

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

Approved by the  
Regents  
December 19, 2013

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Plasma Communications, 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 Benjamin Longmier and DR. J.P. Sheehan are both employees of the University of Michigan ("University") and partial owners of Plasma Communications, 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. Longmier, a Professor in the Department of Aerospace Engineering, and Dr. J.P. Sheehan, a Post-Doctoral Fellow in the Department of Aerospace Engineering, are the partial owners of a for-profit company called Plasma Communications, LLC (the "Company"). The Company was formed recently to commercialize a miniature plasma thruster for small satellites, and desires to option from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 5788, entitled: "Converging/Diverging Magnetic Nozzle"  
(Benjamin W. Longmier, J.P. Sheehan)

UM OTT File No. 5789, entitled: "Electrodeless Plasma Thruster"  
(Alec D. Gallimore, Benjamin W. Longmier, J.P. Sheehan)

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 Plasma Communications, 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 as well as in collaborations with other research institutions. 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. Longmier and Dr. Sheehan arise from their ownership interest in Plasma Communications, 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 Numbers 5788 and 5789 for all fields of use.

Plasma Communications, LLC will obtain use 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 Plasma Communications, LLC.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

December 2013