Option Agreement

This Agreement, executed on _____, by and between _____ ("Licensee"), a corporation organized and existing under the laws of the State of _____, having its principal office in _____ and University of Houston ("UH"), an agency of the State of Texas pursuant to Chapter 111, Texas Education Code, located at 316 E Cullen Building, Houston, Texas 77204-2015.

RECITALS

A. UH, in its role as an educational institution, carries out scientific research through its faculty, staff, and students, and is committed to bringing the results of that research into widespread use.

B. UH is Owner by assignment from the inventor(s) of the entire right, title, and interest in the technology disclosed in UH Invention Disclosure docket number _____ titled _____, and the inventions described and claimed.

C. Licensee is desirous of obtaining licenses under future patent applications and/or patents corresponding to the technology described above.

In consideration of the covenants set forth, the Parties agree as follows:

ARTICLE 1: DEFINITIONS

1. Patent Rights means any U.S. or foreign patent applications or patents corresponding to UH Invention Disclosure docket number UH ID Number, the inventions described and claimed, and any divisions, continuations, continuations in part, or reissues.
2. Licensed Application means the use of Patent Rights within the field of use.
3. Licensed Products means products claimed in Patent Rights or products made by Licensed Processes.
4. Licensed Processes means the processes claimed in Patent Rights.
5. Technology means any and all information or Patent Rights supplied by UH to Licensee.

ARTICLE 2

1. Licensee has the right to evaluate Patent Rights and their market potential for the Licensed Application. Licensee shall, within three (3) months, report to UH the results of the evaluations.
2. Licensee shall reimburse UH for all reasonable expenses incurred during the term of this Agreement for the preparation, filing, prosecution, litigation, claims, defense, and maintenance of Patent Rights. If Licensee fails to reimburse these costs, it automatically relinquishes all rights under this Agreement.

ARTICLE 3

1. UH, to the extent it is permitted to do so by state and federal law, by its agreements with sponsors of research, and by the provisions of Public Laws 96-517 and 98-620, grants to Licensee an exclusive option to obtain an exclusive license for the Licensed Application under Patent Rights.
2. Licensee shall pay to UH a non refundable option fee in the sum of $_____ upon execution of this Agreement.
3. This exclusive option will extend for a period of _____ months from the date of execution of this Agreement. Until the end of this Option Period, UH will not offer these rights to any third party.

   Licensee may exercise this Option by informing UH of the identity of at least one (1) product or process in the area of the Licensed Application, and by providing a written statement, reasonably satisfactory to UH, of its intention and ability to develop the product or process under Patent Rights for public use as soon as practicable, consistent with sound and reasonable business practices and judgment.

Upon exercise of the Option and for a reasonable period not to exceed _____ months, UH agrees to negotiate in good faith to establish the terms of a license agreement granting Licensee exclusive rights to make, have made, use and sell Licensed Products in the area of the Licensed Application under terms customary in the trade. The license agreement will 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 best efforts to introduce the licensed material into public use as rapidly as practicable, the right of UH to terminate the license should Licensee not meet specified due diligence milestones, and indemnity and insurance provisions satisfactory to UH's insurance carrier. Before receiving a license, Licensee will outline for UH its and/or its sublicensees' capability and/or plans to introduce the licensed material into public use

ARTICLE 4: TERMINATION. This Agreement terminates at the end of the Option Period unless the Option is exercised, in which case this Agreement will terminate at the end of the stipulated negotiation period or upon execution of a license agreement, whichever occurs first.

ARTICLE 5: MISCELLANEOUS PROVISIONS

1. This Agreement becomes effective on the date of execution by the last of the Parties to sign.
2. This Agreement is construed and the rights of the parties determined under the laws of the State of Texas.
3. No use of the name of UH in any form of promotion or concerning the sale of products, processes, devices, or designs is permitted without prior written approval from UH.
4. All notices to UH and any correspondence respecting this Agreement should be addressed as follows:

To UH:	To Licensee:
Office of Intellectual Property Management University of Houston 316 E. Cullen Building Houston, Texas 77204-2015	_____ _____ _____ _____

5. **WARRANTY**. **UH 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 TECHNOLOGY SUPLIED BY UH, OR THE LICENSED PROCESSES OR LICENSED PRODUCTS CONTEMPLATED BY THIS AGREEMENT.** _____INITIAL
6. **LIABILITY**. **LICENSEE SHALL INDEMNIFY AND HOLD UH, ITS DIRECTORS, OFFICERS, EMPLOYEES, CONTRACTORS, SUB CONTRACTORS, AND AGENTS HARMLESS AGAINST ANY AND ALL CLAIMS FOR LOSS, DAMAGE, OR INJURIES CONCERNING OR ARISING OUT OF (1) USE BY LICENSEE, ITS DIRECTORS, EMPLOYEES, CONTRACTORS, SUBCONTRACTORS, OR AGENTS OR BY THIRD PARTIES OF TECHNOLOGY OR (2) THE DESIGN, MANUFACTURE, DISTRIBUTION, OR USE OF ANY LICENSED PROCESSES OR LICENSED PRODUCTS OR**

   OTHER PRODUCTS DEVELOPED OR ARISING OUT OF TECHNOLOGY. THE INDEMNITY SHALL INCLUDE ALL COSTS AND EXPENSES, INCLUDING ATTORNEY'S FEES AND ANY COSTS OF SETTLEMENT. THE RIGHTS AND OBLIGATIONS OF THIS SECTION SURVIVE TERMINATION OR EXPIRATION OF THE AGREEMENT.

The Parties have signed in duplicate by their duly authorized officers.

UNIVERSITY OF HOUSTON	**LICENSEE**
_____	_____
Signature Date	Signature Date
Name:_____	Name:_____
Title:_____	Title:_____

Note: Modification of this Form requires approval of OGC

**Standard Form Approved
by the University of Houston System
Office of the General Counsel
Office of Contract Compliance**