THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Reveal Design Automation, 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. This 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 and approved by this Committee and agreed to by the parties involved in this plan.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Drs. Karem Sakallah and Zaher Andraus are both employees of the University of Michigan ("University") and partial owners of Reveal Design Automation, 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. Karem Sakallah, a Professor in the Electrical Engineering and Computer Science, College of Engineering, and Dr. Zaher Andraus, a postdoctoral researcher in Electrical Engineering and Computer Science, College of Engineering, are both partial owners of a for-profit company called Reveal Design Automation, Inc. ("Company"). The Company was formed recently to commercialize electronic design automation tools for microprocessor design and manufacturing, and desires to option from the University the rights associated with the following technology:

UM File No. 4434, entitled: "Automatic Scalable Verification for Hardware Designs at the Register Transfer Level" (Karem Sakallah, Mark Liffiton and Zaher Andraus)

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.
Parties to the Agreement:

The Regents of the University of Michigan and Reveal Design Automation, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an option to an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse 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 Agreement 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 Drs. Sakallah and Andraus arise from their ownership interests in Reveal Design Automation, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option to a world-wide exclusive license agreement for patents related to UM File No. 4434 for all fields of use. Reveal Design Automation, 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. 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 Agreement between the University and Reveal Design Automation, Inc.

Respectfully Submitted,

Stephen R. Forrest
Vice President for Research

February 2010