

ACTION REQUEST

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

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Richard Laine is both an employee of the University of Michigan ("University") and a partial owner of NanoAlpha. 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. Richard Laine, a Professor in Materials Science and Engineering, is the partial owner of a for-profit company called NanoAlpha. NanoAlpha was formed recently to commercialize certain nanopowder materials and methods of making them and desires to option the following technology from the University:

UM File No. 2819, entitled: "Liquid Feed Flame Spray Modification"
(Laine, Julien Marchal, Jose Azurdia, and Roy Rennesund)

Parties to the Agreement:

The Regents of the University of Michigan and NanoAlpha.

Option Terms:

Option terms include giving NanoAlpha an exclusive option for one year to obtain an exclusive license to the University's rights in the above-referenced file. NanoAlpha will reimburse patent costs. 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. Laine arises from his ownership interest in NanoAlpha. 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 a world-wide exclusive option agreement for patents related to UM OTT File No. 2819 for all fields of use.

NanoAlpha 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 NanoAlpha.

Respectfully Submitted,


Stephen R. Forrest
Vice President for Research

October 2006