

THE UNIVERSITY OF MICHIGAN  
REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Approval of License 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 license agreement (“Agreement”) falls under the State of Michigan Conflict of Interest Statute because Professors Yuqing (Eugene) Chen and Jie Xu are employees of the University of Michigan (“University”) and partial owners of ATGC, 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:

Yuqing (Eugene) Chen, MD, PhD, a Professor in the Department of Internal Medicine, and Dr. Jie Xu, PhD, a Research Assistant Professor in the Department of Internal Medicine, are partial owners of a for-profit company called ATGC, Inc. (the “Company”). The Company was formed recently to commercialize animal models for cystic fibrosis and desires to license from the University of Michigan the University’s rights associated with the following technologies:

UM OTT File No. 6865, entitled: “Transgenic Rabbit Models for Cystic Fibrosis” (Inventors: Yuqing (Eugene) Chen, Jifeng Zhang, Fei Sun, and Jie Xu)

UM OTT File No. 7005, entitled: “Nude Rabbits and SID Rabbits” (Inventors: Yuqing (Eugene) Chen, Jifeng Zhang, Dongshan Yang, Jun Song, and Jie Xu)

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 ATGC, Inc.

Agreement Terms Include:

Agreement terms include granting the Company a non-exclusive license without 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, 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. Chen and Xu arise from their ownership interests in ATGC, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide non-exclusive license agreement for patents related to UM OTT File Nos. 6865 and 7005 for all fields of use. ATGC, Inc. 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 ATGC, Inc.

Respectfully submitted,



S. Jack Hu  
Vice President for Research

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