Subject: License Agreement between the University of Michigan and BioDiscovery, 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 which 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 by the Committee and agreed to by the parties involved.

This proposed license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Erdogan Gulati and Dr. Jean-Marie Rouillard are both employees of the University of Michigan ("University") and are partial owners of BioDiscovery, LLC. 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. Erdogan Gulati, a Professor in the Department of Chemical Engineering, and Dr. Jean-Marie Rouillard, a Research Investigator in the Department of Chemical Engineering, are partial owners of a for-profit company called BioDiscovery, LLC. BioDiscovery, LLC was formed recently to commercialize polymeric sequence array technology and desires to license the following technology from the University:

UM File No. 3127, entitled: "Chemical Confinement of Photogenerated Reagents on Substrates" (Gulati, Rouillard, Goa, and Zhou)

Parties to the Agreement:

The Regents of the University of Michigan and BioDiscovery, LLC

License Terms:

License terms include giving BioDiscovery, LLC an exclusive license with the right to grant sublicenses. BioDiscovery, LLC 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 Drs. Gulari and Rouillard arise from their ownership interest in BioDiscovery, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive license agreement for patents related to UM OTT File No. 3127 for the fields of use of research and *in vitro* diagnostic products based on polymeric sequences synthesized on surfaces.

BioDiscovery, LLC will obtain use and commercialization rights to the above listed University technology.

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 BioDiscovery, LLC.

Respectfully Submitted,

Stephen R. Forrest  
Vice President for Research

March 2007