

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan  
and CSquared Innovations LLC

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. 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 option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Pravansu Mohanty and Mr. Nicholas Moroz are both employees of the University of Michigan ("University") and partial owners of CSquared Innovations 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. Pravansu Mohanty, is a Professor in Mechanical Engineering at UM Dearborn, and Nicholas Moroz, a Ph.D. student in the Mechanical Engineering, are the partial owners of a for-profit company called CSquared Innovations LLC ("Company"). The Company was formed recently to commercialize an in-situ plasma/laser hybrid process for the direct synthesis of battery electrodes and desires to obtain an option to obtain a license from the University associated with the following technologies:

UM OTT File No. 4306, entitled: "In-Situ Plasma/Laser Hybrid Scheme" (Mohanty, Moroz)

UM OTT File No. 4422, entitled: "Coaxial Laser Assisted Cold Spray Nozzle" (Mohanty)

UM OTT File No. 4462, entitled: "Manufacturing of Li Ion Battery Electrodes by Plasma/Laser Hybrid Technique" (Mohanty, Moroz, Chikkannanavar)

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 CSquared Innovations, LLC.

Option 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 during the term of the option. 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. 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. Mohanty, and Mr. Moroz arise from their ownership interest in CSquared Innovations.

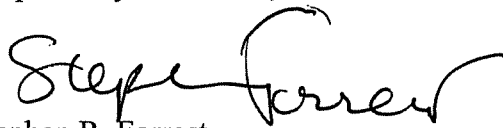
Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option for a world-wide exclusive license agreement for patents related to UM OTT File Nos. 4306, 4422, 4462 in all fields of use. CSquared Innovations, LLC will obtain an option for 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 Option Agreement between the University and CSquared Innovations, LLC.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

October 2010