

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

ACTION REQUEST

March 17, 2006

Subject: Option Agreement between the University of Michigan and Seattle Medical Ventures

Action Requested: Approval of Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement which 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 by the Committee and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Charles Cain is both an employee of the University of Michigan ("University") and a partial owner of Seattle Medical Ventures. 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. Cain, a Professor in Biomedical Engineering, is the partial owner of a for-profit company called Seattle Medical Ventures. Seattle Medical Ventures is interested in commercializing histotrypsy technologies in a variety of medical applications and desires to option the following technologies from the University:

UM File No. 1103, entitled: "An Ultrasound Phased Array Noninvasive Cardiac Ablation System" (Adam Strickberger, Charles Cain, Emad Ebbini)

UM File No. 1218, entitled: "High Power Phased Array Therapy System" (Cain)

UM File No. 1329, entitled: "Novel Methods for Ultrasound Surgery Using Cavitation: Microbubble Applications for Lesion Localization and Threshold Stabilization" (Brian Fowlkes, Cain)

UM File No. 1329p1, entitled: "Method and Assembly for Performing Ultrasound Surgery Using Cavitation" (Cain and Fowlkes)

UM File No. 3207, entitled: "Feedback Methods and Systems for Determining Therapy Beam Positioning and Therapeutic Efficacy Before, During and After Ultrasound Cavitation Therapy" (Timothy Hall and Cain)

UM File No. 3294, entitled: "Ultrasound Assisted Drug Delivery" (Cain and Fowlkes)

Parties to the Agreement:

The Regents of the University of Michigan and Seattle Medical Ventures

Option Terms:

License terms include giving Seattle Medical Ventures an option to obtain an exclusive license with the right to grant sublicenses. Seattle Medical Ventures will pay an option fee and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. 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 contract may be amended by consent of the parties. Additional review by the Conflict of Interest Review Committee will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Cain arise from his ownership interest in Seattle Medical Ventures. He has waived any personal participation in the sharing of revenue received by the University.

Net Effect:

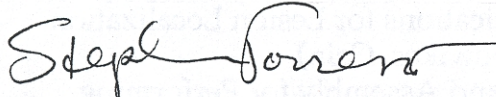
The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File Nos. 1103, 1218, 1329, 1329p1, 3207, 3294 in healthcare applications.

Seattle Medical Ventures will obtain evaluation 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 Option Agreement between the University and Seattle Medical Ventures.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

March 2006