

OPTION AGREEMENT

This Option Agreement (the “**Agreement**”) is made this _____ day of _____, 20____ (the “**Effective Date**”) by and between Shawnee State University, an institution of higher education of the State of Ohio, with a principal place of business at Portsmouth, Ohio 45662 (hereinafter, “**SSU**”) and Optionee Name, with an address at Principal Place of Business (hereinafter, “**Optionee**”); collectively, “**Parties**”, or singly, “**Party**”.

Background

A. SSU owns the SSU Patents (defined below) and has the right to license the Technology (defined below) and SSU desires to have the SSU Patents and Technology commercially developed to benefit the general public.

B. Optionee wishes to obtain from SSU an option to license the SSU Patents and Technology and SSU is willing to grant such an option upon the terms and conditions set forth herein.

For good and valuable consideration, the parties agree as follows:

1. Definitions

“**Confidential Information**” means all information that is of a confidential and proprietary nature to SSU or Optionee and provided by one party to the other party under the Agreement.

“**SSU Indemnitees**” means SSU, its trustees, employees, students, agents, contractors, subcontractors, and consultants.

“**Option Fee**” means _____ Dollars (\$_____).

“**Option Field of Use**” means, and shall be limited to, _____.

“**Option Period**” means the period commencing on the Effective Date and ending on _____, _____.

“**Option Territory**” means, and shall be limited to, _____.

“**SSU Patents**” means the following patents/patent applications set forth in the table immediately below, any divisionals, continuations, continuations-in-part (excluding new matter and claims containing new matter), reissues, re-examinations, extensions, foreign counterparts and patents that issue with respect to said patents/patent applications:

Serial No./ Patent No.	Title	Inventors

“**Technology**” means the technical information, know-how, procedures, processes, methods and designs described in the following invention disclosures:

Tech ID	Title	Inventors

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“**Product(s)**” means any product or process that: (a) is claimed in whole or in part by the Patent Rights and/or whose manufacture or use is claimed in whole or in part by the SSU Patents; and/or (b) is itself, or whose development, manufacture, use, sale or importation, uses, incorporates, is made with and/or is or was created or derived from the Technology.

2. Grant.

2.1 Option to License.

(a) Subject to the terms and conditions of this Agreement, SSU hereby grants to Optionee an exclusive option during the Option Period to negotiate [**an exclusive/a nonexclusive**] license agreement under the SSU Patents and a nonexclusive license under the Technology in the Option Field of Use and Option Territory. This option shall terminate at the end of the Option Period.

(b) Optionee will have until the end of the Option Period to consummate execution of a license agreement under the SSU Patents and Technology.

(c) SSU does not: (1) grant to Optionee any other options or licenses, implied or otherwise, to any patents or other rights of SSU other than those rights specifically granted under the SSU Patents and Technology, regardless of whether such patents or other rights are dominant or subordinate to any SSU Patents or Technology, or are required to exploit any SSU Patents or Technology; (2) commit to Optionee to bring suit against third parties for infringement; (3) agree to option or to furnish to Optionee any technology or technological information other than the SSU Patents and Technology; or (4) agree to provide Optionee with any assistance.

2.2 Evaluation License. SSU hereby grants to Optionee a limited, [**exclusive/nonexclusive**] license under the SSU Patents and a limited, nonexclusive sublicense under the Technology to use the inventions of the SSU Patents and the Technology solely for internal use and solely for the purpose of evaluating its interest in licensing the SSU Patents and Technology. Said evaluation license shall commence on the Effective Date and terminate upon the expiration of the Option Period. Optionee shall not sell, distribute or otherwise transfer or provide to any third party any Products without the express written consent of SSU, and shall not use the inventions claimed in any of the SSU Patents or use of the Technology or for any purpose other than evaluating its interest in licensing the SSU Patents and Technology.

2.3 Retained Rights; Government Rights.

(a) SSU hereby reserves the right: (1) to grant non-profit research institutions and governmental agencies non-exclusive licenses to practice and use the SSU Patents and Technology for non-profit purposes; (2) for itself, the inventors and any Optionee referred to in preceding clause (1) to publish any information included in the SSU Patents and Technology; and (3) to use the SSU Patents, Technology, and any Products, free of charge, for SSU’s research, educational, academic and/or administrative purposes.

(b) If the United States government (through any of its agencies or otherwise) has funded research during the course of or under which any of the discoveries or inventions of the SSU Patents were conceived or made, the United States government is entitled, as a right, under Title 35 Sections 200-212 and applicable regulations of the Code of Federal Regulations, to non-exclusive rights in the SSU Patents. In addition, those provisions also impose the obligation that Products sold or produced in the United States be “manufactured substantially in the United States.” Any license granted in or pursuant to this Agreement shall be subject to such rights. In addition, this Agreement is subject to

any limitations imposed by the terms of any government grant, contract or cooperative agreement applicable to the SSU Patents and Technology.

2.4 **License to SSU.** Optionee hereby grants SSU the option to obtain a perpetual, royalty-free, nonexclusive license, with the right to grant research sublicenses to academic and non-profit organizations, under any inventions developed by Optionee in the course of performing the evaluation under Section 2.2 above. Disclosure of said inventions shall be by written notice to SSU within thirty (30) days of the discovery of such inventions. If SSU does not exercise its option to receive such a license within six (6) months of the date of the disclosure, its option under this section shall be deemed terminated (but only with respect to the invention(s) disclosed).

3. **Consideration**

3.1 **Option Fee.** As consideration for the option granted herein, Optionee shall pay to SSU the non-refundable Option Fee upon Optionee's execution of this Agreement.

3.2 **Patent Costs.** As further consideration for the option granted herein, Optionee shall reimburse SSU for all costs and expenses incurred by SSU during the Option Period for preparing, filing, prosecuting, and maintaining the SSU Patents.

3.3 **Report.** As consideration for the evaluation license provided in Section 2.2, Optionee agrees to provide to SSU within thirty (30) days of the end of the Option Period a detailed report of any data, findings, experimental protocols, due diligence, market research, and results obtained during the Option Period.

3.4 **Milestones.** Optionee agrees to meet the following milestones and Optionee understands that it must meet these milestones in order to enter into a license agreement with SSU:

- (a) _____
- (b) _____

4. **Warranties**

4.1 **As Is; No Representations or Warranties.** SSU PROVIDES OPTIONEE THE RIGHTS GRANTED IN THIS AGREEMENT AS IS AND WITH ALL FAULTS. SSU MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, VALIDITY OF PATENT CLAIMS, WHETHER ISSUED OR PENDING, ARISING OUT OF ANY COURSE OF DEALING, AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE.

4.2 **Additional Disclaimer.** Specifically, and without limiting the foregoing, SSU makes no representation or warranty: (i) regarding the validity or scope of the SSU Patents; (ii) that the exploitation of the SSU Patents and Technology or any Product shall not infringe any patents or other intellectual property of any third party; (iii) to furnish any know-how not provided in the SSU Patents and Technology or any services other than those specified in this Agreement; or (iv) that SSU will commence legal actions against third parties infringing the SSU Patents.

4.3 **Fairness of Negative Warranties.** The parties hereto acknowledge that the limitations and exclusions of liability and disclaimers of warranty set forth in this Agreement form an essential basis of the bargain between the parties.

5. **Indemnities; Limitation of Liability**

- 5.2 **Indemnity.** Optionee shall indemnify, defend and hold harmless the SSU Indemnitees from and against any and all actions, suits, claims, demands, prosecutions, liabilities, costs, expenses, damages, deficiencies, losses or obligations (including attorneys fees) based on or arising out of the exercise of any rights granted Optionee under this Agreement or the breach of this Agreement by Optionee. Any attorney used to defend SSU must be approved by the Ohio Attorney General. Optionee shall reimburse SSU for the cost of enforcing this provision. SSU at all times reserve the right to select and retain counsel of its own to defend the interests of any of the SSU Indemnitees.
- 5.3 **No Incidental or Consequential Damages; Limitation of Liability.** SSU SHALL NOT BE NOT LIABLE UNDER THIS AGREEMENT FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, LOST PROFIT, EXPECTATION, PUNITIVE OR OTHER INDIRECT DAMAGES OF ANY KIND IN CONNECTION WITH ANY CLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER GROUNDED IN TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, CONTRACT, OR OTHERWISE, REGARDLESS OF WHETHER SSU IS ADVISED, HAS REASON TO KNOW OR IN FACT DOES KNOW OF THE POSSIBILITY. OPTIONEE AGREES THAT SSU'S TOTAL LIABILITY FOR ANY DAMAGES AND CLAIMS ARISING OUT OF OR RELATED TO THIS AGREEMENT SHALL NOT EXCEED THE AMOUNT OF THE OPTION FEE AND PATENT COSTS ACTUALLY PAID BY OPTIONEE TO SSU.

6. Term and Termination.

6.1 **Term.** The term of this Agreement shall begin on the Effective Date and expire at the end of the Option Period.

6.2 **Termination by Optionee.** Optionee agrees to promptly notify SSU at any time during the term of this Agreement when Optionee has determined that it does not wish to exercise its option under Section 2.1. Optionee agrees to provide SSU a written statement of the basis for such a determination in reasonable detail.

6.3 **Termination by SSU.** SSU may, at its option, terminate this Agreement immediately by giving notice of termination to Optionee if Optionee at any time: (a) defaults in the timely payment of any monies due to SSU or the timely completion of any other material obligation under Section 3 or otherwise under this Agreement and fails to remedy any such default within fifteen (15) days after written notice thereof by SSU; or (b) commits any act of bankruptcy, becomes insolvent, is unable to pay its debts as they become due, files a petition under any bankruptcy or insolvency act, or has any such petition filed against it which has not been dismissed within fifteen (15) days, or if Optionee offers any rights in the SSU Patents and Technology to Optionee's creditors.

7. Notices

All notices, payments or other communications required under this Agreement are deemed fully given when written, addressed and sent as follows:

All notices to Optionee are mailed or e-mailed to:

Name: _____

Address: _____

E-mail: _____

All notices to SSU are mailed or e-mailed, and all payments are mailed, to:

Shawnee State University

940 Second Street

Portsmouth, OH 45662

E-mail: _____

Either party may change its address with written notice to the other party. Notices, payments and other required communication shall be considered timely if such notices are sent on or before the deadline date as verifiable by email, U.S. Postal Service postmark, or dated receipt from a commercial carrier. Parties should request a legibly dated U.S. Postal Service postmark or obtain a dated receipt from a commercial carrier or the U.S. Postal Service. Private metered postmarks shall not be acceptable as proof of timely mailing.

8. Confidentiality

8.1 **Protection and Marking.** SSU and Optionee each agree that all Confidential Information disclosed to the other party: (i) is to be held in strict confidence by the receiving party, (ii) is to be used by and under authority of the receiving party only as authorized in the Agreement, and (iii) shall not be disclosed by the receiving party, its employees or agents without the prior written consent of the disclosing party or as authorized in the Agreement. The receiving party has the right to use and disclose Confidential Information of the disclosing party reasonably in connection with the exercise of its rights under the Agreement, including disclosing to its employees, agents, consultants, and potential investors on a need to know basis, if those employees, agents, consultants, and potential investors have assumed an obligation to maintain the Confidential Information in confidence at least to the extent provided hereunder. Each party's obligation of confidentiality hereunder includes, without limitation, using at least the same degree of care with the disclosing party's Confidential Information as it uses to protect its own Confidential Information, but always at least a reasonable degree of care.

8.2 **Disclosure Required by Law or Court Order.** If the receiving party is required to disclose Confidential Information of the disclosing party hereto, or any terms of the Agreement, pursuant to applicable law, an order or requirement of a court, administrative agency, or other governmental body, the receiving party may disclose such Confidential Information or terms to the extent required, provided that the receiving party shall use reasonable efforts to provide the disclosing party with reasonable advance notice thereof to enable the disclosing party to seek a protective order and otherwise seek to prevent such disclosure. To the extent that Confidential Information so disclosed does not become part of the public domain by virtue of such disclosure, it shall remain Confidential Information protected pursuant to this Section 8.

8.3 **Copies; Continuing Obligations.** Each party agrees not to copy or record any of the Confidential Information of the other party, except as reasonably necessary to exercise its rights or perform its obligations under the Agreement, and for archival and legal purposes. Subject to the exclusions listed in Section 8.4, the Parties' confidentiality obligations under the Agreement

will survive termination of the Agreement and will continue for a period of three (3) years thereafter.

8.4 **Exclusions.** Information shall not be considered Confidential Information of a disclosing party under the Agreement to the extent that the receiving party can establish by competent written proof that such information: (a) was in the public domain at the time of disclosure; (b) later became part of the public domain through no act or omission of the receiving party, its employees, agents, successors or assigns in breach of the Agreement; (c) was lawfully disclosed to the receiving party by a third party having the right to disclose it not under an obligation of confidentiality; (d) was already known by the receiving party at the time of disclosure; or (e) was independently developed by the receiving party without use of the disclosing party's Confidential Information.

9. Miscellaneous Terms

This Agreement may not be transferred or assigned by Optionee without the prior written consent of SSU. This Agreement shall be construed, governed, interpreted and applied according to Ohio law, without regard to conflict of law principles. The parties hereto are independent contractors and not joint venturers or partners. This Agreement does not constitute a joint research agreement. This Agreement constitutes the full understanding and entire agreement between the parties and supersedes all prior agreements or understandings between the parties relating to its subject matter hereof and may be amended or extended only by express, written agreement between the parties which specifically states that it is an amendment to this Agreement.

The authorized signatures of SSU and Optionee below signify their acceptance of the terms of this Agreement as of the Effective Date.

SHAWNEE STATE UNIVERSITY

[OPTIONEE]

By: _____

By: _____

Print: _____

Print: _____

Title: _____

Title: _____

Date: _____

Date: _____