

THE UNIVERSITY OF MICHIGAN

Approved by the Regents

May 20, 2010

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and LectureTools, 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. This 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 this Committee and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Perry Samson is both an employee of the University of Michigan ("University") and a partial owner of LectureTools, Inc. 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. Perry Samson, Professor of Atmospheric, Oceanic and Space Sciences, College of Engineering, is the partial owner of a for-profit company called LectureTools, Inc. ("Company"). The Company was formed recently to commercialize software related to alternative methods for delivering textbooks and lecture materials, incorporating student feedback and participation, and desires to option from the University the following technology:

UM File No. 3536, entitled: "Web-based Interactive Classroom System: LectureTools" (created by Professor Perry Samson, Professor Ben van der Pluijm, and programmed by Bret Squire [all UM employees])

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 LectureTools, Inc.

Option Terms:

Option terms include giving the Company an exclusive option to the software, including the rights to create derivatives. The University will retain ownership of the 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 conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interest of Dr. Samson arises from his ownership interest in LectureTools, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for software related to UM OTT File No. 3536. The Company will obtain limited use rights, but no 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 Option Agreement between the University and LectureTools, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

May 2010