

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and  
Rumale Cuore, 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 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 option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Ruthann Nichols is both an employee of the University of Michigan ("University") and a partial owner of Rumale Cuore, LLC. Mr. Warren Kroeker is a temporary employee of the University and a partial owner of Rumale Cuore, 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. Ruthann Nichols, an Associate Professor in Biological Chemistry, and Mr. Warren Kroeker, a temporary employee of the University, are partial owners of a for-profit company called Rumale Cuore, Inc. (the "Company"). The Company was formed recently to commercialize peptides for altering cardiac function and desires to obtain an option from the University of Michigan to the University's rights associated with the following technology:

UM OTT File No. 4609, entitled: "Peptides for Reduction of Cardiac Contractility and Cardiac Function" (Ruthann Nichols and Margaret Westfall)

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 Rumale Cuore, LLC

Agreement Terms Include:

Agreement terms include granting the Company an option to negotiate for an exclusive license with the right to grant sublicenses. The Company will pay a fee and reimburse patent costs. 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 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 Dr. Ruthann Nichols and Mr. Warren Kroeker arise from their ownership interest in Rumale Cuore LLC.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive option agreement for patents related to UM OTT File No. 4609 for all fields of use.

Rumale Cuore will obtain use and evaluation 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 Rumale Cuore, LLC.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

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