

## **VALIDATION LICENSE AND OPTION AGREEMENT for PROJECT TEAMS ENTERING FEDERAL GRANT PROGRAMS**

This Agreement, is made effective \_\_\_\_\_ (“Effective Date”), by and between Texas Tech University System (“System”) a Texas institution of higher education, and a Project Team, represented by \_\_\_\_\_, that will apply for or participate in a federal grant program for early stage technology commercialization (“Project Team”).

### **BACKGROUND.**

- I. System is the owner of certain Patent and Technology Rights (as later defined herein) relating to University Invention Disclosure(s) \_\_\_\_\_. The System has the right to grant licenses under said Patent and Technology Rights;
- II. Project Team seeks a temporary license for rights to this technology to validate market factors, prepare a business plan, and investigate funding opportunities needed to commercialize this technology
- III. Project Team and System recognize that further development and substantial investment are required to commercialize the Patent and Technology Rights;
- IV. Project Team will pursue federal programs that provide funding to support early stage development of the technology protected by the patent rights; and
- V. System desires for Project Team to secure early stage funding that supports commercialization of this technology.

The parties agree as follows:

1. **DEFINITIONS.**
  - a. “Patent and Technology Rights” means the invention and technical information pertaining to University Invention Disclosure(s) \_\_\_\_\_ and from any United States or foreign patents or patent applications corresponding thereto.
  - b. “Limited License” means grant by System to Project Team for use of the Patent and Technology Rights for the purpose of evaluating whether the Patent and Technology Rights are commercially viable and assessing the value of those rights to Project Team.
2. **LIMITED LICENSE.** System hereby grants Project Team a limited non-transferable license for six months, ending \_\_\_\_\_ (“Term”) to practice the Patent and Technology Rights solely for the purposes of Project Team's internal evaluation of the Patent and Technology Rights, preparation of a business plan, and making application(s) for federal grants to support early stage development of the technology. During the Term, Project Team will use diligent, commercially reasonable efforts to assess the technology and to apply for federal funding to develop the Patent and Technology Rights.

3. OPTION RIGHT. During the Term, Project Team may form and register a company (“Company”) and Company shall have an exclusive option to acquire an exclusive license to commercialize the Patent and Technology Rights (“Option Right”). Company may exercise the Option Right upon written notice to System prior to the end of the Term. If the Option Right is exercised, the Term of this Agreement will continue for a period of time not to exceed 90 days from the date the Option Right is exercised (“Option Period”) to allow the System and Company (“Parties”), to negotiate in good faith a License Agreement containing reasonable terms and conditions acceptable to Parties substantially in the form of Exhibit A attached hereto. If Parties are unable to reach agreement within the Option Period, this Agreement shall terminate and System may offer a license to third parties.
4. OPTION FEES. Company shall pay to System a one-time, non-refundable, non-creditable Option Fee in the sum of One Thousand Dollars due and payable in full upon the exercise of the Option Right.
5. PATENT PROSECUTION AND COST RECOVERY. System 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. During the Term, System shall provide Project Team with drafts of all future filings of any patent applications related to the Patent and Technology Rights at least thirty (30) days prior to the filing of such drafts and shall incorporate any material changes to such drafts requested by Project Team.
6. EFFECT OF TERMINATION. At the end of the Term or, if the Option Right is exercised, the end of the Option Period, if the Parties do not enter into the License Agreement, Project Team or Company shall return or destroy all technical information that was disclosed pertaining to subject technologies and provide System with a letter certifying that such materials were destroyed.
7. EXCLUSIVITY. During the term of this Agreement, System shall not take any action inconsistent with the terms of the License Agreement attached as Exhibit A, solicit any additional offers from any third party, provide information to any third party or enter into any negotiations with any third party concerning commercialization of the Patent and Technology Rights.
8. CONFIDENTIALITY. The parties acknowledge and agree that the exchange of Confidential Information between System and Project Team related to the Patent and Technology Rights is governed by the Two-Way Confidentiality Agreement between System and Project Team dated \_\_\_\_\_.

9. **RESERVATION OF RIGHTS.** System retains the right, on behalf of itself and its component institutions to practice the Patent and Technology Rights for any research purpose, including sponsored research and collaborations with third parties, including educational and non-profit institutions. Project Team agrees that, notwithstanding any other provision of this Agreement, it has no right to enforce the Patent and Technology Rights against any such educational or non-profit institution. Project Team further agrees that nothing herein shall prevent System from disclosing or publishing the Patent and Technology Rights, or create any legal liability for doing so.
10. **NO WARRANTIES.** SYSTEM MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND CONCERNING THE PATENT AND TECHNOLOGY RIGHTS, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, VALIDITY OF PATENT AND TECHNOLOGY RIGHTS CLAIMS, WHETHER ISSUED OR PENDING, AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE. IN NO EVENT SHALL SYSTEM, ITS COMPONENT INSTITUTIONS, REGENTS, OFFICERS, EMPLOYEES AND AFFILIATES BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGES OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER SYSTEM OR ANY OF ITS COMPONENT INSTITUTIONS KNOW OR SHOULD KNOW THAT THE POSSIBILITY OF DAMAGES EXISTS.
11. **TERMINATION.** Project Team may terminate this Agreement on 30 days written notice to System. If Project Team defaults on its obligations under this Agreement, including failure to diligently assess the Patent and Technology Rights, and fails to cure that default within fifteen (15) days after receiving written notice thereof, System may terminate this Agreement immediately upon written notice to Project Team.
12. **GENERAL.**

**10.1 Notices.** Any notice required by this Limited License and Option Agreement shall be given by prepaid, first class, certified mail, return receipt requested, addressed in the case of System to:

Texas Tech Office of Research Commercialization  
Box 42007  
Lubbock, TX 79409  
Attn: David McClure, Director Licensing  
Phone: 806-834-5899  
Email: [david.mcclure@ttu.edu](mailto:david.mcclure@ttu.edu)

or in the case of PROJECT TEAM to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

or such other address as may be given in writing from time to time under the terms of this notice provision.

- 10.2 Assignment.** The Limited License and the Option Right granted by this Agreement are not assignable, and any attempt to do so is void.
- 10.3 Entire Agreement.** This Agreement constitutes the entire and only agreement between the parties for the Limited License and the Option Right and all other prior negotiations, representations, agreements, and understandings are superseded. No agreements altering or supplementing the terms of this Agreement may be made except by means of a written document signed by the duly authorized representatives of the parties.
- 10.4 Waiver or Amendment.** No waiver, amendment, or modification of any provision of this Agreement will be effective unless in writing and signed by the authorized representative of the party against whom such waiver, amendment or modification is sought to be enforced. No failure or delay by either party in exercising any right, power or remedy under the Agreement will operate as waiver of any such right, power or remedy or of any other right, power or remedy under this agreement.
- 10.5 Compliance with Laws.** Project Team shall comply with all applicable federal, state and local laws and regulations in connection with its activities pursuant to this Agreement.
- 10.6 Independent Parties.** Nothing in this Agreement shall be deemed to create a joint venture or other joint relationship and each party shall have no actual, apparent or implied authority as a result of this Agreement to create any obligation, express or implied, on behalf of the other party.
- 10.7 Applicable Law; Dispute Resolution.** The Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without reference to the conflicts of law principles thereof. If a dispute concerning this Agreement arises between the Parties and the Parties are unable to resolve the dispute in the ordinary course of business, the Parties agree to mediate the issue using the guidelines and model rules of the Texas Attorney General's Office established pursuant to Tex. Gov't Code §2260.052(c). If an agreement is reached, the parties shall be bound by the terms and conditions set forth in a

settlement agreement that will be executed by the parties. Both parties shall share the cost of the mediation equally although personal attorneys and witnesses or specialists are the direct responsibility of each party and their fees and expenses shall be the responsibility of the individual parties. The parties agree to jointly select a mediator. NEITHER THE EXECUTION OF THIS AGREEMENT NOR ANY CONDUCT OF ANY REPRESENTATIVE OF THE SYSTEM OR ITS COMPONENT INSTITUTIONS AFTER THE DATE OF THIS AGREEMENT SHALL BE CONSIDERED A WAIVER OF SOVEREIGN IMMUNITY TO SUIT.

**10.8 Severability.** If any provision of this Agreement is held invalid or unenforceable, the remaining provisions of this Agreement shall continue in full force without being impaired or invalidated. The parties agree to substitute for the invalid provisions a valid provision that most closely approximates the intent and economic effect of the invalid provision.

**10.9 Indemnification.** Project Team agrees to hold harmless and indemnify System, its component institutions, its Regents, officers, and employees (“Indemnitees”) from and against any third party claims, demands, or causes of action whatsoever (“Claims”) arising on account of any injury or death of persons or damage to property caused by, or arising out of, or resulting from, the activities of Project Team under this Agreement, except to the extent that such Claims were caused by the gross negligence, recklessness or intentional misconduct of any Indemnitee. As a condition of indemnification hereunder, System must provide Project Team with prompt notice of any Claim and in any event within twenty (20) business days of receipt of any such notice, Indemnitees shall cooperate with Project Team in the defense of such Claim (including but not limited to making witnesses and documents available for purposes of preparing a defense, discovery, hearings, and/or trial) and shall permit Project Team to have sole control over the defense and/or settlement of such Claim including the selection of counsel; provided that Indemnitee may hire counsel of its own choice (and at its own cost) to represent its interest in the matter.

**10.10 Waiver/Remedies.** No failure or delay by a Party to insist on the strict performance of any term of this Agreement, or to exercise any right or remedy consequent to a breach of this Agreement, shall constitute a waiver of any breach or any subsequent breach of such term. No waiver of any breach under this Agreement shall affect or alter the remaining terms of this Agreement, but each and every term of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach of this Agreement. The remedies provided in this Agreement are cumulative and not exclusive of the remedies provided by law or in equity.

IN WITNESS WHEREOF, parties hereto have caused their duly authorized representatives to execute this Agreement.

Project Team

Texas Tech University System  
By: Texas Tech University  
Office of Research Commercialization

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

By: \_\_\_\_\_  
David E. Snow  
Managing Director

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

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

CONFIDENTIAL

EXHIBIT A

[Insert current version of the licensing agreement template here.]

CONFIDENTIAL