

ACTION REQUEST

Subject: License Agreement between the University of Michigan and AlertWatch LLC

Action Requested: Approval of License 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 Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest was then developed and approved by this Board and agreed to by the parties involved in this plan.

This proposed license agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professor Kevin Tremper, Professor James Bagian, Ms. Jan Gombert, Mr. Theodore Tremper and Ms. Jenny Mace are employees of the University of Michigan (“University”) and partial owners of AlertWatch LLC (formerly known as RiskWatch). 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. Tremper, a Professor and Chair of Anesthesiology, Medical School, Dr. Bagian, a Professor in the Center for Health Engineering, College of Engineering and Department of Anesthesiology, Medical School, Ms. Jan Gombert, an Application Programmer Sr. Analyst, Department of Anesthesiology, Mr. Theodore Tremper, a student and part-time employee in the College of Engineering and Department of Anesthesiology, and Ms. Mace, an employee in the Department of Anesthesiology, are all partial owners of a for-profit company called AlertWatch LLC (the “Company”). The Company was formed to commercialize software and systems for displaying patient physiologic information and presenting alerts on current or impending issues and trends and desires to exercise its option to obtain a license from the University of Michigan to the following UM technologies:

UM OTT File No. 3498, entitled: “Intensive Care Unit Manager” (James Blum, Andrew L. Rosenberg, Jorge M. Gutierrez)

UM OTT File No. 4513, entitled: “RiskWatch – Real-Time Visual Alert Display for Use During Anesthesia or Critical Care” (Kevin K. Tremper, James M. Blum, Grant H. Kruger, Sachin Kheterpal, George A. Mashour, Brad S. Barnich, Chao Chen, Kathleen Sanders, Scott Franklin Miller, Albert J. Shih, Jan Gombert)

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 AlertWatch LLC.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay royalties and reimburse 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 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. Tremper, Dr. Bagian, Ms. Gombert, Mr. Tremper, and Ms. Mace arise from their ownership interests in AlertWatch LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents related to UM OTT File Nos. 3498 & 4513 for all fields of use.

AlertWatch LLC will obtain use and commercialization rights to the above listed University technology. Pursuant to the Michigan Investment in New Technology Startups program ("MINTS") approved by the Regents on December 15, 2011, the University may invest up to \$1,000,000 per qualifying financing round up to, for purposes of this approval, a total of \$2.5 million in this Company.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. 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 AlertWatch LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

July 2012