

ACTION REQUEST

Subject: Master Research Agreement between the University of Michigan and Seventh Sense Biosystems, Inc

Action Requested: Authorization to enter into Master Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed 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 conflicts of interest was then developed by this Committee and agreed to by the parties involved.

This proposed Master Agreement falls under the State of Michigan Conflict of Interest Statute because Dr. Joerg Lahann is an employee of the University of Michigan ("University") and a partial owner of a for-profit company called Seventh Sense Biosystems, Inc. (formerly known as Uptech and LS-13). 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. Joerg Lahann, Assistant Professor of Chemical Engineering, is a partial owner of a for-profit company called Seventh Sense Biosystems, Inc. The Company was formed to commercialize various technologies previously optioned to the Company (disclosed to the Regents when the company was named LS-13) and desires to use facilities of the University for projects that will be described from time-to-time related to research and development of these technologies. The role of Dr. Lahann in each project will be described in a project statement and conflict of interest management plans.

Agreement Terms:

The University will enter into a Master Agreement with the Company that will cover standard procedures for performance of projects as well as provisions implementing University and federal policies related to intellectual property and publication. The Master Agreement will cover an initial five-year period with a

total authorization not to exceed \$1,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by authorized representatives of each department and school/college where projects are to be performed. The Master Agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the Master Agreement. Since research projects are often amended, the Master Agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional review by the OVPR Conflict of Interest Review Committee or Medical School Conflict of Interest Board will be done on a project-by-project basis.

Impact of the Agreement:

The Master Agreement will enable research to be performed in a timely manner to explore and further develop the technology licensed to the Company from the University for the fields of use of drug delivery and colorization chemicals for printing, dying, and cosmetics. It also provides for ongoing support and collaboration between the Medical School and a University start-up company.

Recommendation:

These matters will be reviewed by the OVPR Conflict of Interest Review Committee or the Medical School Conflict of Interest Board, and a plan will be developed to manage the potential conflict of interest risks associated with each project that will be implemented under the terms of the Master Agreement prior to the University's acceptance of any individual project. In light of the disclosure made in this document and our finding that the master agreement is negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University entering into this Master Agreement with Seventh Sense Biosystems, Inc

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

June 2008