

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and
STEL Technologies LLC

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 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 Professors Lisa Larkin, Ellen Arruda, and Edward Wojtys are employees of the University of Michigan (“University”) and partial owners of STEL Technologies 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:

Lisa Larkin, PhD, an Associate Professor in the Department of Molecular and Integrative Physiology, Ellen Arruda, PhD, a Professor in the Department of Mechanical Engineering, and Edward Wojtys, MD, a Professor in the Department of Orthopaedic Surgery, are partial owners of a for-profit company called STEL Technologies LLC (the “Company”). The Company was formed to commercialize tissue-engineered bone-ligament and rotator cuff repair constructs, and desires to license from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 3565, entitled: “A System and Method for the In-Vitro, Self-Organization of Bone, Ligament and Bone-Ligament Engineered Construct” (Inventors: Ellen Arruda, Lisa Larkin, Fatima Syed-Picard)

UM OTT File No. 5603, entitled: “Tissue Engineered Flip Plate Bioreactor” (Inventors: Ellen Arruda, Lisa Larkin, Pablo Moncada-Larrotiz, Michael Smietana)

UM OTT File No. 6677, entitled: “Scaffold-Free Three-Dimensional Engineered Tendon Tissue for Rotator Cuff Repair” (Inventors: Ellen Arruda, Asheesh Bedi, Lisa Larkin, Stoyana Novakova, Michael Smietana)

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 STEL Technologies LLC

Agreement Terms Include:

Agreement terms include granting 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 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. Larkin, Arruda, and Wojtys arise from their ownership interests in STEL Technologies LLC.

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. 3565, 5603 and 6677 for all fields of use. STEL Technologies LLC will obtain use and commercialization rights to the above listed University technology.

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 STEL Technologies LLC.

Respectfully submitted,



S. Jack Hu
Vice President for Research

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