

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Courage Therapeutics, Inc.

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 UMOR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Committee 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 Roger Cone is an employee of the University of Michigan (“University”) and a partial owner of Courage Therapeutics, 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:

Dr. Roger Cone, the Vice Provost and Director of the Biosciences Initiative in the Office of the Provost and Executive Vice President for Academic Affairs, Director and Research Professor of the Life Sciences Institute, Professor of Molecular, Cellular and Developmental Biology in the College of Literature, Science, and the Arts, and Professor of Molecular and Integrative Physiology in the Medical School, is a partial owner of a for-profit company called Courage Therapeutics, Inc. (the “Company”). The Company was formed to develop and commercialize peptides and small molecules for the treatment of various types of eating disorders, such as anorexia nervosa and obesity, and desires to option from the University of Michigan the University’s rights associated with the following technology:

UM OTT File No. 2019-392, titled: “Analogues of AgRP for the Treatment of Anorexia Nervosa, Cachexia, and other Disorders of Food Intake and Energy Homeostasis” (Inventors: Roger Cone, Savannah Williams, Patrick Sweeney)

The Office of Technology Transfer selected the Company as a University partner and will negotiate 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 Courage Therapeutics, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive option. During the option period, the company will reimburse the University for patent costs. The terms of the option include that under any future license agreement with the University, the Company will pay a royalty on sales, pay back-patent expenses, continue to reimburse all future patent expenses, and that 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. Roger Cone arise from his ownership interest in Courage Therapeutics, Inc.

Net Effect:

The Office of Technology Transfer has negotiated a worldwide exclusive option agreement for patents related to UM OTT File No. 2019-392 for the fields of use of treating and of diagnosing human and animal diseases.

Recommendations:

This matter has been reviewed and approved by UMOR Conflict of Interest Review Committee. 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 Courage Therapeutics, Inc.

Respectfully submitted,



Rebecca Cunningham
Interim Vice President for Research

June 2019