

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Elegus Technologies, Inc.

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 Nicholas Kotov, Mr. Siu On Tung, and Mr. John Hennessy, are all employees of the University of Michigan ("University") and partial owners of Elegus Technologies, Inc. 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. Nicholas Kotov, a Professor of Chemical Engineering, Mr. Siu On Tung, a Graduate Student Research Assistant in the Department of Chemical Engineering, and Mr. John Hennessy, an Intermittent Lecturer in the Center for Entrepreneurship, College of Engineering, are the partial owners of a for-profit company called Elegus Technologies, Inc. (the "Company"). The Company was formed to commercialize aramid nanomaterials based technologies and desires to license from the University of Michigan the University's rights associated with the following technologies:

UM OTT File No. 5346, entitled: "A Method of Crosslinking and Tailoring Aramid or Poly-Amide Networks" (Nicholas Kotov, Ryan Anderson, Michael Thouless, Ellen Arruda, Carlos Pons Siepermann, and Keqin Cao)

UM OTT File No. 5420, entitled: "Dendrite Suppressing Solid Ion Conductor from Aramid Nanofibers and other Nanofibers Made by Layer-by-Layer Assembly and its Variants" (Nicholas Kotov, Siu On Tung, Kelechi Anyaogu, and Peter Ho)

UM OTT File No. 6763, entitled: "Branched Aramid Nanofibers and Composites Thereof" (Nicholas Kotov, Jian Zhu, and Siu On Tung)

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 Elegus Technologies, Inc.

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 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, 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. Kotov, Mr. Tung, and Mr. Hennessy arise from their ownership interest in Elegus Technologies, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents related to UM OTT File Nos. 5346, 5420, 6763 for all fields of use. Elegus Technologies, Inc. will obtain use and commercialization rights to the above listed University technology.

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 Elegus Technologies, Inc.

Respectfully submitted,



S. Jack Hu
Vice President for Research

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