

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

May 20, 2010

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Civionics, LLC

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. 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 license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Jerome Lynch and Mr. Andrew Zimmerman are both employees of the University of Michigan ("University") and partial owners of Civionics, 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 of the University of Michigan.

Background:

Dr. Jerome Lynch, Associate Professor in the Departments of Civil and Environmental Engineering and Electrical Engineering and Computer Science, and Mr. Andrew Zimmerman, Graduate Student Research Assistant, in the Department of Civil and Environmental Engineering, College of Engineering, are partial owners of a for-profit company called Civionics ("Company"). The Company was formed recently to commercialize low-cost wireless sensor technology for monitoring physical systems and desires to license from the University the University's rights associated with the following technology:

UM OTT File No. 3839, entitled: "Wireless Sensor Prototype for Sensing, Actuation and Distributed Computing" (Lynch and Swartz)

UM OTT File No. 3840, entitled: "Distributed Software Architecture for In-Network Data Processing by Dense Wireless Sensor Networks" (Lynch and Zimmerman)

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 Civionics, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay an annual license fee and a percentage of certain sublicense income. 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. Lynch and Mr. Zimmerman, arise from their ownership interests in Civionics, LLC.

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. 3839 and 3840 for all fields of use. The Company will obtain use and commercialization 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 Agreement between the University and Civionics, LLC.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

May 2010