

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

ACTION REQUEST

July 21, 2006

Subject: License Agreement between the University of Michigan and Avicenna Medical Systems, Inc.

Action Requested: Approval of License 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 license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. Frank Pelosi, Erdwing Coronado, Khaled El-Safty, and Yehuda Bechar are all employees of the University of Michigan ("University") and partial owners of and directors for Avicenna Medical Systems, 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. Frank Pelosi, a Professor in the Department of Internal Medicine, Division of Cardiovascular Medicine, along with Erdwing Coronado, a MCIT manager, Yehuda Bechar, an MCIT business analyst, and Khaled El-Safty, an MCIT senior programmer, are all partial owners of and directors for a for-profit company called Avicenna Medical Systems, Inc. ("Avicenna"). Avicenna was formed recently to commercialize software in the electrophysiology reporting and anticoagulation medication patient tracking, and desires to license the following technology from the University:

UM OTT File No. 2577, entitled "Electrophysiology Report System" (Frank Pelosi and Juwana Jackson)

UM OTT File No. 3102, entitled "Anticoagulation Application" (Yehuda Bechar, Julie Merz, Carol Kaus, Erdwing Coronado, William Fay)

Parties to the Agreement:

The Regents of the University of Michigan and Avicenna Medical Systems, Inc.

Agreement Terms:

Agreement terms include giving Avicenna an exclusive license with the right to grant sublicenses. 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 review by the Conflict of Interest Review Committee will be conducted as appropriate.

Pecuniary Interest:

The pecuniary interests of the above named individuals arise from their ownership interests in Avicenna. They have waived any personal participation in the sharing of revenue received by the University.

Net Effect:

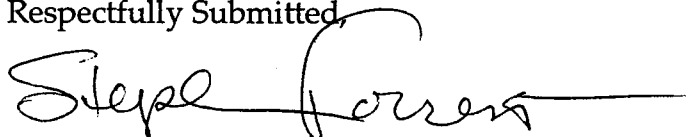
The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents related to UM OTT File Nos. 2577 & 3102 for all fields of use.

Avicenna 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 License Agreement between the University and Avicenna Medical Systems, Inc.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest", with a long horizontal line extending to the right.

Stephen R. Forrest
Vice President for Research

July 2006