THE UNIVERSITY OF MICHIGAN

Approved by the Regents
March 18, 2010

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Patent Option Agreement between the University of Michigan and 3D Biomatrix, Inc.

Action Requested: Approval of Patent Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the Technology Transfer Agreement. This 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 option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Nicholas Kotov is both an employee of the University of Michigan ("University") and a partial owner of 3D Biomatrix, Inc. 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. Nicholas Kotov, Professor in Departments of Chemical Engineering, Biomedical Engineering and Materials Science and Engineering, College of Engineering, is a partial owner, Director and member of the Board of Director's of a for-profit company called 3D Biomatrix, Inc. ("Company"). The Company was formed recently to commercialize 3-dimensional scaffolds and desires to option the following technology from the University:

UM File No. 4451, entitled: "Array Plate for Handing Drop Cell Cultures"
(invented by Shuichi Takayama, Yi-Chung Tung, Amy Hsiao)

Parties to the Agreement:

The Regents of the University of Michigan and 3D Biomatrix, Inc.

Patent Option Terms Include:

Patent Option terms include giving the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay for ongoing patent expenses, perform technical diligence, and provide a business plan that describes the Company's intention and ability to develop and commercialize the licensed technology. Terms of the subsequent license agreement would include a royalty on sales and reimbursement of 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 warrantees 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 Dr. Kotov arise from his ownership interest in 3D Biomatrix, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive option agreement for patents related to UM OTT File No. 4451 for all fields of use. The Company 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 Patent Option Agreement between the University and 3D Biomatrix, Inc.

Respectfully Submitted,

Stephen R. Forrest
Vice President for Research

March 2010