

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
September 19, 2013

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Michael O'Donnell

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 Michael O'Donnell is an employee of the University of Michigan ("University"). 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. O'Donnell, Director of the Health Management Research Center in the School of Kinesiology is the owner of certain behavior change tool software and related copyrighted material ("Tool"). Dr. O'Donnell wishes to give the University the royalty free right to use the Tool for internal research and development purposes including sponsored research projects. The University may also create derivatives of the Tool. So long as Dr. O'Donnell is a University employee, both he and the University agree not to license the Tool or derivatives to a third party. Should Dr. O'Donnell no longer be an employee, the University will grant him an exclusive option to obtain a royalty-bearing license to the derivatives.

Parties to the Agreement:

The Regents of the University of Michigan and Michael O'Donnell

Agreement Terms Include:

Agreement terms include granting Dr. O'Donnell an option to obtain a license to derivatives made by the University to the Tool. Dr. O'Donnell, or his designee, will pay a royalty on sales.

The University will retain ownership of the derivatives 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. O'Donnell arise from his employment at the University.

Net Effect:

The Office of Technology Transfer has negotiated and finalized a letter agreement providing the option to Dr. O'Donnell.

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 Dr. O'Donnell.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Stephen R. Forrest".

Stephen R. Forrest
Vice President for Research

September 2013