

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

July 21, 2006

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Celerison, Inc.

Action Requested: Approval of 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 Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed by the Board and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor William Weitzel is both an employee of the University of Michigan ("University") and a partial owner of and director for Celerison. 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. William F. Weitzel, an Associate Professor in the Department of Internal Medicine, Division of Nephrology, is a partial owner of and director for a for-profit company called Celerison, Inc. ("Celerison"). Celerison was formed recently to commercialize devices for measuring blood flow rates and desires to option the following technology from the University:

UM OTT File No. 1506, entitled: "A New Method for Determining Hemodialysis Access Blood Flow Using Intradialytic Access Doppler Ultrasound and Variable Dialysis Blood Pump Flow Rates" (Weitzel, Jonathan Rubin and Joseph Messana)

UM OTT File No. 1506p1, entitled: "System and Method for Determining Blood Flow Rate in a Vessel" (Weitzel, Rubin, and Messana)

UM OTT File No: 1506p1d1, entitled: "System for Determining Blood Flow Rate in a Vessel Using Diverted Flow Measurements" (Weitzel, Rubin and Messana)

Parties to the Agreement:

The Regents of the University of Michigan and Celerison, Inc.

Agreement Terms:

Agreement terms include giving Celerison an option to obtain an exclusive license with the right to grant sublicenses. Celerison will pay an option and reimburse patent costs during the term of the option. 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 the changes will be followed and additional review by the Conflict of Interest Review Committee will be conducted as appropriate.

Pecuniary Interest:

The pecuniary interest of Dr. Weitzel arises from his ownership interest in Celerison. He has waived any personal participation in the sharing of revenue received by the University.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an exclusive option agreement for patents related to UM OTT File No. 1506 for all fields of use.

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

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 Option Agreement between the University and Celerison, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

July 2006