

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

February 17, 2011

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and  
Cardiavent, 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 which 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 by this Board and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Robert Simpson is both an employee of the University of Michigan ("University") and a partial owner of Cardiavent LLC. 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. Simpson, a Professor of Pharmacology, is the partial owner of a for-profit company called Cardiavent. Cardiavent was formed to commercialize a therapeutic Vitamin D analogue, and Cardiavent wishes to place under option the following technologies from the University:

UM File No. 3630, entitled: "Compositions and Methods for Tranquilizing Heart Muscle" (Margaret Westfall, Daniel Tishkoff, Karl Nibbelink, and Robert Simpson)

UM File No. 2625, entitled: "Screening Assays for Antagonists and Analyses of Cardiac Hypertrophy" (Simpson)

Parties to the Agreement:

The Regents of the University of Michigan and Cardiavent LLC.

Agreement Terms:

Terms include giving Cardiavent an exclusive option to the above technologies. Cardiavent will pay an upfront fee and patent costs incurred during the term of the option agreement. 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 contract may be amended by

consent of the parties. 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. Simpson arise from his ownership interest in Cardiavent. Dr. Simpson is an inventor of the optioned technologies and will be considered for any share of revenue received by the University.

Net Effect:

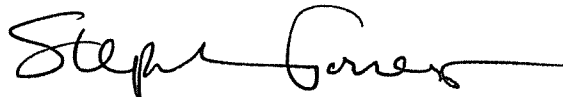
The Office of Technology Transfer has negotiated and finalized the terms of an exclusive option agreement for patent applications related to UM OTT File Nos. 3630 and 2625 for all fields of use.

Cardiavent will obtain an option for 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 Option Agreement between the University and Cardiavent LLC.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

February 2011