

## KARAOKE SYNCHRONIZATION LICENSE

Date:

Publisher: BIG MUSIC PUBLISHING COMPANY INC.  
1000 Sunset Boulevard  
Hollywood, California 90069

Producer: JAPAN KARAOKE, LTD.  
1-1-1, Aoyama Building  
Minato-ku, Tokyo  
JAPAN

### 1. Programs

The programs covered by this Agreement are all edited versions of a videotaped program (the “**Program**”) for use in “**Karaoke machines**”. Karaoke machines are hereby defined as machines (utilizing technologies and media now known or hereafter devised) which play music videos containing musical tracks but no lead vocal track, which may be utilized by Producer or Producer’s sublicensees in commercial establishments and other public places at which members of the public sing along with such music videos and/or which may be distributed by Producer or its sublicensees for home use by members of the public.

### 2. Territory:

The “**Territory**” covered under this Agreement is the United States and Canada and their respective territories and possessions.

### 3. Grant of Rights/Restrictions:

3.1. Subject to the terms and conditions contained in this Agreement, Publisher hereby grants to Producer, its successors and assigns, the non-exclusive, limited right, license, privilege and authority

3.1.1. to create and use arrangements of, and to record and re-record, compositions controlled by Publisher and approved in writing by Publisher from time to time (“**Compositions**”) in synchronization or timed relation with Programs;

3.1.2. to use the titles of Compositions and display the original lyrics of Compositions on Programs; and

3.1.3. to manufacture, distribute, advertise, rent and sell copies of Programs containing Compositions, solely for home use in karaoke machines sold to members of the public and for use in commercial establishments within the Territory where members of the public sing along with Programs and/or record their vocal performances of instrumental versions of Compositions embodied in Programs and thereafter purchase copies of all or part of Programs embodying such performances.

### 3.2 Term/Expiration:

3.2.1. The Term of this Agreement as to each composition shall be seven (7) years from the date of written approval of the use of such Composition by Publisher, Provided, however, that in the event that any portion of a **“Rollover Advance”** (as defined in 4.3, below) in respect of a specific Composition remains unrecouped as of the date when such Term would otherwise expire, such Term shall continue as to such Composition until the end of the calendar quarter during which such Rollover Advance is fully recouped.

3.2.2. Upon the expiration of the Term as to a specific Composition, all rights granted herein with respect thereto shall revert to Publisher, and Producer shall not thereafter manufacture, advertise, distribute or sell or lease Programs embodying such Composition or copies thereof or authorize others to do so, provided, that if Producer is not then in material, uncured breach of this Agreement, Producer shall have the right for a period of six (6) months following the expiration of the Term (**“Sell-Off Period”**) to continue to sell off its ending inventory of such Programs (subject to Producer’s continuing obligation to account to and pay Publisher pursuant to paragraph 4, below).

3.2.3. Producer shall not duplicate or authorize others to duplicate excessive numbers of copies of Programs in anticipation of the Sell-Off Period (and in no event shall Producer duplicate or authorize the duplication of a greater number of copies of a specific Program during the final six (6) months of the Term as to the Composition(s) contained in such Program than were duplicated during the immediately preceding six-month period), and all sales during the Sell-Off Period shall be at regular prices (and not at “distress” or “close-out” prices).

3.3. As to each Composition not 100% owned and controlled by Publisher, this license extends only to that portion of such Composition owned and/or controlled by Publisher.

3.4. Nothing herein shall obligate or require Producer to embody Compositions either in Programs or in videograms embodying Programs and it is expressly understood and agreed that the compensation payable to Publisher hereunder with respect to each specific Composition is conditioned upon the utilization of such Composition in Programs.

3.5. Reservation of Rights:

3.5.1. Publisher reserves all rights not expressly granted to Producer hereunder, including but not limited to public performing rights in Compositions as embodied in Programs.

3.5.2. Compositions as embodied in Programs may only be performed publicly by a person, firm or other entity holding a valid performing rights license therefor from Publisher, from Publisher’s performing rights society, or from another party authorized to grant such license on behalf of Publisher.

3.5.3. Arrangements:

(A) All arrangements of Compositions shall be created as “works for hire,” Publisher (or its designee(s)) shall be deemed the “author” thereof for copyright purposes, and (subject to Producer’s right to use such arrangements for the purposes of this Agreement) all rights in such arrangements shall belong to Publisher from inception.

(B) In each instance, Producer shall obtain and deliver to Publisher a written “work for hire” agreement executed by each arranger of a Composition embodied on a specific Program on or before the

first distribution of copies of such Program.

#### 4. Consideration For Grant:

In consideration of the rights granted herein for the use of each Composition in connection with Programs as described in paragraph 3, Producer shall pay to Publisher the following sums on the terms and conditions hereinafter set forth, timely payment being of the essence of this agreement:

4.1. A fixing fee in the amount of Two Hundred Dollars (\$200.00) per Composition, payable to Publisher to be paid within ten days after the completion of recording of the first Program embodying such Composition;

4.2. A nonreturnable payment in the amount of Three Hundred Dollars (\$300) per Composition, payable to Publisher in each instance within the same ten-day period, as an advance against the following royalties (“**Royalties**”) with respect to the sale or rental of copies of Programs to commercial establishments and with respect to the sale of copies of Programs for home use:

4.2.1. Ten Cents (\$.10) per Composition for each copy of each Program embodying such Composition distributed during the first three and one-half (3 1/2) years of the applicable Term; and

4.2.2. Twelve and one-half Cents (\$.125) per Composition for each such copy distributed during the remainder of such Term.

4.2.3. In any instance in which only a portion of a Composition is licensed hereunder, the otherwise applicable royalty shall be reduced pro rata.

4.2.4. In the event that during the Term applicable to a specific Composition Producer shall agree to pay any other publisher a higher fixing fee and/or royalty rate than that prescribed above, such higher fee and/or royalty rate shall be deemed applicable hereunder from the commencement of the applicable Term, Producer shall promptly pay Publisher retroactive to the commencement of such Term the difference between the fixing fee prescribed above and such higher fee and/or (as applicable) the difference between the royalty rate prescribed above and such higher rate as to past sales, and Producer shall continue to pay Publisher at such higher royalty rate with respect to copies distributed thereafter.

4.3. In each instance at or prior to the final six months of the Term applicable to a specific Composition in which Publisher’s accounting statement indicates that the advance in respect of a specific Composition has been recouped, Producer shall (at the time when such statement is rendered) make a further advance against Royalties in respect of such Composition in the amount of One Hundred Fifty Dollars (\$150.) (“**Rollover Advance**”).

#### 5. Royalty Accountings, Payments, and Audits:

5.1. Producer shall keep accurate books of account and shall render a true, accurate and detailed accounting statement to Publisher, within 45 days following the end of each calendar quarter during which distribution activity occurs in respect of Programs embodying one or more Compositions, commencing with the quarterly period during which the first commercial sale or rental of a videogram containing a Program takes place.

5.2. Each sale or rental shall be accounted for on the statement for the quarter during which a particular

copy of a Program is distributed by Producer or by a sublicensee from Producer, and such statement shall be accompanied by a remittance of such amount as is shown to be due.

5.3. Each statement and the accompanying remittance will be made in United States currency. If foreign receipts in the Territory are subject to “blocked currency” laws and/or regulations and/or are subject to exchange controls which prevent their remittance to the U.S., Producer shall notify Publisher to such effect. Upon Publisher’s written request and upon condition that the same shall be permitted by the authorities of such foreign country, Producer shall deposit Publisher’s share of such receipts in a depository in such foreign country at Producer’s cost and expense and shall notify Publisher thereof. Such deposit and notice shall discharge Producer of its obligation to remit such frozen funds.

5.4. The exchange rates utilized by third parties in accounting to Producer shall be utilized by Producer in accounting to Publisher, so long as payment is made at or prior to the date when payment is due (or if payment is delayed due to currency and/or exchange control). However, if payment is late (not due to currency and/or exchange control) Publisher shall be entitled to the most favorable exchange rate between the due date and the date of payment.

#### 5.5 Tax Withholdings:

5.5.1. If the laws of any jurisdiction require that taxes on such remittance be withheld at the source, then remittance hereunder to Publisher shall be reduced accordingly, provided, that in each instance, Producer shall notify Publisher of the name and address of the withholding jurisdiction, the amount withheld, and the basis for such withholding, and shall upon request provide Publisher with such document(s) as may be required in order to permit Publisher to apply for any available tax credit(s).

5.5.2. Only taxes specifically attributable to Publisher and/or to Publisher’s royalties hereunder shall be subject to such withholding. Specifically, and without limiting the generality of the foregoing, moneys which would otherwise be due and payable to Publisher shall not be subject to reduction by reason of any income, corporate franchise, or other tax levied upon Producer and/or any sublicensee or other representative of Producer, or by reason of the transfer of moneys from any sublicensee or other representative to Producer prior to payment to Publisher.

#### 5.6. Audits:

5.6.1. Publisher shall have the right to examine and inspect the books and records of Producer which relate to the manufacture, distribution and sale and/or rental of Programs containing Compositions for the purpose of determining the accuracy of statements rendered by Producer hereunder. Each such statement shall be subject to examination and inspection for four (4) years after such statement has been received by Publisher.

5.6.2. Such examination shall be made during reasonable business hours, on reasonable business days, on no less than ten (10) days prior written notice at the regular place of business of Producer where such books and records are maintained. Such examination shall not be made more frequently than once in each year, and not more than once with respect to any quarterly period or statement rendered hereunder.

5.6.3. Such examination and inspection shall be conducted on Publisher’s behalf by a certified public accountant of other qualified representative and shall be at Publisher’s expense, provided, that if any audit reveals an underpayment of 10% or more for the period(s) audited, Producer shall pay Publisher’s reasonable audit costs (excluding travel and subsistence costs).

6. Warranties and Representations; Indemnities:

6.1. Each party warrants and represents to the other that such party has full right, power and authority to enter into and perform this Agreement in accordance with its terms.

6.2. Except to the extent provided otherwise herein Publisher warrants and represents as to each Composition that such composition does not infringe upon the rights of any third parties, provided, that if Publisher is the licensor of the lyrics only or the music only, such warranty and representation shall extend only to that element licensed hereunder.

6.3. Indemnities:

6.3.1. Each party ("the Indemnitor") agrees to indemnify the other party ("the Indemnitee") against any and all loss, damage or expense (including court costs and actual and reasonable outside attorneys' fees) which the Indemnitee may incur by reason of a breach by the Indemnitor of its obligations, warranties and/or representations pursuant to this Agreement which results in a final, nonappealable adverse judgment or a settlement entered into with the Indemnitor's prior written consent (not to be unreasonably withheld).

6.3.2. The Indemnitee shall deliver prompt notice of any claim, action or proceeding in respect of which indemnity is claimed, and the Indemnitor shall have the right to participate in the defense thereof by counsel of the Indemnitor's choice, at the Indemnitor's sole cost and expense. Where Publisher is the Indemnitor, and the provisions of Publisher's errors-and-omissions insurance policy so require, Publisher shall have the right to control the defense of such claim, action or proceeding.

6.3.3. In any instance involving a third party claim, action or proceeding in which a settlement is proposed which the Indemnitor considers reasonable, and the Indemnitee refuses to approve such settlement, the Indemnitee shall defend such claim, action or proceeding thereafter at the Indemnitee's sole cost and expense and payment to such third parties) shall be the Indemnitee's sole responsibility to the extent that such payment is in excess of the amount the Indemnitor considered reasonable.

7. Notices and Correspondence:

7.1. All notices shall be sent to the parties by registered or certified mail (return receipt requested) or by any other means by which delivery may be verified, to the parties at their respective addresses set forth or to such other address(es) as a party may designate by notice in the same manner from time to time. All notices from Producer to Publisher shall be sent to Attention: senior Vice President, Legal & Business Affairs.

7.2. All statements, payments and requests for approval hereunder from Producer to Publisher shall be sent via the same procedure to **Attention: Vice President, Licensing.**

8. Miscellaneous:

8.1. This Agreement sets forth the entire agreement between Publisher and Producer with respect to the subject matter hereof, superseding any and all prior written and/or oral agreements or understandings, and may not be modified or amended except by written agreement executed by the parties.

8.2. No breach of this Agreement shall be deemed a material breach until the party against whom such

breach is alleged shall have received written notice of same from the party alleging such breach, and the notified party shall have failed to cure such breach within thirty (30) days after the receipt of such notice (ten (10) days, in the case of a payment of money).

8.3. Governing Law and Forum; Fees and Costs:

8.3.1. This Agreement shall be governed by and subject to the laws of the State of California, applicable to agreements made and to be wholly performed within such State, and the State and/or Federal Courts in Los Angeles shall be the sole forums for the resolutions of disputes with respect to this agreement. Both parties hereby submit to the jurisdiction of such Courts for such purpose.

8.3.2. In any legal action between the parties, the prevailing party shall be entitled to recover its court costs and actual and reasonable outside attorney's fees.

8.4. Assignment:

8.4.1. Publisher may assign this agreement or any of the rights licenses or privileges hereunder to any person, firm, corporation or other entity.

8.4.2. Producer may not assign its rights, licenses or privileges except to a corporate parent or subsidiary, in a merger or consolidation or to a purchaser of substantially all of Producer's stock or assets.

8.4.3. No assignment shall relieve the assignor of any liability hereunder, and no such assignment shall become effective unless and until the assignor shall deliver to the other party hereto a written agreement on the part of the assignee assuming the performance of the assignor's obligations hereunder from and after the effective date of such assignment.

IN WITNESS WHEREOF, the parties have caused the foregoing to be executed as of the date set forth above.

Publisher: \_\_\_\_\_

Producer: \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_