

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Morphomic Analysis Group, 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 Professor Stewart C. Wang is both an employee of the University of Michigan (“University”) and a partial owner of Morphomic Analysis Group, 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:

Stewart Wang, MD, PhD, a Professor in the Department of Surgery, Medical School, the Director of the Morphomic Analysis Group (UM-MAG), the Director of the International Center for Automotive Medicine (ICAM), and the Director of the UM Burn Center, is the partial owner of a for-profit company called Morphomic Analysis Group, LLC. (the “Company”). The Company was formed recently to commercialize Morphomics software and related analysis technology for the assessment of various human body factors via digital markers and desires to option from the University of Michigan the University’s rights associated with the following technology:

UM OTT File No. 4834, entitled: Analytic Morphomics High Speed Medical Image Automated Analysis Method and associated patents (Inventors: Stewart C. Wang, Sven Holcombe, Hannu Huhdanpaa, Carla Kohoyda-Inglis and June Sullivan)

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 Morphomic Analysis Group, LLC

Agreement Terms Include:

Agreement terms include granting the Company an exclusive option with the right to perform market evaluation and testing. License agreement terms at the option conclusion may include granting the Company an exclusive license with the right to grant sublicenses, royalties on sales and patent reimbursement costs. The University may receive equity in the Company, along with the right to purchase more equity.

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. Wang arise from his ownership interest in Morphomic Analysis Group, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an exclusive option agreement for patents and materials related to UM OTT File No. 4834 for all fields of use. Morphomic Analysis Group, 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. 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 Morphomic Analysis Group, LLC.

Respectfully submitted,



S. Jack Hu  
Vice President for Research

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