



This draft is dated _____, 2014, and is solely for purposes of negotiation. No contract shall exist until a final, written agreement is signed by WSU's Director and an authorized representative of (*insert name of other party*). This draft shall expire on _____.

**OPTION AND TECHNOLOGY EVALUATION AGREEMENT
WSU-OC#:**

This Agreement (hereinafter "Agreement") is made effective _____, 20__ (hereinafter "Effective Date") by and between the Washington State University (hereinafter "WSU"), through its Office of Commercialization (WSU OC) having its office at 1610 NE Eastgate Boulevard, Suite 650, Pullman, Washington 99163 and (*insert name of other party*), a corporation having its principal office at (*insert other party's address*) (hereinafter "COMPANY").

WHEREAS, WSU is the owner by assignment from the inventor(s), (*insert name(s) of inventor(s)*), of his/her/their entire right, title and interest in the Patent Rights defined below;

WHEREAS, WSU desires to transfer this technology to benefit the public;

WHEREAS, WSU desires to grant a license under the Patent Rights; and

WHEREAS, COMPANY desires a period of time in which to evaluate the Patent Rights, potential products, and markets therefor, and in which to elect to negotiate a license.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties hereto agree as follows:

1. **PATENT RIGHTS.** "Patent Rights" means U.S. Patent [Application Serial] No. (*insert serial no.*) filed (*insert filing date*), entitled (*insert title of patent application*), [and those claims of any U.S. utility patent based thereon which claim an invention described in said patent application,] and any divisionals, continuations, reissues or foreign counterparts thereof.
2. **GRANT.** WSU hereby grants to COMPANY an [exclusive] option to negotiate a royalty-bearing, limited-term, [exclusive/nonexclusive] license to the Patent Rights in the following field(s) of use: (*insert field(s) of use*) for the territory of (*insert territory(s)*) (hereinafter the "Option Rights"). During the Option Period (defined below), COMPANY shall have the right to use the Patent Rights for research purposes only in said field(s) of use and only in accordance with the Research Plan described in Exhibit A attached hereto. COMPANY shall not have the right to use Patent Rights for the sale or

commercialization of any products or services.

3. OPTION PERIOD AND OPTION EXERCISE. The Option Period shall commence on the Effective Date and terminate on (*insert date*), unless sooner terminated by the execution of a license agreement between the parties for the Option Rights. The option hereunder shall be exercised by COMPANY providing written notice of same to WSU within the Option Period. In the event that COMPANY exercises its option, the parties shall negotiate the license terms in good faith. The license shall contain terms standard for agreements between universities and industry including, without limitation, clauses providing for payment of reasonable royalties and other compensation to WSU; reimbursement of WSU for all past, present, and future expenses incurred in the preparation, filing, prosecution, issuance, and maintenance of the Patent Rights; objective, time-limited due diligence provisions for the development, commercialization and marketing of a product embodying the Patent Rights; and product liability indemnification and insurance requirements which are acceptable to WSU. In the event that WSU and COMPANY do not execute a written license agreement for Option Rights within (*insert number of days*) days following COMPANY's exercise of the option (the "Negotiation Period"), WSU shall be free to negotiate with and to enter into license agreements, including exclusive license agreements, with third parties for the Option Rights.
4. NEGOTIATION WITH THIRD PARTIES. During the Option Period and Negotiation Period, WSU shall not license the Option Rights to a third party.
5. TECHNOLOGY EVALUATION. During the Option Period, COMPANY shall commit itself to using good faith efforts to evaluate the inventions that are the subject of the Option Rights. Such good faith efforts shall include, but shall not be limited to, diligently undertaking the research described in the Research Plan attached as Exhibit A.
6. INFORMATION. Any information provided to COMPANY by WSU relating to the Patent Rights shall be subject to the terms of the Mutual Confidential Disclosure Agreement attached hereto as Exhibit B. COMPANY shall keep WSU informed of all information, data, and results obtained in the Research Plan and shall further provide to WSU a final written report detailing all such information, data, and results within thirty (30) days of the date of the termination or expiration of this Agreement. WSU shall hold all such information, data, and results in confidence according to the terms of the Mutual Confidential Disclosure Agreement attached hereto as Exhibit B.
7. RESEARCH MATERIALS. Any tangible research materials provided to COMPANY by WSU relating to the Patent Rights shall be subject to the terms of the Materials Transfer Agreement attached hereto as Exhibit C.
8. INTELLECTUAL PROPERTY. WSU and COMPANY shall maintain their own proprietary rights to their original material, any progeny and unmodified derivatives that are used in the development of the Research Plan. All inventions and discoveries made solely by employees of WSU shall be owned solely by WSU.. All inventions and discoveries made solely by

employees of COMPANY shall be owned solely by COMPANY. All inventions and discoveries made jointly by employees of WSU and COMPANY pursuant to this Agreement shall be considered jointly owned by WSU and COMPANY. Should an employee, agent, or other person associated with COMPANY conceive, reduce to practice, or make an invention using the Patent Rights or related WSU information or materials covered by this Agreement (“Invention”), COMPANY shall immediately provide WSU with a complete disclosure of said Invention and shall provide WSU with a complete copy of any patent applications relating to said invention including any declarations and assignments within thirty (30) days of the filing of such applications.

9. OPTION FEE. In consideration of the Option Rights herein granted to COMPANY by WSU and as an indication of serious intent, COMPANY shall pay to WSU a nonrefundable option fee in the sum of (*insert amount*) U.S. Dollars (US\$ _____) within thirty (30) business days from the Effective Date of this Agreement.
10. PATENT COSTS. COMPANY shall reimburse WSU, within thirty (30) days of the Effective Date, for past expenses incurred for the preparation, filing, prosecution, issuance, and maintenance of the Patent Rights. In addition, COMPANY shall reimburse WSU for United States and/or foreign costs associated with the Patent Rights incurred during the Option Period. If COMPANY shall not exercise its Option Rights, COMPANY shall in any event be liable to WSU for WSU’s out-of-pocket patent application filing, prosecution, and maintenance costs, including attorneys’ fees and foreign filing costs, in countries selected by COMPANY and incurred during the Option Period or any ensuing period of good faith negotiations as set forth in Section 3 above up until termination or expiration of the Option Period or Negotiation Period, whichever occurs later.
11. TERMINATION. If COMPANY at any time defaults in the timely payment of any monies due to WSU or the timely submission to WSU of any report, or commits any breach of any other covenant herein contained, and COMPANY fails to remedy any such breach or default within thirty (30) days after written notice thereof by WSU, WSU may, at its option, immediately terminate this Agreement by providing written notice of termination to COMPANY. COMPANY may terminate this Agreement at any time by providing WSU thirty (30) days advance written notice of termination. Termination of this Agreement shall not relieve COMPANY of any obligation to pay WSU the option fee set forth in Section 9 nor of any obligation with respect to the confidential information or materials covered by the Mutual Confidential Disclosure Agreement and Materials Transfer Agreement attached hereto. Articles entitled Information, Research Materials, Intellectual Property, Option Fee, Termination, Certain Warranties of WSU, Liability, Use of Names, United States Government Interests and Miscellaneous shall survive termination.
12. CERTAIN WARRANTIES OF WSU.
 - 12.1. WSU warrants that, except as otherwise provided under Section 16 of this Agreement with respect to U.S. Government interests, it is the owner of the Patent Rights or otherwise has the right to grant the option granted to COMPANY in this Agreement. However,

nothing in this Agreement shall be construed as:

12.1.1 a warranty or representation by WSU as to the validity or scope of any right included in the Patent Rights;

12.1.2 a warranty or representation that anything made, used, sold or otherwise disposed of under any license granted pursuant to this Option Agreement will or will not infringe patents of third parties;

12.1.3 an obligation to bring or prosecute actions or suits against third parties for infringement of Patent Rights;

12.1.4 an obligation to furnish any know-how not provided in the Patent Rights or any services other than those specified in this Agreement; or

12.1.5 a warranty or representation by WSU that it will not grant licenses to others to make, use or sell products not covered by the claims of the Patent Rights which may be similar and/or compete with products made or sold by COMPANY or its sublicensee(s) pursuant to any license to Patent Rights which may be granted to COMPANY.

12.2 WSU MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, NOR DOES WSU WARRANT THAT THE USE OF THE RESEARCH MATERIALS WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, OR OTHER INTELLECTUAL PROPERTY RIGHTS.

13. NO ASSIGNMENT. Neither this Agreement, nor the Patent Rights, may be transferred, assigned or pledged by COMPANY, nor shall COMPANY grant any security interest in this Agreement or the Patent Rights, except with the prior written consent of WSU. Notwithstanding the foregoing, without WSU's consent COMPANY may assign this Agreement to any of its Affiliates, to a successor of COMPANY's business to which this Agreement pertains, to a purchaser of all or substantially all of COMPANY's assets; or incident to an acquisition, merger, sale of COMPANY or the like at any time during the term of this Agreement. WSU will be notified of any such permitted assignment by COMPANY and a copy of such assignment shall be delivered to WSU within thirty (30) days of the execution of the same. It is agreed that COMPANY will ensure that upon a sale or merger of COMPANY, the successor entity (for example, the new owner or majority owner) agrees in writing to be bound by the terms and conditions of this Agreement (including the obligations of COMPANY hereunder).
14. LIABILITY. COMPANY shall, at all times during the term of this Agreement and thereafter, indemnify, defend and hold WSU, The State Of Washington, The Regents Of WSU, , any Subdivision or Unit of WSU, its Officers, Employees, Agents and the inventors of the Patent Rights harmless against all claims and expenses, including legal expenses and

reasonable attorneys' fees, arising out of the death of or injury to any person or persons or out of any damage to property and against any other claim, proceeding, demand, expense and liability of any kind whatsoever (other than patent infringement claims) resulting from the production, manufacture, sale, lease, consumption, advertisement of products or services covered by Patent Rights, or any other use of Patent Rights, or use of any WSU information or materials covered hereunder. Notwithstanding the above, WSU at all times reserves the right to retain counsel of its own to defend WSU's and the inventor(s)'s interests.

15. USE OF NAMES. COMPANY shall not use WSU's name, trademarks or logos, the name of any WSU inventor of the Patent Rights governed by this Agreement, in any sales promotion, advertising, or any other form of publicity without the prior written permission of an authorized representative of WSU.

16. MODIFICATION AND REVERSE ENGINEERING.

COMPANY shall not:

remove or modify any program markings or any notice of WSU's proprietary rights;

make the products or materials resulting from the services available in any manner to any third party for use in the third party's business except as specifically permitted under this Agreement;

cause or permit **reverse engineering** (unless required by law for interoperability), disassembly or decompilation of the Patent Rights or any material or technology associated with the Patent Rights received from WSU;

17. UNITED STATES GOVERNMENT INTERESTS. It is understood that 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 inventions of the Patent Rights were conceived or made, the United States Government is entitled, as a right, under the provisions of 35 U.S.C. §202-212 and applicable regulations of Title 37 of the Code of Federal Regulations, to a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced the invention of such Patent Rights for governmental purposes. Any license to COMPANY resulting from this Agreement shall be subject to such right.

18. MISCELLANEOUS. This Agreement shall be construed in accordance with the internal laws of the State of Washington. If any provisions of this Agreement are or shall come into conflict with the laws or regulations of any jurisdiction or any governmental entity having jurisdiction over the parties or this Agreement, those provisions shall be deemed automatically deleted, if such deletion is allowed by relevant law, and the remaining terms and conditions of this Agreement shall remain in full force and effect. If such a deletion is not so allowed or if such a deletion leaves terms thereby made clearly illogical or inappropriate in effect, the parties agree to substitute new terms as similar in effect to the present terms of this Agreement as may be allowed under the applicable laws and

regulations. The parties hereto are independent contractors and not joint venturers or partners.

- 19. NOTICES. Any notice required to be given pursuant to the provisions of this Agreement shall be in writing and shall be deemed to have been given at the earlier of the time when actually received as a consequence of any effective method of delivery, including but not limited to hand delivery, transmission by telecopier, addressed to the party for whom intended at the address below or at such changed address as the party shall have specified by written notice, provided that any notice of change of address shall be effective only upon actual receipt.

Washington State University Office of Commercialization
Attn: Director
1610 NE Eastgate Boulevard, Suite 650
Pullman, WA 99163

COMPANY

- 20. INTEGRATION. This Agreement and the attachments thereto constitute the full understanding between the parties with reference to the subject matter hereof, and no statements or agreements by or between the parties, whether orally or in writing, made prior to or at the signing hereof, shall vary or modify the written terms of this Agreement. Neither party shall claim any amendment, modification, waiver or release from any provisions of this Agreement unless such amendment, modification, waiver or release is in a writing signed by the other party.
- 21. COUNTERPARTS. This Agreement may be executed simultaneously in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. Facsimile signatures and PDF files containing signatures shall be considered original for all purposes.
- 22. CONTRACT FORMATION AND AUTHORITY. No agreement between the parties shall exist unless the duly authorized representative of COMPANY and the Director of WSU have signed this document within thirty (30) days of the Effective Date written on the first page of this Agreement.

Agreed to for:

WASHINGTON STATE UNIVERSITY

<COMPANY>

By:

By:

Name:

Title: Director, Office of Commercialization

Date:

WSU Ref. #- _____

Name:

Title:

Date:

EXHIBIT A

RESEARCH PLAN

Provide a detailed description of the research to be undertaken by Company. The scope of the research should be thoroughly detailed and narrowly circumscribed as appropriate.

EXHIBIT B

MUTUAL CONFIDENTIAL DISCLOSURE AGREEMENT

Pursuant to the option agreement to which this Mutual Confidential Disclosure Agreement is attached (hereinafter, the "Option Agreement"), WSU may directly or indirectly disclose to COMPANY proprietary information relating to the Patent Rights ("WSU Information"), and COMPANY may directly or indirectly disclose to WSU proprietary information relating to its use of the Patent Rights ("COMPANY Information"). For the purposes of this Mutual Confidential Disclosure Agreement, WSU Information and COMPANY Information is sometimes collectively identified as "Information." The party receiving Information is referred to herein as the "Receiving Party," and the party disclosing the Information is referred to herein as the "Disclosing Party." In the event of any disclosure of Information, the parties agree as follows:

1. The Receiving Party shall hold Disclosing Party's Information in confidence and use due care, not less than the standard of care applied in the industry, to prevent unauthorized or inadvertent disclosure of the Disclosing Party's Information it receives and any misappropriation thereof. The Receiving Party further agrees that it will restrict disclosure of, and access to, the Disclosing Party's Information it receives solely to those persons within its own organization having a need to know the Disclosing Party's Information for the purposes of the Option Agreement and that such persons will be advised of the obligations set forth in this Mutual Confidential Disclosure Agreement and be obligated in a like fashion. Prior to any disclosure of the Disclosing Party's Information to persons outside of the Receiving Party for any reason, the Receiving Party must first obtain the Disclosing Party's written approval for such disclosure.
2. Notwithstanding anything in the Option Agreement, the obligations of confidentiality as delineated herein shall expire five (5) years from the later of the Effective Date of the Option Agreement or the date of disclosure of the Information. Upon expiration or termination of the Option Agreement, the Receiving Party will promptly destroy or return to the Disclosing Party all materials including the Disclosing Party's Information, except that one copy of the Disclosing Party's Information may be retained by the Receiving Party for legal archival purposes only.
3. COMPANY will not use any of WSU Information for any purpose other than to conduct the Research Plan described in Exhibit A and/or to evaluate its interest in exercising the option set forth in the Option Agreement. WSU will not use COMPANY Information for any purpose other than its own internal research purposes. Specifically but without limitation, the Receiving Party will not use any of the Disclosing Party's Information for the sale or commercialization of any products or services without first entering into a formal written agreement signed by the Disclosing Party permitting such sale or commercialization.
4. The confidentiality and use obligations set forth above apply to all or any part of any Information provided before or after the Effective Date of the Option Agreement except to the extent that:
 - a. the Receiving Party can prove by clear and convincing written contemporaneous evidence that it possessed the Information prior to its receipt from the Disclosing Party, and the Receiving Party promptly so notifies the Disclosing Party in writing;
 - b. the Disclosing Party's Information was already available to the public or became so through no fault or negligence of the Receiving Party;

- c. the Disclosing Party's Information is subsequently disclosed to the Receiving Party by a third party that has the right to disclose it to the Receiving Party free of any obligations of confidentiality;
 - d. the Receiving Party can prove by clear and convincing written contemporaneous evidence that it developed the Information independently and without benefit of the Disclosing Party's Information;
 - e. the Information is required to be disclosed by law or legal process, and reasonable notice in writing of the disclosure has been given to the Disclosing Party, and the Disclosing Party has been given an opportunity, reasonable under the circumstances, to seek protection of such Information;
 - f. the Parties reasonably ascertain non-disclosure of Information to create a risk to a trial subject or to public health and safety.
 - g. as an educational institution of the state of Washington, WSU is subject to Washington State laws and regulations including the Washington Public Disclosure Act, RCW 42.56 et seq. (<http://apps.leg.wa.gov/RCW/default.aspx?cite=42.56>). If a Public Disclosure Act request is made to view Company's Confidential CI, and the WSU's Public Records Officer either determines that no exemption to disclosure applies or is unable to determine whether an exemption to disclosure applies, WSU will notify Company of the request and the date that such records will be released to the requester unless Company obtains a court order enjoining that disclosure by or before that date. If Company fails to obtain a court order enjoining disclosure, WSU will release the requested CI on the date specified. WSU's Public Records Officer (PRO) reserves the right to change the date of such release as the PRO deems necessary and in the public interest.
5. Except as expressly provided in the Option Agreement, neither the disclosure of the Disclosing Party's Information to the Receiving Party, the expiration of the period specified in section 2 of this Mutual Confidential Disclosure Agreement, nor the publication of any Information shall be construed to grant the Receiving Party either any implied or express license or any rights to obtain any implied or express license to the Information, any patents arising from or disclosed in the Information, or any other information or technology.

EXHIBIT C

MATERIALS TRANSFER AGREEMENT

Pursuant to the Option Agreement to which this Materials Transfer Agreement is attached (hereinafter, the "Option Agreement"), WSU may provide COMPANY with tangible research materials relating to the Patent Rights. In the event of any such transfer of materials, COMPANY agrees as follows:

1. Research Materials. The following research material(s) were developed by (*insert name of lead inventor*), an employee of WSU (hereinafter "WSU"), working either alone or together with other researchers at WSU and are the property of WSU:

" _____ "

The original research materials described above and any progeny, unmodified derivatives, and any part of the foregoing incorporated in modifications and other substances are the property of WSU and shall hereinafter be referred to as "Research Materials".

2. Purpose of Transfer and Restrictions. In order that COMPANY may evaluate the technology associated with the Patent Rights described in the Option Agreement, WSU agrees to permit COMPANY to use the Research Materials solely for research purposes described in the Research Plan described in Exhibit A.

COMPANY will use the Research Materials only at its institutional facilities and only by COMPANY employees who have the requisite scientific training and experience to safely handle the Research Materials.

COMPANY will not commercialize, sell, license, or otherwise transfer property rights appurtenant to the Research Materials or any results or new materials resulting therefrom without the prior written consent of WSU.

COMPANY agrees not to transfer the Research Materials to any outside entity or to anyone who is not employed by COMPANY without the prior written consent of WSU.

COMPANY may disclose research results, information, or data resulting from COMPANY's use of the Research Materials only to COMPANY's employees, consultants, and subcontractors to whom it is necessary to provide such information for the purpose of evaluating its interest in licensing the Patent Rights from WSU.

COMPANY shall not incorporate or make part of any patent application the research results, information, or data resulting from COMPANY's use of the Research Materials.

Except as expressly provided herein or in the Option Agreement, no right or license to the Research Materials is granted or implied as a result of the transfer of the Research Materials to COMPANY.

3. Compliance. COMPANY warrants that its use of Research Materials shall be in compliance

with all applicable local, state, and federal procedures, rules, regulations, and laws.

4. Termination. COMPANY shall cease all use of Research Materials upon termination or expiration of the Option Agreement. Within fifteen (15) days thereafter, COMPANY shall return to WSU or destroy (and certify same) all Research Materials in its possession or custody. COMPANY's obligations with respect to Research Materials shall survive termination or expiration of the Option Agreement.