

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents  
December 17, 2009

ACTION REQUEST

Subject: Amendment to Option Agreement between the University of Michigan and NeuroNexus 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. 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 in this plan.

This proposed amendment to option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Daryl Kipke is both an employee of the University of Michigan ("University") and a partial owner, President, CEO and member of the Board of Directors of NeuroNexus Technologies, Inc. ("Company"). 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. Daryl Kipke, a Professor of Biomedical Engineering, College of Engineering, is a partial owner, President, CEO and member of the Board of Directors of a for-profit, Michigan startup corporation called NeuroNexus Technologies, Inc. The Company has licensed a number of technologies from the University. The Company would like to add a new technology to its existing option agreement signed July 27, 2009. The Office of Technology Transfer File to be added is:

UM File No. 4220, entitled: "Process for Parylene-Based Neural Probes and Biosensors" (Kipke, John Seymour and Joerg Lahann)

Parties to the Agreement:

The Regents of the University of Michigan and NeuroNexus Technologies, Inc.

Amendment Terms:

Amendment to Option Agreement terms include adding the new technology and giving the Company an exclusive option to obtain a license with the right to grant sublicenses. The Company will 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 OVPR Conflict of Interest Review Committee will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Kipke arise from his ownership interest in NeuroNexus Technologies, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to the existing option agreement for patents related to UM OTT File No. 4220 for all fields of use.

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 Amendment to Option Agreement between the University and NeuroNexus Technologies, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

December 2009