

THE UNIVERSITY OF MICHIGAN

Approved by the Regents

May 19, 2011

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and SenSigma, 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 OVPR 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 option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Jyoti Mazumder and postdoctoral fellow Lijun Song are both employees of the University of Michigan ("University") and partial owners of SenSigma, Inc. ("SenSigma"). 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. Mazumder, a professor in Materials Science & Engineering, and Dr. Lijun Song, a postdoctoral fellow in Materials Science & Engineering, are the partial owners of a for-profit company called SenSigma (the "Company"). The Company was formed recently to commercialize methods and devices for monitoring weld quality and desires to obtain an option for an exclusive license from the University of Michigan to the University's rights associated with the following technologies:

UM OTT File No. 3506, entitled: "Optical Sensor for In-Process Quality Monitoring of Welds Made on Zinc-Coated Steel" (Mazumder, Ashish Dasgupta, Mikhail Vasilyev)

UM OTT File No. 4136, entitled: "In-Process Monitoring of Welding" (Mazumder, Seung Hwan Lee)

UM OTT File No. 4651, entitled: "Sensor for In-Situ Identification of Phase Transformation for Direct Metal Deposition" (Mazumder, Cushman Wang, Song)

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 SenSigma.

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 Drs. Mazumder and Song arise from their ownership interest in SenSigma.

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 Nos. 3506, 4136 & 4651 for all fields of use.

SenSigma 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 Option Agreement between the University and SenSigma.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

May 2011