

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

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 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 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. Tuteja, a Professor in 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 technologies:

UM OTT File No. 4695, entitled: "Membranes for Liquid-Liquid Separation" (Anish Tuteja, Arun Kota, Gibum Kwon, Joseph Mabry)

UM OTT File No. 5319, entitled: "Electric Field Driven On-Demand Separation of Oil-Water Mixtures" (Anish Tuteja, Arun Kota, Gibum Kwon)

UM OTT File No. 5826, entitled: "Silane Based Surfaces with Extreme Wettabilities" (Anish Tuteja, Chao Li)

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 to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee 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 a worldwide exclusive option agreement for patents related to UM OTT File Nos. 4695, 5319 and 5826 for all fields of use. Hygratek, LLC. will obtain use and evaluation rights to the above listed University technologies.

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 Hygratek, LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

July 2013