

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Aquora Biosystems, 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 Professors Steven Skerlos and Lutgarde Raskin, and Mr. Timothy Fairley are employees of the University of Michigan (“University”) and partial owners of Aquora Biosystems, 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. Steven Skerlos, a Professor in the Department of Mechanical Engineering, Dr. Lutgarde Raskin, a Professor in the Department of Civil and Environmental Engineering, and Mr. Timothy Fairley, a Research Assistant I in the Department of Civil and Environmental Engineering, are partial owners of a for-profit company called Aquora Biosystems, Inc. (the “Company”). The Company was formed recently to commercialize a membrane bioreactor technology that utilizes increased membrane surface area and recirculation to treat aqueous waste streams and desires to option from the University of Michigan the University’s rights associated with the following technology:

UM OTT File No. 2018-457, entitled: “High Surface Area Biofilm Structure with Multiple-Pass Recirculation for Biological Treatment” (Inventors: Steven Skerlos, Lutgarde Raskin, Timothy Fairley, Nishant Jalgaonkar)

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 Aquora Biosystems, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an option to an exclusive license with the right to grant sublicenses. The license contemplated by the option agreement may include terms requiring the Company to pay a royalty on sales, reimburse patent costs, and to grant to University 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. Skerlos, Dr. Raskin, and Mr. Fairley arise from their ownership interest in Aquora Biosystems, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement that contemplates a worldwide exclusive license agreement for patents related to UM OTT File No. 2018-457 for all fields of use. Aquora Biosystems, Inc. will obtain use and commercialization rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the 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 Aquora Biosystems, Inc.

Respectfully submitted,



Rebecca Cunningham
Interim Vice President for Research

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