Subject: Patent Option Agreement between the University of Michigan and Nico Technologies Incorporated

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 Patent Option Agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Nicholas Kotov is both an employee of the University of Michigan ("University") and a partial owner of Nico Technologies. 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. Nicholas Kotov, an Associate Professor in the Department of Chemical Engineering, is the partial owner of a for-profit company called Nico Technologies, Inc. ("Nico"). Nico was formed recently to commercialize biomaterials and desires to obtain an option to license the following technology from the University:

UM File No. 3339, entitled: "Fabrication of Inverted Colloidal Crystal Scaffolds for 3D Cell Cultures in a Standard Cell Culture Well-Plates and the use thereof in Biological Assays" (Nicholas Kotov, Jungwoo Lee, Meghan Cuddihy)

Parties to the Agreement:

The Regents of the University of Michigan and Nico Technologies, Inc.

Option Terms Include:

Option terms include giving Nico the option to obtain an exclusive license in the field of use of biomaterials with the right to grant sublicenses. 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 review by the Conflict of Interest Review Committee will be done as appropriate.

Pecuniary Interest:

The pecuniary interest of Dr. Kotov arises from his ownership interest in Nico Technologies, Inc. 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 an option to a world-wide exclusive license agreement for patents related to UM File No. 3339 for the field of use of biomaterials.

Nico Technologies 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 Nico Technologies, Inc.

Respectfully Submitted,

[Signature]

Stephen R. Forrest
Vice President for Research

April 2006