

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Arborsense, 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 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 Xudong Fan, Zhaohui Zhong, and Mark Ilgen are employees of the University of Michigan (“University”) and partial owners of Arborsense, 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. Xudong Fan, a Professor in the Department of Biomedical Engineering, Dr. Zhaohui Zhong, an Associate Professor in the Department of Electrical Engineering and Computer Science – Electrical and Computer Engineering Division, and Dr. Mark Ilgen, a Professor in the Department of Psychiatry, are partial owners of a for-profit company called Arborsense, Inc. (the “Company”). The Company was formed to commercialize graphene-based sensors and desires to license from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 6050, entitled: "Heterodyne Nanoelectronic Vapor Sensor" (Inventors: Xudong Fan, Girish Kulkarni, Karthik Reddy, Zhaohui Zhong)

UM OTT File No. 7481, entitled: "Two-Dimensional Material Based Ion Exchange Membrane Sensors” (Inventors: Zhaohui Zhong, Xudong Fan, Wenzhe Zang, Ayush Pandey, Girish Kulkarni)

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 Arborsense, 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 technologies and may continue to further develop and use them 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. Fan, Zhong, and Ilgen arise from their ownership interest in Arborsense, Inc.

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 Nos. 6050 and 7481 for all fields of use. Arborsense, Inc. will obtain use and commercialization rights to the above listed University technologies.

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 Arborsense, Inc.

Respectfully submitted,



Rebecca Cunningham  
Interim Vice President for Research

February 2020