MITACS OPTION AGREEMENT

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a corporation continued under the University Act of British Columbia with offices at 103 - 6190 Agronomy Road, Vancouver, British Columbia, V6T 1Z3

(“UBC”)

AND:

<@> a corporation incorporated under the laws of <@>, and having offices at <@>

(the "Company")

WHEREAS:

A. Mitacs is a Canadian not-for-profit organization, sponsored by the Government of Canada, which provides co-funding in partnership with Canadian companies to sponsor research and development at Canadian universities;

B. UBC and the Company will engage in Mitacs funded research during the course of which they anticipate that Technology will be invented and/or developed relating to <@>, and as described in the approved Mitacs application attached as Schedule “A”, which research will be undertaken by the Investigator(s) (the “Mitacs Research”);

C. It is UBC’s objective to see the Technology, in partnership with the Company, benefit the public, and to generate further research in a manner consistent with its status as a non-profit, tax exempt educational institution; and

D. UBC is prepared to grant the Company an option to obtain an agreement allowing the Company to commercialize the Technology arising from the Mitacs Research on certain terms and conditions.

THE PARTIES AGREE AS FOLLOWS:

1.0 DEFINITIONS

1.1 In this Agreement:

(a) “Background IP” means any intellectual property owned or under the control of a Party prior to the date of this Agreement;

(b) “Affiliated Company” or “Affiliated Companies” means two or more corporations where the relationship between them is one in which one of them is a subsidiary of the other, or both are subsidiaries of the same corporation, or fifty percent (50%) or more of the voting shares of each of them is owned or controlled by the same person, corporation or other legal entity;
(c) "Effective Date of Termination" means the date on which this Agreement is terminated according to Article 9,

(d) "Investigator(s)" means <@> in the Department of <@> at UBC;

(e) "Negotiation Period" means a period of 12 months after the date when the Company exercises the Option.

(f) "Option" means the option to negotiate a license to use the Technology and to manufacture, have made, distribute, and sell products based on the Technology.

(g) "Option Period" means the period from the Start Date until one year after the Term of the Agreement.

(h) "Patents" means collectively the rights in and to any and all inventions arising directly from the Mitacs Research which are disclosed or claimed in the Canadian, U.S., and foreign patents and patent applications and all:

(i) counterparts, continuations, divisionals, continuing prosecution applications, and requests for continued examinations, extensions, term restorations, renewals, reissues, re-examinations, or substitutions thereof;

(ii) corresponding international patent applications;

(iii) corresponding foreign patent applications, including supplementary protection certificates and other administrative protections; and

(iv) international and foreign counterpart patents;

resulting therefrom, all of which will be deemed added from time to time to Schedule "B";

(i) "Start Date" means the <@> day of <@>, 20<@>,

(j) "Technology" means Patents, software, source code, technique or techniques invented, developed and/or acquired, during the Term by the Investigator(s) directly arising from the Mitacs Research, and including, the technology described in Schedule "B" of this Agreement, as amended from time to time during the Term.

(k) "Term" means <@> months(s) after the Start Date.

2.0 PROPERTY RIGHTS IN AND TO THE TECHNOLOGY

2.1 The Parties acknowledge and agree that each Party owns all right, title and interest in and to their own Background IP. Except for the purposes of completing the Mitacs Research (subject there being no conflicting third-party agreements), nothing in this Agreement grants either Party the right to use the other Party’s Background IP for commercial purposes, or for any purpose whatsoever following the Term of this Agreement.

2.2 The Company acknowledges and agrees that UBC owns all right, title and interest in and to the Technology created solely by UBC arising from the Mitacs Research ("UBC Technology").
2.3 The Parties acknowledge and agree that UBC and the Company have joint right, title and interest in and to the Technology jointly created by UBC and the Company arising from the Mitacs Research (“Joint Technology”).

3.0 GRANT OF OPTION

3.1 UBC grants the Company the Option to negotiate an agreement in order to commercially practice UBC’s rights in the Technology subject to terms and conditions determined in accordance with Article 5. The Option will subsist for the duration of the Option Period.

3.2 During the Option Period, UBC will not grant a license to commercially practice the Technology to any other Party.

3.3 The Option is personal to the Company and is not granted to any Affiliated Company or Affiliated Companies.

3.4 The Parties acknowledge and agree that UBC may use the Technology at all times and without charge in any manner whatsoever for research, scholarly publication, educational, or other non-commercial use.

4.0 EXERCISE OF OPTION

4.1 In order to exercise the Option, the Company will sign and deliver to UBC prior to the expiry of the Option Period the Notice of Exercise of Option attached in Schedule “C”.

4.2 If the Company does not exercise the Option in accordance with Article 4.1 within the Option Period, the Parties agree that this Option will expire and the Company will have no further right in or to UBC Technology and that UBC may act without further obligation to the Company. If the Option expires and Joint Technology exists, the Parties may commercially practice the Joint Technology subject to any applicable patent or other intellectual property laws on a country by country basis.

5.0 TERMS AND CONDITIONS OF LICENSE AGREEMENT

5.1 If the Company exercises the Option pursuant to Article 4.1, the Parties will negotiate in good faith to determine the specific terms and conditions on which an agreement to commercially practice the Technology will be granted by UBC to the Company. Following an analysis of the Technology by the UBC University-Industry Liaison Office, UBC and the Company will enter a form of agreement generally consistent with one of the following scenarios:

(a) where the Technology is incremental and/or based on existing Company Background IP, the Technology will be assigned to the Company at no charge;

(b) where Joint Technology has been created, each Party will grant the other Party a worldwide, fully paid-up, non-exclusive license to make, use or sell products and services based on the Joint Technology. Should the Company wish to obtain exclusive commercial rights to Joint Technology, UBC and the Company will negotiate an exclusive, royalty bearing license;

(c) where new UBC Technology has been developed, the Company will receive a fully paid-up, non-exclusive license to make, use, or sell products and services based on the Technology without the right to sublicense. Should the Company wish to
obtain exclusive commercial rights to the Technology, UBC and the Company will negotiate an exclusive, royalty bearing license; and

(d) where the Technology developed is based upon UBC Background IP, the Company and UBC will negotiate a royalty bearing license.

5.2 If UBC and the Company are unable to agree upon the specific terms and conditions of an agreement in the form outlined in Article 5.1 within the Negotiation Period, the Option shall expire.

5.3 The agreement pursuant to 5.1 shall provide UBC the right in perpetuity to use the Technology without charge in any manner whatsoever for research, scholarly publication, educational or other non-commercial uses.

6.0 DISCLAIMER OF WARRANTY

6.1 UBC makes no representations, conditions, or warranties, either express or implied, with respect to the Technology. Without limitation, UBC specifically disclaims any implied warranty, condition, or representation that the Technology:

(a) corresponds to a particular description;
(b) is of merchantable quality;
(c) is fit for a particular purpose; or
(d) is durable for a reasonable period of time.

UBC will not be liable for any loss, whether direct, consequential, incidental, or special which the Company or other third parties suffer arising from any defect, error or fault of the Technology or its failure to perform, even if UBC has been advised of the possibility of the defect, error, fault, or failure. The Company acknowledges that it has been advised by UBC to undertake its own due diligence regarding the Technology.

6.2 Nothing in this Agreement:

(a) constitutes a warranty or representation by UBC as to title to the Technology or that anything made, used, sold or otherwise disposed of under any agreement resulting from the Option granted in this Agreement will not infringe the patents, copyrights, trade-marks, industrial design or other intellectual property rights of any third Party including any patents, copyrights, trade-marks, industrial design or other intellectual property rights owned, in whole or in part, by UBC, or licensed by UBC to any third parties; or

(b) constitutes a warranty or representation by UBC that the Company will, on exercise of the Option and negotiation of any agreement, have the freedom to operate or practice the Technology, or to make, have made, use, sell or otherwise dispose of products made using the Technology; or

(c) imposes an obligation on UBC to bring or prosecute or defend actions or suits against third parties for infringement of patents, copyrights, trade-marks, industrial designs or other intellectual property or contractual rights.
7.0 INDEMNITY AND LIMITATION OF LIABILITY

7.1 The Company indemnifies, holds harmless and defends UBC, its Board of Governors, officers, employees, faculty, students, invitees, and agents against any and all claims (including all associated legal fees and disbursements) arising out of the exercise of any rights under this Agreement including, without limitation, against any damages or losses, consequential or otherwise, arising out of the Option.

7.2 UBC’s total liability, whether under the express or implied terms of this Agreement, in tort (including negligence), or at common law, for any loss or damage suffered by the Company, whether direct, indirect or special, or any other similar damage that may arise or does arise from any breaches of this Agreement by UBC, its Board of Governors, officers, employees, faculty, students, invitees or agents is limited to the amount of $1,000 CDN.

7.3 The Company acknowledges and agrees that UBC will not be liable for indirect, consequential or incidental or special damages arising from any breach or breaches of this Agreement.

8.0 GOVERNING LAW

8.1 This Agreement is governed by, and will be construed in accordance with, the laws of British Columbia and the laws of Canada in force in that province, without regard to its conflict of law rules. All Parties agree that by executing this Agreement they have attorned to the jurisdiction of the Supreme Court of British Columbia. The Parties agree that the British Columbia Supreme Court has exclusive jurisdiction over this Agreement.

9.0 TERMINATION

9.1 This Agreement will automatically and immediately terminate without notice to the Company if any proceeding under the *Bankruptcy and Insolvency Act* of Canada, or any other statute of similar purpose, is started by or against the Company.

9.2 UBC may, at its option, terminate this Agreement with immediate effect by giving notice to the Company if one or more of the following occurs:

(a) the Company becomes insolvent, as evidenced, for example (without limitation) by the appointment of a receiver, a receiver manager, the issuance of financial statements which according to GAAP would render the Company insolvent, the termination of a majority of the Company's employees, the vacation of the Company's chief place of business or the Company ceasing or threatening to cease carrying on business;

(b) any resolution is passed or order made or other steps taken for the winding up, liquidation or other termination of the existence of the Company;

(c) if the Company fails to provide Mitacs with the requisite funding as outlined in the submitted Mitacs application package that describes the Mitacs Research.

9.3 If this Agreement is terminated according to Articles 9.1, or 9.2, the Company will have no further right of any nature whatsoever in the Technology.
10.0 **GENERAL**

10.1 Nothing contained in this Agreement is to be deemed or construed to create between the Parties a partnership or joint venture. No Party has the authority to act on behalf of any other Party, or to commit any other Party in any manner at all or cause any other Party's name to be used in any way not specifically authorized by this Agreement.

10.2 Subject to the limitations in this Agreement, this Agreement operates for the benefit of and is binding on the Parties and their respective successors and permitted assigns.

10.3 No condoning, excusing or overlooking by any Party of any default, breach or non-observance by any other Party at any time or times regarding any terms of this Agreement operates as a waiver of that Party's rights under this Agreement. A waiver of any term, or right under, this Agreement will be in writing signed by the Party entitled to the benefit of that term or right, and is effective only to the extent set out in the written waiver.

10.4 All terms in this Agreement which require performance by the Parties after the expiry or termination of this Agreement, will remain in force despite this Agreement’s expiry or termination for any reason. Without limitation, the provisions of Article 2.1 and 2.2 (Property Rights in and to the Technology), 6 (Disclaimer of Warranty), 7 (Indemnity and Limitation of Liability), and 8 (Governing Law) will survive any termination or expiry of this Agreement.

10.5 Part or all of any Article that is indefinite, invalid, illegal or otherwise voidable or unenforceable may be severed from this Agreement and the balance of this Agreement will continue in full force and effect.

10.6 This Agreement sets out the entire understanding between the Parties and no changes to this Agreement are binding unless signed in writing by the Parties to this Agreement.

10.7 This Agreement may be signed in counterparts either through original copies or by facsimile or electronically, each of which will be deemed an original and all of which will constitute the same instrument.
SIGNED BY THE PARTIES AS AN AGREEMENT on the ____ day of ______________________, 20__ but effective as of the Start Date.

SIGNED FOR AND ON BEHALF of
THE UNIVERSITY OF BRITISH COLUMBIA
by its authorized signatory:

________________________________
Authorized Signatory

Please print Name and Title of Signatory

SIGNED FOR AND ON BEHALF of
<@COMPANY>
by its authorized signatory:

________________________________
Authorized Signatory

Please print Name and Title of Signatory
SCHEDULE "B"

DESCRIPTION OF "TECHNOLOGY"

<table>
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<tr>
<th>Inventor(s)</th>
<th>Description</th>
<th>Patent #</th>
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TO: THE UNIVERSITY OF BRITISH COLUMBIA

<@COMPANY> hereby exercises the Option provided for in the Option Agreement dated __________, 20___ upon the terms and conditions contained in the Option Agreement.

Name:
Title:
Date: