

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Smart Production Systems LLC

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 that then triggered a review by the UMOR 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 license agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professor Semyon Meerkov is both an employee of the University of Michigan (“University”) and a partial owner of Smart Production Systems LLC. 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:

Dr. Semyon Meerkov, a Professor in the Department of Electrical Engineering and Computer Science – Electrical and Computer Engineering Division, is the partial owner of a for-profit company called Smart Production Systems LLC (the “Company”). The Company was formed recently to commercialize software to implement the techniques of production systems capable of self-diagnosing and designing optimal continuous improvement projects, leading to the desired productivity improvement, and desires to license from the University of Michigan the University’s rights associated with the following technology:

UM OTT File No. 2018-417, entitled: “Programmable Manufacturing Advisor for Smart Production Systems” (Inventors: Semyon Meerkov, Seyed Alavian, Yongsoo Eun, Liang Zhang)

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 Smart Production Systems LLC

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company may pay a royalty on sales and reimburse patent costs. The University may receive equity in the Company, along with the right to purchase more equity.

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, 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. Meerkov arise from his ownership interest in Smart Production Systems 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. 2018-417 for all fields of use. Smart Production Systems LLC will obtain use and commercialization rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the UMOR 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 Smart Production Systems LLC.

Respectfully submitted,



S. Jack Hu
Vice President for Research

June 2018