

THE UNIVERSITY OF MICHIGAN

Approved by the Regents

REGENTS COMMUNICATION

October 15, 2009

ACTION REQUEST

Subject: Patent Option Agreement between the University of Michigan and JV Biolabs, LLC

Action Requested: Approval of Patent 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.

This proposed Option Agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Kent Johnson and James Varani are both employees of the University of Michigan ("University") and partial owners of JV Biolabs, LLC. 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:

Drs. Kent Johnson and James Varani, both Professors in the Department of Pathology, are partial owners of a for-profit company called JV Biolabs, LLC ("Company"). The Company desires to obtain an option to license the following technology from the University:

UM File No. 4059, entitled: "The Use of Two Botanicals with Complementary Activities for Improvement of Skin" (Varani, Johnson, Roscoe Warner, Adam Barron, Marissa DaSilva, and Narasimharao Bhagavathula)

Parties to the Agreement:

The Regents of the University of Michigan and JV Biolabs, LLC.

Option Terms:

Option terms include giving the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee

and ongoing patent expenses during the term of the option agreement, and would pay a royalty on sales and reimbursement of patent costs if the option is exercised and a license is executed. 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 contract may be amended by consent of the parties. 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 Professors Kent Johnson and James Varani arise from their ownership interest in JV Biolabs, LLC.

Net Effect:

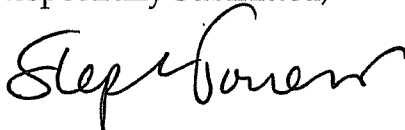
The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File No. 4059 for all fields of use.

JV Biolabs, 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 Patent Option Agreement Agreement between the University and JV Biolabs, LLC.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

October 2009