

ACTION REQUEST

Subject: License Agreement between the University of Michigan and ONL Therapeutics, LLC

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 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 license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor David Zacks is both an employee of the University of Michigan ("University") and a partial owner of ONL Therapeutics, LLC ("ONL"). 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. David Zacks, an Associate professor in Ophthalmology and Visual Sciences, is the partial owner of a for-profit company called ONL Therapeutics, LLC (the "Company"). The Company was formed to commercialize therapeutics for macular degeneration and retinal detachment and desires to exercise its option to license from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 4319, entitled: "Small Peptide Inhibitor of Photoreceptor Apoptosis" (Zacks)

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 ONL.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay royalties, annual minimums, milestone payments 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 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. 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. Zacks arise from his ownership interest in ONL.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an exclusive license agreement for patents related to UM OTT File No. 4319 for the fields of use of therapeutics for ophthalmic applications. ONL will obtain use and commercialization 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 Agreement between the University and ONL.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

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