

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

June 21, 2007

ACTION REQUEST

Subject: Amendment to License Agreement between the University of Michigan and NanoBio Corporation

Action Requested: Approval of Amendment

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 the Board and agreed to by the parties involved.

This proposed amendment to license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor James R. Baker, Jr. is both an employee of the University ("University") and an owner, director and officer of NanoBio Corporation ("NanoBio"). 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. Baker, the Director of the Michigan Nanotechnology Institute for Medicine and Biological Sciences and a Professor in the Departments of Internal Medicine and Biomedical Engineering, is an owner, director and officer of a for-profit company called NanoBio. The University and NanoBio entered into the original license in August 2001 when NanoBio was formed to commercialize therapeutic uses of emulsion-based compositions. NanoBio now wishes to add the following technologies from the University into the existing license:

UM OTT File Nos. 3309.1, 3309.2, 3309.3, 3309.4 entitled: "Nanoemulsion Vaccines" (Baker, Anna Bielinska, Andrzej Myc, Zhengyi Cao, Brian Donovan)

UM OTT File No. 3309.2 entitled: "Compositions and methods for bacillus anthracis vaccination" (Baker, Bielinska, and Myc)

UM OTT File No. 3309.3 entitled: "Compositions and methods for orthopox virus vaccination" (Baker, Bielinska, Myc)

UM OTT File No. 3309.4 entitled: "Compositions and methods for immunodeficiency virus vaccination" (Baker, Bielinska, Myc, Cao, Donovan)

UM OTT File No. 3722 entitled: "Methods and compositions for the treatment of infections in cystic fibrosis patients" (Baker, Sivaprakash Rathinavelu, Paul Makidon)

Parties to the Agreement:

The Regents of the University of Michigan and NanoBio Corporation

Agreement Terms:

Agreement terms include giving NanoBio an exclusive license with the right to grant sublicenses. NanoBio 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 interest of Dr. Baker arises from his ownership interest in NanoBio. He has waived any personal participation in the sharing of revenue received by the University.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to the existing world-wide exclusive license agreement for patents related to UM OTT File Nos. 3309 series and File No. 3722 for all fields.

NanoBio 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 Amendment to License Agreement between the University and NanoBio Corporation.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

June 2007