

Zilicon Accessories, LLC

Agreement this 8th day of March, 2016 (the "Effective Date") between Zilicon Accessories, LLC ("Zilicon") and ~~Redacted~~ ("Distributor").

A. Distributor is engaged in the sale and distribution of electronic entertainment and consumer electronic products.

B. Zilicon is engaged in the development, manufacturing and distribution of electronic entertainment and consumer electronic products.

C. Zilicon and Distributor desire to establish a relationship in which Zilicon will sell and Distributor will purchase and resell Zilicon's products to retail accounts which intend to resell such products to customers located within the territory specified herein.

AGREEMENT

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:


1. Definitions.

- a. "Products" means Zilicon's products as listed on Exhibit A attached hereto, as amended from time to time.
- b. "Territory" means the following countries: Mexico, Panama, Peru, Ecuador, Brazil and countries located within the European Union.
- c. "Distributor Payment Amount" means the amount that Distributor agrees to pay and shall pay to Zilicon for each particular Product. The Distributor Payment Amount is set forth in Exhibit A.

2. **Distribution Rights.** Zilicon acknowledges and agrees that Distributor will have the exclusive right to distribute the Products within the Territory such that Zilicon shall not directly sell to nor directly authorize any third party to sell to those retail customers identified in Section 1(c) as to those Approved Accounts retail locations located within the Territory identified in Section 1(b).

3. Purchases, Payments and Reporting.

- a. **Purchase of Products.** Distributor shall order the Products by delivering a written purchase order to Zilicon. Orders shall be binding upon Zilicon unless Zilicon rejects a purchase order within ten business (10) days of receiving the purchase order.

 ~~Redacted~~ b. **Currency.** All payments due hereunder shall be paid in the currency of the United States of America.

- c. **Shipment, Title and Risk of Loss.** Products shall be delivered by Zilicon to a Distributor, FOB Zilicon's manufacturer in China.
- d. **Product Returns.** Distributor shall be allowed to return defective inventory Products to Zilicon for full credit in such amount not exceeding the sums paid by Distributor to Zilicon for the defective inventory Products. Returns are subject to Zilicon issuing Distributor a return authorization, including a Return Authorization ("RA") number within forty-eight (48) hours of Zilicon's approval of Distributor's request.

4. **Zilicon's Duties.** Zilicon agrees to perform the following duties at its own expense:

- a. **Product Inventory.** Zilicon shall, at all times, provide Distributor with an adequate amount of Product inventory in order to meet customer demand for the Products
- b. **Product Samples.** At no cost to Distributor, Zilicon shall provide to Distributor a reasonable amount of samples (not exceeding an aggregate cost of \$1,000 to Zilicon) for retailer presentations and new customer acquisition.
- c. **Zilicon Team Support.** Zilicon shall agree to make the Zilicon Marketing Team, marketing collateral and presentations, images, and any other marketing related items to assist in the sales function to Distributor. Said materials shall be provided in digital format and ready for print but Distributor shall be responsible for all print and production costs.
- d. **Product Displays.** Upon Distributor's request, Zilicon shall provide live demo or dummy displays and dummy samples of Products for Approved Accounts provided that the cost to Zilicon not, in aggregate, exceed \$1,000.
- e. **Customer Service and Customer Complaints.** Zilicon shall ensure that adequate and customary customer service is provided to consumers purchasing the Products. Zilicon agrees to promptly and adequately address any customer complaints concerning the Products sold within the Territory.
- f. **Product Warranties.** Zilicon agrees and acknowledges that the warranties, representations and remedies contained in Zilicon's written Product literature and Product packaging inserts, as amended from time to time (the "Product Warranties") shall apply to each and every Product purchased by Distributor regardless of whether such Product Warranties are included with the Product's package.

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Redacted 5. **Distributor's Duties.** Distributor agrees to perform the following duties at its own expense:

- a. **Product Processing.** Distributor shall process all Products delivered to Distributor (FOB China) and shall transport and distribute the Products to the Approved Accounts within the Territory.

- b. **Account Management/Sales.** Distributor will use best efforts to maximize sales of the Products to the Approved Accounts.
- c. **Reporting Requirements.** Distributor shall on a weekly basis provide Zilicon with written reports providing information relating to Product sales and inventory.
- d. **Product Warranties.** Distributor shall not make any warranty or representation as to the Products or promise any remedies relating thereto which are different from or in addition to the Product Warranties.
- e. **Permits and Licenses.** Distributor shall obtain all necessary governmental and other permits and licenses that may be required for Distributor to sell the Products in the Territory.
- f. **Business Updates.** Distributor agrees to meet routinely with Zilicon to discuss the performance of the business hereunder.
- g. **Laws and Regulations.** Distributor shall conform to all applicable laws and regulations in performing its obligations in accordance with the terms of this Agreement.

6. **Trademarks, Patents and Use of Name.** Distributor acknowledges that Zilicon is not by this Agreement granting any right or license whatsoever to Distributor to utilize any information, know-how, proprietary data, trademarks or patent rights which Zilicon may have or may secure in the future relating to any of the Products. Distributor agrees not to use Zilicon's name, any confusingly similar name or any trademark of Zilicon except in advertising, pamphlets, letterhead or other media promoting the Products. Without limitation to the foregoing, Distributor acknowledges and represents that at no time during this Agreement nor any time after this Agreement's expiration and/or termination shall Distributor challenge or assist others in challenging Zilicon's ownership interests in and the validity, enforceability of all trademarks and patents associated with, utilized by and/or claimed by the Products.

7. **Confidential Information.**

- a. **Definition.** "Confidential Information" means the terms of this Agreement, cooperative advertising programs, promotions, Product prices, and other information relating to Zilicon or Distributor, or their respective sub-distributors, customers, business methods and financial affairs. Information shall be treated as Confidential Information irrespective of its source and all information which Zilicon or Distributor identifies as being "confidential" or "trade secret" shall be presumed to be Confidential Information.

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- b. **Nondisclosure.** During the term of this Agreement and at all times thereafter, each of Zilicon and Distributor agree to hold in strictest confidence and to never disclose, furnish, communicate, make accessible to any person or use in any way for their own or another's benefit any Confidential Information or permit the same to be used in competition with disclosure. Each of Zilicon and Distributor agree to

refrain from such acts and omissions which would reduce the value of the other's Confidential Information.

8. Independent Contractors.

- a. **Relationship.** Distributor is and shall remain an independent contractor and is not and shall not be deemed to be an employee, joint venture, partner or franchisee of Zilicon for any purpose whatsoever. Distributor and Zilicon shall each be exclusively responsible for the manner in which it performs its duties under this Agreement and for the profitability or lack thereof of its activities under this Agreement. All financial obligations associated with Distributor's business are the sole responsibility of Distributor and all financial obligations associated with Zilicon's business are the sole responsibility of Zilicon. Distributor does not have, and shall not represent itself as having, any right or authority to obligate or bind Zilicon in any manner whatsoever. Zilicon does not have, and shall not represent itself as having, any right or authority to obligate or bind Distributor in any manner whatsoever.
- b. **Employee Obligations.** Distributor and Zilicon shall each be solely responsible to their own employees for any compensation due them and for compliance with all applicable laws with respect to worker's compensation, withholding taxes, unemployment compensation, social security payments, and any other charges against compensation imposed by any governmental authority as to either party's own employees.

9. Zilicon's Representations and Warranties.

Zilicon hereby represents and warrants that:

- a. it has good and transferable title to the Products;
- b. the Products will perform in conformity with specifications and documentation supplied by Zilicon;
- c. the Products will be in saleable condition upon delivery, free of any price stickers or other stickers or markings identifying other distributors or retailers;
- d. the Products and their use do not infringe any patents, copyrights, trademarks, trade secrets, or any other intellectual property rights of any third party and there are no suits or proceedings pending or threatened which allege an infringement of the proprietary rights of any third party;
- e. the Products comply with applicable federal, state or local laws, statutes, rules, regulations, ordinances and orders;
- f. the terms of this Agreement do not and will not violate any law, ordinance, rule or regulation applicable to Zilicon;

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matter or violate any right of privacy; and

- h. Zilicon is validly existing and in good standing under the laws of the jurisdiction of its organization and has the power and authority to enter into this Agreement. This Agreement has been duly executed and delivered by Zilicon and constitutes the valid and binding obligation of Zilicon, enforceable against it in accordance with its terms. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of Zilicon, its officers and directors.

10. Distributor's Representation and Warranties

Distributor hereby represents and warrants that:

- a. Distributor shall perform, and shall cause Distributor personnel to perform, all of its obligations under this Agreement: (i) in strict accordance with the terms of this Agreement and (ii) in a professional, commercially diligent basis, in accordance with the generally accepted industry and professional standards, procedures and practices.
- b. Distributor shall comply and shall cause Distributor personnel to comply, with all applicable international, supranational, national, state, provincial, regional and local laws, ordinances, codes, rules and regulations.
- c. Distributor is validly existing and in good standing under the laws of the jurisdiction of its organization and has the power and authority to enter into this Agreement. This Agreement has been duly executed and delivered by Distributor and constitutes the valid and binding obligation of Distributor, enforceable against it in accordance with its terms. The execution, delivery and performance of this Agreement have been duly authorized by all necessary action on the part of Distributor, its officers and directors.
- d. At all times Distributor shall provide Zilicon with access to and copies of all communications between Distributor and each respective Approved Accounts regarding the Products.

11. Indemnification.

- a. **By Distributor.** Distributor shall indemnify and hold Zilicon harmless from any and all loss, damage, liability, cost or expense (including reasonable attorneys' fees and expenses) which the Zilicon may incur or suffer as a result of any claim of any kind whatsoever arising out of:
 - i) the breach of any warranty, representation or agreement made or undertaken by Distributor in this Agreement;
 - ii) any claim for breach of warranty based upon any warranty or representation given or purportedly given by Distributor, its agents or

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