

## Licensing and Sales agreement

This agreement is between your label ("LICENSOR") and Digital Tunes Music Services Oy ("LICENSEE"). You must read, agree with, and accept all of the terms and conditions contained in this agreement.

You may contact Digital Tunes Music Service Oy at:

Viipurinkatu 14 B 24  
00510 HELSINKI  
Finland

Email: [info@digital-tunes.net](mailto:info@digital-tunes.net)

### Definitions:

#### Sound Recordings

Audio recordings provided by the LICENSOR in any format.

#### Encoded Audio Content

Encoded Sound Recordings.

#### Content

Encoded Audio Content in addition to all other associated data necessary for digital distribution (such as Audio Clips, artwork; in any digital format now and hereafter used which are controlled and have been cleared by the LICENSOR including notes (i. e. copyright notes) and associated Metadata)

#### Audio Clip

Low quality extract of Encoded Audio Content.

#### Metadata

Information that is required for Content

#### Download

Process of communicating content to the public electronically, enabling the transfer of content to a recipients device.

## Introduction

LICENSEE as a retailer runs the Digital Download Service located at [www.digital-tunes.net](http://www.digital-tunes.net)

This stated the parties agree to the following:

### 1. Subject of Contract

LICENSOR is owner or exclusive license holder or licensee with the right to sub-license all applicable rights set forth herein for the production and exploitation of LICENSOR content that will be added during the term of the agreement over Digital Transmission Networks ( e. g. Internet/Mobile/Radio Networks).

### 2. Grant of Rights

LICENSOR hereby grants to LICENSEE for the term of the agreement throughout the Territory World a non-exclusive right,

- 2.1. to encode, convert, digitize and format LICENSORS master recordings or other material to produce LICENSORS content (e.g. for music-downloads, music-streams) and to convert LICENSORS content into any file-formats known now or in the future (especially MP3, FLAC, Ogg Vorbis, WAV)
- 2.2. to save so produced LICENSOR content in the server-systems of LICENSEE and/or to host it.
- 2.3. to make LICENSOR content available to the public and to communicate LICENSOR content to the public over Digital Transmission Networks especially the Internet/Mobile/Radio networks and other internal online-services/local-area-networks in any way such as via email, voice over IP, HTTPS, FTP, SMS, MMS, GPRS, GSM, W-LAN etc.
- 2.4. to allow customers to download and reproduce LICENSORS content into all types of user devices (e.g. music player, mobile telephone, MP3 player, Memory Stick, memory card etc.)
- 2.5. to produce and use Audio Clips of the relevant LICENSORS content

and to make clips of any length in low quality and to communicate such clips to the public

- 2.6. to perform Encoded Audio Content publicly and to permit the public performance thereof by any method and by medium now or hereafter known , and allow LICENSEES partners this same right
- 2.7. to promote, distribute, sell and deliver LICENSORS content in each manner and on every sales platform (Web, WAP, etc.), to promote through so-called banners or other instruments on the Web-Site or other Web-Sites ("Affiliates"), and/or to display and promote LICENSOR content within the software system via other websites.
- 2.8. LICENSEE is entitled for the term of the agreement, with prior consent of LICENSOR to use the name, the logo and the trademarks of LICENSOR for promotional purposes and in announcement in the press or other handouts.

### 3. Rights of LICENSOR

- 3.1. For promotion- and marketing-purposes LICENSOR is entitled to use on its own website and products the name, logo and website of the LICENSEE – not without indicating trademark protection or other legal restrictions and reservations (if any).

### 4. LICENSEES Obligations

- 4.1. LICENSEE shall, after signature of this agreement and after receipt of all necessary information, material and documents due to Section 2.1. / 5.1., make LICENSORS contractual content files available to the public via the <http://www.digital-tunes.net> digital download store within one week if received electronically via the digital-tunes administration system, or one month otherwise. Content can be rejected or removed from the server-systems by LICENSEE at own discretion.
- 4.2. LICENSEE will retain possible copyright or trademark notes or other legal protection notes of LICENSORS content (if any) appropriately.

### 5. LICENSOR Obligations

- 5.1. After signature of this agreement LICENSOR agrees to provide the fol-

lowing items for any sound recordings entered into the LICENSEES software systems:

- A digital audio file in FLAC, WAV or AIFF format at CD quality.
- A JPEG image of at least 72 DPI, larger than or equal to 600x600 px
- All metadata required by the LICENSEES software system

5.2. All Sound Recordings entered into the LICENSEES software systems must be made available to purchase for the public within three months from the date the sound recording is entered into the system.

5.3. LICENSOR is obliged to begin importing music into the digital-tunes software systems within 1 calendar month from the signature date of this contract.

## 6. Royalties of LICENSOR

6.1. LICENSEE will offer its products to customers in the interest of both parties at adequate market prices.

6.2. LICENSEE shall pay LICENSOR a royalty for the grant of all applicable rights based on the LICENSEES net-income due to digital exploitation of LICENSOR content.

6.2.1. LICENSOR shall get for every successfully sold LICENSOR content,

**60%**

of the license basis. The license-basis shall mean Download price to customer (not including transaction surcharges added for e.g Paypal), less VAT and a collection society fee (TEOSTO).

*Calculation example with a download track price of 1,50 EUR:*

<b>1.50 €</b>	<b>Sale price inc VAT (at 22%)</b>
- 0.27 €	VAT (if any)
- 0.10 €	TEOSTO fee (currently at 8% after VAT)
= 1.13 €	license basis (net sales_price – VAT – TEOSTO royalties)

**0.66 €** = 60% of the licence basis  
= gross receipts licensor

6.2.2. If LICENSOR is not a member of any collection society LICENSOR must send written confirmation to our registered address in order to qualify for possible exemption.

## 7. Accounting Procedures

- 7.1. An itemised sales statement shall be available electronically to LICENSOR within 30 days of the end of the sales period (one calendar month) showing sales of Encoded Audio Content. The first sales statement will be rendered after the first effective calendar month of sales.
- 7.2. Within 30 days from the date of the sales statement LICENSEE shall effect payment to LICENSOR of all sums shown to be due to LICENSOR by such statements, minus fees involved with transferral of said sums to LICENSORS banks account, if the total statement amount exceeds 20 Euros. Any amounts of under 20 Euros will be rolled over into the next statement.
- 7.3. No Royalty Statement shall be subject to legal proceedings or objection after 12 (twelve) month from the date on which it is rendered
- 7.4. On termination of the contract, any sums owed of less than 20 euros will not be reimbursed.

## 8. Warranties and obligations of LICENSOR

LICENSOR warrants, represents and covenants to LICENSEE as follows:

- 8.1. LICENSOR has the right, power and authority to enter into this Agreement, and to grant to LICENSEE the rights set forth herein. LICENSOR will comply with all applicable laws and trade regulations, and will not do anything that may curtail or impair any of the rights granted herein.
- 8.2. With respect to all content supplied to LICENSEE hereunder, LICENSOR presently is, and at the time of production, encoding, digitizing, communication to the public and sale of content, the sole owner, assignee or licensee in the Territory with regards to all the following: performances embodied in such content, communication to the public and sales of content in the Territory, all applicable sound recording copyrights in such content, all applicable copyrights in the graphic materials used in connection with the display and commercial exploitation of such con-

tent, all trademarks and tradenames used in connection with such content, the right to license content in the Territory.

- 8.3. There are presently no liens, encumbrances, claims, demands, disputes, litigation (or any other form of judicial or regulatory proceedings, pending or threatened), limitations of rights, or obligations upon, concerning the content, or the rights granted to LICENSEE hereunder, and there shall be none during the Term hereof. If contrary to this representation and warranty, any such pending or threatened claim, demand, dispute or litigation should arise during the Term hereof, LICENSOR shall immediately notify LICENSEE thereof in writing.
- 8.4. LICENSOR hereby agrees to and does hereby indemnify, save, and hold LICENSEE harmless from any and all damages, liabilities, costs, losses and expenses (including legal costs and attorneys fees ) arising out of or connected with any claim, action, demand, or action by a third party which is inconsistent with any of the warranties, representations, or covenants made by LICENSOR in this contract. LICENSOR agrees to reimburse LICENSEE, on demand, for any payment made by LICENSEE at any time with respect to any such damage, liability, cost, loss or expense to which the foregoing indemnity applies to the extent such payment was made pursuant to a final judgment at a court of competent jurisdiction or pursuant to a settlement or compromise.

## 9. Warranties and Obligations of LICENSEE

- 9.1. LICENSEE shall use its best endeavours to run software and server-systems seven days a week and 24 hours a day. LICENSEE is not responsible for any interruptions of run time, which are caused due to force majeure, external reasons, misuse or malware (e.g. viruses).
- 9.2. It is understood, that 100% trouble free running of the software is by no means possible and therefore no warranty of LICENSEE. The same is true of safety against attacks of users by illegal means. LICENSEE shall perform its best efforts to guarantee trouble free running of the software and server-systems and protect software and server-systems from illegal downloading, illegal attacks etc. with its best endeavour.
- 9.3. For security-lacks of systems, which will be applied by LICENSEE, but developed by third party, LICENSEE shall be not responsible.
- 9.4. Each liability of LICENSEE shall not exceed the amount of the total gross receipts of the foregoing contractual calendar year. That is not applied to damages from the injury of life, body, health or in cases of intention and culpable negligence.

## 10.Territory

10.1.As used herein, shall mean the World

## 11.Term

11.1.This agreement shall commence from the date of signature of LICENSOR and run until its being terminated by LICENSOR or LICENSEE.

11.2.This agreement can be terminated for the first time by either party by giving written notice (Email) to the other party 3 months before the end of the first 12 month ("initial period").

11.3.After the initial period this agreement can be terminated by either party with a written notice (Email) 90 days before the termination date.

11.4.Notwithstanding the foregoing either party has the right to terminate this contract according to the rules of Finnish law, if the other party is in serious breach of its obligations and warranties under this contract.

## 12.Miscellaneous

12.1.This Agreement shall be governed by and construed in accordance with the laws of the Republic of Finland, and the courts of the Republic of Finland shall have the exclusive jurisdiction to determine all matters arising hereunder. The courts of the respective headquarters of the LICENSEE shall have the original jurisdiction.

12.2.The possible invalidity of a single provision of this Agreement shall not affect the validity of the Agreement as a whole. An analogous valid provision shall replace the invalid provision.

12.3.No modification, amendment, or waiver of this Agreement or any provision hereof shall be binding upon any party unless confirmed via written (Email) consent by both parties, or confirmed electronically via the administration website at <http://www.digital-tunes.net/admin/>