

Conflicts of Interest Management Plan for Professor John Peabody

RE: The Start IP, Inc.

Date: February 2010

Potential conflicts of interest involving Professor John Peabody have been reviewed. A recommended course of action to manage this matter is set forth below.

Summary of Conflict

It has been ascertained that Professor John Peabody (i) has a Significant Financial Interest¹ in a company known as Start Up, Inc. (“Start Up”), and (ii) may have a Significant Financial Interest in one or more Consulting Companies, which require conflict management. The following facts are relevant to this matter.

1. The wife of Professor Peabody is the Chief Financial Officer of Start Up and receives compensation of approximately \$10,500 per year from Start Up. Professor Peabody has a current equity interest in Start Up which is more than 5% of the ownership interests in that organization. The principal office of Start Up is located in Professor Peabody’s home and Start Up currently has no other offices or laboratory facilities.
2. Equipment, material, and other physical assets of Start Up are located in University – owned facilities in which Professor Peabody is assigned to work.
3. Work activities of Start Up have been conducted at University facilities and no contractual arrangement for the use of such facilities has been entered into between University and Start Up.
4. There have been three (3) sponsored research projects at University which have been sponsored by Start Up. They are:
 - (a) XXXXXX – [Title];
 - (b) XXXXXX – [Title]; and
 - (c) XXXXXX – [Title].

Professor Peabody is listed as the Principal Investigator for all three (3) projects.

¹ Both the *Investigator Financial Disclosure Policy* of the National Science Foundation, and the *Objectivity in Research* rule promulgated by the National Institutes of Health mandate that an institution must maintain a policy which requires that an investigator disclose, and an institution manage or eliminate, conflicts of interest in research arising from the “significant financial interests” of the investigator in third party organizations. A “significant financial interest” includes (i) the investigator, either individually, or in the aggregate with his or her spouse and dependent children, receiving salary or payments exceeding \$10,000 from a third party organization in a twelve month period, or (ii) the investigator or his family having an equity interest in the third party organization which either (a) exceeds \$10,000 in value, or (b) accounts for more that 5% of the ownership interest in such third party organization.

5. Start Up has in its employ current University graduate students, who are also working on sponsored research projects between University and, among other sponsors, Start Up, all of which involve Professor Peabody as the Principal Investigator.
6. Professor Peabody's son, John Peabody, Jr., has worked on sponsored research projects in which Professor Peabody is the Principal Investigator.
7. (a) Professor Peabody has a consulting relationship with the following companies: Start Up; Genesis, Inc., and Pinnacle, Inc. None of these consulting agreements have been submitted to University's General Counsel for review and the intellectual property terms of such agreements are, therefore, unknown.

(b) Of these companies that Professor Peabody consults with, Professor Peabody is also the Principal Investigator for sponsored research projects involving the following companies: Start Up, Genesis, Inc.
8. It is unknown which of the above companies are companies in which Professor Peabody, either individually or in the aggregate with his spouse or dependent children, or John Peabody, Jr., has earned, for the 12 month period preceding the filing of his last Annual Disclosure with University, more than \$10,000 in consulting fees or other compensation from any such company. Any company which has provided fees or other compensation to Professor Peabody and/or family, as stated above, which are higher than \$10,000 during this period, will hereinafter be referred to as a "Consulting Company" (see Footnote 1, on page 1).
9. Start Up is interested in licensing certain technology from University. This technology has resulted or will result from sponsored research projects in which Professor Peabody has been the Principal Investigator and a listed inventor on the resulting patents. This technology may also relate to ongoing University work of Professor Peabody, for which he is expected to solicit third party and government sponsored research awards to fund future University research projects.

Conflicts Management Plan

1. Any current or future project which is (i) sponsored by or involves in any manner Start Up or (ii) is a project sponsored by or involves in any manner a Consulting Company, must involve the Vice President for Research or his or her designee (hereinafter "Conflicts Manager" or "CM").
2. The management plan for any such project shall also require that Professor Peabody and the CM will discuss and agree upon the design, conduct, and reporting of the research for such project.

3. Professor Peabody and the CM will also be required to discuss any such project with the Dean of the School of Science, and obtain his/her written approval for the design, conduct, and reporting of any such research project. The Provost shall also be provided notice of this approval.
4. Professor Peabody shall take all necessary steps to immediately arrange for the removal of all Start Up equipment, material and physical assets from any University facilities for which a contractual right to allow such use has not been secured.
5. Professor Peabody shall cause the immediate cessation of any and all Start Up work on the premises of University.
6. Professor Peabody shall immediately terminate any employment relationship between Start Up and any current University student or post-doc who is also either supervised or advised by Professor Peabody in their studies at University and/or who is working on a University project for which Professor Peabody is the Principal Investigator.
7. Pursuant to Article 4 of University's Human Resources Policy Guidelines (1999) Professor Peabody may not directly engage in a supervisory or managerial relationship over John Peabody, Jr., in any of the University activities of John Peabody, Jr.
8. All of Professor Peabody's ongoing and future contracts for any project involving technology directly related to the claims contained in the patents and intellectual property which has been or may in the future be licensed to Start Up or any Consulting Company must be reported to the CM. Professor Peabody shall obtain the written approval of the Dean of the School of Science for the design, conduct, and reporting of such project and the Provost shall also be provided notice of this approval.
9. The Vice President for Research shall be charged with the responsibility of managing this conflict management plan. If any party is dissatisfied with the disposition of any matter by the Vice President for Research, he or she may appeal to the University's IP Appeals Committee.
10. Professor Peabody and his CM will provide the names of any University students, faculty members, or employees who will work on (i) a project involving Start Up, (ii) any project involving a Consulting Company, and/or (iii) involving technology directly related to the claims of the patents and other intellectual property proposed or contemplated to be licensed to Start Up or Consulting Company, to the Dean of the School of Science and obtain his/her written approval for the use of those students or employees and faculty members on such project. The Provost shall also be provided notice of this approval.
11. Any significant use of University resources, including University students, on a future project of importance to Start Up or a Consulting Company shall be considered a potential conflict of interest and are to be reported for review and approval through the COI reporting requirements as set forth in the University Conflicts of Interest Policy.

12. The potential conflict of interest that Professor Peabody has in his relationship with Start Up or a Consulting Company is to be disclosed in his requests for funding from industrial sponsors or state or federal agencies, to the extent required by University, or by law or by the rules of the agencies or companies involved.
13. Should Professor Peabody cause the publication of any article or paper regarding the patents and intellectual property proposed or contemplated to be licensed to Start Up or a Consulting Company, he shall, in such publication or paper, disclose his relationship and interest in such entities.
14. Professor Peabody will keep the Committee on Conflicts of Interest informed of any change in his relationship with Start Up or a Consulting Company, including a change in ownership interest in Start Up.
15. Professor Peabody will not act as an advisor or supervisor for any student or post-doc who is also contemporaneously employed by Start Up or a Consulting Company. Any student or post-doc who is working on a University project for which Professor Peabody is the Principal Investigator may not be contemporaneously employed by Start Up or a Consulting Company.
16. Any technology licenses resulting from Professor Peabody's work on these or any future projects will be negotiated at arms' length with University through its Technology Transfer Office, in accordance with university policy.
17. Any requests by Start Up or any Consulting Company to license intellectual property from University, in which Professor Peabody is an inventor or co-inventor, or which emanates from any project in which Professor Peabody is involved, are to be reviewed by the Conflicts of Interest Committee of the University.
18. Facilities and equipment owned or in the possession of University which is available for third party use may be used by Start Up or any Consulting Company (including use by Professor Peabody in his role as agent, officer, employee or consultant to these entities) only under the terms set forth below. All use pursuant to these terms must be documented in writing.
 - a. For Cost Center facilities use, such as use of the University "Industrial Computer laboratory":
 - i. Such entity shall enter into a fee-for-use agreement with University; and
 - ii. Intellectual Property which results from such use will be owned by such entities, consistent with the rules of the involved cost center facility.
 - b. For Facilities or Equipment in place in University laboratories, etc.:
 - i. Such entities may arrange for such use as time permits;
 - ii. Usage fees shall apply;

- iii. Except as provided in subdivision 18 (b) (iv) below, use by such entities of such Facilities or Equipment shall be considered Significant Use of University Support and, as per the terms of the University's Intellectual Property Policy, any resulting Intellectual Property shall be owned by University, with all users required to sign and abide by the University's Intellectual Property Policy; and
 - iv. Use of Facilities or Equipment for the generation of test results or other similar data which does not constitute information or technology protectable under patent or copyright laws shall not be considered Significant Use of University Support, and will be owned by such entities.
19. To avoid the appearance of or potential for bias, should Professor Peabody participate in the conducting of any clinical trials, or participate in the interpretation of the results of such clinical trials, that pertain to medical applications of the patents or intellectual property that is proposed or contemplated to be licensed from University to Start Up or any Consulting Company, such participation must involve the CM as well as the Chair of the University's Institutional Review Board (IRB). Professor Peabody, the CM and the IRB Chair will discuss and agree upon the design, conduct and reporting of such clinical trials. Professor Peabody and the CM will also be required to discuss all such clinical trials with the Dean of the School of Science, and obtain his/her written approval for the design, conduct and reporting of all such clinical trials. The Provost shall also be provided notice of this approval.
20. All consulting agreements between Professor Peabody and any third party, including Start Up and any Consulting Company, shall be reviewed and approved by the Institute Office of General Counsel, to the extent required by Article 3 of the University's Faculty Handbook. The purpose of this review, among other things, is to obtain clarity regarding possibly conflicting terms regarding intellectual property rights, review possible Bayh-Dole issues, and to review issues regarding possible conflict of commitment and the amount of time to be spent by Professor Peabody on projects for a third party.
21. Any violation of the conflicts management plan may be grounds for disciplinary action, up to and including termination, and will be handled in accordance with the processes set forth in applicable rules and regulations of the Institute, including, without limitation, the University Conflicts of Interest Policy, the University Employee Handbook, and the University Faculty Handbook.

Recommendations

It appears that the disclosed involvement does not constitute a harmful interest, and is a manageable conflict, and I, therefore, recommend that the Conflicts Management Plan set forth above be referred to the University's Conflicts of Interest Committee for approval.

Approval of University Conflicts of Interest Committee:

Approve of Recommendation: Yes_____ No _____

Chair - University Conflicts of Interest Committee Date

Acceptance by Employee

I understand that my signature below signifies that I have reviewed and understand the conflict management plan set forth above and that I agree to abide by it.

John Peabody Date

Enclosures