

**SAMPLE**

**OPTION for an EXCLUSIVE LICENSE AGREEMENT\***

This option to negotiate an exclusive license agreement ("OPTION AGREEMENT") is entered into as of the date that this OPTION AGREEMENT is fully executed by both parties ("EFFECTIVE DATE"), and is by and between the Regents of the University of California, a California public corporation, having its statewide administrative offices at 1111 Franklin Street, 12<sup>th</sup> Floor, Oakland, California 94607-5200 acting through its Office of Technology Licensing, at the University of California, Berkeley, having its administrative office at 2150 Shattuck Avenue, Suite 408, Berkeley, CA 94704-1362 ("REGENTS"), and *Company Name* ("OPTIONEE"), a [*State*] corporation, having a principal place of business at *Company Address*.

The parties agree as follows:

**1. BACKGROUND**

1.1 **Inventions:** REGENTS has an assignment of the intellectual property ("INVENTIONS") characterized as follows: *Case Title*, that was co-invented by Inventors, all employed by the University of California at the time of the invention, as described in REGENTS case number *B##-###* and PATENT RIGHTS (defined in Paragraph 2.9).

1.2 **Other Declarations:**

a) OPTIONEE provided REGENTS with a plan for researching the INVENTIONS pursued by OPTIONEE to determine whether to exercise the option contained in this OPTION AGREEMENT ("RESEARCH PLAN"), as described in APPENDIX A.

b) OPTIONEE requested certain rights from REGENTS to develop, test and evaluate the INVENTIONS, and upon exercise of the option rights in this OPTION AGREEMENT, to obtain an exclusive LICENSE AGREEMENT with REGENTS to make, use, import, offer for sale, and sell products that use the INVENTIONS.

c) REGENTS respond to the request of the OPTIONEE by granting the following rights to the OPTIONEE to enable the general public to enjoy the products and other benefits derived from the INVENTION.

d) [*If applicable*] The development of the INVENTIONS were sponsored in part by various grants by U.S. Government agencies and, as a consequence, REGENTS elected to retain title to the INVENTIONS subject to the rights of the U.S. Government under 35 USC §200-212 and implementing regulations, including that REGENTS, in turn, grants to the U.S. Government a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced the

\* The license agreement will not be limited to the provisions of this Sample License Agreement, and may include other provisions as appropriate on a case by case basis, such as provisions required for inventions arising from Howard Hughes Medical Institute appointees, and the like.

INVENTIONS for or on behalf of the U.S. Government throughout the world. These U.S. Government grants are \_\_\_\_\_ *Contract No.* \_\_\_\_\_ *and* \_\_\_\_\_ *Contract No.* \_\_\_\_\_.

## 2. DEFINITIONS

As used in this OPTION AGREEMENT, the following terms, whether used in the singular or plural, have the following meanings:

2.1 "CHANGE of CONTROL" means (i) a consolidation, acquisition or merger of the LICENSEE with or into any other corporation or other entity or person, or any other corporate reorganization, other than any such consolidation, acquisition, merger or reorganization in which the shares of capital stock of the LICENSEE immediately prior to such consolidation, acquisition, merger or reorganization continue to represent a majority of the voting power of the surviving entity immediately after such consolidation, acquisition, merger or reorganization; (ii) any transaction or series of related transactions to which the LICENSEE is a party in which in excess of 50% of the LICENSEE's voting power is transferred; or (iii) the sale or transfer of all or substantially all of the LICENSEE's assets, or the exclusive license of all or substantially all of the LICENSEE's intellectual property; provided that a CHANGE of CONTROL shall not include any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the LICENSEE or any successor, indebtedness of the LICENSEE is cancelled or converted, or a combination thereof.

2.2 "COMMERCIALIZATION PLAN" means a written plan containing information regarding the development, manufacture, distribution, marketing, licensing and sales of LICENSED PRODUCTS.

2.3 "LICENSE AGREEMENT" means the exclusive agreement to be negotiated between OPTIONEE and REGENTS upon exercise of the option in this OPTION AGREEMENT.

2.4 "LICENSED FIELD-OF-USE" means: [**TBD**].

2.5 "LICENSED METHOD" means any process or method the use or practice of which, but for the license granted in this OPTION AGREEMENT, would infringe, or contribute to, or induce the infringement of, any pending VALID CLAIM (were it to have issued) or issued VALID CLAIM under PATENT RIGHTS in that country in which the LICENSED METHOD is used or practiced.

2.6 "LICENSED PRODUCTS" means all kits, compositions of matter, articles of manufacture, materials, products and services, the manufacture, use, sale, offer for sale, or import of which: a) would require the performance of the LICENSED METHOD; or b) but for the license granted pursuant to this OPTION AGREEMENT, would infringe, or contribute to or induce the infringement of, a pending VALID CLAIM (were it to have issued) or issued VALID CLAIM.

2.7 "LICENSED TERRITORY" means the United States of America, its territories and possessions, and any foreign countries where PATENT RIGHTS are licensed to OPTIONEE under this OPTION AGREEMENT.

2.8 "LICENSEE" means OPTIONEE, if OPTIONEE exercises the option in this OPTION AGREEMENT and obtains a license to PATENT RIGHTS.

2.9 "NEW DEVELOPMENT" means inventions, or claims to inventions, which constitute advancements, developments, or improvements, whether or not patentable and whether or not the subject of any patent application, but if patentable, are not sufficiently supported by the specification of a previously-filed patent or patent application within the PATENT RIGHTS to be entitled to the priority date of the previously-filed patent or patent application. *[If there is a corresponding research agreement with OPTIONEE, then add the following:] This definition of NEW DEVELOPMENT does not include IMPROVEMENT INVENTIONS elected by the OPTIONEE to be included under PATENT RIGHTS.*

2.10 "PATENT RIGHTS" means REGENTS' rights in: (a) the patent and patent applications expressly identified in APPENDIX C and their foreign counterparts; (b) any patent applications claiming priority to those identified in subpart (a) above such as divisionals, continuations and continuation-in-part applications (but with respect to continuations-in-part solely to the extent of those claims that are both entirely supported by the specification and entitled to the priority date of any patent application or patent identified in subpart (a) above); and (c) any patents issuing from any patent application identified in subparts (a)-(b), including reissues, reexaminations, and substitutions, as well as any applicable patent extensions or term adjustments and this definition of PATENT RIGHTS excludes any rights in or to NEW DEVELOPMENT(S) (defined in Paragraph 2.8).

2.11 "VALID CLAIM" means (a) any claim of a pending patent application included within the PATENT RIGHTS that has not been abandoned or has not been finally rejected without the possibility of appeal or refiling, or (b) any claim on an issued and unexpired patent included within the PATENT RIGHTS which has not been revoked or held unenforceable or invalid by a final judgment of a court or other governmental agency of competent jurisdiction from which no appeal can be or is taken, and which has not been admitted to be invalid or unenforceable through reissue or disclaimer or otherwise.

2.12 *[If there is a corresponding research agreement with OPTIONEE, then add the following:] "IMPROVEMENT INVENTION" means any inventions that are conceived and reduced to practice under a research agreement between REGENTS and OPTIONEE, which would infringe upon, or be infringed by, PATENT RIGHTS.*

### 3. GRANT OF OPTION

3.1 **Optionee Grant:** Subject to the limitations set forth in this OPTION AGREEMENT, including the rights reserved for REGENTS as well as other educational and non-profit institutions and licenses granted to the U.S. Government as set forth in Article 0,

REGENTS grants to OPTIONEE under PATENT RIGHTS an exclusive right to make, use and import LICENSED PRODUCT and to practice LICENSED METHOD in LICENSED FIELD-OF-USE in LICENSED TERRITORY in order to test and evaluate them to determine the interest of OPTIONEE in exercising the option contained in this OPTION AGREEMENT.

3.2 **Reserved Rights:** The REGENTS reserves on behalf of itself and any other educational or nonprofit institutions the right to make, use, and practice the INVENTION, the PATENT RIGHTS, and any technology created by the REGENTS relating to any of the foregoing for educational and research purposes, including publication and other communication of any research results.

3.3 **Option to License:** Subject to the limitations set forth in this OPTION AGREEMENT, REGENTS grants to OPTIONEE an exclusive, time-limited right to enter into the LICENSE AGREEMENT. OPTIONEE will notify REGENTS promptly, at any time during the term of this OPTION AGREEMENT, if OPTIONEE decides to not exercise the option contained in this OPTION AGREEMENT. Such notice will provide REGENTS with the reason for the decision and will be subject to the Termination by OPTIONEE Article and Notices Article of this OPTION AGREEMENT.

#### 4. FEES

4.1 **Option Issue Fee:** As partial consideration for all rights granted by REGENTS to OPTIONEE herein, OPTIONEE will pay to REGENTS an option issue fee of [*Written amount*] (\$ *Number*), due on signing and payable at execution of this OPTION AGREEMENT.

4.2 **First Extension Fee:** If OPTIONEE wants to renew this OPTION AGREEMENT for an additional period that is equivalent in duration to the initial period, then OPTIONEE will:

a) Notify REGENTS in writing in accordance with the Notice Article of this OPTION AGREEMENT;

b) Provide REGENTS with a summary of its progress during the term that is expiring along with a new RESEARCH PLAN for the renewal period acceptable to REGENTS; and

c) Pay to REGENTS an extension fee of [*Written amount*] (\$ *Number*) due and payable on or before the extension date of this OPTION AGREEMENT, if the new RESEARCH PLAN is acceptable to REGENTS.

4.3 (*If applicable*) **Second Extension Fee:** If OPTIONEE wants to renew this OPTION AGREEMENT for a second additional period that is equivalent in duration to the initial period, then OPTIONEE will:

a) Notify REGENTS in writing in accordance with the Notice Article of OPTION AGREEMENT;

b) Provide REGENTS with a summary of its progress during the term that is expiring along with a new RESEARCH PLAN for the renewal period; and

c) Pay to REGENTS an extension fee of [*Written amount*] (\$ *Number*), due and payable on or before the extension date of OPTION AGREEMENT (or any extension thereof), if the new RESEARCH PLAN is acceptable to REGENTS.

4.4 **Fee Notes:** The option issue fees and option extension fees are not refundable, not creditable, not an advance against any other payments by OPTIONEE to REGENTS pursuant to the OPTION AGREEMENT.

## 5. EXERCISE OF OPTION

5.1 **Notification:** If OPTIONEE elects to exercise its option rights contained herein to cause LICENSEE to enter into the LICENSE AGREEMENT, then OPTIONEE must notify REGENTS in writing, as directed in the Notices Article of this OPTION AGREEMENT. Failure of OPTIONEE to so notify REGENTS is deemed to be an election by OPTIONEE not to secure a license. The aforementioned notice will include a COMMERCIALIZATION PLAN that is acceptable to REGENTS. Such COMMERCIALIZATION PLAN will set forth in reasonable detail the then current plan (including supporting data) of OPTIONEE for the commercialization of PATENT RIGHTS as LICENSEE. REGENTS' review of the COMMERCIALIZATION PLAN will take into consideration the possibility of changes based on additional information, new developments or changing market conditions that subsequently become known to OPTIONEE or LICENSEE.

5.2 **Provisions:** Upon exercise of this option, the LICENSE AGREEMENT negotiated will contain provisions as specified in the Material Terms of the License Agreement Article of this OPTION AGREEMENT.

5.3 **Schedule:** Upon exercise of this option, the parties agree to promptly commence negotiations, in good faith, for a LICENSE AGREEMENT to be entered into no later than three (3) months after the date of written notice provided by OPTIONEE above.

5.4 **Residual Rights:** OPTIONEE will have no residual rights upon expiration or termination of this OPTION AGREEMENT, or upon OPTIONEE's decision not to enter into a LICENSE AGREEMENT under this OPTION AGREEMENT, whichever is earlier.

## 6. MATERIAL TERMS OF LICENSE AGREEMENT

6.1 The LICENSE AGREEMENT resulting from OPTIONEE's exercise of the option set forth in this OPTION AGREEMENT will include standard and customary terms that are normally contained in similar PATENT RIGHTS agreements granted by REGENTS, including the following provisions:

a) **Grant:** REGENTS will grant to LICENSEE the exclusive right (subject to REGENTS' reservation of rights and any applicable third party rights) to do the following: make, have made, use, sell, offer for sale, and import LICENSED PRODUCTS and use and practice LICENSED METHOD limited to the LICENSED FIELD-OF-USE and the LICENSED

TERRITORY for the life of the last-to-expire patent or last-to-be-abandoned patent application under PATENT RIGHTS, whichever is later; and Sublicense PATENT RIGHTS;

b) **Patent Costs:** LICENSEE will pay to REGENTS all unreimbursed costs incurred during and prior to the term of the LICENSE AGREEMENT associated with preparing, filing, prosecuting and maintaining PATENT RIGHTS;

c) **License Fees:** LICENSEE will pay to REGENTS a non-refundable license issue fee;

d) **Earned Royalties:** If LICENSEE achieves sales of LICENSED PRODUCT, then LICENSEE will pay to REGENTS earned royalty on net sales of LICENSED PRODUCT;

e) **Annual Maintenance Fees:** Prior to sales, LICENSEE will pay REGENTS an annual maintenance fees which ends upon LICENSEE sales and payment of the minimum annual royalty in each calendar year following the calendar year in which the first sale occurred;

f) **Minimum Annual Royalties:** If LICENSEE achieves sales of LICENSED PRODUCT, the LICENSEE will pay REGENTS a minimum annual royalty in each calendar year following the calendar year in which the first sale occurred;

g) **Sublicense Income Payments:** If LICENSEE sublicenses PATENT RIGHTS to a SUBLICENSEE, then LICENSEE will pay to REGENTS a percentage of any cash and of the cash equivalent of other consideration owed to LICENSEE for the grant of rights under each sublicense agreement;

h) **Equity:** As a partial alternative to license fees, LICENSEE may grant to REGENTS common stock equity in LICENSEE;

i) **Diligence milestones:** LICENSEE will achieve diligence milestones and terms that indicate that LICENSEE is expeditiously progressing on commercializing the INVENTIONS.

j) **Indemnification:** LICENSEE will indemnify REGENTS;

k) **Disclaim Warranties:** REGENTS disclaimer to LICENSEE of any warranties;

l) All the normal and customary provisions for license with the University of California, Berkeley.

## 7. DUE DILIGENCE

7.1 **Obligation:** Upon execution of this OPTION AGREEMENT, OPTIONEE will earnestly and diligently proceed with research related to the PATENT RIGHTS (as described in OPTIONEE's RESEARCH PLAN in APPENDIX A).

7.2 **Performance Metrics:** OPTIONEE specifically commits to achieving the following objectives:

a) **(TBD)**



b)

c)

7.3 **Reporting:** OPTIONEE will provide evidence of implementing its RESEARCH PLAN pursuant to the Progress Report Article in this OPTION AGREEMENT.

## 8. PROGRESS REPORTS

8.1 **Reporting:** OPTIONEE represents that the RESEARCH PLAN provided to REGENTS is, as of the EFFECTIVE DATE of this OPTION AGREEMENT, consistent with the equivalent information contained in OPTIONEE's business plan that OPTIONEE has presented to its Board of Directors and to entities that have or may invest capital in OPTIONEE.

8.2 **Timing:** During the term of this OPTION AGREEMENT, OPTIONEE will provide REGENT with semi-annual progress reports.

8.3 **Contents:** The aforementioned progress reports will include:

a) A written summary of OPTIONEE's progress toward developing commercial products based on the INVENTIONS;

b) An accounting of the financial and the other resources that OPTIONEE devoted to activities related to the commercializing the INVENTIONS; and

c) An update on OPTIONEE's large or small entity status as defined in 15 U.S.C. §632 in regards to the patent prosecution.

## 9. LIFE OF AGREEMENT

9.1 **Duration:** Unless otherwise terminated by operation of law or by acts of the parties in accordance with the terms of this OPTION AGREEMENT, this OPTION AGREEMENT is for [*the term TBD*] from the EFFECTIVE DATE, and renewable for additional period(s) pursuant to the Fees Article of this OPTION AGREEMENT.

9.2 **Surviving Rights:** Any termination or expiration of this OPTION AGREEMENT will not affect the rights and obligations set forth in the following Paragraphs and Articles of this OPTION AGREEMENT:

- Article 2                      Definitions
- Article 9                      Life of Agreement
- Article 11                     Use of Names and Trademarks
- Article 13                     Patent Prosecution and Maintenance
- Article 14                     Limited Warranties
- Article 15                     Indemnification

- Article 16 Confidentiality
- Article 17 Notices
- Paragraph 18.2 Late Payments
- Article 19 Governing Laws; Venue; and Attorneys' Fees.

9.3 **No Relief:** The termination or expiration of this OPTION AGREEMENT will not:

a) Relieve OPTIONEE of its obligation to make any payments pursuant to this OPTION AGREEMENT that are owed to REGENTS as of the time of such termination or expiration;

b) Impair any accrued right of REGENTS including the right to fees in accordance with this OPTION AGREEMENT; and

c) Relieve any obligation, of either party to the other party, that was established prior to such termination or expiration.

9.4 **Bankruptcy:** This OPTION AGREEMENT will automatically terminate without the obligation to provide any notice as set forth in this OPTION AGREEMENT upon OPTIONEE'S filing of a petition for relief under the U.S. Bankruptcy Code by or against the OPTIONEE as a debtor or alleged debtor that is not dismissed within ninety (90) days after such filing.

## 10. TERMINATION

10.1 **Termination by REGENTS:** If OPTIONEE violates or fails to perform any term of this OPTION AGREEMENT, then REGENTS may give written notice of such default ("NOTICE OF DEFAULT") to OPTIONEE. If OPTIONEE fails to repair such default within sixty (60) days after the date such notice takes effect, then REGENTS will have the right to immediately terminate this OPTION AGREEMENT and the rights hereunder by providing a written notice of termination ("NOTICE OF TERMINATION") to OPTIONEE. Such notices are subject the Notices Article of this OPTION AGREEMENT.

10.2 **Termination by Action:** This OPTION AGREEMENT will terminate immediately if OPTIONEE files a claim, including in any way, the assertion that any portion of PATENT RIGHTS is invalid or unenforceable where the filing is by the OPTIONEE, a third party on behalf of the OPTIONEE, or a third party at the written urging of the OPTIONEE.

10.3 **Termination by OPTIONEE:** OPTIONEE has the right at any time to terminate this OPTION AGREEMENT or to terminate its rights to any or all PATENT RIGHTS by providing notice ("NOTICE OF TERMINATION") to REGENTS. Such NOTICE OF TERMINATION shall be subject to to the Notices Article of this OPTION AGREEMENT and such will be effective sixty (60) days from the effective date of such NOTICE OF TERMINATION.



## 11. USE OF NAMES AND TRADEMARKS

11.1 **Obligations:** Except as specified in the Confidentiality Article of this OPTION AGREEMENT, nothing contained in this OPTION AGREEMENT will be construed as conferring any right to either party to use in advertising, publicity, or other promotional activities any name, trade name, trademark, or other designation of the other party (including a contraction, abbreviation or simulation of any of the foregoing). OPTIONEE is expressly prohibited from using the name "The Regents of the University of California" or the name of any campus of the University of California in advertising, publicity, or other promotional activities unless consent is obtained by OPTIONEE from REGENTS to do so.

11.2 **Exceptions:** Notwithstanding the foregoing, OPTIONEE can provide a copy of this OPTION AGREEMENT in connection with an actual or potential investment or acquisition, under appropriate obligations of confidentiality no less restrictive than hereunder. OPTIONEE may make the statement of fact that it has an option with REGENTS for one or more patents owned by REGENTS and REGENTS may publicly identify LICENSEE's name and contact information as an entity whom REGENTS has an agreement with that involves the commercialization of technology developed at REGENTS.

## 12. GOVERNMENT RIGHTS (*IF ANY*)

12.1 Unless OPTIONEE is notified to the contrary, this OPTION AGREEMENT is subject to all of the terms and conditions of Public Law 96-517 as amended (35 USC §200-212), and OPTIONEE shall take all action necessary on its part as OPTIONEE to enable REGENT to satisfy its obligations thereunder relating to the INVENTIONS.

## 13. PATENT PROSECUTION AND MAINTENANCE

13.1 **Obligations:** REGENTS will diligently prosecute and maintain the United States and foreign patent applications and patents under PATENT RIGHTS, subject to OPTIONEE'S reimbursement REGENTS' out of pocket costs under Paragraph 13.5 below, and all patent applications and patents under PATENT RIGHTS will be held in the name of REGENTS.

13.2 **Interaction:** REGENTS will promptly provide OPTIONEE with copies of all relevant documentation ("PATENT DOCUMENTATION") so that OPTIONEE will be informed and apprised of the continuing prosecution, and OPTIONEE agrees to keep PATENT DOCUMENTATION confidential in accordance with Confidentiality Article of this OPTION AGREEMENT. OPTIONEE and its patent counsel have the right to consult with the patent counsel chosen by REGENTS.

13.3 **Comments:** OPTIONEE can comment on PATENT DOCUMENTATION sufficiently in advance of any initial deadline for filing a response, provided, however, if OPTIONEE has not commented upon PATENT DOCUMENTATION in reasonable time for REGENTS to sufficiently consider OPTIONEE's comments prior to a deadline with the relevant

government patent office, or if REGENTS must act to preserve PATENT RIGHTS, then REGENTS is free to respond without consideration of OPTIONEE's comments, if any.

**13.4 Claims Requests:** REGENTS will use reasonable efforts to amend any patent application to include or amend claims as requested by OPTIONEE.

**13.5 Costs:** Subject to Paragraph 13.6, OPTIONEE will bear all out-of-pocket costs incurred by the REGENTS for preparing, filing, prosecuting, protecting and maintaining all United States and foreign patent applications, and patents under PATENT RIGHTS ("Patent Costs"). OPTIONEE must reimburse to REGENTS Patent Costs incurred prior to the term of this OPTION AGREEMENT ("Past Patent Costs") within thirty (30) days of OPTIONEE's receipt of an invoice from REGENTS. With respect to Patent Costs incurred during the term of this OPTION AGREEMENT ("Ongoing Patent Costs"), OPTIONEE is required to pay in advance REGENTS' patent counsel's estimated costs for undertaking Patent Actions that occur during the term of this OPTION AGREEMENT before REGENTS authorizes its patent counsel to proceed ("Advanced Payment"). The absence of this Advanced Payment will be deemed to be an election by OPTIONEE not to secure the PATENT RIGHTS associated with the specific phase of patent prosecution in such territory, and such patent application(s) and patent(s) will not be part of the PATENT RIGHTS and therefore not be subject to this OPTION AGREEMENT, and OPTIONEE will have no further rights or license to them. At REGENTS' sole discretion, rather than requiring an Advanced Payment, REGENTS may: (1) bill OPTIONEE for Ongoing Patent Costs after such amounts are incurred, in which case payment will be due to REGENTS within thirty (30) days of OPTIONEE's receipt of an invoice from REGENTS, or (2) have Ongoing Patent Costs directly billed to OPTIONEE by REGENTS' patent counsel. However, if REGENTS grants additional options or licenses, then the Patent Prosecution Costs will be divided equally among the optionees or licensees from the effective date of each subsequently granted option agreement. OPTIONEE will reimburse REGENTS for all Patent Prosecution Costs within thirty (30) days following receipt of an itemized invoice from REGENTS for Patent Prosecution Costs.

**13.6 Termination of Option:** OPTIONEE will pay any Patent Costs incurred during the sixty (60)-day period after receipt by either party of a NOTICE OF TERMINATION, even if the invoices for such Patent Costs are received by REGENTS after the end of the sixty (60)-day period following receipt of a NOTICE OF TERMINATION. OPTIONEE may terminate its obligation to pay Patent Costs with respect to any particular patent application or patent under PATENT RIGHTS in any or all designated countries upon sixty (60) days' written notice to REGENTS. REGENTS may continue the prosecution and/or maintenance of such patent application or patent at its sole discretion and expense, provided however, such patent applications and resultant patents, if any, will not be subject to this OPTION AGREEMENT.

## **14. LIMITED WARRANTIES**

**14.1 THIS OPTION AGREEMENT AND ASSOCIATED INVENTIONS ARE PROVIDED BY REGENTS WITHOUT WARRANTY OF MERCHANTABILITY OR**

FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED. REGENTS MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY THAT THE INVENTIONS, PATENT RIGHTS, LICENSED PRODUCTS, OR LICENSED METHODS WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER PROPRIETARY RIGHTS.

14.2 REGENTS WILL NOT BE LIABLE FOR ANY LOST PROFITS, COSTS OF PROCURING SUBSTITUTE GOODS OR SERVICES, LOST BUSINESS, ENHANCED DAMAGES FOR INTELLECTUAL PROPERTY INFRINGEMENT, OR FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE, OR OTHER SPECIAL DAMAGES ARISING OUT OF OR RESULTING FROM EXERCISE OF THIS OPTION AGREEMENT OR THE USE OF LICENSED PRODUCTS OR LICENSED METHODS FOR ALL CAUSES OF ACTION OF ANY KIND (INCLUDING TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, AND BREACH OF WARRANTY) EVEN IF REGENTS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. REGENTS WILL NOT BE LIABLE FOR ANY DIRECT DAMAGES SUFFERED BY OPTIONEE OR JOINT VENTURES ARISING OUT OF OR RELATED TO PATENT RIGHTS TO THE EXTENT ASSIGNED OR LICENSED BY REGENTS' INVENTORS TO THIRD PARTIES.

14.3 Nothing in this OPTION AGREEMENT is or shall be construed as:

- a) A warranty or representation by REGENTS as to the validity, enforceability, or scope of any PATENT RIGHTS; or
- b) A warranty or representation that anything made, used, sold, or otherwise exploited under any right granted by REGENTS under PATENT RIGHTS is or will be free from infringement of patents, copyrights, or other rights of third parties; or
- c) An obligation to bring or prosecute actions or suits against third parties for patent infringement; or
- d) Conferring by implication, estoppel, or otherwise any license or rights under any patents or other rights of REGENTS other than PATENT RIGHTS, regardless of whether such patents are dominant or subordinate to PATENT RIGHTS; or
- e) An obligation to furnish any NEW DEVELOPMENTS, know-how, technology, or technological information not provided in PATENT RIGHTS.

## 15. INDEMNIFICATION

15.1 **Requirements:** OPTIONEE will indemnify, hold harmless, and defend REGENTS and its officers, employees, and agents, the sponsors of the research that led to the INVENTION, the inventors of any invention claimed in patents or patent applications under PATENT RIGHTS (including the LICENSED PRODUCT, and LICENSED METHODS contemplated there under) and inventors' employers against any and all claims, suits, losses,

damage, costs, fees, and expenses resulting from, or arising out of, the exercise of the OPTION AGREEMENT.

15.2 **Notification:** REGENTS will promptly notify OPTIONEE in writing of any claim or suit brought against REGENTS for which REGENTS intends to invoke the provisions of this Indemnification Article. OPTIONEE will keep REGENTS informed of its defense of any claims pursuant to this Indemnification Article.

## 16. CONFIDENTIALITY

16.1 OPTIONEE and the REGENTS will hold the other party's proprietary business information ("Proprietary Information") in confidence, using at least the same degree of care as the receiving party uses to protect its own proprietary information of a similar nature. Proprietary Information will be protected from the date of disclosure until five (5) years after the termination or expiration of this OPTION AGREEMENT. **INCLUDE THIS IF THERE IS AN EXECUTED A SECRECY AGREEMENT:** *[This confidentiality obligation will apply to the information defined as "Data" under the Secrecy Agreement and such Data will be treated as Proprietary Information hereunder.]*

16.2 OPTIONEE and the REGENTS may disclose Proprietary Information to their employees, agents, provided that such parties are bound by a like duty of confidentiality as set forth in this Article 16 (Confidentiality). In addition, if a third party inquires whether a license to PATENT RIGHTS is available, the REGENTS may disclose to the third party the existence of this OPTION AGREEMENT and the extent of the grant in Article 3 (Grant)) and related definitions, but will not disclose the name of the OPTIONEE unless that information is already public.

16.3 All written Proprietary Information will be marked confidential or proprietary. If the Proprietary Information is orally disclosed, then it will be reduced to writing, marked as confidential by the disclosing party and delivered to the receiving party within thirty (30) days after the oral disclosure.

16.4 Nothing contained herein will in any way restrict the right of the OPTIONEE or the REGENTS to use or disclose any Proprietary Information that the recipient can demonstrate by written records:

16.4.1 was previously known to it prior to its disclosure by the disclosing party;

16.4.2 is public knowledge other than through acts or omissions of recipient;

16.4.3 was lawfully obtained without restrictions on the recipient from sources independent of the disclosing party; or

16.4.4 was independently developed by recipient.

16.5 Nothing in this OPTION AGREEMENT will restrict either party from producing Proprietary Information that is required to be disclosed (i) in litigation or by a governmental entity or agency, or (ii) by law (including the California Public Records Act or similar applicable law),

provided that the recipient uses reasonable efforts to give the party that disclosed the Proprietary Information sufficient notice to allow it a reasonable opportunity to object. To the extent feasible, the party with the obligation to disclose under subsection (i) in the previous sentence will make reasonable efforts to make such disclosure subject to confidentiality obligations at least as protective as the terms set forth in this section.

16.6 Upon termination or expiration of this OPTION AGREEMENT, the OPTIONEE and the REGENTS upon request will destroy or return any of the disclosing party's Proprietary Information in its possession within fifteen (15) days following the termination of this OPTION AGREEMENT and provide written confirmation of such to the other party. Each party may, however, retain one copy of such Proprietary Information for archival purposes in non-working files.

## 17. NOTICES

17.1. All notices under this AGREEMENT will be deemed to have been fully given and effective when done in writing and delivered in person, or mailed by registered or certified U.S. mail, or deposited with a carrier service requiring signature by recipient, and addressed as follows:

For the OPTIONEE: **See APPENDIX B**

For the REGENTS: **Office of Technology Licensing  
2150 Shattuck Avenue, Suite 408  
Berkeley, CA 94704-1362  
Attn.: Director (UC Case No.: *BK-XXXX-XXX*)**

Either party may change its address upon written notice to the other party.

Remittance address for royalty and fee payments, as well as legal reimbursements associated with this OPTION AGREEMENT are to be sent to **(Please reference the UC Berkeley Invoice Number, UC Berkeley Case Number or UC Berkeley Agreement Control Number with your payment):**

**University of California  
Innovation Transfer and Entrepreneurship  
Attn: ITE Accounting Services  
1111 Franklin Street, 5th Floor  
Oakland, CA 94607**

All Advanced Payments due under this OPTION AGREEMENT must be sent via wire transfer as follows. In order to ensure that funds are properly credited to your account, **please reference the UC Berkeley Agreement Control Number on all wire transfers.**

**Wire:**

**Bank of America**

**100 West 33rd Street,**

**New York, New York, 10001**

**Account: OTT Depository Account No. 1233717062**

**Beneficiary Name: Regents of the University of California**

**Domestic Wire ABA: 026009593 (within U.S. only)**

**Foreign Wire Swift: BOFAUS3N**

**ACH:**

**Bank of America CA4-704-05-41**

**2000 Clayton Rd.,**

**Concord, CA 94520**

**Account: OTT Depository Account No. 1233717062**

**Beneficiary Name: Regents of the University of California**

**ACH/EFT Routing No.: 121000358**

17.2 OPTIONEE must provide to the REGENTS the completed OPTIONEE contact information form attached hereto as APPENDIX B concurrent to execution of this OPTION AGREEMENT and incorporated herein by this reference, showing the contacts responsible for (i) Patent Prosecution, (ii) Progress Reports, and (iii) Invoices.

**18. PAYMENTS**

18.1 **Payment Method:** All consideration due REGENTS will be payable in U.S. dollars. OPTIONEE will make all payments to REGENTS under this OPTION AGREEMENT by check payable to "The Regents of the University of California" and forward it to REGENTS in accordance with the Notices Article of this OPTION AGREEMENT. REGENTS may provide invoices upon request or as a courtesy, but failure to receive an invoice from REGENTS does not relieve or otherwise change OPTIONEE'S obligation to make accurate and complete payments at the time such payments are due.

18.2 **Late Payments:** If any monies owed to REGENTS are not received by REGENTS when due, then OPTIONEE will pay to REGENTS interest at a rate of ten percent (10%) simple interest per annum. Interest will be calculated from the date payment was due until actually received by REGENTS. Accrual of interest will be in addition to, and not in lieu of, enforcement of any other rights of REGENTS due to late payment. Acceptance by REGENTS of any late payment from OPTIONEE under this Article will in no way affect the provision of the Waiver Article of this OPTION AGREEMENT.

**19. GOVERNING LAWS; VENUE; AND ATTORNEYS' FEES**

19.1 **Laws:** THIS OPTION AGREEMENT WILL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, excluding any choice of law rules that would direct the application of the laws of another

jurisdiction, but the scope and validity of any patent or patent application will be governed by the applicable laws of the country of such patent or patent application.

19.2 **Actions:** Any legal action related to this OPTION AGREEMENT will be conducted in San Francisco, California.

19.3 **Recoveries:** The prevailing party in any suit related to this OPTION AGREEMENT will be entitled to recover its reasonable attorneys' fees in addition to its costs and necessary disbursements.

## **20. GOVERNMENT EXPORT AND IMPORT LAWS**

20.1 **Performance:** OPTIONEE shall comply with all applicable international, national, state, regional, and local laws and regulations in performing its obligations hereunder and in its use, manufacture, sale, export or import of the LICENSED PRODUCT or practice of the LICENSED METHOD.

20.2 **Transfer:** OPTIONEE will observe all applicable U.S. and foreign laws with respect to the transfer or provision of licensed product and related technical data to foreign countries, including, without limitation, the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations.

## **21. ASSIGNMENT**

21.1 This OPTION AGREEMENT is binding upon, and will inure to the benefit of, REGENTS, its successors and assigns. OPTIONEE may assign or transfer this OPTION AGREEMENT only with the prior written consent of REGENTS. The prior written consent of REGENTS will not be required if the assignment or transfer of this OPTION AGREEMENT is in conjunction with a bona fide arms' length transaction involving a CHANGE of CONTROL, so long as OPTIONEE is in good standing with its obligations under this OPTION AGREEMENT and REGENTS is legally, contractually, and, per its policies, able to enter into an agreement with such assignee. In any assignment or transfer of this OPTION AGREEMENT or CHANGE of CONTROL, the conditions (a)-(c) below must be timely met. For avoidance of doubt, the requirements below are triggered when the OPTIONEE is acquired but remains a subsidiary such that no assignment occurs. Any attempted assignment or transfer by OPTIONEE other than in accordance with this Paragraph will be null and void.

(a) provide REGENTS written notice identifying the proposed acquirer's or successor entity's name and contact information prior to any such assignment or transfer;



(b) provide REGENTS with a written agreement signed by the proposed acquirer or successor entity agreeing to be bound by all of the provisions of this OPTION AGREEMENT, as well as assume all responsibilities and liabilities that arose under this OPTION AGREEMENT prior to the effective date of the proposed assignment or transfer, as if such acquirer or successor entity were the original OPTIONEE within thirty (30) days after any such assignment or transfer; and

(c) pay to REGENTS an assignment/change of control fee of [Written amount] (\$Number) (“ASSIGNMENT/CHANGE of CONTROL FEE”) within thirty (30) days after any such assignment or transfer.

## 22. MISCELLANEOUS

### 22.1 Waiver:

a) No waiver by either party of any breach or default of any of the duties, obligations, or agreements contained herein will be deemed a waiver as to any subsequent and/or similar breach or default.

b) No waiver will be valid or binding upon the parties unless made in writing and signed by a duly authorized officer of each party.

22.2 **Force Majeure:** Except for OPTIONEE’s obligation to make any payments to REGENTS hereunder, the parties to this OPTION AGREEMENT are excused from any performance required hereunder if such performance is rendered impossible or unfeasible due to any catastrophes or other major events beyond their reasonable control, including, without limitation, war, riot, and insurrection; laws, proclamations, edicts, ordinances, or regulations; strikes, lockouts, or other serious labor disputes; and floods, fires, explosions, pandemics, or other natural disasters. When such events have abated, the parties' respective obligations hereunder will resume.

22.3 **Severability:** If any of the provisions contained in this OPTION AGREEMENT are held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provisions hereof, and this OPTION AGREEMENT will be construed as if such invalid or illegal or unenforceable provisions had never been contained herein.

22.4 **Scope:** This OPTION AGREEMENT embodies the entire understanding of the parties and supersedes all previous communications, representations, or understandings, whether oral or written, between the parties relating to the subject matter hereof.

22.5 **Amendments:** No amendment or modification of this OPTION AGREEMENT will be valid or binding upon the parties unless made in writing and signed on behalf of each party.

22.6 **Parties:** No provisions of this OPTION AGREEMENT are intended or will be construed to confer upon or give to any person or entity other than REGENTS and OPTIONEE any rights, remedies, or other benefits under, or by reason of, this OPTION AGREEMENT.

22.7 **Independence:** In performing their respective duties under this OPTION AGREEMENT, each of the parties will be operating as an independent contractor. Nothing contained herein will in any way constitute any association, partnership, or joint venture between the parties hereto, or be construed to evidence the intention of the parties to establish any such relationship. Neither party will have the power to bind the other party or incur obligations on the other party's behalf without the other party's prior written consent.

22.8 **Headings:** The headings of the sections are inserted for convenience of reference only and are not intended to affect the meaning or interpretation of this OPTION AGREEMENT.

22.9 **Electronic Copy:** The parties to this document agree that a copy of the original signature (including an electronic copy) may be used for any and all purposes for which the original signature may have been used. The parties further waive any right to challenge the admissibility or authenticity of this document in a court of law based solely on the absence of an original signature.

IN WITNESS WHEREOF, the parties hereto have executed this OPTION AGREEMENT in duplicate originals by their duly authorized officers or representatives.

*[signature page follows]*

THE REGENTS OF THE UNIVERSITY  
OF CALIFORNIA

**COMPANY**

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_

APPENDIX A

UNIVERSITY OF CALIFORNIA AT BERKELEY  
OFFICE OF TECHNOLOGY LICENSING

1111 FRANKLIN STREET, 11TH FLOOR  
OAKLAND, CA 94607-5200

DATE

Company Name  
Address

Reference: Agreement between The Regents of the University of California and  
Company Name  
UC Control No. [Case No.] [Licensing Officer], Effective Date  
Agreement Reference Paragraph:

ROYALTY REPORT REQUEST FOR  
THE PERIOD [DATES: From - To]

REPORT AND PAYMENT DUE DATE:

Product NAME

Royalty:

Calculated Royalty This Period: \$ \_\_\_\_\_

New Products

\_\_\_\_\_ \$ \_\_\_\_\_

Total Royalties this Period:

\$ \_\_\_\_\_

Minimum Royalty Credit Available \$

Show Minimum Royalty Credit To Apply -\$ \_\_\_\_\_

Show Any Credit To Apply (other than Minimum Royalty) -\$ \_\_\_\_\_

Total Royalty Amount Due:

\$ \_\_\_\_\_

Have you removed or added products this period? If applicable, provide the commercial name and approval date of any FDA-approved product utilizing the invention that became commercially available during this period.

Product \_\_\_\_\_ Removed \_\_\_\_/\_\_\_\_/\_\_\_\_ Added \_\_\_\_/\_\_\_\_/\_\_\_\_

Commercial Name \_\_\_\_\_ FDA-Approved \_\_\_\_/\_\_\_\_/\_\_\_\_

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

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

PLEASE RETURN THIS COMPLETED FORM WITH A CHECK PAYABLE TO 'THE REGENTS OF THE UNIVERSITY OF CALIFORNIA [Agreement #]' AT THE ABOVE ADDRESS.

If you have questions please call (510) 587-6019, or send an e-mail to valerie.redmond@ucop.edu. Thank you for your prompt attention.

**APPENDIX B**

Optionee Contact Information

|                            |                 |
|----------------------------|-----------------|
| OPTIONEE NAME:             | UC CONTROL NO.: |
| PATENT PROSECUTION CONTACT |                 |
| NAME:                      | TELEPHONE:      |
| TITLE:                     | EMAIL:          |
| ADDRESS:                   |                 |
| CITY, STATE, ZIP:          |                 |
| COUNTRY:                   |                 |
| PROGRESS REPORT CONTACT    |                 |
| NAME:                      | TELEPHONE:      |
| TITLE:                     | EMAIL:          |
| ADDRESS:                   |                 |
| CITY, STATE, ZIP:          |                 |
| COUNTRY:                   |                 |
| INVOICE CONTACT            |                 |
| NAME:                      | TELEPHONE:      |
| TITLE:                     | EMAIL:          |
| ADDRESS:                   |                 |

FOR REFERENCE ONLY

To establish a license agreement at UC Berkeley, contact an Office of Technology Licensing Officer for assistance.

**APPENDIX C**

**PATENT RIGHTS**

1) UC Berkeley Case No. [Number] (“[ **INVENTION NAME** ]”)

U.S. Provisional Patent Application No. [Number] entitled, “[ **INVENTION NAME** ]”, filed [ **FILING DATE** ] (UC Berkeley Case No. [ **UC Berkeley CASE No.** ]).

U.S. Patent Application No. [Number] entitled, “[ **INVENTION NAME** ]”, filed [ **FILING DATE** ] (UC Berkeley Case No. [ **UC Berkeley CASE No.** ]).

U.S. Patent No. [Number] entitled, “[ **INVENTION NAME** ]”, filed [ **FILING DATE** ] (UC Berkeley Case No. [ **UC Berkeley CASE No.** ]).

\* The license agreement will not be limited to the provisions of this Sample License Agreement, and may include other provisions as appropriate on a case by case basis, such as provisions required for inventions arising from Howard Hughes Medical Institute appointees, and the like. 1