THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and OncoFusion

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 Professors Arul Chinnaiany and Shaomeng Wang are both employees of the University of Michigan ("University") and partial owners of OncoFusion. 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. Chinnaiany, a Professor in Pathology, Medical School, and Dr. Wang, a Professor in Internal Medicine, are the partial owners of a for-profit company called OncoFusion (the "Company"). The Company was formed recently to commercialize a variety of cancer therapeutic compounds and desires to obtain an option from the University of Michigan for the University's rights associated with the following technology:

UM OTT File No. 4614, entitled: "ERG Binding Peptides as Potential Therapeutics" (Chinnaiany and Xiaoju Wang)
UM OTT File No. 4620, entitled: "Small Molecule Inhibitors of EZH2" (Sooryanarayana Lnu, Qi Cao and Chinnaian)
UM OTT File No. 4621, entitled: "Potential Inhibitors of Oncogenic Histone Methyltransferases" (Irfan Asangani, Lnu, Cao, and Chinnaian)
UM OTT File No. 4250, entitled: "An Integrated Network of Androgen Receptor and TMPRSS2-ERG Gene Fusion in Prostate Cancer Progression" (Ram Mani, Jindan Yu and Chinnaian)
UM OTT File No. 5392, entitled: "Small Molecule Inhibitors of Bromodomains" (Liu Liu, Longchaun Bai, Yujun Zhao, and Shaomeng Wang)
UM OTT File No. 5433, entitled: "Small-molecule inhibitors of the EZH2-EED interaction" (Liu, Chao-Yie Yang and Shaomeng Wang)

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 OncoFusion.

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 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 Drs. Chinnaiyan and Wang arise from their ownership interest in OncoFusion.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive option agreement for patents related to UM OTT File Nos. 4614, 4620, 4621, 4250, 5392, and 5433 for the fields of use of therapeutics.

OncoFusion 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 Option Agreement between the University and OncoFusion.

Respectfully submitted,

Stephen R. Forrest  
Vice President for Research  

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