

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Fusion Coolant Systems 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. 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 developed and approved by this 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 Steven Skerlos is an employee of the University of Michigan ("University") and an owner of Fusion Coolant Systems Inc. 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. Steven Skerlos, a Professor in Mechanical Engineering, is an owner of a for-profit company called Fusion Coolant Systems Inc. ("Company"). The Company was formed to commercialize methods and systems for cooling manufacturing casting and tooling systems, and desires to license the following technology from the University:

UM File No. 3024, entitled: "Metal Working Lubricant Formulations Based on Supercritical Carbon Dioxide" (Steven Skerlos, Kim Hayes and Andres Clarens)

UM File No. 4035, entitled: "Methods for Controlling Tool Temperature and Diffusive Flank Wear" (Skerlos, Hayes and Clarens)

UM File No. 4117, entitled: "Metalworking Lubricants Delivered at Low Temperature and High Velocity with Rapidly Expanding Gases and Supercritical Fluids" (Skerlos, Hayes and Clarens)

Parties to the Agreement:

The Regents of the University of Michigan and Fusion Coolant Systems Inc.

Agreement Terms:

Agreement terms include giving the Company an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The

University will retain ownership of the licensed 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 conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Skerlos arise from his ownership interest in Fusion Coolant Systems Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a license agreement for patents and patent applications related to UM OTT File Numbers 3024, 4035, and 4117 and for all fields of use. The Company will obtain use and commercialization rights to the above listed University technologies.

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 License Agreement between the University and Fusion Coolant Systems, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

December 2010