

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Biomesapien, LLP

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 Professor Thomas Schmidt is both an employee of the University of Michigan (“University”) and a partial owner of Biomesapien, LLP. 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:

Thomas Schmidt, PhD, a Professor in the Department of Internal Medicine – Infectious Diseases, is the partial owner of a for-profit company called Biomesapien, LLP (the “Company”). The Company was formed recently to commercialize microbiome-based technologies to cure diseases and desires to option from the University of Michigan the University’s rights associated with the following technology:

UM OTT File No. 7511, entitled: “Restoring the Gut Microbiome” (Inventor: Thomas Schmidt)

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 Biomesapien, LLP

Agreement Terms Include:

Agreement terms include granting the Company an option to take an exclusive license with the right to grant sublicenses. The Company will pay an option fee 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 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. Schmidt arise from his ownership interest in Biomesapien, LLP.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option to negotiate a worldwide exclusive license agreement for patents related to UM OTT File No. 7511 for the fields of use of diagnostics and therapeutics. Biomesapien, LLP will obtain an option to negotiate use and commercialization 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 Agreement between the University and Biomesapien, LLP.

Respectfully submitted,



S. Jack Hu
Vice President for Research

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