

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Lycera, 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 OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Committee 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 Gary Glick, Anthony Pipari, and James Ferrara and Mr. David Canter are all employees of the University of Michigan ("University") and partial owners of Lycera, 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. Gary Glick, a Professor in the Department of Chemistry, Dr. Anthony Pipari, an Associate Professor of Obstetrics and Gynecology, Dr. James Ferrara, a Professor of Pediatrics and Communicable Diseases, and Mr. David Canter, Executive Director of the North Campus Research Complex, are partial owners of a for-profit company called Lycera, Inc. (the "Company"). The Company has an option to purchase JBL Pharma, a licensee of the University. As part of the purchase of JBL, Lycera, Inc. will become the University's licensee for the University's rights associated with the following technologies:

UM OTT File No. 3248, entitled: "Novel Cytotoxic Benzodiones with Therapeutic Potential" (Glick)

UM OTT File No. 4187, entitled: "Selective Threonine/Serine Kinase Inhibitors" (Glick)

Parties to the Agreement:

The Regents of the University of Michigan and Lycera, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with 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. Glick, Opipari, Ferrara and Mr. Canter arise from their ownership interest in Lycera, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents related to UM OTT File Nos. 3248 and 4187 for the fields of use of therapeutics.

Lycera, Inc. will obtain use and commercialization rights to the above listed University technology. Pursuant to the Michigan Investment in New Technology Startups program ("MINTS") approved by the Regents on December 15, 2011, the University may invest up to \$1,000,000 per qualifying financing round up to, for purposes of this approval, a total of \$2.5 million in this Company.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. 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 Lycera, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

November 2012