

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

February 18, 2010

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Baker-Calling, Inc.

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. 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 this Committee and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Karl Grosh is both an employee of the University of Michigan ("University") and a partial owner of Baker-Calling, Inc. 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. Karl Grosh, Professor of Mechanical Engineering and Professor of Biomedical Engineering, College of Engineering, is a partial owner of a for-profit company called Baker-Calling, Inc. ("Company"). The Company was formed recently to commercialize a new architecture for piezoelectric MEMS microphones, and desires to option from the University of Michigan the University's rights associated with the following technology:

UM File No. 3990, entitled: "Piezoelectric MEMS Microphone" (Karl Grosh and Robert Littrell)

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 Baker-Calling, Inc.

Agreement Terms:

Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will obtain evaluation rights during the option period 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. 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. Karl Grosh arise from his ownership interest in Baker-Calling, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option to a world-wide exclusive license agreement for patents related to UM File No. 3990 for all fields of use. The Company will obtain use and evaluation 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 Option Agreement between the University and Baker-Calling, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

February 2010