



Office of Technology Alliances
5141 California Ave., Suite 200
Irvine, CA 92697-7700

OFFICE: 949.824.7295
FAX: 949.824.2899

Month, Day, 20xx

ABC Corporation

Re: **Option Agreement for** "Technology Description" (Pre-Existing Inventions")

Dear ABC Corp.:

I am pleased to inform you that The Regents of the University of California ("UC") is willing to grant to ABC Corp. ("Optionee") an option (the "Option") to obtain an exclusive, worldwide license to the above referenced inventions ("Pre-Existing Inventions"). Such license will contain reasonable terms and conditions as agreed by the parties in good faith negotiations.

This Option Agreement will become effective on Month Day, 20xx (the "Effective Date") and will expire on Month Day, 20xx ("Expiration Date"). This Option Agreement does not constitute a license but rather allows Optionee a period of time to evaluate the commercial potential and applicability of technologies covered by Pre-Existing Inventions and to negotiate a definitive license with UC, during which period UC will refrain from entering into negotiations with other entities regarding license rights to any of the Pre-Existing Inventions. If the Option has not been exercised by the Expiration Date, or if the Expiration Date has not been extended by a written mutual written agreement between UC and Optionee, then UC will thereafter be free to seek other prospective licensees for the Pre-Existing Inventions.

As consideration for the promises set forth in the preceding paragraphs, Optionee agrees to reimburse UC for all unreimbursed patent-related costs incurred to date associated with the Pre-Existing Inventions, as well as future patent-related costs for the Pre-Existing Inventions incurred during the term of this Option Agreement. The payment for patent costs incurred to date shall be made by Optionee within thirty 30 days from the date of UC invoice to Optionee. For purposes of this Option Agreement, "future patent-related costs" means all of the costs associated with the United States and foreign patent filings and prosecutions. Non-payment of any material portion of the patent costs set forth in this Option Agreement within thirty (30) days of its due date will automatically terminate this Option Agreement. If a license agreement supplants this Option Agreement, such license agreement will extend the commitment by Optionee to reimburse UC for total patent-related costs, as well as the future costs for prosecuting and maintaining the patents and/or patent applications for the Pre-Existing Inventions for the duration of the license agreement.

Optionee also agrees to pay an option fee of X Thousand Dollars (US \$X,000) that is due to The Regents within thirty (30) days of the Effective Date. The option fee is non-refundable, non-creditable and not an advance against royalties.

If Optionee elects to exercise its option under the terms of the License Agreement, it shall do so by sending The Regents written notification of such intent before this Agreement expires. The written notice will include the following items: a) the extent of the proposed license in the territory; b) a listing of the

particular patents or patent applications to which Optionee wishes a license and those in which it has no interest; and c) the Business Plan. Failure of Optionee to properly notify The Regents will be deemed by The Regents as an election by Optionee not to secure a license and The Regents will then be free to market and license Regents' Patent Rights to others without further obligation to Optionee.

Please sign both originals in the spaces provided, and return both documents to this office. I will return one fully executed original to you for your files.

Sincerely,

AGREED:

ABC CORP.

**THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA**

By:

Name:

Title:

Date:

By:

Name:

Title:

Date:

