

## ROYALTY AGREEMENT

THIS AGREEMENT made effective as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BETWEEN:

[DEVELOPER]  
[address]  
(the "Developer")

OF THE FIRST PART

- and -

[COMPANY]  
[address]  
(the "Company")

OF THE SECOND PART

WHEREAS:

- A. The Company is in the business of [description of company's business] (the "Business");
- B. The Developer is developing application software for the Company (the "Software") containing feature functionality pertaining to the Business for the specific use of [specific use of software] in accordance with the terms of a Software Development Agreement dated [date of development agreement] which software is based on the Developer's current proprietary application software technology and which, when developed, will be designated with the trade name "[trade name]";
- C. The Software being developed for the Company may be marketable to third parties who are also engaged in the Business;
- D. The parties hereto are desirous of initiating and acting upon opportunities for marketing of the Software to third parties;
- E. The Developer is willing to pay to the Company a royalty based on the software license fees paid by third parties for use of the Software on the terms and conditions hereinafter set forth.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises, covenants and agreements of the parties set out in this Agreement, the parties do hereby covenant and agree as follows.

### 1. Royalty Grant

- 1.01 Subject to the terms and conditions set out in this Agreement, the Developer shall pay to the Company a royalty of [royalty] (%) per cent of the gross proceeds received by the Developer as license fees in respect of the modules of the Software set forth in Schedule "A" attached when, in future, their use is licensed by the Developer to third parties engaged in the Business ("End-Users").