

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

June 21, 2007

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and GeneVivo, 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 which 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 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 Professor Michael Welsh is both an employee of the University of Michigan ("University") and a partial owner and officer of GeneVivo. 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. Michael Welsh, Professor of Cell and Developmental Biology, Medical School, is the partial owner and officer of a for-profit company called GeneVivo (the "Company"). The Company was formed recently to commercialize methods for making transgenic animals and desires to option from the University of Michigan the University's rights associated with the following technologies:

UM OTT File No. 3350 entitled: "A Method and Reagent for Generating Transgenic Animals" (Michael Welsh, William Wu, Sue O'Shea, Teresa Gratsch, John Velkey and Lisa DeBoer Emmett).

UM OTT File No. 3660 entitled: "A Method of Delivering DNA to the Developing Embryo" (K. Sue O'Shea, Theresa Gratsch, John Velkey, and Lisa DeBoer Emmett).

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 GeneVivo, LLC.

Option Terms:

Agreement terms include granting the Company an exclusive option with a limited license. 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. 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. Michael Welsh arise from his ownership interest in GeneVivo.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an exclusive option, with a limited license, agreement for patents related to UM OTT File Nos. 3350 and 3660 for the field of use of making transgenic animals.

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 GeneVivo, LLC.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

June 2007