MERCHANDISE LICENSE AGREEMENT

LICENSE AGREEMENT (the “Agreement”), made and entered into the ______
day of ___________________, 2005 by and between Art of the Midwest LLC, an Ohio
limited liability company (“Licensor”) and
_______________________________________ (“Licensee”).

WHEREAS, Licensor has rights, including, without limitation, trademarks, copyrights,
trade dress, names and logos for fabric designs (the (“Property”) which is more
particularly described on Schedule “B” attached hereto; and

WHEREAS, Licensee desires to license the Property for use on and/or in
connection with certain articles (the "Licensed Articles") which are more particularly
described on Schedule "A" attached hereto.

NOW, THEREFORE, in consideration of the performance of the mutual covenants
herein contained, it is agreed as follows:

1. LICENSE GRANT. Licensor grants to Licensee and Licensee hereby accepts the non-
exclusive right to use the Property on and/or in connection with the Licensed Articles in
accordance with this Agreement. Licensor grants to Licensee the right to manufacture,
have manufactured for it, market, promote, advertise, use, sell and distribute the Licensed
Articles subject to the terms and conditions herein. Licensor may, in its sole discretion,
advertise, promote, and sell the Licensed Articles on its web site or through any of its
stores. Licensee shall supply Licensor with Licensed Articles upon its usual and
customary terms and price as set forth on Schedule “A” attached hereto.

2. LICENSED TERRITORY AND CHANNELS OF DISTRIBUTION. The license
hereby granted extends only to the territory set forth on Schedule "A" attached hereto (the
"Licensed Territory"). Licensee expressly acknowledges and agrees that it is not licensed
or authorized to use the Property, directly or indirectly, outside of the Licensed Territory,
and that it is not licensed to and will not sell the Licensed Articles to persons or entities
who intend or are likely to resell them outside the Licensed Territory. The Licensed
Articles may be sold only in or to the channels of distribution set forth on Schedule "A"
attached hereto, and Licensee is not licensed to and will not sell the Licensed Articles to
persons or entities who intend or are likely to resell them outside such channels of distribution.

3. PERCENTAGE OF COMPENSATION. Licensee shall pay to Licensor,
simultaneously with the rendition of statements referred to in Paragraph 6 below, the
percentage compensation (“Percentage Compensation”) specified in Schedule “A”
attached hereto based upon the Retail Sales by Licensee of the Licensed Articles. "Retail
Sales" shall mean gross sales based on the suggested retail price of the licensed articles.
No deduction shall be made for any other reason, including, without limitation, cash
payments or uncollectible accounts. No costs incurred in the manufacture, sale, distribution or promotion of the Licensed Articles or in the payment by Licensee of income taxes of any nature shall be deducted from any Retail Sales royalty payable by Licensee. Sales to any affiliated or related party shall be deemed to have been made at Licensee's usual and ordinary price charged to a customer of like size and order. Retail Sales include any amounts or the value of other consideration received by Licensee in connection with the exploitation of the Licensed Articles. Such Percentage Compensation payment shall be due on a quarterly basis and made payable to Licensor.

4. ADVANCE; GUARANTEES. Simultaneously with the execution and delivery of this Agreement, Licensee shall pay to Licensor, the amount set forth on Schedule “A” attached hereto as a guaranteed, non-refundable advance against royalties to become first due under this Agreement. In addition, Licensee shall timely pay the amounts set forth in Schedule “A” attached hereto as minimum royalty guarantees. Said payments shall not be repaid to Licensee.

5. INTRODUCTION DATE(S); MARKETING ADVERTISING.

(a) Licensee shall, subject to the provisions of paragraph 26 hereof relating to occurrences beyond Licensee's control, introduce the Licensed Articles by the date(s) set forth on Schedule "A" attached hereto.

(b) Licensee acknowledges and agrees that proper advertising and promotion of the Licensed Articles is important to the success of this Agreement and the Property. Licensee shall furnish to Licensor on each January 1 and July 1 during the term of this Agreement, a sales, advertising and promotion plan which sets forth the sales and advertising budgets for the next succeeding six-month period. "Advertising" as used herein shall mean monies spent in connection with the advertising of the Licensed Articles at regular price.

6. PAYMENTS. Licensee shall, within thirty (30) days following the end of each calendar quarter, starting with the quarter in which sales of the Licensed Articles commence, submit to Licensor a report covering the sales of the Licensed Articles during the preceding quarter. Each report shall show (i) the number of units sold of each Licensed Article, (ii) the unit price of each Licensed Article, (iii) the gross sales for each Licensed Article. Each report shall be certified by Licensee’s chief financial officer (or other similar corporate officer). With each report Licensee shall transmit to Licensor payment (in United States currency) of the amount due under Section 3 hereof. Royalties on foreign sales shall be calculated in the currency of the country in question and shall be remitted in United States currency, using the prevailing exchange rate on the business day immediately preceding the day that payment is made; provided, however that if any payment is not made to Licensor when due hereunder, Licensee shall be responsible for any loss to Licensor due to fluctuations in exchange rates between the date payment was due and the date of any late payment. Payments shall be sent and made payable in US Dollars to Licensor, Art of the Midwest LLC, 218 Mt. Parnassus Drive, Granville, Ohio 43023. Late payments shall bear interest at the lower of (a) the maximum rate of interest
allowed by law, and (b) the higher of (i) one percent (1%) per month, or (ii) two (2)
percentage points above the prime commercial lending rate.

7. RECORDS. Licensee shall keep and maintain complete and accurate record of the
transactions underlying the accounting statements to be furnished hereunder, and shall
allow representatives of Licensor, upon at least five (5) days prior written notice, during
normal business hours and at reasonable intervals, to inspect and make extracts or copies
of such records for the purpose of ascertaining the correctness of such statements. If any
such examination and audit shall disclose any deficiency of one percent (1%) or more,
Licensee shall pay twice the amount of such deficiency as well as the actual cost of such
examination and audit. Upon demand of Licensor, Licensee shall at its own expense,
furnish to Licensor, or Licensor’s Agent, a detailed statement by the chief financial
officer of Licensee showing the number, description, gross sale price, and Retail Sales of
the Licensed Articles distributed and/or sold by Licensee to the end of the most recent
month’s end. In addition, said detailed statement shall indicate the number of yards of
Licensor’s fabric that Licensee purchased from N.T.T., Inc. dba Freespirit or from
Kokka, Ltd. of Japan during such reporting period. All books of account and records
shall be kept available for three (3) years from the termination or expiration of this
Agreement.

8. INTELLECTUAL PROPERTY REGISTRATION AND INFRINGEMENT

(a) The Licensor has the right but not the obligation to obtain at its own cost appropriate
copyright, trademark, and patent protection for the Designs and the Trademarks. At
Licensor's request and at Licensee's sole cost and expense, Licensee shall make all
necessary and appropriate registrations to protect the copyrights, trademarks, and patents
in and to the Licensed Products and the advertising, promotional, and packaging material
in the Territory in which the Licensed Products are sold. Copies of all applications shall
be submitted for approval to Licensor prior to filing. The Licensee and Licensor agree to
coopoperate with each other to assist in the filing of said registrations.

(b) Licensee shall not at any time apply for or abet any third party to apply for copyright,
trademark or patent protection which would affect Licensor's ownership of any rights In
the Designs or the Trademarks.

(c) Licensee shall notify Licensor in writing immediately upon discovery of any
infringements or imitations by others of the Designs, Tradenames, or Trademarks.
Licensor in its sole discretion may bring any suit, action, or proceeding Licensor deems
appropriate to protect Licensor's rights in the Designs, Tradenames, and Trademarks,
including, without limitation, for copyright and trademark infringement and for unfair
competition.

If for any reason, Licensor does not institute any such suit or take any such action or
proceeding, upon written notice to the Licensee, Licensee may institute such appropriate
suit, action, or proceeding in Licensee's and Licensor's names. In any event, Licensee and
Licensor shall cooperate fully with each other in the prosecution of such suit, action, or
proceeding. Licensor reserves the right, at Licensor's cost and expense, to join in any pending suit, action, or proceeding.

The instituting party shall pay all costs and expenses, including legal fees, incurred by the instituting party. All recoveries and awards, including settlements received, after payments of costs and legal fees, shall be divided seventy-five (75%) percent to the instituting party and twenty-five (25%) percent to the other party.

(d) Licensee shall reimburse Licensor for expenses incurred in connection with foreign applications relating to Licensee’s use of any of the Property and/or Licensor’s marks and/or trademarks.

9. TRADEMARK PROTECTION. Licensee acknowledges and agrees that the Property is owned by Licensor, and that it shall cause to appear on everything which uses, bears or displays the Property or any part thereof, including all Licensed Articles, tags, labels and the advertising, promotional, packaging and display material therefor, a notice proclaiming and identifying the relevant portions of the Property appearing therein or thereon as properties of Licensor.

10. COPYRIGHT PROTECTION. Licensor may secure, in its name, to the fullest extent possible, the copyrights in the Property and the registrations, renewals and extensions thereof, embodied in the Licensed Articles, including all adaptations, modifications and versions of the Property.

11. QUALITY OF MERCHANDISE; SAMPLES.

(a) Licensee acknowledges that if the Licensed Articles manufactured and sold by it hereunder were of inferior quality in design, material or workmanship, the substantial good will which Licensor has established and now possesses, in the trademarks, copyrights, names, symbols, design and logos, would be impaired. Accordingly, Licensee agrees that the Licensed Articles shall be of high standard and of such style, appearance and quality as shall be reasonably adequate and suited to their exploitation to the best advantage. Licensee may not sell damaged or defective Licensed Articles or products considered "seconds" based on industry standards.

(b) Licensee shall provide a pre-production and production calendar which such schedule shall be submitted to Licensor for approval. Licensor shall approve each stage of development of the Licensed Articles from the conception to the production thereof. Licensee shall, before it manufactures, distributes or sells any particular Licensed Article, furnish Licensor, free of cost, for its written approval, one sample of each of the following: (i) preliminary art concept; (ii) color composite, hand sample and/or final art; and (iii) preproduction/prototype for the Licensed Article together with its cartons and containers, tags, labels, wrapping material, advertising or promotional material for use in any media in connection with the Licensed Article ("Packaging"). Licensee shall provide Licensor with three production samples, free of cost; for Licensor's written approval prior to distribution of the Licensed Article. If Licensor does not indicate its approval or
disapproval of such submissions within two (2) weeks of the date of submission, Licensor shall be same. Once Licensed Article and collateral materials have been approved, Licensee shall not depart therefrom without first obtaining Licensor’s written consent in accordance herewith.

(c) Licensor or its authorized agents or representatives shall have access to Licensee’s premises at all reasonable times, upon reasonable notice, with the right to a full inspection of the production of the Licensed Articles in order to satisfy itself that its standards are maintained.

(d) Licensee's name, trade name (or a trademark of Licensee which Licensee has advised Licensor in writing that it is using) shall appear on permanently affixed labeling on each Licensed Article and, if the Licensed Article is sold to the public in packaging or a container so that the public can identify the supplier of the Licensed Articles. On soft goods, "permanently affixed" shall mean sewn on. On hand goods, "permanently affixed" shall mean molded into the product. On packaging, “permanently affixed” shall mean printed on the package. Licensee shall advise Licensor in writing of all trade names or trademarks it is using on Licensed Articles being sold under this license if such names or marks differ from Licensee's corporate name as indicated herein.

(e) Licensee shall be responsible for all costs incurred by Licensee and/or Licensor in connection with the development for formatting of artwork, designs and verse for the Licensed Products, displays, packaging or promotional materials (including artwork developed by third parties and including any artwork which in Licensor's opinion is necessary to modify artwork initially proposed by Licensee and submitted to Licensor for approval). Licensee shall pay Licensor within thirty (30) days of receiving an invoice therefor, at Licensor’s, then prevailing commercial rates. Estimates of artwork charges will be available upon request. While Licensee is not obligated to utilize the artwork services of Licensor, Licensee is encouraged to do so in order to minimize delays.

(f) Licensor will provide to Licensee at no cost to Licensee one copy of the style guide electronically. Licensor will also provide high-resolution, production quality versions of brand identity elements (logos, brand-specific images) in CD format.

12. INDEMNITY

(a) The Licensee hereby agrees to indemnify and hold the Licensor harmless against all liability, cost, loss, expense (including reasonable attorney's fees), or damages paid, incurred, or occasioned by any claim, demand, suit, settlement, or recovery against the Licensor, without limitation, arising out of the breach or claim of breach of this Agreement, the use of the Property by it or any third party, the manufacture, distribution, and sale of the Licensed Articles, and for any alleged defects in the Licensed Articles. Licensee hereby consents to submit to the personal jurisdiction of any court, tribunal, or forum in which an action or proceeding is brought involving a claim to which this foregoing indemnification shall apply.
(b) Licensee shall indemnify and save harmless Licensor (and their respective parent, associated and affiliated companies, including each of their respective officers, directors, agents and employees) and their Agent (and their respective officers, directors, agents and employees) from and against all damages, costs, attorney’s fees and expenses which may be sustained or suffered by Licensor in connection with the Licensed Articles or based upon or arising out of any actual or alleged unauthorized use of any trade secret, process, idea, method or device, or any copyright or trademark, other than under this license or the packaging, distribution, promotion, sale or exploitation to meet any Federal, State or local laws or standards, or any other actual or alleged unauthorized action of Licensee, including without limitation, a breach of any term of this Agreement.

13. INSURANCE. Licensee shall maintain product liability insurance from a reputable and financially sound company in amount of coverage not less than $1,000,000 per claim and $5,000,000 in the aggregate. Such policy shall provide, that it may not be canceled without at least thirty (30) days prior written notice to Licensor. As proof of such insurance, a fully paid certificate of insurance shall be submitted to Licensor within ten (10) days after the execution and delivery of this Agreement and before any Licensed Article is distributed or sold hereunder.

14. TERMINATION. If Licensee shall at any time (a) fail to make any payment when due under this Agreement, (b) fail to make any report required under this Agreement within ten (10) days after its due date, (c) fail to introduce (offer for sale, display, advertise or sell) the Licensed Articles by the date(s) set forth on Schedule "A" attached hereto, (d) fail to manufacture and sell the Licensed Articles for a period of three (3) months, except as provided in Section 26 hereof (e) otherwise violate this Agreement or (f) discontinue a substantial portion of its business, make (or attempt to make) any assignment for the benefit of creditors, file a petition under or pursuant to any provision of the United States Bankruptcy Code (or any state bankruptcy law), be adjudicated a bankrupt or insolvent or have a receiver or trustee appointed for any part of its business or property, then Licensor may, at its option, terminate this Agreement and the granted license by notice to that effect, but such act by Licensor shall not relieve Licensee of it liabilities accruing up to the time of termination.

15. LICENSE PERIOD, This Agreement shall commence and shall terminate on the dates set forth in Schedule "A" attached hereto unless sooner terminated in accordance with the terms and conditions of this Agreement (the "License Period").

16. LICENSOR’S TITLE AND GOODWILL. Licensee acknowledges that Licensor is the owner of all right, title and interest in and to the Property, and further acknowledges the great value of the goodwill associated with the Property and that the Property has acquired secondary meaning in the mind of the public. Licensee agrees that it shall not during the term of this Agreement and at any time thereafter, dispute or contest, directly or indirectly, or do or cause to be done any act which in any way questions, contests,
impairs or tends to impair Licensor’s right, title and interest in and to the Property.

17. REPRESENTATIONS OF OWNERSHIP. Licensee shall not in any manner represent that it has any ownership in the Property or in any properties owned by Licensor which are not licensed hereunder, or in any trademarks or copyrights included in the Property (or registrations or applications therefore) but may only, during the term of this Agreement and only if Licensee has complied with all laws, represent that it is a "licensee" hereunder. Licensee shall not register or attempt to register any trademark or copyright in the Property or in any properties owned by Licensor which are not licensed hereunder, in its own name or that of any third party, nor shall it assist any third party in doing so.

18. REVERSION. If this Agreement is terminated under any of its provisions, Licensee will not itself or through another, then manufacture or sell the Licensed Articles except as provided below, and all of Licensee’s rights to the Property shall reverts to Licensor. After termination or expiration of the license under the provisions hereof (except for Section 14), Licensee may dispose of ITEMS which are on hand or in process at the time notice of termination is received or upon the expiration date, whatever the case may be, for a period of ninety (90) days thereafter, on a nonexclusive basis; provided, however, that advance and royalty payments shall be up-to-date for the current period and statements are furnished for that period. All applicable royalties shall be paid on Licensed Articles sold during the sell-off period within fifteen (15) days following the expiration of the sell-off period.

19. RESERVATION OF RIGHTS. Licensor hereby reserves all rights not herein specifically granted to Licensee. Such reserved rights are the sole and exclusive property of Licensor.

20. ASSIGNMENT. Licensee shall not assign, (by law or otherwise) this Agreement to any person or entity without the prior written consent of Licensor which consent may be given or withheld in Licensor's sole discretion. Licensor may assign this Agreement without consent of, but with notice to, Licensee.

21. NOTICES. Notices by either party to the other shall be given by telefax, if possible, and by registered or certified mail, return receipt requested, or by telex/telegram with proof of delivery, all charges prepaid. All statements and notices hereunder shall be given at the respective addresses of Licensor and Licensee as set forth on the first page of this Agreement and on Schedule “A” attached hereto unless written notice of a change of address is given. Licensee shall send all correspondence and direct all inquiries, written or otherwise, in connection with the subject matter of this Agreement to Licensor, with a copy, if in writing, to Agent at their respective addresses set forth in Schedule “A” attached hereto. Notices shall be deemed effective the date the notice is given, except that notices of change of address shall be effective when received. Copies of all notices shall be sent to Licensor.

22. RELATIONSHIP OF PARTIES. This Agreement shall not create or be deemed
to create any agency, partnership or joint venture between the parties. The Agreement shall be binding upon and enforceable against each of the parties hereto and their respective administrators, executors, successors and permitted assigns.

23. ENTIRE AGREEMENT. This Agreement: is intended by the parties as final and complete expression of their agreement, and supersedes any and all prior and contemporaneous agreements and understandings relating to it. This Agreement may be executed in two or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The Schedules to this Agreement are a part of this Agreement as if set forth in full herein.

24. MODIFICATION. This Agreement may not be nullified and none of its terms may be waived except in writing signed by both parties. The failure of either party to enforce, or the delay by either party in enforcing, any of its rights shall not be deemed a continuing waiver or modification of this Agreement.

25. SEVERABILITY. If any part of this Agreement shall be declared invalid or unenforceable by a court of competent jurisdiction, it shall not affect the validity of the balance of this Agreement.

26. FORCE MAJEURE. In the event of a force major event which prevents, or hinders performance hereunder, no default or liability for non-compliance occasioned thereby during the continuance thereof shall exist or arise.

27. GOVERNING LAW AND JURISDICTION. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio. The Licensee hereby consents to submit to the personal jurisdiction of the Common Pleas Court, Licking County, Ohio, and Federal Court of the Southern District of Ohio for all purposes in connection with this Agreement.

28. EXECUTION. The submission of this form of license agreement for examination and/or execution does not constitute an option and shall vest no right in either party. This document will become effective as a license agreement only upon execution and delivery thereof by all the parties hereto. If this Agreement is executed by more than one person as Licensee, any liability on the part of such persons shall be joint and several.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date written at the beginning of this Agreement.

Each Schedule must be signed by both parties.

Licensor: 

Licensee: 

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Art of Midwest, LLC   Amy Butler