

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the
Regents
September 18, 2014

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Endectra 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 Roy Clarke, Mr. Norm Rapino and Mr. Nick Cucinelli are all employees of the University of Michigan ("University") and partial owners of Endectra 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. Clarke, Professor of Physics in the College of Literature, Science and the Arts, Mr. Rapino, Director of Mentoring in the U-M Center for Entrepreneurship, and Mr. Cucinelli, T3N Advisor in the U-M Venture Center, are the partial owners of a for-profit company called Endectra LLC (the "Company"). The Company was formed recently to commercialize an Optoelectronic Neutron Detector and desires to option from the University of Michigan for the University's rights associated with the following technologies:

UM OTT File No. 5895, entitled: "Directional Neutron Detector with Integrated Moderator" (Roy Clarke)

UM OTT File No. 3369, entitled: "Thin-Film Neutron Detector and Detector Arrays" (Roy Clarke, Codrin Nicholai Cionca)

UM OTT File No. 6284, entitled: "An Optoelectronic Neutron Detector" (Roy Clarke)

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 Endectra LLC.

Agreement Terms Include:

Agreement terms include granting the Company an option to further evaluate the subject technology and, upon meeting specific milestones, the ability to negotiate an exclusive license with the right to grant sublicenses. The Company will pay an Option fee to the University.

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. Clarke, Mr. Rapino and Mr. Cucinelli arise from their ownership interest in Endectra 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 Nos. 3369, 5895 & 6284 for all fields of use. Endectra LLC will obtain use and commercialization rights to the above listed University technologies.

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 Endectra LLC.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

September 2014