

**PAYPRO GLOBAL INC.
AUTHOR AGREEMENT**

This Author Agreement (this "Agreement") is made effective upon acceptance hereof:

BETWEEN:

You
(the "Author")

and

PAYPRO GLOBAL, INC.
250 The East Mall, Suite 1117, Toronto, Ontario, Canada, M9B 6L3, tel: +1-866-933-4313
("Paypro")

RECITALS:

- A. Author will provide Paypro with copies of Authors products (if Paypro delivers the product electronically), as well as other information regarding Author's products requested by Paypro to allow Paypro to offer Author's products for sale through the Paypro platform. Author may provide Paypro with suggested retail prices for the products. As the reseller, Paypro shall be free to determine, in exercise of Paypro's sole and absolute discretion, the actual prices at which Paypro will resell the products through Paypro platform. Title to all products will remain with Author until Paypro process an order by a customer, at which time Paypro purchases the applicable product(s) from Author, and title to those products will pass to Paypro for immediate subsequent passage to the customer. Paypro shall have full control over the privacy policy, terms and conditions of sale, and text of pages which are utilized in connection with Paypro platform. Paypro will retain ownership of the Paypro platform.
- B. Paypro may sell Author's products, as a reseller and the merchant of record, on Paypro's Paypro platform. This includes, but is not limited to, submitting the product into Paypro's virtual catalogue, marketing the product (e.g., in leading magazines), provisioning an order form for the secure ordering of the product via Paypro's server, electronically delivering the product to customers, collecting payment thereof, collecting customers information and marketing the product through Paypro's affiliate network, which allows Paypro to place the product in Paypro's online partner shops.
- C. Author is the owner (or licensee and entitled to issue the rights of sublicense herein) of certain software products, services and other products identified by the Author through the applicable functionality on the Website (as defined herein).

TERMS OF AGREEMENT:

- 1. DEFINITIONS. In this Agreement:
 - a) "Affiliate" means a third party who shall have entered into an Author agreement with Paypro, on terms substantially similar to this Author Agreement, and who shall have at any time agreed with the Author using the Affiliate functionality of the Website, to become an Affiliate of the Author;
 - b) "Delivery" means the electronic delivery of Electronic Products via the Website or the physical delivery of Physical Products by the Fulfillment Agent;
 - c) "Electronic Product" means each copy of a Product that is delivered electronically by means of an internet download or email attachment through the use of the Website;
 - d) "End User" means any owner or user of a Product that shall have acquired ownership or the right of use thereof through Paypro, any sublicensee of Paypro or through the Website;
 - e) "Fulfillment Agent" means any third party service provider retained by Paypro from time to time to store, consign and deliver Physical Products;
 - f) "Paypro Services" means the purchasing facility provided through the Paypro server or Paypro Help Desk, including the administration, banking and support elements of the facility as offered or amended by Paypro from time to time;
 - g) "Product" means each product, good or service identified in Schedule A hereto or identified by the Author through the applicable functionality on the Website, except in the case of a software program identified in Schedule A or identified by the Author through the applicable functionality on the Website, in which case "Product" means the licensed Right to the use by an end user of that software program;
 - h) "Physical Product" means each copy of a Product that is delivered to the End User on a tangible storage medium that is delivered via courier or similar services from Paypro or its Fulfillment Agent to an End User;

- i) "Website" means the world wide web site located at URL www.payproglobal.com and includes all software constituting the Paypro software distribution system and all services and functionality or otherwise available for use by the users of the Website including the Author, and available and all intellectual property rights therein including all copyright therein.
2. GRANT OF LICENSE. The Author hereby grants to Paypro a non-exclusive, non-transferable license for the re-sale of the Products. Notwithstanding anything else herein the Author shall retain title to and ownership of all its intellectual property forming part of or subsumed within the Products including all its copyright in all software forming part of the Products. The Author may add or remove any Product from this Agreement from time to time using the functionality features of the Website.
 3. LICENSE The license granted herein shall be as follows:
 - a) Paypro shall have the non-exclusive, non-transferrable right to sell licenses for the use of Products by End Users and the non-exclusive, non-transferrable license to the use of the Author's trademarks for display it on the Website and any promotional materials or other websites of Paypro or relating to the Website.
 - b) Each End User shall acquire by assignment from Paypro a license for the use of Products only upon the End User's execution of a purchase agreement setting forth Paypro's terms and conditions of sale, including the assignment of a license for the use of the Product, and acceptance of the Author's form of License Agreement packaged with each Physical Product and accepted for each Electronic Product, so that each End User shall be a direct licensee of the Author;
 - c) Paypro shall not be the licensor of End User licenses;
 - d) Paypro shall have no right to provide, and shall not provide, warranty, maintenance or support services, except for download and fulfillment services when applicable, for the Products to End-Users and all requests therefore received by Paypro shall be forwarded to the Author.
 4. LIABILITY. Subject to Paypro's obligation to make payments for gross negligence or willful misconduct as set out in paragraph 10, Paypro shall not be liable for any claims or damages arising from its inability to fulfill, in whole or part, any of the Paypro services or from any failure of or defect in the any Product and the Author indemnifies and holds Paypro harmless against any such claim or damage from any party whatsoever. All implied warranties relating to Paypro and the Website, including without limitation any warranty for fitness of purpose or of merchantability, are expressly excluded. The Author indemnifies and holds Paypro harmless against any claim or damage from any party whatsoever arising from such party's use of the Product as delivered to Paypro or as delivered to the End-User. In no event shall Paypro be liable to Author (or anyone claiming under or through Author) for any indirect, special, incidental or consequential damages of any kind even if the Paypro is aware of the possibility of such damages.
 5. WARRANTY OF TITLE AND USE.
 - a) The Author warrants that it, and anybody authorized by it to do so, has the right to distribute and license the Products, that such distribution and sale is lawful, and will not infringe the intellectual property rights, or any rights, of any third party, and further that the distribution and sale of the Products as contemplated herein shall not constitute a fraudulent or unlawful use of the software and services inherent in the Products. The Author shall defend and indemnifies and holds Paypro harmless against any claim or damage from any party whatsoever arising from a breach of the warranties in this subsection a).
 - b) Paypro warrants that it has the right to provide the Paypro Service and warrants peaceful enjoyment by the Author of the license rights herein in accordance with the provisions hereof.
 - c) Except as set forth in this subsection c), and to the extent an express Product warranty is made to an End User in Author's End User license agreement, Author makes no warranties or representations regarding the product to any person. To the extent permitted by applicable law, all implied warranties, including but not limited to implied warranties of merchantability and fitness for a particular purpose, are hereby excluded. Neither the Author, nor any of its licensors warrants the results of any products or that all errors in the products will be corrected, or that the functionality of the product will meet Paypro's or any End-User's needs.
 6. WARRANTIES AND COVENANTS OF THE AUTHOR.
 - a) Author shall not, and it shall not permit any person related to it to use any of the Paypro Website links on any illegal marketing campaign;
 - b) Author shall not, and it shall not permit any person related to it to use any of the Paypro Website links on any UCE (spam) email campaign, whether or not the email addresses obtained through the use of the Website are of opt-in type;
 - c) Author shall accurately describe all Products on the Website;
 - d) Author represents and warrants to and in favour of Paypro as follows:
 - i. The Products are free of defects and do not infringe upon the intellectual property rights including copyright of any third party;

- ii. The Products are compliant with all applicable laws and regulations;
 - iii. The Products are free of viruses and all similar or other malicious or damaging code;
- e) Author shall indemnify Paypro for all losses, damages or claims suffered by Paypro as the result of:
- i. The breach by Author of any of the warranties provided above;
 - ii. Any loss or injury to any person caused by or related to the Products or the use thereof by any person;
- f) the Author shall abide by Paypro's returns policy with respect to all Product purchases, including the right of any End User to return any product purchase within 30 days of purchase for a full refund; the obligation to promptly respond to all End User refund requests within 7 days of the date of such request; and as otherwise determined by Paypro in its sole discretion and communicated to the Author from time to time.

7. COVENANTS OF PAYPRO.

- a) Paypro shall use its best efforts to maintain the security of its on-line distribution service and shall cease distribution of the Products if it has, in Paypro's sole discretion, reason to believe that such security has been compromised.
- b) Paypro shall complete delivery of each Product purchased through the Website, provided that Paypro shall not deliver any Product before it shall have been paid the purchase price (together with applicable taxes, processing and delivery charges) in respect of such Product.
- c) Paypro may refuse delivery of any Product order for any reason in its sole discretion.

8. SOFTWARE CHANGES. Paypro reserves the right to change, add to, improve and issue new versions of the Website and the functionality of the Website.

9. INTELLECTUAL PROPERTY.

- a) All intellectual property rights in the Website are and shall remain the property of Paypro, and the Author shall not remove any markings, trade names or logos from any product of Paypro.
- b) All intellectual property rights in the Products shall at all times remain the sole property of the Author or its licensors. Nothing contained in this Agreement shall grant to Paypro any right, title or interest in and to the Products or to the trademarks, copyrights, patents or trade secrets of the Author or its licensors.
- c) Paypro shall not alter, erase or deface any trademark, trade name, copyright and other notices of proprietary rights used by the Author for the Products and will not during or after the term of this Agreement, assert or claim any interest in, or do anything that may adversely affect the validity or enforceability thereof.
- d) Paypro shall use its best efforts to protect the proprietary rights of the Author and its licensors and to cooperate in the Author's efforts to protect such rights. Paypro agrees to promptly notify the Author of any actual or suspected violation of such proprietary rights of which it has knowledge.

10. AFFILIATES.

- a) The Website includes functionality that will allow other developers, suppliers, sellers and authors to contact the Author for the purpose of becoming Affiliates of the Author. The Author may approve any one or more Affiliates through the functionality of the Website and by agreeing, with each Affiliate, on an applicable commission rate (the "Commission Rate");
- b) The Website will track:
 - i. the Author's Affiliates;
 - ii. the Commission Rate applicable to each Affiliate; and
 - iii. referrals by each Affiliate directing End Users to the Products.
- c) If the Website shall track an End User from a web page of an Affiliate and that End User shall purchase a Product after having been referred to the Author by any web page of the Affiliate, Paypro shall deduct from the portion of the proceeds of such sale otherwise payable to the Author pursuant to Section 11, the a commission (the "Affiliate Commission") based on the application of the Commission Rate to the sale price of the Product sold;
- d) Paypro will process on a monthly basis total Affiliate Commissions from Product sales made up to the last calendar day of each calendar month, and this total less Value Added Tax, Sales Tax (or any other applicable tax) will be paid to Affiliates of the Author within 60 days after the end of the applicable month. Payment will be made on an Affiliate's account only when Affiliate Commissions shall have reached a minimum of \$400.00 for the period in question (including unpaid amounts under

\$400.00 from prior periods). Paypro shall be entitled to recover from the Affiliate or to setoff against future amounts owing, at Paypro's discretion, Affiliate Commissions on Product Sales that are charged back or disputed by the purchaser of a Product, and Paypro shall not be liable to Author or its Affiliate if End User continues to make use of the Product. Author shall, within 30 days after demand by Paypro, pay to Paypro any amount owing to Paypro for Affiliate Commissions or otherwise as a result of a shortfall of sales proceeds collected on sale of Products in any month;

- e) Author hereby represents, warrants and undertakes to Paypro that by acceptance of any person as an Affiliate, Author grants to such Affiliate all necessary licenses and rights (including trademark licenses) to enable the Affiliate to sell or promote the Products;
- f) Paypro shall not be liable to the Author or any Affiliate for any matter or arising from the negotiation of Affiliate Commission rates, any dealings between the Author and any Affiliate including any obligation or alleged obligation on the part of either the Author or an Affiliate to engage in any marketing or promotional activity with respect to any Product, or any other dispute between the Author and any Affiliate. The Author shall indemnify and hold Paypro harmless from each of its Affiliates for any loss, or damage by Paypro or any claim made against Paypro by any person arising from any dealings or agreement or alleged agreement between Author and an Affiliate;
- g) Author may terminate the status of any Affiliate as an Affiliate at any time. Subject to the agreement of the Affiliate, Author may change an Affiliate's commission or the means of calculating the Affiliate's commission.

11. PAYMENTS.

- a) Subject to the following provisions, the Author, not more than once per calendar year, shall be entitled to audit, to be conducted by an accountant independent of both the Author and Paypro (the "Auditor"), for the verification of the monthly total sales revenue and the fees due to Paypro by the Author hereunder, the sales records of Paypro with respect to the Products and to deliver to the Author and Paypro a report thereon (the "Auditor's Report"). The Author shall furnish 14 days notice in writing of its request for an audit. Except as follows, the Author shall pay all the costs of the Auditor. In the event of the Auditor shall determine that errors have been made in the manner of calculation of the payments to the Author, and such errors result in the underpayment of amounts paid to the Author exceeding 5% of the amount payable in any month, Paypro shall pay the Auditor's costs of the Report that disclosed such error in addition to the payment of all fees owing to Author.
- b) Paypro shall provide the Auditor with reasonable access to its relevant books and records during normal business hours.
- c) If Paypro reasonably believe that the Website is being used by the Author or parties related to it fraudulently or otherwise in breach of the provisions hereof Paypro may withhold all payments to the Author pending further investigation by Paypro.
- d) Unless otherwise agreed by the Parties, Paypro will process on a monthly basis total proceeds received from Product sales made up to the last calendar day of the previous month, and this total less applicable service and handling charges, Value Added Tax, Sales Tax (or any other applicable tax), commission payable to any Affiliates pursuant to Section 10 and Paypro's commission on sales proceeds as set out in Exhibit A hereto, will be paid to the Author, unless otherwise agreed by the parties, by the fifteenth day of the following month. Paypro will provide a statement of the foregoing amounts on a monthly basis. The Author shall promptly review each statement for accuracy and unless the Author shall have notified Paypro of discrepancies or errors within 60 days after receipt of a statement, Author shall be deemed to have accepted the statement as accurate and complete and it shall be final and binding on the parties. Payment will be made on the account only when sales proceeds received shall have reached a minimum of \$400.00 for the period in question (including unpaid amounts under \$400.00 from prior periods). Paypro shall be entitled to recover from the Author or to setoff against future amounts owing, at Paypro's discretion, payments that are charged back or disputed by the purchaser of a Product, and Paypro shall not be liable to Author if End User continues to make use of the Product. Paypro shall provide reasonable information and assistance requested by the Author to pursue the unauthorized use of a Product. Author shall, within 30 days after demand by Paypro, pay to Paypro any amount owing to Paypro for commissions or otherwise as a result of a shortfall of sales proceeds collected on sale of Products in any month. Paypro is not obligated to retain any of the data provided to Author hereunder. Paypro recommends Author back up all sales data as and when received from Paypro.
- e) End User refunds shall be processed by the Author using the Paypro Refunds facility available on the Website. The Author acknowledges that Paypro shall have incurred charges upon the initial purchase of a Product by an End User. Commissions payable in accordance herewith are fully earned upon initial sale and payment by the End User and are not refundable to Author notwithstanding any refund paid or payable by Author to an End User. Processing fees, tax, shipping, handling, or other purchase related costs are not refundable shall not be refundable to the End User by Paypro.
- f) When a chargeback occurs, Paypro will charge the Author's account for the amount charged back together with any credit card processor fees assessed to Paypro and an addition to a USD15.00 chargeback fee. The Author shall maintain a refund policy that allows an End User a refund within 14 days of its purchase of any Product, for any reason including where the Product does not work properly or it is not as described by the Author. In order to prevent chargebacks, the Author shall maintain a more lenient, no questions asked, refund policy whenever possible. If a refund dispute arises between the Author

and an End User, the Author shall resolve it within 7 days after which, if the dispute remains unresolved, Paypro may, in its sole discretion issue a refund on behalf of the Author.

- g) All payments will be made by Paypro or a third party in US dollars or with other major currencies.
- h) Notwithstanding the foregoing, in the event this agreement shall be terminated for any reason, Paypro shall suspend monthly payment of fees for 6 months. Within 6 months after termination of this agreement, Paypro shall make a single payment to Author of the balance of all fees owing to it net of all applicable deductions and charge backs.

12. DURATION.

- a) This Agreement shall become effective from the registration date, and shall remain in effect for a period of twelve (12) months thereafter (the "Initial Term"). After such time the Agreement shall be extended automatically for additional periods of twelve (12) months each (together with the Initial Term, the "**Term**"). Notwithstanding the foregoing:
 - i. Author may terminate this Agreement upon the provision of thirty (30) days advance written notice to Paypro.
 - ii. Paypro may terminate this Agreement at any time.
- b) Any money collected by Paypro on behalf of a Author after termination of this agreement shall continue to be paid out by Paypro in accordance with the terms hereof, but Paypro shall have no duty to process any transaction for the Author. Paypro may retain a reserve from the money collected for up to 3 months to cover future chargebacks and refunds. The reserve will be paid out to the Author when deemed appropriate in Paypro's sole discretion.
- c) If in the sole discretion of Paypro, a Product or the Website shall have been fraudulently used by either the Author or the Author's customers, or that a Product or any content software inherent in a Product is not acceptable for sale on the Website, or if the Author's chargeback rate exceeds 1% over any 1 month period, or if the Author's refund rate exceeds 2% over any 1 month period, Paypro may terminate this agreement immediately and shall forthwith thereafter give notice to the Author.
- d) If in the sole discretion of the Author it is considered that the Products have been fraudulently used, that the security of the Products has been jeopardized, or that Paypro is in material breach of its payment obligations to the Author, the Author shall have the right to terminate this agreement immediately on notice to Paypro.
- e) Upon termination and subject to the reserve entitlement in subsection c), Paypro shall remit all fees owing to the Author according to the terms of this agreement and Paypro shall immediately cease distribution of the Products, except when required to support existing End User orders. Upon termination of this Agreement, Paypro shall promptly return to the Author, or delete from all electronic storage media and servers of Paypro as applicable, all copies of the Products, the Author's End-User agreement and any marketing or other materials relating to the Products and belonging to the Author.

- 13. **AUTHOR'S SALE PRICE.** The Author's sale price shall be set by the Author and entered in the Website per the Product registration details. Paypro is located in Ontario and will collect the required Sales tax for Canadian residents for all products, these taxes will be submitted by Paypro to the appropriate authorities. As of July 1st 2003 Paypro will also collect VAT when selling an electronic products to any non-business user located in the EU. Business users will be able to waive said VAT charges by providing a valid VAT ID, these taxes will be submitted by Paypro to the appropriate European authorities. It is the responsibility of the Author to properly mark their products as electronically delivered only or not. Any other applicable taxes, duties, imposts or the like shall remain the responsibility of the Author.
- 14. **AUTHOR'S END USER LICENSE.** It shall be the Author's responsibility to provide an end user license, and such license shall not contain any terms or conditions that are contradictory to those in this agreement. To the extent of any such conflict, the terms hereof shall govern. The Author may update its end user license at any time and Paypro shall promptly substitute any updated version of Author's end user license provided by the Author. Paypro may not modify Author's end user license or agree to any changes thereof without the Author's express written consent.
- 15. **LIMITATION.** Paypro shall not be liable to the Author or any End User for any loss or damage suffered by either of them as a result of fraud committed by an End User or other customer or user of the Website or as a result of any hacking, piracy, virus or other malicious, intentional or negligent act of any third party.
- 16. **NOTICE OF ERRORS AND INFRINGEMENTS.** The Author shall notify Paypro immediately if it becomes aware of any errors in the Website, and of any infringement of any of Paypro' intellectual property rights.
- 17. **SERVICE OF NOTICES.** Any notice to be given hereunder shall be sufficiently given if forwarded by e-mail with receipt, registered post, or hand or courier delivery, to Paypro as provided from time to time on the Website and to the Author to the address stated above or to such other address of which the Author shall notify Paypro in accordance with this paragraph.
- 18. **ARBITRATION.** All disputes between the parties arising from this agreement, including disputes as to the validity or existence of this agreement shall be referred to and finally determined by arbitration, conducted in the English language in Toronto, Ontario and in accordance with the Arbitrations Act (Ontario). The proceedings shall be secret and the award shall be final and binding on the parties, and each party consents to the award being made an order of any court of competent jurisdiction.

19. NO PARTNERSHIP OR AGENCY. Paypro is service provider to the Author as an independent contractor and is not an agent or employee of Author. Nothing in this agreement shall constitute or be deemed to constitute, a partnership between the parties, or to constitute either party as an agent of the other. The Author shall have no authority or power to bind Paypro or to contract in the name of Paypro or to create a liability against Paypro in any way or for any purpose.
20. SEVERABILITY. Should any part of this agreement be declared to be void or invalid by the final decision of any court of competent jurisdiction, the remainder of this agreement shall continue to be in force between the parties, as if the portion which has been declared invalid or void was excluded from the Agreement at commencement thereof.
21. FORCE MAJEURE. Neither party will be liable for any delay in or failure of performance if such delay or failure arises from any event beyond its reasonable control including any act of God, war, civil commotion, fire, explosion, lightning, storm, flood, earthquake, accident, rebellion, insurrection, riot, industrial dispute or lock-out, or act of government. If such an event prevents or delays one party from performing any of its obligations under this agreement, it must notify the other party as soon as reasonably practicable, and must recover from such position as soon as possible.
22. LAW. This agreement shall be governed by the laws of Ontario and the laws of Canada applicable therein.
23. GENERAL. No representation, term, condition, guarantee, or warranty, not contained in this agreement, nor any amendment of, addition to, or consensual cancellation of, this agreement, nor any indulgence of one party by the other, or waiver of either party's rights provided in terms of this agreement, shall be binding on the parties unless reduced to writing and signed by or on behalf of both parties.
24. Paypro, at its sole discretion, may refund an End User's purchase and the Author has no recourse to Paypro. For information only, but without obligation to do so in any case, it is Paypro's practice to send the Author 3 emails of increasing urgency to respond to an End User's refund request, and if Author fails to respond to all 3 requests and the End User is credibly threatening a chargeback, Paypro will consider, and may make, a refund.
25. Adult entertainment content (pornography, gambling, etc.) is not permitted on Paypro, and Paypro reserves the right to immediately shut off any Author account for any violation of this prohibition as determined in the sole discretion of Paypro.
26. ENTIRE AGREEMENT. This agreement incorporates the entire understanding between the parties with respect to the subject matter, and supersedes all prior oral and written agreements and understandings between them . Any amendment to this Agreement shall be made in writing only, signed by both parties.

EXHIBIT A

Commission on sales: 4.9% + \$1USD