

THE UNIVERSITY OF MICHIGAN

Approved by the Regents
November 17, 2011

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and RiskWatch 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 that then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Board and agreed to by the parties involved in this plan.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Kevin Tremper is both an employee of the University of Michigan ("University") and a partial owner of RiskWatch 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. Tremper, a professor in the Department of Anesthesiology, is a partial owner of a for-profit company called RiskWatch LLC (the "Company"). The Company was formed recently to commercialize software and systems for displaying patient physiologic information and presenting alerts on current or impending issues and trends, and desires an option from the University of Michigan to the University's rights associated with the following technologies:

UM OTT File No. 3498, entitled: "Intensive Care Unit Manager" (James Blum, Andrew L. Rosenberg, Jorge M. Gutierrez)

UM OTT File No. 4513, entitled: "RiskWatch – Real-Time Visual Alert Display for Use During Anesthesia or Critical Care" (Kevin K. Tremper, James M. Blum, Grant H. Kruger, Sachin Kheterpal, George A. Mashour, Brad S. Barnich, Chao Chen, Kathleen Sanders, Scott Franklin Miller, Albert J. Shih, Jon Gombert)

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 RiskWatch LLC.

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. Tremper arise from his ownership interest in RiskWatch LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option to obtain a worldwide exclusive license agreement for patents related to UM OTT File Nos. 3498 & 4513 for all fields of use.

RiskWatch LLC will obtain use and evaluation rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. 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 RiskWatch LLC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with a large, stylized initial 'S'.

Stephen R. Forrest
Vice President for Research

November 2011