



COFFEE QUALITY
INSTITUTE

**Q COFFEE LICENSING AGREEMENT
(License Fee)**

THIS Q COFFEE™ LICENSING AGREEMENT is dated for reference purposes _____, 20__ and is entered into between Coffee Quality Institute, a charitable trust organized and existing under the laws of the State of California, U.S.A. ("CQI") and _____, a _____ organized and existing under the laws of the State or Province of _____, _____.

I. Grant of License; Definitions

- 1.1 CQI is a certifier of high quality coffees, and Licensee grows, exports, imports, and/or roasts green coffees.
- 1.2 Certain terms not otherwise defined in this Agreement are defined in Exhibit "A."
- 1.3 CQI hereby grants Licensee the non-exclusive right to use the trademarks "Q Coffee" and the Q® logo as described in part 3, "Fees", and Exhibit "B" (the "Q Mark"), solely within the territory of _____ ("Region") for a term of one (1) year, beginning on the date of this Agreement and ending _____, 20__. This Agreement shall automatically renew for terms of one (1) year each, unless notice of non-renewal is given by either party to the other no later than thirty (30) days before the end of any term._____

II. Terms of Use

- 2.1 Acknowledgment. Licensee acknowledges that the Q Marks are trademarks of CQI, with all rights, permitted uses, ownership, and licensing rights retained and controlled by CQI.
- 2.2 Sales by Licensee. With respect to green or roasted coffees sold by Licensee:
 - a. Licensee may use the Q Marks solely within the Region to promote, advertise, market and sell only those specific lots of coffee that have been certified directly by CQI or by its authorized In-Country Partner ("ICP") as having met CQI's specified standards of high quality (Q Coffee), and which shall be indicated by CQI's Q Grade Certificate ("Certificate").
 - b. In the event a coffee has not been graded and received a Certificate before delivery, Licensee may initiate a grading directly through CQI or one of its ICPs.
 - c. Licensee understands a grading fee is charged for certification services, which may vary, depending on the country in which the coffee is graded. The grading fee shall be paid by Licensee, or the Licensee's supplier or other partner, at the time of grading.
 - d. For purposes of certification, specific lots of coffee shall be no larger than the maximum number of bags that can be loaded into a standard transportable unit not to exceed 48,000 pounds or the equivalent net weight. Each specific lot will be graded and receive its own Certificate. There is no minimum lot size required for receiving a Certificate.

e. Certificates will remain valid for twelve (12) months following the date on which the coffee is first graded. Coffee must be roasted and packed within the twelve (12) month period.

2.3 Additional Rules for Re-sale. With respect to use of the Q Marks for coffees sold by Licensee for re-sale:

a. Green Coffee. While the Q Marks are not required to be placed on jute bags or other packaging used for the transport of green coffee, it is the responsibility of the Licensee to ensure that the markings on such packaging match the lot numbers and/or other identifiers on the Certificate. If used, the Q Marks may only be placed on coffee bags and other packaging that contains 100% Q Coffee for which Licensee holds a valid Certificate, subject to subparagraph 2.3.e below. A physical copy of the Certificate must accompany the contract, sales agreement, or other transaction documentation for tracking and auditing purposes.

b. Green or Roasted Blending. Licensee may blend two or more Q Coffees, provided the final blend entirely comprises Q Coffees. If Licensee includes a Q Score on the blend's label or other identification, the Q Score must be calculated by a weighted average as shown on Exhibit "D."

c. Roasted Coffee. The Q Marks may only be used on packaging of roasted coffee that contains 100% Q Coffee from a specific coffee lot or multiple lots for each of which Licensee holds a valid Certificate, subject to subparagraph 2.3(e) below, and further provided the coffee is roasted prior to the twelve (12) month expiration date of the Certificate. If Licensee includes a Q Score for a blend or any other mixture of lots on the mixture's label or other identification, the Q Score must be calculated by a weighted average as shown on Exhibit "D."

d. Coffee Beverages. The Q Marks may be used on packaging or to promote coffee beverages, including prepared, ready-to-drink, and instant or soluble products that contain 100% Q Coffee from a specific coffee lot or multiple lots for each of which Licensee holds a valid Certificate, subject to subparagraph 2.3(e) below, and further provided the coffee is roasted and the coffee product is brewed or processed and packaged prior to the twelve (12) month expiration date of the Certificate.

e. Other Products for Re-sale.

(i) The Q Marks may be used to market and promote Q Coffee, but may not be used to imply or lead others to believe that any non-Q Coffee is of the same or similar quality as Q Coffee, even if the non- Q Coffee came from the same grower, cooperative, exporter or roaster that is or was previously associated with any Q Coffee.

(ii) Licensee and Licensee's customers may utilize the Q Marks in marketing materials, including advertisements, but only for Q Coffee, and subject to this subparagraph 2.3(e).

f. Use of Q Marks

(i) Licensee shall agree to follow the "Style Usage Guide" for all uses of the Q marks. CQI shall deliver to Licensee a style guide, which CQI may revise from time to time, and Licensee and its customers shall strictly comply with the style guide's directives.

(ii) First use of the Q Marks by Licensee and/or its customers on packaging intended for retail sale shall be submitted to CQI for its review and approval before use. CQI shall provide a response within ten (10) business days.

g. Audit. Licensee shall prepare, and keep for a period of not less than three (3) years following the end of each of its fiscal years, adequate books and records showing inventories and sales of all Q Coffee broken down by lot and such other sales records as may be reasonably required by CQI from time to time to verify the purchase and disposition of Q Coffees in a form suitable for an audit of its records by an authorized auditor or agent of CQI. Licensee shall permit CQI or its duly authorized

auditor or agent to inspect, audit, examine and make copies from Licensee's books and accounting records at any reasonable time during normal business hours.

2.4 Licensee shall endeavor to cause its customers to follow the restrictions set forth in paragraph 2.3 of this Article when it is commercially prudent to do so, but shall have no liability for the failure of any such customer to do so, provided that Licensee promptly notifies CQI when it becomes aware of such violations.

III. Fees

3.1 *Licensing Fee*

Licensee, or the Licensee's importer/supplier, shall pay CQI a **licensing fee** of US\$0.01 per pound for use of the Q Marks and CQI's administrative services, based on the entire volume of the Q Coffee purchased by Licensee. The licensing fee is payable to CQI after the coffee has arrived in Licensee's warehouse in satisfactory condition and prior to its re-sale as Q Coffee. The licensing fee is paid only once, at the point of Import, and once the licensing fee has been paid, rights are fully transferable to Licensee's customers for all uses.

3.2 For Licensees outside of the U.S., in order to establish Licensee's U.S. dollar obligations to CQI, the exchange rate between the currency of the Region and the U.S. dollar to be employed for each payment shall be the rate for the purchase of U.S. dollars actually given by Licensee's bank on the date of payment by Licensee. Licensee shall bear the costs and expense of securing and transferring funds for its payment obligations hereunder.

3.3 Licensee shall make all payments to CQI under this Agreement free and clear of any deduction, offset or withholding of any kind, except that Licensee shall withhold from payment to CQI the withholding tax, if any, applicable to service fees that is required by law to be withheld in the Region, and shall pay the same to the applicable governmental authority of the Region. Licensee shall obtain and furnish CQI with official tax receipts or other evidence issued by the applicable authority, sufficient to enable CQI to confirm payment of such tax.

IV. Usage Standards

4.1 Licensee acknowledges that the purpose of the Q Marks is to create a recognizable and distinguishable brand franchise that embodies the core values of the program. Because the Q Marks were designed to solidly convey these elements, proper and consistent usage is required to ensure their effectiveness.

4.2 CQI will issue to Licensee, and Licensee will follow, a style guide containing exact graphics and usage requirements for the Q Marks. The style guide may be modified by CQI from time to time in its sole discretion upon at least 30 days' prior written notice to Licensee.

V. Arbitration

5.1 To provide a mechanism for rapid and economical dispute resolution, any and all disputes, claims, or causes of action, in law or equity, arising from or relating to this Agreement or its enforcement, performance, breach, or interpretation, will be resolved, to the fullest extent permitted by law, by final, binding, and confidential arbitration before a single arbitrator held in Los Angeles County, California and conducted by Judicial Arbitration & Mediation Services/Endispute ("JAMS"), under its then-existing Rules and Procedures. The parties shall be entitled to conduct adequate discovery, and they may obtain all remedies available to the parties as if the matter had been tried in court. The arbitrator shall issue a written decision which specifies the findings of fact and conclusions of law on which the arbitrator's decision is based. Judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. Unless otherwise required by law, the arbitrator will award reasonable expenses (including reimbursement of the assigned arbitration costs) to the prevailing party. Nothing in this paragraph 5.1 or elsewhere in this Agreement is intended to prevent either party from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration.

VI. Miscellaneous

6.1 Non-Disclosure. Both parties shall maintain the confidentiality of and make no unauthorized use of the contents of this Agreement and all information collected or acquired in connection with this Agreement or performance hereunder during the life of this Agreement and also for three (3) years after termination or expiration of this Agreement.

6.2 Notice. Unless otherwise provided in this Agreement, all notices, approvals, consents, or other communications purporting to affect the rights of the parties shall be in writing and in the English language and shall be given personally or by fax with confirmed receipt or by a recognized express courier, such as Federal Express, to the other party entitled to notice at the proper address as set forth below or at such other address as such party shall notify to the other party to this Agreement.

6.3 No Assignment. Neither party may assign, pledge, encumber or otherwise transfer this Agreement or any right, title or interest therein, without the prior written consent of the other, which may be refused for any reason with or without cause; provided, however, that either party may assign its rights and duties hereunder to any entity controlling, controlled by or under common control with itself. Otherwise, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, representatives and assigns.

6.4 Effect of Headings. The subject headings of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

6.5 Attorneys' and Consultants' Fees. If any legal action or arbitration or other proceeding is brought for the enforcement of any matter arising from or related to this Agreement or because of an alleged dispute hereunder, or an alleged breach or default, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

6.6 Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to its subject matter and supersedes all prior or contemporaneous communications between the parties with respect to such subject matter.

6.7 Modification. This Agreement may be changed, waived, discharged or terminated only by an instrument in writing signed by all of the parties to this Agreement.

6.8 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California without giving effect to conflict of laws that would result in the application of the law of another jurisdiction.

6.9 Severability. If any provision of this Agreement thereof shall be invalid or unenforceable, that provision shall be reformed so as to preserve the parties' intent to the greatest extent possible, failing which, such provision shall be severed from this Agreement, and the remainder of the Agreement shall continue in full force and effect.

6.10 Counterparts. This Agreement may be executed in several counterparts, each of which is an original, but all of which shall constitute one and the same instrument.

6.11 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any third person or entity other than the parties to it, nor shall any provision give any third person or entity any right of subrogation or action over or against any party to this Agreement.

6.12 Authority of Signatories. Each individual executing this Agreement on behalf of any corporation or other entity which is a party to this Agreement represents and warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of said entity.

IN WITNESS THEREOF, the parties have executed this Agreement as of the date first set forth above.

CQI:

COFFEE QUALITY INSTITUTE

By: _____

Title: _____

Dated: _____

LICENSEE:

By: _____

Title: _____

Dated: _____

Coffee Quality Institute
 26895 Aliso Creek Road, Suite B-866
 Aliso Viejo, Ca 92656
[Tel:562-624-4190](tel:562-624-4190)
 Fax: 562-624-4191

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|---|--|
| <i>Please fill out this information</i> | |
| Company Name | |
| Contact: | |
| Address | |
| | |
| | |
| Telephone | |
| Fax | |
| Website (s) | |

EXHIBIT “A”

Definition of Terms

Q Coffee: A coffee that has been evaluated by three (3) Licensed Q Graders under the Coffee Quality Institute’s Q Grading System through CQI or one of its authorized In-Country Partners (ICP) and which have successfully met the minimum standards to be considered “specialty” as defined by the Specialty Coffee Association of America (SCAA). Q Coffees are designed with a Q Certificate or Q Grade Certificate as issued by CQI or one of its authorized ICPs. See Exhibit “E”.

Producer, Marketing Agent, or Exporter Agreement: This refers to growers or exporters (sellers) who have received a Q Certificate and wish to use the Q Marks to promote Q Coffees at no additional charge

Licensing Fee: This refers to the certification fee of US\$.01 per pound.

In-Country Partner: An organization authorized to conduct Q Grading Services on the behalf of CQI. The ICP agrees to follow CQI’s protocols for receiving samples, scheduling and conducting gradings reporting results, and maintaining records.

Licensed Q Grader or R Grader: A professional cupper who has successfully passed CQI’s Q Grader Exam or R Grader Exam and earned a certificate as a Licensed Q Grader. A current list of Q or R Graders can be found at www.coffeeinstitute.org.

Technical Report: A coffee may be graded through the Q Grading System but not meet the minimum requirements to be considered Q Coffee. In this case, the coffee is issued a technical report. Technical reports may be used as a communication tool between buyers and sellers but these coffees may not be called Q Coffees.

Q Score: The cup score earned through the Q Grading Process as designated by a numerical value on a point scale of 100. The Q Score may be marketed and promoted along with the Q Certification Marks and terms Q Certified.

EXHIBIT "B"

Q Logo Trademark / Q Marks



EXHIBIT "C"

Q Grading Fee (in the U.S.) = \$275 per sample, allocated as follows:

\$30 per service per Q Grader, for a total of \$120

\$60 administration fee to the in-country partner

\$90 admin fee to CQI

EXHIBIT "D"

Calculating a Blended Q Score

For each Q Certified Coffee used in a blend, the Q Score must be multiplied by the percentage of coffee used in the blend and the adjusted Q Scores are added to calculate the Blended Q Score.

Example:

| Coffee ID | Q Score | Total Weight | Percent of Blend | Adjusted Score |
|----------------|---------|--------------|------------------|----------------|
| A | 86.45 | XYZ | .20 | 17.29 |
| B | 80.00 | XYZ | .80 | 64.00 |
| Adjusted Score | | | | 81.29 |

EXHIBIT "E"

Example Q Certificate

82.01

- [View Q Certificate](#)
- [Print Q Certificate](#)
- [View Overview](#)
-
- [View Grade Details](#)
- [View Green Grade Details](#)
- [Request a Sample](#)
- Species: [Arabica](#)
- Owner: [Owen Carver](#)

Q Certificate | Sample #414271

Sample is complete and received a Q Certificate. For more information, please see below.

| | | | |
|-------------------|-----------------|----------------|------|
| Country of Origin | Brazil | Number of Bags | 1 |
| Farm Name | Café do Paraíso | Bag Weight | 2 kg |
| Lot Number | C532 | ICP | SCAA |
| Mill | Café do Paraíso | Harvest Dates | 2012 |
| ICO Number | ?? | Grading Date | |

| | | | |
|--------------------------|------------------|-------------------|---------------|
| Company: Café do Paraíso | | | |
| Altitude | 894m - 1183m | Varietal | Mundo Novo |
| Region | Minas Gerais, BR | Status | Completed |
| Producer | Café do Paraíso | Processing Method | Natural / Dry |

| | Baseline | Sample | | Baseline | Sample |
|------------|----------|--------|------------------|------------------|-----------------|
| Aroma | 7.14 | 7.33 | Uniformity | 10.0 | 10.00 |
| Flavor | 7.14 | 7.67 | Clean Cup | 10.0 | 10.00 |
| Aftertaste | 7.14 | 7.42 | Sweetness | 10.0 | 10.00 |
| Acidity | 7.14 | 7.17 | Cupper Points | 7.16 | 7.67 |
| Body | 7.14 | 7.33 | Total Cup Points | Baseline 80.0 | Sample 82.01 |
| Balance | 7.14 | 7.42 | | | |

| | | | |
|--------------------|------------------------|--------------------|------------------------|
| Moisture | 11% | Color | Blue-Green |
| Category 1 Defects | 0 Category One Defects | Category 2 Defects | 0 Category Two Defects |
| Quakers | 0 | Agtron | 59 |

| | |
|--------------------|---|
| Expiration | May 21st, 2014 |
| Certification Body | The Specialty Coffee Association of America |

Certifications

Coffee of the Year

- Fair Trade
- Grounds for Health
- JAS
- Naturland
- NOP
- OCIA
- Organic
- QAI
- Rainforest Alliance
- UTZ KAPEH

Cupping Results

chart by amCharts.com

| Attribute | Baseline | Sample |
|--------------------|----------|--------|
| Fragrance/Aroma | ~7.5 | ~8.5 |
| Flavor/Sabor | ~7.5 | ~8.5 |
| Aftertaste/Resabio | ~7.5 | ~8.5 |
| Acidity/Acidez | ~7.5 | ~8.5 |
| Body/Cuerpo | ~7.5 | ~8.5 |
| Balance | ~7.5 | ~8.5 |

Ver. 4.0

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