

## OPTION AGREEMENT

This Option Agreement (“Agreement”) is between The Johns Hopkins University Applied Physics Laboratory LLC, a Maryland limited liability company, with its principal office at 11100 Johns Hopkins Road, Laurel, MD 20723-6099 (hereinafter "JHU/APL") and {insert name of company} (hereinafter "Company"), having an address at {insert company address}.

This Agreement consists of an attached Appendix A (List of JHU/APL Intellectual Property) and Appendix B (Payment Options).

### RECITALS

JHU/APL, by virtue of its role as a nonprofit, University Affiliated Research Center (UARC), carries out scientific and applied research and development through its staff and is committed to bringing the results of that research and development into widespread use.

JHU/APL has acquired or is entitled to acquire, through assignment or otherwise, all right, title and interest in and to the JHU/APL INTELLECTUAL PROPERTY (hereinafter defined).

Company is desirous of obtaining licenses to the JHU/APL INTELLECTUAL PROPERTY, and wishes to evaluate the JHU/APL INTELLECTUAL PROPERTY under the terms of this Agreement.

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

### ARTICLE I -- DEFINITIONS

1.1 JHU/APL INTELLECTUAL PROPERTY shall mean, individually and collectively, JHU/APL PATENT RIGHTS and JHU/APL UNPATENTED INTELLECTUAL PROPERTY.

1.2 JHU/APL PATENT RIGHTS shall mean any patent application, or patent issued therefrom, relating to the Schedule of JHU/APL INTELLECTUAL PROPERTY listed in Appendix A filed by or on behalf of JHU/APL (whether invented solely by JHU/APL or jointly by JHU/APL and Company).

1.3 JHU/APL UNPATENTED INTELLECTUAL PROPERTY shall mean and include JHU/APL's unpatented inventions not included in the JHU/APL PATENT RIGHTS, copyrighted matter, trademarks, technical information, know-how and/or trade secrets associated with the JHU/APL INTELLECTUAL PROPERTY, including all schematics, drawings, test and operating software (including source, object, and firmware), engineering analyses, reliability analyses, special manufacturing processes, quality assurance plans and procedures, and any other technical information or documentation developed by JHU/APL that directly relate to the Schedule of JHU/APL INTELLECTUAL PROPERTY listed in Appendix A and representing and included in IMPROVEMENT(S) as provided in and subject to the conditions of section 3.7 of this Agreement.

1.4 IMPROVEMENT(S) shall mean improvements in the JHU/APL INTELLECTUAL PROPERTY comprising any inventions, software, derivative works thereof, copyrighted matter, technical information, know-how, show-how and/ or trade secrets comprising JHU/APL PATENT RIGHTS or JHU/APL UNPATENTED INTELLECTUAL PROPERTY whether funded by JHU/APL, Company or a third party, including the United States Government, and made either solely by a JHU/APL employee or jointly by a JHU/APL employee and a Company or third party employee.

1.5 OPTION FIELD shall mean {\_\_\_\_\_}.

1.6 LICENSED PRODUCT(S) shall mean any device or other product: a) the manufacture, use or sale of which would constitute, but for the license granted to Company pursuant to this Agreement, infringement of the JHU/APL PATENT RIGHTS (infringement shall include, but is not limited to, direct, contributory, or inducement to infringe); or b) embodying, made using, derived from or based substantially on JHU/APL UNPATENTED INTELLECTUAL PROPERTY.

1.7 LICENSED SERVICE(S) shall mean any process or method, including but not limited to development, maintenance or support services related to software, performed on behalf of a third party or used in the manufacture or use of a product: a) the practice of which would constitute, but for the license granted to Company pursuant to this Agreement, infringement of the JHU/APL PATENT RIGHTS (infringement shall include, but is not limited to, direct, contributory, or inducement to infringe); or b) the practice of which uses, is derived from or is based substantially on the JHU/APL UNPATENTED INTELLECTUAL PROPERTY.

1.8 EFFECTIVE DATE shall mean the date of execution by the last of the parties to execute this Agreement.

1.9 OPTION PERIOD shall mean {spell number} (number) months from the EFFECTIVE DATE of this Agreement or sooner if the Option is exercised.

## ARTICLE II – EVALUATION PROCEDURE

2.1 EVALUATION PROCEDURE. Company shall have the right to evaluate the JHU/APL INTELLECTUAL PROPERTY and its market potential for the OPTION FIELD and to test proof of concept for the LICENSED PRODUCTS and/or LICENSED SERVICES. Company shall provide to JHU/APL a report of the results of such evaluations within thirty (30) days of the end of the OPTION PERIOD. During the OPTION PERIOD, any changes, modifications or improvements made by Company to JHU/APL INTELLECTUAL PROPERTY shall belong to JHU/APL. Company shall disclose all such changes, modifications or improvements in its report of the results of its evaluation. Company agrees to assign and does hereby assign to JHU/APL all right, title and interest in and to all such changes, modifications or improvements, and agrees to execute all necessary documents to confirm JHU/APL's ownership of such changes, modifications or improvements to JHU/APL upon JHU/APL's request.

## ARTICLE III – GRANTS AND OPTION

3.1 OPTION GRANT. JHU/APL hereby grants to Company a(n) {non-exclusive or exclusive} option in the OPTION FIELD to obtain a {non-exclusive or exclusive} license in license field(s) under JHU/APL INTELLECTUAL PROPERTY ("OPTION").

3.2 LICENSE GRANT. JHU/APL hereby grants to Company a worldwide, limited, nonexclusive {or exclusive}, nontransferable license to, license to practice, including but not limited to make, use, import, reproduce, prepare derivative works of, distribute, perform, display, install, execute and modify, the JHU/APL INTELLECTUAL PROPERTY, solely as necessary to evaluate the JHU/APL INTELLECTUAL PROPERTY under the terms of this Agreement during the OPTION PERIOD.

3.3 OPTION FEE. Upon execution of this Agreement, Company shall pay to JHU/APL a non-refundable OPTION FEE in the sum of {SPELL OUT AMOUNT IN DOLLARS} (\$X,000). Such OPTION FEE is due within ten (10) days of the EFFECTIVE DATE.

3.4 INTENTIONALLY LEFT BLANK. *{Or additional terms may be added, i.e. milestones}*

3.5 EXERCISE OF OPTION. Company may exercise the OPTION by so informing JHU/APL in writing and, further, by identifying to JHU/APL at least one (1) LICENSED PRODUCT or LICENSED SERVICE, indicating the license field(s), and by providing a written statement, reasonably satisfactory to JHU/APL, of its intention and ability to develop such LICENSED PRODUCT or LICENSED SERVICE for public use as soon as practicable, and consistent with reasonable business practices.

3.6 NEGOTIATION OF LICENSE TERMS. Upon exercise of the OPTION, and for a reasonable period not to exceed sixty (60) calendar days, JHU/APL and Company agree to negotiate in good faith to establish the terms of a license agreement granting Company non-exclusive {exclusive} rights to the LICENSED PRODUCTS and/or the LICENSED SERVICES. Such license agreement shall include at least the following provisions: license fees, royalty payments, a commitment by Company to exert their best efforts to introduce the LICENSED PRODUCTS and LICENSED SERVICES into public use as rapidly as practicable, the right of JHU/APL to terminate the license should Company not meet specified milestones, and indemnity and insurance provisions satisfactory to JHU/APL. At the sole discretion of JHU/APL, such license agreement may include provisions for an option to exclusive rights in a license field(s) and/or options to additional fields of use. Before executing such license agreement, Company shall meet the terms in 3.5 above. Once due diligence milestone and capabilities are established in a manner reasonably satisfactory to JHU/APL, JHU/APL and Company shall enter into the license agreement.

3.7 IMPROVEMENTS. Subject to the terms of funding agreements with third parties, all IMPROVEMENT(S) made during the term of this Agreement shall not be optioned to Company under this Agreement.

#### ARTICLE IV -- TERMINATION

4.1 TERMINATION. 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 set forth in section 3.6 above or upon execution of a license agreement, whichever occurs first. However, either party may terminate the OPTION before exercising the OPTION or before the OPTION PERIOD expires by sending the other party written notice of termination, the written notice shall be no less than fourteen (14) days prior to the specified termination date. Upon termination of this Agreement without the execution of a license agreement, Company shall have no further rights to the JHU/APL INTELLECTUAL PROPERTY. Upon termination and within seven (7) days of a written request from JHU/APL, which may be in the form of an email, Company shall return or destroy the originals and all copies of all the JHU/APL INTELLECTUAL PROPERTY furnished to Company by JHU/APL hereunder. Termination of this Agreement does not affect any accrued rights or remedies of any party, or any accrued costs or fees due to JHU/APL.

4.2 CONFLICT OF INTEREST. Company understands and agrees that JHU/APL has a strategic relationship with the U.S. Government which requires that JHU/APL avoid any activity that would create an actual or perceived organizational conflict of interest with respect to this relationship. Therefore, JHU/APL shall at all times retain the right to decline execution of a license agreement between JHU/APL and Company, if in JHU/APL's sole discretion, such license would create

an actual or perceived organizational conflict of interest with respect to our relationship with the U.S. Government.

#### ARTICLE V—DISCLOSURE

5.1 If necessary, the parties will exchange information that they consider to be proprietary. The recipient of such information agrees to accept the disclosure of such information, provided such information is clearly marked as confidential or proprietary (or other similar marking), at the time such information is disclosed to the recipient, and to employ all reasonable efforts to maintain the confidentiality of such information, using efforts that are no less than the degree of care employed by the recipient to preserve and safeguard its own information of like nature and, in any case, no less than a reasonable degree of care. Such information shall not be disclosed or revealed to anyone except those employees of the recipient who: have a need to know such information; who are under an obligation to maintain such information in confidentiality; and are advised of the confidential nature of such and reminded of their obligation to treat such information accordingly.

5.2 Exceptions. The recipient's obligations with respect to such information shall not extend to any part of the information that:

- 5.2.1 can be demonstrated to have been in the public domain or publicly known and readily available prior to the date of the disclosure;
- 5.2.2 can be demonstrated, from written records, to have been in the recipient's possession or readily available to the recipient from another source not under obligation of confidentiality to the disclosing party prior to the disclosure;
- 5.2.3 becomes part of the public domain or publicly known by publication or otherwise, not due to any unauthorized act by the recipient;
- 5.2.4 is demonstrated from written records to have been independently developed by or for the recipient without reference to proprietary information disclosed by the disclosing party; or
- 5.2.5 is required to be disclosed by law, government regulation or court order.

#### ARTICLE VI -- MISCELLANEOUS PROVISIONS

6.1 **APPLICABLE LAW.** This Agreement shall be construed and the rights of the parties determined in accordance with the laws of the State of Maryland without regard to any conflict of law provisions therein.

6.2 **NON-USE OF UNIVERSITY'S NAME.** No use of the name of The Johns Hopkins University (JHU) or The Johns Hopkins University Applied Physics Laboratory (APL) or any of its constituent parts, in any form of promotion or in connection with the sale of products, processes, devices, or designs, is permitted without prior written approval from JHU/APL. At least five (5) business days' notice is required for written approval.

6.3 **NOTICES AND CORRESPONDENCE.** This Agreement and all notices required or permitted to be thereunder may be executed in two or more counterparts, and by facsimile or email, and shall be considered as if each were an original thereof.

To JHU/APL:

Supervisor, Office of Technology Transfer  
The Johns Hopkins University  
Applied Physics Laboratory LLC  
11100 Johns Hopkins Road

Laurel, MD 20723-6099  
PHONE: +1 240-228-4528  
FAX: +1 240-228-5882  
EMAIL: Norma.Lee.Todd@jhuapl.edu

To Company: (insert company name)  
(insert address)  
(insert email address of contact)  
PHONE: (insert phone number)  
EMAIL:

JHU/APL Payment Address: Johns Hopkins University  
Applied Physics Laboratory LLC  
11100 Johns Hopkins Road  
Laurel, MD 20723-6099  
Attn: Accounting/Finance Group  
DevFund Acct MS: MP1-S186

Either party may change its address for the purpose of this Agreement by notice to the other party.

6.4 **WARRANTY.** JHU/APL EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES, WHETHER IMPLIED OR EXPRESS, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OF THE JHU/APL INTELLECTUAL PROPERTY OR ANY MATERIALS OR INFORMATION SUPPLIED BY JHU/APL, OR THE LICENSED PRODUCTS OR LICENSED SERVICES CONTEMPLATED BY THIS AGREEMENT. FURTHER, JHU/APL HAS MADE NO INVESTIGATION AND MAKES NO REPRESENTATION OR WARRANTY THAT THE JHU/APL INTELLECTUAL PROPERTY IS FREE FROM LIABILITY, INCLUDING LIABILITY FOR INFRINGEMENT OF PATENT, COPYRIGHT, OR ANY OTHER THIRD PARTY RIGHTS.

6.5 **LIABILITY.** Company shall indemnify and hold harmless The Johns Hopkins University, JHU/APL, and their directors, officers, employees, trustees, contractors, subcontractors, and agents harmless against any and all claims for loss, damage, or injuries in connection with or arising out of use by Company, its directors, employees, contractors, subcontractors, or agents or by third parties for any cause of action that arises from use of the JHU/APL INTELLECTUAL PROPERTY under this Agreement. Such indemnity shall include all costs and expenses, including attorney's fees and any costs of settlement. The rights and obligations of this section shall survive termination or expiration of this Agreement.

6.6 **NONASSIGNABILITY.** Neither this Agreement nor any rights hereunder shall be transferable or assignable by either party and any attempt to do so shall be void.

6.7 **INTEGRATION.** This Agreement sets forth the entire agreement and understanding between the parties as to the subject matter hereof and merges all prior discussions between them. Neither of the parties shall be bound by any warranties, understandings or representations with respect to such subject matter other than as expressly provided herein or in writing signed with or subsequent to execution hereof by an authorized representative of the party to be bound thereby.

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

(insert company name)

**JOHNS HOPKINS UNIVERSITY  
APPLIED PHYSICS LABORATORY LLC**

By: \_\_\_\_\_  
(insert signatory authority name)  
(insert title of signatory authority)

By: \_\_\_\_\_  
Norma Lee Todd  
Supervisor, Office of Technology Transfer

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

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

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License Template Draft

APPENDIX A: Schedule of JHU/APL INTELLECTUAL PROPERTY

JHU/APL Docket No. (insert case number), entitled “(insert title)” and U.S. Patent Application No. OR U.S. Patent No. (insert application number, or if issued, US Patent No.) entitled “insert title,” filed (insert date).

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License Template Draft

APPENDIX B: Fees and Payment Options

**Automated Clearing House (ACH) for payments through U.S. banks only**

The JHU/APL encourages its licensees to submit electronic funds transfer payments through the Automated Clearing House (ACH).

**Electronic Funds Wire Transfers**

The following account information is provided for wire payments. In order to process payment via Electronic Funds Wire Transfer sender MUST supply the following information within the transmission:

Wiring Information (Domestic):

Company: The Johns Hopkins University Applied Physics Laboratory LLC  
Bank: PNC Bank  
Bank Address: One East Pratt Street  
Baltimore, MD 21201  
Bank POC: Marcella (Marcy) Kraus (410)237-5736  
Bank Account: Checking  
Bank Account #: 5300445194  
Routing Number: 031000053

Wiring Information with Swift Code (foreign):

Company: The Johns Hopkins University Applied Physics Laboratory LLC  
Bank: PNC Bank  
Bank Address: One East Pratt Street  
Baltimore, MD 21201  
Bank POC: Marcella (Marcy) Kraus (410)237-5736  
Bank Account: Checking  
Bank Account #: 5300445194  
Routing Number: 031000053  
Swift Code: PNCCUS33

**Checks**

All checks should be made payable to “JHU/APL” and sent by US Postal Service to the following address:

Johns Hopkins University  
Applied Physics Laboratory LLC  
11100 Johns Hopkins Road  
Laurel, MD 20723-6099  
Attn: Accounting/Finance Group, DevFund Acct MS: MP1-S186