

6-7-01

06-13-2001



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### RECORDATION FORM COVER SHEET TRADEMARKS ONLY

JUN - 7 2001

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

#### Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID # \_\_\_\_\_
- Correction of PTO Error  
Reel # \_\_\_\_\_ Frame # \_\_\_\_\_
- Corrective Document  
Reel # \_\_\_\_\_ Frame # \_\_\_\_\_

#### Conveyance Type

- Assignment  License
- Security Agreement  Nunc Pro Tunc Assignment
- Merger  
Effective Date  
Month Day Year  
\_\_\_\_\_
- Change of Name
- Other \_\_\_\_\_

#### Conveying Party

Mark if additional names of conveying parties attached

Name Hasbro International Inc.

Execution Date  
Month Day Year  
06 05 1998

Formerly \_\_\_\_\_

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other \_\_\_\_\_
- Citizenship/State of Incorporation/Organization Massachusetts

#### Receiving Party

Mark if additional names of receiving parties attached

Name Pedigree Dolls & Toys Limited

DBA/AKA/TA \_\_\_\_\_

Composed of \_\_\_\_\_

Address (line 1) The Old Rectory

Address (line 2) Matford Lane, Exeter, Devon

Address (line 3) \_\_\_\_\_

England

EX2 4PS

- Individual  General Partnership  Limited Partnership
- Corporation  Association
- Other \_\_\_\_\_

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Citizenship/State of Incorporation/Organization United Kingdom

#### FOR OFFICE USE ONLY

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Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages** Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

**Trademark Application Number(s)**

**Registration Number(s)**

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="1009666"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Number of Properties** Enter the total number of properties involved.

#

**Fee Amount** Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment: Enclosed  Deposit Account

Deposit Account  
(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes  No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Richard J. Groos

3/9/01

Name of Person Signing

Signature

Date Signed

TRADEMARK

CERTIFICATE OF MAILING  
37 C.F.R. 1.8

I hereby certify that this correspondence is being deposited with the U.S. Postal Service as First Class Mail in an envelope addressed to:  
Commissioner for Trademarks, 2900 Crystal Drive, Arlington, Virginia 22202-3513, on the date below:

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In Re Application of: PEDIGREE DOLLS § Registration No. 1,009,666  
& TOYS LIMITED §  
§  
§  
§ Mark: SINDY  
Atty. Docket: PEDI:002/RJG §

DESIGNATION OF DOMESTIC REPRESENTATIVE

Commissioner for Trademarks  
2900 Crystal Drive  
Arlington, Virginia 22202-3513

Commissioner:

Applicant, Pedigree Dolls & Toys Limited, a company of the United Kingdom, hereby designates Fulbright and Jaworski, L.L.P., whose address is 600 Congress Avenue, Suite 2400, Austin, Texas 78701, as its representative upon whom notice or process in proceedings affecting the mark may be served.

PEDIGREE DOLLS & TOYS LIMITED

By: *H. Sinclair*  
Name: H. SINCLAIR  
Title: DIRECTOR  
Date: 15 May 2001

25000144.1

DATED 5<sup>th</sup> June 1998

HASBRO INTERNATIONAL INC.

-and-

PEDIGREE DOLLS & TOYS LIMITED

---

AGREEMENT RELATING TO THE  
SALE AND PURCHASE  
OF CERTAIN INTELLECTUAL PROPERTY RIGHTS

---

Eversheds  
Solicitors  
10 Newhall Street  
Birmingham  
B3 3LX

Ref: MRA

DOC ID: BIRCOM21065/2  
ENG : 040698

**BETWEEN:**

- (1) **HASBRO INTERNATIONAL INC**, a company incorporated in <sup>Dulman</sup>Massachusetts whose address is 1027 Newport Avenue, P.O.Box 1059, Pawtucket, Rhode Island, 02862-1059, USA ("the Seller")
- (2) **PEDIGREE DOLLS & TOYS LIMITED** a company registered in England, whose registered office is at The Old Rectory, Matford Lane, Exeter, Devon EX2 4PS ("the Buyer")

**WHEREAS:**

The Seller has agreed to sell and the Buyer to buy all of the Seller's world-wide rights in the trade marks "Sindy", "Cindy", and certain other associated assets on the terms of this Agreement.

**IT IS AGREED** as follows:-

1. Interpretations

In this Agreement:

1.1 "the 1986 Agreement" means the Sale and Purchase Agreement between PDTL, Hasbro Industries (UK) Limited, Hasbro Inc., Tamwade Limited, Clevergate Limited, Jerimy George Reynolds, Hugh James Sinclair and Huntly Gordon dated 28th August 1986;

1.2 "Buyer's Group" means the Buyer and any present or future holding company of the Buyer (wherever incorporated or carrying on business) and any present or future subsidiaries (wherever incorporated or carrying on business) of the Buyer or any such holding company (the expressions "holding company" and "subsidiary" having the meanings ascribed to them in Section 736 of the Companies Act 1985);

1.3 "Copyright" means all the world-wide copyright and design rights relating to the Products owned by the Seller, whether or not registered including, without limitation,

- copyright in any drawings, patterns, prototypes or similar items used in the design or manufacture of the Products;
- 1.4 "Completion Date" means 31 December 1998 or such earlier date on which the Purchase Price is paid in full;
- 1.5 "the Deposit" has the meaning given to it in clause 3.2;
- 1.6 "the Disclosure Letter" means the letter dated the same day as this Agreement written by the Seller to the Buyer and described in its text as the Disclosure Letter referred to in this Agreement;
- 1.7 "the Effective Date" the date of signature of this Agreement;
- 1.8 "the Goodwill" means the goodwill of the Seller in the Products;
- 1.9 "Hasbro Group" means Hasbro, Inc. and any present or future holding company of Hasbro, Inc. (wherever incorporated or carrying on business) and any present or future subsidiaries (wherever incorporated or carrying on business) of Hasbro, Inc. or any such holding company (the expressions "holding company" and "subsidiary" having the meanings ascribed to them in Section 736 of the Companies Act 1985);
- 1.10 "Know-how" means all the Seller's know-how in and associated exclusively with the use, marketing, advertising, promotion, sale and supply of the Products whether tangible or intangible but not know-how in the manufacture of the Products;
- 1.11 "Net Sales" has the meaning given to it in Schedule 1;
- 1.12 "Patents" means the patents, patent applications, utility models and utility model applications relating to the Products owned by the Seller referred to in Schedule 4;

- 1.13 "Products" means goods or services manufactured, sold or supplied under the Trade Marks
- 1.14 "Purchase Price" means the amount referred to in Clause 3.2;
- 1.15 "Quarter" means 1st January to 31st March, 1st April to 30th June, 1st July to 30th September or 1st October to 31st December;
- 1.16 "Relevant Products" means any Products marketed under any of the Trade Marks by the Buyer following the date hereof;
- 1.17 "the Rights" means all the world-wide rights, title, property and interest of the Seller and the Hasbro Group in and to, and associated with, the Trade Marks, the Copyright, the Patents, the Know-how, the Goodwill and all of the Seller's rights in design, style, appearance and get-up of the Products but excluding, for the avoidance of doubt, all tooling and design files used at any time to manufacture the Products or any part thereof and the Hasbro Group's right to use such tooling and design files as specified in this Agreement;
- 1.18 "Royalties" has the meaning given to it in Clause 3.3;
- 1.19 "Trade Marks" means the registered trade marks (and applications therefor) (including those listed in Schedule 3) and all unregistered trade marks, trade names and logos (and applications relating thereto) used at any time by the Seller or any other member of the Hasbro Group on products bearing the Sindy trade mark anywhere in the world (e.g. Patch) but not including any brands, trade marks or logos owned by or licensed to the Hasbro Group which have been used in conjunction with such trade marks, trade names or logos but which usage was secondary to its usage on goods or services other than fashion dolls (e.g. Twister);

1.20 where the context so requires the singular includes the plural and vice versa and references to any gender shall include references to any other gender.

## **2. Sale and purchase**

2.1 Subject to the terms of this Agreement and in particular Clauses 2.2 and 11.2, with effect from the Completion Date, the Seller shall sell, transfer or assign to the Buyer with full title guarantee and free, subject as disclosed in the Disclosure Letter, from all liens, charges and encumbrances, and the Buyer shall buy, the Rights.

2.2 Notwithstanding any other provisions of this Agreement, the legal and equitable title to the Rights shall remain vested in the Seller until payment of the Purchase Price whereupon the legal and equitable title will vest in the Buyer or as the Buyer shall direct. Pending vesting of title in the Buyer the Buyer will be entitled to use such Rights for the purposes of preparing for the exploitation of the Rights following the Completion Date provided that such usage does not give rise to any liability on the part of the Seller and that the Buyer does not hold itself out as the owner of the Rights.

2.3 Until the Completion Date:-

2.3.1 the Seller will use reasonable efforts to prosecute, keep in force and safeguard its registrations and application rights in respect of the Rights including, without prejudice to the generality of the foregoing, the prompt payment of all renewal fees necessary to maintain any registrations of the Rights and using reasonable efforts in the diligent defence of any cancellation or opposition proceedings relating to the Rights and the taking and diligent prosecution of cancellation or opposition proceedings against third parties seeking to register or use the Rights. The Buyer will pay the reasonable costs incurred pursuant to this clause 2.3.1 in respect of those Rights other than the Trade Marks such reasonable costs being calculated on a similar basis to the costs incurred by the Seller prior to the Effective Date;

2.3.2 the Seller will permit the Buyer and its solicitors and trade mark agents at all reasonable times to inspect and take copies of the Seller's and its trade mark agents' files insofar as they relate to the Trade Marks and the Seller will procure that such trade mark agents provide the Buyer with prompt notification of those extraordinary matters which such trade mark agents reasonably believe may be of relevance to the Buyer. Any reasonable costs or expenses arising out of the operation of this clause 2.3.2 shall be borne by the Buyer such reasonable costs being calculated on a similar basis to the costs incurred by the Seller prior to the Effective Date;



2.3.3 if the Seller's consent is required to enable the Buyer to file any trade mark applications the Seller will promptly provide its consent in writing. The Buyer will pay for such new applications and title thereto will vest in the Buyer.

2.4 Except as expressly set out in this Agreement the Buyer shall not assume or be responsible for any of the liabilities of the Seller including, but not limited to, any liability for any taxes, duties or levies nor shall the Buyer acquire any other assets of the Hasbro Group.

### 3. Consideration, royalties and payment

3.1 In consideration for the sale of the Rights and in consideration for the covenants given in Clause 8 the Buyer shall pay the Seller the Purchase Price.

3.2 The Purchase Price shall be the sum of US\$                      Payment of the Purchase Price shall be made by two instalments, the first being a non-refundable deposit in the sum of £                      (i.e. the Pounds Sterling equivalent of US\$                      on the Effective Date ("the Deposit") and the second in the sum of US\$                      (being the balance of the Purchase Price less the Deposit) on or before 31st December 1998. If the Buyer fails to pay the Purchase Price by 31st December 1998 the parties will enter into the Licence Agreement set out in Schedule 5. Such failure will not constitute a breach of this Agreement however each party's obligations under this Agreement shall cease and determine but without prejudice to the non-refundability of the Deposit.

3.3 The Buyer shall pay Royalties to the Seller in accordance with Schedule 1. The Royalties shall be        % of Net Sales and shall be paid for a period of                      from the Completion Date.

3.4 The Purchase Price shall be paid by way of a banker's draft drawn on a London Clearing Bank or telegraphic transfer in favour of the Seller. The Royalties shall be paid in US dollars by cheque drawn on a London Clearing Bank. If the Net Sales are received in a currency other than US dollars they shall be deemed to have been converted to US dollars at the rate offered by National Westminster Bank plc for the conversion of the relevant currency into US dollars at close of business on the business day immediately prior to the forty fifth day of the Quarter in respect of which the Royalties are due and any statement delivered to the Seller in accordance with the provisions of paragraph 2.1 of Schedule 1 shall show individually all conversions made and the relevant conversion rates.

breach pursuant to this clause 5 which gives rise to liability of less than US\$ No claim will be made by the Buyer in respect of any breach pursuant to this clause 5 after 2 years following the Completion Date.

5.2 The Seller agrees to indemnify the Buyer against any loss, costs, damages, expenses or claims incurred or suffered by, or made against, the Buyer and arising out of any breach, or non-observance by the Seller of, or any inaccuracy in, any of the warranties, undertakings and representations made pursuant to Clause 5.1 including, for the avoidance of doubt, legal fees and disbursements up to a maximum aggregate amount of the sums paid or payable by the Buyer under this Agreement as (i) the Purchase Price minus £ or, (ii) if any such breach, non-observance or inaccuracy relates to the transfer of the Rights in any country of the European Union, Canada, USA, Japan, Australia or New Zealand, the Purchase Price and the Royalties minus £

5.3 The Buyer warrants, undertakes and represents to the Seller that:

5.3.1 the Buyer has full corporate power and authority to execute, deliver and perform its obligations under this Agreement;

5.3.2 this Agreement and the performance of its obligations under it have been duly approved and authorised by the Board of Directors of the Buyer;

5.3.3 neither the execution nor performance of any of its obligations under this Agreement, nor completion of the transactions contemplated by it will constitute a breach of or violate any Agreement, instrument, order, judgement or decree to which either of them is a party or any provisions of its Memorandum or Articles of Association.

## 6. Continuing Contracts

The Seller warrants that there are no licences, distribution agreements or material supply agreements in existence relating to the Rights except in relation to the Greek and Indian markets which the Seller shall continue to exploit under licence from the Buyer. Such licence shall be on the same terms as those set out in Schedule 5 mutatis mutandis subject as follows:-

6.1 the royalty rate payable by the Seller will be % of net sales and % of FOB sales;

6.2 the Seller will ensure that its distributor in Greece does not pursue an active policy of selling, marketing or other exploitation of the Products outside Greece;

- 3.5 All amounts expressed in this Agreement as being payable by the Buyer are expressed exclusive of any value added tax or similar tax which may be chargeable thereon.
- 3.6 Payment of all amounts under this Agreement shall be made to the Seller and the Buyer shall not be required to see to any distribution of any such amounts.
- 3.7 The Buyer shall have the right in its discretion to make any payment hereunder earlier than the due date specified herein.

#### **4. Completion**

- 4.1 Completion shall take place immediately upon receipt by the Seller of the Purchase Price in full.
- 4.2 On the Completion Date the Seller shall deliver, or procure to be delivered to, or as directed by, the Buyer all of the following:
- 4.2.1 all the books and records, documents and other data of the Seller relating exclusively to the Trade Marks and samples of any other marketing brochures and background material relating to the Products as may be readily available to the Seller;
- 4.2.2 documentary evidence that the individuals who have signed this Agreement on behalf of the Seller are authorised to do so.
- 4.3 Forthwith upon transfer of title of the Rights to the Buyer pursuant to Clause 2.2 the Seller shall deliver, or procure to be delivered to, or as directed by, the Buyer all instruments of transfer and assignments with respect to the Rights necessary to vest in the Buyer clear marketable title to all of the Rights including, but not limited to, documents of title and assignments of the Trade Marks. Thereafter the Seller will promptly forward to the Buyer any notices which it receives relating to the Rights.
- 4.4 On the Effective Date the Buyer shall deliver to the Seller:
- 4.4.1 the Deposit by telegraphic transfer;
- 4.4.2 documentary evidence that the individuals who have signed this Agreement on the Buyer's behalf are authorised to do so.

#### **5. Warranties, Undertakings, Representations and Indemnities**

- 5.1 Save as disclosed in the Disclosure Letter, the Seller warrants, undertakes and represents to the Buyer on the terms set out in Schedule 2. No claim will be made by the Buyer in respect of any

- 6.3 the duration of such licences shall be for a minimum of two years from the Effective Date and shall be terminable by either party serving notice in writing on the other to expire at the end of such two year period or at the end of any succeeding year

Hasbro Group shall from the date hereof carry out and complete for its own account or otherwise observe and perform the obligations on the part of any member of the Hasbro Group contained in any agreements to which it is a party and the Buyer hereby permits the Hasbro Group to perform its obligations under the agreements entered into on behalf of the Hasbro Group referred to in Disclosure Document 4.

## **7. Confidentiality, Intellectual Property Rights and Resale**

- 7.1 The Seller agrees that it will not (and will procure that no member of the Hasbro Group will) at any time make use of or disclose to any third party any secret or confidential information relating to the Trade Marks other than information which is properly available to the public or disclosed pursuant to an order of a court of authority of competent jurisdiction.
- 7.2 Nothing in this Agreement will prevent the Seller or any other member of the Hasbro Group from promoting or supplying fashion dolls and related accessories provided that after the date hereof the Seller agrees that it will not (and will procure that no member of the Hasbro Group will), either on its account, nor in conjunction with, nor on behalf of, any person, firm, company or entity, either directly or indirectly, whether alone or jointly with, or as a director, employee, agent or consultant of, any person, firm, company or entity be engaged in manufacturing, marketing, promoting or supplying goods or services which infringe the Rights or constitute passing off in fashion dolls which form part of the Rights.
- 7.3 The Buyer undertakes that it will not sell all or a substantial part of the Rights for a period of 12 months from the date hereof.
- 7.4 Nothing in this Agreement shall prevent the Seller using any of the tooling and/or design and engineering drawings used for the manufacture of Products prior to the date hereof for any purposes whatsoever including sale or disposal to third parties provided that such use does not infringe the Trade Marks or, as regards fashion dolls (but not playsets), constitute passing off. For the purposes of the uses envisaged by this clause the Buyer hereby grants a royalty-free perpetual licence of the Rights other than the Trade Marks.
- 7.5 The Buyer undertakes that it will not actively exploit the Rights in Germany for a period of 12 months from the Effective Date.

## **8. Pre-Completion Stocks**

The Seller confirms that the amount of unsold stocks of Products held by the Seller in the United Kingdom is fewer than 1,000 units and there are no material stocks of Products held in Hong Kong. Without prejudice to the Seller's rights in respect of Greece and India referred to in clause 6, the Seller shall be free to continue selling such stocks of Products until 31st December 1998.

9. **Liability**

9.1 The Seller shall bear full responsibility for the design, manufacture and marketing of all Products sold by it or on its behalf whether on or prior to the Completion Date or thereafter ("Seller's Products") and the Buyer shall bear full responsibility for the design, manufacture and marketing of all Products manufactured by it or on its behalf after the Completion Date ("the Buyer's Products").

9.2 The Seller and the Buyer shall each indemnify the other against all actions, proceedings, costs, claims, damages, demands, expenses and liabilities incurred or suffered by the other in any way in connection with the manufacture, use or supply of the Seller's Products and the Buyer's Products respectively, subject to compliance with the remaining terms of this Agreement.

10. **Notices**

Any demand, notice or communication shall be deemed to have been duly served:-

10.1 if delivered by hand, when left at the proper address for service

10.2 if given or made by registered or recorded delivery (or similar) prepaid first class post, 48 hours after being posted (excluding Saturdays, Sundays and public holidays)

provided that where in the case of delivery by hand, such delivery occurs either after 4.00 p.m. on a business day (being a day other than Saturday, Sunday or a public holiday) or on a day other than a business day service shall be deemed to occur at 10.00 a.m. on the next following business day (such times being local time at the address of the recipient)

Any demand, notice or communication shall be made in writing addressed to the Buyer at its registered office or its address stated in this Agreement (or such other address as may be notified in writing from time to time) and shall be marked for the attention of the Managing Director and in the case of notice to Hasbro, addressed to Hasbro c/o Hasbro Europe, 2 Roundwood Avenue, Stockley Park, Uxbridge, UB11 1AZ and shall be marked for the attention of the Head of Legal of Hasbro International Inc. (or such other address as may be notified in writing from time to time).

## **11. Further Assurance**

**11.1** The Seller covenants that it will from time to time from the date hereof (but subject to Clause 2.2) promptly execute and deliver to the Buyer such further instruments of conveyance, assignment and transfer prepared by the Buyer and shall take such further actions as the Buyer may reasonably request in order effectively to convey, transfer, vest and record title to the Rights in the Buyer and to confer on the Buyer all rights of action in relation to any infringement, passing-off, unfair competition or similar action by third parties in relation thereto.

**11.2** Consistent with the Rights transferring to the Buyer but not the ownership of the tools or the design files, if the Buyer wishes to produce an exact replica ("a facsimile") of any Product the Buyer will inform the Seller and enquire whether the Seller retained at the date of this Agreement and has continued to retain up to the time of such enquiry a complete design file for that Product and a complete suite of tools both of which are reasonably fit for the production of that Product. If the Seller has not confirmed within 60 days of the date of the enquiry the existence of such suite of tools and design files the Seller will be deemed to have confirmed that such tools and files do not exist. If the Seller has either the tooling or the design files and in its absolute discretion is willing to allow the Buyer to use them, the Buyer will pay to the Seller a tooling fee ("the Tooling Fee") equal to 5% of the price paid by the Seller to the tool maker and in return the Seller will allow the Buyer to use such file and tools. The Buyer will be obliged to return such file and tools in the same condition as that in which they were received, fair wear and tear excepted. If the Seller only has the complete design file, the fee payable will be 25% of the Tooling Fee. If the Seller has neither, the Buyer will be entitled to use the designs without any payment having to be made to the Seller.

If the Seller has the design file and the tooling for a Product in a condition fit for production of that Product but does not wish to allow the Buyer to use them because they will be used by the Seller or a third party, the Buyer cannot produce an exact replica of that Product.

Such restriction on the production of exact replica tooling does not apply in respect of the design of any fashion dolls sold under the Trade Marks (in contrast to scene setters or playsets). The Seller acknowledges that the Buyer is free to use such designs.

Notwithstanding the above, nothing will prevent the Seller or Giochi Preziosi S.p.A. from utilising or selling any packaging designs of the Products developed since 1986 provided that such usage does not infringe the Trade Marks.

**12. Assignment**

The Seller may not assign, transfer, sub-contract or otherwise part with this Agreement or any right or obligation under it without the written consent of the Buyer, such consent not to be withheld in the case of an assignment, transfer or sub-contract to another member of the Hasbro Group which remains part of the Hasbro Group thereafter.

**13. Independent Contractors**

The relationship of the parties is that of independent contractors. Nothing shall:-

- 13.1 constitute the parties as partners, joint ventures or co-owners;
- 13.2 constitute any party as the agent, employee or representative of any other; or
- 13.3 empower any party to act for, bind or otherwise create or assume any obligation on behalf of any other.

**14. Disputed Royalties**

Subject to compliance by the Seller with its material obligations under this Agreement (and for the purposes of this clause 14 only a breach by the Seller of its obligations under the licence granted to it in respect of Greece and India shall not be treated as a failure to comply with its material obligations, the Buyer's other rights in respect of any such failure to comply being unaffected):-

- 14.1 the parties agree that they have no further claims against each other under the 1986 Agreement save in respect of any royalties due in respect of sales or other disposals made or events occurring since 1st January 1997 if any (which for the avoidance of doubt will include sales, disposals or events pursuant to the agreements entered into on behalf of the Hasbro Group referred to in Disclosure Document 4 or pursuant to clause 8).
- 14.2 if the Buyer completes the purchase envisaged by this Agreement by paying the Purchase Price, the 1986 Agreement will at the date of such payment be terminated by mutual consent save in respect of the sales, disposals or events referred to in clause 14.1. If the parties enter into a Licence Agreement in the form set out in Schedule 5 (or similar thereto) the 1986 Agreement shall be suspended for the duration of such licence save as aforesaid and as regards sales or licensing arrangements made by the Hasbro Group during such licence.

**15. Successors and Assigns**

Any successor or assignee shall if requested by the Seller or the Buyer (as the case may be) or its successors or assigns enter into a direct covenant with the Seller or the Buyer (as the case may be) or such successors or assigns to observe and perform the covenants and obligations on the part of the assignor or the predecessor contained in the Agreement as if it were a party thereto.

**16. Termination**

16.1 Neither party may terminate or rescind this Agreement other than for non-payment of the Purchase Price as aforesaid for any reason other than fraud on the part of the other party or pursuant to clause 16.2

16.2 If, within 30 days of the Effective Date, the Buyer ascertains that the trade mark SINDY is not as shown on the list of trade marks in Schedule 3 to a material and prejudicial degree in terms of value and quality the Buyer will give written notice to the Seller to rectify such position and if the Seller has failed to do so within a period of 60 days from the Effective Date the parties will in good faith seek to negotiate appropriate amendments to this Agreement. If the parties are unable to agree within a further 30 days then the Buyer may rescind this Agreement

**17. Severability**

If any provision of this Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable the invalidity or unenforceability of such provision shall not affect the other provisions of this Agreement and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect. The parties hereby agree to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision which achieves to the greatest extent possible the economic, legal and commercial objectives of the invalid or unenforceable provision.

**18. Jurisdiction**

The formation, construction, performance, validity and all aspects whatsoever of this Agreement shall be governed by English law and the parties hereby agree to submit to the exclusive jurisdiction of the English Courts.

**19. Announcements**

Neither party shall make any announcement (other than to its own staff under conditions of confidentiality or as required by law) relating to this Agreement until the Completion Date unless otherwise agreed by the parties. The parties will agree the announcement to be made on the Completion Date, such agreement not to be unreasonably withheld by either party.



## SCHEDULE 1

### Royalties

1. In this Agreement, "Net Sales" means:
  - 1.1 in transactions negotiated at arm's length, the amount received by any member of the Buyer's Group from any person who is not a member of the Buyer's Group in respect of the sale or other disposal of any Relevant Products, such amount being the Buyer's net sales value as such term is used by the Buyer's at the date hereof;
  - 1.2 in transactions other than those negotiated at arm's length, the amount which would have been received by a member of the Buyer's Group for the Relevant Products had the transactions been negotiated at arm's length, such amount being calculated on the basis set out in paragraph 1.1.
2. Payment of Royalties under this Schedule shall be made as follows:
  - 2.1 within three months after the end of each Quarter the Buyer shall submit to the Seller a statement showing the total Net Sales, by country or territory in such Quarter and the amount of Royalties due in respect of that Quarter;
  - 2.2 within three months of receipt of such statement the Buyer shall pay to the Seller the amount of any Royalties due in respect of such Quarter under this Agreement;
  - 2.3 if any Royalties payable under this Agreement are not paid within the time limits specified in paragraph 2.2, interest shall be payable thereon at the rate of 2% per annum over the published base lending rate from time to time of National Westminster Bank plc or its successors or assigns, calculated from the end of the Quarter in respect of which the Royalties are due up to and including the date of payment, such interest being compounded with half yearly rests.
3.
  - 3.1 The Buyer will procure that the Buyer's Group maintains full, true and accurate accounts and records to enable the Royalties to be calculated;
  - 3.2 The Seller may at its expense not more than once in any calendar year instruct its auditors to inspect the accounts and records of the Buyer's Group maintained for the purpose of calculating the Royalties in order to verify any of the statements of Royalties referred to in paragraph 2.1 and the Buyer will procure that the said auditors are given access to such accounts and records at the Buyer's usual place of business

during normal business hours provided it has been given not less than seven days' prior notice of such inspection;

- 3.3 If having inspected the accounts and records of the Buyer's Group the auditors are unable to agree any of the statements of Royalties referred to in paragraph 2.1, the Seller shall give notice of such fact to the Buyer and the Seller and the Buyer will endeavour to agree the calculation of the Royalties. In default of agreement within 28 days after the date on which notice shall have been given under this paragraph 3.3, the calculation of the Royalties with which the Seller does not agree will be referred to a chartered accountant or certified public accountant nominated by agreement between the Buyer and the Seller or failing such agreement to be nominated upon the application of the Buyer or the Seller by the President for the time being of the Institute of Chartered Accountants in England and Wales. The decision of such accountant (acting as an expert and not as an arbitrator) shall (in the absence of manifest error) be final and binding on the Buyer and the Seller and his costs shall be borne in such proportions as the said accountant may direct as being fair and equitable;
- 3.4 The Buyer and the Seller shall give any accountant nominated pursuant to the provisions of paragraph 3.3 all such assistance and information as he may require for the purpose of calculating the Royalties;
- 3.5 It is agreed that upon the calculation of any Royalties becoming final and binding upon the Buyer and the Seller pursuant to the provisions of paragraph 3.3, any additional Royalties (together with interest thereon pursuant to the provisions of paragraph 2.3) or any refund in respect of an over-payment of Royalties will be made within seven days thereafter by way of a cheque on a London Clearing Bank;
- 3.6 The Seller understands that the information to which the auditors may have access in accordance with this paragraph 3 is information which is strictly confidential to the Buyer. Accordingly, upon any instructions being given to the auditors under paragraph 3.2, the Seller shall irrevocably instruct the auditors not to disclose any such information to the Seller or to any third party without the prior written consent of the Buyer PROVIDED ALWAYS that the auditors may disclose to the Seller the nature and extent of the error(s) which they consider have been made by the Buyer in calculating the Royalties and nothing in this Agreement will prevent or preclude the auditors from making full disclosure of any such confidential information to any expert appointed pursuant to the provisions of paragraph 3.3 or to the Seller for the purpose of enabling the Seller to enforce by way of legal proceedings the compliance by the Buyer with the decision of any such expert.

4. At any time within a period of \_\_\_\_\_ years following the Completion Date the Buyer may pay to the Seller the sum of US\$ \_\_\_\_\_ and its obligation to pay Royalties and the associated provisions of this Agreement shall cease forthwith save as regards any arrears of Royalties overdue at that time.

## SCHEDULE 2

### Seller's Warranties

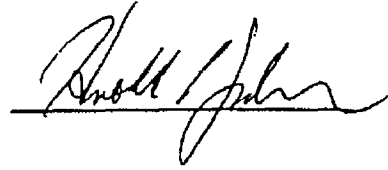
Any warranty given hereunder by the Seller relates to the period following the date of the 1986 Agreement and no warranty is given in respect of any matter preceding such date.

1. Hasbro Inc is the beneficial owner of 100% of the authorised and issued share capital of the Seller
2. Save as otherwise disclosed in the Disclosure Letter, all the Rights are the sole and absolute property of the Seller and are held by it free from any liens, mortgages, charges, encumbrances, hire or hire purchase agreements, credit sale agreements or agreements for payment on deferred terms or bills of sale and from any rights of any person to call for any of them and the Seller has good and marketable title thereto and all such Rights are in the possession or under the control of the Seller
3. Save as otherwise disclosed in the Disclosure Letter, the registered Trade Marks are valid and subsisting that all renewal fees have been paid and so far as it is aware there are no claims outstanding which may adversely affect any of the Rights and it is not aware of any material infringement of any of the Rights in the countries referred to in clause 5.2 since 1st January 1995
4. It is not aware of any claim that the exploitation by the Seller of any of the Rights infringes the rights of any third party anywhere in the world
5. It has disclosed to the Buyer details of all material claims and allegations made within the last five years (whether or not still outstanding) that any of the Products have failed to comply with any applicable laws or regulations or that any of the Rights have been infringed or that exploitation of the Rights by the Seller has been an infringement of the rights of any third party
6. The Buyer shall have and enjoy quiet possession of all Rights free from interruption and disturbance by the Seller or by any person claiming under or in trust for it
7. It has not granted any rights to any third party to use any of the Rights anywhere in the world nor applied for, nor authorised the application for, the registration of any rights anywhere in the world which, if granted, would conflict with the Rights
8. It is not in voluntary or compulsory liquidation or the subject of any petition for winding-up nor has any administrator, administrative receiver, receiver or manager or similar officer or official been appointed in respect of any of its assets

9. It has full corporate power and authority to execute, deliver and perform its obligations under this Agreement
10. This Agreement and the performance of the Seller's obligations under it have been duly approved by the Seller and all necessary consents have been obtained by the Seller
11. Neither the execution nor performance of any of its obligations under this Agreement, nor the completion of the transactions contemplated by it will constitute a breach of, or violate, or create a lien on or any other restriction on the Rights pursuant to, any agreement, instrument, order, judgement or decree to which it is a party or which pertains to its property or the Products or the Rights or any provision of its Memorandum or Articles of Association or by-laws
12. It is not aware that it is the subject of any official investigation or enquiry nor is it aware of any impending investigation or enquiry which would, in its opinion, adversely affect the willingness of the Buyer to enter into this Agreement
13. The Seller has not disclosed to any person to whom such disclosure would be improper any of the Know-how, its trade secrets, technical processes, or other confidential information relating to the Products or the Rights and the Seller is not using in connection with the Products any processes which involve the exercise of rights covered by patents or other rights of third parties nor, so far as it is aware, do its activities infringe any intellectual property rights of any third party
14. Save as otherwise disclosed in the Disclosure Letter, the Seller is not, in connection with the exploitation of the Rights, engaged whether as plaintiff or defendant or otherwise in any criminal or material litigation or arbitration proceedings or any material proceedings before any tribunal (save for debt collection by the Seller in the ordinary course of business) and there are no proceedings threatened or pending against the Seller in connection therewith including proceedings in respect of which the Seller is liable to indemnify any party concerned therein
15. After the Completion Date and save as otherwise specified herein, it will cease to have any right to use the Trade Marks, the Copyright, the Know-how or any of the other Rights or to represent itself as being connected with the Products or the Rights in any way and will promptly remove all indications thereof from all of its property and, thereafter, it will not, and will (without being obliged to make any expenditure whatsoever) use all reasonable endeavours to ensure that its existing directors, shall not, without the prior written consent of the Buyer, use any of the Rights or use any trade marks, trade names or logos which so nearly resemble any of the Rights as to be likely to deceive or cause confusion

16. Pending the registration of the Buyer as proprietor of the Rights the Seller will (subject to the Buyer having consulted the Seller in advance) promptly lend its name to, or at the Buyer's request itself commence, any proceedings for infringement which the Buyer may require to be brought against any person wrongfully using the Rights anywhere in the world and provide assistance to the Buyer in respect of such proceedings subject always to the Buyer indemnifying the Seller to its reasonable satisfaction in respect of any damages costs and expenses incurred by the Seller in connection with any such proceedings
17. The representations, warranties and undertakings set out in this Agreement shall be separate and independent and, save as expressly provided, shall not be limited by reference to any other Clause or anything in this Agreement
18. The Buyer has entered into this Agreement in reliance upon the representations, warranties and undertakings in this Schedule and has been induced by them to enter into this Agreement
19. The Seller warrants that on the date hereof and in the twelve months preceding the date hereof there have been no employees of the Hasbro Group engaged in the exploitation of the Rights whose employment will transfer to the Buyer or otherwise give rise to any liability or obligations of the Buyer
20. The warranties, undertakings and representations given in paragraphs 2, 3 to 8 (inclusive), 10, 11 and 13 to 19 (inclusive) shall be repeated on the date when title to the Right in question vests in the Buyer pursuant to clause 2.2

Signed by \_\_\_\_\_  
on behalf of **HASBRO INTERNATIONAL INC**



Signed by \_\_\_\_\_  
on behalf of **PEDIGREE DOLLS & TOYS LIMITED**

