



## Option Agreement

This Option Agreement (the "AGREEMENT") is made and entered into by and between EMORY UNIVERSITY, a nonprofit Georgia corporation with offices located at 1599 Clifton Road NE, 4<sup>th</sup> Floor, Mailstop 1599/001/1AZ Atlanta, Georgia 30322, (hereinafter referred to as "EMORY") and [insert company name], a [insert company description] corporation having a principal place of business located at [insert company address here] (hereinafter referred to as "COMPANY").

**WHEREAS**, EMORY is the assignee of all right, title, and interest in inventions developed by employees of EMORY and is responsible for the protection and commercial development of such inventions; and

**WHEREAS**, EMORY has developed certain inventions related to [insert description] as provided in the LICENSED PATENTS and LICENSED TECHNOLOGY; and

**WHEREAS**, COMPANY wishes to obtain an option to negotiate and acquire a license from EMORY to practice LICENSED PATENTS and LICENSED TECHNOLOGY and sell and distribute products derived therefrom.

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

### Article 1. EFFECTIVE DATE AND OPTION PERIOD

1.1 This AGREEMENT is effective as of the [date] day of [month], 20[year] (the "EFFECTIVE DATE") for a period of [number] months (the "OPTION PERIOD").

### Article 2. DEFINITIONS

2.1 FIELD OF USE shall mean "Field of Use"

2.2 LICENSED PRODUCT means any process, service or product, within the FIELD OF USE, the manufacture, use, or sale of which is covered by any VALID CLAIM or incorporates or uses any LICENSED TECHNOLOGY.

2.3 LICENSED PATENTS shall mean EMORY's rights to the patents and patent applications identified in APPENDIX A, together with any and all substitutions, extensions, divisionals, continuations, continuations-in-part (to the extent that the claimed subject matter of such continuations-

in-part are disclosed and enabled in the parent patent application and are not, as of the Effective Date, obligated to a third party), foreign counterparts of such patent applications and patents which issue thereon any where in the world, including reexamined and reissued patents.

2.4 LICENSED TECHNOLOGY shall mean EMORY's rights in any technical information, know-how, process, procedure, composition, method, formula, protocol, technique or data developed by [insert full name] ("INVENTOR") at EMORY prior to the EFFECTIVE DATE relating to [insert description] which are necessary for practicing the invention covered by LICENSED PATENTS.

2.5 VALID CLAIM shall mean a claim in an unexpired patent or pending patent application included in the LICENSED PATENTS so long as such claim shall not have been irrevocably abandoned or held invalid in an unappealable decision of a court or other authority of competent jurisdiction.

### **Article 3. WARRANTIES**

3.1 Except for the rights, if any, of the Government of the United States, as set forth below, EMORY 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. EMORY makes no other warranties concerning its rights covered by this AGREEMENT. EMORY EXPRESSLY DISCLAIMS ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY OTHER IMPLIED WARRANTIES WITH RESPECT TO THE CAPABILITIES, SAFETY, UTILITY, OR COMMERCIAL APPLICATION OF THE LICENSED PATENTS, LICENSED TECHNOLOGY OR LICENSED PRODUCTS. EMORY makes no warranty or representation as to the validity or scope of the LICENSED PATENTS, that any LICENSED PRODUCT will be free from infringement of patents of third parties, or that no third parties are in any way infringing LICENSED PATENTS.

3.2 COMPANY understands that the LICENSED PATENTS and LICENSED TECHNOLOGY 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.

3.3 The COMPANY understands that a right and license to the LICENSED PATENTS and LICENSED TECHNOLOGY is retained by EMORY, on behalf of itself and EMORY research

collaborators, to make, use and transfer LICENSED PRODUCTS and practice LICENSED TECHNOLOGY solely for non-commercial research, educational and non-commercial clinical purposes.

#### **Article 4. OPTION FOR EXCLUSIVE LICENSE**

4.1 EMORY hereby grants COMPANY an exclusive option to acquire an exclusive, worldwide license to practice the LICENSED PATENTS and LICENSED TECHNOLOGY in the FIELD OF USE under terms to be mutually agreed. The license shall include terms which require COMPANY to reimburse EMORY for all unreimbursed expenses incurred in obtaining the LICENSED PATENTS and shall further require COMPANY to defend, hold harmless, and indemnify EMORY against all claims or damages arising from the commercial exploitation of the LICENSED PATENTS and LICENSED TECHNOLOGY. The license agreement shall include reasonable fees and royalty payments in accordance with industry standards shall include terms and conditions typically found in license agreements entered into between universities and biotechnology or pharmaceutical companies involving similar technology. All such remaining terms and conditions shall be negotiated in good faith by EMORY and COMPANY. If COMPANY and EMORY cannot reach agreement on the terms of the license within six (6) months after the date COMPANY exercised its option in writing or if COMPANY chooses to not exercise its option during the term of the option, EMORY shall be free to license the LICENSED PATENTS and the LICENSED TECHNOLOGY to other third parties.

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

#### **Article 5. TERMINATION**

5.1 COMPANY may terminate this AGREEMENT by giving 30 days written notice to EMORY.

5.2 EMORY may terminate this AGREEMENT upon 30 days written notice to COMPANY if COMPANY breaches or defaults on its payments obligations under Article 6 herein or on its payment obligations as set forth in any related agreement, including any research agreement, between COMPANY and EMORY covering LICENSED PATENTS and/or LICENSED TECHNOLOGY, unless, before the end of the 30 day period, COMPANY has cured the breach or default to the satisfaction of EMORY and so notifies EMORY in writing, stating the manner of the cure.

#### **Article 6. PAYMENT**

6.1 In consideration for the option granted herein, COMPANY agrees to pay EMORY \$ [amount] within 30 days after the EFFECTIVE DATE.

6.2 Reimbursement for Patent Expenses:

6.2.1 COMPANY shall reimburse EMORY for all out-of-pocket fees, costs, and expenses incurred by EMORY during the OPTION PERIOD in filing, prosecuting, and maintaining the LICENSED PATENTS. COMPANY shall deliver such reimbursement to EMORY within thirty (30) days after EMORY, from time to time, notifies COMPANY of the amount of such fees, costs, and expenses which have been paid or incurred by EMORY and provide copies of invoices with backup support.

6.2.2 COMPANY shall reimburse EMORY for all out-of-pocket fees, costs, and expenses incurred by EMORY as of the EFFECTIVE DATE in filing, prosecuting, and maintaining the LICENSED PATENTS (current estimate \$ [amount]). COMPANY shall deliver such reimbursement to EMORY within thirty (30) days after EMORY notifies COMPANY of the amount of such fees, costs, and expenses which have been paid or incurred by EMORY and provide copies of invoices with backup support.

6.3 All payments under this AGREEMENT are to be paid in U.S. dollars, checks payable to the order of EMORY UNIVERSITY and mailed to the address in Section 11.6.

## **Article 7. CONFIDENTIAL INFORMATION**

7.1 As soon as possible following the execution of this AGREEMENT, EMORY, through INVENTOR, will disclose to COMPANY any information and data relating to LICENSED PATENTS and LICENSED TECHNOLOGY necessary to enable COMPANY to evaluate the potential commercial significance of the LICENSED PATENTS and LICENSED TECHNOLOGY.

7.2 In addition to the initial disclosure described in Section 7.1, the parties may disclose other information and data related to the LICENSED PATENTS and LICENSED TECHNOLOGY 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:

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

7.2.2. 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;

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

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

7.2.5. is independently developed by the recipient party; or

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

7.3 In the event that information is required to be disclosed under Section 7.2.6 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.

### **Article 8. PATENT PROSECUTION**

8.1 The prosecution and maintenance of the LICENSED PATENTS shall be the responsibility of EMORY. EMORY shall provide COMPANY with copies of all filings and correspondence pertaining to such patent prosecution activities so as to give COMPANY reasonable opportunities to advise EMORY and cooperate with EMORY in such prosecution and maintenance. COMPANY shall notify EMORY in writing of the countries in which COMPANY wishes additional patent applications to be filed, including but not limited to national phase filings and registrations in countries from regional filings. EMORY shall, at COMPANY's expense, file such additional patent applications. EMORY may, at its own expense, file patent applications in those countries in which COMPANY elects not to file applications and such applications shall not be subject to any option granted to COMPANY hereunder. If COMPANY should fail to timely make reimbursement for patent expenses as required in Article 6.2 of this AGREEMENT, EMORY, in addition to their other remedies under the AGREEMENT, shall have no further obligation to prosecute or maintain such LICENSED PATENTS for which COMPANY failed to make timely reimbursement. COMPANY, upon ninety (90) days advance written notice to EMORY, may advise EMORY that it no longer wishes to pay expenses for filing, prosecuting or maintaining one or more of the applications or patents in the LICENSED PATENTS. EMORY may, at their option, elect to pay such expenses or permit such LICENSED PATENTS to become abandoned or lapsed. If EMORY elects to pay such expenses, such patents/patent applications shall not be subject to any option granted to COMPANY hereunder.

## **Article 9. DAMAGES AND INDEMNIFICATION**

9.1 No Liability. EMORY shall not be liable to COMPANY or COMPANY'S Affiliates, or customers of COMPANY or COMPANY'S Affiliates, for compensatory, special, incidental, indirect, consequential or exemplary damages resulting from the manufacture, testing, design, labeling, or use or sale of LICENSED PRODUCT.

9.2 Indemnification. COMPANY shall defend, indemnify, and hold harmless EMORY, including INVENTOR, from and against any and all claims, demands, loss, liability, expense, or damage (including investigative costs, court costs and attorneys' fees) EMORY may suffer, pay, or incur as a result of claims, demands or actions against EMORY arising or alleged to arise by reason of, or in connection with, any and all personal injury (including death) and property damage caused or contributed to, in whole or in part, by COMPANY'S or COMPANY'S Affiliates, contractors or agents manufacture, testing, design, use, sale, or labeling of any LICENSED PRODUCT or practice of the LICENSED PATENTS and LICENSED TECHNOLOGY. COMPANY'S obligations under this Article shall survive the expiration or termination of this Agreement for any reason.

## **Article 10. ARBITRATION**

10.1 Any dispute related to this AGREEMENT shall be settled by arbitration. Arbitration shall be conducted under the Commercial Arbitration Rules of the American Arbitration Association by three arbitrators, one to be appointed by EMORY, one to be appointed by COMPANY, and one to be appointed by the two arbitrators appointed by EMORY and COMPANY. Arbitration shall take place in Atlanta, Georgia, and the decision of the arbitrators shall be enforceable, but not appealable, in any court of competent jurisdiction. The fees and expenses incurred in connection with such arbitration shall be borne by the party initiating the arbitration proceeding (or equally by both parties if both parties jointly initiate such proceeding) subject to reimbursement by the party which does not prevail in such proceeding promptly upon the termination thereof in the event that the party initiating such proceeding is the prevailing party.

## **Article 11. GENERAL PROVISIONS**

11.1 COMPANY shall obtain the prior written approval of EMORY prior to making use of EMORY's or the INVENTOR's name for any commercial purpose, except as required by law. As an exception to the foregoing, both COMPANY and EMORY shall have the right to publicize the existence of this Agreement; however, neither COMPANY nor EMORY shall disclose the terms and conditions of this Agreement without the other party's consent, except as required by law.

11.2 This AGREEMENT may not be assigned by COMPANY without the prior written consent of EMORY. However, COMPANY 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 EMORY. COMPANY shall inform EMORY in writing of any such assignment within 5 business days of such assignment.

11.3 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.

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

11.5 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.

11.6 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.

11.7 Any notice required by this AGREEMENT will be given by personal delivery (including delivery by reputable messenger services such as United Parcel Services or Federal Express) or by prepaid, first class, certified mail, return receipt requested, addressed in the case of EMORY to:

Emory University  
Attn: Director, Office of Technology Transfer  
1784 North Decatur Road, Suite 130  
Atlanta, Georgia 30322  
Facsimile: (404) 727-1271

or in the case of COMPANY to:

[Name]  
[Address]  
[Address]  
[Address]  
[Facsimile:]

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

11.8 This AGREEMENT will be governed by, construed, and enforced in accordance with the laws of the State of Georgia.

11.9 Articles 6, 7 and 9 shall survive termination of this AGREEMENT for any reason.

11.10 This Agreement may be executed by facsimile and in counterparts, each of which is deemed an original, but all of which together shall constitute one and the same instrument

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**IN WITNESS WHEREOF**, EMORY and COMPANY have caused this Agreement to be signed by their duly authorized representatives as of the day and year indicated below.

**EMORY UNIVERSITY**

**COMPANY**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Todd T. Sherer, Ph.D.

Name: [insert full name]

Title: Associate Vice President for Research &  
Director, Office of Technology Transfer

Title: [insert title]

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

Date: [insert date]

OPT.\_\_\_\_.\_\_\_\_

**APPENDIX A**

**LICENSED PATENTS**