

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and HygraTek LLC

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 UMOR 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 Anish Tuteja is both an employee of the University of Michigan ("University") and a partial owner of HygraTek LLC. 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. Anish Tuteja, a Professor in the Department of Material Science and Engineering, is the partial owner of a for-profit company called HygraTek LLC (the "Company"). The Company was formed recently to commercialize oleophobic and omniphobic membranes and desires to option from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 5985, entitled: "Apparatus and Method for Mobile Refining of Fuel Products" (Inventors: Anish Tuteja, Arun Kota, Gibum Kwon, Andrew Guenther, Josiah Reams, Kevin Lamison, and Joseph Mabry)

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 HygraTek LLC

Agreement Terms Include:

Agreement terms include granting the Company an option for an exclusive license with the right to grant sublicenses. The Company will evaluate the technology and reimburse patent costs.

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 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. Tuteja arise from his ownership interest in HygraTek LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File No. 5985 for all fields of use. HygraTek LLC will obtain use and evaluation rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the UMOR 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 HygraTek LLC.

Respectfully submitted,



S. Jack Hu  
Interim Vice President for Research

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