

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Research Agreement between the University of Michigan  
and JV BioLabs, LLC

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed research agreement. This then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest was developed by the Board and agreed to by the parties involved.

This proposed Agreement falls under the State of Michigan Conflict of Interest Statute because Professor James Varani is both an employee of the University of Michigan ("University") as well as a partial owner and Chief Scientific Officer of JV BioLabs, 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:

Professor James Varani, is a professor in the Department of Pathology and the partial owner and Chief Scientific Officer of a for-profit company called JV BioLabs LLC ("Company"). The Company was formed to commercialize methods of profiling drugs and natural products for skin repair activity prior to safety assessment and initial clinical testing, including the analysis of specific drugs or chemical agents and their effect on skin structure and function.

Nature of the Agreement:

The Company wishes to support a research project directed by Dr. Narasimharao Bhagavathula in the University's Department of Pathology, which requires the use of facilities and resources of the University. The Company also holds a technology license agreement, which has been previously disclosed under separate Regental Action.

Agreement Terms:

The terms of the Agreement conform to University policy regarding publication and intellectual property. The period of performance for the project is twelve (12) months and the amount of funding support is \$150,253.

Pecuniary Interest:

The pecuniary interests of Professor James Varani arise from him being a partial owner and Chief Scientific Officer of JV BioLabs, LLC.

Impact of the Agreement:

The Agreement will support an effort by Dr. Narasimharao to use his expertise and University laboratory, as well as other University resources to assess the blocking ability of various proteins that directly or indirectly activate the epidermal growth factor (EGF) receptor to determine their potential to make psoriatic skin look more like normal skin.

Recommendation:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of the disclosure made in this document and our finding that the Agreement will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with JV BioLabs, LLC.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

June 2010