

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Fourth Amendment to License Agreement between the University of Michigan and NanoBio Corporation

Action Requested: Approval of Amendment to 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. 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 amendment to the license agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professor James R. Baker, Jr. is both an employee of the University of Michigan (“University”) and an owner, director, and officer of NanoBio Corporation (“NanoBio”). 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. Baker, a Professor in the departments of Biologic Nanotechnology, Internal Medicine, and Biomedical Engineering and the Director of the MI Nanotechnology Institute for Medical & Biological Science, is an owner, director, and officer of a for-profit company called NanoBio (the “Company”). The Company was formed to commercialize therapeutic uses of emulsion-based compositions and entered into the original license in August 2000 with the University. The license has been amended a number of times to add additional technologies from the University. The Company desires to add to the license from the University of Michigan, the University’s rights associated with the following technologies:

UM OTT File No. 4731, entitled: “Nanoemulsion Vaccines” (James Baker, Jr., Susan Ciotti and Tarek Hamouda)

UM OTT File No. 5262, entitled: “Immunogenic Apoptosis Inducing Nanoemulsion” (James Baker, Jr. and Paul Makidon)

UM OTT File No. 5312, entitled: “Nanoemulsion-Based Vaccine” (Paul Makidon, Jeffrey Groom, Zhengyi Cao, Jeffrey Landers, Douglas Smith and James Baker, Jr.)

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 NanoBio Corporation.

Agreement Terms:

Agreement terms include giving the Company an exclusive license with the right to grant sublicenses. The Company 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 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 interest of Dr. Baker arises from his ownership interest in NanoBio.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to the existing worldwide exclusive license agreement for patents related to UM OTT File No. 4731, 5262, and 5312 for all fields of use

NanoBio 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 a plan has been developed to manage the potential risks associated with the conflict of interest. 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 Fourth Amendment to the License Agreement between the University and NanoBio Corporation.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

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