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Marx (U.S.A)/Aurora
633 Hope St
Stanford
Conn
U.S.A

Mr. Faller

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Date

1st September 1978

Head of Licence Agreement - Marx(U.S.A)/Aurora.

- 1) There is to be a formal license agreement between Faller and Marx(U.S.A)/Aurora.
- 2) The agreement is to cover the model motor racing products of Aurora.
- 3) The agreement is to run for a three year period starting Jan., 1st, 1979.
- 4) The territory is to be the Federal Republic of Germany, West Berlin and Switzerland.
- 5) The rate of royalty shall be 10% on nett sales except on Faller a.m.s sets where the rate shall be 5%. (It is to be understood that this special 5% rate shall be re-negotiated to an increased rate if items of Aurora origin additional to cars and hand controllers are included in the a.m.s sets of Faller.)
- 6) At the end of the 2nd year a new 3 year period is to be negotiated - to start at the end of the 3rd year - and both parties to the agreement are free to give the other 12 months notice of termination at the end of the 2nd year of a period.
- 7) The agreement for each 3 year period is to include a minimum royalty for the 1st and 2nd year. (In the event of the agreement being terminated at the end of the 2nd year, the minimum royalty for the 3rd year of the period shall be the same as that of the second year.)
- 8) The minimum royalty for 1979 shall be U.S \$ 175000 and for 1980 it will be U.S \$ 200000. (As soon as possible after the Aurora International conference for new 1979 products Faller will review with Aurora the possibility of increasing the minimum royalties for 1979 and 1980.)
- 9) To be included in the agreement is a clause which covers the minimum royalty for the year being reduced in the event of Aurora failing to deliver an item or items. Such a reduction is to be in proportion to the nett sales value of the merchandise ordered but not delivered.
- 10) The US Dollar value of the agreed minimum royalties will be calculated on the basis of the exchange rate ruling at the time of payment for orders placed.
- 11) a. The existing Aurora AFX product will continue to be sold as part of the Faller a.m.s product range with the Aurora AFX items being marketed as Aurora (or Aurora AFX) products.