Approved by the Regents
April 18, 2013

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Crossbar, Inc.

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 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 option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Wei Lu is both an employee of the University of Michigan ("University") and a partial owner of Crossbar, Inc. The law permits such an Agreement provided it is disclosed to the Board of Regents ("Regents") of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Dr. Wei Lu, an Associate Professor in the Department of Electrical Engineering and Computer Science, College of Engineering, is the partial owner of a for-profit company called Crossbar, Inc. (the "Company"). The Company was formed to commercialize new architecture for computer memory and has already licensed a number of technologies from the University. The Company now desires to obtain an option from the University of Michigan for the University's rights associated with the following technology:

> UM OTT File No. 5306, entitled: "Complementary Resistive Switching Based on Single Resistive Memory Devices" (Inventors: Wei Lu, Yuchao Yang and Siddharth Gaba)

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 Crossbar, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. Should the University and Company enter into a license agreement, the University may receive equity in the Company, along with the right to purchase more equity. 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 warrantees 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.

Pecuniary Interest:

The pecuniary interests of Dr. Lu arise from his ownership interest in Crossbar, 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. 5306 for all fields of use.

Crossbar, Inc. 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 Agreement between the University and Crossbar, Inc.

Respectfully submitted,

Stephen R. Forrest
Vice President for Research

April 2013