

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

April 17, 2008

ACTION REQUEST

Subject: Patent Option Agreement between the University of Michigan and LS 13, Inc. (formerly Uptech, Inc.)

Action Requested: Approval of Amendment to Patent Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing a patent option 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 this Committee and agreed to by the parties involved.

This proposed patent option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Joerg Lahann is both an employee of the University of Michigan ("University") and is a partial owner of LS 13, Inc. (formerly Uptech, Inc.). 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. Joerg Lahann, an Assistant Professor in the Chemical Engineering Department, is a partial owner of a for-profit company called LS 13, Inc (formerly known as Uptech). LS13 entered into an option agreement with the University in October 2007 to commercialize multiphasic nanoparticle technology. It now wishes to extend the option agreement and add additional technology to the agreement. The added files are:

UM File No. 3335 entitled: "Multi-phasic colorants as functional elements in paints, coatings, plastics or displays (Lahann and Kyung-Ho Roh)

UM File No. 3778 entitled: "Multi-phasic capsules" (Lahann and Abbass Kazemi)

UM File No. 3831 entitled "Biphasic biodegradable microparticles with controlled shapes" (Lahann and Srijanani Bhaskar)

Parties to the Agreement:

The Regents of the University of Michigan and LS 13, Inc.

Amendment Terms:

Amendment terms include giving LS 13, Inc. an option to an exclusive license with the right to grant sublicenses to the additional files. LS 13, Inc. will reimburse patent costs during the term of the option agreement, and would pay a royalty on sales and reimburse patent costs if the option is exercised and a license is executed. 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. Joerg Lahann arise from his ownership interest in LS 13, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to option agreement for the right to negotiate world-wide exclusive license agreement for patents related to UM OTT File No. 3335, 3778, and 3831 for the fields of use of drug delivery and colorization chemicals for printing, dying, and cosmetics.

LS 13 will obtain evaluation 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 Agreement between the University and LS 13, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

April 2008