

# Profit Sharing Agreement

This Profit Sharing Agreement (hereinafter "**Contract**", "**Agreement**") is entered into on \_\_\_\_\_ (the "**Effective Date**"), by and between \_\_\_\_\_, with an address of \_\_\_\_\_ (hereinafter referred to as the "**Company**") and \_\_\_\_\_, with an address of \_\_\_\_\_ (hereinafter referred to as the "**Representative**"), also individually referred to as "**Party**" and collectively "**the Parties**".

Whereas, the Company holds ownership of all intellectual property rights and all other assets related to their developed product (the "**Product**").

The Company and the Representative hereby agree to enter into an arrangement where both Parties will share profits realized from the Product's sales.

## **I. Responsibilities**

The Representative agrees to perform the following duties and responsibilities, in regards to the Product and this Contract:

- 1.1. Commit to the growth of the Product by using their skills and expertise for activities that include, but are not limited to: customer research, customr prospecting, customer experience enhancing and measuring, sales and marketing efforts, operations, etc.
- 1.2. Perform other duties and services that are required by the Company, in regards to the Product, in order to accomplish the aims of this Agreement.
- 1.3. Consult with the Company in regards to the strategy of the Product.
- 1.4. Focus in goodwill on the future development and growth of the Product.
- 1.5. \_\_\_\_\_
- 1.6. \_\_\_\_\_
- 1.7. \_\_\_\_\_
- 1.8. \_\_\_\_\_
- 1.9. \_\_\_\_\_
- 1.10. \_\_\_\_\_
- 1.11. \_\_\_\_\_

## **II. Profit Sharing**

Both Parties agree that the Representative, should they respect the terms and conditions of this Contract, shall be entitled to \_\_\_\_\_ percent of the profits earned for the sales of the Product that are the direct result of the Representative's effort.

- 2.1. In order for any monies or revenues of the Company to be considered a "direct result" of the Representative's efforts, all contact, marketing efforts and/or sales efforts must have been made directly by the Representative. Thus, this qualifies as a "direct result" sale.
- 2.2. "Profits" shall be calculated, in a reasonable manner, by both Parties, upon consulting the financial indicators of the Company. For the purposes of this Profit Sharing Contract, the profits shall be calculated as the sale price, minus any expenses incurred by the Company paid on behalf of the Representative in furtherance of the sale and cost of the goods sold.
- 2.3. Both Parties hereby agree that the Representative is therefore considered an independent contractor and not an agent, employee or part of the personnel of the Company.
- 2.4. Any statements, representations, commitments of any kind or action which shall be binding on the other Party may only be made with express, written authorization from both parties.

## **III. Expenses**

As part of this Contract, the Representative is able to be reimbursed for expenses made as part of their efforts to sell the Product, but only if both the Company and the Representative together agree upon such expenses. The Representative hereby vows to keep and share all the relevant fiscal documents, including but not limited to: invoices, receipts, purchase orders and the likes of it.

## **IV. Confidentiality**

Any materials, proprietary information, trade secrets, industry knowledge and other confidential information transferred from the Company to the Representative must be kept confidential by the Representative, unless disclosure is required by a process of the law.

Divulging any of this information for any purpose beyond the scope of this Contract, or beyond the exceptions set forth above, is forbidden without the prior consent of the Company, even after the termination of the Contract.

The Representative consents to not using any of this proprietary information for their own benefit at any time.

#### **V. Term**

The Contract shall be effective from the date of signing (hereinafter “**Effective Date**”) and will continue until \_\_\_\_\_.

Upon the end of the term of the Contract, this Contract will not automatically renew for a new term.

#### **VI. Termination**

The Contract may be terminated at any given moment by either the Company or the Representative. Written notice is required by any of the Parties at least \_\_\_\_\_ days in advance.

In such an event:

- **The Company** is responsible to pay for all the Profit that has been created and delivered up to the date of termination of the Contract, except for the case in which the Representative’s services has breached the Contract.
- **The Representative** shall continue to get remunerated herein based on any sales that are the direct result of the Representative’s effort.
- **The Representative** shall direct all further contact from any existing or prospective customers of the Product to the Company.
- **The Representative** agrees to return or destroy, based on the Company’s wishes, any physical/digital copies of the Company’s proprietary information in its possession.

#### **VII. Representations and Warranties**

The Contract is a legally binding agreement between both Parties, as stated above. The Parties each represent that they have the authority to enter into this Contract.

Both Parties commit to not violating the rights of any third party or otherwise violate other, if any, agreements made between them and/or any other business entity or governmental organization.

### **VIII. Indemnity**

The Parties agree to indemnify each other as well as related affiliates, officers, agents, permitted successors and/or employees and assigns against any and all kinds of claims, losses, liabilities, penalties, damages, punitive damages, expenses, reasonable legal fees and costs of any kind whatsoever, which may result from negligence or breach of this Contract by the indemnifying Party, its respective successors and assigns that occur in connection with this Contract.

In addition to the above, this section will remain in full force and tact as well as effective after the termination of the Contract by its natural termination or the early termination by either Party.

### **IX. Disclaimer of Warranties**

The Representative warrants to complete and deliver the Work Product enlisted upon in this Contract as per the Company's specifications and requests. However, the Representative does not guarantee, represent or warrant that the services will create any additional revenues, profits, sales, exposure, brand recognition or the likes of the aforementioned. Moreover, the Representative does not bear any responsibility to the Company if the Work Product does not lead to the Company's desired result(s).

### **X. Limitation of Liability**

The Representative will commit to finding the best suppliers and Representatives according to the needs and requirements of the Company. However, the Representative does not guarantee and cannot be responsible for any suppliers' and Representatives' performance and/or product.

Neither of the parties will be liable for any indirect, consequential, punitive or special damages (including lost profits) that come out of this Contract or the transactions it entails (whether for breach of contract, tort, negligence, or any other form of action).

### **XI. Waiver**

The failure by either of the Parties to exercise their rights, power and/or privileges under the terms of this Agreement will not be considered as a waiver of any subsequent/future/other exercises of that right, power and/or privileges.

## **XII. Legal Fees**

In the case in which legal action takes place, the successful Party will be entitled to its legal fees, including but not limited to its attorneys' fees.

## **XIII. Severability**

In an event where any provision of the Contract has been found to be void and/or unenforceable by a court of competent jurisdiction, the remaining provisions will remain enforceable according to the Parties' information.

## **XIV. Legal and Binding Agreement**

The Contract is a legally binding agreement between both Parties, as stated above. The Parties each represent that they have the authority to enter into this Contract.

## **XV. Relationship between the Parties**

The Parties agree that this Contract an agreement where both Parties are regarded as individual contractors and not as employees. This Agreement does not constitute the basis for a partnership, joint venture or any other relationship between the Company and the Representative with fiduciary duties.

## **XVI. Governing Law and Jurisdiction**

The Parties agree that this Contract shall be governed and construed in accordance with the laws of \_\_\_\_\_.

## **XVII. Entire Agreement**

This Contract contains the entire agreement and understanding among the Parties hereto with respect to the subject matter hereof. This Contract supersedes all prior agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. In the event that the Parties desire to change, add, or modify any of the terms agreed upon in this Contract, they shall do so in writing to be signed by both parties.

The Parties hereby agree to the terms and conditions set forth above in this Contract by their signatures, as follows:

**COMPANY**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**REPRESENTATIVE**

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_