

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

December 15, 2006

ACTION REQUEST

Subject: Patent Option Agreement between the University of Michigan and Biotectix, LLC

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 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 David Martin, Dr. Sarah Richardson-Burns, and Mr. Jeffrey Hendricks are both employees of the University of Michigan ("University") and are also partial owners of Biotectix, LLC. 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. David Martin, a Professor in Materials Science and Engineering, Macromolecular Science and Engineering, and Biomedical Engineering, Dr. Sarah Richardson-Burns, a post-doctoral student, and Mr. Jeffrey Hendricks, a Ph.D. student, are partial owners of a for-profit company called Biotectix, LLC. Biotectix, LLC was formed recently to commercialize biocompatible, biologically-integrated 3-dimensional macromolecular electrode networks and desires to option the following technology from the University:

UM File No. 3016, entitled: Cytopolymer or CytoPEDOT, Situpolymer or SituPEDOT, Gelpolymer or GelPEDOT (invented by Jeffrey Hendricks, Laura Povich, Mohammed Reza Abidian, David Martin, Sarah Richardson-Burns, Donghwan Kim)

Parties to the Agreement:

The Regents of the University of Michigan and Biotectix, LLC

Patent Option Terms Include:

Patent Option terms include giving Biotectix, LLC an option to obtain an exclusive license with the right to grant sublicenses. Biotectix, LLC will pay for

ongoing patent expenses, perform technical diligence, and provide a business plan that describes Biotectix's intention and ability to develop and commercialize the licensed technology. Terms of the subsequent license agreement would include a royalty on sales and reimbursement of patent costs. 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 conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Martin, Dr. Richardson-Burns, and Mr. Hendricks arise from their ownership interest in Biotectix, LLC.

Net Effect:

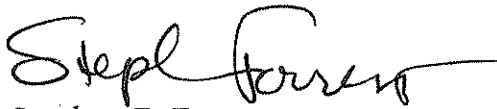
The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive option agreement for patents related to UM OTT File No. 3016 for all fields of use.

Biotectix, LLC 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. 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 Patent Option Agreement between the University and Biotectix, LLC.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

December 2006