

UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

March 15, 2007

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Incept BioSystems, Inc.

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 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 license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Shuichi Takayama and Gary Smith are both employees of the University of Michigan ("University") and are partial owners of Incept BioSystems, Inc. ("Incept"). 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. Shuichi Takayama, an Associate Professor in Biomedical Engineering and Dr. Gary Smith, an Associate Professor in the Medical School, are partial owners of a for-profit company called Incept. Incept was recently formed to commercialize assisted reproduction technology and desires to license the following technology from the University:

- UM File No. 2284, entitled: Microfluidic Device for Separating Motile and Non-motile Particles (Takayama, Smith, Schuster, Cho)
- UM File No. 2362, entitled: Rapid Nanopatterning of Multiple Materials on a Substrate (Takayama, Zhu, Bahng, Liu, Shim, Cho)
- UM File No. 2498, entitled: Refreshable Braille Display-based Microfluidic Control (Takayama, Gu, Cho)
- UM File No. 2546, entitled: Integrated Microfluidic Sperm Isolation and Insemination Device (Suh, Takayama, Smith)
- UM File No. 2935, entitled: Integrated Microfluidic Control Via Indirect Valving by Programmable Tactile Actuators (Takayama, Gu, Meiners, Chen)
- UM File No. 2945, entitled: Software for Microfluidics (Takayama, Gu, Futai)
- UM File No. 3142, entitled: Biochemical Analysis (Lactate Chip) (Cabrera, Heo, Smith, Takayama)
- UM File No. 3143, entitled: Cell Loading Unloading Well (Funnel) (Cabrera, Heo, Smith, Takayama)

UM File No. 3144, entitled: Method and Composition for Protection Against Osmolality Shifts in Primary Cell Culture (Cabrera, Heo, Smith, Takayama)

UM File No. 3297, entitled: Handheld Recirculation System and Customized Media for Microfluidic Cell Culture (Takayama, Futai, Gu, Song)

UM File No. 3446, entitled: Microfluidic Embryo Culture System (Cabrera, Heo, Smith, Takayama)

Parties to the Agreement:

The Regents of the University of Michigan and Incept.

License Terms:

License terms include giving Incept an exclusive license with the right to grant sublicenses. Incept will pay a royalty 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. 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. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Drs. Takayama and Smith arise from their ownership interest in Incept.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive license agreement for patents related to UM OTT File Nos. UM file 2284, 2362, 2498, 2546, 2935, 2945, 3142, 3143, 3144, 3297 and 3446 for the fields of use of microfluidics and microfluidics software, including applications to assisted reproductive technology.

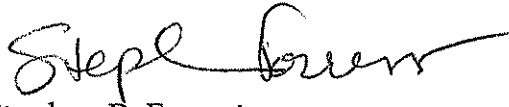
Incept will obtain use and commercialization rights to the above listed University technology.

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 License Agreement between the University and Incept.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Stephen R. Forrest
Vice President for Research

March 2007

