

**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  
COLLEGE OF ENGINEERING AND SCHOOL OF MEDICINE FACULTY**

**RECOMMENDATION**

The Administration recommends the Board of Governors authorize the President or designee to enter into an exclusive license with CardioSounds, LLC for commercialization of the intellectual property encompassing the technology related to blood pressure monitoring.

**BACKGROUND**

Gaurav Kapur M.D., associate professor in the School of Medicine, Yong Xu Ph.D., professor in the College of Engineering and Sean Wu Ph.D., professor in the College of Engineering at Wayne State University, are inventors of several technologies related to the development of a noninvasive blood-pressure monitoring device. The technologies are described in WSU Tech ID: 07-847, 13-1159, 14-1245, and 20-1620, and embodied in issued US patents 9,048,419 and 10,724,897, and pending US patent applications 16/484,608, and 63/298,375.

CardioSounds was founded in August of 2018 in Michigan. The founding CEO is Kevin Wittrup and Dr. Kapur, Dr. Xu and Dr. Wu are cofounders who act as advisors and have equity in the company. It is the intent of CardioSounds 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 CardioSounds, LLC in which Dr's Gaurav Kapur, Yong Xu and Sean Wu, Wayne State University employees, hold an equity position.

- (i) The parties involved in the contract are Wayne State University and CardioSounds, LLC.
- (ii) The contract will include the following provisions:
  - (a) Scope: Exclusive, worldwide license with the right to grant sublicenses;
  - (b) Field of Use: production of medical devices for cardiac monitoring, respiratory monitoring, or cardiac and respiratory monitoring;
  - (c) Duration: for the life of any patents on the University's licensed intellectual property or ten years following the first commercial sale of products utilizing the University's licensed intellectual property, whichever is later;
  - (d) Other terms:
    - (1) License issue fee of \$25,000;
    - (2) Anticipated Wayne State University-owned equity in Licensee;
    - (3) Liquidation event transaction fee;
    - (4) Licensee to reimburse past and future patent expenses;
    - (5) 3.5% Royalty on net revenue for licensed products covered by patent; 3.0% Royalty on net revenue for licensed products not covered by patent
    - (6) 10% of Sublicense fees;
    - (7) License Maintenance Fees and Milestone Fees;
  - (e) No University facilities or services of the University are included in the contract; and
  - (f) No University employees are assigned in connection with the contract.
- (iii) Drs. Gaurav Kapur, clinical associate professor of Pediatrics, Yong Xu, professor of Electrical & Computer Engineering, and Sean Wu, distinguished professor of mechanical engineering, have pecuniary interest of 8% ownership each in CardioSounds, LLC, and they will therefore have the potential to financially benefit from the commercialization of the University's intellectual property known as "noninvasive blood- pressure monitoring device."