

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

June 19, 2008

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Armune BioScience, 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 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.

The proposed license agreement falls under the State of Michigan Conflict of Interest Statute because Professors David Beer, Arul Chinnaiyan, and Gil Omenn are employees of the University of Michigan ("University") and partial owners of Armune BioScience ("Armune"), formerly known as Immunomics, Inc. 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. David Beer, a Professor in Surgery, Dr. Chinnaiyan, a Professor in Pathology and Urology, and Dr. Gilbert Omenn, a Professor of Molecular Medicine and Genetics are the partial owners of a for-profit company called Armune Bioscience, Inc. Armune was formed to commercialize autoantibody signature biomarker technology and desires to exercise its option to obtain a license to the University's rights associated with the following technology:

UM OTT File No: 2791, entitled: "Phage Microarray Profiling of the Humoral Response to Disease" (Arul Chinnaiyan and Xiaoju Wang)

UM OTT File No: 3650, entitled: "Methods and Compositions for Diagnosing Lung Cancer" (Chinnaiyan, Wang, Guoan Chen and David Beer)

The Office of Technology Transfer selected Armune 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 Armune BioScience, Inc.

Agreement Terms:

Agreement terms include granting Armune an exclusive license to the patent rights with the right to grant sublicenses. Armune will pay royalties, milestone payments and reimburse patent costs. In addition, the University will receive equity in Armune. 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 interest of Drs. Beer, Omenn and Chinnaiyan arise from their ownership interest in Armune.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive license agreement for patents related to UM OTT File No. 2791 and 3650 for the fields of use of diagnostics and prognostics in human and veterinary applications.

Armune will obtain exclusive rights to the above listed University technology for the life of the patents.

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 Armune Bioscience, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

June 2008