

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Sequal, Inc.

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 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 option agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professors Satish Narayanasamy, Reetuparna Das, David Blaauw, Mr. Arun Subramaniyan, and Mr. Daichi Fujiki, are employees of the University of Michigan (“University”) and partial owners of Sequal, 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. Satish Narayanasamy, an Associate Professor in the Department of Electrical Engineering and Computer Science – Computer Science and Engineering (EECS – CSE) Division; Dr. Reetuparna Das, an Assistant Professor in the Department of EECS – CSE Division; David Blaauw, a Professor in the Department of EECS – Electrical and Computer Engineering (ECE) Division; Mr. Arun Subramaniyan, a Graduate Student Research Assistant (GSRA) in the Department of EECS – CSE Division; and Mr. Daichi Fujiki, a GSRA in the Department of EECS – CSE Division, are partial owners of a for-profit company called Sequal, Inc. (the “Company”). The Company was formed recently to commercialize a genome sequencing accelerator technology and desires to option from the University of Michigan the University’s rights associated with the following technology:

UM OTT File No. 7840, entitled: “GenAx: A Genome Sequencing Accelerator” (Inventors: Satish Narayanasamy, David Blaauw, Reetuparna Das, Daichi Fujiki, Arun Subramaniyan, Tianjun Zhang)

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 Sequal, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an option to further evaluate the subject technologies and, upon meeting specific milestones, the ability to negotiate an exclusive license with the right to grant sublicenses. The Company will pay an option fee to the University and reimburse patent costs that incur during the term of the Agreement.

The University will retain ownership of the optioned technology and may continue to further develop it and use it internally, as well as in collaborations with other research institutions. 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. Narayanasamy, Dr. Das, Dr. Blaauw, Mr. Subramaniam, and Mr. Fujiki arise from their ownership interest in Sequal, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File No. 7840 for all fields of use.

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 Sequal, Inc.

Respectfully submitted,



S. Jack Hu
Vice President for Research

February 2018