

OPTION AGREEMENT

This Option Agreement (the “Agreement”) made and effective as of the ___ day of _____, 20__ (the “Effective Date”), by and between The University of Toledo, a public institution of higher education of the State of Ohio, with a principal place of business at 2801 West Bancroft Street, Toledo, Ohio 43606 (hereinafter, “University”), and _____, a corporation organized and existing under the laws of the State of _____, with a principal place of business at _____ (hereinafter, “Company”). University and Company may each be referred to in this Agreement individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, University filed a provisional patent application entitled “_____” on _____, Serial No. _____ (the “Technology”); and

WHEREAS, Company desires an option to evaluate the potential of the Technology for development and commercialization before it enters into an exclusive license with the University; and

WHEREAS, University desires to grant to Company an option to evaluate the Technology for commercial potential.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. GRANT

- 1.1 Option to License. Subject to the terms and conditions of this Agreement, University hereby grants to Company an exclusive option to negotiate an exclusive license to the Technology for a term of six (6) months. The exclusive license will include the right to (i) make, have made, use, offer for sale and sell any product covered by the Licensed Rights (as herein defined), and (ii) practice any method, process or procedure covered by the Licensed Rights. “Licensed Rights” refers to and means all intellectual property rights in (a) the subject matter disclosed in the Technology, (b) any non-provisional application claiming priority of the provisional patent application and any resulting patents from such non-provisional application, (c) any reissue, divisional, continuation, and all international and foreign patents and patent applications claiming priority of the provisional patent application.
- 1.2 Evaluation License. University hereby grants to Company a limited, exclusive license under the optioned Technology to use the inventions solely for the purpose of evaluating its interest in licensing the optioned Technology. The license shall commence on the Effective Date and terminate upon the expiration of the option. Company is not permitted to sell any products that use the optioned Technology until the Company has entered into a license agreement for the Technology.

- 1.3 Retained Rights. University hereby reserves the right: (1) to grant non-profit research institutions and governmental agencies non-exclusive licenses to practice and use the Technology for non-profit purposes; (2) for University and any of its inventors to publish and information relating to the Technology; and (3) to use the Technology, free of charge, for University's research, educational, academic and/or administrative purposes.
- 1.4 Government Rights. If the United States government (through any of its agencies or otherwise) has funded research during the course of or under which the Technology was conceived or made, the United States government is entitled, as a right, under Title 35 Sections 200-212 and applicable regulations of the Code of Federal Regulations, to non-exclusive rights in the Technology. In addition, those provisions also impose the obligation that products sold or produced in the United States be "manufactured substantially in the United States." If applicable, any license granted in or pursuant to this Agreement shall be subject to such rights.
- 1.5 Grant Fee. In consideration of the option described above, Company agrees to pay University a nonrefundable option fee of _____ Dollars and Zero Cents (\$_____.00), within thirty (30) days after University invoices Company.
- 1.6 Patent Expenses. Company agrees to reimburse University for the post Effective Date out-of-pocket expenses (including attorney fees, legal fees, filing and maintenance fees or other governmental charges) incurred in connection with the preparation, filing, prosecution and maintenance of the Technology, within thirty (30) days after University invoices Company.
- 1.7 Payment will be made by check payable in United States Dollars, to "The University of Toledo", and sent to the following address:

Technology Transfer
Mail Stop 218
The University of Toledo
2801 West Bancroft Street
Toledo, OH 43606-3390

2. DEVELOPMENT AND COMMERCIALIZATION

- 2.1 Development/Commercialization. Company wishes to evaluate the Technology with a view to potentially developing it into a commercial product. University acknowledges that Company has many opportunities to evaluate technologies (both on its own and in connection with others) and in many cases decides to not develop, to discontinue development, to not commercialize, or to discontinue commercialization of a product incorporating particular intellectual property rights. AS A RESULT, UNIVERSITY ACKNOWLEDGES AND AGREES THAT COMPANY HAS NO OBLIGATION TO DEVELOP OR COMMERCIALIZE A PRODUCT THAT INCORPORATES ANY LICENSED RIGHTS DURING THE TERM OF THE OPTION.

2.2 Definitive Agreements. If Company decides, in its discretion, to proceed with development and commercialization of one or more products incorporating the Technology, then the Parties will negotiate and enter into a license agreement at industry standard terms.

3. RELEASES

3.1 RELEASES. COMPANY HEREBY RELEASES UNIVERSITY AND WILL HAVE NO CLAIM AGAINST UNIVERSITY WITH RESPECT TO THE QUALITY OR PATENTABILITY OF THE SUBJECT MATTER OR ANY LACK THEREOF.

4. CONFIDENTIALITY

4.1 Company agrees to keep the contents of the provisional patent application confidential until such time as the contents become public through the publication of the associated non-provisional patent application.

5. INDEMNIFICATION; LIMITATION OF LIABILITY

5.1 Indemnity. Company will at all times during the term of this Agreement and thereafter indemnify, defend and hold University, its trustees, directors, officers, employees and affiliates, harmless against all claims, proceedings, demands and liabilities of any kind whatsoever, including legal expenses and attorneys' fees, based on or arising out of the exercise of any rights granted Company under Agreement or the breach of this Agreement by Company. Any attorney used to defend University must be approved by the Ohio Attorney General.

5.2 LIMITATION OF LIABILITY. IN NO EVENT WILL UNIVERSITY, OR ITS TRUSTEES, DIRECTORS, OFFICERS, EMPLOYERS, AGENTS, AND AFFILIATES, BE LIABLE TO COMPANY FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES OF ANY KIND IN CONNECTION WITH ANY CLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER GROUNDED IN TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, CONTRACT OR OTHERWISE, REGARDLESS OF WHETHER UNIVERSITY IS ADVISED, HAS REASON TO KNOW OR IN FACT DOES KNOW OF THE POSSIBILITY.

6. TERM AND TERMINATION

6.1 Term. This Agreement shall enter into force as of the Effective Date and shall continue in force for an initial term of six (6) months. Such initial term may, at Company's option, be extended for a further term of six (6) months, provided that Company serves written notice of extension not less than thirty (30) days prior to expiration of such initial term and contemporaneously therewith pays to University an option extension fee of _____ Dollars and Zero Cents (\$ _____ .00). Upon expiration of the initial term (if the term is not extended) or the extension term (if the term is extended), this

Agreement shall automatically terminate, unless further extended by mutual agreement of the Parties.

6.2 Effects of Termination.

6.2.1 Termination of License. Upon termination of this Agreement, Company's option to the Technology granted hereunder will terminate.

6.2.2 Survival. Upon expiration or termination of this Agreement, those portions of Sections 2, 3, 4, 5, 6, and 7 which by their nature survive such termination will survive and remain in full force and effect.

7. MISCELLANEOUS

7.1 Dispute Resolution. The Parties will attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly between representatives who have authority to settle the controversy. If the matter has not been resolved by negotiation within thirty (30) days of the initiation of such negotiation, or if either Party will not participate in a negotiation, the dispute will be settled in state or federal court in Toledo, Ohio, and each party hereby agrees to personal jurisdiction in any such court in connection with such dispute.

7.2 Governing Law. This Agreement will be governed, construed, and interpreted in all respects in accordance with the laws of the State of Ohio without regard to provisions regarding the conflict of laws. If any provisions of this Agreement are or will come into conflict with the laws or regulations of any jurisdiction or any governmental entity having jurisdiction over the Parties or this Agreement, those provisions will be deemed automatically deleted, if such deletion is allowed by relevant law, and the remaining terms and conditions of this Agreement will remain in full force and effect. If such a deletion is not so allowed or if such a deletion leaves terms thereby made clearly illogical or inappropriate in effect, the Parties agree to substitute new terms as similar in effect to the present terms of this Agreement as may be allowed under the applicable laws and regulations.

7.3 Amendment. No amendment, modification or supplement of any provision of this Agreement will be valid or effective unless made in writing and signed by a duly authorized officer of each Party.

7.4 Assignment. Company may not transfer or assign this Agreement without the prior written consent of University.

7.5 Entire Agreement. This Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matter thereof and will supersede all previous negotiations, commitments, and writings with respect to such subject matter. Neither Party shall be obligated by any undertaking nor representation regarding that subject matter other than those expressly stated herein or as may be subsequently agreed to by the parties hereto in writing.

7.6 Counterparts. This Agreement may be executed in one or more counterparts including signing a facsimile or scanned electronic version. Each counterpart shall be deemed an original and all counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the date first written above.

THE UNIVERSITY OF TOLEDO

By: _____
Frank J. Calzonetti, PhD
Vice President for Research

By: _____

Date: _____

Date: _____

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