

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

EXH	MOTION <i>White</i>
	SECOND <i>Dutch</i>
	ACTION APPROVED BY THE REGENTS
NOTE.	MAY 19 2005

Subject: License and Assignment Agreements between the University of Michigan and NextHop Technologies, Inc.

Action Requested: Approval of License and Assignment Agreements

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 Medical School Conflict of Interest Board.

The proposed license and assignment agreements ("Agreements") fall under the State of Michigan Conflict of Interest Statute because Mariella Wells is both an employee of the University of Michigan ("University") and a partial owner of NextHop Technologies, Inc. ("NextHop"). The law permits such Agreements provided they are disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents.

Background:

Merit Network, Inc. ("Merit") is a nonprofit organization made up of the 13 public universities of the State of Michigan. Merit's own Board of Directors governs it, and operations are hosted by the University.

In May 2000, the University entered into an exclusive license with Djinesys (now known as NextHop) for the GateD software ("software"), an implementation of several routing protocols to run on various versions of Unix. GateD was originated and developed by Cornell University and its collaborators with funding from the National Science Foundation and other sources. In 1995, Cornell assigned its rights for GateD to the University of Michigan. Over the years, a number of organizations contributed code, testing, and documentation to the project. The GateD Consortium ("Consortium") currently manages the software.

The University and Merit are entering into an agreement to assign all rights and title to the software to NextHop. NextHop will provide a license to Merit and the University for use of the software for internal academic and research purposes.

Mariella Wells, a former employee of NextHop, is now an Administrative Associate in the General Clinical Research Center at the University of Michigan Medical Center. She is not a creator of the GateD software.

Parties to the Agreement:

The Regents of the University of Michigan and NextHop.

Assignment and License Terms Include:

License terms include NextHop giving Merit and the University a research and academic use license to the software. The University will assign its rights in the software to NextHop. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties.

Pecuniary Interest:

The pecuniary interests of Ms. Wells arise from her ownership interest in NextHop.

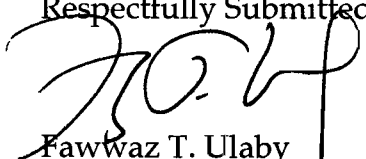
Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of the license and assignment agreements related to UM OTT File Nos. 1831, 1832, 1833, 1838, and 1839.

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 License and Assignment Agreements between the University and NextHop.

Respectfully Submitted,



Fawwaz T. Ulaby
Vice President for Research

May 2005