

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Lean Therapeutics

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 Hakan Oral and Elif Oral are both employees of the University of Michigan (“University”) and partial owners of Lean Therapeutics. 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. Hakan Oral a professor in Cardiology and Internal Medicine in the Medical School, and Dr. Elif Oral a professor in Internal Medicine in the Medical School, are the partial owners of a for-profit company called Lean Therapeutics (the “Company”). The Company was formed recently to commercialize a device to reduce gastric volume and facilitate weight loss and desires to option from the University to the University’s rights associated with the following technology:

UM OTT File No. 4237, entitled: “Systems for Gastric Volume Reduction to Facilitate Weight Loss” (Inventors: Hakan Oral and Elif Oral)

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 Lean Therapeutics

Agreement Terms Include:

Agreement terms include granting the Company an option to negotiate an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. 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. Hakan Oral and Elif Oral arise from their ownership interest in Lean Therapeutics.

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. 4237 for all fields of use.

Lean Therapeutics will obtain 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 Lean Therapeutics.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

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