

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the
Regents
March 20, 2014

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Nanova, 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 Medical School Conflict of Interest Board and 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 Board/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 David Ginsburg and Scott Larsen are both employees of the University of Michigan ("University") and partial owners of Nanova, 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. Ginsburg, a Professor in Internal Medicine in the School of Medicine, and Dr. Larsen, Research Professor of Medicinal Chemistry in the College of Pharmacy, are the partial owner of a for-profit company called Nanova, Inc. (the "Company"). The Company was formed recently to commercialize compositions for treatment of bacterial infections and biofilms and desires to option from the University of Michigan the University's rights associated with the following technologies:

UM OTT File No. 4264, entitled: "Antimicrobial Agents" (David Ginsburg, Scott Larsen and Hongmin Sun)

UM OTT File No. 5198, entitled: "Methods and Compositions for Treatment of Bacterial Infection" (David Ginsburg, Scott Larsen, Hongmin Sun, Michael W. Wilson and Roderick Sorenson)

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 Nanova, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive option to obtain a license with the right to grant sublicenses in the field of use of treatment of biofilms. The Company will pay a portion of patent expenses and obtain evaluation rights.

The University will retain ownership of the optioned 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, 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. Ginsburg and Larsen arise from their ownership interest in Nanova, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive option agreement for patents related to UM OTT File Nos. 4264 and 5198 for the fields of use of treatment of biofilms. Nanova, Inc. will obtain use and evaluation rights to the above listed University technologies.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board and 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 Nanova, Inc.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

March 2014