

OPTION AGREEMENT

This Option Agreement (“Option” or “Agreement”) between THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY ("Stanford"), an institution of higher education having powers under the laws of the State of California, and _____ ("Company"), a corporation having a principal place of business at _____, is effective on the ____ day of _____, 20____ ("Effective Date").

1. BACKGROUND

Stanford is the assignee of an invention (insert marketing description here) also known as “_____,” invented in the laboratory of _____, and described in Stanford Docket _____ (“Invention”). The Invention was made in the course of research supported by the _____. Stanford wants to have the invention perfected and marketed as soon as possible so that resulting products may be available for public use and benefit.

(Special background of particular license)

2. DEFINITIONS

- 2.1 "Exclusive" means that, subject to Articles 2.6 and 4, Stanford will not grant further licenses under the Licensed Patent in the Licensed Field of Use in the Licensed Territory.
- 2.2 “Licensed Field of Use” means _____.
- 2.3 "Licensed Patent" means Stanford's U.S. Patent Application, Serial Number _____, filed _____, any foreign patent application corresponding thereto, and any divisional, continuation, or reexamination application, and each patent that issues or reissues from any of these patent applications. Any claim of an unexpired Licensed Patent is presumed to be valid unless it has been held to be invalid by a final judgment of a court of competent jurisdiction from which no appeal can be or is taken. “Licensed Patent” excludes any continuation-in-part (CIP) patent application or patent.
- 2.4 “Licensed Territory” means _____.
- 2.5 "Licensed Product" means a product or part of a product in the Licensed Field of Use:
- (A) the making, using, importing or selling of which, absent this license, infringes, induces infringement, or contributes to infringement of a Licensed Patent; or
 - (B) which is made with, uses or incorporates any Technology.

- 2.6 “Stanford Indemnitees” means Stanford, Stanford Health Care, Lucile Packard Children’s Hospital at Stanford and their respective affiliates, trustees, officers, employees, students, agents, faculty, representatives, and volunteers.
- 2.7 "Technology" means the Licensed Patents and that additional information or materials listed in Appendix A that will be provided by Stanford to Licensee. Technology may or may not be confidential in nature.

3. GRANT

- 3.1 **Grant.** Subject to the terms and conditions of this Option, Stanford grants Company an option to acquire an Exclusive license under the Licensed Patent in the Licensed Field of Use to make, have made, use, import, offer to sell and sell Licensed Product in the Licensed Territory (collectively “Option Rights”). This Option does not give Company any right to offer to sell or sell Licensed Product prior to entering into a license agreement.
- 3.2 **Term.** The term of this Option is until (**insert date**).
- 3.3 **Exercise.** Company may exercise this Option by providing written notice to Stanford stating Company’s intent to enter into a license agreement with Stanford. Company may exercise this Option at any time during the term of the Option.
- 3.4 **Negotiation.** If Company elects to exercise this Option, Stanford and Company will promptly commence negotiation of a license agreement. Company and Stanford will execute a license agreement no later than three (3) months after the date of the exercise of the Option under Section 3.3. THE LICENSE AGREEMENT, IF EXECUTED, WILL INCLUDE OTHER STANDARD AND CUSTOMARY TERMS NORMALLY CONTAINED IN SIMILAR LICENSE AGREEMENTS GRANTED BY STANFORD. THE PARTIES WILL NEGOTIATE THE LICENSE AGREEMENT IN GOOD FAITH.
- 3.5 **Retained Rights.** Stanford retains the right, on behalf of itself, Stanford Health Care, and all other non-profit research institutions, to practice the Licensed Patent and use Technology for any non-profit purpose, including sponsored research and collaborations. Company agrees that, notwithstanding any other provision of this Agreement, it has no right to enforce the Licensed Patent against any such institution. Stanford and any such other institution have the right to publish any information included in the Technology or a Licensed Patent.
- 3.6 **Specific Exclusion.** Stanford does not:
- (A) grant to Company any other licenses, implied or otherwise, to any patents or other rights of Stanford other than those rights granted under Licensed Patent, regardless of whether the patents or other rights are dominant or subordinate to any Licensed Patent, or are required to exploit any Licensed Patent or Technology; or

- (B) agree to furnish to Company any technology or technological information other than the Technology or to provide Company with any assistance.

4. GOVERNMENT RIGHTS

This Agreement is subject to Title 35 Sections 200-204 of the United States Code. Among other things, these provisions provide the United States Government with nonexclusive rights in the Licensed Patent. Company will ensure all obligations of these provisions are met.

5. DILIGENCE

Company agrees to exercise due diligence in conducting research on potential commercial applications for Licensed Patent and Technology. In particular, Company agrees to:

_____ (example:
obtain \$X Million in funding by date)

6. CONSIDERATION

In consideration of the grant by Stanford of the Option and for Stanford's forbearance from licensing other companies in the Licensed Field of Use during the term of the Option, Company will pay Stanford \$XX,000, payable upon signing this Agreement. In addition, Company will pay for patent expenses incurred after the Effective Date and during the term of the Option.

7. INDEMNITY

- 7.1 **Indemnification.** Company will indemnify, hold harmless, and defend all Stanford Indemnitees against any claim of any kind arising out of or related to the exercise of any rights granted Company under this Agreement or the breach of this Agreement by Company.
- 7.2 **Limitation on Liability.** Stanford is not liable for any special, consequential, lost profit, expectation, punitive or other indirect damages in connection with any claim arising out of or related to this Agreement, whether grounded in tort (including negligence), strict liability, contract, or otherwise.

8. TERMINATION

- 8.1 **Termination by Company.** Company agrees to promptly notify Stanford at any time during the term of this Option when Company has determined not to exercise the Option. Company also agrees to provide Stanford, in reasonable detail, the basis for this determination.
- 8.2 **No Residual Rights.** Upon expiration or termination of this Option, or upon Company's decision not to enter into a license agreement, whichever is earlier, Company will have no residual or other rights in Licensed Patent or Technology.

9. ASSIGNMENT

Company may not assign this Agreement.

10. NOTICES

All notices under this Agreement are deemed fully given when written, addressed, and sent as follows:

All general notices to Company are mailed to:

Name: _____

Address: _____

Email: _____

All financial invoices to Company (i.e., accounting contact) are e-mailed to:

Name: _____

Email: _____

All general notices to Stanford are e-mailed or mailed to:

Office of Technology Licensing
3000 El Camino Real
Building 5, Suite 300
Palo Alto, CA 94306-2100
info@otlmail.Stanford.edu

All payments to Stanford are mailed to:

Stanford University
Office of Technology Licensing
Department #44439
P.O. Box 44000
San Francisco, CA 94144-4439

All progress reports to Stanford are e-mailed or mailed to:

Office of Technology Licensing
3000 El Camino Real
Building 5, Suite 300
Palo Alto, CA 94306-2100
info@otlmail.Stanford.edu

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

11. MISCELLANEOUS

- 11.1 **Waiver.** No term of this Agreement can be waived except by the written consent of the party waiving compliance.
- 11.2 **Scope of Agreement.** This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof. No representative of Stanford or Company has been authorized to make any representation, warranty, or promise not contained herein.
- 11.3 **Choice of Law.** This Agreement and any dispute arising under it is governed by the laws of the State of California, United States of America, applicable to agreements negotiated, executed, and performed within California.
- 11.4 **Exclusive Forum.** The state and federal courts having jurisdiction over Stanford, California, United States of America, provide the exclusive forum for any court action between the parties relating to this Agreement. Company submits to the jurisdiction of such courts, and waives any claim that such a court lacks jurisdiction over Company or constitutes an inconvenient or improper forum.
- 11.5 **Headings.** No headings in this Agreement affect its interpretation.
- 11.6 **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.

The parties execute this Agreement in duplicate originals by their duly authorized officers or representatives.

THE BOARD OF TRUSTEES OF THE LELAND
STANFORD JUNIOR UNIVERSITY

Signature: _____
Name: _____
Title: _____
Date: _____

COMPANY

Signature: _____
Name: _____
Title: _____
Date: _____

Appendix A – Description