

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and
NOTA Laboratories, 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 that then triggered a review by the UMOR Conflict of Interest Committee and 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 Committee and 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 Mark E. Meyerhoff, Mark A. Zacharek, Marc B. Hershenson and Umadevi S. Sajjan are all employees of the University of Michigan ("University") and partial owners of NOTA Laboratories, LLC. 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:

Mark E. Meyerhoff, PhD, a Professor in the Department of Chemistry, Mark A. Zacharek, MD, an Associate Professor in the Department of Otolaryngology, Marc B. Hershenson, MD, a Professor in the Department of Pediatrics and Communicable Diseases, and Umadevi S. Sajjan, PhD, a Research Assistant Professor in the Department of Pediatrics and Communicable Diseases, are all partial owners of a for-profit company called NOTA Laboratories, LLC (the "Company"). The Company desires to obtain an option from the University of Michigan for the University's rights associated with the following technology:

UM OTT File No. 5978, entitled: "L-Arg and L-Arg Rich Peptide-Based Rinse Solutions/Aerosol Sprays that Increase Natural Production of Sinus NO" (Inventors: Mark E. Meyerhoff, Mark A. Zacharek, Marc B. Hershenson, Umadevi S. Sajjan, Anant Balijepalli, and Gary C. Jensen)

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 NOTA Laboratories, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive option to the technology. The Company will reimburse ongoing patent costs, perform technical diligence, and provide a business plan that describes the Company's intention and ability to develop and commercialize the licensed technology. Terms of the subsequent license agreement would include a royalty on sales and reimbursement of 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. Meyerhoff, Zacharek, Hershenson and Sajjan arise from their ownership interest in NOTA Laboratories, LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide option agreement for patents related to UM OTT File No. 5978 for all fields of use. NOTA Laboratories, LLC will obtain evaluation rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the UMOR Conflict of Interest Review Committee and 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 NOTA Laboratories, LLC.

Respectfully submitted,



S. Jack Hu
Interim Vice President for Research

October 2014