

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

ACTION REQUEST

June 18, 2009

Subject: Exclusive License Agreement between the University of Michigan and Securus Medical, LLC

Action Requested: Authorization to enter into 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 license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Hakan Oral and Fred Morady are both employees of the University of Michigan ("University") and partial owners of Securus Medical, 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. Hakan Oral, Research Professor of Cardiovascular Medicine and Associate Professor of Internal Medicine, and Dr. Fred Morady, Professor of Cardiovascular Disease and Professor of Internal Medicine, are both partial owners of a for-profit company called Securus Medical, LLC ("Company"). The Company was formed recently to commercialize a noncontact infrared fiberoptic device for the prevention of esophageal thermal injury during radiofrequency catheter ablation. The Company desires to license from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 3829, entitled: "Noncontact Infrared Fiberoptic Device for the Prevention of Esophageal Thermal Injury During Radiofrequency Catheter Ablation" (Hakan Oral and Fred Morady)

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 Securus Medical, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed 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. 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. Oral and Morady arise from their ownership interest in Securus Medical, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents related to UM OTT File No. 3829 for the fields of use of all mammalian medical uses.

Securus Medical, 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 Agreement between the University and Securus Medical, LLC.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

June 2009