

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

March 20, 2008

ACTION REQUEST

Subject: Amendment to Option Agreement between the University of Michigan and Nico Technologies Incorporated

Action Requested: Approval of Amendment

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 and approved by this Committee.

This proposed Patent Option Agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Nicholas Kotov is both an employee of the University of Michigan ("University") and a partial owner of Nico Technologies. 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. Nicholas Kotov, an Associate Professor in the Department of Chemical Engineering, is the partial owner of a for-profit company called Nico Technologies, Inc. ("Nico"). Nico obtained an option to certain University technologies in May 2006. Nico now wishes to extend its option agreement for an additional six months and add one new technology file:

UM File No. 3819, entitled: "In vitro analog of human bone marrow from 3D scaffolds" (Nicholos Kotov)

Parties to the Agreement:

The Regents of the University of Michigan and Nico Technologies, Inc.

Option Terms Include:

Option terms include giving Nico the option to obtain an exclusive license in the field of use of biomaterials with the right to grant sublicenses. 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 contract may be amended by consent of the parties.

Pecuniary Interest:

The pecuniary interest of Dr. Kotov arises from his ownership interest in Nico Technologies, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to the existing option to a world-wide exclusive license agreement for patents related to UM OTT File Nos. 3339 and 3819 for the field of use of biomaterials.

Nico Technologies 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 and a plan has been developed to manage the potential risks associated with the conflict of interest. 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 to Option Agreement between the University and Nico Technologies, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

March 2008