

**OPTION AGREEMENT**

Effective on the \_\_\_ day of \_\_\_, \_\_\_\_,  
(the "Effective Date")

by and between:

**UChicago Argonne, LLC**  
**Operator of Argonne National Laboratory**  
**under its U.S. Department of Energy Contract No. DE-AC02-06CH11357**

(Licensor)

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(Optionee)

*Express IPA-*\_\_\_\_\_

This Agreement is entered into by UChicago Argonne, LLC, Operator of Argonne National Laboratory (“Argonne” or “Licensor”), having its principal place of business at 9700 South Cass Avenue, Argonne, Illinois 60439, acting under Prime Contract No. DE-AC02-06CH11357 with the U.S. Government, represented by the U.S. Department of Energy (“DOE”), and by \_\_\_\_\_ (“Optionee”) having its principal place of business at \_\_\_\_\_. Licensor and Optionee are herein referred to jointly as “Parties” and individually as a “Party.”

WHEREAS, Argonne is non-profit organization incorporated under the laws of the state of Illinois for the sole purpose of operating the DOE federal facility known as Argonne National Laboratory.

WHEREAS, Argonne’s and DOE’s mission includes transferring taxpayer-funded technology to the benefit of the U.S. economy, and Argonne’s Prime Contract, pursuant to the Bayh-Dole Act (35 U.S.C. § 200 et seq.) and the Stevenson-Wydler Act (15. U.S.C. §3710a), provides Argonne the authority to enter into certain intellectual property licensing transactions in furtherance of that mission.

WHEREAS, Optionee is a duly registered business entity engaged in the business of developing and commercializing technology.

WHEREAS, Optionee desires to receive and Argonne desires to provide an option to seek an exclusive, royalty bearing license to the patented Argonne inventions identified in Exhibit A.

WHEREAS, Licensor and Optionee desire to set forth both the terms of the option and to the extent applicable any resultant license in this Agreement.

NOW THEREFORE, for the mutual promises and consideration provided herein, the receipt and sufficiency of which both Parties acknowledge, THE PARTIES AGREE AS FOLLOWS:

**1. Definitions**

- 1.1 “Field of Use” shall mean **[TO BE AGREED UPON BETWEEN ARGONNE AND OPTIONEE]**.
- 1.2 “Licensed Patents” shall mean the patents set forth in Exhibit A, including all divisionals, continuations, continuations-in-part, reissues, reexaminations, extensions and any patents issued from the foregoing, to the extent that Licensor has the lawful authority to license such patented inventions.
- 1.3 “Licensed Methods” shall mean any method, procedure, or process whose use or practice is within the scope of any claim of the Licensed Patents.
- 1.4 “Licensed Products” shall mean any and all products in the Field of Use produced using Licensed Methods and/or any and all products in the Field of Use made, used, or sold within the scope of any claim of the Licensed Patents.
- 1.5 “Licensed Services” shall mean any service offered or performed in the Field of Use wherein any Licensed Methods are used or practiced other than to produce a Licensed Product.

- 1.6 “Option Period” shall mean the period ending nine (9) months after the Effective Date. The Option Period may be extended by an additional nine (9) months, subject to the payment of the Option Extension Fee as set forth in Exhibit B.
- 1.7 A “Sale” shall occur when Licensed Products or Licensed Services are provided to a third party for other than evaluation purposes.
- 1.8 “Territory” shall mean the United States and its territories and possessions.

## **2. Grant**

### **2.1 Option Grants.**

- a. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Optionee and Optionee hereby accepts an option to obtain a royalty-bearing exclusive license to the Licensed Patents for the Field of Use in the Territory for the duration of the Option Period.
- b. Subject to the terms and conditions of this Agreement, Licensor hereby grants to Optionee and Optionee hereby accepts a limited non-exclusive, non-sublicensable right to make and use Licensed Products in the United States, within the Field of Use but only for research and development purposes. During the Option Period, Licensed Products shall be substantially manufactured in the United States.

### **2.2 To initiate negotiations for an exclusive license to the Licensed Patents in the Field of Use and Territory, Optionee must deliver to Licensor prior to the termination of the Option Period the following:**

- a. Written notice of election to exercise the option.
- b. A commercialization plan for the Licensed Patents, Licensed Product and Licensed Services acceptable to Licensor.
- c. Acceptable documentation that Optionee has secured sufficient resources to effectively execute the commercialization plan in 2.2(b), including capital, management, and technical expertise.

### **2.3 Should the Optionee complete the requirements of Article 2.2 and deliver the consideration set forth in Exhibit B, then, upon receipt of such consideration the Parties shall negotiate in good faith for an exclusive license to the Licensed Patents.**

Licensor will initiate those negotiations by providing Optionee either a terms sheet for the license agreement or a draft license agreement. The Parties shall then continue good faith negotiations to arrive at mutually acceptable and reasonable terms for that license, including but not limited to:

License Issue Fee; Earned Royalty Payments; Diligence Milestones (technology, scale-up, and business); Annual Minimum Royalties; Patent Cost Reimbursement; and Reporting Schedule.

Any resulting license shall also be subject to certain terms required pursuant to 35 U.S.C. 201 et seq., and Argonne's Prime Contract with the U.S. Department of Energy, including but not limited to the following terms:

The U.S. Government's nonexclusive, nontransferable, irrevocable, paid-up, worldwide licenses to practice or have practiced for or on behalf of the U.S. Government (see Art. 2.4); certain federal government march-in rights in accordance with 48 CFR 27.304-1(g); the requirement to substantially manufacture Licensed Products in the United States; and certain indemnifications by licensee (see Art. 3).

If the Parties have not executed a license agreement within one hundred twenty (120) days after Optionee elects to exercise the Option, or such later time as the parties mutually agree in writing, all rights of Optionee and obligations of Licensor under this Agreement shall terminate.

- 2.4 Any rights and licenses granted to Optionee in this Agreement, or any subsequent ones, shall be subject to the following rights retained by the U.S. Government:

The U.S. Government is granted for itself and others acting on its behalf a paid-up, non-exclusive, irrevocable worldwide license to practice or have practiced by or on behalf of the U.S. Government the Licensed Patents. The U.S. Government has certain other rights under 35 U.S.C. 200 et seq. and applicable regulations.

- 2.5 Optionee acknowledges that Licensor retains ownership of and title to the Licensed Patents, by itself or with others. Optionee agrees not to sell, lien, sublicense, distribute, transfer, encumber or otherwise dispose of Licensed Patents except as expressly provided in this Agreement. Optionee further acknowledges that this Agreement provides no rights, either expressed or implied, to any other intellectual property rights owned by Licensor, the U.S. Government, or any other party. All rights not expressly granted are hereby reserved.

### **3. U.S. Competitiveness**

The Parties agree that a purpose of this Agreement is to provide substantial benefit to the U.S. economy. Therefore, Optionee agrees that any resulting license will require that products embodying the Licensed Patents or produced through the use of the invention shall be substantially manufactured in the United States.

### **4. Fees And Commercialization Plan**

- 4.1 In consideration of the rights and licenses granted herein, Optionee agrees to the provisions of Exhibit B attached hereto and hereby incorporated into this Agreement.

- 4.2 Any resulting license will provide that no royalties shall be owed on any Licensed Products produced or any Licensed Services practiced for or under any Federal governmental agency contract pursuant to the DOE non-exclusive license for U.S. Federal governmental purposes. In such transactions, Licensee shall reduce the amount charged for a Licensed Product sold to the U.S. Government by an amount equal to the Royalty otherwise due to Licensor on the sale of the Licensed Product.

- 4.3 Should Optionee fail to make any payment to Licensor within the time period prescribed for such payment, then the unpaid amount shall bear interest at the rate of one and a half percent (1.5%) per

month or, if less, the greatest amount permitted by law, from the date when payment was due until payment in full, with interest, is made.

- 4.4 Upon termination of this Agreement for any reason whatsoever, any fees that remain unpaid shall be paid to Licensor within thirty (30) days of any such termination.

**5. Records, Reports, and Audits**

[Reserved]

**6. Due Diligence**

[Reserved]

**7. Infringement by Third Parties**

Optionee shall give notice to Licensor of any discovered third party infringement of the Licensed Patents of which Optionee has actual knowledge. Licensor, at Licensor's sole discretion, may attempt to abate such infringement in whatever manner it determines. Optionee agrees to not contact any alleged or potential third party infringer without the prior written consent of Counsel for Licensor.

**8. Technical Assistance**

Licensor shall have no obligation to provide technical assistance, know-how or improvements to Optionee under this Agreement. Further, nothing in this Agreement shall be construed as an obligation on the part of the Licensor to provide technical assistance to Optionee. Any technical assistance is subject to the terms of a separate agreement, such as a Cooperative Research and Development Agreement (CRADA) or a Strategic Partnership Program (SPP) agreement.

**9. Representations and Warranties**

- 9.1 Nothing in this Agreement will be interpreted as:

- a. A warranty or representation by Licensor as to the validity or scope of any of Licensor's rights in the Licensed Patents; or
- b. A warranty or representation that anything made, used, sold, or otherwise disposed of under any license granted in this or any subsequent Agreement is or will be free from infringement of patents or copyrights of third parties; or
- c. Optionee agrees not to sell, lien, sublicense, distribute, transfer, encumber or otherwise dispose of Licensed Patents except as expressly provided in this Agreement.
- d. Conferring by implication, estoppel, or otherwise any license or rights under any patents or copyrights of Licensor other than as defined in this Agreement, regardless whether such patents or such copyrights are dominant or subordinate to the rights granted hereunder; or
- e. An obligation to furnish any technical assistance, know-how or improvements not specifically provided in this Agreement.

9.2 Optionee represents and warrants that:

- a. Optionee is a duly organized business entity, registered and in good standing with a state or territory within the United States;
- b. Optionee is not foreign owned, controlled or influenced as defined under DOE Policy 485.1;
- c. Optionee has not solicited, offered or discussed with any current Argonne employee the potential for employment or any financial interest (e.g., board position, equity, option, subcontract, or consulting position) in Optionee, and Optionee has not made any offers to any current Argonne employee for the same;
- d. Optionee will engage in any discussions with current Argonne employees for employment or any financial interest (e.g., board position, equity, option, subcontract, or consulting position) in Optionee during the term of this Agreement;
- e. The University of Chicago, UChicago Argonne LLC and any affiliate of either have no financial interest in Optionee prior to the execution of this Agreement; and
- f. Optionee has fully and truthfully completed the option questionnaire.

**10. Export Control**

OPTIONEE ACKNOWLEDGES THAT THE EXPORT/RE-EXPORT OF ANY MATERIALS AND/OR TECHNICAL DATA FROM THE UNITED STATES MAY REQUIRE SOME FORM OF EXPORT CONTROL LICENSE FROM THE U.S. GOVERNMENT. FAILURE TO OBTAIN ANY REQUIRED EXPORT LICENSES BY OPTIONEE MAY RESULT IN OPTIONEE SUBJECTING ITSELF TO CRIMINAL LIABILITY UNDER U.S. LAWS.

**11. Disclaimer**

NEITHER LICENSOR, NOR THE DOE, NOR PERSONS ACTING ON THEIR BEHALF, INCLUDING ARGONNE, MAKE ANY WARRANTY, EXPRESS OR IMPLIED: (1) WITH RESPECT TO THE MERCHANTABILITY, ACCURACY, COMPLETENESS, OR USEFULNESS OF ANY SERVICES, MATERIALS, OR INFORMATION FURNISHED HEREUNDER; (2) THAT THE USE OF ANY SUCH SERVICES, MATERIALS, OR INFORMATION WILL NOT INFRINGE PRIVATELY OWNED RIGHTS; (3) THAT THE SERVICES, MATERIALS, OR INFORMATION FURNISHED HEREUNDER WILL NOT RESULT IN INJURY OR DAMAGE WHEN USED FOR ANY PURPOSE; OR (4) THAT THE SERVICES, MATERIALS, OR INFORMATION FURNISHED HEREUNDER WILL ACCOMPLISH THE INTENDED RESULTS OR ARE SAFE FOR ANY PURPOSE, INCLUDING THE INTENDED OR PARTICULAR PURPOSE. FURTHERMORE, LICENSOR AND THE DOE HEREBY SPECIFICALLY DISCLAIM ANY AND ALL WARRANTIES, EXPRESS OR IMPLIED, FOR ANY MATERIALS MANUFACTURED, USED, OR SOLD BY OPTIONEE. LICENSOR AND THE DOE SHALL NOT BE LIABLE FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES IN ANY EVENT.

## **12. Product Liability Indemnity**

Optionee indemnifies the Licensor, the University of Chicago, and the U.S. Government, and their officers, employees and agents, for all damages, costs and expenses, including attorneys' fees, arising from personal injury or property damage to third parties occurring as a result of the commercialization and utilization of the Licensed Patents by Optionee, including but not limited to the making, using, or exporting of products, processes, or services derived therefrom. This indemnification shall include, but not be limited to, product liability resulting from the commercialization and utilization of the Licensed Patents, Licensed Products and/or Licensed Services.

The indemnity set forth in this Article shall apply only if Optionee shall have been informed as soon and as completely as practical by Licensor and/or the U. S. Government of the action alleging such claim and shall have been given an opportunity, to the maximum extent afforded by applicable laws, rules, or regulations, to participate in and control its defense, and Licensor and/or the U.S. Government shall have provided reasonably available information and reasonable assistance requested by Optionee. No settlement for which Optionee shall be responsible shall be made without Optionee's consent unless required by final decree of a court of competent jurisdiction.

## **13. Term and Termination**

13.1 Unless previously terminated by operation of law or by acts of the Parties under this Agreement, this Agreement is binding on the Effective Date and will run the conclusion of the Option Period.

13.2 This Agreement shall be subject to termination by either Party at any time (including during the Initial Term) if the other Party is adjudicated insolvent, declares bankruptcy, or a receiver or trustee is appointed for such Party, unless otherwise dismissed. In addition, either Party may terminate this Agreement (without judicial resolution) at any time (including during the Initial Term) with written notice upon the occurrence of a material default or breach by the other Party of this Agreement, provided such default or breach continues for more than thirty (30) days after receipt by such other Party of notice. Further, this Agreement shall automatically, and without prior notice, terminate in the event that Optionee becomes foreign owned, controlled or influenced as defined under DOE P. 485.1.

13.3 Any termination of this Agreement shall not relieve the Parties of any obligation or liability accrued hereunder prior to the effective date of such termination. Except as expressly set forth above, all license rights granted to Optionee under this Agreement shall terminate as of the effective date of any termination.

13.4 The rights and remedies granted herein, and any other rights or remedies which the Parties may have, either at law or in equity, are cumulative and not exclusive of others. On any termination, Optionee shall duly account and transfer to Licensor all rights to which Licensor may be entitled under this Agreement.

13.5 Upon expiration or termination of this Agreement, the following Sections shall survive: 8-12.

## **14. Assignability**

Optionee may not assign or otherwise transfer its rights, duties or obligations under this Agreement to any other party or entity, in whole or in part, without the prior written consent of Licensor. If

Optionee purports to, attempts to or agrees to assign its rights, duties or obligations under this Agreement, in whole or in part, to any other person or entity without the prior written consent of Licensor, then this Agreement shall automatically terminate.

The Licensor may transfer this Agreement to a successor operator of Argonne National Laboratory.

**15. Taxes**

To the extent any payment is due under this Agreement, payment of royalties shall be subject to any applicable withholding and other taxes, and shall be paid by Optionee. Notwithstanding, Optionee shall not be obligated to gross-up any such payment in the event withholding or other taxes are payable. Optionee shall provide Licensor with sufficient evidence and justification of such taxes and amounts.

**16. Marking**

[Reserved]

**17. Termination for Patent Challenge**

If Optionee asserts the invalidity or unenforceability of any claim of the Licensed Patents, or otherwise challenges the ownership or inventorship of the Licensed Patents, including by way of litigation or administrative proceedings, either directly or indirectly through any other party, then the Licensor shall have the right to immediately terminate any grant of rights to the Licensed Patents.

**18. Requirement for Commercial Insurance**

[Reserved]

**19. Notices**

19.1 All notices and reports shall be addressed to the Parties as follows:

If to Licensor:

Technology Commercialization and Partnerships  
Argonne National Laboratory  
9700 S. Cass Avenue  
Argonne, IL 60439-4873  
Tel. (800) 627-2596  
[ExpressLicense@anl.gov](mailto:ExpressLicense@anl.gov) (or just [partners@anl.gov](mailto:partners@anl.gov))

with a copy to

Office of the General Counsel  
Argonne National Laboratory  
9700 S. Cass Avenue  
Argonne, IL 60439-4873  
[ndar@anl.gov](mailto:ndar@anl.gov)

If to Optionee:

\_\_\_\_\_

with a copy to

\_\_\_\_\_

19.2 Any notice, report or any other communication required or permitted to be given by any Party to any other Party by this Agreement shall be in writing and either (a) served personally on the other Party, (b) sent by express, registered or certified first-class mail, postage prepaid, addressed to the other Party at its address as indicated above, or to such other address as shall have previously furnished to the other Party by proper notice, (c) delivered by commercial courier to the other Party; or (d) sent by electronic mail to the addresses listed above. Such notice shall be effective when received by the receiving Party.

## **20. Miscellaneous**

20.1 No Right of Publicity. The Parties agree that neither will issue any press releases or similar marketing or promotional material regarding this Agreement without the prior written approval of the other Party. Nothing in this Agreement shall be construed as conferring any right to use in advertising, publicity, or other promotional activities any name, tradename, trademark, or other designation of any Party hereto or of Argonne National Laboratory, UChicago Argonne, LLC, the University of Chicago, the U.S. Department of Energy, the U.S. Government, or any employees thereof, and any contraction, abbreviation, or simulation of any of the foregoing.

20.2 Interpretation. The headings of the sections of this Agreement are included for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

20.3 No Waiver. No provision of this Agreement is deemed waived and no breach excused unless such waiver or consent is made in writing and signed by the Party to have waived or consented. Failure on the part of any Party to exercise or enforce any right under this Agreement will not be a waiver of any right, or operate to bar the enforcement or exercise of the right at any time thereafter.

20.4 Entire Agreement. It is expressly understood and agreed by the Parties that this instrument contains the entire agreement between the Parties with respect to the subject matter hereof and that all prior representations, warranties, or agreements relating hereto have been merged into this document and are thus superseded in totality by this Agreement. This Agreement may be amended or modified only by a written instrument signed by the duly authorized representatives of the Parties.

20.5 Construction. If any of the provisions of this Agreement are determined to be invalid or unenforceable, such invalidity or unenforceability will not invalidate or render unenforceable the remainder of the Agreement, but rather the entire agreement will be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the Parties hereto shall be construed and enforced accordingly. The Parties hereby acknowledge that if any provision of this Agreement is determined to be invalid and unenforceable, it is their desire and intention that such provision be reformed and construed in such a manner that it will, to the maximum extent practicable, be deemed valid and enforceable.

- 20.6 Mediation. The Parties will attempt to jointly resolve any disputes arising from this Agreement. Such joint resolution may include mediation. If the Parties are unable to resolve a dispute within a reasonable time, then any Party may commence proceedings in a court of competent jurisdiction.
- 20.7 Waiver of Statute of Limitations. The Parties agree that any claim or lawsuit relating to or arising under this Agreement (other than for indemnification) must be filed no more than two years after the date of the alleged breach or termination of the Agreement, whichever is shorter, and that no legal action may be commenced after such time. The Parties expressly waive any statute of limitations to the contrary.
- 20.8 Waiver of Jury Trial. Each Party hereby irrevocably waives its rights to trial by jury in any action or proceeding arising out of this Agreement or the transactions relating to its subject matter.
- 20.9 Governing Law and Venue. In the absence of applicable Federal law, this Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois. Any action brought to enforce or rescind this Agreement shall be brought in a court in the County of DuPage, State of Illinois, which shall have exclusive jurisdiction and venue with respect to each Party hereto. This Agreement may be pleaded as a full and complete defense and may be used as the basis for an injunction against any action at law or proceeding at equity, or any private or public judicial or non-judicial proceeding instituted, prosecuted, maintained, or continued in breach hereof.
- 20.10 Release of Information. The Parties may release information concerning this Agreement if required by law. The Parties agree that the Laboratory may share the terms of this Agreement, as well as the Agreement itself with the U.S. Department of Energy.
- 20.11 Execution. This Agreement may be executed in counterpart, including electronic transmission.
- 20.12 Avoidance of Conflict of Interest. Optionee acknowledges that Argonne National Laboratory operates acts as a steward of federal funds, and takes seriously any actual or perceived conflicts of interest in its technology transfer activities. Further, Argonne's Prime Contract and implementing policies and procedures require DOE approval of certain technology transfer activities involving current or former Argonne employees. As such, Optionee represents and warrants that it has not solicited, offered or discussed with any current Argonne employee the potential for employment or any financial interest (e.g., board position, equity, option, subcontract, or consulting position) in Optionee, and further represents and warrants that Optionee has not made any offers to any current Argonne employee for the same. Optionee agrees that it will not engage in any such discussions with Argonne employees until it has notified counsel for Argonne, and obtained the prior written approval of Argonne, which may include conditions such as a Conflict of Interest Management Plan.

(continued on signature page)

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be duly executed in their respective names by their duly authorized representatives.

UChicago Argonne, LLC  
Operator of Argonne National Laboratory

\_\_\_\_\_

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

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

Printed Name: Erik Schimke

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

Title: Procurement Manager

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

Date:

Date:

DRAFT

**Exhibit A – Licensed Patents**

<b>Argonne Invention No.</b>	<b>Patent No.</b>	<b>Title</b>	<b>Inventors</b>

DRAFT

## Exhibit B – Option Fees

### NOTICE

*This Exhibit B contains financial and commercial information deemed Business Confidential. The Parties agree not to use or to disclose the terms of this Exhibit to any third party without the express written consent of the other party, except as necessary to enable the Parties to perform under this Agreement or as may be required by Licensor's contract with the U.S. Department of Energy.*

- A. **Option Fee:** In exchange for the option rights set forth in the Agreement, Optionee shall pay to Licensor an Option Fee of one thousand U.S. dollars (\$1,000.00). Optionee shall pay the Option Fee within thirty (30) days of the Effective Date of this Agreement. The Option Fee is nonrefundable, non-creditable and is not an advance against any other payment or obligation, including the License Fee and Earned Royalties.
- B. **Option Extension Fee.** As set forth in in Article 1.6 of the Agreement: “Option Period” shall mean the period ending nine (9) months after the Effective Date. The Option Period may be extendable by an additional nine (9) months, subject to the payment of the Option Extension Fee of two thousand U.S. dollars (\$2,000.00). Optionee must provide notice to Licensor of its intent to pay the Option Extension Fee one (1) month prior to the expiration of the initial Option Period, and must pay the Option Extension Fee no later than the last day of the initial Option Period. The Option Extension Fee is nonrefundable, non-creditable and is not an advance against any other payment or obligation, including the License Fee and Earned Royalties. Unless as otherwise agreed to by the parties in writing and executed by each Party’s authorized representative, only one extension of the Option Period is allowed.