

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the
Regents
September 17, 2015

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Clarity Lab, Inc.

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 Assistant Professors Jason Mars and Lingjia Tang, Mr. Johann Hauswald, Mr. Yiping Kang, and Mr. Michael Laurenzano are employees of the University of Michigan (“University”) and partial owners of Clarity Lab, Inc. 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. Jason Mars, an Assistant Professor in the Department of Computer Science and Engineering, Dr. Lingjia Tang, an Assistant Professor in the Department of Computer Science and Engineering, Mr. Johann Hauswald, a Graduate Student Research Assistant in the Department of Computer Science and Engineering, Mr. Yiping Kang, a Graduate Student Research Assistant in the Department of Computer Science and Engineering, and Mr. Michael Laurenzano, a Graduate Student Research Assistant in the Department of Civil and Environmental Engineering, are partial owners of a for-profit company called Clarity Lab, Inc. (the “Company”). The Company was formed recently to commercialize a technical platform and system architecture for intelligent cloud services and desires to license from the University of Michigan the University’s rights associated with the following technology:

UM OTT File No. 6739, entitled: A Platform and System Architecture for Intelligent Cloud Services (Inventors: Jason Mars, Lingjia Tang, Johann Hauswald)

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 Clarity Lab, Inc.

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 Dr. Mars, Dr. Tang, Mr. Hauswald, Mr. Kang, and Mr. Laurenzano arise from their ownership interest in Clarity Lab, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents and copyrighted technology related to UM OTT File No. 6739 for all fields of use. Clarity Lab, Inc. 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 Clarity Lab, Inc.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

September 2015