Purpose

This document outlines the egalitarian general partnership between Christian Leger and Justin Girard, called the “parties” in the document:

Justin Girard

251 Keele Street, Toronto, On M6P 2K1

And

Christian Leger

**251 Keele Street, Toronto, On M6P 2K1**

# Goals:

This document is an attempt to specify what may be called an egalitarian videogame project – a project where people earn as much profit as time they put into the project. The amount of time put in can change over time, so this document attempts to separate “project ownership” from “profit”.

In essence: static “project ownership” can dictate organizational structure and creative direction, whereas “profit” rights are earned through work only.

The structure is also supposed to incentivise working hard to maximize “profit”, but should not ever threaten a person’s “project ownership”. It should also mean, as time goes by that newcomers don’t basically remain “profit slaves” to founders. It also means that if someone (Like Justin) gets a job, that their profit percentage can fall as their hours slide. Lastly, a mechanism to “buy future profit” is included, so if someone wanted to, they negotiate their way into a project. This might be an angle that a wealthy Graphic Designer or producer may execute in the future if they are given the option, and gives clear avenues for investment.

First of all, (for now) there is no business, there are only Video Game Projects. Each one, legally (in Canada) can probably be considered as an independent business partnership.

Video Game Project

# A. Who owns the creative output of each individual working on the project?

First, the creative output of a Video Game Project is the collection of art, code, software designs, drawings and/or other intellectual party shared between the parties. The Video Game Project is called a “project”.

A-1) Both parties completely own and may control all creative output with four specific limitations (I,II,III,IIII). Limitations aside, the parties may create derivative works, for profit, including founding new projects based on creative output.

A-1,I) The creative output can be used by either party to promote / advertise their own capabilities (with limitations imposed in A-1,III) .

A-1,II) The creative output cannot be used to create a similar project, for free or for profit, including a game that can be considered a sequel.

A-1,III) The un-compiled creative code, frameworks, or software designs (collectively called code) cannot be distributed to a third party without permission from both parties, with one exception: code can be distributed if it is to a new employee or business partner for the purposes of developing non-conflicting derivative works. Essentially, no party can turn the project open source or similarly allow for the distribution of code en masse. (non-disclosure clause)

A-1,IIII) Any previous clause can be rendered void on a case by case basis if the all parties agree in consensus.

# B. Who gets paid, how much, and when

(B-1) Hour tracking:

Each party is owed money for their work on the Video Game Project according to the party hourly payrate. Each party must submit *invoices* and *hour totals* to the project budget before each month end, accounting for the work in that calendar month. All parties are entitled to copies of all invoices and hour totals. Work done must be approved by both parties, and can be challenged and brought to an independent mediator. (For example, 800 hours ‘networking’ in Thailand might be reviewed.) Invoices can only be assigned to one project, and every invoice must be assigned to a video game project.

(B-2) Accounting:

As the project earns income, money is deposited into a central bank account, and is paid in four phases, at the request of either party, in the following order Expenses, Cash Flow, Wages, and Profit. Income may be from sale of the game, or from external investment in the studio. (Sale of “Project Ownership (Section C)” is not considered project income.)

**Expenses:** Income is first used to pay any expenses considered as “company expenses”. Each “Company Expense” must be approved, formally, by both parties. Email is fine. If an individual is owed money as an expense, then an expense claim document must be submitted separate from an invoice. Employees who are not considered as “parties” in this contract are considered an expense to be paid for. Again, both parties reserve the right to approach an impartial mediator in cases of conflict.

**Cash Flow:** When planning for future expenses, every project may require a minimum amount of cash to be held in its account. This amount can be called cash flow, and is currently set at zero dollars. This amount is left in the account second, after expenses. This amount can be altered, frequently, through any agreement between parties (email is fine.) The cash flow may fulfill the same role as a “minimum project budget” in the future.

**Wages:** The remaining money (the income less Expenses and Cash Flow) can be considered as wage money destined for parties. There are two cases to consider, I) when the current wage money amount is less than the parties’ outstanding invoices, and II) when the current wage money is more than the parties’ outstanding invoices.

(B-2-I) If the wage money is less than the total parties’ outstanding invoices, then each party is allowed payment to a maximum of their relative percentage of the parties’ outstanding invoices. The other parties are given an option, on withdrawal, to take their owed money percentage as well. For example, if the project has a wage money amount of $1000, Justin is owed $1000, and Christian is owed $3000, then Christian would be entitled to 75% of the profit, or $750 of the $1000. After such a payment, Christian’s money owed would drop to $2250, and Justin would be presented with an option to take a payment of the 25%, or $250. For this withdrawal mechanism to remain fair, all parties must receive the option of partial payment during initiation of a withdrawal.

(B-2-II) If the profit is more than the total parties’ outstanding invoices across all parties, then each party may withdraw their invoice payment at their leisure. Again, when withdrawal occurs, all parties are given the option to withdraw as well.

**Project Profit:**

After all previous amounts have been paid, the remaining project profit can be distributed proportionally between all parties. Profit may not be paid out unless all previous tiers of payment (Expenses, Cash Flow, and Wages) have been completely paid *in full*. The percentage of profit that each party is entitled to is directly proportional to the fraction of hours that each party has spent working on the project. This is calculated using all previous invoices. Specifically, the percentage of claim to the profit for one party is calculated like so: first, all invoiced hours for one party is summed, and then divided by the total invoiced hours by all parties. IE: The more work a person puts in, the more share of the profit they may earn. All hours mentioned relate to the current project only. Under agreement between two parties, invoiced hour amounts may be transferred( i.e. sold) between parties for the purposes of calculating future profit.

# C. Who controls project decisions and creative decisions?

(C-1)Creative:

Although creating a project is a team process, each project fares best with a creative lead. Thus, each project will have a creative lead that retains the power to make final decisions about creative directions. (As a side note, a fun company allows different individuals to be creative leads on different projects.)

(C-2)Project Ownership:

Project Ownership is similar in most respects to business ownership, with the exception that profit from ownership is divided in an egalitarian profit sharing mechanism (B-2).

(C-2-I) Profit and Percentage Claim: The current ownership for a Video Game Project must be specified, and the ownership percentage between parties does not alter how profit or compensation is divided (as covered in section B-2). Unless a consensus is agreed upon by all parties, no portion of section B may be altered. For the purposes of determining future profit, the “percentage of claim” may be contractually bought or sold between parties though sale of the underlying total invoiced hours. IE: one party, in an attempt (gamble) to increase future project profit, may purchase invoiced hours from another party, effectively increasing their rights to future profits. Parties are never under an obligation to sell their “percentage of claim”.

(C-2-II) Sale:

Currently, transfer of either Project Ownership or “percentage of claim” to people not considered as parties is not allowed. If it is allowed in the future, the seller of either Project Ownership or “percentage of claim” may only sell their own percentage and may do so at their leisure and at market price. Buyers will be considered new parties, and this contract will be redistributed.

(C-2-III) The Majority Project Owner (the tie breaker):

In the case of conflict, the majority owner of a project may be given final say when it comes to selecting expenses, including the hire of employees. The majority owner may select operating cash flow, considering the projected project budget. The majority owner can increase the “party pay-rate” but it must always be equal between parties. The rate can never be decreased. The majority owner of a project may also select new parties to join the project, and in such circumstances a new contract must be distributed to all parties.

Ship Rogue-Like, a Video Game Project

Ship Rogue-Like is a video game project in every respect. To be valid some attributes of the project are specified:

Project Ownership: Justin is the 70% Project owner and Christian is the 30% project owner.

Profit and Percentage Claim: As outlined in section B&C (according to hours put in).

The Project Payrate: 50 dollars an hour.

Creative Lead: Justin Girard

I agree to the previous Video Game Project contract.

Justin Girard

Sign:

Date:

Christian Leger

Sign:

Date:

Witness Name:

Witness Signature:

Date:

“New Title”, a Video Game Project

New Title is a video game project in every respect. To be valid some attributes of the project are specified:

Business Ownership: Christian is the 70% Project owner and Justin is the 30% project owner.

Profit and Percentage Claim: As outlined in section B&C, according to invoices (according to hours put in).

The Project Payrate: 50 dollars an hour.

Creative Lead: Christian Leger.

I agree to the previous Video Game Project contract.

Christian Leger

Sign:

Date:

Justin Girard

Sign:

Date:

Witness Name:

Witness Signature:

Date: