

THIS RELATIONSHIP AGREEMENT MADE AS OF THE \_\_\_\_ DAY OF \_\_\_\_, 20\_\_.

BY AND BETWEEN:

The Governors of the University of Alberta  
(hereinunder referred to as "UNIVERSITY")

AND:

Dr. XXXXXX  
of the City of Edmonton,  
in the Province of Alberta (hereinunder referred to as "DR. XXXXXX")

AND:

YYYYY Inc.  
a corporation incorporated under the laws  
of the Province of Alberta and having a place  
of business in the City of Edmonton, in the  
Province of Alberta  
(hereinunder referred to as "YYYYY")

WHEREAS:

- A. DR. XXXXXX is a Professor in the Department of \_\_\_\_ in the Faculty of \_\_\_\_ at the UNIVERSITY and as such is involved in research relating to the development of \_\_\_\_;
- B. DR. XXXXXX is a shareholder in YYYYY, the business of which is focused on the development and commercialization of \_\_\_\_;
- C. DR. XXXXXX and YYYYY have agreed to the involvement of the UNIVERSITY with YYYYY and acknowledge both the tangible and the intangible benefits which may result from this relationship;
- D. The UNIVERSITY, in contributing to the educational and cultural advancement of the people at large in the Province of Alberta, has as a goal determined to undertake, nurture, and promote the growth of projects to further the creation, discovery, and dissemination of knowledge and has agreed to enter into this Agreement with YYYYY in order to pursue the UNIVERSITY's aforesaid goal and in order to facilitate the business endeavors of DR. XXXXXX and YYYYY.
- E. This Agreement ensures the full disclosure to the UNIVERSITY of the relationship between DR. XXXXXX and YYYYY and of any intellectual property developed, invented or created by DR. XXXXXX at the UNIVERSITY that is transferred to YYYYY.

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS CONTAINED IN THIS AGREEMENT, EACH OF THE PARTIES HERETO COVENANTS AND AGREES WITH EACH OF THE OTHER PARTIES AS FOLLOWS:

## ARTICLE I GENERAL

### 1.01 Definitions

In this Agreement, unless a contrary intention appears, the following words and phrases shall mean the following:

- (a) “Agreement” means the whole of this Relationship Agreement (which includes any attached schedules) and not any particular Article or Section or portion hereof, unless the context is expressly to the contrary;
- (b) “DR. XXXXXX” means XXXXXX, Ph.D.;
- (c) “YYYYY” means YYYYY INC., a corporation incorporated pursuant to the Alberta Business Corporations Act (Alberta).
- (d) “Invention” has the meaning attributed to that word in the University Patent Policy in place from time to time;
- (e) “Inventor” has the meaning attributed to that word in the University Patent Policy in place from time to time;
- (f) “Technology” means the intellectual property described in Schedule “B” hereto and any and all materials, knowledge, know-how and techniques developed, invented or created relating thereto;
- (g) “UNIVERSITY” means The Governors of the University of Alberta, a body corporate under the *Universities Act* (Alberta);
- (h) “University Copyright Regulations” means the copyright regulations of the UNIVERSITY which are identified as such in the then applicable Association of Academic Staff – University of Alberta (AASUA) Agreement;
- (i) “University Patent Policy” means the patent policy of the UNIVERSITY which is identified as such in the then applicable Association of Academic Staff – University of Alberta (AASUA) Agreement.

### 1.02 Number and Gender

Words importing the singular number shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender and vice versa and words importing persons shall include firms and corporations and vice versa.

### 1.03 Heading and Divisions

The division of this Agreement into Articles and Sections and the headings of any Articles and Sections and the table of contents, if any, are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

### 1.04 Applicable Law

This Agreement shall be governed by the laws in force in the Province of Alberta.

### 1.05 Schedules

The Schedules mentioned in this Section 1.05 and attached hereto form part hereof:

- Schedule "A" Letter of Agreement (dated \_\_\_\_\_)
- Schedule "B" – Technology
- Schedule "C" – Share Certificate

### 1.06 Assignment

The rights of each of the parties in and to this Agreement are personal to such party and shall not be assigned or transferred.

### 1.07 Whole Agreement

This Agreement and any agreement made among the parties in accordance with the terms hereof constitute the only agreements among the parties relating to the transaction contemplated herein and supersede and replace all earlier agreements, including the Letter of Agreement executed by DR. XXXXXX, YYYY and the UNIVERSITY dated \_\_\_\_\_, a copy of which is annexed hereto and marked as Schedule "A".

### 1.08 Survival of Covenants

The terms and provisions, covenants and conditions contained in this Agreement which by the terms hereof require their performance by the parties hereto after the expiration or termination of this Agreement shall be and remain in force notwithstanding such expiration or other termination of this Agreement for any reasons whatsoever.

### 1.09 Non-Waiver

No condoning, excusing or overlooking by any party of any default, breach or non-observance by any other party at any time or times in respect of any covenants, provisos, or conditions of this Agreement shall operate as a waiver of such party's rights under this Agreement in respect of any continuing or subsequent default, breach or non-observance, so as to defeat in any way the rights of such party in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by such party, save only an express waiver in writing. No exercise of a specific right or remedy by any party precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

### 1.10 Severability

In the event that any part, section, clause, paragraph or subparagraph of this Agreement shall be held to be indefinite, invalid, illegal or otherwise violable or unenforceable, the entire Agreement shall not fail on account thereof, and the balance of the Agreement shall continue in full force and effect.

#### 1.11 Notices

All payments, reports and notices or other documents that any of the parties hereto are required or may desire to deliver to any other party hereto may be delivered only by personal delivery or by registered or certified mail, or telecopy, all postage and other charges prepaid, at the following addresses:

UNIVERSITY:

Research Services Office  
222 Campus Tower  
8625 - 112 Street  
Edmonton, Alberta, T6G 2E1  
Attention: Director  
Fax: (780) 492-7876

YYYYYY:

**Please add company address  
and fax number**

Fax:

DR. XXXXXX:

Department of \_\_\_\_\_  
Faculty of \_\_\_\_\_  
University of Alberta

Fax: (780) 492 \_\_\_\_\_

Any notice personally delivered or sent by telex or telecopy shall be deemed to have been given or received at the time of delivery telecopying. Any notice mailed as aforesaid shall be deemed to have been received on the expiration of five (5) days after it is posted, provided that in the event of a disruption in postal service, notices shall be delivered by alternative means.

#### 1.12 Time of the Essence

Time is of the essence of this Agreement.

## ARTICLE II CORPORATE STRUCTURE

#### 2.01 Equity Ownership

The UNIVERSITY shall be issued common shares constituting X percent (X%) of the total issued and outstanding pre-financing equity ownership of YYYYYY. A copy of the share certificate is attached hereto as "Schedule C".

## 2.02 Shareholders Agreement

Reporting requirements of the Board of YYYYYY to the UNIVERSITY, and certain rights for the sale of the shares by YYYYYY's shareholders will be included in a Unanimous Shareholders Agreement to be executed concurrently with the execution of this Agreement.

## 2.03 Guarantees

Under no circumstances will the UNIVERSITY be required to contribute any capital to YYYYYY or provide any guarantees or accept liabilities arising from its ownership of the shares.

## **ARTICLE III ROYALTY AGREEMENT**

### 3.01 Royalty Agreement

Each of the UNIVERSITY and YYYYYY covenants and agrees with the other that it will concurrently with the execution and delivery of this Agreement execute and deliver to the other a royalty agreement whereby the UNIVERSITY agrees to the transfer of the Technology to YYYYYY in consideration of the payment of royalties to the UNIVERSITY.

## **ARTICLE IV SEPARATE RESEARCH**

### 4.01 Utilization of University Facilities and Staff

YYYYYY covenants and agrees with the UNIVERSITY that:

- (a) except as otherwise specifically provided in written agreement between the UNIVERSITY and YYYYYY, facilities of YYYYYY shall be maintained and research programs of YYYYYY shall be conducted, independently of any UNIVERSITY facilities or staff and, in particular, independently of and from DR. XXXXXX's involvement with the UNIVERSITY and the laboratory facilities made available to DR. XXXXXX as a result of his employment with the UNIVERSITY;
- (b) unless otherwise agreed by the UNIVERSITY through the office of the Chair of the Department of \_\_\_\_\_, the office of the Dean of the Faculty of \_\_\_\_\_, and the Research Services Office, no students, post-doctoral fellows or other staff shall participate or be involved in YYYYYY projects or utilize its facilities nor shall YYYYYY have access to the laboratories of DR. XXXXXX;
- (c) where deviations from the aforesaid restrictions are permitted as contemplated above, the same shall be on such terms and conditions as the UNIVERSITY and YYYYYY may, from time to time, determine, as recorded in a written agreement;

(d) it will not accept from DR. XXXXXX, while he is an employee of the UNIVERSITY and for two (2) years thereafter, the transfer, assignment or licensing of any Invention or copyright works unless otherwise specifically approved in writing by the UNIVERSITY.

The UNIVERSITY, YYYYYY and DR. XXXXXX will use reasonable efforts to formulate procedures to minimize the time necessary to obtain the agreements required under this Section 4.01.

#### 4.02 Acknowledgment

DR. XXXXXX acknowledges to the UNIVERSITY:

- (a) that he is aware of the existing faculty guidelines and UNIVERSITY policies in regard to conflict of interest and conflict of commitment;
- (b) that all research conducted by him in his capacity with the UNIVERSITY shall be dealt with in accordance with UNIVERSITY policies in respect thereof;
- (c) that he will disclose to the UNIVERSITY through the Research Services Office and through the Dean of the Faculty of \_\_\_\_\_ the nature of the activities and extent of remuneration (both financial and otherwise) occurring between YYYYYY and any employees of the UNIVERSITY;
- (d) that he will not, while an employee of the UNIVERSITY and for two (2) years thereafter, transfer, assign, or license to YYYYYY any Invention or copyright works unless otherwise specifically approved in writing by the UNIVERSITY (which approval may not be unreasonably withheld);
- (e) that he foregoes any interest in UNIVERSITY income as that term is defined in the University Patent Policy and the University Copyright Regulations.

#### 4.03 Transfer of Technology

Each of the parties hereto acknowledges to each of the others that the UNIVERSITY has approved of the transfer to YYYYYY of only the Technology and that any transfer to YYYYYY of other technologies, Inventions, research projects or proposals initiated or conceived by DR. XXXXXX must be made on an individual basis, from time to time, only with specific approval in writing by the UNIVERSITY (which approval may not be unreasonably withheld). For greater certainty, no approval shall be granted by the UNIVERSITY for a transfer to YYYYYY of any Invention or copyright works unless specifically approved in writing by the UNIVERSITY, and accordingly the UNIVERSITY may require YYYYYY to provide evidence to the UNIVERSITY that the subject matter of the requested transfer is not in breach of this clause; provided that such request shall not include requests for opinions of patent agents which if required by the UNIVERSITY shall be obtained by the UNIVERSITY at its sole cost and expense.

## **ARTICLE V RELATIONSHIP OF PARTIES**

#### 5.01 Declaration Against Partnership

Each of the parties covenants and agrees with the other that it shall not hold itself out as partner, joint venturer, agent, employee or employer of the others.

Each of the UNIVERSITY and YYYYYY covenants and agrees with the other that nothing in this Agreement, in any agreement made pursuant hereto or in the acts of the parties in accordance with this Agreement or any agreement made pursuant hereto creates nor shall the same be implied or deemed to create an agency, partnership, joint venture or employer and employee relationship as between the UNIVERSITY and YYYYYY.

#### 5.02 No Representations or Warranties

EACH OF DR. XXXXXX AND YYYYYY ACKNOWLEDGES AND AGREES WITH THE UNIVERSITY THAT THE UNIVERSITY MAKES NO REPRESENTATIONS OR WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER, INCLUDING THE OWNERSHIP, MERIT, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR QUALITY OF THE TECHNOLOGY OR ANY RESEARCH PROJECT OR PROPOSAL TO WHICH IT GRANTS AN APPROVAL TO TRANSFER PURSUANT TO SECTION 4.03 AND AGREES THAT ANY INVESTIGATIONS UNDERTAKEN BY THE UNIVERSITY TO CONSIDER A REQUEST FOR TRANSFER ARE SOLELY FOR THE USE OF THE UNIVERSITY IN ASSESSING THAT REQUEST AND NOT FOR ANY PURPOSES OF DR. XXXXXX OR YYYYYY. ALL WARRANTIES AND CONDITIONS EXPRESSED OR IMPLIED, STATUTORY OR OTHERWISE ARE HEREBY DISCLAIMED BY THE UNIVERSITY. THE UNIVERSITY SHALL NOT BE LIABLE FOR ANY DIRECT, CONSEQUENTIAL OR OTHER DAMAGE SUFFERED BY YYYYYY, DR. XXXXXX, OR ANY OTHER PERSON IN RELATION TO ANY TECHNOLOGY, RESEARCH PROJECT OR PROPOSAL TRANSFERRED PURSUANT TO SECTION 4.03 OR ANY INVENTION, TECHNOLOGY OR PRODUCT RESULTING THEREFROM.

#### 5.03 Use of University Name

Each of DR. XXXXXX and YYYYYY covenants and agrees with the UNIVERSITY that it shall not use the name of the UNIVERSITY nor represent to anyone any association with the UNIVERSITY (other than as a party to the shareholders agreement and the royalty or license agreement, that DR. XXXXXX is an employee of the UNIVERSITY and in association with the fact that YYYYYY is a "spin-off" company of the UNIVERSITY) in conjunction with YYYYYY or its business without the prior written consent of the UNIVERSITY, which consent may be arbitrarily withheld.

#### 5.04 Law, Regulations and Policies

Each of DR. XXXXXX and YYYYYY covenants and agrees with the UNIVERSITY that it will comply with all UNIVERSITY policies and regulations and all applicable laws, regulations and orders of any authority having jurisdiction, including without limitation all environmental laws and UNIVERSITY environmental regulations and policies.

#### 5.05 No Variation in Policies

DR. XXXXXX acknowledges and agrees with the UNIVERSITY that nothing in this Agreement constitutes a waiver of any restriction or the granting of an approval under the

UNIVERSITY-AASUA Agreement for DR. XXXXXX to conduct work as an independent consultant to YYYYYY.

**ARTICLE VI  
INDEMNIFICATION**

6.01 Each of DR. XXXXXX and YYYYYY will hold harmless, indemnify and defend the UNIVERSITY from all liabilities, demands, damages, expenses and losses arising out of the use, sale or disposition by DR. XXXXXX or YYYYYY or by any party acting on behalf of or under authorization from DR. XXXXXX or YYYYYY of any Technology, Invention, copyright works or of any products made by the use thereof by YYYYYY, its directors, officers, employees or DR. XXXXXX.

IN WITNESS WHEREOF the parties hereto have executed and delivered this Agreement at the date set forth above.

**THE GOVERNORS OF THE  
UNIVERSITY OF ALBERTA**

Per: \_\_\_\_\_  
Vice-President (Research)

Per: \_\_\_\_\_  
Dean, Faculty of \_\_\_\_\_

**YYYYYY INC.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_ (c/s)

**DR. XXXXXX**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Dr. XXXXXX