

SUBMITTED BY: MARK KORNBLUH, PH.D., PROVOST AND SENIOR VICE PRESIDENT FOR ACADEMIC AFFAIRS

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

RECOMMENDATION

The Administration recommends the Board of Governors authorize the President or designee to contract with XR Therapeutics, Inc. to enter into an exclusive license for commercialization of the intellectual property encompassing the technology related to using augmented reality to deliver mental health care.

BACKGROUND

Arash Javanbakht M.D., associate professor of Psychiatry and Behavioral Neurosciences in the School of Medicine, is inventor of a technology used to treat fear, emotional trauma and phobia in real life using augmented reality. The technology is described in WSU Tech ID: 16-1372 and embodied in issued patent 10,839,707.

XR Therapeutics, Inc. was founded as XR Therapeutics LLC in October of 2019 in Michigan. The company converted to a Delaware C corporation in April 2021 and is qualified to do business in Michigan. The founding CEO is Dr. Javanbakht who owns 75% equity in the company. It is the intent of XR Therapeutics, Inc. to further develop and commercialize 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 a 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 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 XR Therapeutics, Inc. in which Dr. Arash Javanbakht and Rakesh Ramaswamy, Wayne State University employees, hold an equity position.

- (i) The parties involved in the contract are Wayne State University and XR Therapeutics, Inc.
- (ii) The contract will provide:
 - (a) Scope: An option to acquire an exclusive, worldwide royalty bearing license.
 - (b) Duration: the term of the option shall be for six (6) months with an option to extend.
 - (c) Financial consideration of:
 - (1) Option fee of \$1,000
 - (d) No University employees are assigned in connection with the licensing contract.
 - (e) No University facilities or services of the University are included in the contract.

(iii) Dr. Arash Javanbakht, associate professor of Psychiatry and Behavioral Neurosciences in the School of Medicine, has pecuniary interest of 75% ownership in XR Therapeutics, Inc.; Rakesh Ramaswamy, psychiatry research assistant in the School of Medicine, has pecuniary interest of 10%. They will therefore have the potential to financially benefit from the commercialization of the University's intellectual property known as "augmented reality to treat fear, emotional trauma and phobia."