

ACTION REQUEST

Subject: License Agreement between the University of Michigan and FlexDex 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 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 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 Professors James Geiger and Shorya Awtar are both employees of the University of Michigan ("University") and partial owners of FlexDex 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. Geiger, Professor of Surgery in the Medical School, and Dr. Awtar, Professor of Mechanical Engineering in the College of Engineering, are the partial owners of a for-profit company called FlexDex LLC (the "Company"). The Company was formed to commercialize minimally invasive surgical tool and desires to exercise its option to obtain an exclusive license from the University of Michigan for the University's rights associated with the following technology:

UM OTT File No. 3864, entitled: "Minimally Invasive Surgical Tool with Enhanced Dexterity" (Inventors: James Geiger, Shorya Awtar, Patrick Quigley and Andrew Mansfield)

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 FlexDex 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 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 Drs. Geiger and Awtar arise from their ownership interest in FlexDex 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. 3864 for all fields of use. FlexDex 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 FlexDex LLC.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

September 2014