

National Palace Museum Guideline on Open Bid for Brand Licensing

Full Text of 7 Articles Amended and Published on September 19, 2008

Full Text of 7 Articles Amended and Published on February 28, 2009

Full Text of 10 Articles Amended and Published on August 20, 2009

Full Text of 10 Articles Amended and Published on March 30, Year-2015-Tai-Bo-Wen-Zi-No. 1040003121 Letter

Full Text of 10 Articles Amended and Published on July 7, Year-2017-Tai-Bo-Wen-Zi-No. 1060007273 Letter

Articles V & VI Amended on December 1, Year-2017-Tai-Bo-Wen-Zi-No. 1060013117 Letter

Full Text Amended on June 1, Year-2021-Tai-Bo-Xing-Zi-No. 1100004702 Letter

Article V Amended on June 8, Year-2022-Tai-Bo-Xing-Zi-No. 1110005660 Letter

I. To enable the development of cultural and creative industries and increase brand value, the National Palace Museum (hereinafter referred to as “this Museum”) and the authorized supplier jointly develop cultural and creative derivative commodities by taking a dual brand strategy, as well as providing this Guideline in accordance with the Regulations for Transforming the National Palace Museum's Cultural Creativity Assets for Public Utilization.

II. Introduction to Brand Licensing

(I) Authorization Object:

Cultural and creative assets of this Museum: refer to the digital archive of the Museum-managed collection of cultural relics photographed and owned by this Museum that can be legally provided externally for use or the tangible and intangible products, works or other related rights and this Museum's legally registered trademarks that can be legally provided externally for use, which are developed, created or produced through relevant projects by using the Museum's foregoing assets.

(II) Trademarks of this Museum include but not limited to the following items:

1.  國立故宮博物院
NATIONAL PALACE MUSEUM
2.  故宮精品
National Palace Museum Shop
3.  故宮三希堂
4. 

(III) Brand Licensed Merchandise Category:

1. Cultural Relic Replica: refers to the products based on the images and trademarks of this Museum's collections, which are similar in pattern, ornamentation, size, material, and color, as well as being labeled with this Museum's trademarks.
2. Cultural and Creative Derivative Commodities: refer to all kinds of derivative value-added application commodities (including food and drinks) which are artistic, practical in life, and

helpful for cultural and educational promotion, redesigned, developed, and produced by using the Museum's cultural and creative assets as source materials.

3. Catering Commodities Provided by the Museum's Restaurants: refer to the catering commodities provided by the restaurants opened in the designated space of this Museum or at the location approved by the Museum after being requested by the supplier, by using the images, cultural and creative assets and trademarks of this Museum's collections as basic source materials.

4. Other Commodities Related to this Museum.

(IV) Royalties in Licensing and Performance Bonds

Royalties Include: trademark royalties (i.e., contract deposit) and licensed Merchandise royalties.

1. Trademark Royalties (i.e., Contract Deposit):

(1) Charge once for each licensing.

(2) Each trademark licensing royalty is NT\$500,000. Royalty for licensing of two trademarks is NT\$950,000; royalty for licensing of three trademarks is NT\$1.35 million; royalty for licensing of four trademarks is NT\$1.7 million.

(3) A supplier shall pay the trademark royalties within 30 days after receiving the notification of approval granted. Trademark royalties can be paid in one lump sum or in 4 installments according to the table below:

Installment	Time for Payment	Licensing of 1 Trademark	Licensing of 2 Trademarks	Licensing of 3 Trademarks	Licensing of 4 Trademarks
1 st Installment (Notification of Approval)	Within 30 days	NT\$20,000	NT\$50,000	NT\$150,000	NT\$200,000
2 nd Installment (Settlement on December 31 of the signing year)	By February 15 th of the following year	NT\$160,000	NT\$300,000	NT\$400,000	NT\$500,000
3 rd Installment (Settlement on December 31 of the 2 nd year)	By February 15 th of the following year	NT\$160,000	NT\$300,000	NT\$400,000	NT\$500,000
4 th Installment (Settlement on December 31 of the 3 rd year)	By February 15 th of the following year	NT\$160,000	NT\$300,000	NT\$400,000	NT\$500,000
Total		NT\$500,000	NT\$950,000	NT\$1,350,000	NT\$1,700,000

2. Performance Bond: Every time a new agreement for brand licensing is signed, the supplier shall pay a performance bond of NT\$100,000 to the Museum. The performance bond shall be refunded without interest after the agreement expires and there is no renewal, breach of agreement or matters to be rectified or resolved by the supplier.

3. Licensed Merchandise Royalties:

- (1) Licensed Merchandise royalties shall be calculated at a ratio of 2% to 10% of the sales price in Taiwan when the supplier makes a proposal. The calculation formula is:
- i. General Brand Licensed Merchandise: brand licensed merchandise (price in Taiwan) \times contract output \times ratio = total amount of licensed Merchandise royalties payable.
 - ii. Catering Commodities Provided by the Museum's Restaurants: actual annual turnover of the restaurant with brand licensing \times ratio = total amount of licensed Merchandise royalties payable.
- (2) Time Limit for Settlement and Payment:
- a. During the Licensing Period: December 31st of every year shall be the settlement date for licensed Merchandise royalties. The supplier shall submit the sales report affixing the supplier seal and the seal of the person in charge or his own signature as well as the proof of payment of the current licensed Merchandise royalties to this Museum before February 15th of the following year.
 - b. When the Agreement Expires: within 45 calendar days after the agreement expires, the supplier shall pay off the licensed Merchandise royalties calculated based on the approved contract output of the commodities, and submit the sales report (indicating the quantity of goods that have and have not been sold) affixing the supplier seal and the seal of the person in charge or his own signature as well as the proof of payment of the current licensed Merchandise royalties to this Museum.
 - c. Punitive Liquidated Damages for Delay: If the supplier fails to pay licensed Merchandise royalties within the payment deadline stipulated herein, the punitive liquidated damages for delay shall be calculated from the next day of the time limit. Punitive liquidated damages for delay are calculated based on number of days at 1% of the licensed Merchandise royalties in the payable period, and the total amount is capped at the maximum overall amount of the licensed Merchandise royalties in the payable period.
4. In principle, the foregoing three royalties and bonds cannot be offset against each other. However, if the supplier fails to pay trademark royalties, licensed Merchandise royalties or punitive liquidated damages for delay, they can be offset by the performance bond.
5. Trademark royalties, performance bond and licensed Merchandise royalties shall be paid by remittance.

Beneficiary Account of this Museum:

Account Name: National Palace Museum 301

Account Number: 070036070162

Remitting Bank: BANK OF TAIWAN SHIHLIN BRANCH

III. Ways of Entertaining Proposals

The Museum entertains proposals for brand licensing throughout the year, and all public solicitation information for brand licensing will be disclosed on the National Palace Museum Global Information Network. Proposal suppliers shall submit applications in writing.

IV. Matters Needing Attention in Proposals

- (I) Documents submitted by the supplier for review shall be 1 copy of supplier qualification form, a total of 21 copies of Merchandise plan for brand licensing, including the preliminary review form (in octuplicate), the re-examination application form (13 copies) and Merchandise samples.
- (II) Supporting documents attached to supplier's basic qualification form (if no supporting documents are attached herewith, the Museum may request a supplement within a specified time limit, and an application without a supplement will be rejected):
 - 1. "Company Registration Certificate", "Business Registration Certificate" issued by the competent authority or printed registration data published on the website of the competent authority; business items shall include engagement in brand licensing proposals. For suppliers that are not registered in Taiwan, the supporting documents submitted should be certified by the Straits Exchange Foundation or the Taiwan office where the company is registered. If it is too late to provide supporting documents during the preliminary review of new suppliers, an affidavit shall be produced in advance, indicating that all documents to be sent to this Museum shall be submitted "before signing contracts", otherwise they will automatically abstain.
 - 2. Proof of the supplier's credit (such as the certificate issued by the clearing house within half a year before the date of the supplier's application that the supplier is not a dishonored account, or the certificate issued by the clearing house that the supplier has no record of bounced checks within the past year, or the financial statement of the supplier certified by an accountant, or a supplier's credit certificate issued by a financial institution or a credit investigation agency).
 - 3. Supporting documents that show the average turnover of the past three years has exceeded NT\$10 million or more.
 - 4. Possessed self-owned brand with a registered trademark as well as attached receipts of Declaration of Sales and Business Tax by a Business Entity for the last three years (if the supplier is unable to submit the latest certificate, a tax payment certificate of the previous period can be taken in lieu thereof). If it is newly established and the deadline for paying the first installment of business tax has not yet expired, an official letter of approval for establishment registration issued by the competent business tax collection authorities and an invoice purchase certificate can be taken in lieu thereof).
 - 5. Relevant supporting documents showing the evidence of more than 10 business channels (Description may be attached thereto for special industries).
- (III) Merchandise Plan Shall Include the Following:
 - 1. Calculation results of the amount of planning of brand licensed merchandise series, trademark royalties, proportion of licensed Merchandise royalties, and the total amount of licensed Merchandise royalties payable.
 - 2. Brand licensed merchandise items and their details (including Merchandise's source of creativity, specifications, materials, estimated Merchandise production quantity, Merchandise production cost and pricing analysis).
 - 3. Schematic diagram of the combination of the Museum's trademark and the supplier's trademark (hereinafter referred to as "dual brand") for the brand licensed merchandise.
 - 4. Description of the scheduled sales channel of the merchandise: brand licensed merchandise can

be consigned or sold in special counters in the Museum store affiliated to the Museum, which may also be sold through the supplier's channels; consignment or sales in the former way needs a consignment contract signed with the Museum.

5. Planning of the supplier's quality management system, quality assurance system and after-sales service system.

6. An Affidavit that guarantees no violation of a third-party intellectual property rights.

7. Other matters pertaining to the handling thereof.

(IV) Commodities must not involve political parties, politics, or damaging good customs and the reputation of the Museum.

V. Regulations Governing Selection Work

(I) Qualification Review: this Museum conducts qualification review on whether the supplier's proposal documents meet the provisions of the fourth article hereof.

(II) Preliminary Review (written form review): the Preliminary Merchandise Review Team of this Museum conducts preliminary review of the following matters:

1. Connection between the merchandise's source of creativity (including the contracted new merchandise) and the cultural relics of the Museum.

2. Whether the description of the origin of the merchandise is correct.

3. Whether the merchandise has an item that is not entertained in the Museum's announcement or has been rejected by the Museum in the past.

4. Merchandise Safety Plan.

(III) Re-Examination (supplier attends briefing): the Merchandise Re-Examination Committee of this Museum conducts re-examination of the following matters.

1. Creativity in and aesthetics of merchandise design.

2. Merchandise quality, packaging design and functions, including: planning of the supplier's quality management system, quality assurance system and after-sales service system.

3. Rationality of the proportion between the selling price and the licensed merchandise royalties.

4. Merchandise sales channels.

5. Other related matters.

(IV) The ratio of either gender of the selection committee members shall not be less than 40%. The qualification judged in the preliminary review and re-examination shall be agreed by the numbers more than two thirds of the attending committee members; the proportion of licensed merchandise royalties is evaluated and determined based on the average value by the re-examination attending committee members (the average value is calculated after removing the two extreme outliers).

(V) For brand licensing proposals that fail the qualification review, preliminary review and re-examination, the Museum shall state the reasons in writing and reject the proposal. The Museum retains the necessary number of copies of the supplier's proposal documents for future reference, and the supplier shall collect the rest within the time limit specified by the Museum. The Museum is not responsible for keeping the documents that have not been collected within the time limit. Similar commodities that fail the review shall not be submitted for review again.

- (VI) After the commodities accepted by the Museum have been approved, the Museum shall notify the suppliers in writing of having passed the review, as well as signing a brand licensing agreement with the suppliers.

VI. Agreement Signing and Image Use

- (I) The supplier shall comply with the standard operating procedure of the Museum's brand licensed merchandise being released to the market and shall prepare 5 copies of agreement and 1 copy of the electronic contract and come to the Museum to sign the brand licensing agreement within 30 days after receiving the notice of proposal approval and agreement signing. Failure to sign the agreement after the deadline shall be deemed a disqualification.
- (II) The digital files of cultural relics placed by the Museum on the official website, external website or cloud hard drive can be directly inquired about by the public without having to apply for public disclosure to provide supplier with free download and use. If a supplier needs to use images other than the ones mentioned above, it should file an application with the Museum after signing the agreement, as well as signing the image licensing affidavit to obtain the right to use the image for free after the consent of the Museum, and the supplier will obtain the image. The image shall not be used for purposes other than the purpose of this brand licensed merchandise, and the supplier shall guarantee that all backup files will be deleted after the agreement is terminated or the time limit expires. The Museum may dispatch personnel to the supplier's premises from time to time to inspect the use of image, and the supplier shall not raise any objection.

VII. Licensing Method

- (I) Production cost of brand licensed commodities shall be borne by the supplier itself. The supplier shall be responsible for the design, merchandise production, propagation, delivery, and sales of brand licensed commodities. If the supplier's marketing and production documents and program promotion are determined by the Museum to be likely to damage the Museum's image, the supplier shall immediately improve the said matters after being notified by the Museum. In case of failure to improve within the time limit, the Museum may deal with it in accordance with the relevant provisions of the Brand Licensing Agreement.
- (II) For brand licensed commodities completed by the supplier, the copyright thereof shall vest in the supplier, which shall not be relicensed or granted to a third party without the consent of the Museum, and such restriction shall continue and remain in full force, notwithstanding the expiration, rescission, or termination of the brand licensing agreement. The supplier also agrees that during the term of the agreement, the Museum may enjoy unlimited time, territory, frequency, gratuitous utility, and the right to relicense the use of the copyright to a third party within the term of the agreement. The supplier promises not to exercise the moral rights thereof against this Museum and the third party to whom the right-of-use of the intellectual property is relicensed.
- (III) The licensing granted herein is not an exclusive or sole authorization. For the purposes of marketing and selling brand licensed commodities, the supplier may display the trademark licensed by the Museum on the supplier's marketing channels and the exhibitions. However, the supplier shall not require or become a self-proclaimed exclusive licensed supplier.
- (IV) The body of the merchandise and packages shall be labeled with dual brand or other texts or graphics approved by the Museum at appropriate positions, and the firm name shall be labeled on

the merchandise body in accordance with provisions of the Merchandise Labeling Act. When suppliers participate in domestic and foreign exhibitions and display brand licensed commodities, they may display this Museum's trademarks at appropriate locations in the exhibition area.

- (V) Depending on the nature of the merchandise, the Museum may require the supplier to provide certifications such as after-sales service measures or inspection reports, otherwise the merchandise shall not be released to the market. Suppliers should as well provide electronic files such as high-resolution, clear, and comprehensive merchandise color photos, situational pictures, and merchandise introductions to the Museum for the benefits of sales.
 - (VI) For the brand licensed commodities or their packages (products, packages, containers, manuals, etc.), suppliers shall print barcodes and paste the laser labels issued by the Museum before selling them; and the laser labels should be kept properly, and the management data should be provided to meet the Museum's requirements.
 - (VII) If the brand licensed commodities sold are defective or damaged attributable to the supplier, the supplier shall unconditionally replace or return the commodities without objection.
 - (VIII) If the total quantity of commodities stipulated herein is sold out before the expiration of the licensing period, the supplier may, with the approval of the Museum, increase merchandise production and sell them according to the approved increase in merchandise production; in case of remaining commodities that will not be renewed when the licensing period expires, with the consent of the Museum, the supplier may extend the sales period for half a year under the same conditions. The supplier shall stop selling through the Museum's channels after the extended sales period expires. If there are remaining commodities, the supplier may sell them through other channels until the sale is completed.
 - (IX) The Museum does not accept the supplier's application for renewal of the Agreement for the extended sale of the commodities referred to in the preceding paragraph.
 - (X) Suppliers are not allowed to assign all, or any portion of the brand cooperation projects approved to others, nor can they subcontract the projects to others. However, in the case of a company merger, if the application to which the certified documents annexed is submitted in writing to and approved by the Museum, the restriction shall not apply thereto.
- VIII. The supplier shall guarantee that for its R&D, creation, and merchandise production process as well as its commodities, no third party may claim any rights against it. If the supplier infringes on the legitimate rights and interests of a third party, the following provisions shall apply:
- (I) The supplier shall provide an explanation within 7 days after receiving the notice, and the Museum may discontinue the product line temporarily after notifying the supplier; if the circumstances are serious, the Museum may directly and temporarily discontinue the product line.
 - (II) The Museum may request the supplier to submit factual evidence or an authentication report if necessary. In the event the supplier failed to do so, the Museum may deal with it directly for authentication, and the cost shall be borne by the supplier.
 - (III) If confirmed to have infringed on third party rights, the supplier shall be responsible for handling the follow-up matters, and it shall be deemed a major violation, and the supplier's applications for brand licensing proposals will not be accepted within 3 years.

- (IV) The merchandise will be back on the market when it is verified that the merchandise has not infringed on third party rights.

IX. Licensing Duration, Newly Added Commodities, Agreement Renewal and New Delivery of Old Commodities

- (I) Licensing duration is 3 years commencing from the date of signing the Brand Licensing Agreement.
- (II) Handling of Newly Added Commodities: It shall be handled in accordance with the rules in paragraph (II), Article V of this Guideline if the new merchandise is the series in the original contract that has been reviewed and approved. If it is a brand-new series pertaining to the rationality of the royalty ratio, it shall be handled in accordance with the rules in paragraphs (II) and (III), Article V of this Guideline; newly added commodities shall be included in the brand licensing accessory agreement.
- (III) Handling of Agreement Renewal: 6 months before the expiration of the original agreement, the supplier should prepare 8 copies of agreement renewal plan, under the condition that the provisions of the original agreement remain unchanged or are more favorable to the Museum without a violation of the original agreement, and submit them to the Museum for renewal review, which will not be accepted if it exceeds the deadline. The agreement shall be renewed once for a further period limited to 2 years, after the supplier's renewal application is approved by more than two-thirds of the attending committee members of the Preliminary Merchandise Review Team. The supplier shall prepare 5 copies of the renewal agreement after receiving the notification and before the original agreement ends, as well as completing the renewal procedure at the Museum. Failure to sign the agreement after the notification period shall be deemed to have disqualified itself from renewing the agreement.
- (IV) Handling of New Delivery of Old Merchandise: 6 months before the expiration of the original agreement or after the agreement expires, the supplier shall prepare 8 copies of new delivery of old commodities business proposals under the condition that the provisions of the original agreement remain unchanged or are more favorable to the Museum without a violation of the original agreement and submit them to the marketing business department for merchandise review. After the supplier's new delivery of old commodities application is approved by more than two-thirds of the attending committee members of the Preliminary Merchandise Review Team and the notification is received, the supplier shall prepare 5 copies of agreement to complete the renewal procedure at the Museum. Failure to sign the agreement after the notification period shall be deemed to have disqualified itself from renewing the agreement.

X. Brand Licensing Project

- (I) Applications for brand licensing submitted by government departments, private corporations, public and private corporate bodies, and private enterprises of Taiwan, being of great benefit to this Museum's academic research, cultural relics collection, image propagation, creative design research and development, as well as digital affairs, of which the qualifications, conditions, marketing activities, and channel review may be handled separately on a case-by-case basis.
- (II) For the brand licensing of the project, the collection of royalties and performance bond is as follows:

Applicant Brand Royalty	Government Departments, Private Corporations, Public Bodies	Industry-Government-Univers ity Cooperation Projects Referred by Government Departments	Cooperative Marketing Projects of Private Corporations, Private Bodies, & Private Enterprises
Trademark Royalties (Contract Deposit)	At No Charge	At No Charge	6 Months → NT\$62,500 1 Year → NT\$125,000 2 Years → NT\$250,000 (As Detailed in Paragraph (VI) of this Article)
Licensed Merchandise Royalty Rate	3%	5%	2%~10%
Performance Bond	NT\$50,000	NT\$100,000	6 Months → NT\$12,500 1 Year → NT\$25,000 (As Detailed in Paragraph (VI) of this Article)

(III) Percentage of Sales Proceeds through the National Palace Museum's Channels

Applicant	Government Department		The Other Contracted Suppliers					
Percentage of Sales Proceeds through the National Palace Museum's Channels	Museum	Government Agency	General Merchandise					
			Made in Taiwan			Not Made in Taiwan		
	20%	80%	Museum	Supplier	Museum	Supplier		
			30%	70%	40%	60%		
			Food and Beverage					
			Made in Taiwan			Not Made in Taiwan		
			Museum	Supplier	Museum	Supplier		
			28%	72%	35%	65%		
			Catering Commodities Provided by Restaurants					
			1 st Year		2 nd Year		3 rd Year	
			Museum	Supplier	Museum	Supplier	Museum	Supplier
			5%	95%	10%	90%	15%	85%

- (IV) The license period of project brand licensing is up to 3 years, which may be renewed once for a maximum of 1 year. However, short-term corporate cooperative marketing projects of which the license period is less than one year cannot be renewed.
- (V) After the license period expires, suppliers of unsold commodities may apply for a half-year extension of sales in the National Palace Museum's channels.
- (VI) For corporate cooperative marketing projects with a license period of less than 3 years, the method of calculating and collecting royalties and performance bonds is as follows:
1. Trademark Royalties: based on the Trademark Royalties NT\$500,000 licensed by general brand licensing, calculating based on the average apportionment of the project brand license period

including the renewal of the maximum 4 years. Any period exceeding half a year but less than 1 year shall be calculated as 1 year; any period exceeding 1 year but less than 2 years shall be calculated as 2 years; any period exceeding 2 years, but less than 3 years shall be calculated as 3 years.

2. Performance Bond: calculated based on NT\$100,000, the calculation is done according to the average apportionment of the project license period including the renewal of the maximum 4 years. Any period thereof less than half a year shall be calculated as half a year. Any period exceeding half a year but less than 1 year shall be calculated as 1 year; any period exceeding 1 year but less than 2 years shall be calculated as 2 years; any period exceeding 2 years, but less than 3 years shall be calculated as 3 years.

3. Licensed Merchandise Royalties: the calculation method is the same as that of general brand licensing.

XI. Prevention, Relief and Revitalization Package for Severe Pneumonia with Novel Pathogens (hereinafter referred to as the “Relief Package”)

(I) Commodities sold in the National Palace Museum’s channels may be sold without being labeled with laser labels on a royalty free licensing basis. The proportion of sales proceeds through the National Palace Museum’s Channels remains the original percentage provided therein.

Applicant	Government Department		The Other Contracted Suppliers			
Percentage of Sales Proceeds through the National Palace Museum’s Channels	Museum	Government Agency	General Merchandise			
			Made in Taiwan		Not Made in Taiwan	
	20%	80%	Museum	Supplier	Museum	Supplier
			30%	70%	40%	60%
			Food and Beverage			
			Made in Taiwan		Not Made in Taiwan	
			Museum	Supplier	Museum	Supplier
			28%	72%	35%	65%

(II) The Relief Package stated in this paragraph shall be applicable until the expiration of the implementation period of the “Special Act for Prevention, Relief and Revitalization Measures for Severe Pneumonia with Novel Pathogens”. In terms of proposals that have been reviewed and approved but have not yet been entered into an agreement before the addition of this paragraph takes effect, and brand licensing agreements in performance, the supplier may apply with the Museum for renewal, which will be handled in accordance with the conditions of the Relief Package in this paragraph. The Performance Conditions shall not apply retrospectively and mutatis mutandis thereto.

XII. Supplementary Provisions

Relevant text of this Guideline shall be governed and construed under the interpretation made by this Museum.