

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and FlexSys, 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 UMOR 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 the 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 Sridhar Kota is an employee of the University of Michigan (“University”) and a partial owner of FlexSys, Inc. The law permits such an Agreement provided it is disclosed to the Board of Regents (“Regents”) of the University of Michigan and approved in advance by a 2/3 vote.

Background:

Dr. Sridhar Kota, a Professor in the Department of Mechanical Engineering, is a partial owner of a for-profit company called FlexSys, Inc. (the “Company”). The Company recently decided to commercialize negative pressure ventilation helmets/hoods and tents to aid healthcare providers treating patients with communicable respiratory illnesses such as SARS-CoV-2, and desires to license from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 2020-383, entitled: “Respiratory Isolation System”  
(Inventors: Kevin Ward, Sridhar Kota, Shalini Kota, David Hornick)

UM OTT File No. 2020-436, entitled: “Infectious Disease Isolation and Procedure Tent” (Inventors: David Hornick, Sridhar Kota, Kevin Ward, Benjamin Bassin, Nathaniel Haas, Henrique Puls)

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 FlexSys, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the unrestricted right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The University will not receive equity in the company. The Company has created a subsidiary, Inspire Rx LLC, to sublicense and commercialize the licensed technologies. The University will receive a liquidation fee upon a successful sale or exit of Inspire Rx LLC.

The University will retain ownership of the licensed technologies and may continue to further develop and use them 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. Kota arise from his ownership interest in FlexSys, Inc.

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. 2020-383 and 2020-436 for all fields of use. FlexSys, Inc. will obtain use and commercialization rights to the above listed University technologies.

Recommendations:

This matter has been reviewed and approved by the UMOR 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 FlexSys, Inc.

Respectfully submitted,



Rebecca Cunningham  
Vice President for Research

October 2020