

SUPPLEMENTAL DISTRIBUTION AGREEMENT

This Supplemental Distribution Agreement is made and entered into by and between Component Fabricators, Inc. having an address of 5901 Middlebrook Pike Knoxville, TN 37909 (hereinafter referred to as “Manufacturer”), and _____, having an address of _____ (hereinafter referred to as “Distributor”).

Recitals

Whereas, Manufacturer is the manufacturer and distributor of exercise, fitness, and related products, and is the owner of certain trademarks and service marks used in connection therewith, including, but not limited to, the marks “LEGEND FITNESS.COM & Design” (U.S. Trademark Registration No. 4,697,903); “LEVEREDGE” (U.S. Trademark Registration No. 4,583,371); “LEVEREDGE & Design” (U.S. Trademark Registration No. 4,587,726); “LEGEND FITNESS & Design” (U.S. Trademark Registration No. 4,858,648); “LEGEND FITNESS” (U.S. Trademark Registration No. 4,858,649); “SELECTEDGE & Design” (U.S. Trademark Registration No. 4,918,619); “SELECTEDGE” (U.S. Trademark Registration No. 4,937,181); and “LF & Design” (U.S. Trademark Registration No. 5,004,751) (collectively, “the Marks”);

Whereas, pursuant to Manufacturer’s advertisement and marketing of its exercise, fitness, and related products, Manufacturer has created and published certain advertising and other materials, including, but not limited to, a product catalog titled “Legend Fitness Catalog” (“the Catalog”), the copyrights for which are owned by Manufacturer, such catalog bearing at least certain of the Marks in connection with the advertisement and sale of Manufacturer’s exercise, fitness, and related products;

Whereas, pursuant to a distribution agreement entered into between Manufacturer and Distributor, Distributor is an authorized distributor of Manufacturer’s products with the authority to sell Manufacturer’s products in a certain geographic area (“Distributor’s Territory”), which distribution agreement and any and all exhibits, schedules, appendixes, attachments, existing amendments thereto, and existing addendums thereto being hereinafter referred to as the “Distribution Agreement”; and

Whereas, Manufacturer and Distributor also desire to enter into this Supplemental Distribution Agreement for the purpose of allowing Distributor to use the Marks and the Catalog for the purposes of advertising and marketing Manufacturer’s products, including, but not limited to, translating the Catalog into one or more foreign languages commonly used in the Distributor’s Territory and publishing the translation of the Catalog.

Now, Therefore, in consideration of the mutual promises made herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Manufacturer and Distributor (collectively referred to herein as “the Parties”) agree as follows:

Agreement

1. Recitals. The Recitals set forth above are all incorporated into this Supplemental Distribution Agreement and are made part hereof as if fully set forth at this point.
2. Copyright License. Subject to the terms and conditions set forth herein, Manufacturer hereby grants to Distributor a non-transferable, royalty-free license to reproduce, publish, and distribute the Catalog solely in connection with the advertisement and sale of Manufacturer’s products in Distributor’s Territory. Manufacturer further grants to Distributor permission to translate the Catalog into one or more foreign languages commonly used in the Distributor’s Territory, and to reproduce, publish, and distribute the translated version of the Catalog solely in connection with the advertisement and sale of Manufacturer’s products in Distributor’s Territory. In translating the Catalog, Distributor will exercise its

best efforts to maintain the original meaning of all words and/or phrases appearing in the Catalog and will not deliberately abridge, amend, append, or alter the meaning of any content of the Catalog beyond its original meaning without the prior written approval of Manufacturer as discussed in Paragraph 7, below.

3. Trademark License. Subject to the terms and conditions set forth herein, Manufacturer hereby grants to Distributor a non-transferable license to use the Marks solely in connection with the advertisement and sale of Manufacturer's products in Distributor's Territory, including, but not limited to, the translation of the Catalog and the publication and distribution of the translated Catalog within Distributor's Territory for the purposes of advertisement and sale of Manufacturer's products in Distributor's Territory. All depictions and displays of the Marks by Distributor will include the appropriate trademark symbol, ® or ™.

4. Limitations on Use of the Marks. Distributor is expressly prohibited from using, registering, and/or attempting to register any of the Marks, any components or features thereof, any colorable imitations thereof, and/or any marks, names or terms confusingly similar thereto, as a trademark, service mark, trade name, corporate name, partnership name, company name, sole proprietorship name, business name, or trade name, other than as provided in Paragraph 3 above. Distributor is expressly prohibited from removing any of the Marks from any of Manufacturer's products, marking Manufacturer's products with any trademarks or service marks other than the Marks, or in any other manner rebranding products of the Manufacturer for subsequent resale.

5. Validity & Ownership of the Marks and Associated Goodwill. Distributor acknowledges the validity of the Marks. Distributor acknowledges that Manufacturer is the owner of each of the Marks, together with the goodwill therein and associated therewith. Distributor acknowledges that its use of the Marks inures to the benefit of Manufacturer, and that any goodwill arising from such use shall revert to Manufacturer upon expiration or termination of this Supplemental Distribution Agreement for any reason. Distributor agrees that it will not do, or cause to be done, any act to infringe upon, challenge, contest, harm or bring into question the validity of any of the Marks or the ownership thereof by Manufacturer.

6. Quality Control and Protection of Goodwill. Distributor acknowledges that Manufacturer has developed considerable goodwill in the Marks by providing quality products and services to customers. In order to protect, promote and enhance the goodwill associated with Manufacturer and the Marks, Distributor agrees to: (a) maintain the same high quality standards, including customer service standards, as are maintained by Manufacturer in selling and servicing Manufacturer's goods; and, (b) comply with all quality control, customer service, and other standards as have been, or may be, established from time to time by Manufacturer. Distributor agrees to fully cooperate with Manufacturer in the maintenance of quality control, customer service and other Manufacturer standards. Failure to meet the required high quality standards, including customer service standards, and other Manufacturer standards, shall constitute a material breach of this Supplemental Distribution Agreement that will result in this Supplemental Distribution Agreement being terminable upon ten (10) days prior written notice to Distributor by Manufacturer.

7. Distributor-Created Advertising Material(s).

(a) All advertising materials, promotional materials, marketing materials, texts, images, designs, business documents, and other materials and things created by or on behalf of Distributor bearing any of the Marks that Distributor wishes to use in connection with the advertisement and sale of Manufacturer's products in Distributor's Territory, including, but not limited to, the translated Catalog discussed in Paragraph 2, above, (hereinafter "Distributor-Created Advertising Material(s)") must be submitted to Manufacturer for review and approval by Manufacturer before any use thereof. Distributor shall submit to Manufacturer said Distributor-Created Advertising Material(s), and Manufacturer shall advise Distributor as to whether said Distributor-Created Advertising Material(s) are approved or rejected by Manufacturer within thirty (30) days after Distributor's submission thereof to Manufacturer. If Distributor does not receive a rejection of the Distributor-Created Advertising Material(s) from

Manufacturer within thirty (30) days after submission thereof to Manufacturer for review and approval, Distributor may proceed with use of said Distributor-Created Advertising Material(s). If Distributor receives a rejection of any Distributor-Created Advertising Material(s), Distributor is prohibited from using said Distributor-Created Advertising Material(s).

(b) Distributor shall place on all Distributor-Created Advertising Material(s) a copyright notice in the following form: © [insert year of first publication], Component Fabricators, Inc.

8. Copyright Ownership & Validity. Distributor acknowledges that all copyrights and all other rights in the Catalog and in any Distributor-Created Advertising Material(s) that have been, or may be, created, are, and shall be, the exclusive property of Manufacturer. Distributor hereby assigns, transfers and conveys to Manufacturer all of Distributor's right, title and interest in and to all copyrights, and all other rights that Distributor might be deemed to have, in Distributor-Created Advertising Material(s) that have been, or may be, created, including, without limitation, the right to sue for past infringement of such copyrights and other rights in Distributor-Created Advertising Material(s). Distributor hereby agrees to execute any and all documents necessary or desired by Manufacturer to perfect or properly record Manufacturer's ownership rights in Distributor-Created Advertising Material(s). Distributor acknowledges the validity of Manufacturer's copyrights in the Catalog and in any Distributor-Created Advertising Material(s) that have been, or may be, created. Distributor will not do, or cause to be done, any act to infringe upon, challenge, contest, harm or bring into question the validity of such copyrights or other rights, or the ownership thereof by Manufacturer.

9. Objectionable Use of the Marks, the Catalog, and Distributor-Created Advertising Material(s). In the event that Manufacturer objects to the manner in which Distributor uses any of the Marks, the Catalog, and/or any Distributor-Created Advertising Material(s), Manufacturer may, at its sole discretion, require Manufacturer and/or Distributor to cease and refrain from the objectionable use thereof immediately upon receipt of written notice of such objection(s) or as soon thereafter as is reasonably possible, regardless of whether such objectionable use is specifically prohibited by this Supplemental Distribution Agreement, the Distributor Agreement, or any then-existing policies, regulations or standards of Manufacturer.

10. Infringements. Distributor agrees to promptly notify Manufacturer of any unauthorized use of, and/or any known or suspected infringements of, any of the Marks, the Catalog, or any Distributor-Created Advertising Material(s).

11. Term of Supplemental Distribution Agreement. The term of this Supplemental Distribution Agreement shall run simultaneously with the term of the Distributor Agreement, and shall expire or terminate contemporaneously with the expiration or termination of the Distributor Agreement.

12. Termination of Supplemental Agreement. This Supplemental Distribution Agreement may be terminated by Manufacturer if Distributor breaches or defaults on any term or condition of this Supplemental Distribution Agreement and such breach or default is not cured by Distributor within ten (10) days after 's receipt of written notice of such breach or default from Manufacturer. This Supplemental Distribution Agreement also may be terminated upon any of the grounds for termination set forth in the Distribution Agreement. If the Distributor Agreement is terminated for any reason whatsoever, this Supplemental Distribution Agreement shall automatically terminate simultaneously with the termination of the Distributor Agreement. If this Supplemental Distribution Agreement is terminated for any reason whatsoever, the Distributor Agreement will automatically terminate simultaneously with the termination of this Supplemental Distribution Agreement.

13. Relationship of the Parties. Nothing in this Supplemental Distribution Agreement or in the Distributor Agreement shall be construed to create any employment, agency, joint venture, partnership, franchise or fiduciary relationship among or between Manufacturer and Distributor.

14. Controlling Provisions of Distributor Agreement and this Supplemental Distribution Agreement. If any terms or conditions of the Distributor Agreement are in conflict with any terms or conditions of this Supplemental Distribution Agreement, the applicable terms or conditions of this Supplemental Distribution Agreement shall supersede and control. All other terms and conditions of the Distributor Agreement not superseded by this Supplemental Distribution Agreement shall remain in full force and effect.

15. Governing Law. This Supplemental Distribution Agreement shall be governed and controlled by, and in accordance with, the laws of the State whose laws govern and control the Distributor Agreement.

16. Severability. If any provision of this Supplemental Distribution Agreement, or its application to any person or circumstances, is determined to be illegal, invalid or unenforceable under applicable law, that provision will be severed and removed from this Supplemental Distribution Agreement, and the remaining provisions of this Supplemental Distribution Agreement shall remain in full force and effect. Further, the illegal, invalid or unenforceable provision severed from this Supplemental Distribution Agreement shall be replaced with a new legal, valid and enforceable provision that is as close as possible in meaning to the provision that was severed from this Supplemental Distribution Agreement.

17. No Waiver or Modification. None of the terms or conditions of this Supplemental Distribution Agreement may be waived or modified except by an agreement in writing signed by both Parties and approved by Manufacturer. The failure of either Party or Manufacturer to enforce, or the delay by either Party or Manufacturer in enforcing, any of their respective rights under this Supplemental Distribution Agreement shall not be deemed a continuing waiver or a modification of this Supplemental Distribution Agreement, and either Party may commence appropriate legal proceedings to enforce any and all of their respective rights under this Supplemental Distribution Agreement within the time provided by applicable law.

18. Personal Obligation of Distributor and Assignment. The terms and conditions of this Supplemental Distribution Agreement and the Distributor Agreement, and Distributor's obligations under this Supplemental Distribution Agreement and the Distributor Agreement, are personal to Distributor. Neither this Supplemental Distribution Agreement, the Distributor Agreement, Distributor's obligations under this Supplemental Distribution Agreement or the Distributor Agreement, Distributor's Distributorship business, nor any equity or ownership interest in Distributor's Distributorship business may be sold, transferred, assigned, licensed, sublicensed, hypothecated, pledged, or otherwise encumbered by Distributor or by operation of law without the prior written consent of Manufacturer.

19. Enforcement of Manufacturer's Right. Notwithstanding anything to the contrary in this Supplemental Distribution Agreement and/or the Distributor Agreement, Manufacturer may institute legal proceedings against Distributor for any and all causes of action that Manufacturer has against Distributor arising under, or relating to the subject matter of, this Supplemental Distribution Agreement and/or the Distributor Agreement, including, but not limited to, the breach of any terms or conditions of this Supplemental Distribution Agreement and/or the Distributor Agreement, the specific performance of any terms or conditions of this Supplemental Distribution Agreement and/or the Distributor Agreement, and/or the violation of Manufacturer's rights under trademark and copyright laws. Any legal proceedings initiated by Manufacturer arising under, or relating to the subject matter of, this Supplemental Distribution Agreement and/or the Distributor Agreement shall be filed and tried in the state or federal courts as appropriate, sitting in Knoxville, Tennessee. Distributor consents to the personal jurisdiction of the state and federal courts sitting in Knoxville, Tennessee in any legal proceedings initiated by Manufacturer against Distributor that arise under, or relate to the subject matter of, this Supplemental Distribution Agreement and/or the Distributor Agreement.

20. Provisions Surviving Termination. The provisions of Paragraphs 4, 5, 8, 13, 16-19, and 21 of this Supplemental Distribution Agreement, and the obligations set forth therein, shall survive termination and/or expiration of this Supplemental Distribution Agreement and the Distributor Agreement.

21. Binding Effect. Subject to the provisions of paragraph 18 above, this Supplemental Distribution Agreement shall be binding upon, and inure to the benefit of, the Parties hereto and their successors and assigns.

22. Effective Date. This Supplemental Distribution Agreement shall be deemed effective as of the date of execution by the last Party to execute it.

23. Headings. The headings set forth herein are for convenience, and are not to be used in the construction or interpretation of this Supplemental Distribution Agreement or the Distributor Agreement.

IN WITNESS WHEREOF, the Parties hereto, personally or through their authorized representatives, have executed this Supplemental Distribution Agreement as set forth below.

ATTEST OR WITNESS
(As Applicable):

Name of Manufacturer

By: _____

By: _____

Printed Name

Printed Name, & Title if Applicable, of Person Signing
on Behalf of Manufacturer

Date: _____

ATTEST OR WITNESS
(As Applicable):

Name of Distributor

By: _____

By: _____

Printed Name

Printed Name, & Title if Applicable, of Person Signing
on Behalf of Distributor

Date: _____