the Restrictive Territory with whom Associate had any business relationship as of the termination or expiration of the License Agreement or the Associate's engagement with the Center or within one (1) year preceding the termination, expiration, or non-renewal of the License Agreement or the Associate's engagement with the Center; or
- (vii) Serve, solicit, divert or attempt to solicit or divert any business or customer located within the Restrictive Territory with whom Licensor or any of its other licensees or franchise owners had any business relationship as of the termination, expiration, or non-renewal of the License Agreement or the Associate's engagement with the Center or within one (1) year preceding the termination, expiration, or non-renewal of the License Agreement or the Associate's engagement with the Center.

8. Restrictive Territory. For purposes of Sections 6 and 7, the term “Restrictive Territory” means the following:

- (i) An area which is within a 10-mile radius of:
  - (A) The location of the Center at the time of termination or expiration of the License Agreement or the Associate’s engagement with the Center; or
  - (B) The location of any other play center owned by Licensor or its affiliates or other licensees at the time of termination or expiration of the License Agreement or the Associate’s engagement with the Center.

9. Tolling. Associate and Licensor agree that the running of the applicable post-termination Restrictive Period shall be tolled during any period of such violation.

10. Injunction. Associate hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, the Licensor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which the Licensor may be entitled. Associate agrees that the Licensor may obtain such injunctive relief, without posting a bond or bonds totaling Five Hundred Dollars (\$500) or more, but upon due notice, and Associate’s sole remedy in the event of the entry of such injunctive relief shall be dissolution of such injunctive relief, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any such injunction are hereby expressly waived by Associate.

11. Reasonableness of Restrictions. Associate acknowledges and agrees that the restrictions set forth in this Agreement are reasonable and necessary for the protection of the Confidential Information and Trade Secrets and that any violation of this Agreement would cause substantial and irreparable injury to Licensor, and that Licensor would not have entered into a business relationship with Associate or Licensee or enter into this Agreement or the License Agreement without receiving Associate’s unrestricted promise to preserve the confidentiality of the Confidential Information and Trade Secrets. In any litigation concerning the entry of any requested injunction against Associate, Associate, for value, voluntarily waives such defenses as Associate might otherwise have under the law of the jurisdiction in which the matter is being litigated relating to any claimed “prior breach” on the part of the Licensor; it being specifically understood and agreed between the parties that no action or lack of action on the part of the Licensor will entitle or permit Associate to disclose any such Confidential Information or Trade Secrets in any circumstances.

12. Effect of Waiver. The waiver by Associate or the Licensor of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof.

13. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Associate and the Licensor and their respective heirs, executors, representatives, successors and assigns.

14. Entire Agreement. This instrument contains the entire agreement of Associate and the Licensor relating to the matters set forth herein. It may not be changed verbally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

15. Governing Law. This instrument shall be governed by and construed under the laws of the State of North Carolina.

16. Jurisdiction and Venue. In the event of a breach or threatened breach by Associate of this Agreement, Associate hereby irrevocably submits to the jurisdiction of the state and federal courts of North Carolina, and irrevocably agrees that venue for any action or proceeding shall be in the state and federal courts of North Carolina. Both parties waive any objection to the jurisdiction of these courts or to venue in the state and federal courts of North Carolina. Notwithstanding the foregoing, in the event that the laws of the state where Associate resides prohibit the aforesaid designation of jurisdiction and venue, then such other state's laws shall control.

17. Severability. If any provision of this Agreement shall be held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority or otherwise, such holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement that shall otherwise remain in full force and effect.

18. Attorneys' Fees. In any action at law or in equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party in such litigation, as determined by the court in a final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeals), and if such successful party shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

19. Acknowledgment. Associate is aware that a violation of this Agreement will cause Licensor irreparable harm; therefore, Associate acknowledges and agrees that Licensor may apply for the issuance of an injunction preventing Associate from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and Associate agrees to pay Licensor all the costs Licensor incurs, including without limitation attorneys' fees, if this Agreement is enforced against Associate. Due to the importance of this Agreement to Licensor, any claim Associate has against Licensor is a separate matter and does not entitle Associate to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. Associate agrees that all the words and phrases used in this Agreement will have the same meaning as used in the License Agreement, and that such meaning has been explained to Associate.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the parties have signed this Agreement on the date first above written.

ASSOCIATE:

\_\_\_\_\_

\_\_\_\_\_

LICENSOR:

LITTLE DOODLES PLAY CAFÉ, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_