

ACTION REQUEST

Subject: License Agreement between the University of Michigan and SenSigma, 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 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 license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Jyoti Mazumder and postdoctoral fellow Lijun Song are both employees of the University of Michigan ("University") and partial owners of SenSigma, Inc. ("SenSigma"). 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. Mazumder, a Professor in Material Science & Engineering, and Dr. Lijun Song, a postdoctoral fellow in Material Science & Engineering, are the partial owners of a for-profit company called SenSigma (the "Company"). The Company was formed recently to commercialize methods and devices for monitoring weld quality and now desires to exercise its option to obtain a license from the University of Michigan to the following technologies:

UM OTT File No. 3506, entitled: "Optical Sensor for In-Process Quality Monitoring of Welds Made on Zinc-Coated Steel" (Jyoti Mazumder, Ashish Dasgupta, Mikhail Vasilyev)

UM OTT File No. 4136, entitled: "In-Process Monitoring of Welding" (Jyoti Mazumder, Seung Hwan Lee)

UM OTT File No. 4651, entitled: "Sensor for In-Situ Identification of Phase Transformation for Direct Metal Deposition" (Jyoti Mazumder, Cushman Wang, Lijun Song)

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 SenSigma

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 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, 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. Mazumder and Song arise from their ownership interests in SenSigma.

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. 3506, 4136, & 4651 for all fields of use.

SenSigma will obtain use and commercialization rights to the above listed University technology. Pursuant to the Michigan Investment in New Technology Startups program ("MINTS") approved by the Regents on December 15, 2011, the University may invest up to \$1,000,000 per qualifying financing round up to, for purposes of this approval, a total of \$2.5 million in this Company.

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 SenSigma.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

May 2012