Subject: License Agreement between the University of Michigan and Nanova, Inc.

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 that then triggered a review by the Medical School Conflict of Interest Board and the UMOR Conflict of Interest Review Committee. A preliminary plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Board and Committee and agreed to by the parties involved in this plan.

This proposed license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor David Ginsburg and Scott Larsen are both employees of the University of Michigan ("University") and are, or are planned to be, 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 Medical School and Dr. Larsen, a Research Professor of Medicinal Chemistry in the College of Pharmacy, are, or are planned to be, partial owners 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 exercise its option and obtain a license from the University of Michigan for 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 license with the right to grant sublicenses in the field of use of therapeutics. The Company will pay royalties and other payments and reimburse patent expenses. The University may receive equity in the Company, along with the right to purchase more equity.

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 Drs. Ginsburg and Larsen arise from their current/future ownership interest in Nanova, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license 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 commercialization rights to the above listed University technologies.

Recommendations:

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

Respectfully submitted,

[Signature]

S. Jack Hu
Interim Vice President for Research

May 2015