

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Rhythm Solutions

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 Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Board 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 Professors Hakan Oral, Omer Berenfeld, Grant Kruger, Nick Langhals, Fred Morady and Jose Jalife are all employees of the University of Michigan (“University”) and partial owners of Rhythm Solutions. 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. Hakan Oral, a Professor in Cardiovascular Medicine; Omer Berenfeld, a Professor of Internal Medicine; Grant Kruger, Research Investigator in Mechanical Engineering; Nick Langhals, an Assistant Research Scientist in Plastic Surgery; Fred Morady, a Professor of Cardiovascular Disease; and Jose Jalife, a Professor of Internal Medicine, are the partial owners of a for-profit company called Rhythm Solutions (the “Company”). The Company was formed recently to commercialize certain software and related technologies to treat atrial fibrillation and desires to obtain an option from the University of Michigan for the University’s rights associated with the following technology:

UM OTT File No. 4633, entitled: “Algorithm and Device to Detect and Differentiate AF from Other Arrhythmias” (Hakan Oral, Omer Berenfeld, and Grant Kruger)

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 Rhythm Solutions.

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 Drs. Oral, Berenfeld, Kruger, Langhals, Morady, and Jalife arise from their ownership interest in Rhythm Solutions.

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 No. 4633 for all fields of use.

Rhythm will obtain use and evaluation rights to the above listed University technology.

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 Option Agreement between the University and Rhythm Solutions.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

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