

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and SB10, 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 that 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 in this plan.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. Codrin Cionca is both an employee of the University of Michigan ("University") and a partial owner of SB10, 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. Codrin Cionca, an Assistant Research Scientist of Physics, in the College of Literature, Science, and the Arts, is the partial owner of a for-profit company called SB10, Inc. (the "Company"). The Company was formed recently to commercialize technology in the area of thin film detectors and desires to obtain an option from the University of Michigan for the University's rights associated with the following technologies:

UM OTT File No. 3369, entitled: "Thin-Film Neutron Detector and Detector Arrays" (Roy Clarke & Codrin Cionca)

UM OTT File No. 4288, entitled: "Textured Junction Diode for Neutron Detection" (Roy Clarke & Codrin Cionca)

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 SB10, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an option to an exclusive license with the right to grant sublicenses. The Company will pay an option fee 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 optioned 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. Cionca arise from his ownership interest in SB10, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an exclusive option agreement for patents related to UM OTT File Nos. 3369 & 4288 in the fields of use of radiation detection.

SB10, Inc. 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 SB10, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

April 2012