

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Elegus Technologies

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 Nicholas Kotov and Mr. Siu On Tung are both employees of the University of Michigan ("University") and partial owners of Elegus Technologies. 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. Nicholas Kotov, Professor of Chemical Engineering and Mr. Siu On Tung, a graduate student in the Department of Chemical Engineering, in the College of Engineering are the partial owners of a for-profit company called Elegus Technologies (the "Company"). The Company was formed recently to commercialize materials for battery separators and desires to option from the University of Michigan for the University's rights associated with the following technologies:

UM OTT File No. 5346, entitled: "A Method of Crosslinking and Tailoring Aramid or Poly-Amide Networks" (Inventors: Nicholas Kotov, Ryan Anderson, Michael Thouless, Ellen Arruda, Carlos Pons Siepermann and Keqin Cao)

UM OTT File No. 5420, entitled: "Dendrite Suppressing Solid Ion Conductor from Aramid Nanofibers and other Nanofibers Made by Layer-by-Layer Assembly and its Variants" (Inventors: Nicholas Kotov, Siu On Tung, Kelechi Anyaogu and Peter Ho)

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 Elegus Technologies.

Agreement Terms Include:

Agreement terms include granting the Company an option to obtain an exclusive license. 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. Kotov and Mr. Tung arise from their ownership interest in Elegus Technologies.

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. 5346 and 5420 for all fields of use. Elegus Technologies 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 Elegus Technologies.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

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