

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

February 14, 2008

ACTION REQUEST

Subject: Amendment to Option Agreement between the University of Michigan and Biotectix, LLC

Action Requested: Approval of Amendment to Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement, which 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 by the Committee and agreed to by the parties involved.

This proposed amendment to option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor David Martin, Dr. Sarah Richardson-Burns, and Jeffrey Hendricks are employees of the University of Michigan ("University") and partial owners of Biotectix, LLC ("Biotectix"). 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. David Martin, a Professor in Materials Science and Engineering, Dr. Sarah Richardson-Burns, a post-doctoral researcher, and Jeffrey Hendricks, a Ph.D. student, are partial owners of a for-profit company called Biotectix. Biotectix was formed to commercialize biocompatible, biologically-integrated three-dimensional macromolecular electrode networks and obtained an option to a number of technologies in January 2007. Biotectix would like to add an additional technology file to their option agreement:

UM File No. 3376 entitled: "Conducting Polymer Nanotubes for Precisely Controlled Drug Release" (Mohamed Abidian and David Martin)

Amendment Terms Include:

Patent Option terms include giving Biotectix an option to obtain an exclusive license with the right to grant sublicenses. Biotectix will pay for ongoing patent expenses, perform technical diligence, and provide a business plan that describes Biotectix's intention and ability to develop and commercialize the licensed technology. Terms of the subsequent license agreement would include a royalty on sales and reimbursement of patent costs. The University will retain ownership of the licensed 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 contract may be amended by consent of the parties. 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. Martin, Dr. Richardson-Burns, and Mr. Hendricks arise from their ownership interest in Biotectix.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to option agreement for patents related to UM OTT File No. 3376 for all fields of use.

Biotectix will obtain use and commercialization rights to the above listed University technology.

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 Amendment of Option Agreement between the University of Michigan and Biotectix, LLC.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

February 2008