The University of Michigan
Regents Communication

Action Request

Subject: Option Agreement between the University of Michigan and Inspirata, 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 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 option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Ulysses Balis is both an employee of the University of Michigan ("University") and a partial owner of Inspirata, 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:

Ulysses Balis, MD, a Professor in the Department of Pathology, is the partial owner of a for-profit company called Inspirata, Inc. (the "Company"). The Company was formed recently to commercialize pathology analysis software solutions and desires to option from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 6814, entitled: "Markov-Assisted Textural Classification Heuristic (MATCH)" (Inventors: Christopher L. Williams and Ulysses Balis)

UM OTT File No. 6937, entitled: "Vector Invariant Pattern Recognition (VIPR)" (Inventors: Christopher L. Williams and Ulysses Balis)

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 Inspirata, Inc.
Agreement Terms Include:

Agreement terms include granting the Company a non-exclusive option to obtain a royalty bearing non-exclusive license. The Company will pay an option fee and perform certain evaluations during the option period.

The University will retain ownership of the optioned technology. The University will retain the right to further develop it internally in the event that specific requirements are needed that cannot or will not be provided by Inspirata, Inc. 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. Ulysses Balis arise from his ownership interest in Inspirata, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide non-exclusive option agreement for technologies claimed in UM OTT File No. 6814 and 6937 for all fields of use. Inspirata, Inc. will obtain use and evaluation rights to the above listed University technologies.

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 Agreement between the University and Inspirata, Inc.

Respectfully submitted,

S. Jack Hu
Vice President for Research

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