

CONTRACT OF RECIPROCAL REPRESENTATION

BETWEEN:

CROATIAN COLLECTING SOCIETY FOR FINE ARTS "ARS CROATICA", whose registered office is located at HR 10 000 Zagreb, Ribnjak 40, represented by its general council Mr. Silvije Hraste (hereinafter: ARS CROATICA)

AND

LITA, Society of Authors, whose registered office is located at Mozartova 9, P.O. Box 28, 810 01 Bratislava 11, Slovak Republic, represented by its Director, Mr Ľubomír Fifik,

hereafter together „the contracting societies”

IT HAS BEEN AGREED AS FOLLOWS:

ARTICLE I

1. (a) By this contract, ARS CROATICA, within the limits of its statutes and specific instructions from its members and represented rights holders, confers on LITA the mandate to represent it in the territories administered by the latter and as specified in article IX hereafter, for the purposes of control and collection of royalties for the use of the works of its members and represented rights holders, in conformity with the law prevailing in those territories.

1. (b) Reciprocally, LITA, within the limits of its statutes and specific instructions from its members and represented rights holders, confers on ARS CROATICA the mandate to represent it in the territories administered by the latter and as specified in article IX hereafter, for the purposes of control and collection of royalties for the use of the works of its members and represented rights holders, in conformity with the law prevailing in those territories.

2. This contract concerns the exercise by each of the contracting Societies of rights of use; that is rights and prerogatives of a pecuniary nature granted to creators of graphic and plastic works and of photography in accordance with both national laws in force in the territories administered by each Society and international agreements without prejudice to the general conditions of authorisation set forth in Annex I.

The rights of use involve in particular the following rights in so far as the rights are allowed by the law and managed by the societies:

- droit de suite

3. The works to which the rights of use apply include graphic and plastic art as well as photographs whatever the means of reproduction and dissemination used and regardless of the processes by which they are obtained and fixed, more specifically works of drawing, painting, sculpture, engraving, tapestry, mosaic, stained glass, architectural production, photography, etc...



ARTICLE II

Under the mandate defined in Article I above, each of the contracting Societies is entitled, to the extent of its powers resulting both from the acts of admission of its members and represented rights holders and from its own statutes and rules, from this contract and from the law in force in its territories of administration, to accomplish the following:

- Exercise the rights conferred by each of the Societies upon the other as set forth in Article I above;
- Authorise or forbid the representation, dissemination or reproduction of works, either in its own name or that of a member or represented rights holder, subject to the general conditions of authorisation set forth in Annex I;
- Collect all royalties resulting from assignments, licences or authorisations conceded by the contracting Society;
- Collect all sums of money which might be due by way of compensation or damages;
- Settle disputes, refer to arbitration or institute all necessary legal proceedings, subject nevertheless to the preliminary consent of the other contracting Society. The effect of such an obligation is strictly limited to the contractual relations between the Societies under the present contract and can in no circumstances be raised by a third party.

However, in all cases justified by urgency and in particular in order to execute the seizure of any unlawful reproduction, each of the contracting Societies is authorised to take all necessary measures without delay on the express condition that it informs the other Society;

The two contracting Societies agree that any legal fees, costs and expenses incurred in the necessary institution of legal proceedings as set forth in the previous paragraph shall be borne by the contracting Society of the country in which such proceedings are instituted;

- Take all steps necessary to ensure the better administration of the rights in respect of which this mandate is conferred;

ARTICLE III

This contract being specific to the contracting Societies and concluded on that basis, it is formally agreed that, without the express and written authorisation of one of the contracting Societies, the other Society may not assign or transfer to a third party, in any way whatsoever, all or part of those prerogatives, capacities and other powers which it holds under this contract and more particularly under Article II above.

However, the management of collective rights (such as, for example, private copying and cable retransmission) may be assigned by the contracting Societies to another Society created for this specific purpose in their territories of administration.



ARTICLE IV

1. Throughout the duration of this contract, each of the contracting Societies shall refrain from any interference in the exercise by the other Society of the rights granted by this contract.

Each of the contracting Societies undertakes in particular not to enter into any direct communication, with the members and represented rights holders of the other Society but to make any such communication, if need be, through the intermediary of the other Society.

2. Each of the contracting Societies undertakes to make available to the other Society all documents which may be useful both for the collections that it is to make by virtue of this contract and for the exercise of all appeals or legal action as stated in Article II above.

Each of the contracting Societies undertakes in particular to inform the other Society at the shortest possible notice of the admission of new members and represented rights holders and of any resignations. Each Society will send the other Society, upon request, a copy or certified photocopy of membership forms or powers signed by its members and represented rights holders.

Each of the contracting Societies shall place at the disposal of the other Society all useful documents and information to permit a thorough and efficient control of the operations it performs on behalf of the other Society as provided under the terms of this contract.

ARTICLE V

Each contracting Society undertakes to defend within its own territory of administration the rights of the members and represented rights holders of the other Society in the same manner and to the same extent as it does for its own members and represented rights holders and in particular to apply to the works of the members and represented rights holders of the other Society, in the absence of specific instructions from the other Society, the same fee scale and means of collection, inspection and distribution as it does to the works of its own members and represented rights holders.

The same will apply to the rules of distribution applicable in cases where collection is not made on a work by work basis but as a lump sum for the totality of works by members and represented rights holders of the Society.

ARTICLE VI

By virtue of this contract, the members and represented rights holders of each of the contracting Societies will be defended and represented by the other Society without their being required to perform any formalities as regards the representing Society nor to belong to the same.

It is agreed that each of the contracting Societies can accept artists from the country of the other Society as members or represented rights holders. Both Societies will keep each other informed about such acceptances.



Any problems or difficulties arising between the contracting Societies in relation to membership shall be settled amicably in the greatest spirit of compromise and in the best interests of the member concerned.

ARTICLE VII

To cover their administration costs the contracting Societies will deduct 25% commission rate from all collections resulting from the application of this contract.

ARTICLE VIII

Each of the contracting Societies undertakes to supply the other Society, at the latest 90 days following the expiry of one year period, with an account of royalties received in its territory of administration on behalf of the beneficiaries of the other Society, in respect of the preceding one year period.

These accounts will include:

- a list summarising the royalties collected over the one year period;
- statements of account for each beneficiary.

The accounts will be accompanied by a payment corresponding to the total royalties summarised after deduction of commission rates as specified in Article VII and taxes.

ARTICLE IX

For the purposes of application of this contract, the territories of administration of ARS CROATICA is:

- Republic of Croatia

The territory of administration of LITA is:

- Slovak Republic.

ARTICLE X

Each of contracting Societies may seek the advice of the competent body of International Confederation of Societies of Authors and Composers about any difficulty, which may arise between the two Societies regarding the interpretation or the performance of this contract.

If need be, the contracting parties involved in such a disagreement may mutually consent to resort to the arbitration of the International Confederation of Societies of Authors and Composers.

If the contracting Societies do not consider it appropriate to resort to the arbitration of the Confederation and in the absence of mutual agreement the competent Court of Jurisdiction shall be that in which the defendant Society is domiciled.



ARTICLE XI

Notwithstanding the provisions of Article XII of this contract, the contracting Societies accept that it may be terminated at any stage by either of the Societies if alterations or substitutions are brought to the statutes or to the general or internal rules of the other Society modifying in a notably unfavourable manner the existence or exercise of patrimonial rights of members and represented rights holders of the Society instigating the termination.

ARTICLE XII

The contract shall come into force as from.....and be renewed from year to year by tacit agreement, unless rescinded by one or other of the contracting Societies by registered mail with acknowledgement of receipt dated at least 3 months before the date of expiry of each current period.

This contract is written in English language.

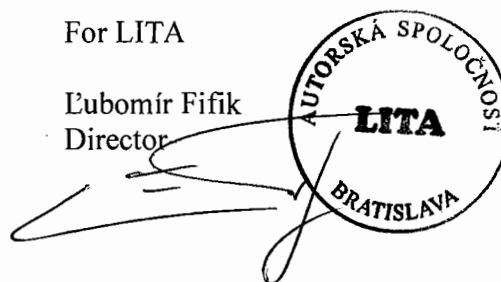
Signed in two copies in Zagreb and Bratislava on

For ARS CROATICA
Silvije Hraste
General Council



For LITA

Lubomír Fífik
Director



**ANNEX I
TO CONTRACT ARS CROATICA - LITA
DATED**

GENERAL CONDITIONS OF AUTHORISATION FOR THE REPRODUCTION OR REPRESENTATION OF WORKS BY MEMBERS AND REPRESENTED RIGHTS HOLDERS OF ARS CROATICA AND LITA:

The Contracting Societies are generally entitled to authorise the reproduction and representation of works of the members and represented rights holders of the other Society without prior consultation.

However, the other Society must be consulted in the following instances:

- 1) Media leading to a transformation of the work, such as, but not limited to
 - Tapestries, carpets
 - All textiles
 - Ceramics, chinaware, glass, crystal, metal, plastic, etc.
 - All reproductions on canvas (with or without retouching)
- 2) Three-dimensional reproductions
 - Three-dimensional reproductions of originally three-dimensional works
 - Three-dimensional reproductions of originally two-dimensional works
- 3) Reproductions for advertising purposes