

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

March 19, 2009

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Metabolon, Inc.

Action Requested: Authorization to enter into 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 and approved by this Board and agreed to by the parties involved in this plan.

This proposed license ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Christopher Beecher is both an employee of the University of Michigan ("University") and a partial owner of Metabolon, and Professor Arul Chinnaiyan is an employee of the University with stock options in Metabolon. The law permits such Agreements provided they are disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Christopher Beecher is a Research Professor in the Department of Pathology and is the partial owner of a for-profit company called Metabolon (the "Company"). Dr. Arul Chinnaiyan is a Professor in the Departments of Pathology and Urology, Director of the Michigan Center for Translational Pathology and possesses stock options in Metabolon. The Company desires to license from the University of Michigan the University's rights associated with the following technology:

UM File No: 3740, entitled: "Metabolic Profiling of Prostate Cancer" (Arul Chinnaiyan and Arun Sreekumar)

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 Metabolon, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed 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. 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. Beecher and Dr. Chinniayan arise from their ownership interests in Metabolon, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents related to UM OTT File No. 3740 for the fields of use of diagnostics, prognostics and drug screening assays.

Metabolon will obtain 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 Metabolon, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

March 2009