

OPTION AGREEMENT

This Option Agreement (the "Agreement") is made and entered into as of [DATE], by and between, _____, an individual residing at _____ ("Owner"), and _____, an [INDIVIDUAL OR STATE AND TYPE OF CORPORATE ENTITY], located at _____, his/hers/their/its successors and/or assigns (collectively "Producer").

RECITALS

WHEREAS, Owner is the sole author and proprietor of the literary work entitled [TITLE OF WORK] (the "Book");

WHEREAS, Producer is an experienced and reputable producer of motion pictures and desires to obtain an option to purchase certain rights in and to the Book for the purpose of developing, producing, and distributing a motion picture and/or television (film and TV adaptation) series based on the Book (the "Project");

NOW, THEREFORE, in consideration of the mutual covenants, agreements, and promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. GRANT OF OPTION

- 1.1. **Option Grant:** Subject to the terms and conditions of this Agreement, Owner hereby grants to Producer the exclusive, irrevocable option (the "Option") to acquire all rights necessary to develop, produce, distribute, exhibit, and otherwise exploit a motion picture and/or television series based on the Book in all media now known or hereafter devised, throughout the universe, in perpetuity (the "Rights").
- 1.2. **Option Period:** The Option shall commence on the date hereof and shall continue for a period of (_____ **MONTHS** (the "Initial Option Period")). The Producer

shall have the right to extend the Option Period for an additional period of 12 MONTHS (the "Extension Period") by providing written notice to the Owner and paying the Extension Fee as set forth in Section 2.2.

2. OPTION PAYMENTS

- 2.1. **Initial Option Fee:** In consideration for the grant of the Option, Producer shall pay to _____.
- 2.2. Owner a non-refundable option fee in the amount of [WRITTEN DOLLAR AMOUNT] (\$ _____ .00) (the "Initial Option Fee"). The Initial Option Fee shall be payable upon execution of this Agreement and shall be an advance against the Purchase Price (as defined below).
- 2.3. **Extension Fee:** If Producer elects to extend the Option Period, Producer shall pay to _____.
- 2.4. Owner an additional non-refundable fee in the amount of [WRITTEN DOLLAR AMOUNT] (\$ _____ .00) (the "Extension Fee"). The Extension Fee shall be payable upon exercise of the Extension Period and [SHALL OR SHALL NOT] be an advance against the Purchase Price (as defined below).

3. EXERCISE OF OPTION

- 3.1. **Notice of Exercise:** Producer may exercise the Option at any time during the Option Period by providing written notice to Owner (the "Notice of Exercise") and tendering payment of the Purchase Price as set forth in Section 3.2.
- 3.2. **Purchase Price:** Upon exercise of the Option, Producer shall pay to Owner an additional payment in the amount of _____ **Percent** (_____ %) of the final, ingoing budget (less customary exclusions) (the "Purchase Price"). The Purchase Price shall be payable upon the Notice of Exercise, but no later than the commencement of principal photography of the Project.
- 3.3. **Transfer of Rights:** Upon receipt of the Purchase Price, Owner shall assign and transfer to Producer all Rights to the Book, including but not limited to, the exclusive rights to produce, distribute, and exploit the Project in all media, throughout the universe, in perpetuity. Owner shall execute and deliver all documents necessary to effectuate such transfer, including but not limited to an Assignment of Rights in a form satisfactory to the Producer.

4. **RIGHTS ACQUIRED UPON EXERCISE.** Upon exercise of the Option and payment of the Purchase Price, Producer shall acquire the following rights (collectively, the "Rights"):
- 4.1. **Adaptation Rights:** The exclusive right to create, develop, and produce derivative works based on the Book, including but not limited to screenplays, teleplays, sequels, prequels, and spin-offs.
 - 4.2. **Distribution Rights:** The exclusive right to distribute, exhibit, and otherwise exploit the Project in all media now known or hereafter devised, including but not limited to theatrical release, television broadcast, streaming, digital platforms, and home entertainment.
 - 4.3. **Merchandising Rights:** The exclusive right to create, market, and sell ancillary merchandise based on the Project.
 - 4.4. **Title and Character Rights:** The exclusive right to use the title of the Book, as well as the names, likenesses, and characteristics of any and all characters contained therein, in connection with the Project and any related merchandising or promotional activities.
 - 4.5. **Producer Rights/ "Droit Morale" Waiver:** It is further understood and agreed that the Rights may be used in any manner and by any means, whether now known or hereafter created, both factually and with such fictionalization, portrayal, impersonation, simulation and/or imitation or other modification, in whole or in part, as Producer, Producer's successors and assigns, determines in its or their sole discretion. To the maximum extent allowed, Owner hereby expressly waives, in perpetuity, without limitation, any and all rights which Owner may have or claim to have with respect to the Rights under any law relating to "*droit morale*" or the "moral rights of authors" or any similar law throughout the universe or as a result of any alleged violation of said rights. Owner agrees not to institute or authorize any action on the grounds that any changes, deletions, additions, or other use of the Rights violates such rights or constitutes a defamation or mutilation of any part thereof. Nothing in this Agreement shall ever be construed to restrict, diminish, or impair the rights of Company to utilize freely, in any work or media, any story, idea, plot, theme, sequence, scene, episode, incident, name characterization or dialogue which may be in the public domain, from whatever source derived.
 - 4.6. **Reserved Rights:** All rights not specifically granted herein shall be reserved to Owner.

5. COMPENSATION AND PARTICIPATION

- 5.1. **Author Credit:** In the event Producer elects to proceed to production of the Picture, and provided Owner is not in an uncured, material breach of this Agreement, Owner shall receive on-screen credit as the author of the Book in the main titles of the Project, in a size, form, and placement to be determined by Producer in its sole discretion, consistent with industry standards.
- 5.2. **Contingent Compensation:** In addition to the Purchase Price, Owner shall be entitled to receive contingent compensation in the form of [INSERT PERCENTAGE] of One Hundred Percent (100%) of Producer's Net Profits derived from the exploitation of the Project (the "Contingent Compensation"). "Net Profits" shall be defined, calculated, and paid in accordance with Producer's standard definition and accounting practices. Producer makes no representations or guarantees of any Net Profits in connection with the Project.
6. **NAME AND LIKENESS.** Producer shall have the right to use Owner's name, voice and/or likeness for advertising, publicizing, promoting and otherwise exploiting the Project. However, Owner's name, voice and/or likeness shall not be displayed as endorsing any product (other than the Project) or service in connection with any merchandising or commercial tie-ins without Owner's prior written consent, except that Producer (and its successors and assigns) may use Owner's name as part of the credits or billing block of the Project in connection with such uses.
7. **NO OBLIGATION TO PRODUCE.** Producer shall have no obligation to produce, distribute or exploit the Project, or to continue development, production, distribution or exploitation thereof, not shall Producer be obligated to make any use of any of the Rights, and Owner shall not be entitled to any damages or other relief by reason thereof.
8. **REVERSION OF RIGHTS.** If Producer elects, in its sole discretion, to exercise the Option, but does not commence principal photography on the Project within three (3) years after such Notice of Exercise to Owner, then the Rights shall revert to Owner. Notwithstanding any of the foregoing, any and all development materials created and/or funded by Producer in connection with the Project shall continue to be owned exclusively by Producer for Producer to further develop, produce, exploit, advertise and promote; provided, however, that any elements of the rights granted to Owner are removed from such development materials.
9. **REPRESENTATIONS AND WARRANTIES**
- 9.1. **Owner's Representations:** Owner hereby represents and warrants that:

- 9.1.1. Owner is the sole author and proprietor of the Book and holds all rights, titles, and interests necessary to enter into this Agreement and grant the Rights herein;
- 9.1.2. The Book is original, and neither the Book nor the exercise of the Rights by Producer will infringe upon the rights of any third party;
- 9.1.3. Owner owns all rights assigned to Producer free and clear of any liens, encumbrances or other third party interests of any kind, whether pending or threatened.
- 9.1.4. Owner has not previously assigned, licensed, or otherwise encumbered the Rights in any manner that would interfere with the rights granted to the Producer under this Agreement.
- 9.2. **Producer's Representations:** Producer hereby represents and warrants that:
 - 9.2.1. Producer has the full right, power, and authority to enter into this Agreement and perform its obligations hereunder;
 - 9.2.2. Producer will use commercially reasonable efforts to develop and produce the
 - 9.2.3. Picture, subject to Producer's sole discretion.

10. INDEMNIFICATION

- 10.1. **Owner's Indemnity:** Owner agrees to indemnify, defend, and hold harmless Producer and its affiliates, officers, directors, employees, and agents from and against any and all third party claims, liabilities, damages, losses, costs, and expenses (including reasonable outside attorneys' fees) arising out of or in connection with any breach of Owner's representations, warranties, or covenants set forth in this Agreement or arising out of Owner's intentionally tortious or unlawful conduct.
- 10.2. **Producer's Indemnity:** Producer agrees to indemnify, defend, and hold harmless Owner and its heirs, executors, and assigns from and against any and all third party claims, liabilities, damages, losses, costs, and expenses (including reasonable outside attorneys' fees) arising out of or in connection with any breach of Producer's representations, warranties, or covenants set forth in this Agreement or arising out of the development, production, distribution and/or exploitation of the Project and/or elements thereof; provided that Producer shall not be obligated to defend and indemnify Owner from losses, cost or damage arising from Owner's breach of his/her/their representations and warranties and/or indemnities herein.

11. **GOVERNING LAW AND JURISDICTION.** This Agreement shall be governed by, and construed in accordance with, the laws of the State of California without regard to its conflict of laws principles. The parties hereby consent to the exclusive jurisdiction of the state and federal courts located in Los Angeles County, California, for the resolution of any disputes arising out of or relating to this Agreement.

12. **DEFAULT AND REMEDIES**

12.1. **Default by Owner:** If Owner defaults in the performance of any of its obligations under this Agreement, and such default is not cured within **[Insert Number]** days after written notice from Producer, Producer may, in addition to all other rights and remedies available at law or in equity, terminate this Agreement and recover any payments made to Owner hereunder.

12.2. **Default by Producer:** Any remedies Owner may have against Producer in connection with the Project shall be limited to the right to recover damages, if any, in an action at law, and Owner hereby waives any right or remedy in equity, including without limitation, the right to terminate and/or seek injunctive relief.

12.3. **Arbitration:** In the event the parties are unable to resolve any dispute informally, any and all controversies, claims or disputes arising out of or related to this Agreement or the Project, including but not limited to, alleged violations of state or federal statutory or common law rights or duties, shall be submitted to final and binding arbitration. The arbitration shall be initiated and conducted according to either JAMS' Streamlined (for claims under \$250,000) or the JAMS Comprehensive (for claims over \$250,000) Arbitration Rules and Procedures, except as modified herein, at the California office of JAMS or its successor ("JAMS") in effect at the time the request for arbitration is made. The parties waive the right to seek punitive damages and the arbitrator shall have no authority to award such damages. Judgment on the award may be entered in any court having jurisdiction.

13. **FORCE MAJEURE.** Neither party shall be liable for any failure or delay in the performance of its obligations under this Agreement due to causes beyond its reasonable control, including but not limited to acts of God, natural disasters, war, terrorism, strikes, labor disputes, governmental orders or regulations (including shutdown orders), pandemics, epidemics, or any other event of force majeure.

14. **ASSIGNMENT.** Producer may assign or transfer this Agreement or any of its rights or obligations hereunder to any third party, including but not limited to any entity controlled by, controlling, or under common control with Producer. Owner may not assign or transfer this Agreement or any of its rights or obligations hereunder without the prior written consent of the Producer.
15. **CONFIDENTIALITY.** Owner shall not authorize, circulate, publish or otherwise disseminate any new stories, articles, books, social media posts or other publicity of any kind relating directly or indirectly to the subject matter of this Agreement, the terms of this Agreement or any Project based upon the Rights without the prior written consent of the Producer.
16. **SEVERABILITY.** If any provision of this Agreement is found to be invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.
17. **ENTIRE AGREEMENT.** This Agreement (and Exhibit “A” attached hereto and incorporated herein by this reference) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations, representations, and warranties, whether oral or written, relating thereto.
18. **AMENDMENTS AND WAIVERS.** No amendment, modification, waiver, or discharge of any provision of this Agreement shall be valid unless it is in writing and signed by the party against whom such amendment, modification, waiver, or discharge is sought to be enforced.
19. **FURTHER DOCUMENTS & ASSURANCES:** Each party agrees to execute and deliver such further documents and take such further actions as may be necessary or desirable to effectuate the purposes of this Agreement. Owner shall sign such documents and such other acts and deeds consistent herewith as may be reasonably necessary to further evidence or effectuate Producer’s rights hereunder. If Owner fails to execute and deliver any such document following a reasonable period for review and comment (not to exceed 5 business days) after receipt of Producer’s written request, Producer shall have the right to do so in Owner’s name, place and stead, and Owner hereby irrevocably appoints Producer as a limited attorney-in-fact with the power to execute,

acknowledge, deliver and record in the U.S. Copyright Office or elsewhere any and all such documents, which power is coupled with an interest.

20. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signatures exchanged by electronic means (e.g., PDF or DocuSign) shall be deemed original signatures for all purposes.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

Owner:

Signature: _____

Print Name: _____

Producer:

Signature: _____

Print Name: _____