

**SUBMITTED BY:**

**STEPHEN M. LANIER, VICE PRESIDENT FOR RESEARCH**

**UNIVERSITY CONTRACT TO LICENSE A 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 enter into an exclusive license with Venica Fluid Systems, Ltd for intellectual property and technology related to a portable Raman Liquid Chromatographic device.

**BACKGROUND**

Venica Fluid System, Ltd (Venica) was founded in 2015 with a registered office at 136 Hope Street, Douglas, Isle of Man. Venica Fluid Systems is developing a portable device combining advanced sensing and liquid chromatography for the chemical analysis of blood, urine and water. Dr. Greg Auner, Ph.D., Strauss Endowed Chair in the Department of Surgery in the School of Medicine and the Department of Biomedical Engineering in the College of Engineering is a founder and shareholder of Venica.

Wayne State University has previously entered into a research agreement with Venica for the design and fabrication of a liquid chromatography micro cartridge. The amount of the contract was for \$300,000. The contract was disclosed and approved by the Board of Governors on April 1, 2016. The research resulted in an invention described in WSU Tech ID 19-1524, "Raman Based Liquid Chromatography Cartridge: Detection and Quantification of Liquid Analytes" (Inventors: Greg Auner and Michelle Brusatori (WSU) and Ronald Johnson (Venica) (the "Technology"). A Provisional patent (62/514,375) was filed on June 20, 2017 and nationalized in the United States (US Patent Application Serial No. 15/994,737). Under the terms of the research agreement, Venica was provided an option to enter into an exclusive license to intellectual property developed under the sponsored research. Venica has exercised the option and entered into negotiations for an exclusive license to WSU's interest in 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 contract with Venica Ltd, in which Dr. Greg Auner holds an equity position, to grant Venica an exclusive license to the Technology known as "Raman Based Liquid Chromatography Cartridge: Detection and Quantification of Liquid Analytes."

(i) The parties involved in the contract are Wayne State University and Venica Ltd.

(ii) The contract will provide:

(a) An exclusive, worldwide royalty bearing license with the right to grant sublicenses.

(b) Financial consideration of:

(1) License issue fee of \$3,000.

(2) WSU will receive a 0.75% transaction fee at the first liquidation event.

(3) Venica shall be responsible for payment of all past and ongoing patent expenses.

(4) 3% royalty on net revenue of licensed products.

(5) Sublicense fees: 15 % sublicense fees.

(6) License Maintenance Fees of \$5,000 on and after 3<sup>rd</sup> anniversary of Effective Date.

(7) License shall remain in effect until (a) the expiration of the term of the last to expire of the Licensed Patents or (b) ten years following the first commercial sale of Licensed Products, whichever is later.

(c) No University employees are assigned in connection with the licensing contract.

- (iii) Dr. Auner's pecuniary interest consists of a current interest of approximately 20% ownership in Venica Fluid Systems Limited and he will therefore have the potential to financially benefit from the commercial success of the company.