EXCLUSIVE OPTION AGREEMENT

This exclusive option agreement ("Agreement") is dated and effective as of the date of last signature ("Effective Date") and is made between the University of Washington, a public institution of higher education and an agency of the state of Washington ("University"), and [COMPANY NAME], a corporation organized under the laws of the state of [STATE or COUNTRY] ("Company") (individually the "Party" or collectively the "Parties").

Purpose

University owns or is in possession of certain technology made in the course of University research relating to [TECHNOLOGY DESCRIPTION]. Company is willing to support the preparation, filing, prosecution and maintenance of certain patent applications or issued patents covering all or part of the technology and Company desires that University grant it an exclusive option to obtain an exclusive, royalty-bearing license to this technology. University is willing to grant such an exclusive option on the terms set forth below.

The Parties therefore agree as follows:

1. Definitions

All capitalized terms used in this Agreement have the respective meanings ascribed to them in this Agreement and are intended to include all derivative forms.

"Confidential Information" means (a) any University information or materials (biological, chemical, or otherwise) not generally known to the public, including any information comprised by those materials and including without limitation, unpublished University Patents and University’s research and technology, and (b) Company’s business plans or reports. Confidential Information does not include any information that: (a) is, or becomes, part of the public domain through no fault of receiving Party; (b) is known to receiving Party prior to the disclosure by the disclosing Party, as evidenced by documentation; (c) is publicly released as authorized under this Agreement by University, its employees or agents; (d) is subsequently obtained a by a Party from a Third Party who is authorized to have such information; or (e) is independently developed by a Party without reliance on any portion of the Confidential Information received from the disclosing Party and without any breach of this Agreement as evidenced by documentation.

"Field of Use" means [______].

"Patent Expenses" means all reasonable costs (including attorneys’ and application fees) incurred by University in accordance with this Agreement to apply for, prosecute and maintain Licensed Patents, including but not limited to the costs of interferences, oppositions, inter partes review and re-examinations. Patent Expenses include reimbursement for in-house costs provided they are for activities that would otherwise have been performed by outside counsel at an equal or greater expense.

"Third Party" means an individual or entity other than University or Company.

"University Copyrights" means the software, computer programs, documentation, algorithms, or other materials subject to copyright protection listed in Section A2 (University Copyrights) of attached Exhibit A.

"University Patents" means the patents and patent applications (including provisional patent applications and foreign patent applications and patents) listed in Section A1 of Exhibit A, patent application(s) which are entitled to the priority date of the patents and patent applications described in Section A1 of attached Exhibit A, and any corresponding patent(s) issued therefrom, including all reissues, divisionals, continuations, reexaminations, substitutions, registrations, confirmations, renewals and extensions thereof, together with all corresponding foreign patents, extensions, supplemental protection certificates and applications.

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corresponding thereto now issued or issued during the term of the Agreement and which directly relate to University Patents. Claims within continuation-in-part patent applications are included within University Patent(s) only to the extent such claims are sufficiently supported by a patent or patent application set forth in Section A1 to benefit from the priority date of such patent or patent application and to the extent such claims are not encumbered by Third Party rights. A patent or patent application shall cease to be a University Patent when any of the following occur: a) it expires; b) it is abandoned; or c) it is held to be unenforceable by a court of competent jurisdiction from which no appeal can be taken.

2. **Grant of Option, Exercise of Option, and Option Period**

2.1. **Option Grant**. University hereby grants to Company, the exclusive option, but not the obligation, to negotiate a royalty-bearing exclusive license on commercially reasonable terms, to make, use, sell, have sold, offer for sale and import products that use or are derived from the University Patents in the Field of Use. University also hereby grants to Company the non-exclusive option, but not the obligation, to negotiate a royalty-bearing non-exclusive license on commercially reasonable terms, to reproduce, display, perform, modify, or distribute products that use or are derived from the University Copyrights in the Field of Use. The option shall commence on the Effective Date and remain in effect for X months (the "Option Period"). The Option Period may be extended by written mutual agreement of Parties.

2.2. **Evaluation Grant**. University hereby grants to Company during the term of this Agreement the right to make and use products and/or processes covered by University Patents and/or University Copyrights strictly for purposes of evaluating whether Company wishes to exercise the option granted herein. Until such time as a license agreement is fully executed between the Parties, Company is expressly prohibited from using University Patents or University Copyrights for commercial purposes and from selling any products or services that use or are derived from University Patents or University Copyrights.

2.3. **Exercise of Option**. If Company elects to exercise the option hereunder it shall provide written notice of exercise to University within the Option Period, and in accordance with Exhibit B Company shall provide University with a development plan reasonably acceptable to University that is similar in scope and substance to that outlined in Exhibit B.

2.4. **License Negotiation**. Upon University’s receipt of Company’s written notice of intent to exercise of the option, University and Company shall enter into good faith discussions to negotiate a license agreement. Such negotiations shall extend for three months from Company’s exercise of the option (the "Negotiation Period"). If University and Company do not execute a license agreement within the Negotiation Period, provided that the Negotiation Period may be extended by written mutual agreement of the Parties, thereafter University is under no obligation to license University Patents to Company.

2.5. **University Reserved Rights**. University reserves all rights not expressly granted to Company under this Agreement and retains for itself and other not-for-profit academic research institutions, an irrevocable, nonexclusive license to practice University Patents and University Copyrights for academic research, instructional, clinical, or any other academic or non-commercial purpose. Expressly included within this University reservation of rights is to do the following in connection with academic research, instructional, or any other academic or non-commercial purposes: (a) to use the University Patents and University Copyrights in sponsored research or collaborative research with any Third Party, but not for any commercial purpose, and only to the extent that no such Third Party is granted any commercialization rights of any kind under the University Patents or University Copyrights or to commercialize products based on University Patents or University Copyrights, (b) to grant material transfer agreements to the extent that the use of such materials is
restricted to academic research, teaching and or other scholarly activities, and (c) to publish any information included in the University Patents or University Copyrights or any other information that may result from University’s research.

2.6. **Government Rights.** The U.S. federal government, pursuant to one or more grants and attendant law and regulations, supported in whole or in part the research resulting in University Patents and has certain rights in and to any government-funded University Patents as those rights are described in Chapter 18, Title 35 of the United States Code and accompanying regulations, including Part 401, Chapter 37 of the Code of Federal Regulations. The Parties’ rights and obligations to any government-funded University Patents under this Agreement, including the grant of option set forth in Section 2.1, and any subsequent license that may be negotiated between the Parties as a result of the option granted herein, are subject to the applicable terms of the aforementioned United States laws.

3. **Financial Consideration**

3.1. **Option Fee.** In consideration for the rights granted to Company herein, Company shall pay to University a one-time, non-refundable option fee of [ ] USD ($[ ] USD) within thirty (30) days of the Effective Date.

3.2. **Patent Cost Reimbursement.** Company agrees to reimburse University for all Patent Expenses related to the filing, prosecution and maintenance of University Patents, including, without limitation, interference, oppositions, and reexaminations, and maintenance and defense of patents, incurred on or after the Effective Date, within thirty (30) days of receipt of invoice. Company shall reimburse University for all Patent Expenses during the Option Period and any applicable Negotiation Period, including any extensions to either Option Period or Negotiation Period that may be agreed upon in writing by both Parties. Such fees and costs shall not include costs incurred by University in the use of its own resources, such as employee time. University may, at its discretion, request advance payment for any patent activities requested by Company prior to issuing instructions to University counsel to undertake such activities and University will not be obligated to instruct counsel to proceed with patent activities when Company has been requested to pay estimated patent expenses for such activities in advance, but Company has not done so.

3.3. **Late Payments.** University may charge Company a late fee for all amounts owed to University that are overdue by 30 days or more. The late fee will be computed as the United States prime rate plus two percent, compounded monthly, as set forth by The Wall Street Journal (Western edition) on the date on which such payment is due, of the outstanding, unpaid balance. The payment of a late fee will not foreclose or limit University from exercising any other rights it may have as a consequence of the lateness of any payment.

3.4. **Payments.** Company shall make all payments specified in this Agreement by check, wire transfer, or any other mutually agreed-upon and generally accepted method of payment. All checks to University will be made payable to “University of Washington” and will be mailed to the address specified in Section 8.6 (Notices) and will include the University agreement number XXXX. Upon request, University shall deliver to Company written wire transfer instructions.

4. **Patent Prosecution**

4.1. University and Company will consult on the preparation, filing and prosecution of the University Patents. Provided Company is in compliance with Section 3.2 (Patent Cost Reimbursement), Company’s directions regarding patent preparation, filing and prosecution will be followed unless detrimental to
University’s intellectual property rights. Patent counsel will be directed to deliver to Company all written and
electronic communications to and from all patent offices and foreign counsel, and provide summaries of oral
communications with patent offices. University and Company will consult prior to deciding in which countries
to pursue patent protection and provided Company is in compliance with Section 3.2 (Patent Cost
Reimbursement), patents will be filed in all countries Company designates. University will remain the client of
record, and may at its own expense instruct patent counsel to take actions necessary to protect University’s
intellectual property rights, if in University’s reasonable opinion, Company actions will result in a loss of rights;
provided that for any such actions, if Company declines to reimburse University pursuant to Section 3.2, those
University Patents will not be subject to this Agreement. In no event shall Company incorporate or otherwise
use University Confidential Information in connection with any patent application filed by or on behalf of
Company. In no event will Company file a patent application where all of the inventors are under University
policy obligated to assign their rights in such patent application to University.

5. Confidentiality

5.1. Form of Transfer. Confidential Information may be conveyed in tangible or intangible form. The
disclosing Party must clearly mark its Confidential Information “confidential”. If disclosing Party communicates
Confidential Information in non-written form, it will reduce such communications to writing, clearly mark it
“confidential”, and provide a copy to receiving Party within 30 days of original communication at the address
in Section 8.6 (Notices). Any business information delivered by Company as required under this Agreement
shall be deemed marked “confidential”, whether or not such confidential marking appears.

5.2. No Unauthorized Disclosure of Confidential Information. Beginning on the Effective Date and
continuing throughout the term of this Agreement and thereafter for a period of 5 years, receiving Party will
not disclose or otherwise make known or available to any Third Party any disclosing Party Confidential
Information, without the express prior written consent of disclosing Party. Receiving Party will use reasonable
procedures to safeguard disclosing Party's Confidential Information.

5.3. Public Records Act. University is an agency of the state of Washington and is subject to the
Washington Public Records Act, RCW 42.56 et seq., (“Act”), and no obligation assumed by University under this
Agreement shall be deemed to be inconsistent with University’s obligations as defined under the Act and as
interpreted by University in its sole discretion. In the event University receives a request for public records
under the Act for documents containing Company confidential information, and if University concludes that
the documents are not otherwise exempt from public disclosure, University will provide Company notice of the
request before releasing such documents. Such notice shall be provided in a timely manner to afford Company
sufficient time to review such documents and/or seek a protective order, at Company’s expense. The
responsibility for protecting the Confidential Information shall reside exclusively with Company utilizing the
procedures described in RCW 42.56.540. University will have no other obligation to protect Company
Confidential Information from disclosure in response to a request for public records.

5.4. Disclosure as Required by Law. Either Party will have the right to disclose the other Party's
Confidential Information as required by law or valid court order, provided that such Party will inform the Party
who owns such Confidential Information prior to such disclosure, will cooperate with the owner Party’s efforts
to limit or avoid disclosure, and will limit the scope and recipient of disclosure to that required by such law or
court order.

6. Termination
6.1. **End of Term**. This Agreement will expire, unless terminated earlier as provided in this Section 6 (Termination), without further action by the Parties, at the end of the Option Period plus any applicable Negotiation Period.

6.2. **Termination by Company**. Company may terminate this Agreement upon 60 days prior written notice of termination to University. Termination will be effective 60 days from the date University receives such notice.

6.3. **Termination by University**. If Company fails to meet its material obligations under this Agreement, University may terminate this Agreement by sending written notice of breach to Company. Company shall have a period of 60 days after receipt of University’s written notice of breach to cure any alleged breach. If Company fails to timely cure the breach, this Agreement shall terminate immediately upon expiration of those 60 days.

6.4. **Automatic Termination**. This Agreement, and the option granted to Company hereinabove, may be terminated by University by delivering to Company a written notice of termination at least thirty (30) days prior to the effective date of termination immediately in the event that Company (a) becomes insolvent; (b) makes any general assignment for the benefit of its creditors; (c) a petition is filed by or against Company, or any proceeding is initiated by or against Company, or any proceeding is initiated against Company as a debtor, under any bankruptcy or insolvency law; provided that, in the event that such petition is filed or proceeding is initiated against Company, then University may deliver such written notice of termination, but such termination will be effective only if such petition or proceeding is not dismissed within sixty (60) days after such filing or initiation; or (d) a receiver, trustee, or any similar officer is appointed to take possession, custody, or control of all or any part of Company’s assets or property.

6.5. **Survival**. Immediately upon the termination or expiration of this Agreement pursuant to this Article 6 (Termination), all of Company’s rights under this Agreement shall terminate; provided, however, Company’s obligations that accrued prior to the effective date of termination or expiration of this Agreement shall survive. Articles 1 (Definitions), 3 (Financial Consideration), 5 (Confidentiality), 7 (Warranty and Indemnification) and 8 (Miscellaneous Provisions) and this Section 6.5 (Survival) shall survive the termination or expiration of this Agreement.

7. **Warranty and Indemnification**

7.1. **Non-Representation as to Validity, Scope or Value**. No term or provision of this Agreement shall be construed as a warranty or representation by University concerning the validity, scope or value of University Patents.

7.2. **Disclaimer of Warranty**. University expressly disclaims any and all warranties, whether express or implied, pertaining to the merchantability or fitness for a particular purpose of University Patents, University Copyrights, or anything else optioned, licensed, disclosed, or otherwise provided to Company under this Agreement.

7.3. **Limitation of Liability of University**. UNIVERSITY’S MAXIMUM LIABILITY UNDER THIS AGREEMENT SHALL BE LIMITED TO THE SUM OF ALL OPTION FEES PAID FOR THE THEN CURRENT OPTION PERIOD AND NEGOTIATION PERIOD BY COMPANY. UNIVERSITY WILL NOT BE LIABLE DIRECTLY OR INDIRECTLY FOR ANY PROPERTY DAMAGE, PERSONAL INJURY, LOSS OF USE, INTERRUPTION OF BUSINESS, LOSS OF PROFITS, OR OTHER SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED, WHETHER FOR BREACH OF WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.
7.4. **Indemnification.** Company agrees to indemnify, hold harmless and defend University, its regents, officers, employees, students and agents ("Indemnified Parties") against any and all third-party claims, causes of action, lawsuits, or other proceedings ("Claims") and losses, damages, costs, fees and expenses resulting from or arising out of Company’s use of University Patents, or University Copyrights. Such indemnity shall not, however, apply to Claims arising from the gross negligence or intentional misconduct of any of the Indemnified Parties. This indemnification clause shall survive the termination of this Agreement.

8. **Miscellaneous Provisions**

8.1. **Non-Agency.** With respect to the subject matter of this Agreement, Company and University are independent contractors and neither shall be deemed to be an agent, employee, partner, nor joint-venturer of the other for any purpose.

8.2. **Entire Agreement.** [Company has evaluated the Licensed Patents [AND/OR Licensed Copyrights] under a Confidentiality Agreement ("CDA") with University (UW # __________) with an effective date of ______________.] This Agreement (including all attachments, exhibits, and amendments hereto) is intended by the Parties as the final and binding expression of their contract and agreement with respect to the subject matter set forth herein, and as the complete and exclusive statement of the terms thereof. This Agreement cancels, supersedes, and revokes all prior negotiations, representations and agreements between the Parties, whether oral or written, relating to the subject matter of this Agreement. [However, the obligations of nonuse and nondisclosure for Confidential Information disclosed pursuant to the CDA shall survive until ______________.] Confidential Information disclosed pursuant to this Agreement shall be governed by the terms of this Agreement. This Agreement may not be modified, changed or discharged, in whole or in part, except by an agreement in writing signed by authorized representatives of both Parties.

8.3. **Choice of Law/Venue.** This Agreement shall be governed by and interpreted in accordance with the laws of the state of Washington, regardless of choice of law provisions. Any claim related in any manner to the Agreement shall be instituted and commenced in, and venue shall be, King County, Washington or the United States District Court for the Western District of Washington.

8.4. **Severability.** If any provision of this Agreement is determined to be unenforceable or otherwise unlawful, then such provision shall be without effect, and the remaining terms and conditions of this Agreement will survive, as if such provision had not been included herein. The Parties shall promptly meet to agree upon further terms which shall, within the confines of the law, most substantially satisfy the intention of the Parties as reflected by the ineffective provision.

8.5. **Waiver.** No delay or omission by either Party in exercising any right under this Agreement shall operate as a waiver of that or any other right. A waiver or consent given by either Party on any one occasion is effective only in that instance and shall not be construed as a bar to or waiver of any right on any other occasion.

8.6. **Notices.** All notices, requests, and other communications that a Party is required or elects to deliver shall be in writing and shall be delivered personally, or by facsimile or electronic mail (provided such delivery is confirmed), or by a recognized overnight courier service or by United States mail, first-class, certified or registered, postage prepaid, return receipt requested, to the other Party at its address set forth below or to such other address as such Party may designate by notice given pursuant to this Section 8.6:

If to University: UW CoMotion
Attn: Director, Innovation Development
8.7. **Attorneys’ Fees.** If any dispute arises under this Agreement, the prevailing Party shall be entitled to its reasonable attorneys’ fees and costs of litigation from the other Party.

8.8. **No License to or Ownership Interest in Proprietary Rights.** Except as expressly set forth herein, no provision in this Agreement shall be construed to grant Company a license to University Patents. Company will not, by performance under this Agreement, obtain any ownership interest in University Patents.

8.9. **Language and Currency.** Unless otherwise expressly provided in this Agreement, all notices, reports, and other documents and instruments that a Party elects or is required by the terms of this Agreement to deliver to the other Party will be in English, and all notices, reports, and other documents and instruments detailing revenues earned under this Agreement or expenses chargeable to a Party will be United States dollar denominated.

8.10. **Use of Names, Trade Names and Trademarks.** No provision in this Agreement shall be construed to confer the right upon a Party to use the trade name, trademark, or name of the other Party in any advertising, publicity or other promotional activities, unless the express, written permission of the other Party has been obtained. The use of the name “University of Washington” or any contraction, abbreviation, or simulation thereof, by Company is expressly prohibited without prior written approval by an authorized representative of University.

8.11. **Counterparts.** This Agreement may be executed by facsimile and in identical counterparts, each of which (including signature pages) will be deemed an original, but all of which together will constitute one and the same instrument. A facsimile, scanned, or photocopied signature (and any signature duplicated in another similar manner) identical to the original will be considered an original signature.
IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed and delivered as of the Effective Date.

[Company name]  
By: ____________________________  
Name: ____________________________  
Title: ____________________________  
Date: ____________________________  

UNIVERSITY OF WASHINGTON  
By: ____________________________  
Name: ____________________________  
Title: ____________________________  
Date: ____________________________
EXHIBIT A

UNIVERSITY PATENTS AND UNIVERSITY COPYRIGHTS

A1. University Patents

<table>
<thead>
<tr>
<th>UW Ref. No.</th>
<th>Application Serial #</th>
<th>Filing Date</th>
<th>Type</th>
<th>Status</th>
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A2. University Copyrights
EXHIBIT B

DEVELOPMENT PLAN

A development plan of the scope outlined below shall be submitted to University within thirty (30) days of Company’s exercise of the option pursuant to Section 2.3. The development plan should provide University with a summary overview of the activities that Company believes are necessary to bring products based on either University Patents or University Copyrights to the marketplace.

Development Program
- Development activities to be undertaken (please break activities into sub-units where appropriate with the anticipated date of completion of major milestones)
- Estimated total development time, anticipated date of product launch

Regulatory Plan
- Types of Submissions Required
- Government Agency (e.g. FDA, EPA, etc)

Market Analysis
- Competitive Information
- Potential Competitors
- Potential Competitive Products and Services
- Known Competitor’s Plans, Developments, Technical Achievements
- Customers
- Perceived Advantage Over Competitors

Financial Plan
- Fundraising/financing activities
- Financial Projections over the next 5 years

Total Length: approximately 2-3 pages.