DRAFT DATED _____

OPTION AGREEMENT

This Agreement ("Agreement"), effective on this __ day of _____, 20__, ("Effective Date") is by and between the University of Rochester, an educational institution chartered by the State of New York and having its principal place of business at 601 Elmwood Avenue, Box OTT, Rochester, New York 14642 ("University") and _____ (hereinafter "Company"), a corporation organized and existing under the laws of _____, having its principal office at _____.

1.0 Preamble

1.1 University, by virtue of 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.

1.2 University is the owner of the entire right, title, and interest in the Patent Rights as defined below and desires such Patent Rights be evaluated for and developed into products and processes as soon as possible for public use and benefit.

1.3 Company desires to acquire an option to the Patent Rights so that it can evaluate them for the development of products and processes for public use and benefit. Company is further interested in obtaining exclusive rights to the Patent Rights if their commercial feasibility can be demonstrated. Company is under no contractual or other obligation that encumbers, restricts, or limits any of the rights granted by University under this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises and covenants hereinafter set forth, the parties hereby agree as follows:

2.0 Definitions

2.1 Terms defined in this Article 2.0, and parenthetically defined elsewhere in this Agreement, will throughout this Agreement have the meaning here or there provided. Defined terms may be used in the singular or in the plural, as sense requires.

2.2 "Confidential Information" means information that is marked as confidential, or, if orally or visually disclosed, is indicated at the time of disclosure as confidential and provided in written form within thirty days. Not withstanding the foregoing, the Receiving Party will have no obligation of confidentiality relating to any information of the Disclosing Party that:

(i) is disclosed by the Disclosing Party without restriction on further dissemination or is otherwise disclosed by the Receiving Party in compliance with the terms of the Disclosing Party's prior written approval; or

(ii) at the time of receipt by the Receiving Party was independently known or developed by the Receiving Party, or becomes independently known to the Receiving Party thereafter, and can be so documented by written records; or

(iii) at any time becomes generally known to the public or otherwise publicly available through no fault of Receiving Party; or

(iv) has been or is made available to Receiving Party by a third party having the lawful right to do so without breaching any obligation of nonuse or confidentiality to Disclosing Party; or

(v) the Receiving Party is obligated to disclose in order to comply with applicable laws or regulations, or with a court or administrative order, provided that the Receiving Party (i) promptly notifies the Disclosing Party, and (ii) cooperates reasonably with the Disclosing Party's efforts to contest or limit the scope of such disclosure.

2.3 "Field" means _____.

2.4 "Licensed Products" shall mean products claimed in Patent Rights or products made in accordance with or by means of Licensed Processes.

2.5 "Licensed Processes" shall mean the processes claimed in Patent Rights.

2.6 "Patent Rights" means any U.S. or foreign patent applications or patents corresponding to United States Patent Application No._____ the inventions described and claimed therein, and any divisions, continuations, continuations-in-part, or reissues thereof.

[OPTIONAL DEFINITION UNDER 2.0] ----------

2.7 "Technical Information" means any technical facts, data, or advice, written or oral (in the form of information contained in patents and patent applications, reports, letters, drawings, specifications, testing procedures, training and operational manuals, bills of materials, photographs and the like) developed prior to the Effective Date of this Agreement that: (a) is directly related to the Patent Rights; (b) was developed at the University in the laboratory of Dr._ _____; (c) is owned or in the possession of University; (d) is not subject to any third party rights; and (e) in University's best judgment is reasonably necessary or valuable to the commercial exploitation of the Patent Rights.

3.0 Option Grant and Exercise

3.1 University hereby grants to Company an option (the "Option") to negotiate a royalty-bearing, limited term, world-wide exclusive license, with the right to sublicense, in the Field under the Patent Rights ("Option Rights"). During the term of this Agreement, Company will have the right to use the Patent Rights for research and development purposes only.

3.2 This exclusive option shall extend for a period of ___ (_) [year/months] from the date of execution of this Agreement ("Option Period"). Until the end of this Option Period, University shall not offer these rights to any third party.

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

3.4 Upon exercise of the Option and for a reasonable period not to exceed ___ (__) [days/months], University agrees to negotiate in good faith to establish the terms of a license agreement granting Company exclusive rights to make, have made, use, and sell Licensed Products in the Field under terms customary in the trade. Such license agreement shall include at least the following provisions: license fees, royalty payments, the right to grant sublicenses, a commitment by Company and any sublicensee of Company to exert their best efforts to introduce the Licensed Products into public use as rapidly as practicable, the right of University to terminate the license should Company not meet specified due-diligence milestones, and indemnity provisions satisfactory to University. Before receiving such a license, Company shall outline for University its and/or its sublicensee's capability and/or plans to introduce such Licensed Products into public use.

4.0 Option Consideration

4.1 Company shall pay to University a one-time, non-refundable, non-creditable Option Fee in the sum of _____ dollars ($_____) due and payable in full on the Effective Date of this Agreement.

5.0 Patent Prosecution and Cost Recovery

5.1 University or its designee will have sole control over the filing, prosecution, and maintenance of any and all patent applications, whether pending or not yet filed as of the Effective Date of this Agreement, in Patent Rights, and of the maintenance and other management of any and all issued patents in Patent Rights.

5.2 Company shall reimburse University for all reasonable expenses incurred during the term of this Agreement for the preparation, filing, prosecution and maintenance of Patent Rights. If Company fails to reimburse these costs, it automatically relinquishes all rights under this Agreement.

6.0 Confidential Information

6.1 University agrees to provide Company copies of all patents and patent applications comprising the Patent Rights within sixty (60) days of the Effective Date of this Agreement. Pursuant to this Agreement, all information and correspondence relating to the Patent Rights received from University or University's patent counsel is considered the University's Confidential Information, whether or not marked as confidential.

ALTERNATIVE 6.1 ----------

6.1 University agrees to provide Company copies of all patents and patent applications comprising the Patent Rights and Technical Information within sixty (60) days of the Effective Date of this Agreement. Pursuant to this Agreement, all information and correspondence relating to the Patent Rights received from University or University's patent counsel and all Technical Information is considered the University's Confidential Information, whether or not marked as confidential.

6.2 Beginning on the Effective Date of this Agreement and continuing throughout the term of this Agreement and thereafter for a period of five (5) years, neither party will at any time, without the express prior written consent of the other, disclose or otherwise make known or available to any third party any Confidential Information of the other party. The receiving party will utilize reasonable procedures to safeguard the Confidential Information of the disclosing party, including releasing such Confidential Information only to its employees, agents, or Affiliates on a "need-to-know" basis.

7.0 Termination

7.1 This Agreement shall terminate 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.

7.2 Company may terminate this Agreement with or without cause, upon ninety (90) days prior written notice to University.

7.3 University may terminate this Agreement effective thirty (30) days after Company's receipt of University's Notice of Termination if Company materially breaches this Agreement and does not cure such breach within thirty (30) days after receiving the Notice of Termination by University.

8.0 General

8.1 This Agreement shall be construed and the rights of the parties determined in accordance with the laws of the state of New York, without giving effect to the principles of conflict of laws of New York.

8.2 No use of the name of the University of Rochester in any form of promotion or in connection with the sale of products, processes, devices, or designs is permitted without prior written approval from the University.

8.3 Any notice or other communication will be in writing and will be deemed to have been properly given and be effective (i) upon the date of delivery if delivered in person, by facsimile, or courier service to the respective addresses set forth below, or to such other address as either party will designate by written notice given to the other party, or (ii) five days after mailing, if mailed by first-class or certified mail, postage paid, to the respective addresses below. If notice or other communication is given by facsimile transmission, said notice will be confirmed by prompt delivery of the hardcopy original.

All notices to University shall be addressed as follows: **[NOTE: Include only the applicable address]**

Director, Office of Technology Transfer
University of Rochester Medical Center
601 Elmwood Ave. Box OTT
Rochester, NY 14642
Telephone No.: 585-784-8850
Facsimile No.: 585-785-8829

Director, Office of Technology Transfer
University of Rochester (River Campus)
611 Hylan Building, Box 270142
Rochester, NY 14627-0142
Telephone No.: 585-275-3998
Facsimile No.: 585-473-6717

To Company:

_____
_____
_____
_____
_____
ATTN:

8.5 UNIVERSITY EXPRESSLY DISCLAIMS ANY AND ALL IMPLIED OR EXPRESS WARRANTIES AND MAKES NO EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE PATENT RIGHTS SUPPLIED BY UNIVERSITY, OR THE LICENSED PROCESSES OR LICENSED PRODUCTS CONTEMPLATED BY THIS AGREEMENT.

8.6 Company shall indemnify and hold University, its directors, officers, employees, contractors, subcontractors and agents harmless against any and all claims for loss, damage, or injuries in connection with or arising out of (1) use by Company, its directors, employees,

contractors, subcontractors or agents or by third parties of the Patent Rights or (2) the design, manufacture, distribution or use of any Licensed Processes or Licensed Products or other products developed in connection with or arising out of the Patent Rights. Such indemnity shall include all costs and expenses, including attorney fees and any costs of settlement. The rights and obligations of this section shall survive termination or expiration of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed in duplicate by their duly authorized officers.

UNIVERSITY OF ROCHESTER	COMPANY
_____	_____
Name	Name
_____	_____
Title	Title
_____	_____
Date	Date