

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

April 19, 2007

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and PackMan

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 this Board and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Khalil Najafi, Mr. Jay Stewart Mitchell and Mr. Sangwoo Lee are employees of the University of Michigan ("University") and partial owners of PackMan. 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. Khalil Najafi, a Professor in Electrical Engineering and Computer Science, and graduate students Jay Stewart Mitchell and Sangwoo Lee are the partial owners of a for-profit company called PackMan. PackMan was formed recently to commercialize several MEMS processing and packaging disclosures and desires to option the following technologies from the University:

UM File No. 3337, entitled: "Integrated Shock Protection Technologies and Shock Stops for Micro Device and MEMS" (Khalil Najafi, Sang Won Yoon, Noel C. Perkins & Navid Yazdi)

UM File No. 3404, entitled: "Backside Resistive Localized Heating for Low Temperature Wafer Level Bonding and Packaging" (Khalil Najafi and Jay Stewart Mitchell)

UM File No. 3413, entitled: "Silicon-on-Silicon (SOS) MEMS Process" (Tzeno Galchev, Khalil Najafi & Warren C. Welch)

OTT File No. 3620 entitled "Generic Environment-Resistant Package for MEMS" (Khalil Najafi, Sang-Hyun Lee & Sangwoo Lee)

Parties to the Agreement:

The Regents of the University of Michigan and PackMan.

Option Terms:

Option terms include giving PackMan an option to obtain an exclusive license with the right to grant sublicenses. The University will retain ownership of the optioned 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 Dr. Najafi, Mr. Mitchell and Mr. Lee arise from their ownership interest in PackMan.

Net Effect:

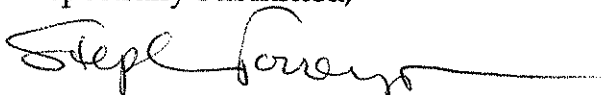
The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive option agreement for patents related to UM OTT File Nos. 3337, 3404, 3413 and 3620 for the field of use: packaging and processing of individual and wafer-level MEMS components.

PackMan 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 Option Agreement between the University and PackMan.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

April 2007