

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Aether Industries, LLC

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 that then triggered a review by the UMOR 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 license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Benjamin Longmier and Post-doctorate Fellow J.P. Sheehan are both employees of the University of Michigan ("University") and partial owners of Aether Industries, LLC. The law permits such an Agreement provided it is disclosed to the Board of Regents ("Regents") of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Dr. Benjamin Longmier, a Professor in the Department of Aerospace Engineering, and Dr. J.P. Sheehan, a Post-doctorate Fellow in the Department of Aerospace Engineering, are the partial owners of a for-profit company called Aether Industries, LLC (the "Company"). The Company was formed to develop and commercialize innovative solutions for high altitude research platforms, and desires to license from the University of Michigan the University's rights associated with the following technologies:

UM OTT File No. 5788, entitled: "Converging/Diverging Magnetic Nozzle" (Benjamin W. Longmier, J.P. Sheehan)

UM OTT File No. 5789, entitled: "Electrodeless Plasma Thruster" (Alec D. Gallimore, Benjamin W. Longmier, J.P. Sheehan)

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 Aether Industries, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The University may receive equity in the Company, along with the right to purchase more equity.

The University will retain ownership of the optioned technology and may continue to further develop it and use it internally as well as in collaborations with other research institutions. 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, such as adding related technology. 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. Longmier and Dr. Sheehan arise from their ownership interest in Aether Industries, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a License agreement for patents related to UM OTT File Numbers 5788 and 5789 for all fields of use. Aether Industries, LLC will obtain use rights to the above listed University technologies.

Recommendations:

This matter has been reviewed and approved by the UMOR 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 Aether Industries, LLC.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

February 2014