

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

July 21, 2006

ACTION REQUEST

Subject: Patent Option Agreement between the University of Michigan and Powerix Technologies, LLC

Action Requested: Approval of Patent 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 then developed by this Committee and agreed to by the parties involved.

This proposed Patent Option Agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Jun Ni and Werner Dahm are both employees of the University of Michigan ("University") and each holds an equity interest in Powerix Technologies, LLC and serve as members of the Board of Directors. 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. Jun Ni, a Professor in the Department of Mechanical Engineering, and Dr. Werner Dahm, a Professor in the Department of Aerospace Engineering, are partial owners of a for-profit company called Powerix Technologies, LLC (Powerix"). Powerix was formed to commercialize power systems technologies and desires to option the following technology from the University:

UM File No. 3253, entitled: "Ignition and Combustion Chamber Design for IC Micro Design" (Rhett Mayor and Jun Ni)

Parties to the Agreement:

The Regents of the University of Michigan and Powerix Technologies, LLC.

Option Terms Include:

Option terms include giving Powerix an option to obtain an exclusive license with the right to grant sublicenses. Powerix 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 contract may be amended by

consent of the parties. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Review Committee will be conducted as appropriate.

Pecuniary Interest:

The pecuniary interests of Drs. Ni and Dahm arise from their ownership interests in Powerix. They have waived any personal participation in the sharing of revenue received by the University.

Net Effect:

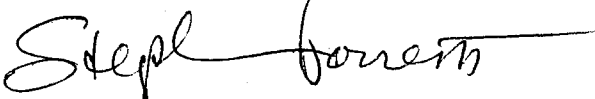
The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File No. 3253 for the fields of use of micro swing engines.

Powerix Technologies 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 Patent Option Agreement between the University and Powerix Technologies, LLC.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Stephen R. Forrest". The signature is written in black ink and is positioned above the printed name and title.

Stephen R. Forrest  
Vice President for Research

July 2006