

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Phenomics Health Inc.

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. 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 license agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professors Brian Athey, Gerry Higgins, and Mr. Ari Allyn-Feuer, are employees of the University of Michigan (“University”) and partial owners of Phenomics Health Inc. 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:

Brian Athey, PhD, a Professor in the Department of Computational Medicine and Bioinformatics; Gerry Higgins, MD, PhD, a Research Professor in the Department of Computational Medicine and Bioinformatics; and Mr. Ari Allyn-Feuer, a Graduate Student Research Assistant in the Department of Computational Medicine and Bioinformatics, are partial owners of a for-profit company called Phenomics Health Inc. (the “Company”). The Company was formed recently to commercialize a group of software applications used to create bioinformatics pipelines in support of pharmacoepigenomic predictions and desires to license from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 7326, entitled: “Bioinformatics Pipeline for Pharmacoepigenomic Regulatory Variant Prediction” (Inventors: Alex Ade, Ari Allyn-Feuer, Brian Athey, Gerry Higgins, James Burns, Alexandr Kalnin, Brian Obinna Pauls, Narthip Reamaroon)

UM OTT File No. 7552, entitled: “Microscopy Image Analysis for Cellular and Sub-Cellular Morphological Modeling and Classification” (Inventors: Alex Ade, Ari Allyn-Feuer, Brian Athey, Alexandr Kalnin, Ivaylo Dinov, Kenneth Plenta, Robert Veltri, Donald Coffey, James Verdone, David Dilworth)

UM OTT File No. 2018-261, entitled: “A Method to Determine the Effect Size of Epigenome Regulatory Variation and Predict Novel Drug Targets and configure Pharmacogenomic Diagnostics” (Inventors: Alex Ade, Ari Allyn-Feuer, Brian Athey, Gerry Higgins, Alexandr Kalnin)

UM OTT File No. 2018-311, entitled: "Method and Apparatus for Analysis of Chromatin Interaction Data" (Inventors: Ari Allyn-Feuer, Brian Athey, Gerry Higgins)

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 Phenomics Health Inc.

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. Athey and Higgins, and Mr. Allyn-Feuer arise from their ownership interest in Phenomics Health Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents and programs related to UM OTT File Nos. 7326, 7552, 2018-261, and 2018-311 for all fields of use. Phenomics Health Inc. 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. 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 Phenomics Health Inc.

Respectfully submitted,



S. Jack Hu  
Vice President for Research

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