

## EXCLUSIVE OPTION AGREEMENT

This Exclusive Option Agreement is made and entered into between the Regents of the University of Colorado, a body corporate, for the University of Colorado Boulder, a public educational institution of the State of Colorado, having an office at 4845 Pearl East Circle, Suite 200, Boulder, CO 80301 (“**University**”) and **[INSERT]**, a **[INSERT]** having its principal office at **[INSERT]** (“**Company**”).

### BACKGROUND

- A. University is the owner of certain Intellectual Property Rights (“**Intellectual Property Rights**” is defined in Article 1) relating to **[INSERT]** identified as University Case No. **[INSERT]** and developed by University inventor(s) **[INSERT]**.
- B. Company is interested in obtaining option rights for the Intellectual Property Rights for commercial applications.
- C. University is willing to grant such option rights for the Intellectual Property Rights.

Accordingly, the parties hereto agree as follows:

### GENERAL TERMS AND CONDITIONS

#### Article 1 Definitions

1.1 **Definitions.** The terms defined in the Preamble have their assigned meanings and the following terms, whether used in the singular or plural, have the meanings assigned to them.

- (a) “**Agreement**” means this Exclusive Option Agreement.
- (b) “**Company Elected Intellectual Property Rights**” has the meaning assigned to it in Article 4.2.
- (c) “**Company Elected Patent Costs**” has the meaning assigned to it in Article 4.2.
- (d) “**Confidential Information**” has the meaning assigned to it in Article 7.2.
- (e) “**Effective Date**” means the date of last signature of the parties to this Agreement.

- (f) “**Fields of Use**” means the fields of use identified in Exhibit A.
- (g) “**Intellectual Property Rights**” means all of the following University intellectual property:
  - (i) the United States and foreign patents and/or patent applications and/or provisional patent applications listed in Exhibit A;
  - (ii) divisional and continuation patent applications that take priority from the patent applications and patents listed in Exhibit A;
  - (iii) United States and foreign patents issued from the patent applications listed in (i) and (ii) above;
  - (iv) claims of U.S. and foreign continuation in-part applications that take priority from those patents and patent applications described in (i) and (ii) above, and of the resulting patents, which are directed to subject matter specifically described in the U.S. and foreign applications listed in Exhibit A;
  - (v) claims of U.S. and foreign divisional, continuation, and continuation-in-part patent applications that take priority from the patents and patent applications described in (iv) above, and of the resulting patents, which are directed to subject matter specifically described in the U.S. and foreign patent applications listed in Exhibit A; and
  - (vi) any reissues of United States patents described in (i), (iii), (iv), or (v) above.
- (h) “**Notice Date**” has the meaning assigned to it in Article 9.2.
- (i) “**Option Period**” means a period of twelve (12) months commencing on the Effective Date. If Company exercises the Option Rights as set forth in Article 3.2, the Option Period will expire on the later of the date that is (i) sixty (60) days following University’s receipt of such written notice by Company exercising its Option Rights, or (ii) twelve (12) months from the Effective Date.
- (j) “**Option Period Extension**” has the meaning assigned to it in Article 3.4.
- (k) “**Option Rights**” has the meaning assigned to it in Article 3.1.

## 1.2 Other Definitional Provisions.

- (a) All references to statutes and related regulations include
  - (i) any past and future amendments of those statutes and related regulations; and
  - (ii) any successor statutes and related regulations.
- (b) The words “including,” “includes,” and “include” are deemed to be followed by the words “without limitation.”

1.3 All references to currency in this Agreement such as “Dollars” or “\$” refer to the lawful currency of the United States of America.

## **Article 2 Disclosure and Evaluation**

2.1 During the Option Period, University shall provide Company with a copy of each U.S. or foreign patent application under the Intellectual Property Rights that the University has filed, and, in University's judgment, is reasonably required by Company in connection with its evaluation. Company shall use good faith efforts to evaluate the technical, economic, and commercial advantages of the Intellectual Property Rights during the Option Period.

2.2 During the Option Period, University may augment its written disclosure with additional technical data to assure that Company has the most current information.

2.3 **Experimental and Market Data.** Company shall share with University all experimental data and market information related to the Intellectual Property Rights generated during the Option Period, whether or not Company elects to exercise the Option Rights. Company hereby grants to University a perpetual, irrevocable, sublicensable, fully transferable non-exclusive license to use the experimental data and market information disclosed for any purpose, including in connection with the filing and prosecution of the Intellectual Property Rights.

## **Article 3 Grant of Rights**

3.1 University hereby grants to Company an exclusive option and right to negotiate a royalty-bearing, worldwide, exclusive license under the Intellectual Property Rights to make, have made, use, import, offer to sell and sell products and services and to practice the processes in the Field of Use, such option to be exercisable by Company at any time during the Option Period upon written notice to University as set forth in Article 3.2 (“**Option Rights**”). The parties shall negotiate the terms of such exclusive license in good faith, and such terms will include the standard University license terms, a summary of which may be found at

<https://www.colorado.edu/venturepartners/business-partners/licensing-venture-partners/licensing-easer-express-agreement-startup-entrepreneurs>.

3.2 If Company wishes to exercise the Option Rights, it shall do so by so notifying University in writing and delivering to University, prior to the expiration of the Option Period:

- (a) A copy of Company's current corporate governance documents, including the articles of incorporation, shareholder agreements, bylaws, operating agreements (as applicable), and a capitalization table for Company, acceptable to University, that shows the owners and grantees, and their respective percentages, for all issued shares in Company and outstanding warrants and options;
- (b) An up-to-date business model, pitch deck or business plan that describes the Company's technology commercialization strategy for the Intellectual Property Rights, including product development plans and timelines, marketing strategies, financing requirements and plans for obtaining necessary financing. The business model, pitch deck or business plan shall include forecasts showing the funds, personnel, and time budgeted and planned for development of the Intellectual Property Rights;
- (c) Documentation, acceptable to University, that Company has secured at least one-hundred fifty thousand dollars (\$150,000) in funding specifically directed to the development of the Intellectual Property Rights that may be third party equity or convertible debt investment or grant funding;
- (d) Written confirmation that an individual with corporate executive management experience in an industry relevant to the Intellectual Property Rights has joined Company as an officer of Company, such as CEO, as a member of Company's board of directors, or as an advisor to Company, including a copy of the individual's resume;
- (e) Written documentation that [University inventor's role] OR [all of University's inventors' roles] in Company, including founder's equity or other compensation, has been clearly articulated and agreed to in writing by the inventor(s) in a formal founders' [or other] agreement, and that the founders' agreement includes University's standard third party consulting/employment addendum; and
- (f) Written documentation that University's inventor and University have executed a conflict of interest management plan with respect to University inventor's role in Company.

3.3 Failure to deliver the documentation detailed in Article 3.2 before the expiration of the Option Period results in an automatic termination of this Agreement.

3.4 Company may extend the Option Period for one additional \_\_\_\_\_ term (“**Option Period Extension**”) by providing University written notice prior to the expiration of the Option Period and payment of the fee set forth in Article 4.3. The Option Period Extension will be effected by a written amendment to this Agreement executed by University and Company.

#### **Article 4 Economic Consideration**

4.1 Reserved.

4.2 University shall control the preparation, filing, prosecution and maintenance of all Intellectual Property Rights. Company may elect to have University file or to continue to prosecute or maintain patent applications or patents which (a) are in addition to those elected by the University, (b) are in such countries as Company may select, and (c) correspond to the Intellectual Property Rights, by providing written notice to University at least forty five (45) days in advance of the relevant bar date for such patent application filing, continued prosecution, or maintenance (the “**Company Elected Intellectual Property Rights**”). Company shall reimburse University the fees and costs, including attorney fees, related to the preparation, filing, prosecution, and maintenance of all Company Elected Intellectual Property Rights, including, but not limited to, interferences and reexaminations (collectively “**Company Elected Patent Costs**”). Company Elected Patent Costs shall be paid to University within thirty (30) days after Company’s receipt of an invoice from University. If Company does not exercise its Option Rights, Company is in any event liable to University for all Company Elected Patent Costs incurred during the Option Period or any ensuing period of good faith negotiations of the licensing agreement.

4.3 The Option Period Extension fee payable for extension of the Option Period under Article 3.4 is three thousand dollars (\$3,000). Such fee may be reduced by up to a maximum of three thousand dollars (\$3,000) if, prior to the expiration of the Option Period, Company completes any or all of the following milestones set forth in subsections (a) through (c) of this Article 4.3. The completion of each milestone reduces the Option Period Extension fee by one-thousand dollars (\$1,000). For clarity, upon completion of all of the following milestones, Company may extend the Option Period under Article 3.4 by providing written notice to University prior to the expiration of the Option Period.

- (a) Company is accepted into and begins actively working with a startup accelerator program such as Innosphere, Rockies Venture Club,

Catalyze CU or Techstars, or another accelerator program proposed by Company and approved by University.

- (b) Company participates in University's New Venture Challenge and is selected as a track finalist, participates in University's Lab Venture Challenge and is selected as a finalist, completes University's Starting Blocks program, or is a featured startup in a SAGE Boulder meeting.
- (c) Company completes University's Research 2 Market program or an equivalent I-Corps training program proposed by Company and approved by University.

4.4 Any amount paid under this Article 4 is not refundable under any circumstances.

4.5 All payments to University shall be made in United States Dollars payable to "The Regents of the University of Colorado" and mailed to:

Venture Partners  
University of Colorado Boulder  
P.O. Box 911395  
Denver, CO 80291-1395  
ATTN: Accounts Receivable

## **Article 5 Warranties, Indemnifications, and Insurance**

### **5.1 Disclaimer of Warranties.**

- (a) UNIVERSITY MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO USE OR DISPOSITION BY COMPANY OR ITS TRANSFEREES OF PRODUCTS OR PROCESSES INCORPORATING OR MADE BY USE OF THE INTELLECTUAL PROPERTY RIGHTS. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR THAT THE USE OR SALE OF SUCH PRODUCTS OR PROCESSES WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK, SERVICE MARK, OR OTHER RIGHTS.
- (b) Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement may be construed as
  - (i) A warranty or representation by University as to rights in or the validity or scope of any of the Intellectual Property Rights;

- (ii) A warranty or representation that the Intellectual Property Rights or anything made, used, sold or otherwise disposed of under a license granted pursuant to this Agreement will or will not infringe patents, copyrights or other rights of third parties; or
- (iii) An obligation to furnish any know-how or technology not agreed to in this Agreement, to bring or prosecute actions or suits against third parties for infringement, or to provide any services other than those specified in this Agreement.

**5.2 Indemnification.** Company shall indemnify, defend, and hold University, including its respective regents, employees, students, officers, agents, affiliates, representatives, and inventors harmless from and against all liability, demands, damages, losses, and expenses (including attorney fees), for death, personal injury, illness, property damage, noncompliance with applicable laws and any other claim, proceeding, demand, expense and liability of any kind whatsoever in connection with or arising out of:

- (a) The use by or on behalf of Company, its affiliates, directors, officers, employees, or third parties of any Intellectual Property Rights.
- (b) Any right or obligation of Company under this Agreement.

## **Article 6 No Other Rights and Ownership**

6.1 Nothing in this Agreement confers by estoppel, implication, or otherwise, any license or rights under any patents of University other than the Option Rights to the Intellectual Property Rights as specifically set forth herein, regardless of whether such patents are dominant or subordinate to the Intellectual Property Rights. Further, notwithstanding anything to the contrary herein, as between the parties hereto, University retains sole ownership of all of the inventions, claims and discoveries as contained in the Intellectual Property Rights.

## **Article 7 Confidentiality**

7.1 Company acknowledges that University is subject to the Colorado Open Records Act (C.R.S. §§ 24-72-201 et seq.). All plans and reports marked “Confidential” shall be treated by University as confidential to the extent permitted under §§ 24-72-204.

7.2 Both parties shall accept the Intellectual Property Rights, know-how, experimental data and/or related information (“**Confidential Information**”) from the other party on a confidential basis. In doing so, the receiving party shall:

- (a) use at least the same standard of care to protect the confidentiality of the Confidential Information and any data that is generated concerning it as it uses to protect its own confidential information, but no less than a reasonable standard of care.
- (b) if Company, limit exposure of Confidential Information to those of its personnel, consultants, and personnel of its affiliated companies who have an actual need to know and who have a written obligation to protect the confidentiality of such Confidential Information, and if University, limit exposure of Confidential Information to those of its personnel who have an actual need to know and who have been advised of these confidentiality obligations.
- (c) maintain Confidential Information received and generated under this Agreement in confidence for the duration of this Agreement and for three (3) years thereafter regardless of the manner of termination, and shall not use such Confidential Information for any purpose other than to assess its interest in obtaining a license hereunder.

The disclosure of Confidential Information hereunder does not result in any right or license under any patent or know-how being granted to either party. All written documents containing Confidential Information and other material in tangible form received by either party under this Agreement remains the property of the disclosing party, and such documents and materials, together with copies of excerpts thereof, shall promptly be returned to disclosing party upon request, except one copy may be retained for archival purposes.

**7.3 Exceptions.** Confidential Information does not include the following:

- (a) Information which at the time of disclosure had been previously published or was otherwise publicly available through no fault of the receiving party.
- (b) Information which becomes public knowledge after disclosure unless such knowledge results from a breach of this Agreement.
- (c) Information which was already in the receiving party's possession prior to the time of disclosure as evidenced by written records kept in the ordinary course of business or by proof of actual use.
- (d) Information that is independently developed without use of the confidential information.
- (e) Information which is required to be disclosed by law, court order, or government regulation.



## Article 8 Termination

8.1 This Agreement terminates automatically upon expiration of the Option Period or upon execution of the license agreement (whichever occurs earlier).

### 8.2 Termination by University.

- (a) University may terminate this Agreement upon thirty (30) days prior written notice if Company fails to make the payments required by this Agreement, if such failure continues after such 30-day period.
- (b) This Agreement immediately terminates in the event that:
  - (i) Company seeks liquidation, reorganization, dissolution or winding-up of itself, is insolvent or evidence exists as to its insolvency, or Company makes any general assignment for the benefit of its creditors;
  - (ii) 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, unless the laws then in effect void the effectiveness of this provision;
  - (iii) 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;
  - (iv) Company adopts any resolution of its board of directors or stockholders for the purpose of effecting any of the foregoing; or
  - (v) Company offers any component of the Option Rights or Intellectual Property Rights to its creditors.

In the case of a bankruptcy, this Agreement does NOT pass to a trustee in bankruptcy nor may the Agreement be held as an asset of said bankrupt.

8.3 **Termination by Company.** Company may terminate this Agreement at any time upon thirty (30) days prior written notice to University; in such event, Company shall pay University any amounts due through the end of such 30-day notice period.

8.4 **Effect of Termination.** Upon termination or expiration of this Agreement, except for termination upon execution of the license agreement, Company shall return any Confidential Information provided to Company by University in

connection with this Agreement and make payment of any fees or Company Elected Patent Costs due through the effective date of termination.

## Article 9 General

9.1 **Assignment.** Company may not assign its rights under this Agreement without prior written consent of University.

9.2 **Notice.** Notice hereunder is sufficiently given and effective upon

- (a) the date of delivery if delivered in person, or reputable, national overnight delivery service, or
- (b) five days after mailing, if mailed by first-class or certified mail, postage paid,

(the “**Notice Date**”) to the respective addresses below or to such other address as either party will designate by written notice given to the other party.

University:  
License Administrator  
Venture Partners  
University of Colorado Boulder, 589 UCB  
4845 Pearl East Circle, Suite 200  
Boulder, CO 80309

Company:  
[INSERT]

9.3 **Use of Names and Marks.** Company shall not identify University in any promotional advertising, press releases, sales literature, or other promotional materials to be disseminated to the public or any portion thereof without the prior written consent of University in each case, except that Company may state that it has an option for the Intellectual Property Rights from University. Company shall not to use the name of University, or any University faculty member, inventor, employee or student or any trademark, service mark, trade name, copyright or symbol of University, without the prior written consent of University, entity or person whose name is sought to be used.

9.4 **Choice of Law.** This Agreement shall be governed by and construed in accordance with the substantive and procedural laws of the State of Colorado.

9.5 **Dispute Resolution.** In the event of any dispute arising out of or relating to this Agreement, the affected party shall promptly notify the other party, and the parties shall attempt in good faith to resolve the matter.

- (a) Any disputes not so resolved shall be referred to senior executives, who shall meet at a mutually acceptable time and location within thirty

(30) days of the Notice Date and shall attempt to negotiate a settlement.

- (b) If the senior executives fail to meet within 30 days of the Notice Date, or if the matter remains unresolved for a period of 60 days after the Notice Date, either party may pursue any remedy allowed by law or this Agreement, provided that the state and federal courts located in the State of Colorado will have exclusive jurisdiction over any dispute arising under this Agreement, and Licensee hereby irrevocably submits to the exclusive jurisdiction of a court of competent jurisdiction in Colorado, and, by execution and delivery of this Agreement, Licensee (i) accepts, generally and unconditionally, the jurisdiction of this court and any related appellate court, and (ii) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in the court or that the court is an inconvenient forum.

**9.6 Merger and Modification of Agreement.** The terms and provisions contained in this Agreement constitute the entire agreement between the parties and supersede all previous communications, representations, agreements or understandings, either oral or written, between the parties hereto with respect to the subject matter hereof, and no agreement or understanding varying or extending this Agreement will be binding upon either party hereto, unless in writing which specifically refers to this Agreement, signed by duly authorized officers or representatives of the respective parties, and the provisions of this Agreement not specifically amended thereby will remain in full force and effect according to their terms.

**9.7 Severability.** The provisions and clauses of this Agreement are severable, and in the event that any provision or clause is determined to be invalid or unenforceable under any controlling body of the law, such invalidity or unenforceability will not in any way affect the validity or enforceability of the remaining provisions and clauses hereof.

**9.8 Scope.** This Agreement does not establish a joint venture, agency or partnership between the parties, nor create an employer - employee relationship.

**9.9 Preservation of Immunity.** Nothing in this Agreement is intended or may be construed as a waiver, either express or implied, of any of the immunities, rights, benefits, defenses or protections provided to University under governmental or sovereign immunity laws from time to time applicable to University, including, without limitation, the Colorado Governmental Immunity Act (C.R.S. § 24-10-101, et seq.) and the Eleventh Amendment to the United States Constitution.

9.10 **Headings.** Headings are included herein for convenience only and may not be used to construe this Agreement.

9.11 **Survival.** The provisions of Articles 2.4 Experimental and Market Data, 4 Economic Consideration, 5.1 Disclaimer of Warranties, 5.2 Indemnification, 7 Confidentiality, 8.4 Effect of Termination, 9 General, and any other provision of this Agreement that by its nature is intended to survive, survives any termination or expiration of this Agreement.

To evidence the parties' agreement to this Agreement, the parties have executed and delivered it on the Effective Date.

**University:**

**Company:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: Brynmor Rees

Name: \_\_\_\_\_

Title: Managing Director, Venture  
Partners at CU Boulder and  
Assistant Vice Chancellor for  
Research and Innovation

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A**

**INTELLECTUAL PROPERTY RIGHTS:**

**[INSERT]**

**FIELDS OF USE: [INSERT]**