

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

June 19, 2008

ACTION REQUEST

Subject: Patent Option Agreement between the University of Michigan and Eng XT

Action Requested: Approval of Patent 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 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 Dr. Nilton Renno and Steven Rogacki are employees of the University of Michigan ("University") and partial owners of Eng XT ("Company"). 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. Nilton Renno, an Associate Professor in the Department of Atmospheric, Oceanic and Space Sciences, and Steven Rogacki, a Lead Engineer within the same department, are partial owners of Eng XT. This new entity is being formed to commercialize a miniature sensor for the detection of electric fields, and desires an option to exclusively license the following technology from the University:

UM File No. 3545, entitled: A Miniature Sensor for Electric Field Measurements in Dusty Environments (Renno, Rogacki, Jasper Kok, Harold Kirkham)

Parties to the Agreement:

The Regents of the University of Michigan and Eng XT.

Option Terms:

Option terms include giving the Company a one-year option, with the ability to extend another year. The Company will be on a payment plan for ongoing patent expenses, perform technical diligence, and have provided a business plan that describes the Company's intention and ability to develop and commercialize

the licensed technology prior to exercising its option to obtain a license. 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. 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. Nilton Renno and Steven Rogacki arise from their ownership interest in Eng XT.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive option agreement for patents related to UM File No. 3545 for all fields of use.

The Company will obtain use and 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 Option Agreement between the University and Eng XT.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

June 2008