

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Akadeum Life Sciences, LLC

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. 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 John Younger, M.D. and Brandon McNaughton, Ph.D. are both employees of the University of Michigan ("University") and partial owners of Akadeum Life Sciences, 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. John Younger, a Professor in Emergency Medicine and Dr. Brandon McNaughton, an Adjunct Assistant Research Scientist in Emergency Medicine, are the partial owners of a for-profit company called Akadeum Life Sciences, LLC (the "Company"). The Company was formed recently to commercialize two-bead separation systems and desires to option from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 5533, entitled: "Highly Specific Sandwich Separation and Standard Well Plate Operation for Analyte Detection and Cell Growth"
(Brandon McNaughton, Paivo Kinnunen, John G. Younger)

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 Akadeum Life Sciences, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs.

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 Dr. Younger and Dr. McNaughton arise from their ownership interest in Akadeum Life Sciences, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option to obtain a worldwide exclusive license agreement for patents related to UM OTT File No. 5533 for all fields of use. Akadeum Life Sciences, LLC will obtain use and 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 Akadeum Life Sciences, LLC.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

May 2014