

## GLOSSARY OF TRADEMARK LICENSING TERMINOLOGY

**Artwork:** All designs and/or samples (and, when possible, each SKU) of all products for which Licensee seeks approval as a Licensed Product, and all advertising, marketing, promotion, packaging, tags, hangtags, wrapping and labels submitted for prior written approval by FLM and the applicable Institution as to quality and style.

**Authorized Manufacturer:** A third-party manufacturer authorized under an Authorized Manufacturer's Letter Agreement to decorate Licensed Products with the Licensed Materials of an Institution based on an order placed by a Licensee.

**Authorized Manufacturer's Letter Agreement:** An agreement between Licensee and its Authorized Manufacturer that authorizes another company to manufacture a Licensed Product or component of a Licensed Product or otherwise decorate Licensed Products with the Licensed Materials of an Institution based on an order placed by a Licensee. The Authorized Manufacturer can only produce the Licensed Products and sell them to the Licensee and cannot be involved in the distribution of the Licensed Products. The Licensee is responsible for obtaining all approvals, sales, invoicing, and distribution.

**Close-out:** A sale of old or remaining inventory that is past its usual selling season, typically at reduced prices.

**Code of Conduct:** An individual Institution's requirements for Licensees related to workers' rights, working conditions, or other policies affecting the manufacture of its Licensed Products.

**Default:** Failure to meet an obligation in the license agreement.

**Distribution Channel:** Categories of retailers where Licensed Products are sold. Distribution Channels include bookstores, catalogs, department stores, online retail, pharmacies/drug stores, specialty stores, sporting goods stores, supercenter/wholesale clubs, supermarkets and others.

**Distributor:** A business that typically purchases Licensed Products from a Licensee and sells to approved retailers within the approved Distribution Channels. A Distributor cannot also be an Authorized Manufacturer.

**F.O.B. (Freight On Board):** A sales transaction where a retailer takes ownership of Licensed Products from where shipping costs are calculated. For example, 'F.O.B. Hong Kong' is an instance where a Licensee is selling Licensed Products to a retailer that takes possession in Hong Kong, and then manages the logistics and costs to bring the goods to the U.S.

**Institutions:** The college or university that owns or holds the rights to the intellectual property licensed under the agreement and used by Licensee to design, manufacture, market and distribute Licensed Products.

**Licensed Materials:** An umbrella term for an Institutions visual ownership portfolio including the trademarks, service marks, trade dress, colors, color combinations, team names, abbreviations, acronyms, mascots, nicknames, distinctive landmarks, geographic references in the appropriate context, and other related intellectual property owned or controlled by an Institution university.

**Licensed Products:** The products (i.e., T-shirt, hat, mug, keychain) bearing an Institutions' Licensed Materials that the Licensee is permitted to design, manufacture, market, and distribute.

**Licensee:** The company to which a license is granted by FLM on behalf of an Institution for the right to use its Licensed Materials in the design, manufacturing, marketing, packaging, promotion, and distribution of approved Licensed Products through approved Distribution Channels.

**Licensing:** The granting to companies the right to design, manufacture, market and distribute approved Licensed Products bearing the Licensed Materials of an Institution for a defined term, through approved Distribution Channels in return for a payment and/or other obligations.

**Minimum Guarantee:** The minimum Royalty payment required of a Licensee on an annual basis that is paid on or before the end of the contract term.

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**Minimum Royalty Per Unit (MRU):** A fixed minimum royalty per unit of each Licensed Product sold by a Licensee. An Institution may establish an MRU for certain products where the Royalty Rate or MRU is paid, whichever is greater.

**Net Revenue:** The sales upon which Royalties are based, which is calculated by taking (i) for wholesale sales Licensee's fair and usual wholesale list price and (ii) for sales direct to the end consumer or an affiliated retail entity, the retail price to the end consumer, subtracting permitted deductions such as allowable discounts, returns, freight, or tax.

**Premium:** Use of a Licensed Product for the purpose of promoting any business, product, or service.

**Promotional Licensing:** Use of a Licensed Product as a giveaway by a company or corporate sponsor that has a contractual relationship with an Institution that authorizes such promotion.

**Royalties:** A sum of money paid to FLM by a Licensee for the right to use the Licensed Materials.

**Royalty Advance:** An upfront payment paid by a Licensee due upon execution of a license agreement and at subsequent renewals. Royalty Advances are nonrefundable and credited against future earned royalties during the contract term. Once a Royalty Advance is exceeded, Licensees begin to make additional Royalty payments.

**Royalty Reporting Period:** The required timeframe by which Licensees will be required to report Royalties - either quarterly or monthly. Licensees that are authorized to report quarterly will report sales for each of the following periods: January-March; April-June; July-September; October-December. Monthly reporting Licensees will be required to submit 12 Royalty Reports annually. In both cases, royalties and all reports are due 20 days following the close of the Royalty Reporting Period.

**Royalty Rate:** The percentage of Net Revenue paid to an Institution by a Licensee for the right to design, manufacture, market, distribute and sell Licensed Products. Royalty Rates are set by each Institution individually.

**Royalty Report:** A report provided online by a Licensee on a routine basis that describes the previous period's sales by criteria including, but not limited to, Institution, Licensed Product, Distribution Channel, and SKU so that Royalties can be calculated as due.

**Sell-Off Period:** The time period after the license agreement expires whereby a Licensee is permitted to sell and dispose of all remaining stock of Licensed Products. Royalties generated from sales during the Sell-Off Period cannot be reported against the Royalty Advance.

**SKU or Stock Keeping Unit:** A unique identification number for each distinct product sold by a Licensee. Licensees will be required to submit designs and report their sales by SKU. This will allow brand owners to track the performance of specific products and designs.

**Sublicense:** Rights granted by a Licensee to a third party that does not hold the license that allows the third party to manufacture, sell, distribute, and invoice Licensed Products. Sublicensing is generally not allowed by an Institution except under special, pre-approved circumstances.

**Territory:** The geographic territory in which a Licensee is approved to sell Licensed Products. Typically, the United States, its territories and possessions, the Commonwealth of Puerto Rico, and United States military bases abroad.