

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Enertia Microsystems 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 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 Khalil Najafi and Dr. Jae Yoong Cho are employees of the University of Michigan (“University”) and partial owners of Enertia Microsystems 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. Khalil Najafi, a Professor in the Department of Electrical Engineering and Computer Science – Electrical and Computer Engineering (EECS – ECE) Division, and Dr. Jae Yoong Cho, an Assistant Research Scientist in the Department of EECS – (ECE) Division, are partial owners of a for-profit company called Enertia Microsystems Inc. (the “Company”). The Company was formed recently to commercialize Micromachined High Precision Gyroscopes and desires to license from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 5038, entitled: “Micromachined Rate-Integrating Gyroscopes” (Inventors: Khalil Najafi, Jae Yoong Cho)

UM OTT File No. 6500, entitled: “Three Dimensional Microstructures and Fabrication Process” (Inventors: Khalil Najafi, Jae Yoong Cho, Tal Rove Nagourney)

UM OTT File No. 6761, entitled: “Stacked Balanced Resonators” (Inventors: Khalil Najafi, Ali Darvishian)

UM OTT File No. 6985, entitled: “Assembly Processes for Three-Dimensional Microstructures” (Inventors: Khalil Najafi, Jae Yoong Cho)

UM OTT File No. 6986, entitled: “Low-Noise Large Dynamic Range Multi-Axis Accelerometers Made From Thick Silicon” (Inventors: Khalil Najafi, Yemin Tang)

UM OTT File No. 6997, entitled: “Gyroscope and Fabrication Process” (Inventors: Khalil Najafi, Jae Yoong Cho, Tal Rove Nagourney, Guohong He, Ali Darvishian, Behrouz Shiari)

UM OTT File No. 7175, entitled: “Mold for Making Three Dimensional Microstructures” (Inventors: Khalil Najafi, Jae Yoong Cho)

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 Enertia Microsystems Inc.

Agreement Terms Include:

Agreement terms include granting 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 may receive equity in the Company, along with the right to purchase more equity.

The University will retain ownership of the licensed technologies and may continue to further develop them 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 Drs. Najafi and Cho arise from their ownership interest in Enertia Microsystems 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. 5038, 6500, 6761, 6985, 6986, 6997, 7175 for all fields of use. Enertia Microsystems 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 Enertia Microsystems Inc.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'S. Hu', is positioned above the typed name.

S. Jack Hu
Vice President for Research

December 2018