

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

**UNIVERSITY CONTRACT 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 Cradle Genomics, Inc., San Diego, CA to exclusively license WSU intellectual property related to methodology related to prenatal genetic diagnosis.

BACKGROUND

Dr. David Armant, professor of Obstetrics and Gynecology, Wayne State University School of Medicine, together with Dr. Michael Diamond and Dr. Sasha Drewlo (each formerly of WSU), has disclosed novel methodology related to the isolation of trophoblasts for prenatal genetic diagnosis. The technology is described in WSU Tech ID 12-125 “Prenatal Diagnosis with Isolated Trophoblast Cells Collected Transcervically” (inventors: Armant, Diamond) and 13-1190 “Noninvasive Capture and Isolation of Trophoblast Cells to Predict Obstetric Disorders” (inventors: Armant, Drewlo) and embodied in patent application PCT /US2013/066570).

WSU executed an exclusive license agreement (WSU AGR-254) for the patents and technology with Perkin Elmer Health Sciences (Perkin Elmer) in September 2014. Perkin Elmer has met all obligations and payments under the license agreement.

PerkinElmer is now requesting permission to assign the license to Cradle Genomics. Section 10.8 of the license agreement provides that “Neither party may assign this Agreement or any of such party’s rights and obligations here under to any third party without the prior written consent of the other party, which consent shall not be unduly withheld. Cradle Genomics is a start-up company registered in California and led by an experienced CEO. PerkinElmer, after considerable analysis, believes Cradle Genomics would provide the best mechanism to further develop and commercialize the WSU technologies for the prenatal genetic market. Dr. David Armant has a vested interest in Cradle Genomics.

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 allow PerkinElmer Health Systems to assign the WSU exclusive license to Cradle Genomics.

- (i) The parties involved in the contact are Wayne State University and Cradle Genomics, Inc.
- (ii) The contract will provide for an exclusive license.
- (iii) Financial consideration will include reimbursement of any past due and all ongoing patent expenses; milestone payments (\$75,000) upon first commercial sale of licensed products; annual license maintenance fees of \$50,000; 10% sublicense royalty and 1-4% running royalties on product revenues.

The pecuniary interest is based on Dr. Armant's current 9.9% ownership of Cradle Genomics and he will therefore have the potential to financially benefit from the commercial success of the company.