

ACTION REQUEST

Subject: Patent Option Agreement between the University of Michigan and Diapin Therapeutics, LLC

Action Requested: Approval of Patent 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. 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 option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Yuqing (Eugene) Chen, M.D., Ph.D. is both an employee of the University of Michigan ("University") and a partial owner of Diapin Therapeutics, LLC. 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. Yuqing (Eugene) Chen, a Professor in Internal Medicine, is a partial owner of a for-profit company called Diapin Therapeutics, LLC (the "Company"). The Company was formed to commercialize peptide-based therapies and has licensed other technologies from the University. The Company now wishes to obtain an option from the University of Michigan for the University's rights associated with the following technology:

UM OTT File No. 5574, entitled: "Mixed Disulfide Conjugates of Thienopyridines as Antiplatelet Agents" (Inventors: Paul F. Hollenberg and Haoming 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 Diapin Therapeutics, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive option to the technology. The Company will reimburse ongoing patent costs, perform technical diligence, and provide a business plan that describes the Company's intention and

ability to develop and commercialize the licensed technology. Terms of the subsequent license agreement would include a royalty on sales and reimbursement of 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 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. Yuqing (Eugene) Chen arise from his ownership interest in Diapin Therapeutics, LLC.

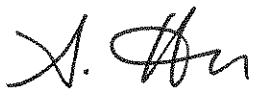
Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide option agreement for patents related to UM OTT File No. 5574 for all fields of use. Diapin Therapeutics, LLC will obtain evaluation 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 Diapin Therapeutics, LLC.

Respectfully submitted,



S. Jack Hu  
Interim Vice President for Research

April 2014