

Problem for the 21<sup>st</sup> Intercollegiate Negotiation Competition

October 27 version

1. Negoland is a developed country with a population of approximately 50 million. GDP per capita is around 40,000 USD and science and technology in Negoland are well advanced. On the cultural side, it has a unique traditional culture that is different from western culture, and in recent years, it is also focusing on becoming a tourism nation. Recently, pop culture such as Japan-influenced manga (comics), animation and games is thriving and getting international attention.

2. Arbitria is a developed country with a population of approximately 100 million. GDP per capita is around 50,000 USD and it is one of the countries that play a leading role in the world economy. The country has produced many worldwide hit movies and animations. In particular, a region called Abiwood is known as the center of movies, animation, and the entertainment industry. Both Negoland and Arbitria are parties to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (“New York Convention”). The two countries have good relations and close economic ties.

3. There are two major companies in Negoland which on their own produce, distribute, and present movies and animations. One of them is Red Corp. Red Corp. not only produces, distributes, and presents movies and animations, but also designs movie and animation characters, and produces and sells toys, figurines, clothing and other goods based on the characters and worlds it has designed and created for its movies and animations – in Red Corp.’s phrase, its “world-building.”. Red Corp. produces a wide variety of movies and animations including those aimed at children, families, and adults. Many of Red Corp.’s movies and animations are screened at movie theaters and broadcast on television in Negoland, but some of them are also distributed in Europe, the United States, and Asia. In particular, Red Corp.’s animations are critically acclaimed internationally due to their story lines which can be enjoyed by both children and adults and also due to their beautiful animation images. An outline of Red Corp. is set forth in Exhibit 1.

4. The other major company in Negoland that on its own produces, distributes, and presents movies and animations is Orange Corp. Orange Corp. is similar in size to Red Corp.; its business performance in terms of production, distribution, and presentation of movies and animations is also similar to that of Red Corp.; and the company is highly rated. However, Orange Corp. focuses on the production, distribution, and presentation of movies and animations and differs from Red Corp. in that it does not sell toys, figurines, clothing and other goods, and the animations it produces are aimed at exclusively for children.

5. In Negoland, there is also a company called Yellow Inc. which has an international reputation for the production of animations. Yellow Inc. has produced 15 animation movies so far. Animation movies produced by Yellow Inc. have also been distributed in Europe, the United States, and Asia, have won awards in overseas film festivals many times, and are highly rated internationally.

6. Blue Inc. is a world famous company which produces Arbitrian movies and animations, operates theme parks, and distributes movie content over the Internet. Blue Inc. produces a wide variety of movies including those aimed at children, families, and adults. Movies by Blue Inc. are well-loved by people in many countries in the world. In Arbitria, animation is considered to be for children. Animations produced by Blue Inc. are also exclusively for children, and the company is known for 3D animations which use computer graphics technology. Blue Inc. operates a theme park called Blue Land in Arbitria and this park reflects worlds that have been created for Blue Inc.'s movies. Blue Land is a facility that combines various attractions, hotels, and commercial facilities featuring Blue Inc.'s movies, and more than 20 million people visit the park annually from not only Arbitria but also from all over the world. Its ability to attract visitors and generate revenue is considered comparable to Disneyland in the U.S. and Japan. Blue Inc. also operates Blue Net, a website that distributes movies and animations over the Internet. Blue Net distributes movies and animations of other companies as well as movies and animations of Blue Inc.; and Blue Net has approximately 50 million viewers worldwide including Negoland. Blue Net is membership-based and only available to members who have paid an annual membership fee. An outline of Blue Inc. is in Exhibit 2.

7. In the fall of 2014, "Two Goals", an animation series produced by Red Corp. in 2013, consisting of 24 episodes, 30 minutes per episode, was aired in Arbitria. "Two Goals" is a story about young people who devote themselves to sports. This film was aired by Purple TV in Negoland and became a big hit there. Following up on its success in Negoland, "Two Goals" was also aired in Arbitria by Green TV. The series was aired late at night in Arbitria, yet it became a hit due to strong support from young people.

8. After watching "Two Goals," the president of Blue Inc., Taro Blue, thought that animation aimed at young people or adults, and not just children, which was a genre Blue Inc. was not offering, would have a great potential in Arbitria as well, and he instructed staff members of Blue Inc. to undertake a review of that concept. After the internal review, Blue Inc. decided to work on good quality animations aimed at young people and adults, and developed a plan to produce an animation movie in collaboration with Red Corp. In September 2015, the Net Distribution Business Department Manager of Blue Inc. visited the head office of Red Corp. in Negoland and asked Red Corp. if they

would be interested in jointly producing an animation movie with a view to distributing it to the worldwide market.

9. Red Corp. and Blue Inc. had not had any prior business relationship prior, but Red Corp. was well aware of Blue Inc.'s reputation as a world famous movie and entertainment company. Even though Red Corp. had never produced any animation (whether a movie or a TV program) in collaboration with other overseas business operators, as the invitation was from the world famous Blue Inc. and Red Corp. already had been thinking of taking on something new to explore the greater possibilities for their animation business, it agreed to start negotiations concerning specific details.

10. Red Corp. and Blue Inc. started negotiations from October 2015. As a result of the negotiations, it was decided to jointly produce an animation movie based on a great hit manga called "Designer Zero" written by a manga artist in Negoland, Minna Friends. "Designer Zero" is a story about a hero, who aims to become the world's best fashion designer who can make people happy with clothes she designs, travels various countries throughout the world, comes to know various troubles and worries of the local people, and seeks to ease peoples' suffering and make them happy through the clothes she designs. The hero's attitude of always trying to face difficulties in a positive manner with the help and harsh but at the same time warm interaction with various people in the world is empathetically described. Professional fashion designers have been enlisted to supervise the designs for "Designer Zero", and those clothes have become very popular. Quite a few readers and viewers make the same clothes themselves and wear them. A monthly manga magazine started publishing "Designer Zero" in 2014, and the publication of the manga, is still continuing. In the spring of 2015, Red Corp. produced an animation program of "Designer Zero" consisting of 12 episodes, 30 minutes per episode, and Purple TV broadcast that animation series in Negoland. This animation program has been very popular in Negoland. The series has been re-broadcast several times since 2015; and Red Corp. has been considering producing a sequel and also just started to consider distributing the series overseas as well. As there is already a proven track record for the animation series of "Designer Zero" and its storyline is captivating, Red Corp. proposed to Blue Inc. that they jointly produce a "Designer Zero" animation movie and Blue Inc. agreed.

11. As Red Corp. and Blue Inc. agreed to the basic direction for producing a "Designer Zero" movie, Red Corp.'s person in charge involved in communication with Minna Friends sounded out Minna about the idea for the joint production of a "Designer Zero" movie with Blue Inc. Minna replied, "I'd really like to try that"; and Red Corp. conveyed that message to Blue Inc.

12. Thereafter, Red Corp. and Blue Inc. undertook further negotiations, and at a meeting held on

January 15, 2016, they reached a basic agreement on the joint production of an animation movie by Red Corp. and Blue Inc. Email correspondence between Red Corp. and Blue Inc. concerning this conference is shown in Exhibit 3. Based on the results of this conference, on February 10, 2016, Red Corp. and Blue Inc. entered into an agreement, attached as Exhibit 4. In addition, based on the agreement attached as Exhibit 4, Red Corp. visited Minna Friends and entered into a license agreement for the use of the original work, attached as Exhibit 5.

13. In March 2016, Red Corp. and Blue Inc. started the production of the movie titled “Designer Zero - Friendship”. Hiromi Ota, who was said to be the best director at Red Corp., was chosen as the director of this movie. While Red Corp. was in charge of the production phase, such as script writing and anime drawing, Red Corp. sought Blue Inc.’s opinions during the production phase. Blue Inc., however, did not express any specific opinions on either the script writing or anime drawing. In August 2018, “Designer Zero - Friendship” was simultaneously released in 10 countries including Negoland, Arbitria, Japan, and the U.S.A. simultaneously. Distribution and presentation were undertaken by Red Corp. in Negoland and by Blue Inc. in other countries including Arbitria. “Designer Zero - Friendship” was a huge hit and worldwide box office revenue was 950 million USD.

14. Following the great success of “Designer Zero - Friendship,” Red Corp. and Blue Inc. discussed future plans in January 2019. When Red Corp. proposed to produce a sequel to “Designer Zero,” Blue Inc. said that it was also thinking of exactly the same thing. Blue Inc. also proposed that “Designer Zero - Friendship” be distributed through Blue Net and that an attraction featuring “Designer Zero” be built in Blue Land. Red Corp. agreed to these proposals. Communications made between Red Corp. and Blue Inc. regarding this discussion are shown in Exhibit 6.

15. Red Corp. and Blue Inc. entered into an agreement concerning the production of a sequel, “Designer Zero - New Challenge,” attached as Exhibit 7. They also entered into an agreement concerning the distribution of “Designer Zero - Friendship” through Blue Net and the construction of an attraction in Blue Land, attached as Exhibit 8. Red Corp. also entered into an agreement with Minna Friends for the use of the original work of “Designer Zero - New Challenge,” the distribution of “Designer Zero - Friendship” through Blue Net, and the construction of an attraction in Blue Land, attached as Exhibit 9.

16. Hiromi Ota returned as the director again this time, with the same formula of Red Corp. being primarily in charge of the production phase, and seeking Blue Inc.’s opinions during the production phase. This time, unlike in the first movie, Blue Inc. made one request to Red Corp. concerning the production. Communications made between Red Corp. and Blue Corp. regarding this request are as

shown in Exhibit 10.

17. Distribution of the “Designer Zero - Friendship” movie through Blue Net started from May 2019. According to the business model of Blue Net, income of 2 USD per view was expected to be generated for Blue Inc. when Blue Net users viewed “Designer Zero - Friendship.” The number of views of “Designer Zero - Friendship” in and after May 2019 is shown in Exhibit 11.

18. Construction of the new attraction in Blue Land was also going smoothly, and Blue Inc. was preparing the site for the grand opening on September 1, 2021. During that process, Blue Inc. proposed that Red Corp. produce and sell the actual costumes and clothing based on the designs that appear in “Designer Zero” in Blue Land, to coincide with the construction of the new attraction in Blue Land. Red Corp. had already been receiving similar demands for costumes and clothing since the animation program of “Designer Zero” was first released, and such demands were becoming even stronger after the release of “Designer Zero - Friendship.” Therefore, Red Corp. also agreed to this proposal. Minna Friends also agreed to it. In 2021, as more people received vaccinations in Negoland and Arbitria, the situation of COVID-19 started to calm down, and people's social activities started to resume. Red Corp. and Blue Inc. both agreed to work on the production of clothes to meet the scheduled grand opening of the new attraction in Blue Land in September 2021. Therefore, in January 2021, Red Corp. and Blue Inc. entered into an agreement shown as Exhibit 12. Then, on January 7, based on the agreement shown as Exhibit 12, Blue sent a Purchase Order to Red, which stated that the delivery date would be August 20, 2021. Red accepted the contents of the Purchase Order.

19. Red Corp. had been outsourcing the manufacturing of clothes sold by Red Corp. to White Corp., located in a developing country, Meditoria. Although labor costs in Meditoria are lower than in Negoland, White Corp. works with care and clothes manufactured by White Corp. are well received by purchasers. However, when Red Corp. requested White Corp. to manufacture the clothes to be delivered to Blue Land, White Corp. responded that it could not accept the request due to the spread of COVID-19 in Meditoria, long-term lockdown measures taken by the Meditorian government, and a shortage of necessary staff due to the increased number of infected and close-contact cases.

20. After receiving this response from White Corp., Red Corp. contacted other companies with which it had business dealings in the past. However, all of them responded that, due to the impact of COVID-19, they could not accept such a large and urgent order as requested by Red Corp. As a result, Red Corp. informed Blue Inc. of its concern that it might not be able to deliver the clothes to meet the grand opening of the new attraction in September 2021, as it would not be able to outsource

manufacturing to White Corp. Blue Inc. responded that it would also try to look for a company for outsourcing, and a few days later, Blue Inc. informed Red Corp. that Black Inc., in the developing country of NegoAbu, said it would accept the order. Communications made between Red Corp. and Blue Corp. regarding this point are shown in Exhibit 13.

21. On January 25, 2021, Red Corp. visited Black Inc. and met with its president and plant manager. Red Corp. was also allowed by Black Inc. to actually visit its plant and examine its products, and the equipment of the plant and products were not inferior to those of White Corp. Red Corp. also asked the president and workers if they had encountered any problems with regard to workers' human rights, but no one said that there were any problems. Therefore, Red Corp. outsourced manufacturing to Black Inc. and informed Blue Inc. to that effect. Black Inc. delivered the products on August 20 so as to meet the grand opening, which took place on September 1, 2021.

22. The “Designer Zero” attraction became hugely popular. The sale of clothes delivered by Black Inc. was also strong, and the sales volume of those clothes in Blue Land in September 2021 was 500,000 USD. Red Corp. was also selling these clothes at several theaters in Negoland operated by Red Corp. Sales of “Designer Zero” clothes and income from them are shown in Exhibit 14.

23. In October 2021, “Designer Zero - New Challenge” was released in 10 countries worldwide, as was the case for “Designer Zero - Friendship.” In some countries including Arbitria, “Designer Zero - New Challenge” was even a bigger hit than “Designer Zero - Friendship.” In these countries, many movie critics were of the opinion that “Designer Zero - New Challenge” was an excellent movie which further developed the world-building of “Designer Zero” and sharply tackled issues in current global society. However, in some countries including Negoland, “Designer Zero – New Challenge” received very bad reviews, and box office revenue was lower than for “Designer Zero - Friendship.” In these countries, many movie critics were of the opinion that changing of the item held by the hero’s close friend, from a cigarette to candy, destroyed the world-building of the original work, and, considering its strong storyline, “Designer Zero - New Challenge” surely would have generated more box office revenue than “Designer Zero - Friendship” if it had kept the cigarette. Presentation of “Designer Zero - New Challenge” ended at the end of January 2022. The box office revenue of “Designer Zero - Friendship” and “Designer Zero - New Challenge” and the amounts of money received by Red Corp. and Blue Inc. are shown in Exhibit 15.

24. In February 2022, Red Corp. had an opportunity to meet with the responsible person in the movie review organization of Arbitria, and at that time it was said that the movie would have had no problems to pass the review even if the close friend of the hero in “Designer Zero - New Challenge” always had

a cigarette in his mouth in the movie. To Red's surprise and upon closer examination, the company was told that there was a precedent in the movie review organization's conclusion that an almost similar scene had been at issue in another film and there was no problem. However, it turned out that such precedents were not published and it was difficult to find out in advance unless one asked the person in charge of the movie review organization or a specialist law firm. Minutes of the testimony of Blue's person in charge concerning this point are shown in Exhibit 16.

25. Red Corp. asserted that the low box office revenue of "Designer Zero - New Challenge" was due to a false explanation of the view of the movie review organization given by Blue Inc., and demanded that Blue Inc. indemnify Red Corp. for the amount of box office revenue which would have been earned otherwise. However, Blue Inc. refused to accept this demand. Communications made between Red Corp. and Blue Inc. regarding this point are shown in Exhibit 17.

This dispute is referred to as the "New Challenge Case." Thereafter, Red and Blue conducted negotiations with the aim of reaching a negotiated settlement, but after a period of three months, no resolution had been reached. Therefore, a conciliation was conducted by a mediator to which both parties agreed. However, they still could not reach an agreement, so on 1 July, Red Company filed a request for arbitration.

26. On December 20, 2021, a leading economic newspaper in Arbitria reported that some of the companies in some developing countries to which some companies in developed countries are outsourcing their operations or on which they rely for the supply of raw materials are using forced labor or child labor, or exploiting their workers, and that the human rights of workers are not being protected by those companies. The newspaper further reported that some companies in Arbitria are relying on companies committing such human rights violations. In this news coverage, Black Inc. in NegoAbu was named as a company involved in such problematic behavior. Furthermore, the next day, the same paper reported that "Designer Zero" clothes sold at Blue Land are manufactured by Black Inc. and that Blue Inc. does not have a strong awareness regarding human rights violations.

27. People in Arbitria have very strong awareness regarding human rights violations such as those alleged in this case. From the day following the news report, a crowd of demonstrators started to descend on the area surrounding Blue Land and Blue Inc. started to receive bomb threats by email. Blue Inc. decided to temporarily close Blue Land from December 23, 2021, due to safety concerns for Blue Land visitors. It should be noted that since 2020 and up to the present, there have been three cases in Arbitria where well-known companies have been heavily criticized by society and subjected to boycotts or forced to close their shops because they were doing business with foreign suppliers with working conditions that violated workers' basic human rights.

28. Blue Inc. immediately informed Red Corp. and together with Red Corp. visited Black Inc., as it thought that the important thing was to verify the facts first. As a result, it was confirmed that Black Inc. was actually using child labor and forced labor to reduce labor costs. It turned out that these practices had been conducted under the leadership of Mr. Work Black, who assumed the position of president two years ago. It was also confirmed that during Red's initial visit to Black Inc., the workers did not make any statements about human rights issues because Mr. Work Black had strictly instructed the workers to deny any problems with the protection of workers' human rights. Around that time, White Corp. contacted Red Corp. saying that it could now accept orders to manufacture "Designer Zero" clothes as there were no more effects from COVID-19 and normal operations were now possible. Red Corp. and Blue Inc. then agreed to terminate the business relationship with Black Inc. and to start outsourcing manufacturing of clothes to White Corp. It took one week for Red Corp. and Blue Inc. to complete the above investigation of Black Inc. and issue their request to White Corp. despite their efforts to finish as soon as possible. It should be noted that no such issues relating to workers' human rights have been identified in White Corp.

29. On January 4, 2022, after the New Year's holiday, the President of Blue Inc. held a news conference, at which time the President admitted that "Designer Zero" clothes sold at Blue Land were manufactured by Black Inc., and reported that it also had been confirmed that Black Inc. had been using child labor and forced labor. The President of Blue Inc. further explained that Blue Inc. would immediately stop dealing with Black Inc. and would accept the return of the clothes manufactured by Black Inc., and also announced that the production of the "Designer Zero" clothes had already been ordered from another supplier. Furthermore, the President of Blue Inc. declared that it would inspect all of its global suppliers to ensure that its supply chain respected human rights; and would reopen Blue Land from January 5.

30. In response to the explanation given by Blue Inc. at the press conference on January 4, newspapers and TV stations commented in a favorable tone that Blue Inc. had made a mistake but was sincerely reflecting upon itself. In Arbitria, the mainstream public opinion came to be that Blue Inc. was sincerely remorseful regarding its past actions and there was no need to further blame Blue Inc. When Blue Land reopened on January 5, Blue Land received as many visitors as it had before. Since the above news conference, there have been no further demonstrations or bomb threat. While crisis management experts in Arbitria have generally evaluated Blue's response to the demonstrations and bomb threats as appropriate, some in Arbitria have questioned whether it was necessary to close the Blue Land. The period from December 23 to January 3, however, is usually the busiest time of the year with the largest number of visitors. Due to the closure of the Blue Land from December 23 to



January 4, Blue Inc. suffered a loss of 15 million USD. Furthermore, 20,000 customers demanded that Blue Inc. accept the return of clothes that they bought that had been manufactured by Black Inc., and Blue Inc. incurred the loss of 800,000 USD. In Negoland, general public awareness concerning human rights violations in the supply chain is not as strong as in Arbitria, and this case was not reported. Red Corp. was therefore not blamed, and Red Corp.'s sales were not affected by it.

31. Blue Inc. demanded that Red Corp. provide compensation for the damage arising from the closure of Blue Land, including the expenses related to the clothing. Red Corp., however, refused to accept this demand. Communications made between Red Corp. and Blue Corp. regarding this point are as shown in Exhibit 18.

This dispute is referred to as the "Blue Land Case."

32. On May 1, 2022, Blue Inc. filed a request for arbitration, seeking compensation for damage from Red Corp. in relation to the "Blue Land Case." In response, Red Corp. filed a counterclaim seeking compensation for damage from Blue Inc. in relation to the "New Challenge Case." Red Corp. and Blue Inc. have both agreed to resolve the disputes for the "Blue Land Case" and the "New Challenge Case" through arbitration.

33. On June 1, 2022, Blue Inc. started to distribute "Designer Zero - New Challenge" through Blue Net. At the same time, Blue Inc. also started to sell cards at Blue Land on which famous scenes of "Designer Zero - Friendship" and "Designer Zero - New Challenge" are printed. Red Corp. protested against Blue Inc. on this matter, but Blue Inc. rejected Red Corp.'s argument. Communications made between Red Corp. and Blue Corp. regarding this issue are shown in Exhibit 19. No money generated by Blue Inc. from the distribution of "Designer Zero - New Challenge" or the sale of the cards has been paid to Red Inc. to date.

This dispute is referred to as the "Card Case."

34. On July 20, 2022, in relation to the "Card Case," Red Corp. filed an additional claim with the arbitral tribunal to which the "New Challenge Case" and "Blue Land Case" had been submitted, to seek an injunction against the distribution by Blue Inc. of "Designer Zero - New Challenge" through Blue Net and the sales of the cards.

35. In response, Blue Inc. argued that in accordance with the agreements between Red Corp. and Blue Inc. concerning joint production of "Designer Zero - Friendship" and "Designer Zero - New Challenge," the parties are required to undergo negotiation and mediation prior to filing a petition for arbitration, but for the "Card Case," negotiation and mediation had not yet been fully completed

between Red Corp. and Blue Inc., and therefore, the “Card Case” cannot be subject to arbitration proceedings.

36. The arbitral tribunal summarized the parties’ claims and arguments concerning the “New Challenge Case,” “Blue Land Case,” and “Card Case” as shown in Exhibit 20 and instructed the parties to submit a document summarizing their arguments on each issue by a specified date. In response to this instruction, Blue has indicated its intention to argue that the Arbitral Tribunal has no jurisdiction to arbitrate the Card Case as a defense before the main proceedings, and that it will argue the Card Case in the main proceedings under such reservation.

<Round B: The following paragraphs are to be considered only in Round B>

37. The “New Challenge Case” and “Blue Land Case” were mutually dropped and, regarding the “Card Case”, it was agreed that Red would receive 1/3 of the profits made from “Designer Zero - New Challenge” in exchange for allowing the distribution of “New Challenge” on Blue Net and the sale of the cards.

38. Based on their experience from the joint production of the “Designer Zero” movies, Red Corp. and Blue Inc. started to negotiate the following two matters toward further collaboration between the two companies. The first matter is the opening of Blue Land in Negoland. Blue Inc. had been wishing to open Blue Land in other countries outside Arbitria, similar to theme parks like Disneyland. Red Corp. also highly regarded the attractiveness of Blue Land, and had been wishing to open a Blue Land in Negoland. Red Corp. and Blue Inc. therefore started negotiations on the opening of Blue Land in Negoland. Currently, a major issue is the form of its operation: whether a company operated by Red Corp. should obtain a license from Blue Inc., or Blue Inc. should primarily operate it on its own with the collaboration of local companies.

The second matter is the distribution of other animation works by Red Corp. through Blue Net. Red Corp. has produced other animation works which are highly rated. Although Blue Net had not distributed animation works by Red Corp. in the past, with the success of “Designer Zero,” demands for the distribution of animation works of Red Corp. have been increasing. Therefore, Blue Inc. is wishing to distribute animation works of Red Corp., which have a global reputation, through Blue Net.

39. Negotiation on these matters is scheduled to take place on November 20. The negotiations on November 20 will be attended by the Vice President, the head of the movie department, the head of the new business department and other officers of Red Corp. and by the Vice President, the head of the Internet business department, the head of the theme park business department, and other officers of Blue Inc.

Exhibit 1

An Outline of Red Corp.

Incorporation: 1940

Head Office: Nego-Nego, Negoland

President: Hiromi Red

Financial condition

		Million USD	
		2021	2020
Sales revenue	Movie business	1,200	1,000
	Visual production business	500	500
	Merchandise sales business	300	300
	Other business	100	100
	Total	2,100	1,900
Operating profit		251	190
Current net income		150	90

\* Production of animation movies is included in movie business and production of TV animation programs is included in the visual production business.

\* Manufacture and sales of clothes and other goods are included in the merchandise sales business.

Exhibit 2

An Outline of Blue Inc.

Incorporation: 1920

President: Taro Blue

Head Office: Abiwood, Arbitria

Million USD

		2021	2020
Sales revenue	Movie business	12,000	12,000
	Visual production and distribution business	4,000	3,800
	Theme park business	2,000	1,800
	Other business	1,180	800
	Total	19,180	18,400
Operating profit		2,000	1,800
Current net income		400	300

\* Production of animation movies is included in movie business.

Exhibit 3

From: Blue Inc.  
To: Red Corp.  
Date: January 18, 2016  
ReReRe: Yesterday's meeting

Thank you very much for your prompt reply.  
I understand. We also look forward to meeting with Minna Friends.  
Please leave everything about the other countries other than Negoland to us.  
Thank you very much.

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From: Red Corp.  
To: Blue Inc.  
Date: January 17, 2016  
ReRe: Yesterday's meeting

We would like to thank you too.  
Thank you very much for summarizing the agreed matters so quickly.  
I checked the document. There is no objection on our part. We conveyed what was discussed at the meeting to the original author Minna Friends. Minna is really looking forward to the challenge this time too. However, she requested that the world-building set out world in the original work be respected as much as possible. She also said that she wished to meet people from your company too sometime. We will act responsibly to obtain a license to use the original work.  
We will also take charge of presentation and sales of related merchandise in Negoland in a responsible manner, but we will leave domestic presentation and sales to your company. Thank you very much.

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From: Blue Inc.  
To: Red Corp.  
Date: January 16, 2016  
Re: Yesterday's meeting

Thank you very much for yesterday.  
We are very pleased that we could reach a basic agreement concerning the production of an animation

movie as a collaboration project with your company. I have summarized the matters we agreed on yesterday as attached.

If you have any comments, please let me know.

Thank you very much.

<Attachment >

### Joint production of animation movie by Blue Inc. and Red Corp.

#### 1. Work

- “Designer Zero” (written by Minna Friends)
  - Currently serialized in a monthly magazine in Negoland
  - Select a story different from the stories already aired through the animation program by Red Corp. (as Designer Zero consists of individual stories for each place the hero visits, there will be no problem to use a story other than the stories already aired to make an independent movie). For the story to be selected, Japan, Spain, Cambodia, and Paraguay were proposed. To be discussed later.  
Also combining multiple stories may be considered.
  - Already obtained informal consent from the original author.

#### 2. Release

- August 2018
- Aim for simultaneous release in 10 countries including the U.S.A. and Japan using Blue Inc.’s network.

#### 3. Budget

- Production cost: 30 million USD
- To be contributed equally by Red Corp. and Blue Inc.

#### 4. Division of work

- Red Corp. is responsible for production and Blue Inc. is primarily responsible for distribution and presentation. However, Red Corp. is responsible for distribution and presentation in Negoland.
- Red Corp. shall appoint a director with the best track record.
- When producing the movie, the world-building set out in the original work must be respected as much as possible. Red Corp. is in charge of dealing with the original author.

- A process shall be implemented to enable Blue Inc. to express its opinions in the production phase from the viewpoint of successful presentation in Negoland, as well as worldwide.

#### 5. Secondary use

- Blue Inc. is responsible for production and sales of Blu-Ray discs and DVDs.  
(However, Red Corp. is responsible for sales in Negoland.)
- Red Corp. is responsible for the production of guidebooks, related books and goods. Blue Inc. will cooperate in sales outside Negoland.
- Secondary use will be discussed separately while reviewing the presentation record of the movie.

#### 6. Distribution of income

- Income after subtracting expenses for production, presentation and distribution from worldwide box office revenue and income from secondary use shall be divided equally between Red Corp. and Blue Inc.



Exhibit 4

CO-PRODUCTION AGREEMENT

This Co-Production Agreement ("Agreement") is entered into as of February 10, 2016, by and between Red Corporation ("Red") and Blue Inc. ("Blue").

1. PICTURES.

Red and Blue agree to develop, produce, finance and distribute an animated feature-length theatrical motion picture ("Picture") pursuant to the terms of this Agreement. Red and Blue hereby designate the picture currently entitled Designer Zero, that is originally authored by Minna Friends, as the Picture hereunder.

2. TERM.

The term of this Agreement ("Term") shall commence upon the execution hereof and shall continue until the division of revenue earned relating to the Picture is completed.

3. CREATIVE CONTROLS.

Red and Blue shall collaborate in the creative process of developing and producing the Pictures, as follows:

a. Treatments.

(i) Red shall submit one or more treatment(s) for Blue's consideration as the basis for the Picture ("Treatment"). Blue shall accept or reject each Treatment within twenty (20) days after such Treatment is submitted by Red.

(ii) In the event that no Treatment has been approved or selected under the provisions of subparagraph 3(a)(i) above within one (1) year after the execution of this agreement, then Blue shall be entitled to terminate this Agreement upon thirty (30) days written notice to be served on Red not more than sixty (60) days after the end of such one (1) year period.

b. Development and Production. After approval or selection of a Treatment, Blue and Red shall have mutual creative control of the further development, pre-production and production of the Picture, provided that in the event of a disagreement with respect to any particular creative matter in the Picture, Red shall have authority to make the final decision with respect to such creative matter.

c. Final Cut. Blue and Red shall have mutual control over the final cut of the Picture, provided that each party shall exercise its final cut rights in good faith and so as not to frustrate or

delay the release of the Picture.

d. Ancillary Rights.

(i) Blue and Red shall have mutual creative control with respect to the creation and design of any Ancillary Rights, provided that in the event of a disagreement Red's decision shall govern for Merchandising Rights and Blue's decision shall govern for other Ancillary Rights.

(ii) For purposes of this Agreement, the terms "Ancillary Rights", "Merchandising Rights" and "Interactive Works" shall have the following meanings:

(A) "Ancillary Rights" means items created in the exercise of Merchandising Rights, literary publishing, soundtrack and publishing rights in and to any of the Pictures, and any Interactive Works.

(B) "Merchandising Rights" means the right to make, use, sell or exercise and license or authorize others to make, use, sell, exercise or otherwise exploit tangible personal property, of any and all kinds, based upon, utilizing or embodying any Picture or Interactive Work.

(C) "Interactive Works" means any audio-visual work or other work, regardless of the physical medium in which the work is fixed (including without limitation Blu-Ray discs, DVDs, video games and arcade games), now known or hereafter coming into being, which work is designed with a primary purpose of permitting the viewer to modify or control the sequence or performance of the presentation in a non-linear fashion.

4. PRODUCTION.

a. Production Control. Subject to the provisions of paragraph 3 above and this paragraph 4, Red shall control the production of the Picture. Red shall consult with Blue concerning the selection of the producers and directors for the Picture, provided that in the event of disagreement the decision of Red shall govern.

b. Original Author. Red shall have responsibility to obtain necessary license for production of the Picture from original author(s) or copyright holder(s).

5. DISTRIBUTION.

a. Control over Distribution. Blue shall have control over all decisions relating to the marketing, promotion, publicity, advertising and distribution of the Picture; however, Red shall have control over all decisions relating to these matters in Negoland.

b. Distribution and Marketing. The Picture shall be distributed and marketed by Blue in all markets and media and on a worldwide basis except Negoland in a manner similar to that in which Blue then currently distributes and markets. The Picture shall be distributed and marketed by Red in

Negoland in a manner similar to that in which Red then currently distributes and markets. Red and Blue are responsible for compliance with laws, regulations and practices in the countries for which they are responsible.

6. FINANCING OF DEVELOPMENT AND PRODUCTION.

Red shall finance or cause to be financed fifty percent (50%) and Blue shall finance or cause to be financed fifty percent (50%) of all costs and expenses incurred by Red directly related to or fairly allocable to the creation, development, pre-production, production, post-production and delivery to Blue of the Picture ("Production Costs").

7. BUDGETS.

Total budget for the Picture is US\$30,000,000. Red shall be responsible for proposing a detailed budget for the Picture (the "Picture Budget") and submitting it to Blue. The Picture Budget may be revised from time to time during production of the Picture upon written mutual agreement of Blue and Red.

8. DIVISION OF RECEIPTS.

Net Receipts from Picture shall be divided equally, with fifty percent (50%) to Red and fifty percent (50%) to Blue. Net Receipts shall be the amount of one hundred percent (100%) of all revenues, money or other consideration from the exploitation of (i) the Picture throughout the universe (including, without limitation, theatrical, non-theatrical, home video and all forms of television), and (ii) all Ancillary Rights relating to such Picture or to any Interactive Works based on such Picture], minus the costs of production, box office and distribution, and the profits to be received by Red and Blue respectively for the box office and distribution for which they are responsible. The details of calculation of Net Receipts shall be agreed by the parties separately.

9. PROPRIETARY RIGHTS.

The copyright, trademarks and other intellectual property rights in and to Picture, all new and unique characters and story elements thereof and the audio-visual images thereof, and the Ancillary Rights relating thereto, shall be jointly owned by Blue and Red on an undivided 50/50 basis, provided, however, that Blue, throughout the universe except Negoland, and Red, in Negoland, shall have (i) the sole and exclusive right and obligation to register, administer and enforce such jointly-owned copyrights, trademarks and other intellectual property rights in the joint name of Red and Blue, and (ii) exclusive distribution and exploitation rights to Pictures, Interactive Works and Ancillary Rights relating thereto in perpetuity in any and all media now known or unknown and by any and all means

or devices now known or unknown subject to the provisions of this Agreement.

10. DERIVATIVE WORKS.

a. Definition of Derivative Works. For purposes of this Agreement, "Derivative Works" means any work based upon Picture or any characters therefrom or story or other elements thereof, including without limitation sequels, prequels, remakes, made-for-home video productions, television productions, and Internet websites.

b. Decision to Produce. (i) Blue and Red shall have mutual control of whether or not to develop, produce or otherwise exploit any Derivative Works (or transfer or license any rights to exploit any Derivative Works) during the Term or thereafter. Within a reasonable time after request of Blue or Red, Blue and Red will seek to reach agreement on the terms of development and production of any Derivative Work. In the event of a disagreement of whether or not to develop, produce or otherwise exploit any Derivative Work, Blue's decision shall govern.

. . .

20. GOVERNING LAW.

This Agreement shall be governed by UNIDROIT Principles of International Commercial Contracts 2016.

21. GENERAL PROVISIONS.

a. Force Majeure. No party shall be liable to the other party because of any failure to perform hereunder caused by any cause beyond said party's control, including without limitation fire, earthquake, flood, epidemic, accident, explosion, casualty, strike, lockout, labor controversy, riot, civil disturbance, act of public enemy, embargo, war, act of God or law, except as expressly provided herein to the contrary.

b. No Waivers. No waiver by either party hereto of any breach of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof. The exercise of any right granted to either party hereunder shall not operate as a waiver.

c. No Violation of Law. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions of this Agreement and any material statute, law or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the legal

requirements.

d. Notice. Any notices required or permitted by this Agreement shall be in writing and shall be delivered either by personal delivery or by overnight commercial delivery service, such as Federal Express or DHL.

e. Entire Agreement. This Agreement, including its exhibits, constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces any prior correspondence, negotiations, agreements, understandings and representations with respect thereto. This Agreement may not be modified or amended unless in a writing signed by both parties.

f. Arbitration. All disputes in connection with this Agreement or the execution thereof shall be settled in a friendly manner through negotiations. In case no settlement can be reached, the case may then be submitted for arbitration in Japan to arbitration in accordance with the UNCITRAL Arbitration Rules.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

RED CORPORATION

BLUE INC.

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Exhibit 5

AGREEMENT

THIS AGREEMENT (the "Agreement") is made on this 15th day of February 2016 and entered into by and between Red Corporation ("Red") and Minna Friends (the "Author").

WHEREAS the Author is engaged in the business of writing comics and is the author of a series of comics titled "Designer Zero" (the "Work").

WHEREAS Red is engaged inter alia in the business of film production and wishes to produce a film based on the Work.

WHEREAS the Author has agreed to assign her rights in the Work to Red for such consideration and on such further terms and conditions as set out hereinafter.

NOW, THEREFORE, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO as follows:

1. The Author grants Red permission to use the Work as the basis for a theatrical feature film to be produced by Red and Blue, Inc. ("Blue").
2. Red shall ask for the Author's opinion during the production process of the film. However, Red shall have the exclusive right to make the final decision on all matters relating to the production of the film.
3. The copyright, ownership and all other rights to the film and all deliverables arising in the process of making the film belong to Red and Blue.
4. Red may use the film in any form, worldwide, and the Author approves this in advance.
5. Red shall pay the Author the sum of US\$300,000 as consideration for the license to use the Work, the attribution of rights and all other consideration under this Agreement.
6. Red shall indicate in the title roll, end roll and/or other appropriate places in the film that the Author is the author of the film. However, the specific form (including but not limited to content, size and position) of this notation shall be entirely determined by Red.
7. Red and the Author may not assign their rights or obligations under this Agreement, in whole or in part, to a third party without the prior written consent of the other party.

8. This Agreement shall be governed by UNIDROIT Principles of International Commercial Contracts 2016.

9. All disputes in connection with this Agreement or the execution thereof shall be settled in a friendly manner through negotiations. In case no settlement can be reached, the case may then be submitted for arbitration in Japan to arbitration in accordance with the UNCITRAL Arbitration Rules.

The Author

Red Corporation

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Exhibit 6

From: Red Corp.  
To: Blue Inc.  
Date: January 15, 2019  
ReReReRe: Sequel

Thank you very much for your reply.  
For distribution of income from Net distribution, what you proposed will be fine.  
Thank you very much.

---

From: Blue Inc.  
To: Red Corp.  
Date: January 14, 2019  
ReReRe: Sequel

Thank you very much for checking Minna Friends' intention promptly.  
I understand.  
Then, how about distributing only "Friendship," and as for the distribution of income from Internet distribution, how about 1:2?

---

From: Red Corp.  
To: Blue Inc.  
Date: January 12, 2019  
ReRe: Sequel

Thank you very much for your continuous support.  
Thank you for sending me a memo concerning the meeting.  
I contacted Minna Friends concerning distribution through Blue Net and the new attraction. Minna said that she basically agrees to the Internet distribution of "Friendship" and the new attraction, but she wishes to decide on whether or not she approves of distribution depending on the quality of the completed work, and it is too early to promise to agree on the distribution of the sequel as well at this moment.



---

FM: Blue Inc.  
To: Red Corp.  
Date: January 10, 2019  
Re: Sequel

Thank you for taking time for yesterday's meeting.  
Please check on the memo concerning yesterday's meeting I prepared.  
Please let me know if there is anything that needs to be corrected.

<Attachment >

Meeting with Blue Inc. concerning "Designer Zero"

Date: January 9, 2019 From 14:00 to 16:00

Red Corp.: Movie Business Department Manager, Movie Business Department Assistant Manager,  
Animation Section Manager, Merchandise Sales Business Department Manager

Blue Inc.: Movie Business Department Manager, Internet Business Department Assistant Manager,  
Theme Park Business Department Chief

Place: Red Corp. Head Office

1. Box office results of "Designer Zero - Friendship"

- Box office results: 1 billion USD worldwide (200 million USD from Negoland, 400 million USD from Arbitria, and 400 million USD from other countries).
- Worldwide sales of DVDs and Blu-Ray discs were 50 million USD.
- Worldwide sales of programs and related goods were 10 million USD.
- Total worldwide revenue was 20 million USD ⇒ 10 million USD each for Red Corp. and Blue Inc.
- Blue Inc. stated: "There was an impression in the past that animation was rather for children, but "Designer Zero" became a film that can be enjoyed also by adults due to its world-building and strong story line, as well as attractive image generation done by Red Corp. This changed the image of animation movies in Arbitria considerably."

2. Sequel to "Designer Zero - Friendship"

- Red Corp. proposed production of a sequel. According to Red Corp., Minna Friends also

wishes to make a sequel. Serialization is continuing, and it was proposed to select stories that were not selected for “Friendship”, such as stories based in Egypt, Greece, Israel, and India.

- There is a strong demand for a sequel from “Designer Zero” fans who watched the movie.
- Blue Inc. also said that it really wishes to produce a sequel, as many people in Arbitria and other countries expressed in their feedback a desire to have a sequel.
- Starting negotiations toward production of a sequel was agreed.

### 3. Internet distribution of “Designer Zero - Friendship” through Blue Net

- Blue Inc. requested that “Friendship” be distributed through Blue Net.
- According to Blue Inc., income (profit after subtracting Blue Inc.'s expenses) of 2 USD per view is expected to be generated for Blue Inc. when Blue Net users view “Designer Zero - Friendship.”
- Blue Inc. proposed that Red Corp. and Blue Inc. divide this income at a ratio of 1:3 (as Blue Inc. thinks that it is reasonable for Blue Inc. to receive a higher share as this income will be generated using the Blue Net platform).
- Red Corp. responded that although it agrees to distribute “Designer Zero” through Blue Net, as that will allow a larger number of people to enjoy “Designer Zero,” it thinks that the income should be distributed equally.
- Blue Inc. said that it could agree on equal distribution of income if Red Corp. agrees to allow Blue Inc. to distribute not only “Friendship” but also the sequel through Blue Net.
- Red Corp. basically agreed to that, although the views of Minna Friends need to be checked.
- Red Corp. will check the intention of Mr. Friends.

### 4. Construction of new attraction site in Blue Land

- Blue Inc. proposed that a new attraction of “Designer Zero” be built in Blue Land.
- Red Corp. expressed its opinion that it would agree if the world-building of the original work could be realized, although the views of Minna Friends need to be checked first.
- As Red Corp. does not have knowhow for building an attraction site, Red Corp. wishes to take the form of granting Blue Inc. a license to use “Designer Zero” in the theme park and receiving certain consideration in exchange, and sharing it between Red Corp. and Minna Friends, instead of being directly involved in the construction of the attraction site.
- Blue Inc. has no objection to this.

### 5. Next steps

- Red Corp. will check on the views of Minna Friends concerning Internet distribution through Blue Net and the construction of an attraction in Blue Land. If approved, specific procedures will be followed toward conclusion of an agreement.

Exhibit 7

CO-PRODUCTION AGREEMENT

This Co-Production Agreement ("Agreement") is entered into as of March 1, 2019, by and between Red Corporation ("Red") and Blue Inc. ("Blue").

1. PICTURES.

Red and Blue agree to develop, produce, finance and distribute an animated feature-length theatrical motion picture ("Picture") as a sequel to a film titled "Designer Zero: Friendship", pursuant to the terms of this Agreement.

2. TERM.

The term of this Agreement ("Term") shall commence upon the execution hereof and shall continue until the division of revenue earned relating to the Picture is completed.

3. CREATIVE CONTROLS.

Red and Blue shall collaborate in the creative process of developing and producing the Pictures, as follows:

a. Treatments.

(i) Red shall submit one or more treatment(s) for Blue's consideration as the basis for the Picture ("Treatment"). Blue shall accept or reject each Treatment within twenty (20) days after such Treatment is submitted by Red.

(ii) In the event that no Treatment has been approved or selected under the provisions of subparagraph 3(a)(i) above within one (1) year after the execution of this Agreement, then Blue shall be entitled to terminate this Agreement upon thirty (30) days written notice to be served on Red not more than sixty (60) days after the end of such one (1) year period.

b. Development and Production. After approval or selection of a Treatment, Blue and Red shall have mutual creative control of the further development, pre-production and production of the Picture, provided that in the event of a disagreement with respect to any particular creative matter in the Picture, Red shall have authority to make the final decision with respect to such creative matter.

c. Final Cut. Blue and Red shall have mutual control over the final cut of the Picture, provided that each party shall exercise its final cut rights in good faith and so as not to frustrate or delay the release of the Picture.

d. Ancillary Rights.

(i) Blue and Red shall have mutual creative control with respect to the creation and design of any Ancillary Rights, provided that in the event of a disagreement Red's decision shall govern for Merchandising Rights and Blue's decision shall govern for other Ancillary Rights.

(ii) For purposes of this Agreement, the terms "Ancillary Rights", "Merchandising Rights" and "Interactive Works" shall have the following meanings:

(A) "Ancillary Rights" means items created in the exercise of Merchandising Rights, literary publishing, soundtrack and publishing rights in and to any of the Pictures, and any Interactive Works.

(B) "Merchandising Rights" means the right to make, use, sell or exercise and license or authorize others to make, use, sell, exercise or otherwise exploit tangible personal property, of any and all kinds, based upon, utilizing or embodying any Picture or Interactive Work.

(C) "Interactive Works" means any audio-visual work or other work, regardless of the physical medium in which the work is fixed (including without limitation Blu-Ray discs, DVDs, video games and arcade games), now known or hereafter coming into being, which work is designed with a primary purpose of permitting the viewer to modify or control the sequence or performance of the presentation in a non-linear fashion.

4. PRODUCTION.

a. Production Control. Subject to the provisions of paragraph 3 above and this paragraph 4, Red shall control the production of the Picture. Red shall consult with Blue concerning the selection of the producers and directors for the Picture, provided that in the event of disagreement the decision of Red shall govern.

b. Original Author. Red shall have responsibility to obtain necessary license for production of the Picture from original author(s) or copyright holder(s).

5. DISTRIBUTION.

a. Control over Distribution. Blue shall have control over all decisions relating to the marketing, promotion, publicity, advertising and distribution of the Picture; however, Red shall have control over all decisions relating to these matters in Negoland.

b. Distribution and Marketing. The Picture shall be distributed and marketed by Blue in all markets and media and on a worldwide basis except Negoland in a manner similar to that in which Blue then currently distributes and markets. The Picture shall be distributed and marketed by Red in Negoland in a manner similar to that in which Red then currently distributes and markets. Red and

Blue are responsible for compliance with laws, regulations and practices in the countries for which they are responsible.

6. FINANCING OF DEVELOPMENT AND PRODUCTION.

Red shall finance or cause to be financed fifty percent (50%) and Blue shall finance or cause to be financed fifty percent (50%) of all costs and expenses incurred by Red directly related to or fairly allocable to the creation, development, pre-production, production, post-production and delivery to Blue of the Picture ("Production Costs").

7. BUDGETS.

Total budget for Picture is US\$30,000,000. Red shall be responsible for proposing a detailed budget for Picture (the "Picture Budget") and submitting it to Blue. The Picture Budget may be revised from time to time during production of the Picture upon written mutual agreement of Blue and Red.

8. DIVISION OF RECEIPTS.

Net Receipts from Picture shall be divided equally, with fifty percent (50%) to Red and fifty percent (50%) to Blue. Net Receipts shall be the amount of one hundred percent (100%) of all revenues, money or other consideration from the exploitation of (i) the Picture throughout the universe (including without limitation, theatrical, non-theatrical, home video and all forms of television), and (ii) all Ancillary Rights relating to such Picture or to any Interactive Works based on such Picture, minus the costs of production, box office and distribution, and the profits to be received by Red and Blue for the box office and distribution for which they are responsible. The details of calculation of Net Receipts shall be agreed by the parties separately.

9. PROPRIETARY RIGHTS.

The copyright, trademarks and other intellectual property rights in and to the Picture, all new and unique characters and story elements thereof and the audio-visual images thereof, and the Ancillary Rights relating thereto, shall be jointly owned by Blue and Red on an undivided 50/50 basis, provided, however, that Blue, throughout the universe except Negoland, and Red, in Negoland, shall have (i) the sole and exclusive right and obligation to register, administer and enforce such jointly-owned copyrights, trademarks and other intellectual property rights in the joint name of Red and Blue, and (ii) exclusive distribution and exploitation rights to the Pictures, Interactive Works and Ancillary Rights relating thereto in perpetuity in any and all media now known or unknown and by any and all means or devices now known or unknown subject to the provisions of this Agreement.

10. DERIVATIVE WORKS.

a. Definition of Derivative Works. For purposes of this Agreement, "Derivative Works" means any work based upon the Picture or any characters therefrom or story or other elements thereof, including without limitation sequels, prequels, remakes, made-for-home video productions, television productions, and Internet websites.

b. Decision to Produce. (i) Blue and Red shall have mutual control of whether or not to develop, produce or otherwise exploit any Derivative Works (or transfer or license any rights to exploit any Derivative Works) during the Term or thereafter. Within a reasonable time after request of Blue or Red, Blue and Red will seek to reach agreement on the terms of development and production of any Derivative Work. In the event of a disagreement of whether or not to develop, produce or otherwise exploit any Derivative Work, Blue's decision shall govern.

. . .

20. GOVERNING LAW.

This Agreement shall be governed by UNIDROIT Principles of International Commercial Contracts 2016.

21. GENERAL PROVISIONS.

a. Force Majeure. No party shall be liable to the other party because of any failure to perform hereunder caused by any cause beyond said party's control, including without limitation fire, earthquake, flood, epidemic, accident, explosion, casualty, strike, lockout, labor controversy, riot, civil disturbance, act of public enemy, embargo, war, act of God or law, except as expressly provided herein to the contrary.

b. No Waivers. No waiver by either party hereto of any breach of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof. The exercise of any right granted to either party hereunder shall not operate as a waiver.

c. No Violation of Law. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions of this Agreement and any material statute, law or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the legal requirements.

d. Notice. Any notices required or permitted by this Agreement shall be in writing and shall be delivered either by personal delivery or by overnight commercial delivery service, such as Federal Express or DHL.

e. Entire Agreement. This Agreement, including its exhibits, constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces any prior correspondence, negotiations, agreements, understandings and representations with respect thereto. This Agreement may not be modified or amended unless in a writing signed by both parties.

f. Arbitration. If a disagreement or dispute arises between the parties in connection with this Agreement or the execution thereof, they shall attempt to resolve it through good faith negotiations, and if no resolution is reached after a period of three months, they shall attempt mediation by a mediator appointed by both parties. If the matter is still unresolved, or if the dispute remains unresolved for a period of six months, the parties may apply for arbitration. In case of arbitration, the case shall then be submitted for arbitration in Japan to arbitration in accordance with the UNCITRAL Arbitration Rules.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

RED CORPORATION

BLUE INC.

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Exhibit 8

Agreement

This Agreement ("Agreement") is entered into as of March 1, 2019, by and between Red Corporation ("Red") and Blue Inc. ("Blue").

WHEREAS Red and Blue co-produced the animated feature-length theatrical motion picture titled "Designer Zero" (the "Work").

WHEREAS Blue wants to distribute the Work on Blue Net owned and operated by Blue.

WHEREAS Blue also wants to make an attraction based on the Work in Blue Land.

WHEREAS Red agrees to grant Blue the right to distribute the Work on Blue Net and to make an attraction in Blue Land.

NOW, THEREFORE, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO as follows:

1. Grant of right

Red grants Blue the right to distribute the Work on Blue Net and to build an attraction based on the Work in Blue Land.

2. Blue Net

(1) Blue may distribute the Work on Blue Net for a period of two years from the date of this agreement in a manner similar to that in which Blue then currently distributes other films on Blue Net.

(2) If no notice is given by either party 30 days prior to the expiry of the two-year period, the term of this grant will automatically continue for a further two years.

(3) Blue shall pay Red one-third of the amount paid to Blue for each viewing, every three months, as consideration for this agreement.

. . .

3. Blue Land

(1) Blue may make and operate an attraction based on the Work in Blue Land.



(2) Blue shall submit one or more designs and business plans of the attraction for Red's consideration. Blue shall consult with Red regarding the design and operation of the attraction on continuing basis.

. . .

## 15. GOVERNING LAW

This Agreement shall be governed by UNIDROIT Principles of International Commercial Contracts 2016.

. . .

## 20. GENERAL PROVISIONS

a. Force Majeure. No party shall be liable to the other party because of any failure to perform hereunder caused by any cause beyond said party's control, including without limitation fire, earthquake, flood, epidemic, accident, explosion, casualty, strike, lockout, labor controversy, riot, civil disturbance, act of public enemy, embargo, war, act of God or law, except as expressly provided herein to the contrary.

b. No Waivers. No waiver by either party hereto of any breach of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same or any other provision hereof. The exercise of any right granted to either party hereunder shall not operate as a waiver.

c. No Violation of Law. Nothing contained in this Agreement shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions of this Agreement and any material statute, law or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the legal requirements.

d. Notice. Any notices required or permitted by this Agreement shall be in writing and shall be delivered either by personal delivery or by overnight commercial delivery service, such as Federal Express or DHL.

e. Entire Agreement. This Agreement, including its exhibits, constitutes the entire agreement between the parties with respect to the subject matter hereof, and supersedes and replaces any prior correspondence, negotiations, agreements, understandings and representations with respect thereto. This Agreement may not be modified or amended unless in a writing signed by both parties.

f. Arbitration. All disputes in connection with this Agreement or the execution thereof shall be settled in a friendly manner through negotiations. In case no settlement can be reached, the case may then be submitted for arbitration in Japan to arbitration in accordance with the UNCITRAL Arbitration Rules.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

RED CORPORATION

BLUE INC.

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Exhibit 9

AGREEMENT

THIS AGREEMENT (the "Agreement") is made on this 30th day of March 2019, and is entered into by and between Red Corporation ("Red") and Minna Friends (the "Author").

WHEREAS the Author is engaged in the business of writing comics and is the author of a series of comics titled "Designer Zero" (the "Work").

WHEREAS Red is engaged inter alia in the business of film production and wishes to produce a film that is a sequel to a film titled "Designer Zero: Friendship", based on the Work.

WHEREAS the Author has agreed to assign her rights in the Work to Red for such consideration and on such further terms and conditions as set out hereinafter.

NOW, THEREFORE, IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO as follows:

1. The Author grants Red permission to use the Work as the basis for a theatrical feature film to be produced by Red and Blue Inc. ("Blue").
2. Red shall ask for the Author's opinion during the production process of the film. However, Red shall have the exclusive right to make the final decision on all matters relating to the production of the film.
3. The copyright, ownership and all other rights to the film and all deliverables arising in the process of making the film belong to Red and Blue.
4. Red may use the film in any form, worldwide, and the Author approves this in advance.
5. The Author agrees that the film will be distributed through Blue Net and that Blue Inc. will construct a new "Designer Zero" attraction at Blue Land. The details of the attraction shall be discussed between the Author and Blue Inc. in good faith.
6. Red shall pay the Author the sum of US\$300,000 as consideration for the license to use the Work, the attribution of rights and all other consideration under this Agreement.
7. Red shall indicate in the title roll, end roll and/or other appropriate places in the film that the Author

is the author of the film. However, the specific form (including but not limited to content, size and position) of this notation shall be entirely determined by Red.

8. Red and the Author may not assign their rights or obligations under this Agreement, in whole or in part, to a third party without the prior written consent of the other party.

9. This Agreement shall be governed by UNIDROIT Principles of International Commercial Contracts 2016.

10. All disputes in connection with this contract or the execution thereof shall be settled in a friendly manner through negotiations. In case no settlement can be reached, the case may then be submitted for arbitration in Japan to arbitration in accordance with the UNCITRAL Arbitration Rules.

The Author

Red Corporation

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Exhibit 10

From: Blue Inc.  
To: Red Corp.  
Date: August 12, 2019  
ReReReReReReRe: "New Challenge"

Thank you very much for your understanding. We promise that we will do our best to ensure that this change will result in an increase in box office revenue.

---

From: Red Corp.  
To: Blue Inc.  
Date: August 10, 2019  
ReReReReReRe "New Challenge"

I consulted with Minna Friends. She said that if it is absolutely necessary, then it will be unavoidable to change the item the hero's friend holds from a cigarette to candy. She said she will find a creative story for that.

As Minna Friends is working hard, your company should do its best to ensure that this change will result in an increase in global box office revenue.

---

From: Blue Inc.  
To: Red Corp.  
Date: August 8, 2019  
ReReReReReRe: "New Challenge"

Thank you very much for your reply.

Unfortunately, we should make a choice between the two. We think that there is no other way but for "Santa" to give up the cigarette. Even if that happens, we will do our best to prevent a reduction in box office revenue, and, regardless of the view of the movie review organization, we think that the movie will rather get more support from fans as they will think the movie is even concerned about health issues.

Please consult with Minna Friends.

---

From: Red Corp.  
To: Blue Inc.  
Date: August 7, 2019  
ReReReRe: "New Challenge"

We checked with a similar organization in our country, and in Negoland, keeping the scenes with the cigarette will cause no problem. However, if your company checked and there is no other way, we will have to choose either to cancel the sequel in Arbitria or to change it to candy?

If the position of your movie review organization is such as you have told us, I will consult with Minna Friends.

---

From: Blue Inc.  
To: Red Corp.  
Date: August 6, 2019  
ReReRe: "New Challenge"

Thank you very much for your reply.

It seems difficult to avoid the classification as "for adults." If the movie is classified as a movie "for adults," I think that box office revenue in Arbitria will drop by half. There might be a similar situation in other countries. If we say he quit smoking, won't the audience accept it even if he holds a candy instead of a cigarette?

Are you or Minna Friends willing to renegotiate with the movie review organization together with us?

---

From: Red Corp.  
To: Blue Inc.  
Date: August 2, 2019  
ReRe: "New Challenge"

Thank you very much for your message.

Is it certain that the movie review organization will classify the movie as "for adults" if we keep the cigarette? Did you check with the movie review organization? I think we should avoid the movie being classified as limited to "for adults." If it is unavoidable, I will consult with Minna Friends.

---

From: Blue Inc.  
To: Red Corp.  
Date: August 1, 2019  
Re: "New Challenge"

Thank you very much for sending me the character design of the main character the other day. I would like to ask you to make changes to "Santa", a close friend of the hero "Zero." More specifically, according to the original work and current character design, the character of "Santa" is always holding a cigarette. However, health damage caused by cigarettes is of deep concern to people in Arbitria and it is certain that if an important character in a movie is always holding a cigarette, such movie will be classified as "for adults" (All movies screened in Arbitria are classified into three categories: "no restriction," "restricted for children" [not recommended for people under 16], and "for adults" [not recommended for people under 19] and this classification is required to be clearly indicated at the time of presentation of the movie). We certainly wish to respect the world-building of the original work, but we would like to change the cigarette held by "Santa" to candy by setting the story so that he has quit smoking. Then the movie will be a movie able to be enjoyed by children as well. This is not only an issue of the world-building, but a compliance issue.

"Designer Zero" fans in the world are waiting for a sequel. I think that what we need to prioritize now is to meet our fans' expectations.

Please consult with Minna Friends.

Exhibit 11

Number of worldwide views of “Designer Zero - Friendship” through Blue Net

	(Views)
2019/5 ~ 2019/12:	20,000,000
2020/1 ~ 2020/6:	5,000,000
2020/7 ~ 2020/12:	1,000,000
2021/1 ~ 2021/6:	2,000,000
2021/7:	200,000
2021/8:	300,000
2021/9:	1,500,000
2021/10:	4,000,000
2021/11:	4,000,000
2021/12:	2,000,000
2022/1:	2,000,000
2022/2:	500,000
2022/3:	300,000
2022/4:	200,000
2022/5:	100,000
2022/6:	400,000
2022/7:	400,000
2022/8:	400,000

\* After the launch of Blue Net distribution in 2019, the number of views grew worldwide as people who watched the movie wished to watch it again or people who missed watching the movie viewed the film through Blue Net. Thereafter, the number of views gradually decreased. However, with the opening of the new attraction site in Blue Land in September 2021, the number of views increased again, and after the release of “New Challenge” in October 2021, the number of views also increased as more people wished to watch the first movie. However, the number of views in December 2021 and January 2022 dropped by half due to the issue concerning Black Inc. related to “Designer Zero” clothes. It is certain that the number of views would have been 4 million views per month if there had been no issue concerning Black Inc. (this point is not disputed). Distribution of “New Challenge” through Blue Net in June 2022 led to an increase in the number of views of “Friendship.” It is certain that the number of views in and after June 2022 would have been



100,000 views per month if there had been no distribution of “New Challenge.” The situation in and after September 2022 will be the same, and it is certain that the number of views will remain 400,000 views per month, rather than 100,000 views per month, which is the expected number otherwise, as long as distribution of “New Challenge” continues.

The number of views of “New Challenge” starting from June 2022 has been 2,000,000 views per month, and it is certain that this number will remain unchanged for the time being (this point is not disputed).

Exhibit 12

Manufacturing and Supply Agreement

This Manufacturing and Supply Agreement (this “Agreement”) is made as of the 5th day of January 2021 (the “Effective Date”) by and between Red Corporation ("Supplier") and Blue Inc. ("Buyer").

1. Supply of Products. Supplier shall manufacture and supply to Buyer Clothing featuring Designer Zero motifs (the “Products”) in accordance with the specifications as agreed by the parties.

2. Buyer shall submit orders for the Products by submitting orders for the Products to Supplier (“Purchase Order”). Buyer will make all reasonable efforts to provide clear instructions, documentation, and product specifications to Supplier.

3. Supplier may subcontract the manufacture of the Products without the prior written consent of Buyer.

4. Supplier must manufacture and supply the Products in accordance with this Agreement, in compliance with applicable laws and regulations, and following generally accepted industry practice.

5. Buyer owns all rights to the Products produced by Supplier. Supplier's sale, re-sale or distribution to any entity other than Buyer, including without limitation distribution to retailers or other distributors or sub-distributors, will be prohibited unless made pursuant to a specific written agreement between Buyer and Supplier.

6. After delivery of the Products, payment shall be made within 30 days from the date the Products are delivered.

7. The Products delivered by Supplier will be inspected and tested by Buyer within 10 days of delivery. If the Products delivered do not comply with the specifications in Purchase Order, Buyer has the right to reject the non-conforming Products. Products not rejected within 10 days of delivery will be deemed to be accepted by Buyer.

8. Supplier warrants that it will perform the specifications in Purchase Order in a good, professional and workmanlike manner, and Supplier will promptly notify Buyer of any delay or defect in the manufacture and supply of the Products. Supplier warrants that the Products will be manufactured and supplied in compliance with the specifications in Purchase Order and in compliance with all

governmental and environmental regulations.

9. Supplier warrants that the Products will be free from substantive defects in workmanship for a period of 1 year from the date of shipment. The warranty does not apply to any Products that are damaged due to the misuse, abuse, alteration or negligence of any party other than Supplier. SUPPLIER MAKES NO OTHER REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, AND EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

10. This Agreement commences on the Effective Date and will remain in effect for 3 years. This Agreement will renew automatically for a term of 3 years, unless either party has given at least 60 days prior written notice not to renew to the other party.

11. Buyer and Supplier may at any time by mutual consent decide to terminate this Agreement pursuant to written and delivered notice to the other party. Buyer may terminate Supplier's rights to manufacture and supply the Products for any reason on 45 days' written notice of termination. Supplier retains the right at any time to terminate its obligations to manufacture and supply the Products on 45 days' written notice of termination. This Agreement also may be terminated automatically, without notice, (i) upon the institution by or against Buyer or Supplier of any insolvency, receivership or bankruptcy proceedings or any other proceedings for the settlement of debts, (ii) upon Buyer or Supplier's making an assignment for the benefit of creditors, or (iii) upon Buyer or Supplier's dissolution.

12. If either party should fail to perform its respective obligations under the terms of this Agreement, the other party will notify the party that it is presumed to be in default and give reasonable recourse to cure the stated issue. The defaulting party will have the opportunity to cure the default within 30 days of notice by the other party. In the event of a failure to cure a breach or default within the stipulated time, the other party will have the right to terminate this Agreement immediately.

13. Neither Supplier, nor any agent, representative, affiliate, or subcontractor of Supplier, will have the right to copy, manufacture or distribute the Products without the express prior written approval of Buyer. Anyone who copies, manufactures or distributes the Products without a license and prior written approval of Buyer will be liable for any cost or loss in sales, revenue or profits by Buyer, plus all applicable attorneys' fees and costs incurred in investigating and prosecuting an action against the offending party. Supplier will notify those to whom it entrusts knowledge of, or access to, the Products that Supplier and the offending party will be liable for losses.

14. No party shall be deemed to have waived any provision of this Agreement or the exercise of any rights held under this Agreement unless such waiver is made expressly and in writing. Waiver by any party of a breach or violation of any provision of this Agreement shall not constitute a waiver of any other subsequent breach or violation.

15. Nothing contained in this Agreement shall be construed so as to require the commission or any act contrary to law, and wherever there is any conflict between any provisions of this Agreement and any material statute, law or ordinance contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provision of this Agreement affected shall be curtailed and limited only to the extent necessary to bring it within the legal requirements.

16. This Agreement shall be governed by UNIDROIT Principles of International Commercial Contracts 2016. All disputes in connection with this contract or the execution thereof shall be settled in a friendly manner through negotiations. In case no settlement can be reached, the case may then be submitted for arbitration in Japan to arbitration in accordance with the UNCITRAL Arbitration Rules.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

RED CORPORATION

BLUE INC.

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Exhibit 13

From: Blue Corp.  
To: Red Inc.  
Date: January 20, 2021  
ReReReRe: Manufacture of clothes for Blue Land

We think Black Inc. is trustworthy. So, we will introduce you to Black and tell Black that you want to visit Black as soon as possible.

---

From: Red Corp.  
To: Blue Inc.  
Date: January 19, 2021  
ReReReRe: Manufacture of clothes for Blue Land

Thank you very much.

Our company has not found a suitable company yet, so, if you say Black Inc. is trustworthy, we really wish to outsource manufacturing to Black Inc. We would like to visit Black Inc. soon. We would appreciate if you could introduce us to them.

---

From: Blue Inc.  
To: Red Corp.  
Date: January 18, 2021  
ReReRe: Manufacture of clothes for Blue Land

I have good news.

Black Inc. in NegoAbu told us they agree to manufacturing the clothes. Black Inc. is a company operated by the family of Mr. Work Black who used to be a department manager at our company. Mr. Work Black went back to his home country and is now the president of the company. Our company had them manufacture our company uniform prior to the time Mr. Black became president. They did work with great care, quality was good, and the price was also reasonable. I was told that there is not much impact of COVID-19 in NegoAbu and they have the capacity to accept manufacturing our clothes.

I will introduce Black Inc. to you if your company wishes.

---

From: Blue Inc.  
To: Red Corp.  
Date: January 16, 2021  
ReRe: Manufacture of clothes for Blue Land

Thank you very much for your message.

We would like to have the clothes ready by the grand opening of the new attraction at all costs. I think that if visitors can purchase clothes as a souvenir after spending a fun time at the new attraction, that will have a significant impact on the attractiveness of the attraction site.

Would you please continue to look for an appropriate company on your side? We will also try.

---

From: Red Corp.  
To: Blue Inc.  
Date: January 15, 2021  
Re: Manufacture of clothes for Blue Land

Thank you very much for your continuous support.

Regarding the Designer Zero clothes for Blue Land for which we entered into an agreement the other day, we were planning to outsource the manufacturing to White Corp. in Meditoria. Unfortunately, however, White Corp. said that it would not be able to accept our request due to the spread of infection of COVID-19 in Meditoria, long-term lockdown measures taken by the Meditorian government, and a shortage of necessary staff due to the increased number of people infected and close contacts. We have been talking with them to do something about it, but it is difficult to find a solution.

We then contacted other companies with which we had business dealings in the past, but all of them also said that they would not be able to accept the order for manufacturing a large number of clothes by the grand opening of the new attraction site in September 2021 due to the impact of novel coronavirus.

I would like to inform you that due to this extraordinary situation, it has become difficult to deliver the clothes by the grand opening of the new attraction.

Exhibit 14

Sales of Designer Zero clothes

(USD)

	Blue Land		Negoland	
	Sales	Income	Sales	Income
2021/ 9	500,000	50,000	200,000	30,000
2021/ 10	500,000	50,000	400,000	50,000
2021/ 11	500,000	50,000	500,000	60,000
2021/ 12	200,000	20,000	600,000	70,000
2022/ 1	100,000	10,000	600,000	70,000
2022/ 2	200,000	20,000	300,000	40,000
2022/ 3	200,000	20,000	300,000	40,000
2022/ 4	200,000	20,000	200,000	30,000
2022/ 5	200,000	20,000	200,000	30,000
2022/ 6	300,000	30,000	400,000	50,000
2022/ 7	300,000	30,000	400,000	50,000
2022/ 8	300,000	30,000	400,000	50,000

\* Sales at Blue Land dropped significantly in December 2021 and January 2022 due to the Black Inc. incident. Thereafter, sales remained stable, but after the commencement of distribution of “New Challenge” through Blue Net in June 2022, sales started to pick up.

In Negoland, although box office revenue of “New Challenge” did not increase due to criticism of the handling of “Santa,” sales of clothes were going strong as the popularity of Manga continued (however, it is certain that income from the sale of clothes in Negoland from October 2021 to January 2022 should have been double if there had been no criticism in Negoland that “New Challenge” destroyed the world-building of the original work). In Negoland, there was no effect of the Black Inc. incident, and sales grew during the year-end and new year. Thereafter, after the ending of the screening of “New Challenge” at the end of January 2022, sales slightly dropped (Manga/comic fans were still buying them), but after the launch of “New Challenge” through Blue Net in June 2022, sales took an upturn. Sales in Negoland have higher margins compared with sales at Blue Land as transportation and other costs are cheaper.

It is certain that sales will remain at a similar level after August 2022 as long as the distribution of “Friendship” and “New Challenge” through Blue Net continues. It is also certain that sales will drop by half if distribution of “New Challenge” ends.

Exhibit 15

Box office revenue of “Designer Zero - Friendship” and “Designer Zero - New Challenge”

(Thousand USD)

Friendship	Worldwide box office revenue	Negoland box office revenue	Arbitria box office revenue	Profit received by Red Corp. and Blue Inc.
August 2018	400,000	100,000	200,000	Red Corp.: 40,000 + 32,500  Blue Inc.: 75,000 + 32,500
September 2018	280,000	55,000	120,000	
October 2018	140,000	25,000	60,000	
November 2018	80,000	15,000	40,000	
December 2018	50,000	5,000	20,000	
Total	950,000	200,000	440,000	

New Challenge	Worldwide box office revenue	Negoland box office revenue	Arbitria box office revenue	Profit received by Red Corp. and Blue Inc.
October 2021	450,000	60,000	220,000	Red Corp. 24,000 + 28,500  Blue Inc. 75,000 + 28,500
November 2021	250,000	30,000	140,000	
December 2021	120,000	20,000	60,000	
January 2022	50,000	10,000	20,000	
Total	870,000	120,000	440,000	

\* Methods of distribution of revenue and calculation of profit after subtracting expenses in relation to the production, distribution, and presentation of movies varies. In this case, for the purpose of simplicity, the following shall apply:

-Profit from distribution and presentation is, for Red Corp., 20% of box office revenue in Negoland and for Blue Inc., 10% of box office revenue in other countries than Negoland.

- For each company, profit from production is one half of 10% of the balance of worldwide box office



revenue after subtracting production costs (30 million USD). (For example, for Friendship, (950,000,000 (Worldwide box office revenue) x 10% - 30,000,000 (production cost)) x 1/2 = 32,500,000 (profit from production for each company))

\* It has been estimated that, had the Arbitrian movie review organization decided that “New Challenge” is classified as “no restriction”, provided that the harms of smoking were presented in a plain manner, and had Santa remained with a cigarette, the box office and profit would have been as follows. In the present case, the following estimation should be assumed as correct.

New Challenge	Worldwide box office revenue	Negoland box office revenue	Arbitria box office revenue	Profit received by Red Corp. and Blue Inc.
October 2021	450,000	100,000	180,000	Red Corp.
November 2021	300,000	60,000	120,000	40,000 + 31,500
December 2021	130,000	30,000	50,000	73,000 + 31,500
January 2022	50,000	10,000	15,000	
Total	930,000	200,000	365,000	

Exhibit 16

Minutes of Testimony of Swan of Blue Inc.

I was in charge of creative control in the production team of Blue Inc. for “Designer Zero -New Challenge.” My task was to review the ideas, script, design, and other things sent by Red Corp. and to make necessary corrections to bring out the best of the original work to the maximum extent and achieve the best box office record in the world.

I said to Red Corp. that “I would like you to make changes to “Santa”, a close friend of the hero “Zero.” More specifically, according to the original work and current character design, the character setting of “Santa” is that he is always clutching a cigarette. However, health damage caused by cigarettes is of deep concern to people in Arbitria, and it is certain that if an important character in a movie is always holding a cigarette, such movie will be classified as “for adults” (all movies screened in Arbitria are classified into three categories: “no restriction,” “restricted for children” [ not recommended for people under 16], and “for adults” [ not recommended for people under 19] and this classification is required to be clearly indicated at the time of presentation of the movie). We certainly wish to respect the world-building of the original work, but we would like to change the cigarette “Santa” always holds, to candy, by modifying the story to say that he quit smoking. Then the movie will become a movie that can be enjoyed by children as well.” I did not directly check with the movie review organization in Arbitria, but I thought that was clear from the past trends of the review organization.

Later, I was instructed by my superior to directly check with the review organization. On August 2, the day I received the instruction, I sent an email to the movie review organization asking if they could do something about it, as I understand that the answer is basically no, but we want to respect the workmanship of the original; but they never responded. Therefore, I reported to my superior that “I asked the movie review organization if they could manage an exception in such cases, but they did not respond.”” I heard afterwards that the responsible person of the review organization was saying that there would have been no problem for the movie to be classified as “no restriction” even if the character always had a cigarette in his mouth. I do not know why such change of policy occurred, but I recently learned that from around July 2019, their internal policy was changed not to require to change the contents of work if a warning about the health hazards of tobacco is given in some form that is apparent to the film audience (for example, in the end credits). However, that was only a change to an internal review policy, and such change has never been made public in any manner, including in written form. If I had directly checked in August 2019, I might have been able to know such change of policy. But I don’t really know.

\* The above testimony was given on September 1, 2022.

Exhibit 17

From: Blue Inc.  
To: Red Corp.  
Date: March 8, 2022  
ReReReRe: "New Challenge"

to

We did not know that there had been a change of policy. In the end, we changed it to candy after your company was also satisfied, and according to the agreement, your company had the right to make the final decision. Therefore, we believe that your company cannot hold our company accountable for this.

---

From: Red Corp.  
To: Blue Inc.  
Date: March 5, 2022  
ReReRe: "New Challenge"

It is considered that Red would have made a profit of USD 71.5 million in "New Challenge" if there had been no change from cigarette to candy. The difference between 71.5 million USD and the actual profit of 52.5 million USD, which was 19 million USD, was caused by your fault. In addition, the change to candy halved the profits from the sale of Designer Zero clothing in Negoland, which resulted in a loss of US\$250,000. Therefore, our company demands compensation for this amount.

---

From: Blue Inc.  
To: Red Corp.  
Date: February 28, 2022  
ReRe: "New Challenge"

Thank you very much for your message.

According to what we checked, the review organization appears to have changed its internal policy around July 2019, but it does not publicly announce changes to its internal policy, like the change they made this time. Therefore, in reality, for outsiders, the only way to know such changes to their review policy is either to learn from case-by-case review results or to directly consult with them.

The movie might have been classified as "no restriction" even if we kept the cigarette, but by changing

it to candy, I think that the movie became a more health-conscious movie. In some countries, we received criticism that the quality of the original work was destroyed due to the change to candy, but that was not the case in many other countries.

We intend to have closer conversations with the review organization in the future based on lessons learned this time.

---

From: Red Corp.  
To: Blue Inc.  
Date: February 25, 2022  
Re: "New Challenge"

Our responsible person, Diamond, had an opportunity to meet with the CEO of the movie review organization in Arbitria, Mr. Nomura, the other day. At that time, Diamond explained that due to the decision of the review organization, we had no other choice but to change the cigarette held by "Santa" to candy, and consequently the movie received very bad reviews saying that the quality of the original work was destroyed, and box office revenue in Negoland was affected significantly.

Then, Mr. Nomura said, "It was a good movie. I watched it too. The candy did not bother me much, but even if it was a cigarette, the review organization should not have requested to change it or decided that the movie was not recommended for children, as long as you devised a way to warn about the health damage caused by cigarettes, such as by including a warning in the credits. You should have asked me."

Exhibit 18

From: Red Corp.  
To: Blue Inc.  
Date: January 25, 2022  
ReRe: Delivery of clothes to Blue Land

We believe that we delivered the products in accordance with the agreement, and there was no non-performance of obligation on our part. Our country has laws and regulations prohibiting forced labor and child labor, but there is no law that applies also to overseas manufacturing. There is also no law requiring a company to accept the return of products from customers because the products were manufactured using forced labor or child labor.

In addition, Black Inc. is a company introduced by your company. Even if the products in question do not comply with the agreement, it was due to your company's introduction of Black Inc. to our company. Therefore, our company owes no liability for non-performance of obligation to your company.

---

From: Blue Inc.  
To: Red Corp.  
Date: January 20, 2022  
Re: Delivery of clothes to Blue Land

We were forced to temporarily close Blue Land as it was found that the clothes delivered by you to the "Design Zero" attraction site in Blue Land were manufactured by a company involved in child labor and forced labor, which is a violation of human rights.

The fact that Black Inc. was using child labor or forced labor was reported on December 21, 2021. From the very next day, a crowd of demonstrators started to descend on the area surround Blue Land and Blue Land started to receive bomb threats by email. As park visitors' safety is of the utmost importance for us, we were forced to temporarily close Blue Land from December 23.

We had a press conference on January 4 and we reopened Blue Land on January 5, but we suffered a loss of 15 million USD due to the closure of the park from December 23 to January 4. We also incurred 800,000 USD loss by accepting returns from customers who did not wish to keep clothes manufactured by using child labor or forced labor. In addition, the number of views of "Designer Zero-Friendship" dropped by half in December 2021 and January 2022 due to the issue concerning Black Inc. As a result, we incurred a 5,330,000 USD loss (200 views x 2 months x 2 USD x 2/3)

[Note: values below tens of thousands are omitted for the purposes of the competition.]

This was due to the delivery of the clothes manufactured by a method that violates human rights by Black Inc., to which your company outsourced manufacturing without thoroughly checking. I recognize that it was our company who initially introduced Black Inc. to your company, but it goes without saying that it is your company who is responsible for checking whether or not Black Inc. is a reliable company in order to perform your obligation to deliver appropriate products to us.

In our country, there are laws and regulations prohibiting a company from selling any products manufactured by using child labor or forced labor in violation of laws of our country or international human rights standards. These laws and regulations require a company that sold such products to accept returns upon customers' request. By delivering products in violation of these laws and international human rights standards, your company failed to perform your obligation, and therefore, we demand compensation for damage of 21,130,000 USD.

\* Note: Stipulations of laws of Negoland and Arbitria referred to in these email messages are correct. There is no dispute over the fact that the current situation of Black Inc. falls under forced labor in light of ILO Indicators of Forced Labor published by the International Labour Organization. Both countries are state parties to the Forced Labour Convention, 1930 (No. 29) and the Abolition of Forced Labour Convention, 1957 (No. 105)

Exhibit 19

From: Blue Inc.  
To: Red Corp.  
Date: July 10, 2022

ReReReReReReReReReReRe: "New Challenge" Internet distribution and card sale

We think that filing a petition for arbitration as you mentioned is against the arbitration provisions. If a petition for arbitration is filed, we will dispute the jurisdiction of the arbitral tribunal. We do not agree that we have no rights nor do we agree on the payment to your company.

---

From: Red Corp.  
To: Blue Inc.  
Date: July 5, 2022

ReReReReReReReReReReRe: "New Challenge" Internet distribution and card sale

Under the current circumstances, where there is no possibility of resolving the dispute and your company refuses to accept mediation, we have no other choice but filing a petition for arbitration to obtain an immediate injunction. If your company does not respond to us expressing your acceptance of arbitration by July 19, we will file a petition for arbitration concerning this case on July 20. In the arbitration, we seek a declaration that Blue Inc. has no right to distribute "New Challenges" through Blue Net, nor sell the cards, and we seek an injunction against online distribution and the sale of the cards as an interim measure. We also demand that Blue Inc. pay us part of the revenue Blue Inc. has generated from the distribution of "New Challenges" through Blue Net and the sale of the cards to date.

---

From: Blue Inc.  
To: Red Corp.  
Date: July 1, 2022

ReReReReReReReReReReRe: "New Challenge" Internet distribution and card sale

We think that it is too early to talk about mediation as three months have not yet passed. We accept negotiation, but we cannot accept mediation.

---

From: Red Corp.

To: Blue Inc.

Date: June 30, 2022

ReReReReReReReRe: "New Challenge" Internet distribution and card sale

We cannot accept going into negotiation unless your company stops both Internet distribution and sales of cards. As there is no prospect of resolving the dispute by negotiation, we would like to move to mediation. Please let us arrange our schedules to discuss selection of a mediator.

---

From: Blue Inc.

To: Red Corp.

Date: June 28, 2022

ReReReReReReReRe: "New Challenge" Internet distribution and card sale

We have been negotiating faithfully, but your company repeats that you will not agree on anything but immediately suspending Internet distribution and sales of cards. That is making negotiation difficult. We have another month to continue negotiation. Could you think a little more flexibly in order to meet fans' expectations?

---

From: Red Corp.

To: Blue Inc.

Date: June 25, 2022

ReReReReReReReRe: "New Challenge" Internet distribution and card sale

We provided an opportunity to negotiate over the Internet distribution and card sales on June 15 and 20, but we are not seeing any progress. Your company only kept saying "a difference in viewpoints" and "our company is not to blame." As there is no possibility of resolving the dispute by negotiation, how about moving to mediation?

---

From: Blue Inc.

To: Red Corp.



Date: June 10, 2022

ReReReReRe: "New Challenge" Internet distribution and card sale

It is true that, as you mentioned, we talked about it when we decided on the dispute resolution clause for "New Challenge," but the clause in the final agreement we agreed on does not have such limitation.

We do not intend to prolong this dispute in bad faith.

I will have our person in charge call you concerning negotiation.

---

From: Red Corp.

To: Blue Inc.

Date: June 8, 2022

ReReReReRe: "New Challenge" Internet distribution and card sale

We accept going into negotiation.

This dispute resolution clause was included in the joint production agreement for "New Challenge" as we thought at the time of conclusion of the agreement that it would be better to go through negotiation and mediation with professionals instead of right away going to arbitration with the situation where the parties have different opinions on a matter concerning the production of the movie in mind. Therefore, this clause does not assume the case of injunction like this time, and should not be used for stalling.

---

From: Blue Inc.

To: Red Corp.

Date: June 6, 2022

ReReReReRe: "New Challenge" Internet distribution and card sale

Our company cannot agree to your company's view either.

According to the agreement, the parties are not allowed to immediately file a petition for arbitration. If the parties fail to resolve a dispute by faithful negotiation for a period of three months, then the parties are required to try mediation by a mediator, and if the dispute cannot still be resolved by mediation or the dispute remains unresolved for six months, then the parties are allowed to file a petition for arbitration.

Our company is ready to negotiate with your company. Please let us know your position.

---

From: Red Corp.  
To: Blue Inc.  
Date: June 5, 2022  
ReReRe: "New Challenge" Internet distribution and card sale

Our company cannot agree to your company's view regarding the agreement. Even if your company had obtained consent from Minna Friends, it is not sufficient. Your company needs to obtain our consent as well. Therefore, please immediately stop Internet distribution and sales. If you do not stop immediately, we think that we have no other choice but filing a petition for arbitration.

---

From: Blue Inc.  
To: Red Corp.  
Date: June 3, 2022  
ReRe: "New Challenge" Internet distribution and card sale

We do not think that the activities you pointed out are prohibited under the joint production agreement for "Friendship" or "New Challenge" or are not allowed without your company's prior consent. For the current issues, we obtained consent from Minna Friends for the distribution of "New Challenge" through Blue Net and sales of cards at Blue Land. We would like to discuss with your company the division of the revenue obtained from these sources.

---

From: Red Corp.  
To: Blue Inc.  
Date: June 2, 2022  
Re: "New Challenge" Internet distribution and card sale

We learned that your company had started the distribution of "New Challenge" through Blue Net and the sales of cards at Blue Land, on which famous scenes of "Designer Zero" are printed. According to the agreement concerning joint production of "Friendship" and "New Challenge," it is not acceptable for your company to engage in these activities without our company's consent. Please stop these activities immediately.

## Exhibit 20

### 1. New Challenge Case

(Claims of the parties)

Claim of Red Corp.: Blue Inc. shall pay 19,250,000 USD to Red Corp.

Answer of Blue Inc.: Blue Inc. requests that an arbitral award denying the claim of Red Corp. be rendered.

(Issues)

- ① Did Blue Inc. breach its contractual obligation to Red Corp. in relation to the joint production of "Designer Zero - New Challenge"?
- ② If Blue Inc. breached its obligation, does it have to pay damages to Red Corp., and if so, how much?

### 2. Blue Land Case

(Claims of the parties)

Claim of Blue Inc.: Red Corp. shall pay 21,130,000 USD to Blue Inc.

Answer of Red Corp.: Red Corp. requests that an arbitral award denying the claim of Blue Inc. be rendered.

(Issues)

- ① Did Red Corp. breach its contractual obligation to Blue Inc. concerning the delivery of clothes to Blue Land?
- ② If Red Corp. breached its obligation, does it have to pay damages to Blue Inc. and if so, how much?

### 3. Card Case

(Claims of the parties)

(1) Claim of Red Corp.: Red Corp. seeks a declaration that Blue Inc. has no right to distribute "Designer Zero - New Challenge" through Blue Net or to sell cards at Blue Land.

(2) Claims of Red Corp.: Blue Inc. shall pay Red Corp. part of the revenue Blue Inc. has generated from the distribution of "New Challenges" through Blue Net and the sale of the cards.

(3) Red Corp.'s motion for interim measures: Red Corp. seeks an injunction ordering Blue Corp. to

cease the distribution of “Designer Zero - New Challenge” through Blue Net and the sales of cards at Blue Land on which famous scenes of “Designer Zero” are printed.

Answer of Blue Inc. prior to the arguments on the merits of the case: In this case, necessary pre-conditions in the arbitration agreement to permit applying for arbitration have not been fulfilled, and thus the arbitral tribunal does not have jurisdiction. Therefore, Blue Inc. requests that the petition for arbitration be rejected

Answer of Blue Inc. on the merits of the case, in the event the arbitral tribunal is deemed to have jurisdiction: Blue Inc. requests that an arbitral award denying the claims of Red Corp. be rendered.

(Issues)

- ① Does the arbitral tribunal have jurisdiction in relation to the Card Case?
- ② If the arbitral tribunal has jurisdiction in relation to the Card Case, should Red’s Claims (1) and (2) and motion for interim measures (3) be accepted? If Red’s Claim (2) is accepted, what is the percentage of the revenue to be paid to Red (no need to consider the specific amount)?