

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

EXH	MOTION <i>Brandon</i>
	SECOND <i>White</i>
	ACTION
NOTE:	APPROVED BY THE REGENTS
	APR 21 2005

Subject: Option Agreement between the University of Michigan and NeuroNexus, LLC

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 which 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 developed by the committee and agreed to by the parties involved in this plan.

This proposed Agreement falls under the State of Michigan Conflict of Interest Statute because Professor Daryl Kipke, Professor David Anderson, and Dr. Jamille Hetke are employees of the University and partial owners and officers of NeuroNexus, 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.

Background:

Dr. Daryl Kipke, Associate Professor of Biomedical Engineering, Dr. David J. Anderson, Professor of Otorhinolaryngology, Biomedical Engineering, and Electrical Engineering and Computer Science and Dr. Jamille Hetke, Assistant Research Scientist in Electrical Engineering and Computer Science, are partial owners and officers of a for-profit, Michigan startup Corporation called NeuroNexus, LLC (NN). The first products to be sold by NN are multichannel silicon microelectrodes that have been developed at the University of Michigan. These "probes" are used for recording and stimulation in the central and peripheral nervous systems in basic science research and have already been licensed by NN.

NN would like to obtain an exclusive option on additional technology files:

UM File No. 0953: A Technology for the Formation of Multiple Microchannels for Delivery of Fluids with High Spatial Precision (Ken Wise, EECS and Jingkuang Chen, formerly College of Engineering)

UM File No. 2533: Implantable, Flexible, Polymer-based Controlled Drug Delivery Recording and Stimulating Micro-electrode (David Pellinen, Biomedical Engineering and Daryl Kipke)

UM File No. 2728: Intracranial Neural Interface System (Jamilie Hetke and Daryl Kipke)

UM File No. 2662: Shatter-Proof Microprobes (Ken Wise, Khalil Najafi, Biomedical Engineering and Maysam Ghovanloo, EECS)

NN wishes to evaluate the potential of the above-referenced files as they relate to their current products and future planned products. The Office of Technology Transfer has negotiated and finalized the terms of an exclusive option agreement with NN.

Parties to the Agreement:

The Regents of the University of Michigan and NeuroNexus, LLC

Option Terms Include:

The University will grant NN an exclusive option for 12 months with the ability to extend the terms. 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.

Pecuniary Interest:

The pecuniary interests of Drs. Kipke, Anderson and Hetke arise from their ownership interest in NN. They have waived any personal participation in the sharing of revenue received by the University from the company.

Net Effect:

NN is looking at the development of multiple products including deep brain mapping probes, cortical monitoring probes and multifunctional drug delivery and monitoring sensors. The above-referenced technology files have the potential to be used in some or all of these proposed products.

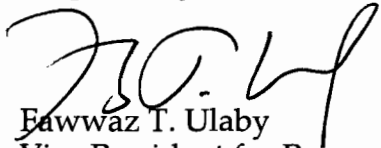
NN has been established as a start-up company in the biotechnology industry in the Ann Arbor area and will begin commercializing the licensed technology.

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 License Agreement between the University and NN.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'F. Ulaby', written over the printed name.

Fawwaz T. Ulaby  
Vice President for Research

April 2005