

**ILLUSTRATIVE OPTION AGREEMENT –
NON-BINDING AND NOT FOR EXECUTION**

This Agreement, entered into as of XXXXX XX, 2015 (“Effective Date”) by and between XXXxxxxxxx Inc, a corporation organized under the laws of _____ and having a principal place of business at _____ (“LICENSEE”), and the University of Tennessee Research Foundation, a Tennessee nonprofit corporation having its principal place of business at 600 Henley St, Suite 211, Knoxville, TN 37996 (“UTRF”).

RECITALS

UTRF is a non-profit organization which has as one of its primary functions the management of inventions arising out of the scientific research carried out by The University of Tennessee (“University”), and UTRF is committed to bringing such technology into widespread use.

Invention Disclosure Forms entitled, " _____ ” designated as file numbers PD-xxxxx by UTRF (the “Invention Disclosure”), have been submitted to UTRF by the University for administration.

LICENSEE desires to obtain an option for a license under patent applications and/or patents claiming inventions disclosed in the Invention Disclosure.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants hereinafter set forth, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1. SUBJECT TECHNOLOGY. The term "Subject Technology" shall mean, to the extent developed by Xxx Xxxx and Xxxx Xxxx (the "Originators") and assigned to UTRF:

A. All patentable inventions disclosed in the Invention Disclosure, a copy of which is attached hereto and incorporated herein by reference as Exhibit A; and

B. All patent applications (domestic or foreign) that (i) have previously been filed or are filed during the term of this Option Agreement; and (ii) name the Originator as an inventor; and (iii) claim an invention disclosed in the Invention Disclosure, together with any patents (domestic or foreign) issuing therefrom (including without limitation, patents issuing from any divisional, renewal, substitute, continuation, or reissue application) (collectively the "Patent Rights").

1.2. LICENSED PRODUCTS. Licensed Products shall mean products claimed in Patent Rights or products made in accordance with or by means of a Licensed Process or products manufactured, used or sold for the purpose of performing a Licensed Process.

1.3. LICENSED PROCESSES. Licensed Processes shall mean any process(es) claimed in Patent Rights.

1.4. OPTION PERIOD. Option Period shall mean the period commencing on the Effective Date and ending on XXX.

1.5. FIELD. The term “Field” shall mean XXXX fields of use.

ARTICLE II

2.1. EVALUATION PROCEDURE. During the Option Period, LICENSEE shall have the right to evaluate Subject Technology and its market potential. LICENSEE shall within six months after the Effective Date report to UTRF the results of such evaluations.

2.2. PATENT PROSECUTION AND MAINTENANCE. LICENSEE shall reimburse UTRF for all reasonable expenses incurred during the term of this Agreement for the preparation, filing, prosecution, and maintenance of Patent Rights. If LICENSEE fails to reimburse these costs within thirty (30) days after receipt of an invoice for same from UTRF, it automatically relinquishes all rights under this Agreement.

ARTICLE III

3.1. OPTION TO LICENSE. UTRF, to the extent it is permitted to do so by agreements with sponsors of past or future underlying research and by the provisions of federal law (including, without limitation, Public Laws 96-517 and 98-620), grants to LICENSEE an exclusive option to obtain a license to make, have made, use, market, sell, and import one or more Licensed Products in the Field under the Patent Rights (“Option”). During the term of this Agreement, UTRF shall not negotiate to or offer these rights to any third party.

3.2. OPTION FEE. Within thirty (30) days after receipt of an invoice from UTRF, LICENSEE shall pay to UTRF a non-refundable option fee in the amount of XXXX.

3.3. EXERCISE OF OPTION. LICENSEE may exercise this Option by so notifying UTRF in writing at any time during the Option Period and by including in such notification a written statement setting forth LICENSEE’s ability and plans for development of one or more specified Licensed Products for public use as soon as practicable, consistent with sound and reasonable business practices and judgment. If LICENSEE does not exercise the Option or if the parties do not execute a license agreement during the Negotiation Period as referenced in Article 3.4, then UTRF shall be free to license the Subject Technology to a third party without any further obligation to LICENSEE.

3.4. NEGOTIATION PERIOD. Upon exercise of the Option and for a period not to exceed three (3) months thereafter (the “Negotiation Period”), UTRF agrees to negotiate in good faith to establish the terms of a license agreement granting LICENSEE the right under the Patent Rights to make, have made, use and sell the Licensed Product(s) specified in LICENSEE’s exercise of the Option within the Field, and providing that during the term of such license agreement, UTRF will not grant to any third party the commercial right to make, have made, use, or sell such Licensed Product(s) in the Field, all of the foregoing being subject to any rights held or obligations imposed by the United States government, and further . Such license agreement shall include at least the following provisions: license fees, royalty payments, the right to grant sublicenses, a commitment by LICENSEE and any sublicensee to exert their commercial best efforts to introduce the specified Licensed Product(s) into public use as rapidly as practicable, the right of UTRF to terminate the license should LICENSEE not meet specified due-diligence milestones, and indemnity and insurance provisions reasonably satisfactory to UTRF. Before receiving such a license, LICENSEE shall outline for UTRF its capability and/or plans to introduce such specified Licensed Product(s) into public use. During the Negotiation Period, UTRF shall not offer rights in the Subject Technology or Licensed Products to any third party except as may be required by law.

ARTICLE IV

4.1. TERMINATION. This Agreement shall terminate at the end of the Option Period unless the Option is exercised, in which case this Agreement will terminate at the end of the Negotiation Period or upon execution of a license agreement, whichever occurs first.

ARTICLE V

5.1. APPLICABLE LAW. This Agreement shall be construed and the rights of the parties determined in accordance with the laws of the State of Tennessee, without reference to the conflicts of laws principles therein.

5.2. USE OF NAMES. No use of the name of UTRF or the University in any form of promotion or in connection with the sale of products, processes, devices, or designs is permitted without prior written approval from UTRF or the University, as the case may be.

5.3. NOTICES AND CORRESPONDENCE. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been sufficiently given for all purposes (i) five (5) days after mailing when sent by certified mail, postage prepaid and return receipt requested, and (ii) upon actual receipt by the party to be notified when hand-delivered or sent by a nationally-recognized courier promising overnight delivery.

All notices and any correspondence respecting this Agreement shall be addressed as follows:

If to UTRF:

University of Tennessee Research Foundation
910 Madison Ave, Suite 827
Memphis, TN 38163

If to LICENSEE:

5.5. DISCLAIMER OF WARRANTY. UTRF EXPRESSLY DISCLAIMS ANY AND ALL IMPLIED OR EXPRESS WARRANTIES AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSES OF THE LICENSED PROCESSES OR LICENSED PRODUCTS CONTEMPLATED BY THIS AGREEMENT. FURTHER, UTRF HAS MADE NO INVESTIGATION AND MAKES NO REPRESENTATION THAT ANY SUCH LICENSED PRODUCTS OR LICENSED PROCESSES ARE FREE FROM LIABILITY FOR PATENT INFRINGEMENT. UTRF MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES AS TO THE VALIDITY OF PATENT RIGHTS CLAIMS, ISSUED OR PENDING. DUE TO THE CONTRIBUTION THAT THIRD PARTIES HAVE MADE OR MAY IN THE FUTURE MAKE TO THE DEVELOPMENT OF THE SUBJECT TECHNOLOGY, UTRF MAKES NO REPRESENTATION THAT

IT WILL BE ABLE TO OFFER LICENSEE AN EXCLUSIVE LICENSE UNDER THE PATENT RIGHTS WITH REGARD TO ANY LICENSED PRODUCTS OR LICENSED PROCESSES.

5.6. LIABILITY. LICENSEE shall indemnify and hold UTRF and the University and their respective trustees, directors, officers, employees, contractors, subcontractors, and agents (the "Indemnitees") harmless against any and all claims for loss, damage, or injuries in connection with or arising out of (1) use of Subject Technology by LICENSEE, its directors, employees, contractors, subcontractors, or agents or by third parties whose use is authorized by LICENSEE or (2) the design, manufacture, marketing distribution, use or sale of any Licensed Processes or Licensed Products or other products developed in connection with or arising out of information disclosed to LICENSEE hereunder, except to the extent that any claim or liability arises out of the gross negligence or willful misconduct of any of the Indemnitees. Such indemnity shall include all costs and expenses, including attorney's fees and any costs of settlement. To the extent that an Indemnitee requests indemnification from LICENSEE, LICENSEE shall have the right to control the defense of any such claim. LICENSEE shall not settle or compromise any such claim (a) without the prior written approval of UTRF if such settlement contains an admission of the invalidity of any Licensed Patents or materially affects the rights of UTRF hereunder or (b) without the prior written approval of the Indemnitee(s) if such settlement contains an admission of fault or wrongdoing on the part of such Indemnitee(s). The rights and obligations of this section shall survive termination or expiration of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed in duplicate by their duly authorized officers.

UNIVERSITY OF TENNESSEE RESEARCH
FOUNDATION ("UTRF")

XXXXXXXXX, INC.
("LICENSEE")

Signature _____

Signature _____

Name: _____

Name _____

Title: _____

Title _____

Date _____

Date _____