

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the
Regents
July 16, 2015

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Arbor Medical Innovations, 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 Medical School Conflict of Interest Board and 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 Board and 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 Drs. Steven E. Harte and Grant H. Kruger are both employees of the University of Michigan ("University") and partial owners of Arbor Medical Innovations, 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:

Steven E. Harte, Ph.D., an Assistant Research Scientist in the Departments of Internal Medicine and Anesthesiology, Medical School, and Grant H. Kruger, Ph.D., an Assistant Research Scientist in the Department of Mechanical Engineering and Research Investigator in the Department of Anesthesiology, Medical School, are partial owners of a for-profit company called Arbor Medical Innovations, LLC (the "Company"). The Company was formed recently to commercialize medical device technologies and desires to license from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 4525, entitled: "Multi-Modal Automated Algesiometer"
(Inventors: Steven E. Harte, Grant H. Kruger, and Daniel J. Clauw)

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 Arbor Medical Innovations, LLC

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicense. 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, 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. Steven E. Harte and Grant H. Kruger arise from their ownership interests in Arbor Medical Innovations, 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. 4525 for all fields of use. Arbor Medical Innovations, 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 and 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 Arbor Medical Innovations, LLC.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

July 2015