

ACTION REQUEST

Subject: Amendment to Option Agreement between the University of Michigan and Arbor Ultrasound Technologies, LLC

Action Requested: Approval of Amendment

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 Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Board and agreed to by the parties involved in this plan.

This proposed amendment to option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor William F. (Rick) Weitzel is both an employee of the University of Michigan ("University") and a partial owner of Arbor Ultrasound Technologies, 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. William F. (Rick) Weitzel, a Professor of Internal Medicine, is the partial owner of a for-profit company called Arbor Ultrasound Technologies, LLC (the "Company"). The Company was formed to commercialize medical devices based on the use of ultrasound for dialysis vascular access monitoring and has optioned certain technologies from the University. The company wishes to option from the University of Michigan the following additional technology:

UM OTT File No. 4912, entitled: "Doppler Window Ultrasound System"
(Grant Kruger and William Weitzel)

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 Arbor Ultrasound Technologies, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. 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 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. Weitzel arise from his ownership interest in Arbor Ultrasound Technologies, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive option agreement for patents related to UM OTT File No. 4912 for the fields of use of medical devices.

Arbor Ultrasound Technologies, LLC will obtain use and commercialization rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. 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 Amendment to Option Agreement between the University and Arbor Ultrasound Technologies, LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

April 2012