

SUBMITTED BY: STEPHEN M. LANIER, PH.D., VICE PRESIDENT FOR RESEARCH

**UNIVERSITY SUBCONTRACT TO LICENSE
TECHNOLOGY TO A COMPANY OWNED BY A
SCHOOL OF MEDICINE FACULTY**

RECOMMENDATION

The Administration recommends that the Board of Governors authorize the President or his designee to contract with Reproductive Stress 3M, to enter in to an Option for an exclusive license for commercialization of the intellectual property encompassing the methods for assessing the toxicity of drugs and other compounds.

BACKGROUND

Elisabeth Pushek, M.D., M.S., professor of obstetrics and gynecology, and Dan Rappolee, Ph.D., associate professor of obstetrics and gynecology in Wayne State University's School of Medicine, have developed technology related to a high throughput embryonic toxicology assay. The technology has been disclosed to the university in Tech ID-1057; 14-1243 and 15-1279 and is embodied in patent application PCT/US2015/044701, "Systems and Methods to Detect Cell Stress and Uses Thereof," and nationalized in the United States and Europe.

Reproductive Stress 3M, Inc., incorporated in Michigan in 2013, was founded to develop and commercialize high throughput screening assays for compound toxicity using proprietary stress biomarkers. Drs. Pushek and Rappolee are cofounders and majority shareholders of the company which is located at 2727 Second Ave, Suite 4105, Detroit, Michigan.

Reproductive Stress 3M, Inc. is the recipient of a recent Phase I Small Business Technology Transfer (STTR) grant from the National Institute of Environmental Health Sciences of the National Institutes of Health – R41 ES028991-01 – for the commercial development of the technology.

Michigan Conflict of Interest law requires specific sunshine procedures in order for a University employee, or a company owned by a University employee, to contract directly or indirectly with the University:

- (A) The employee must disclose any pecuniary interest in the contract to the Board and the disclosure must be made a matter of record in the Board's proceedings.
- (B) The contract must be approved by a vote of not less than two-thirds of the full membership of the Board in open session.

- (C) The Board's minutes must report:
 - (i) The name of each party involved in the contract.
 - (ii) The terms of the contract, including duration, financial consideration between the parties, facilities or services of the public entity included in the contract, and the nature and degree of assignment of employees of the public entity for fulfillment of the contract.
 - (iii) The nature of any pecuniary interest.

If the Board approves this Recommendation, the minutes will report as follows:

The Board of Governors authorized the President, or his designee, to enter into a contract with Reproductive Stress 3M.

- (i) The parties involved in the contract are Wayne State University and Reproductive Stress 3M, Inc.
- (ii) The contract will provide that:
 - (a) Scope: An option to acquire an exclusive, worldwide royalty bearing license
 - (b) Duration: The term of the option shall be for twelve (12) months with the opportunity to extend for a further period of twelve (12) months upon payment of additional consideration..
 - (c) Financial Consideration: An initial option fee of \$1,500.00
 - (d) No University employees are assigned in connection with the licensing contract.
- (iii) Drs. Puschek and Rappolee are family members and their pecuniary interest consists of a current majority (60% and 40%, respectively) ownership of Reproductive Stress 3M, Inc. They will each and collectively therefore have the potential to financially benefit from the commercial success of the company. Drs. Puschek and Rappolee have each filed a Financial Conflict of Interest with the Office of Research Integrity.