

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

EXH	MOTION <i>Newman</i>
	SECOND <i>Maynard</i>
	ACTION <del>APPROVED BY THE REGENTS</del>
NOTE: SEP 15 2005	

Subject: Option Agreement between the University of Michigan and Electrodynamic Applications, 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 OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed by the committee and agreed to by the parties involved in this agreement.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Brian Gilchrist and Professor Alec Gallimore are both employees of the University of Michigan ("University") and partial owners of Electrodynamic Applications, 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.

Background:

Dr. Brian Gilchrist, a Professor in Electrical Engineering and Computer Science, and Dr. Alec Gallimore, a Professor in Aerospace Engineering, are partial owners of a for-profit company called Electrodynamic Applications, Inc. Electrodynamic Applications, Inc. was formed recently to develop advanced propulsion concepts and spacecraft systems, and desires to option the following technology from the University:

UM File No. 2988, entitled: "A Tip-Less Electron Field Emission Technology using BN Coated Surface and MEMS Based Gate Structures"

Parties to the Agreement:

The Regents of the University of Michigan and Electrodynamic Applications, Inc.

Option Terms Include:

Option terms include giving Electrodynamic Applications, Inc. a one year exclusive option to negotiate an exclusive license with the right to grant sublicenses. Electrodynamic Applications, 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 review by the Conflict of Interest Review Committee will be done as appropriate.

Pecuniary Interest:

The pecuniary interest of Drs. Gilchrist and Gallimore arise from their ownership interest in Electrodynamic Applications, Inc. They have waived any personal participation in the sharing of revenue received by the University. Dr. Gallimore is not an inventor on the above referenced invention.

Net Effect:

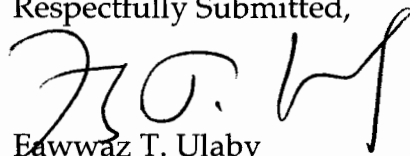
The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for the right to negotiate a world-wide exclusive license for patents related to UM OTT File No. 2973 in the fields of use of Space Propulsion Systems.

Electrodynamic Applications, Inc. will obtain use and commercialization rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee and a plan has been developed to manage the potential risks associated with the conflict of interest. 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 Electrodynamic Applications, Inc.

Respectfully Submitted,



Eawwaz T. Ulaby  
Vice President for Research

September 2005