

ACTION REQUEST

Subject: Patent License Agreement between the University of Michigan and 3D Biomatrix, LLC

Action Requested: Approval of Patent License Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement. This 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 and approved 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 Drs. Nicholas Kotov and Shuichi Takayama are employees of the University and partial owners and officers of 3D Biomatrix, 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. Nicholas Kotov is Professor of Chemical Engineering, Biomedical Engineering and Materials Science and Engineering, College of Engineering, and a Founder, President, Chief Technology Officer and member of the Board of Directors of a for-profit company called 3D Biomatrix, Inc. (“Company”). Dr. Shuichi Takayama is Associate Professor of Biomedical Engineering and Macromolecular Science and Engineering in the College of Engineering and is a member of the Scientific Advisory Board and stockholder of 3D Biomatrix. The Company was formed recently to commercialize three-dimensional scaffolds and desires to license the following technology from the University:

UM File No. 3339, entitled: “Fabrication of Inverted Colloidal Crystal Scaffolds for 3D Cell Cultures in a Standard Cell Culture Well-plate and the Use Thereof in Biological Assays” (invented by Nicholas Kotov, Jungwoo Lee and Meghan Cuddihy)

UM File No. 3819, entitled: “In-Vitro Analog of Human Bone Marrow from 3D Scaffolds with Inverted Colloidal Crystal Topology” (invented by Nicholas Kotov, Joan Nichols, Joaquin Cortiella)

Parties to the Agreement:

The Regents of the University of Michigan and 3D Biomatrix, LLC.

Patent License Terms Include:

Patent License terms include giving the Company an exclusive license with the right to grant sublicenses. The Company will pay for ongoing patent expenses, perform technical diligence, and provide a business plan that describes the Company's intention and ability to develop and commercialize the licensed technology. Terms of the subsequent license agreement would include a royalty on sales and reimbursement of 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 contract 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. Kotov and Takayama arise from their ownership interests and management in 3D Biomatrix, LLC.

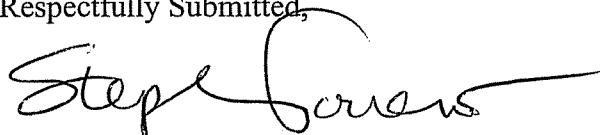
Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive license agreement for patents related to UM OTT File Nos. 3339 and 3819 for all fields of use. The Company will obtain use and commercialization rights to the above listed University technology.

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 Patent License Agreement between the University and 3D Biomatrix, LLC.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

September 2010