

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Optimal Process Technologies LLC

Action Requested: Approval of License Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement that then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Committee and agreed to by the parties involved in this plan.

This proposed license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Shixin Jack Hu and Dr. Tae Hyung Kim are both employees of the University of Michigan ("University") and partial owners of Optimal Process Technologies LLC. The law permits such an Agreement provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Hu, a Professor in Mechanical Engineering and the Associate Dean for Academic Affairs in the College of Engineering, and Dr. Tae Hyung Kim, a Research Investigator in Mechanical Engineering, College of Engineering, are the partial owners of a for-profit company called Optimal Process Technologies LLC (the "Company"). The Company was formed recently to commercialize advanced manufacturing technologies and now desires to license from the University the University's rights associated with the following technologies:

UM OTT File No. 3055, entitled: "Method of Joining Dissimilar Materials"
(Shixin Jack Hu, Wenkao Hou)

UM OTT File No. 4826, entitled: "Vibration Welding, Monitoring and Control"
(Shixin Jack Hu)

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.

Parties to the Agreement:

The Regents of the University of Michigan and Optimal Process Technologies LLC.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay royalties on sales and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally as well as in collaborations with other research institutions. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties, such as adding related technology. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pursuant to the Michigan Investment in New Technology Startups program ("MINTS") approved by the Regents on December 15, 2011, the University may invest up to \$1,000,000 per qualifying financing round up to, for purposes of this approval, a total of \$2.5 million in this Company.

Pecuniary Interest:

The pecuniary interests of Drs. Hu and Kim arise from their ownership interest in Optimal Process Technologies LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents and software related to UM OTT File Nos. 3055 & 4826 for all fields of use.

Optimal Process Technologies LLC will obtain use and commercialization rights to the above listed University technologies.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Agreement between the University and Optimal Process Technologies LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

February 2013