

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Prehab Technologies, LLC

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 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 option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Stewart Wang, M.D., Ph.D.; Michael Englesbe, M.D.; and Staff members June Sullivan, Nick Wang and William Palazzo-PA are all employees of the University of Michigan ("University") and partial owners of Prehab Technologies, 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. Stewart Wang, a Professor of Surgery, Dr. Michael Englesbe, a Professor of Surgery, Ms. June Sullivan, Administrative Manager Associate in the Department of Surgery, Mr. Nicholas Wang, Research Lab Specialist Associate at the Medical School, and Mr. William Palazzo-PA, Physician Assistant Lead in the Department of Surgery, are all partial owners of a for-profit company called Prehab Technologies, LLC (the "Company"). The Company was formed recently to commercialize Michigan Surgical and Health Optimization Program (MSHOP) software and desires to obtain an option from the University of Michigan to the University's rights associated with the following technology:

UM OTT File No. 5966, entitled: "Michigan Surgical and Health Optimization Program (MSHOP)" (Inventors: Dr. Stewart Wang, Dr. Michael Englesbe and June Sullivan)

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 Prehab Technologies, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive option with the right to use and evaluate the technology. 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 Dr. Stewart Wang, Dr. Michael Englesbe, Ms. June Sullivan, Mr. Nick Wang and Mr. William Palazzo-PA arise from their ownership interest in Prehab Technologies, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File No. 5966 for all fields of use. Prehab Technologies, LLC will obtain use and evaluation 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 Prehab Technologies, LLC.

Respectfully submitted,



S. Jack Hu  
Interim Vice President for Research

July 2014