Subject:   License Agreement between the University of Michigan and ACSI, Inc.

Action Requested:   Approval of License 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 license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Claes Fornell is both an employee of the University of Michigan ("University") and a partial owner of ACSI, Inc. (the "Company"). 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. Fornell, a professor in the Ross School of Business and director of the school’s National Quality Research Center (NQRC), is the partial owner of the for-profit company. The Company was formed recently to continue the production and marketing of the American Customer Satisfaction Index created by the NQRC, and desires to license from the University of Michigan the University’s rights associated with the following trademark:

UM OTT File No. 2058, the ACSI trademark

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 ACSI, Inc.
License Terms:

License terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay for the use of the ACSI trademark owned by the University. The University will retain ownership of the licensed trademark. 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. 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. Claes Fornell arise from his ownership interest in ACSI, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive license agreement for the trademark related to UM OTT File No. 2058 for all fields of use.

ACSI, Inc. will obtain use and commercialization rights.

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 Agreement between the University and ASCI Inc.

Respectfully Submitted,

[Signature]

Stephen R. Forrest
Vice President for Research

June 2008