

Franchisee against any claim by a third party against Franchisee for Franchisee's use of the Marks and copyrighted material in accordance with this Agreement, using attorneys of Franchisor's choosing. Franchisor may elect to compromise or settle any such claim, at its sole discretion. Franchisee agrees to cooperate fully with Franchisor in connection with any such defense. Franchisee irrevocably grants Franchisor authority and power of attorney to defend or settle such claims, demands, suits or proceedings.

(2) In the event that Franchisee receives notice or is informed or learns that any third party, that Franchisee believes to be unauthorized to use the Marks, is using the Marks or any variants thereof, or is using any of Franchisor's or its affiliate's copyrights, Franchisee shall promptly notify Franchisor. Thereupon, Franchisor shall, in its sole discretion, determine whether or not it wishes to undertake any action against such third party on account of said person's alleged infringement of the Marks or copyrights. In the event the Franchisor undertakes such action, it shall have the authority and power of attorney to defend or settle such action. Franchisee agrees to render such assistance as Franchisor shall reasonably demand to carry out the prosecution of any such action. Franchisee shall have no right to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of said alleged infringement.

D. COPYRIGHT

Franchisee acknowledges that Franchisor and/or its affiliate has developed, and may further develop during the term of this Agreement, certain artistic designs, exercise routines or configurations, and certain other word combinations and other materials designated for use by Franchisee. Franchisee acknowledges that Franchisor and/or its affiliate retains all right, title and interest thereto as provided by copyright law to the originator of works and, further, that Franchisee is licensed to use such copyrighted materials solely in accordance with the terms and during the term of this Agreement.

E. DISCONTINUANCE OF USE OF TRADEMARKS

If it becomes advisable at any time in Franchisor's sole discretion for Franchisee to modify or discontinue use of any Mark or any items of Trade Dress or use one or more additional or substitute marks or items, Franchisee agrees to comply with Franchisor's directions to modify or otherwise discontinue the use of such Mark or item of Trade Dress and to accept, use and display such additional marks or items of trade dress within a reasonable time after notice thereof by Franchisor but in no event more than thirty (30) days after receiving notice from the Franchisor. Franchisor shall not be obligated to compensate Franchisee for any costs incurred by Franchisee in connection with any such addition, modification or discontinuance.

11. COMPETITION

A. FRANCHISEE'S COVENANT NOT TO COMPETE

(1) Franchisee acknowledges that Franchisor could not protect the Trade Secrets against unauthorized use or disclosure and could not achieve a free exchange

of ideas and information among owners of Franchised Businesses if Franchisee held interests in any competitive business Franchisee acknowledges that Franchisor grants the rights to Franchisee in part in consideration of, and in reliance upon, Franchisee's agreement to deal exclusively with Franchisor Therefore, Franchisee shall not at any time during the term of this Agreement, individually or in conjunction with any person or entity, have any interest as an owner, investor, shareholder, partner, member, lender, director, officer, manager, employee, consultant, guarantor, representative, or agent or in any other manner whatsoever, directly or indirectly, carry on or be engaged in, financially or otherwise, or advise in the establishment or operation of any business involving or related to yoga or the fitness and exercise field, or any similar business

(2) In addition, in order to protect Franchisor's Trade Secrets, for a one (1) year period after the termination or expiration of this Agreement, Franchisee shall not carry on, be engaged in or advise in the establishment or operation of any business involving or related to the fitness and exercise field or similar businesses described in subsection (1) above except (a) pursuant to Franchise Agreements with Franchisor, or (b) if Franchisee is not then a party to any other Franchise Agreement with Franchisor, only at a site that is at least ten (10) miles from any Franchised Business (including Franchisee's former Franchised Business) that is operating or being developed Franchisee agrees and acknowledges that this restriction represents only a limited one on Franchisee's ability to conduct a business and that the purpose of this covenant is not to deprive Franchisee of a means of livelihood, and will not do so, but is rather to protect Franchisor's Trade Secrets, as well as the goodwill and interest of Franchisor and the System

B. ACTIVITIES OF OTHER PERSONS

The activities of Franchisee's immediate family, Franchisee's owners, officers, directors, shareholders, trusts, trustees, subsidiaries, parent companies, partners, agents and employees or any enterprise in which any of them owns, directly or indirectly, any equity interest (except for investments totaling less than one percent (1%) of the stock of publicly held corporations), for purposes of this Section 11, shall be deemed to be activities of Franchisee Upon Franchisor's request, Franchisee shall obtain the signature of any such persons on a non-disclosure and non-competition agreement in a form acceptable to Franchisor Franchisee shall use its best efforts to cause such other persons to observe the terms of those agreements

12. TERMINATION

The following provisions are in addition to and not in limitation of any other rights and remedies Franchisor may have at law or in equity, all of which are expressly reserved The exercise by Franchisor of any right or remedy shall not be deemed an election of remedies

A. WITH NOTICE AND NO OPPORTUNITY TO CURE

This Agreement shall immediately terminate on delivery of notice of termination to Franchisee by Franchisor upon the occurrence of any of the following events, each of which is deemed to be an incurable breach of this Agreement and each of which is deemed to be "good cause" If Franchisee

(1) becomes insolvent or admits in writing Franchisee's inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, files a petition under any foreign, state or United States bankruptcy act, receivership statute, or the like or if such a petition is filed by a third party, or if an application for a receiver is made by anyone and such petition or application is not resolved favorably to Franchisee within ninety (90) days,

(2) abandons the Franchised Business by failing to operate it for five (5) consecutive business days or for any shorter period in such circumstances that render reasonable the conclusion that Franchisee does not intend to continue operating the Franchised Business, unless such failure is due to disaster or similar reasons beyond Franchisee's control,

(3) has made any material misrepresentation or omission in the application for the Franchised Business or in any report that Franchisee submits to Franchisor pursuant to this Agreement,

(4) is convicted by a trial court of or pleads no contest to a felony or other crime or offense or engages in conduct that reflects materially and unfavorably upon the operation and reputation of Franchisor or the System, or if any principal of Franchisee is convicted of or pleads no contest to a felony or other crime or offense or engages in such conduct,

(5) attempts to make or makes an unauthorized assignment, encumbrance or other transfer of Franchisee's rights or obligations under this Agreement,

(6) is a party to any other agreement with Franchisor or its affiliates that is terminated for Franchisee's breach thereof,

(7) makes any unauthorized use of the Marks or Trade Secrets or makes any duplication or disclosure of any Trade Secrets including but not limited to any portion of the Manual,

(8) fails on three (3) or more separate occasions during the term of this Agreement to pay on a timely basis any fees payable hereunder or otherwise fails to comply with this Agreement (including, by way of illustration and not in limitation of the foregoing, without limitation (i) failure to follow the set sequences when teaching classes or (ii) using Sanskrit in a class), whether or not such failures to comply are corrected after notice is delivered to Franchisee and whether or not such failures to comply relate to the same or different requirements of this Agreement,

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