**Option Agreement**

This Option Agreement (the "AGREEMENT") is made between the BOARD OF REGENTS ("BOARD"), of the UNIVERSITY OF TEXAS SYSTEM ("SYSTEM"), an agency of the State of Texas, whose address is 201 West 7th Street, Austin, Texas 78701, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ("OPTIONEE"), a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ corporation, with its principal place of business at (address)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**RECITALS**

A. BOARD owns certain PATENT RIGHTS and TECHNOLOGY RIGHTS which were developed at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ("UNIVERSITY"), a component institution of SYSTEM.

B. BOARD desires to have PATENT RIGHTS and TECHNOLOGY RIGHTS developed and used for the benefit of OPTIONEE, the BOARD, INVENTOR, and the public as outlined in BOARD’S Intellectual Property Policy.

C. OPTIONEE wishes to obtain an option to negotiate and acquire a license from BOARD to practice PATENT RIGHTS and TECHNOLOGY RIGHTS and sell and distribute products derived therefrom.

**NOW THEREFORE, in consideration of the mutual covenants and premises herein contained, the parties agree as follows:**

**1. EFFECTIVE DATE AND OPTION PERIOD**

This AGREEMENT is effective as of \_\_\_\_\_\_\_\_\_\_\_\_\_ ("EFFECTIVE DATE") for a period of \_\_\_ months (the "OPTION PERIOD").

**2. DEFINITIONS**

2.1 PATENT RIGHTS mean BOARD'S rights in information or discoveries covered by U.S. Patent # \_\_\_\_\_\_\_\_, issued \_\_\_\_\_\_\_\_\_\_\_\_\_ (U.T. Component file reference number\_\_\_\_\_\_\_\_\_\_), and U.S. Patent #\_\_\_\_\_\_\_\_\_\_\_, issued \_\_\_\_\_\_\_\_\_ (U.T. Component file reference number \_\_\_\_\_\_\_\_\_); all corresponding foreign patent applications; and all re-examinations or extensions thereof.

2.2 TECHNOLOGY RIGHTS mean BOARD'S rights in any technical information, know-how, process, procedure, composition, method, formula, protocol, technique or data developed by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ ("INVENTOR") at UNIVERSITY prior to the EFFECTIVE DATE relating to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ which are not covered by PATENT RIGHTS, but which are necessary for practicing the invention covered by PATENT RIGHTS.

2.3 LICENSED PRODUCT means any product which cannot be developed, manufactured, used or sold without utilizing PATENT RIGHTS or TECHNOLOGY RIGHTS.

**3. WARRANTIES**

3.1 Except for the rights, if any of the Government of the United States, as set forth below, BOARD hereby represents that it has the full right and power to enter into this AGREEMENT and to grant the exclusive option set forth in this AGREEMENT. BOARD makes no other warranties concerning its rights covered by this AGREEMENT. BOARD makes no expressed or implied warranty of merchantability or fitness for a particular purpose as to any LICENSED PRODUCT. BOARD makes no warranty or representation as to the validity or scope of the PATENT RIGHTS or that any LICENSED PRODUCT will be free from an infringement of patents of third parties, or that no third parties are in any way infringing PATENT RIGHTS.

3.2 OPTIONEE understands that the PATENT RIGHTS and TECHNOLOGY RIGHTS may have been developed under a funding agreement with the Government of the United States of America and, if so, that the Government may have certain rights relative thereto. This AGREEMENT is explicitly made subject to the Government's rights under any such agreement and any applicable law or regulation. To the extent that there is a conflict between any such agreement, applicable law or regulation and this AGREEMENT, the terms of such Government agreement, applicable law or regulation will prevail.

**4. OPTION FOR EXCLUSIVE LICENSE**

4.1 BOARD hereby grants OPTIONEE an exclusive option to acquire an exclusive, worldwide license to practice PATENT RIGHTS and TECHNOLOGY RIGHTS under terms set forth in the License Agreement attached as Attachment A.

4.2 OPTIONEE may exercise its option at any time during the OPTION PERIOD by delivering to UNIVERSITY three executed copies of the License Agreement in Attachment A.

**\*\*\*OR\*\*\***

4.2 OPTIONEE may exercise its option at any time during the OPTION PERIOD by notifying UNIVERSITY in writing of its intent to exercise this option.

**5. TERMINATION**

5.1 OPTIONEE may terminate this AGREEMENT by giving 30 days written notice to UNIVERSITY.

5.2 UNIVERSITY may terminate this AGREEMENT upon 30 days written notice to OPTIONEE if OPTIONEE breaches or defaults on its payments obligations under Article 6 herein or on its payment obligations (including, but not limited to, payment of patent expenses) as set forth in any related agreement between OPTIONEE and UNIVERSITY covering PATENT RIGHTS and/or TECHNOLOGY RIGHTS, unless, before the end of the 30 day period, OPTIONEE has cured the breach or default to the satisfaction of UNIVERSITY and so notifies UNIVERSITY in writing, stating the manner of the cure.

**6. PAYMENT**

6.1 In consideration for the option granted herein, OPTIONEE agrees to pay BOARD $\_\_\_\_\_\_\_\_ within 30 days after the EFFECTIVE DATE.

6.2 All payments under this AGREEMENT are to be paid in U.S. dollars, checks payable to the order of UNIVERSITY and mailed to the address in Section 8.6.

**7. CONFIDENTIAL INFORMATION**

7.1 As soon as possible following the execution of this AGREEMENT, UNIVERSITY, through INVENTOR, will disclose all relevant Confidential Information as defined in Section 7.2 below, other information, and data relating to PATENT RIGHTS and TECHNOLOGY RIGHTS, to enable OPTIONEE to evaluate the potential commercial significance of the PATENT RIGHTS and TECHNOLOGY RIGHTS.

7.2 In addition to the initial disclosure described in Section 7.1, the parties may disclose other Confidential Information to each other, from time to time, in connection with work contemplated under this AGREEMENT. All such information whether disclosed initially or during the OPTION PERIOD will be referred to as "Confidential Information." Each party will use reasonable efforts to prevent the disclosure of any of the other party's Confidential Information to third parties for a period of three (3) years after the termination of this AGREEMENT, provided that the recipient party's obligation will not apply to information that:

a. is not disclosed in writing or reduced to writing and so marked with an appropriate confidentiality legend within thirty (30) days of disclosure;

b. is already in the recipient party's possession at the time of disclosure thereof and not obtained directly or indirectly from the other, as proven by the receiving party’s written records;

c. is or later becomes published through no fault of the recipient party;

d. is lawfully acquired from a third party having no obligations of confidentiality to the disclosing party;

e. is independently developed by the recipient party; or

f. is required by law or regulation to be disclosed.

7.3 In the event that information is required to be disclosed under Section 7.2(f) above, the party required to make disclosure will notify the other to allow that party to assert whatever exclusions or exemptions may be available to it under such law or regulation.

**8. GENERAL PROVISIONS**

8.1 This AGREEMENT may not be assigned by OPTIONEE without the prior written consent of BOARD, which consent may not unreasonably be withheld. However, OPTIONEE may assign any and all of the rights granted to it pursuant to this AGREEMENT to a successor of all or substantially all of its business to which this AGREEMENT relates without the approval from or prior notice to BOARD.

8.2 This AGREEMENT constitutes the entire and only agreement between the parties relating to an option to acquire a license, and all prior negotiations, representations, agreements and understandings are superseded hereby. No agreements altering or supplementing the terms hereof may be made except by written mutual agreement by the parties.

8.3 The relationship between UNIVERSITY and OPTIONEE is that of independent contractors. UNIVERSITY and OPTIONEE are not joint ventures, partners, principal and agent, master and servant, employer or employee, and have no other relationship other than independent contracting parties. UNIVERSITY will have no power to bind or obligate OPTIONEE in any manner, other than as is expressly set forth in this AGREEMENT. Likewise OPTIONEE will have no power to bind or obligate UNIVERSITY in any manner, other than as is expressly set forth in this AGREEMENT.

8.4 If any provision of this AGREEMENT is ultimately held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

8.5 Any delay in enforcing a party's right under this AGREEMENT or any waiver as to a particular default or other matter will not constitute a waiver of such party's rights to the future enforcement of its rights under this AGREEMENT, except only as to an express written and signed waiver to a specific matter for a specific period of time.

8.6 Any notice required by this AGREEMENT will be given by personal delivery (including delivery by reputable messenger services such as Federal Express) or by prepaid, first class, certified mail, return receipt requested, addressed to:

UNIVERSITY
[Address]
ATTENTION: Director of Technology Transfer

or in the case of OPTIONEE to:

[Name]
[Address]

or at such other addresses as may be given from time to time in accordance with the terms of this notice provision.

8.7 This AGREEMENT will be governed by, construed, and enforced in accordance with the internal laws of the State of Texas.

**IN WITNESS WHEREOF**, the parties have caused this AGREEMENT to be executed by their duly authorized representatives.

(OPTIONEE) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

Approved as to Content:

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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

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



**ATTACHMENT A**