

# SOFTWARE DEVELOPMENT AGREEMENT

Android App: "\*\*\*\*\*"

The software development agreement (the "Agreement") is made and effective on April 26<sup>th</sup> 2012,

**BETWEEN:** \*\*\*\*\* a corporation organized and existing under the laws of the state of Illinois, USA, with its head office located at:

**AND:** \*\*\*\*\*, (the "Developer"), a corporation organized and existing under laws of Serbia, with its head office located at:

## 1. PURPOSE OF THE AGREEMENT

Customer desires to hire Developer to develop the Android app software (the "Software") described in Functional specifications contained in Exhibit A attached to this Agreement. Developer is able to undertake the development of the Software and agrees to do so under the terms and conditions set forth in this Agreement

## 2. DEVELOPMENT PLAN

Project will be executed as per Development Plan (the "Development Plan") for the Software, satisfying the requirements set forth in the Functional specifications. The Development Plan includes:

- A. Specifications of what will be developed - attached as Exhibit A to this agreement
- B. A listing of all items to be delivered to the Customer under this Agreement ("Deliverables") - attached as Exhibit B to this agreement
- C. A delivery schedule containing every date for each Deliverable - attached as Exhibit C to this agreement

## 3. PAYMENTS

Total contract price is \$2400 (two thousand four hundred US dollars).

Customer shall pay 25% of total contract price or \$600 (six hundred US dollars) prior development start date defined in Exhibit C.

Customer shall pay the Developer the remaining sum of \$1800 (one thousand eight hundred US dollars) after Software testing and acceptance by the Customer.

## 4. ACCEPTANCE TESTING OF SOFTWARE

Immediately upon completion of development phase set forth in Development Plan's delivery schedule, Developer shall deliver Software to Customer. Customer shall have 7 days from the delivery to inspect, test and evaluate it to determine whether the Software satisfies requests set forth in the Development Plan.

If the Software does not satisfy acceptance criteria, Customer shall give Developer written notice stating why the Software is unacceptable. Developer shall have 7 days from the receipt of such notice to correct the deficiencies. Customer shall then have 7 days to inspect, test and reevaluate the Software. If the software does not satisfy acceptance criteria, Customer shall have the option of either: (1) repeating the procedure set forth above or (2) terminating this agreement pursuant to the section of this Agreement called "Termination".

Customer shall promptly notify Developer that it accepts delivered Software, if and when acceptance tests show the Software delivered upon completion of any phase of the development complies with the acceptance criteria.

## **5. MAINTENANCE OF SOFTWARE**

Beginning on the first day of Software's operational usage following final acceptance of the Software by Customer, Developer shall provide the following error-correction and support services under this Agreement:

- A. During first one month upon beginning of Software's operational usage by Customer, Developer shall provide minor design changes
- B. During first 1 month upon beginning of Software's operational usage by Customer, Developer shall provide all necessary bug fixes of the Software which are in Developer's area of responsibility Upon acceptance of the Software by the Customer, Developer cannot be responsible in any way for Software's functionality problems caused by additional changes applied to the Software by Customer or other third party and not by Developer itself. All such situations must be covered by additional Maintenance Agreement and are, in the terms of maintenance, beyond the scope of this Agreement.

## **6. CUSTOMER TERMINATION OF MAINTENANCE**

Customer may discontinue the maintenance services described above upon not less than 5 days' written notice to Developer.

## **7. OWNERSHIP OF THE SOFTWARE**

Customer is the only owner of the Software and of all copyrights and other intellectual property in software, algorithms, source code and object code developed under the scope of this Agreement upon full payment of the contract price specified under section 3 of this Agreement. Developer agrees to sign any

documents reasonably requested by Customer to document Customer's ownership of any such intellectual property

## **8. SOURCE CODE ACCESS**

Customer agrees that Software shall be delivered to Customer in object code and source code. Developer is responsible for providing well defined written documentation about the delivered software functionality and structure.

## **9. CONFIDENTIALITY**

During the term of this Agreement and 5 years afterward, Developer will use reasonable care to prevent the unauthorized disclosure of Customer's confidential information. Reasonable care means at least same degree of care that Developer uses to protect its own confidential information from unauthorized disclosure.

Because of the specific use of the Software in a closed circle of users, Developer will not be able to put on the reference list neither Software nor Customer.

## **10. TERM OF AGREEMENT**

This agreement commences on the day of acceptance by Customer and Developer and shall continue until full performance by both parties, or until early terminated by one of the sides under the terms of this Agreement.

## **11. TERMINATION OF AGREEMENT**

Each party shall have the right to terminate this Agreement by written notice to the other party, if a party has materially breached any obligation of this Agreement where such breach remains uncured for a period of 30 days after written notice of such breach was sent to the other party.

If Developer terminates this Agreement because of Customer's breach, all of the following shall apply:

- A. Customer shall immediately stop using the Software,
- B. Customer shall, within 10 days of such termination, deliver to Developer all copies and portions of the Software materials and documentation in its possession
- C. All amounts payable to Developer under this Agreement shall become immediately due

If Customer terminates this Agreement because of Developer's breach, all of the following shall apply:

A. Customer shall have the option of either:

1. Retaining such Software as has already been accepted by Customer, in which case the amount proportional to the total project price as such accepted Software represents, or
2. Returning all previously delivered Software materials and documentation in its possession to Developer, who shall promptly refund all amounts previously paid.

If Customer elects option 1 above, Customer shall promptly pay (or Developer shall promptly refund) such amount of the purchase price as is necessary, and Customer shall retain all ownership rights to the delivered Software.

The remedies set forth above are in addition to any other remedies a party may have for breach of this Agreement by another party

## **12. RELATIONSHIP DEFINITIONS**

Developer is an independent contractor. Neither Developer nor Developer's staff is or shall be deemed Customer's employees. All Developer's staff and resources will be controlled only by Developer itself.

## **13. MODIFICATIONS TO AGREEMENT**

Modifications and amendments to Agreement, including any exhibit or appendix hereto, shall be enforceable only if they are in written form, signed by authorized representatives of both parties.

## **14. INDEMNIFICATION**

- A. Developer's Duty to Indemnify. Developer agrees to defend Customer and its Subsidiaries against all claims arising from any actual or claimed infringement of any copyrights or trade secrets of any third party by Customer's use of the Software. Developer will pay all costs, damages and expenses (including reasonable attorneys' fees) incurred by Customer or its affiliates, subsidiaries, assigns, subcontractors, distributors, and customers and shall pay any award with respect to such claim or agreed to in any settlement of such claim.
- B. Customer's Duty to Notify. Customer agrees that it will give Developer prompt notice of any claim of infringement, and shall give Developer, at Developer's expense, the authority, information and assistance to pursue the defense of any such claim. If Developer does not diligently pursue

resolution of such claim nor provide Customer with reasonable assurances that it will diligently pursue resolution, then Customer may take responsibility for the defense. If the use of the relevant Software is enjoined because of Developer's infringement, Developer shall, at its expense and option:

1. Procure for Customer the right to continue using the Software;
2. Replace the relevant portion of the Software with non-infringing code with equivalent functionality and performance;
3. Alter the Software to be non-infringing, without detracting from the relevant Software function or performance; or
4. If none of the three options set forth above are commercially practicable, Customer may require Developer to accept the return of the Software and refund Customer the cost associated with the Software

## **15. LIMITATION OF LIABILITY**

**EXCEPT FOR THE INDEMNIFICATION OBLIGATIONS OF PARAGRAPH 15, OR DISPUTES RELATED TO INTELLECTUAL PROPERTY, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY PURSUANT TO THIS AGREEMENT FOR BE LIABLE TO THE OTHER PARTY PURSUANT TO THIS AGREEMENT FOR:**

**A. ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES WHATSOEVER ARISING OUT OF, CAUSED BY OR RELATED IN ANY WAY TO THE BREACH OF ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT, EVEN IF THE PARTY HAD BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE PARTIES EXPRESSLY AGREE THAT THE ABOVE LIMITATION ON DAMAGES IS AN ALLOCATION OF RISK CONSTITUTING IN PART THE CONSIDERATION FOR THIS AGREEMENT;**

**OR**

**B. AN AMOUNT THAT EXCEEDS THE TOTAL AMOUNT PAID (OR OWED) BY CUSTOMER TO DEVELOPER UNDER THIS AGREEMENT.**

## **16. GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, USA.

## **17. DISPUTE RESOLUTION**

In the event a dispute arises in connection with the interpretation or implementation of this Agreement or any other matters between the Parties in connection with this Agreement, the Parties shall attempt in the first instance to resolve such dispute through friendly consultations. If the dispute is not resolved in this manner within sixty (60) days after the date on which one Party has served notice on the other Party for the commencement of discussions, or within any mutually agreed extension or extensions of such sixty (60) day period, then the dispute shall be submitted for arbitration to the Chicago International Dispute Resolution Association in accordance with its arbitration rules then in force.

The arbitration award shall be final and binding on the Parties, and the Parties agree to be bound thereby and to act accordingly.

The cost of arbitration (including the arbitration fee and lawyer's fees) shall be borne by the losing party or as specified by the arbitration panel in the arbitration award.

**In the course of any arbitration proceeding, this Agreement shall be continuously executed except for the part which is under, or which is directly and substantially effected by, the arbitration proceeding.**

## **18. SIGNATURES**

The parties are fully authorized to bind their respective principals by their signatures below. The parties have executed this Agreement on the dates set forth first above, with full knowledge of its content and intending to be legally bound by the terms hereof.

**CUSTOMER**

**DEVELOPER**

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Authorized Signature

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Authorized Signature

Print Name and Title

Print Name and Title

