

# US Minimum Advertised Price Policy – “Internet Sellers”

New Price List in effect on January 1<sup>st</sup>, 2017

## 1. Introduction

VIP Products is transforming the way consumers think about and use dog toys in their pet’s lives. VIP is continuously innovating and researching new materials and construction methods to stay on the leading edge of design, performance and safety.

We recognize that our success is tied to the success of our network of select authorized dealers. We also know that many of our dealers invest significant time and resources to deliver an extraordinary customer experience. We want to protect their ability to do so, while at the same time discouraging price-based advertising that would be detrimental to our dealer's service and support efforts. As a result, VIP has unilaterally established this Minimum Advertised Price (“MAP”) Policy for internet sellers.

## 2. Policy Statement

VIP Products (Herein after VIP), in its sole discretion, reserves the right to discontinue doing business with any reseller that advertises any product(s) covered by this MAP Policy at a price lower than the MAP.

## 3. General Guidelines

1. All products distributed by VIP have MAP pricing. For a more specific list of products covered by this policy please see the Map Product Price spreadsheet which includes the MSRP and MAP prices. VIP may in its sole discretion modify this list from time to time.
2. VIP recognizes that dealers are free to make their own decisions to advertise and sell any VIP product at any price they choose, without consulting or advising VIP. Similarly, VIP will exercise its right to make its own decisions regarding the VIP Authorized Reseller Program (“VARP”), supplemental marketing materials, point-of-purchase displays, product allocation, new product availability, or future promotional, joint marketing, or sponsorship programs.
3. The MAP Policy applies to advertised prices on the internet, not the price at which MAP Products are actually sold or offered for sale to an individual in-store or over the telephone.
4. **VIP Believes in maintaining a well-regulated and fair marketplace for all its authorized resellers.**

## 4. Advertising Guidelines

1. The MAP Policy applies to all advertisements of MAP Products in any, and all media directing a person to purchase online, including but not limited to flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, television, radio, and public signage, as well as Internet sites, social media sites, apps, or any other electronic media.
2. The MAP Policy does NOT apply to solely on premise or in-store advertising that is not distributed to customers.
3. Website features such as “click for price”, automated “bounce-back” pricing e-mails, pre-formatted e-mail responses, forms, and automatic price display for any items prior to being placed in a customer’s shopping cart, and other similar features are considered to be communications initiated

by the dealer (rather than by the customer) and thereby constitute “advertising” under this MAP Policy.

4. It **SHALL NOT** be a violation of this MAP Policy to advertise that a customer may “call for price” or “email for price”, or to use similar language, specifically with respect to VIP Products, so long as no price is listed.
5. This MAP Policy also applies to any activity which VIP determines, in its sole discretion, is designed or intended to circumvent the intent of this MAP Policy, such as solicitations for ‘group purchases’ and the like.
6. It **SHALL NOT** be a violation of this MAP Policy to advertise in general that the reseller has “the lowest prices” or will match or beat its competitors’ prices, or to use similar phrases; so long as the reseller does not include any advertised price below MAP and otherwise complies with this MAP Policy.
7. From time to time, VIP may permit resellers to advertise MAP Products at prices lower than the MAP retail price. In such events, VIP reserves the right to modify or suspend the MAP retail price with respect to the affected products for a specified period of time by providing advance notice to all resellers of such changes.

## 5. Bundling Guidelines

1. “Bundling” or advertising VIP products for sale together with other products will violate this MAP Policy when:
  - o i. the effective or stated price of the bundle represents a discount of greater than 15% of the MAP; or
  - o ii. the product(s) bundled with MAP Products violate VIP’s Intellectual Property rights; or
  - o iii. the product(s) bundled with MAP Products violate the VIP Trademark and Brand Policy or
  - o iv. the product(s) bundled with MAP Products include words, packaging, graphics, or other indicia which may create customer confusion as to the source of the product(s);

## 6. Policy Enforcement

1. If a dealer with multiple websites violates this MAP Policy at any one site, or on any associated website, then VIP will consider this to be a violation by the dealer.
2. VIP reserves the right to cancel any pending orders, restrict future orders, or suspend dealers’ account if VIP reasonably believes:
  - o i. a dealer has violated the provisions of this policy; or
  - o ii. a dealer intends to violate this policy.
3. VIP’s MAP Policy Administrator is solely responsible for determining whether a violation of the MAP Policy has occurred, as well as determining appropriate sanctions.
4. Waivers to this MAP Policy may be granted in VIP’s sole discretion by the MAP Policy Administrator in writing. VIP Sales, Marketing, or other personnel are not authorized to modify or grant exceptions to the MAP Policy. In the event that the MAP Policy Administrator authorizes a

waiver to the MAP Policy, dealers must strictly adhere to the terms of the waiver letter. Deviation from the terms of a waiver letter is a violation of the MAP Policy.

5. VIP monitors the advertised prices of dealers, either directly or via the use of 3rd party agencies or tools. Dealers are expected to provide reasonable cooperation in any VIP investigations regarding possible MAP Policy violations. Hindering, obstructing, delaying, or otherwise failing to cooperate with a VIP MAP Policy investigation is a violation of this MAP Policy.
6. The MAP Policy will be enforced by VIP in its sole discretion and without notice. Dealers, distributors, resellers, have no right to enforce the MAP Policy. Violations of this policy may result in any of the aforementioned sanctions up to and including termination of our business relationship, as well as any available remedies at law. All questions related to this MAP Policy should be directed to: [corporate@vipproducts.com](mailto:corporate@vipproducts.com)

## 7. “Three Strikes You’re Out”

**Strike 1: “Warning”:** When a dealer is found to be in violation of MAP Policy a warning letter will be sent via our 3<sup>rd</sup> party monitoring agency or from VIP directly notifying the dealer of the violation and specific details. Upon the issue date of the violation the dealer has 72 hours to correct the violation. Failure to correct any violation within the window provided will escalate the dealer to Strike 2.

**Strike 1 Removal:** Strike 1 violations will have an enforcement period of 30 days. After 30 days’ strike 1 will be removed. Any dealer with 3 or more warning violations in a six-month period will lose their right to have a warning expunged after 30 days.

**Strike 2 Temporary Suspension:** Any Dealer that receives 2 or more violations in a 30day period or fails to correct a MAP violation within the 72-hour time period will immediately have their trading relationship suspended until all violations are resolved. Any pending orders or subsequent orders placed during the suspension period will be rejected by VIP and not fulfilled. If the MAP policy violation continues with no action on behalf of the retailer , Strike 3 will be issued immediately.

**Strike 3: “30 Day Minimum Suspension”** Any pending orders or subsequent orders placed in the 30 day minimum suspension period will be rejected by VIP and not fulfilled.

**VIP Reserves the right to issue or retract any violation at its own discretion.**

## 8. Provisions Applicable to VIP Products Distributors:

VIP in its sole discretion may use a wholesale Distributor to resell products to retailers. Distributors must comply with and enforce VIP’s unilaterally imposed Minimum Advertised Price (“MAP”) Policy with its customers. Distributors must regularly research and confirm that their customers are adhering to MAP and restrict sales to a customer that is not complying to MAP. If notified by VIP that a distributors customer is not adhering to MAP, the distributor must discontinue selling and shipping products to the violating customer, the time frame of the restriction will depend on the customer’s violation status, and the customer’s willingness to correct its violating listing. VIP reserves the right to not ship or sell any customer at its sole discretion and distributors are expected to reinforce VIPs restricted seller list. Failure, will result in VIP discontinuing shipping products on purchase orders to the Distributor.

# VIP Intellectual Property Use – “Internet Sellers”

## 9. Intellectual Property:

Use by Reseller of VIP Intellectual Property. Reseller agrees to conform to VIP’s policy as set forth herein regarding the use of its intellectual property ("IP"). If VIP does provide authorization to use VIP IP, the authorized IP will not be altered from the original provided, or used in combination with any non-authorized material not related to VIP to market products made by VIP products. VIP’s IP includes but is not limited to trademarks, trade dress and copyrights in the images and text VIP uses to describe and market the Products, including but not limited to video, graphics, box designs, marketing materials and/or copyrighted print advertising. VIP’s trademarks include the following, and are regularly updated at [www.vipproducts.com](http://www.vipproducts.com), all trademarks listed are hereby VIP’s "IP" and are hereby incorporated by reference: ® indicates that the trademark is registered at the US Patent and Trademark Office.

TUFFY®

MIGHTY®

SILLY SQUEAKER®

RUGGED RUBBER®

DURAFORCE®

INSANITY®

MEGA™

WORLD’S TUFFEST SOFT DOG TOY™

DURASCALE™

TUFFSCALE™

All Toy Shapes, Designs, and Prints are copyrighted ©

## 10. Restricted use of Intellectual Property for Traditional Advertising:

Reseller may not use VIP’s IP or resell VIP’s products without VIP’s prior written authorization, executed in handwriting by a VIP officer, including but not limited to any of the following situations:

- a. Magazine and newspaper advertising
- b. Television, radio, billboard

## 11. Restricted use of Intellectual Property for Internet Marketing:

Reseller may not use VIP’s IP or resell VIP’s products on the internet without VIP’s prior written authorization, executed in handwriting by a VIP officer, including but not limited to any of the following situations:

A: Any paid advertising allowing persons to bid on any VIP trademark as a search term entered by a visitor to the search engine site, alone or in combination with other words, including but not limited to:

1. Google AdWords Program
2. Bing Ads
3. Yahoo/Bing/MSN Network

**B: Online stores and marketplaces, including but not limited to**

1. Amazon.com
2. eBay.com
3. Google Product Search
4. BestBuy
5. Shopzilla.com
6. Walmart
7. Target
8. Sears
9. Overstock
10. Newegg
11. Jet
12. Hayneedle
13. Chewy.com

**C: Social Networking Sites, including but not limited to**

1. Facebook
2. Twitter
3. Pinterest
4. Google
5. Instagram
6. Snapchat

**Reseller may use VIP's IP in the following situations:**

- a. Resellers may use VIP's IP as previously approved by VIP per the terms of this Agreement.
- b. Resellers may elicit internet search results displaying VIP IP as the result of organic search results from reseller web sites that have been previously, expressly approved by a VIP officer in writing.
- c. Use by a Reseller of VIP trademarks in the Reseller sites Products site's product description content, if and only if that product is offered for sale by the Reseller under the conditions of this Agreement.

**VIP will provide authorized images and text for VIP-approved uses thereof upon request of Resellers who are in good standing. Reseller may not redistribute such images and text to others without VIP's prior written authorization, executed in handwriting by a VIP officer.**

**Any unauthorized use of VIP IP is a material breach of this Agreement, and may at VIP's sole discretion result in the loss of any Co-Op Allowance granted by VIP to Reseller, and may result in VIP's institution of legal action. VIP also may, at its sole discretion, refuse to supply Reseller with any further VIP product.**