

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Amendment to Option Agreement between the University of Michigan and Wolverine Energy Solutions & Technologies, Inc.

Action Requested: Approval of Amendment to 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 amendment ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Theodore Goodson III, Dr. Stephanie Goodson, and Dr. Oleg Varnavski are all employees of the University of Michigan ("University") and partial owners of Wolverine Energy Solutions Technologies, Inc. ("WEST"). 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. Theodore Goodson III, a Professor in Chemical Engineering in the College of Engineering, Dr. Stephanie Goodson, Instructor in Pediatrics and Communicable Diseases at the Medical School, and Dr. Oleg Varnavski, Research Laboratory Specialist in the Department of Chemistry, are the partial owners of a for-profit company called WEST (the "Company"). The Company was formed to commercialize specialty materials for use in power storage capacitors and entered into an option agreement with the University in March 2011. WEST now desires to extend the option period and add an additional technology to the option rights as follows:

UM OTT File No. 3512, entitled: "Multi-Photon Detection of Materials,"
(Theodore Goodson III, Oleg Varnavski)

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 WEST.

Agreement Terms Include:

Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. 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. Goodson, Dr. Goodson, and Dr. Varnavski arise from their ownership interests in WEST.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to the existing worldwide exclusive option agreement for patents related to UM OTT File No. 3512 for all fields of use.

WEST 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 Agreement between the University and WEST.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

May 2012