

BEFORE THE
INTELLECTUAL PROPERTY SUBCOMMITTEE
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
TO THE
CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT
REGULAR MEETING

LOCATION: STANFORD UNIVERSITY
PAUL BERG HALL
LA KA SHING CENTER FOR LEARNING
290 CAMPUS DRIVE
STANFORD, CALIFORNIA

DATE: WEDNESDAY, AUGUST 24, 2011
5 P.M.

REPORTER: BETH C. DRAIN, CSR
CSR. NO. 7152

BRS FILE NO.: 90701

BARRISTERS' REPORTING SERVICE

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BARRISTERS' REPORTING SERVICE

1 STANFORD, CALIFORNIA; WEDNESDAY, AUGUST 24, 2011

2 5 P.M.

3
4 CHAIRMAN JUELSGAARD: I'D LIKE TO START
5 THE MEETING OF THE INTELLECTUAL PROPERTY
6 SUBCOMMITTEE OF THE CALIFORNIA INSTITUTE OF
7 REGENERATIVE MEDICINE. FIRST OF ALL, I'D LIKE TO
8 WELCOME ALL OF YOU HERE FOR THIS VERY FIRST
9 SUBCOMMITTEE MEETING.

10 I REALLY WANTED TO HAVE THE FIRST MEETING
11 IN PERSON BECAUSE I THINK IT'S JUST A BETTER WAY TO
12 GET STARTED RATHER THAN TRYING TO CONDUCT SOMETHING
13 OVER THE TELEPHONE. AND IN THE FUTURE WE'LL, I'M
14 SURE, HAVE AN OPPORTUNITY TO HAVE TELEPHONIC
15 MEETINGS. BUT FOR ME IT WAS IMPORTANT TO HAVE
16 SOMETHING TO DO IN PERSON. AND I'M GLAD THAT THOSE
17 OF YOU WHO CAN MAKE IT MADE IT YET THIS EVENING IN
18 SPITE OF THE FACT THAT THE BOARD MEETING DOESN'T
19 REALLY START UNTIL TOMORROW. SO I REALLY APPRECIATE
20 YOUR MAKING THE EFFORT TO BE HERE.

21 SO, ANYWAY, WITH THAT BRIEF INTRODUCTION,
22 MELISSA, WOULD YOU CALL THE ROLL, PLEASE.

23 MS. KING: SUSAN BRYANT.

24 DR. BRYANT: HERE.

25 MS. KING: MICHAEL GOLDBERG.

BARRISTERS' REPORTING SERVICE

1 MR. GOLDBERG: HERE.

2 MS. KING: TED LOVE. STEVE JUELSGAARD.

3 CHAIRMAN JUELSGAARD: HERE.

4 MS. KING: FRANCISCO PRIETO. DUANE ROTH.

5 MR. ROTH: HERE.

6 MS. KING: JEFF SHEEHY. OSWALD STEWARD.

7 DR. STEWARD: HERE.

8 MS. KING: AND JONATHAN THOMAS.

9 CHAIRMAN THOMAS: HERE.

10 CHAIRMAN JUELSGAARD: THANK YOU, MELISSA.

11 WELL, WE HAVE FUNDAMENTALLY THREE ITEMS OF BUSINESS
12 TO ADDRESS AT THE MEETING THIS AFTERNOON. AND THE
13 FIRST ONE ESSENTIALLY IS TO REVIEW THE MISSION OF
14 THIS SUBCOMMITTEE, WHICH, AS YOU WILL REMEMBER, WAS
15 CREATED AT THE BOARD MEETING EARLIER THIS SUMMER IN
16 JUNE IN SAN DIEGO. AND I THOUGHT IT WOULD BE
17 WORTHWHILE JUST TO GO BACK AND QUICKLY REVIEW WHAT
18 IT IS THAT OUR CHARGE IS IN THIS SUBCOMMITTEE AND
19 THEN WE'RE GOING TO SPEAK, TALK A LITTLE BIT OR HAVE
20 SOME FEEDBACK ON A COUPLE OF THE ISSUES THAT WE'VE
21 BEEN CHARGED WITH. AND THEN WE'LL LOOK AT A
22 PROPOSAL TO EXPAND THE SCOPE OF THE MISSION OF THIS
23 SUBCOMMITTEE.

24 SO I ASSUME BY NOW YOU ALL HAVE RECEIVED
25 IN FRONT OF YOU SOME OF THE MATERIALS FOR TODAY'S

BARRISTERS' REPORTING SERVICE

1 MEETING. AND THE FIRST SET OF MATERIALS IS REALLY
2 THE RESOLUTION THAT FORMED THIS SUBCOMMITTEE,
3 CONSTITUTED IT AT THE LAST BOARD MEETING. AND ON
4 THE BACK PAGE OF THE MATERIALS THAT RELATE TO THIS
5 AGENDA ITEM NO. 3 ARE THE FIVE AREAS THAT THE BOARD
6 FELT WE SHOULD HAVE RESPONSIBILITY FOR IN TERMS OF
7 DEALING WITH ISSUES.

8 AND YOU CAN ALL READ THEM. I DON'T NEED
9 TO READ THEM TO YOU. I THINK THE FIRST ONE HAS, FOR
10 THE TIME BEING, ALREADY BEEN EFFECTUATED. THAT
11 DOESN'T MEAN THAT THERE AREN'T CHANGES,
12 IMPROVEMENTS, ENHANCEMENTS THAT WE MIGHT MAKE IN THE
13 FUTURE; BUT AS OF RIGHT NOW, CERTAINLY NOTHING HAS
14 COME TO MY ATTENTION. I DON'T KNOW IF ANYTHING HAS
15 COME TO ANY OF THE OTHER COMMITTEE MEMBERS'
16 ATTENTION THAT WE NEED TO DO DIFFERENTLY WITH
17 RESPECT TO OUR INTELLECTUAL PROPERTY STANDARDS. BUT
18 IF SUCH ISSUES ARISE, THEN WE'LL PICK THEM UP.

19 THE NEXT ONE IS CONSIDERING INTELLECTUAL
20 PROPERTY IMPLICATIONS OF OUR COLLABORATIONS WITH A
21 BROAD VARIETY OF OTHER INSTITUTIONS LOCATED NOT JUST
22 HERE IN CALIFORNIA OR HERE IN THE UNITED STATES, BUT
23 ALSO OUTSIDE THE U.S. THAT'S SOMETHING, TO BE
24 HONEST WITH YOU, I NEED TO GET TO KNOW A LITTLE BIT
25 MORE ABOUT, AND IN PARTICULAR THE EXTRA TERRITORIAL

BARRISTERS' REPORTING SERVICE

1 NATURE OF SOME OF OUR INVOLVEMENTS AND HOW WE INTEND
2 TO ADDRESS THE INTELLECTUAL PROPERTY ASPECTS OF THEM
3 SINCE INTELLECTUAL PROPERTY, PARTICULARLY PATENTING,
4 IS A CREATURE OF FEDERAL OR STATE LAW, STATE MEANING
5 INDIVIDUAL COUNTRIES AS OPPOSED TO THE 50 U.S.
6 STATES, AND CAN DIFFER FROM JURISDICTION TO
7 JURISDICTION. AND EVEN THE INSTITUTIONS WITHIN
8 THOSE JURISDICTIONS CAN HAVE DIFFERENT REQUIREMENTS
9 REGARDING INTELLECTUAL PROPERTY IMPOSED BY SOME
10 GOVERNMENTAL BODIES.

11 SO I THINK THAT'S SOMETHING WE NEED TO
12 EXPLORE A LITTLE BIT MORE AS TIME GOES ON AND
13 PARTICULARLY IF WE'RE GOING TO BE MORE INVOLVED ON
14 THE INTERNATIONAL SCALE -- IN THE INTERNATIONAL
15 ARENA, WHICH I BELIEVE IS APPROPRIATE FOR THIS
16 INSTITUTION TO BE INVOLVED MORE GLOBALLY SINCE STEM
17 CELL THERAPY AT THE END OF THE DAY IS A GLOBAL
18 PROPOSITION, AND THE DISEASES THAT STEM CELL THERAPY
19 MAY SOMEDAY TREAT ARE GLOBAL IN NATURE.

20 ANYWAY.

21 CHAIRMAN THOMAS: CAN I ASK A QUESTION ON
22 THAT, MR. CHAIR? PERHAPS THIS IS OF ELONA OR SCOTT.
23 IF WE'RE IN ONE OF OUR COLLABORATIVE FUNDING
24 AGREEMENTS AND WE HAVE INTELLECTUAL PROPERTY RIGHTS
25 ATTACHING TO BOTH SIDES, WHAT IS THE CURRENT WAY IN

BARRISTERS' REPORTING SERVICE

1 WHICH YOU RECONCILE DIFFERENCES IN INTELLECTUAL
2 PROPERTY LAW BETWEEN THE COUNTRIES AT ISSUE?

3 MS. BAUM: I CAN RESPOND TO THAT. SO
4 RIGHT NOW WE DO NOT OWN -- CIRM DOES NOT REQUIRE ANY
5 INTELLECTUAL PROPERTY RIGHTS IN ANY GRANTEE OR
6 EX-U.S. BUT WHAT WE DO DO IS THAT WE REQUIRE THAT
7 FOR FUNDING THAT WE MAKE SURE THAT THE TWO PARTIES
8 HAVE AN IP AGREEMENT AS BETWEEN THEMSELVES BECAUSE
9 WE KNOW THAT THAT COULD ACTUALLY SORT OF REALLY
10 DELAY THE FUNDING.

11 AND AS PART OF THAT, WE REQUIRE THAT THEY
12 ADHERE TO THEIR REGULATIONS, THAT OUR GRANTEES
13 ADHERE TO OUR REGULATIONS, AND SOMETIMES WE HAVE
14 OTHER PROVISIONS THAT WE MIGHT DECIDE THAT WE WILL
15 TRY TO NEGOTIATE THAT WOULD BE REQUIRED AS PART OF
16 THE CIRM CO-FUNDER AGREEMENT IN TERMS OF MAYBE SOME
17 ACCESS AND PRICING, BUT NOT ALWAYS.

18 CHAIRMAN THOMAS: DO WE HAVE IN OUR FILES
19 ALL OF THOSE INTELLECTUAL PROPERTY GRIEVANCES
20 BETWEEN THE TWO PARTIES?

21 MS. BAUM: WE DO. WE ACTUALLY REVIEW
22 THEM, AND WE KEEP COPIES OF THEM. SO NANCY COULD
23 PROBABLY GET THEM FOR YOU, BUT THEY'RE IN THE LEGAL
24 DEPARTMENT. WE'LL GET THEM TO YOU IF YOU WANT TO
25 SEE THEM.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN THOMAS: DO WE DO ANYTHING
2 BESIDES REVIEW? DO WE EVER COMMENT OR SUGGEST?

3 MS. BAUM: OH, ABSOLUTELY. YES. YES. WE
4 SAY WE WANT TO SEE THIS, WE WANT TO SEE THAT.
5 BASICALLY WE DON'T THINK THEY AGREE TO THIS. AND
6 IT'S A NEGOTIATION. AND I'VE BEEN PART OF SOME OF
7 THOSE NEGOTIATIONS WHERE WE WEREN'T HAPPY WITH THE
8 INITIAL AGREEMENTS AND MADE THEM GO BACK TO THE
9 DRAWING BOARD. AND THEY END UP IN A WAY THAT WE
10 FIND SATISFACTORY.

11 CHAIRMAN THOMAS: HAS THIS BEEN THE CASE
12 IN ALL OF THEM? AT THE END OF THE DAY, WE'RE HAPPY
13 WITH EACH OF THOSE AGREEMENTS?

14 MS. BAUM: YES. I THINK WE STRIKE THE
15 RIGHT BALANCE.

16 CHAIRMAN JUELSGAARD: SO THIS COLLOQUY
17 RAISES FOR ME A QUESTION WHICH I HAVE THOUGHT A
18 LITTLE BIT ABOUT AND I THINK IS SOMETHING THAT
19 PERHAPS WITH THE LAST AGENDA ITEM WE CAN DISCUSS A
20 LITTLE BIT MORE. AND THAT'S CIRM'S ATTITUDE
21 VIS-A-VIS PATENTS.

22 SO I WOULD CHARACTERIZE THAT ATTITUDE
23 RIGHT NOW AS ESSENTIALLY MOSTLY LAISSEZ FAIRE, WHICH
24 IS IF AN ACADEMIC INSTITUTION IS INVOLVED IN
25 RESEARCH AND DERIVES AN INVENTION, WE SIMPLY LEAVE

BARRISTERS' REPORTING SERVICE

1 IT TO THEM TO MAKE A DECISION AS TO WHETHER TO FILE
2 A PATENT REGARDING THAT INVENTION. THERE MAY BE
3 SOME ENCOURAGEMENT ON CIRM'S PART, BUT I DON'T SENSE
4 THERE'S ANY REQUIREMENT. AND THAT SEEMS TO BE THE
5 POLICY OF THE ORGANIZATION.

6 OBVIOUSLY YOU CAN HAVE DIFFERENT LEVELS OF
7 EXPECTATIONS REGARDING THE CREATION OF PROTECTION
8 FOR INTELLECTUAL PROPERTY DEPENDING UPON WHAT YOU
9 DESIRE. AND ONE OF THE THINGS THAT MIGHT BE
10 WORTHWHILE AT SOME POINT TO TALK A LITTLE BIT MORE
11 ABOUT IS WHETHER WE WANT TO HAVE GREATER
12 EXPECTATIONS FROM THE RESEARCH INSTITUTIONS THAT WE
13 FUND IN TERMS OF PROVIDING INTELLECTUAL PROPERTY
14 PROTECTION. I DON'T MEAN TO DEAL WITH THAT RIGHT
15 NOW, BUT I THINK IT'S A TOPIC THAT BEARS PERHAPS A
16 LITTLE BIT OF DISCUSSION AT SOME POINT.

17 MR. ROTH: SO THERE IS QUITE A BIT OF
18 HISTORY AROUND THAT. AND, IN GENERAL, WHAT WE DID
19 IS FOLLOW THE NATIONAL INSTITUTE OF HEALTH
20 GUIDELINES. AND SO THEY ALSO DO NOT GET INVOLVED.
21 IT'S UP TO THE INSTITUTION TO MAKE THE FILING.
22 THAT'S WHAT OUR GRANT RECIPIENTS FOR THE MOST PART
23 ARE ACCUSTOMED TO.

24 SO I THINK ON THE SIDE OF THESE LATER
25 AGREEMENTS THAT WE'VE BEEN TALKING ABOUT, THERE MAY

BARRISTERS' REPORTING SERVICE

1 BE PEOPLE THAT ARE NOT AS FAMILIAR WITH THESE
2 MULTI-INSTITUTIONAL KIND OF RELATIONSHIPS, AND I
3 THINK IT'S GOOD THAT WE'RE TAKING A LOOK AT THOSE TO
4 MAKE SURE THEY'RE STRUCTURED CORRECTLY. BUT TERMS
5 AND ALL OF THAT, I THINK, PROBABLY -- I FIND THAT
6 THESE INSTITUTES ARE PRETTY SOPHISTICATED. STANFORD
7 CERTAINLY HAS A VERY GOOD SYSTEM AND THE UNIVERSITY
8 OF CALIFORNIA FOR IP.

9 CHAIRMAN JUELSGAARD: I UNDERSTAND THAT.
10 I UNDERSTAND THAT THERE ARE INSTITUTIONS THAT ARE
11 REALLY QUITE VERY CAPABLE AROUND PROTECTING
12 INTELLECTUAL PROPERTY. BUT AS WE EXPAND AND INVOLVE
13 MORE AND MORE INSTITUTIONS, I DON'T NECESSARILY KNOW
14 THAT THAT WILL ALWAYS BE THE CASE. AND I UNDERSTAND
15 HISTORICALLY THAT THE ATTITUDE HAS BEEN ONE THAT'S
16 VERY SIMILAR TO THE NIH, AND THAT MAY BE FINE AND
17 APPROPRIATE TO CONTINUE INDEFINITELY, BUT I THINK
18 IT'S WORTH AT LEAST HAVING A BIT OF DISCUSSION
19 AROUND THAT. THIS IS A LITTLE DIFFERENT
20 INSTITUTION; AND ULTIMATELY BEYOND PROVIDING MONEY
21 TO REALLY TRY AND ADVANCE STEM CELL THERAPY, THERE'S
22 AN ADDITIONAL CHARGE, WHICH IS TRYING TO EARN SOME
23 RETURN ON WHATEVER THERAPIES MAY BE DEVELOPED FOR
24 THE TAXPAYERS OF CALIFORNIA.

25 AND IT'S REALLY THAT SECOND ASPECT OF WHAT

BARRISTERS' REPORTING SERVICE

1 WE'RE ABOUT THAT SPEAKS TO THE POSSIBILITY OF MAYBE
2 BEING A LITTLE MORE -- HAVING A LITTLE LARGER
3 REQUIREMENTS AROUND INTELLECTUAL PROPERTY. BUT
4 LET'S NOT HAVE THAT DISCUSSION NOW. I THINK THAT'S
5 WORTH TALKING ABOUT LATER.

6 DR. TROUNSON: I JUST WANTED TO MAKE A
7 COMMENT, IF I MAY. WE'VE BEEN TALKING TO THE HEADS
8 OF THE STEM CELL GROUPS. AND IN THE LAST FEW YEARS,
9 PARTICULARLY AT THE UNIVERSITY OF CALIFORNIA, BUT
10 ALSO SOME OF THE OTHER INSTITUTIONS, BECAUSE OF THE
11 ECONOMIC CLIMATE, IT'S MUCH MORE DIFFICULT, MUCH
12 MORE DIFFICULT TO GET WORK PATENTED AND MUCH MORE
13 DIFFICULT CASE TO PUT TO THE PATENTS OFFICE BECAUSE
14 ESSENTIALLY THE BUDGETS HAVE BEEN TRIMMED DOWN IN
15 THAT AREA. AND YOU'D GET THAT RESPONSE FROM, I
16 THINK, ALL OF THE DEANS ALMOST, PEOPLE IN THOSE
17 INSTITUTIONS.

18 BUT THE SCIENTISTS WERE TELLING US, WE
19 MEET WITH THE HEADS OF THE SCIENCE INSTITUTES, THAT
20 IT WAS A PROBLEM. AND THEY FELT THAT THEY WERE NOT
21 ADEQUATELY COVERING SOME OF THE INTELLECTUAL
22 PROPERTY THAT WAS INVOLVED WITH OUR WORK.

23 SO THERE WAS A CONCERN. AND ELONA AND I
24 AND ALSO THE PREVIOUS CHAIR HAVE HAD SOME
25 DISCUSSIONS WITH THE TECHNOLOGY TRANSFER UNITS IN

BARRISTERS' REPORTING SERVICE

1 SOME OF THE INSTITUTES. AND IT IS PRETTY CLEAR ALSO
2 FROM THEM THAT THEY FELT THAT THE UTILIZATION OF THE
3 INTELLECTUAL PROPERTY WASN'T OPTIMUM IN THAT THE
4 LACK OF KNOWLEDGE REALLY ACROSS THE BASE SOMETIMES
5 MEANT THAT INTELLECTUAL PROPERTY THAT WAS THERE
6 WASN'T BEING UTILIZED AS WELL AS IT MIGHT.

7 WE FELT THAT THERE MAY BE A ROLE FOR US IN
8 POOLING IP IN ORDER TO MAKE PEOPLE AWARE, COMMERCIAL
9 COMPANIES AWARE, OF THOSE KINDS OF THINGS. SO WE'VE
10 BEEN TRYING TO LOOK INTO WHETHER THERE WAS A BROADER
11 COMPONENT THAT WE SHOULD BE INVOLVED WITH. AND THAT
12 REALLY WAS THE BASIS OF GOING TO THE BOARD LOOKING
13 FOR ADDITIONAL FUNDS IN INTELLECTUAL PROPERTY.

14 CHAIRMAN JUELSGAARD: THANKS. LET'S JUST
15 PUT THIS ISSUE ASIDE. I DIDN'T MEAN TO PROVOKE A
16 LARGE DISCUSSION RIGHT QUITE YET, ALTHOUGH I SEEM TO
17 HAVE DONE THAT.

18 ANYWAY, WE WILL TALK ABOUT THIS A LITTLE
19 BIT MORE IN THE LAST TRUE BUSINESS ITEM BEFORE THE
20 END OF THIS MEETING IF WE HAVE ENOUGH TIME BECAUSE
21 THERE IS -- I WANT TO HAVE A DISCUSSION AROUND WHAT
22 YOU WERE JUST TALKING ABOUT, ALAN, THE POTENTIAL
23 NEED FOR FINANCIAL SUPPORT AT CERTAIN ACADEMIC
24 INSTITUTIONS IN TERMS OF PATENTING THINGS AND WHAT
25 KINDS OF THINGS WE MIGHT THINK ABOUT IN THAT REGARD.

BARRISTERS' REPORTING SERVICE

1 ALL RIGHT. SO THE NEXT TWO CHARGES THEN
2 REALLY RELATE TO WHAT'S HAPPENING, GENERALLY
3 SPEAKING, PARTICULARLY ON THE PATENTING FRONT, IN
4 THE U.S. AND ALSO WHAT'S HAPPENING IN EUROPE IN A
5 VERY SPECIFIC INSTANCE WHICH HAS TO DO WITH WHETHER
6 STEM CELLS ARE PATENTABLE FROM THE EUROPEAN COURT OF
7 JUSTICE POINT OF VIEW.

8 AND I ASKED ELONA TO PUT TOGETHER SOME
9 SLIDES AND JUST GIVE US A LITTLE UPDATE ON WHAT'S
10 HAPPENING BOTH WITH RESPECT TO THE U.S. PATENT
11 LEGISLATION. AS YOU MAY RECALL, AT THE LAST BOARD
12 MEETING THERE WAS A DISCUSSION AROUND THAT. THERE
13 WAS ONE ASPECT OF PENDING PATENT LEGISLATION THAT WE
14 PASSED A RESOLUTION AS A BOARD RELATING TO
15 ESSENTIALLY SAYING WE WOULD OPPOSE THE NEW PATENT
16 LEGISLATION IF THE ONE ELEMENT OF IT THAT REFERRED
17 TO THE TERM "HUMAN ORGANISM" REMAINED IN THE PATENT
18 LEGISLATION. AND THERE HAS BEEN SOME ACTIVITY ON
19 OUR PART SINCE THEN. LET ME JUST TURN THE MEETING
20 OVER QUICKLY TO ELONA TO KIND OF TAKE US THROUGH
21 KIND OF WHERE WE ARE ON ITEMS 3 AND 4.

22 MS. BAUM: THANK YOU, STEVE. I JUST HAVE
23 A FEW SLIDES. THEY'RE A LITTLE DENSE IN TERMS OF A
24 LOT OF TEXT, BUT I'LL TRY TO GET TO THE POINT PRETTY
25 QUICKLY.

BARRISTERS' REPORTING SERVICE

1 SO AS YOU ALL KNOW, THERE IS FOR A LONG
2 TIME NOW AN EFFORT TO REHAUL THE PATENT LEGISLATION
3 IN THE UNITED STATES. AND IT FINALLY LOOKS LIKE
4 IT'S COMING TO FRUITION. AND WE TALKED ABOUT THIS
5 IN DETAIL. THERE ARE SOME ASPECTS THAT
6 SIGNIFICANTLY CHANGE THAT LEGISLATION IN TERMS OF
7 CREATING A FIRST-TO-FILE NATION, WHICH WOULD BE
8 CONSISTENT WITH OTHER NATIONS AROUND THE WORLD. AS
9 STEVE MENTIONS, THERE WAS A PROVISION THAT WAS
10 PLACED IN THE HOUSE VERSION OF THE BILL THAT SAYS NO
11 PATENT MAY ISSUE ON A CLAIM DIRECTED TO OR
12 ENCOMPASSING A HUMAN ORGANISM. WE WERE WONDERING
13 WHAT THE STATUS OF THAT IS.

14 SO I DID A LITTLE RESEARCH, AND THESE
15 SLIDES WILL INDICATE WHERE THAT STANDS RIGHT NOW.
16 BUT BEFORE I GET TO THAT, I JUST WANTED TO SORT OF
17 REMIND EVERYBODY ABOUT THE ICOC MOTION WITH REGARDS
18 TO LOOKING AT THE PATENT LEGISLATION. AND WHAT IT
19 CONCLUDED WAS PROVIDING AUTHORITY TO THE CHAIR AND
20 VICE CHAIR OF THE LEGISLATIVE SUBCOMMITTEE TO DRAFT
21 A LETTER TO COMMUNICATE A FEW THINGS, THE FIRST ONE
22 BEING OPPOSITION TO THE SENATE BILL IF IT ACTUALLY
23 CONTAINS THAT LANGUAGE, AND IF THAT LANGUAGE, THE
24 HUMAN ORGANISM LANGUAGE, WAS INTENDED TO BLOCK
25 PATENTING FOR HUMAN ORGANS AND TISSUES. IT ALSO

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1 GAVE AUTHORITY TO PROVIDE STRONG POSITION OR TO
2 VOICE CIRM'S STRONG POSITION THAT IT'S VITAL FOR THE
3 U.S. PATENT AND TRADE OFFICE TO HAVE ADEQUATE STAFF
4 AND TO OPPOSE ANY DIVERSION OF FEES FOR IT.

5 WITH RESPECT TO WHERE THE BILL STANDS, THE
6 SENATE IS EXPECTED TO SOON ADOPT IN EARLY SEPTEMBER
7 A VERSION OF THE HOUSE BILL THAT DOES, IN FACT,
8 INCLUDE THIS TERMINOLOGY, THE HUMAN ORGANISM
9 TERMINOLOGY. SO THE QUESTION IS IS WHAT DOES IT
10 MEAN.

11 IT HAS A HISTORY. IT COMES FROM WHAT'S
12 KNOWN AS THE WELDON AMENDMENT. AND THAT AMENDMENT
13 WAS ESSENTIALLY THAT PROVISION BEING PLACED IN
14 APPROPRIATIONS PROVISIONS EVERY YEAR SINCE 2004 FOR
15 THOSE FUNDING BILLS THAT SUPPORT THE U.S. PATENT
16 OFFICE. AND IT'S JUST GENERALLY AGREED THAT IT
17 WASN'T INTENDED TO BAR STEM CELL SCIENCE AND IN
18 PARTICULAR EMBRYONIC STEM CELL SCIENCE. THE THOUGHT
19 IS THAT IT WAS INTENDED TO ACTUALLY APPLY TO HUMAN
20 EMBRYOS AND FETUSES AND HUMAN ANIMAL CHIMERAS.

21 SO THAT SAID, THOUGH, THERE'S NO EXPLICIT
22 DEFINITION IN THE CURRENT HOUSE BILL THAT IS
23 SUPPOSEDLY GOING TO BE ADOPTED VERBATIM BY THE
24 SENATE. AND SO THERE COULD BE SOME CONCERN THAT,
25 ABSENT ANY CLARIFICATION ON THAT, THAT THIS COULD

BARRISTERS' REPORTING SERVICE

1 PRESENT SOME CHALLENGES IN THE FUTURE. AND AS A
2 RESULT, I UNDERSTAND THAT A LETTER WAS WRITTEN TO
3 SENATOR FEINSTEIN EXPRESSING CONCERN ABOUT THAT AND
4 ASKING FOR SOME CLARIFYING LANGUAGE. I BELIEVE IT
5 WENT OUT IN EARLY AUGUST. AND I COULD PROVIDE
6 COPIES TO EVERYBODY.

7 DR. BRYANT: FROM CIRM?

8 MS. BAUM: FROM CIRM, YES. ACTION WAS
9 ALREADY TAKEN ON THAT FRONT.

10 CHAIRMAN JUELSGAARD: LET ME JUST ADD A
11 LITTLE BIT TO THAT. THE LETTER WHICH I HAVE SEEN
12 ESSENTIALLY ASKED SENATOR FEINSTEIN, WHO'S A MEMBER
13 OF THE SENATE JUDICIARY COMMITTEE, AND THAT'S THE
14 COMMITTEE ON THE SENATE SIDE THAT CONSIDERS PATENT
15 REFORM LEGISLATION, ESSENTIALLY TO DO ONE OF TWO
16 THINGS, FOR THAT COMMITTEE TO DO ONE OF TWO THINGS
17 IN TERMS OF THEIR RECONSIDERATION OF THIS ISSUE IN
18 JOINT CONFERENCE. AND THAT WOULD BE EITHER TO
19 ELIMINATE THE WORD "HUMAN ORGANISM" AND REPLACE IT
20 WITH SOMETHING ELSE THAT'S MORE AKIN TO THE LANGUAGE
21 AT THE VERY BOTTOM OF THIS SLIDE. SO BEING VERY
22 SPECIFIC, HUMAN ORGANISM IS A BIG TERM, AT LEAST
23 FROM MY POINT OF VIEW. OR THE OTHER WOULD BE TO
24 EXPLICITLY DEFINE WHAT IS NOT A HUMAN ORGANISM,
25 WHICH IS ESSENTIALLY THE LANGUAGE THAT WAS READ ON

BARRISTERS' REPORTING SERVICE

1 THE HOUSE FLOOR BY THE HEAD OF THE HOUSE JUDICIARY
2 COMMITTEE, WHICH IS WHERE THIS LEGISLATION WAS TAKEN
3 UP ON THE HOUSE SIDE.

4 AND THERE WERE SORT OF FOUR CATEGORIES OF
5 THINGS THAT WERE READ INTO THE RECORD THAT WERE
6 ACCEPTED FROM HUMAN ORGANISM, ONE OF THEM BEING STEM
7 CELLS. SO IF WE CAN MAKE THAT EXPLICIT AND PUT THAT
8 ACTUALLY INTO THE LANGUAGE OF THE BILL AS TO WHAT
9 WAS NOT A HUMAN ORGANISM, THAT WOULD ELIMINATE THE
10 ISSUE AS WELL.

11 IN THE ABSENCE OF EITHER ONE OF THOSE
12 THINGS HAPPENING, EITHER COMPLETELY CHANGING THE
13 DEFINITION OR LEAVING THE WORDS, BUT TALKING ABOUT
14 WHAT'S NOT WITHIN THE DEFINITION, YOU'RE THEN LEFT
15 WITH, IF THIS EVER BECOMES A BATTLE ABOUT THE
16 INTERPRETATION OF THIS LANGUAGE, IT REALLY IS WHAT
17 ROLE THE READING INTO THE RECORD, THE LEGISLATIVE
18 RECORD, WHAT IT'S NOT INTENDED TO BE, WHAT IMPORT
19 WILL BE GIVEN THAT BY A COURT. AND THAT'S NEVER A
20 GREAT PLACE TO BE IF YOU CAN DO SOMETHING THAT'S
21 MORE DEFINITIVE THAN THAT. SO I GUESS WE'LL SEE.

22 MS. BAUM: EXACTLY. HOPEFULLY WE GET SOME
23 DEFINITIVE DEFINITION OR SOME ACTION THAT ELIMINATES
24 THAT.

25 CHAIRMAN THOMAS: ELONA, ONE MORE

BARRISTERS' REPORTING SERVICE

1 QUESTION. DO WE KNOW OF OTHER GROUPS THAT HAVE SORT
2 OF JOINED IN OUR APPROACH HERE?

3 MS. BAUM: I DON'T KNOW OF ANY OTHER
4 GROUPS, BUT I DIDN'T DO A SURVEY ON THAT. MAYBE ART
5 WOULD HAVE SOME MORE INFORMATION.

6 MR. ROTH: I DON'T KNOW OF ANY. THIS HAS
7 NEVER COME UP IN THE LAST TWO YEARS IN ANYTHING I'VE
8 EVER SEEN, AND IT'S BEEN IN EVERY APPROPRIATION
9 SINCE 2004, SO IT'S NOT NEW INTRODUCTION.

10 CHAIRMAN JUELSGAARD: SO IT'S BEEN IN
11 APPROPRIATIONS WITH RESPECT TO HOW THE PATENT OFFICE
12 TREATS THINGS, RIGHT? BUT IT'S NOT BEEN MADE A PART
13 OF ACTUAL PATENT LAW. SO THIS IS A DIFFERENT
14 CREATURE, WHICH I THINK IS OF MORE CONCERN THAN AN
15 APPROPRIATIONS BILL, WHICH IS DONE ON AN ANNUAL
16 BASIS. AND SO, ANYWAY, THIS IS THE FIRST TIME WE'VE
17 KIND OF HAD TO FACE IT ON THAT LEVEL. WHETHER IT'S
18 TRULY A CONCERN OR NOT, YOU KNOW, IF IT GETS
19 ENACTED, TIME WILL TELL; BUT IT'S ESSENTIALLY TRIED
20 TO MINIMIZE DOWNSTREAM RISK AROUND THIS ISSUE.

21 MS. BAUM: OKAY. STEVE ALSO ASKED ME TO
22 PROVIDE SOME BACKGROUND ON THE EUROPEAN COURT OF
23 JUSTICE CASE THAT'S CURRENTLY PENDING. AND I GUESS
24 I HAVE A FEW SLIDES JUST ON THE GENERAL BACKGROUND
25 OF THAT CASE.

BARRISTERS' REPORTING SERVICE

1 FOR THOSE WHO AREN'T AWARE OF SORT OF THE
2 JUDICIAL SCHEMWORK IN EUROPE, THE COURT OF JUSTICE
3 IS THE HIGHEST LEVEL COURT IN THE EU, BUT IT SERVES
4 AS REALLY AN ADVISORY FUNCTION TO THE NATIONAL
5 COURTS, ESPECIALLY WITH RESPECT TO THESE PATENT
6 ISSUES.

7 THE CASE AT ISSUE INVOLVED A CHALLENGE TO
8 THE PATENTABILITY OF AN EMBRYONIC STEM CELL-DERIVED
9 CELL, SO IT IS RIGHT ON POINT WITH OUR MISSION. AND
10 IT AROSE FROM A GERMAN CASE. THEY CALL IT THE
11 BRUSTLE CASE. I'M SURE I'M NOT PRONOUNCING THAT
12 CORRECTLY, BEING THAT I'M NOT GERMAN, ALTHOUGH I
13 HAVE A GERMAN SURNAME. AND THE GERMAN COURT HAD
14 REQUESTED GUIDANCE FROM THE EUROPEAN COURT OF
15 JUSTICE AS TO WHAT IS MEANT BY THE EU PATENT
16 DIRECTIVES, A NUMBER OF TERMS, INCLUDING WHAT THEY
17 MEAN BY THE NOTION THAT PATENTS ARE CONTRARY TO
18 PUBLIC ORDER AND MORALITY OR PATENTS THAT ARE
19 CONTRARY TO PUBLIC ORDER AND MORALITY ARE
20 PROHIBITED. AND THEY PROVIDED A COUPLE QUESTIONS
21 THAT THEY WANTED THE COURT TO ANSWER.

22 ON THE 10TH OF MARCH, THE ADVOCATE GENERAL
23 OF THAT COURT ISSUED HIS DECISION, CONCLUDING THAT
24 PATENT WAS CONTRARY TO ETHICS AND PUBLIC POLICY, AND
25 IT CREATED QUITE A STIR. BUT IN TERMS OF NEXT

BARRISTERS' REPORTING SERVICE

1 PROCEDURAL STEPS, I THINK IT'S IMPORTANT TO NOTE
2 THAT THAT OPINION STILL HAS NOT BEEN ADOPTED FULLY
3 BY THE GRAND CHAMBER OR THE FULL COURT. SO IT'S
4 PRELIMINARY AS OF NOW.

5 I HAVE SEEN ONE ARTICLE THAT SAYS THAT
6 THEY'RE EXPECTING THE COURT TO MAKE ITS DECISION BY
7 THE END OF THE YEAR, AND THEY ALSO -- ALL THE
8 ARTICLES I READ SAY THAT THOSE ADVICES GIVEN BY THE
9 ADVOCATE GENERAL ARE USUALLY FOLLOWED. SO IT'S A
10 CONCERN, AND THERE WERE ALREADY LETTERS WRITTEN BY
11 SCIENTISTS THAT HAVE BEEN PUBLISHED IN *NATURE*.
12 THERE'S A NUMBER OF ARTICLES INTERVIEWING VARIOUS
13 PATENT EXPERTS AROUND THE WORLD, SOME DIFFERING ON
14 WHAT THEY PERCEIVE THE IMPACT WILL BE. SOME SAYING
15 THAT, GEE, IT REALLY WON'T CHILL INVESTMENT THAT
16 MUCH IN EUROPE. OTHERS SAYING, YES, IT WILL. AND
17 NOT ONLY THAT, IT COULD IMPACT THE WILLINGNESS OF
18 RESEARCHERS TO STAY IN THE FIELD.

19 RIGHT NOW WHAT WILL HAPPEN IS THE FINAL
20 DECISION WILL SORT OF BE TAKEN AS GUIDANCE BY ALL
21 NATIONAL COURTS WHEN THEY HAVE TO DECIDE SIMILAR
22 ISSUES, BUT IN APPLYING THIS GUIDANCE CAN COME UP
23 WITH DIFFERENT APPROACHES.

24 AND THAT'S JUST A THUMBNAIL SKETCH OF
25 WHERE THAT STANDS. I WANTED TO ALSO POINT OUT,

BARRISTERS' REPORTING SERVICE

1 THOUGH, THAT IN TERMS OF THE PATENT OFFICE, THERE'S
2 ALSO OTHER CONCERNS BECAUSE, AS WE KNOW, THE WARF
3 PATENTS HAVE NOT BEEN SUCCESSFUL IN EUROPE EITHER.
4 AND IT ALL TURNS ON THIS MORALITY CLAUSE AND A
5 COUPLE OTHER RELATED PROVISIONS WHICH DO NOT EXIST
6 IN OUR STRUCTURE HERE. BUT NONETHELESS, IT'S CAUSE
7 FOR CONCERN IF YOU WANT TO STIMULATE RESEARCHERS
8 AROUND THE GLOBE TO PARTICIPATE IN THIS FIELD AND
9 INVESTMENT AS WELL.

10 THAT'S ALL I HAVE.

11 DR. BRYANT: I'M JUST CURIOUS BECAUSE
12 EUROPE IS DIFFERENT THAN THIS COUNTRY IN TERMS OF
13 ITS RELIGIOUS ISSUES. SO IS THIS A RELIGIOUS ISSUE
14 THERE, OR IS IT AN ARELIGIOUS MORALITY ISSUE? I'M
15 JUST CURIOUS.

16 MS. BAUM: I DON'T THINK IT'S -- I THINK
17 IT'S A MORALITY ISSUE, BUT I WOULDN'T NECESSARILY
18 SAY IT'S A RELIGIOUS ISSUE. HOW DO YOU SLICE AND
19 DICE THOSE TWO? THERE ARE COMMENTATORS WHO JUST
20 DON'T BELIEVE THAT THERE'S ANY ROOM FOR A MORALITY
21 ISSUE, ESPECIALLY AT A PATENTING OFFICE, WHO THAT IS
22 NOT THEIR EXPERTISE TO BE DECIDING PATENTS ON ETHICS
23 AND MORALISTIC GROUND, AND THEY THINK THAT THE WHOLE
24 SCHEME IS FOOLISH. I DON'T KNOW HOW IT GOT PLACED
25 WITHIN THAT DIRECTIVE TO BEGIN WITH.

BARRISTERS' REPORTING SERVICE

1 DR. TROUNSON: I THINK I DISAGREE WITH
2 YOU, ELONA. I THINK IT'S VERY RELIGIOUS. EUROPE IS
3 VERY STRONGLY CATHOLIC, GERMANY, AUSTRIA, FRANCE.
4 AND IT'S STRONGLY BIASED AGAINST EMBRYONIC STEM
5 CELLS. SO I THINK IT'S VERY, VERY MUCH A
6 RELIGIOUSLY BASED VIEW. AND THE ONLY SAVING GRACE
7 IN SOME RESPECTS IS BRITAIN IS NOT AND SOME OF THE
8 OTHER COUNTRIES. SO THEY RESPECT, OF COURSE, THE
9 VIEW, BUT THEY DON'T ADOPT IT IN THEIR OWN COUNTRY.

10 MS. BAUM: I SHOULD POINT OUT THAT IT WAS
11 GREENPEACE THAT ACTUALLY BROUGHT THE GERMAN CASE AT
12 ISSUE. IT WASN'T A RIGHT TO LIFE GROUP. SO WHO
13 KNOWS WHAT THE UNDERLYING RELIGIOUS MOTIVATIONS
14 WERE.

15 CHAIRMAN JUELSGAARD: ALL RIGHT. ANY
16 OTHER QUESTIONS OF ELONA? THANKS, ELONA.

17 AND THEN JUST THE LAST STATED ASPECT OF
18 THE MISSION, WHICH IS NO. 5, IS SOMETHING WE'RE GONG
19 TO COME BACK TO BEFORE THE END OF THE MEETING, SO
20 WE'LL JUST PASS OVER THAT.

21 MR. ROTH: ONE THING QUICKLY. IF THIS IS
22 A MISSION STATEMENT THAT'S INTENDED TO LIVE ON, I
23 WOULD SUGGEST THAT WE STOP AT NO. 3. AND THIS 4 AND
24 5 ARE CURRENT ISSUES MAYBE, BUT I DON'T THINK
25 THEY'RE -- THEY WOULD BE COVERED BY OTHER THINGS IN

BARRISTERS' REPORTING SERVICE

1 THE GENERAL STATEMENT OF THE MISSION. THE LAST TWO
2 ARE PRETTY SPECIFIC TO THE CURRENT SITUATION THAT
3 WE'RE IN.

4 SO WHEN I READ THESE, I SEE ESTABLISH
5 INTELLECTUAL PROPERTY STANDARDS. THAT'S GENERALLY
6 WE DO THAT. CONSIDERING INTELLECTUAL PROPERTY
7 IMPLICATIONS IN CIRM'S COLLABORATION WITH OTHER
8 COUNTRIES, THAT COVERS THIS ONE. THREE, EVALUATING
9 STATE AND FEDERAL LEGISLATION RELATING TO
10 INTELLECTUAL PROPERTY AND ADVISING. SO I THINK
11 THOSE ARE ALL THREE PART OF THE MISSION STATEMENT,
12 BUT 4 AND 5 DEAL WITH TWO ISSUES UNDER THOSE. AND I
13 WOULD PROBABLY REMOVE THEM FOR THE FINAL MISSION
14 STATEMENT.

15 CHAIRMAN JUELSGAARD: WE DON'T HAVE THAT
16 LUXURY IN MY VIEW. THIS IS SOMETHING THAT THE BOARD
17 IN THE CREATION OF THIS COMMITTEE SAID THIS IS WHAT
18 YOUR RESPONSIBILITIES ARE. SO IF WE WANT TO MAKE A
19 RECOMMENDATION TO THE BOARD THAT WE CHANGE THE
20 MISSION STATEMENT TO ELIMINATE THE LAST TWO, THEN
21 THAT'S FINE. BUT I DON'T THINK WE HAVE THE
22 LEGISLATIVE ABILITY WITHIN THIS PARTICULAR GROUP TO
23 MAKE THAT CHANGE. IT'S OURS TO EFFECTUATE, BUT NOT
24 OURS TO CHANGE. IN FACT, WE'RE GOING TO COME TO
25 THIS NEXT SUBJECT, WHICH IS ADDING A NO. 6 TO ALL OF

BARRISTERS' REPORTING SERVICE

1 THIS, WHICH IF WE AGREE IS A WISE THING TO DO, THEN
2 WE'LL GO TO THE BOARD TOMORROW AND ASK THEM FOR
3 THEIR APPROVAL OR NOT ON ENLARGING OUR MISSION
4 STATEMENT.

5 SO LET ME ASK OTHERS WHILE WE'RE ON THIS
6 TOPIC. SO I'M JUST TALKING ABOUT THE PROCEDURAL
7 ASPECT, NOT THE NOTION OF DOING THIS LEGITIMACY OR
8 NOT. WHAT DO OTHERS THINK ABOUT NO. 4 AND NO. 5 AND
9 WHETHER THEY SHOULD REALLY BE PART OF WHAT OUR
10 PROVINCE IS?

11 JUST SO I'M CLEAR, DUANE, WHAT YOU'RE
12 SAYING IS YOU THINK THAT -- I DON'T WANT TO PUT
13 WORDS IN YOUR MOUTH, SO I'LL DO THIS IN A QUESTION
14 SENSE. DO YOU BELIEVE THAT THIS COMMITTEE SHOULD
15 HAVE A ROLE TO PLAY WITH RESPECT TO ITEMS 4 AND 5?

16 MR. ROTH: YES. IT'S JUST THAT WHEN I
17 READ -- IF IT'S A MISSION STATEMENT, IT SHOULD LIVE
18 FOR FIVE OR SIX YEARS. I'D HATE TO AMEND THIS
19 MISSION STATEMENT WITH EVERYTHING WE'RE GOING TO
20 LOOK AT. 4 AND 5 ARE ACTUALLY COVERED BY 1, 2, AND
21 3.

22 CHAIRMAN JUELSGAARD: GOT IT. SO YOU
23 THINK THAT LANGUAGE IS SUPERFLUOUS?

24 MR. ROTH: YES. I THINK THEY'RE
25 NECESSARY. AND I LIKE TO SEE MISSION STATEMENTS

BARRISTERS' REPORTING SERVICE

1 WRITTEN SO YOU DON'T HAVE TO CHANGE THEM, AND
2 THEY'RE NOT OUT OF DATE. AND THOSE TWO WOULD BE OUT
3 OF DATE.

4 CHAIRMAN THOMAS: YES. IT SEEMS TO ME
5 THAT 4 IS CLEARLY TOPICAL, FOR SURE. HOWEVER, THE
6 NOTION OF ONGOING VIGILANCE FOR COURT OPINIONS IN
7 GENERAL AND FACTORING THAT INTO ONGOING POLICY
8 DEVELOPMENT SHOULD BE A MISSION TOPIC. SO I THINK
9 PERHAPS WE CAN RESTATE IT AND PUT IT IN TERMS OF
10 POINT 3. SO IN ADDITION TO EVALUATING LEGISLATION,
11 ANY JUDICIAL OPINIONS RELEVANT TO THE FIELD, ETC.

12 MR. ROTH: WHICH WOULD BE FINE. I JUST,
13 WHEN I READ IT AS A MISSION STATEMENT, IT JUST
14 LOOKED LIKE A SERIES OF -- THE FIRST THREE WERE
15 PRETTY BROAD, BUT THE LAST TWO WERE VERY SPECIFIC TO
16 THINGS THAT ARE CURRENT TOPICS, AND I AGREE, BUT I
17 FELT THEY WERE COVERED UNDER THAT. IT'S NOT A BIG
18 DEAL.

19 CHAIRMAN JUELSGAARD: ASK JAMES A
20 QUESTION. SO THIS IS AGAIN PROCEDURAL IN NATURE.
21 SO AS I'VE COME TO LEARN MORE ABOUT THE OPERATION OF
22 A PUBLIC BODY LIKE THIS, YOU DON'T HAVE A LOT OF
23 FLEXIBILITY AT MAKING SORT OF LAST-MINUTE CHANGES IN
24 WHAT YOU'RE DOING.

25 SO IF WE WERE TO -- SO WE DO HAVE THE IDEA

BARRISTERS' REPORTING SERVICE

1 OF ADDING A SIXTH BECAUSE THERE ARE CURRENTLY FIVE.
2 IF WE WERE TO, IN ADDITION TO THAT, ALSO SUGGEST OR
3 RECOMMEND TO THE BOARD THAT WE ELIMINATE ONE OR TWO
4 OF THE CURRENT MISSION STATEMENT ITEMS, IS THAT
5 APPROPRIATE OR NOT?

6 MR. HARRISON: THAT'S APPROPRIATE BECAUSE
7 IT FALLS WITHIN THE SCOPE OF AN AGENDIZED ITEM,
8 WHICH INVOLVES CONSIDERATION OF THE MISSION
9 STATEMENT OR CHARGE.

10 CHAIRMAN JUELSGAARD: GOOD. OKAY. HELPS
11 CLARIFY THAT FOR ME.

12 OTHERS ON ITEMS 4 AND 5 AND WHETHER THEY
13 SHOULD BE SPECIFICALLY INCLUDED WITHIN THE MISSION
14 STATEMENT OR REMOVED BECAUSE THEY ARE FAR TOO
15 TOPICAL AND ARE ALREADY SUBSUMED UNDER WHAT'S THERE
16 CURRENTLY?

17 MR. GOLDBERG: I AGREE WITH DUANE'S
18 RECOMMENDATION; HOWEVER, I CAN LIVE WITH IT AS IT
19 IS.

20 CHAIRMAN JUELSGAARD: OKAY. OTHERS?

21 CHAIRMAN THOMAS: ONE OTHER COMMENT. I
22 THINK 4 IS CLEARLY TO CURRENT AND TOPICAL. 5 SEEMS
23 TO ME TO BE AN ONGOING CONCERN.

24 DR. LOVE: I AGREE.

25 CHAIRMAN THOMAS: I WOULD RECOMMEND WE

BARRISTERS' REPORTING SERVICE

1 KEEP 5 BECAUSE THAT'S NOT TOPICAL. IT'S GOING TO BE
2 AN ISSUE ONGOING FOR THE LIFE OF THE PROGRAM.

3 DR. LOVE: SO I WAS JUST GOING TO ADD THAT
4 I THINK THAT YOU PROBABLY COULD REWORD THESE AND
5 REALLY ADDRESS WHAT DUANE IS GETTING AT, WHICH I
6 THINK IS A GOOD POINT.

7 TO YOUR POINT, J.T., I THINK YOU COULD
8 REWORD 4 TO MAKE IT KIND OF AN ENDURING ISSUE, AND I
9 THINK YOU COULD DO THE SAME THING FOR 5, TO CONTINUE
10 TO WORK WITH CIRM GRANTEES TO PROTECT INTELLECTUAL
11 PROPERTY WOULD BE ONE OF OUR REQUIREMENTS.

12 CHAIRMAN JUELSGAARD: OTHERS?

13 DR. STEWARD: I DO HAVE TO SAY I AGREE
14 WITH DUANE, THAT IT DOES SEEM RATHER SPECIFIC. BUT
15 HAVING SAID THAT, WOULD IT SOLVE THE PROBLEM TO
16 SIMPLY SAY EVALUATING THE IMPLICATIONS OF OTHER
17 COUNTRIES' CONSIDERATIONS OF THE PATENTABILITY? IN
18 OTHER WORDS, JUST TAKE IT OUT OF THE CONTEXT OF THIS
19 SPECIFIC ISSUE.

20 THREE FOCUSES ON STATE AND FEDERAL
21 LEGISLATION, AND 4 COULD FOCUS ON OTHER COUNTRIES.
22 JUST TO ASK. WHAT STATE IS THIS MISSION STATEMENT?
23 HAS IT ALREADY -- THAT WAS THE REAL QUESTION. HAS
24 IT GONE TO THE BOARD AND IT'S BEEN APPROVED, SO
25 WE'RE SUGGESTING CHANGES?

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: YES. IT WAS APPROVED, BUT
2 OBVIOUSLY THIS IS THE SUBCOMMITTEE'S FIRST
3 OPPORTUNITY TO CONSIDER ITS CHARGE AND TO MAKE
4 RECOMMENDATIONS BACK TO THE BOARD ABOUT ANY
5 MODIFICATIONS IT SEEKS.

6 TO ADDRESS TED'S POINT, ONE WAY TO MAKE
7 NO. 4 HAVE A LONGER LIFE WOULD SIMPLY BE TO CHANGE
8 IT TO EVALUATING THE IMPLICATIONS OF JUDICIAL
9 RULINGS ON THE PATENTABILITY OF STEM CELLS. AND
10 THAT BROADENS IT SUBSTANTIALLY TO INCLUDE MORE THAN
11 JUST THE EUROPEAN COURT OF JUSTICE AND IS DIFFERENT
12 FROM 3, WHICH REALLY FOCUSES ON LEGISLATION.

13 CHAIRMAN JUELSGAARD: SO LET ME JUST
14 INTERJECT AT THIS POINT. SO WE HAVE TWO DIRECTIONS
15 WE CAN GO BECAUSE THERE'S A SENSE HERE TO SORT OF
16 SHORTEN THE MISSION STATEMENT, TO COLLAPSE IT A BIT,
17 AS I SENSE IT. ALTHOUGH I ALSO SENSE WITH RESPECT
18 TO WHAT IS NOW ITEM NO. 5, AND THAT WE MIGHT WANT TO
19 HAVE SOMETHING THAT REALLY AIMS IN THAT DIRECTION,
20 BUT IS NOT SO AS SPECIFIC AS THIS LANGUAGE IS
21 WRITTEN.

22 SO THERE ARE TWO DIRECTIONS. ONE IS WE
23 CAN TAKE THIS AS AN ITEM TO WORK ON AND COME BACK AT
24 THE NEXT MEETING WITH SOME REVISED LANGUAGE TO
25 CONSIDER AT THIS SUBCOMMITTEE MEETING AND THEN

BARRISTERS' REPORTING SERVICE

1 PRESENT TO THE BOARD AND ADVISE THE BOARD, BY THE
2 WAY, TOMORROW THAT WE'RE GOING TO BE DOING THAT, OR
3 WE CAN JUST TAKE THE TIME NOW TO REENGINEER
4 LANGUAGE, WHICH FROM A PERSONAL POINT OF VIEW, I
5 DON'T THINK IS NECESSARILY A WISE USE OF TIME AND A
6 LOT OF COOKS IN THAT KITCHEN, SO TO SPEAK.

7 MR. ROTH: YOU'RE PRETTY GOOD AT THAT.
8 WHY DON'T YOU WORK THAT WHILE WE WORK ON OTHER
9 THINGS?

10 CHAIRMAN JUELSGAARD: UNLESS THERE'S
11 OBJECTION, WE ARE GOING TO TAKE THIS OFF LINE,
12 REWORK THE MISSION STATEMENT AROUND NO. 4 AND NO. 5,
13 COLLAPSE THIS A BIT, AND THEN COME BACK TO THIS IN
14 OCTOBER, ADVISE THE BOARD TOMORROW THAT WE ARE
15 REWORKING THINGS, AND GO FROM THERE. ALL RIGHT.

16 SO THEN THE LAST ITEM RELATED TO MISSION
17 STATEMENT IS ACTUALLY TO ADD A NEW ONE. I REFUSE
18 NOW TO GIVE IT A NUMBER SINCE I DON'T KNOW WHAT
19 NUMBERS WE'RE GOING TO HAVE, BUT I WILL LEAVE IT TO
20 J.T. TO PRESENT THIS AND TALK ABOUT IT.

21 CHAIRMAN THOMAS: YES. WE'VE HAD A LOT OF
22 DISCUSSION ABOUT THE DESIRE OF THE BOARD TO FURTHER
23 ELEVATE INDUSTRY INVOLVEMENT IN WHAT WE DO. AND
24 BECAUSE OF THE SERIOUSNESS WITH WHICH WE APPROACH
25 THIS, IT WAS MY SENSE THAT THE WHOLE NOTION OF

BARRISTERS' REPORTING SERVICE

1 INDUSTRY INVOLVEMENT SHOULD BE ELEVATED TO
2 SUBCOMMITTEE STATUS. AND THAT BECAUSE THERE WERE
3 ISSUES THAT WERE INEXTRICABLY INTERTWINED BETWEEN
4 INTELLECTUAL PROPERTY AND INDUSTRY, RATHER THAN
5 CREATING A SEPARATE SUBCOMMITTEE, WHICH IS NOT
6 SOMETHING WE WANT TO DO TO INCREASE THE BUREAUCRACY,
7 WE WOULD INSTEAD JOIN INDUSTRY AND INTELLECTUAL
8 PROPERTY AS THE SUBJECT MATTERS FOR ONE
9 SUBCOMMITTEE. SO THAT WAS THE DERIVATION OF THIS.

10 I SUGGESTED THAT FIRST TO DUANE BECAUSE OF
11 HIS LONG-STANDING INVOLVEMENT IN INDUSTRY MATTERS.
12 AND PERHAPS, DUANE, YOU COULD COMMENT ON THIS AT
13 THIS POINT.

14 MR. ROTH: SO, YES. I THINK THIS FITS
15 WITH THE DESIRE THAT WE'VE HAD FOR SOME TIME TO MAKE
16 SURE THAT WE ARE COMMUNICATING MORE EFFECTIVELY WITH
17 INDUSTRY ON A NUMBER OF SUBJECTS. WE HAD THE LOAN
18 TASK FORCE WHICH WAS KIND OF THE ONLY INTERACTION WE
19 HAD. NOW WE'RE TALKING ABOUT MUCH BROADER THINGS.
20 CERTAINLY INTELLECTUAL PROPERTY IS PART OF THAT, BUT
21 THERE ARE OTHER ASPECTS OF INDUSTRY THAT WE NEED TO
22 BRING INTO THIS ORGANIZATION. SO IT WOULD ONLY MAKE
23 SENSE THAT WE SHOULD COVER THAT. EVEN THOUGH MANY
24 OF THE GRANT RECIPIENTS IN INTELLECTUAL PROPERTY
25 MATTERS ARE NOT INDUSTRY, MANY WILL BE. ULTIMATELY

BARRISTERS' REPORTING SERVICE

1 IF THERE'S COMMERCIALIZATION, IT'S GOING TO COME
2 FROM INDUSTRY WHETHER THE IP WAS GENERATED IN A
3 RESEARCH INSTITUTE OR BY A COMPANY.

4 CHAIRMAN THOMAS: I WOULD LIKE TO ADD AS
5 SORT OF A COROLLARY AND A TOPIC DUANE JUST BROUGHT
6 UP BECAUSE IT WOULD FURTHER ENLARGE THE SCOPE OF
7 THIS ITEM 6, WHICH IS THAT HERETOFORE LOAN
8 AGREEMENTS HAVE BEEN THE PURVIEW OF THE FINANCE
9 SUBCOMMITTEE. AND PERHAPS IF WE'RE GOING TO HAVE
10 ALL INDUSTRY MATTERS TAKEN UNDER THE AUSPICES OF
11 THIS INTELLECTUAL PROPERTY AND INDUSTRY SUBCOMMITTEE
12 JOINTLY, THAT WE WOULD ENTERTAIN THE IDEA OF
13 CHANGING JURISDICTION FOR THE LOAN AGREEMENT AREA
14 FROM FINANCE SUBCOMMITTEE OVER TO INDUSTRY.

15 I'D LIKE TO SEE WHAT, MICHAEL AND TED, YOU
16 MIGHT THINK OF THAT IDEA.

17 MR. GOLDBERG: THE FINANCE SUBCOMMITTEE
18 HAS BEEN PROUD TO BE ASSOCIATED WITH THE LOAN TASK
19 FORCE. AND NOW THAT IT'S OFF AND RUNNING, I THINK
20 ITS ONGOING ADMINISTRATION, ADAPTATIONS OF THE
21 REQUIREMENTS OF THE CURRENT ENVIRONMENT, AND CLOSE
22 PROXIMITY TO CRITICAL INTELLECTUAL PROPERTY ISSUES,
23 PARTICULARLY IN LIGHT OF THE EXPANSIONARY VIEW OF
24 THE MISSION OF THE INTELLECTUAL PROPERTY
25 SUBCOMMITTEE, IS TOTALLY APPROPRIATE AND WILL FULLY

BARRISTERS' REPORTING SERVICE

1 SUPPORT. AND I NOTE THAT MANY OF THE MEMBERS OF THE
2 LOAN TASK FORCE AND THE FINANCE SUBCOMMITTEE OVERLAP
3 AND WILL CONTINUE TO PROVIDE SERVICE IN SUPPORT OF
4 THE MISSION OF INDUSTRY AS WAS INTENDED BY THE
5 PROGRAM DUANE SO ARTFULLY CRAFTED.

6 DR. LOVE: I THINK IT SOUNDS LIKE A GOOD
7 SUGGESTION GIVEN WHERE WE ARE AND GIVEN THE HISTORY
8 OF WHAT THE FINANCE COMMITTEE HAS ALREADY
9 CONTRIBUTED.

10 CHAIRMAN THOMAS: I THINK MICHAEL RAISED
11 THE KEY POINT, WHICH IS I BELIEVE ALL MEMBERS OF THE
12 BOARD WHO ARE INDUSTRY AFFILIATES ARE ON BOTH
13 COMMITTEES. SO THE TRANSFERRING IT OVER WON'T LOSE
14 THE BENEFIT OF ANY WISDOM ON THE SUBJECT. SO IT
15 JUST SEEMS TO ME, MR. CHAIR, THAT I WOULD ENLARGE
16 OUR DESCRIPTION TO ENCOMPASS THAT CONCEPT.

17 CHAIRMAN JUELSGAARD: THANK YOU, J.T.

18 SO THIS IS A PROPOSAL AT THIS POINT, AND
19 SO FAR THERE SEEMS TO BE ENTHUSIASM FOR IT. BUT DO
20 OTHERS SEE IT DIFFERENTLY? ARE THERE CONCERNS ABOUT
21 EXPANDING? IT'S NOT NECESSARILY EXPANDING, ALTHOUGH
22 IT IS EXPANDING THE SCOPE OF THIS SUBCOMMITTEE, BUT
23 IT'S BEING MUCH MORE EXPLICIT, I THINK, FOR THE
24 FIRST TIME THAT THIS INSTITUTE WANTS TO ENGAGE
25 INDUSTRY, WANTS TO ENGAGE COMMERCIAL ORGANIZATIONS

BARRISTERS' REPORTING SERVICE

1 MORE THAN IT HAS TO DATE. AND THE PATH TO DOING
2 THAT WILL BE DEVELOPED, IF THIS WERE TO PASS, WILL
3 BE DEVELOPED OR WORKED THROUGH THIS SUBCOMMITTEE.
4 BUT LET'S JUST DEAL WITH THE BIG PICTURE FOR A
5 MOMENT.

6 IS THERE SENTIMENT THAT WE DON'T NEED TO
7 DO THAT, THAT IT'S EITHER UNWARRANTED OR PREMATURE
8 OR UNNECESSARY? I JUST WOULD LIKE -- WE'LL WIND UP,
9 I'M SURE, HAVING THAT DISCUSSION AT THE LARGER BOARD
10 TOMORROW SHOULD WE DECIDE TO PROCEED IN THIS
11 DIRECTION AND RECOMMEND THIS AS AN ADDITIONAL
12 MISSION STATEMENT ITEM FOR THIS COMMITTEE. ARE
13 THERE ANY SENTIMENTS FROM AN OPPOSITE POINT OF VIEW?

14 WHAT ABOUT THE SPECIFIC LANGUAGE THAT'S IN
15 HERE, SOME OF THE ITEMS THAT WE'VE IDENTIFIED, ANY
16 CONCERNS ABOUT ANY OF THEM? ARE WE TOO EXPANSIVE?
17 ARE WE NOT EXPANSIVE ENOUGH?

18 DR. BRYANT: STARTING WITH WHAT WE HAD AND
19 THEN BASED ON THE DISCUSSION, I THINK IT'S ROUNDING
20 IT OUT IN A WAY THAT WOULD BE APPROPRIATE. I ALSO
21 THINK THAT, GIVEN THE ECONOMIC TIMES, IT'S VERY
22 APPROPRIATE THAT WE MAKE THIS GESTURE EVEN IF IT
23 DOESN'T END UP -- WE NEED TO MAKE THE STATE
24 UNDERSTAND THAT WE ARE INTERESTED IN COMMERCIALIZING
25 THE WORK PRODUCT FROM THIS. OTHERWISE WE COULD GET

BARRISTERS' REPORTING SERVICE

1 CUT OFF AT ANY MINUTE. I THINK IT'S A SURVIVAL
2 STRATEGY AS WELL AS THE RIGHT THING TO DO.

3 CHAIRMAN JUELSGAARD: OS, DO YOU HAVE ANY
4 COMMENTS?

5 DR. STEWARD: NO.

6 CHAIRMAN JUELSGAARD: WELL, THEN SEEING
7 THAT EVERYBODY SORT OF HAD THEIR OPPORTUNITY, I
8 WOULD ENTERTAIN A MOTION THAT WE PRESENT THIS
9 TOMORROW TO THE BOARD FOR THEIR CONSIDERATION IN
10 TERMS OF EXPANDING THE MISSION OF THE INTELLECTUAL
11 PROPERTY SUBCOMMITTEE AS WELL AS THE GOVERNANCE OF
12 IT. IF YOU WILL NOTICE AT THE BOTTOM, DUANE AND I
13 WOULD SERVE AS CO-CHAIRS, I FOR THE INTELLECTUAL
14 PROPERTY ASPECTS, HE FOR THE INDUSTRY-RELATED
15 ASPECTS, AND THEN WE WOULD SUPPORT EACH OTHER IN
16 DOING THAT. SO HE AS VICE CHAIR ON INTELLECTUAL
17 PROPERTY MATTERS AND I AS VICE CHAIR ON INDUSTRY
18 MATTERS. SO THAT'S, IN ESSENCE, THE PROPOSAL HERE.

19 IS THERE A MOTION THAT WE PRESENT THIS TO
20 THE -- WE ADOPT THIS FOR PRESENTATION TO THE BOARD
21 TOMORROW?

22 CHAIRMAN THOMAS: SO MOVED.

23 CHAIRMAN JUELSGAARD: IS THERE A SECOND?

24 DR. LOVE: SECOND.

25 CHAIRMAN JUELSGAARD: ALL IN FAVOR. DO WE

BARRISTERS' REPORTING SERVICE

1 HAVE ANY PUBLIC COMMENTS? I'LL GET THE HANG OF THIS
2 YET. ALL RIGHT. IF NOT, ALL IN FAVOR. ANY
3 OPPOSED? IF NOT, MOTION PASSES UNANIMOUSLY.

4 MR. ROTH: SO JUST TO FOLLOW UP, THE
5 RECOMMENDATION THAT WE JUST TALKED ABOUT TO REWORK
6 THE MISSION STATEMENT, I WOULD SUGGEST IN THAT YOU
7 REWORK THIS ALL INTO AS CONCISE AS WE CAN MISSION
8 STATEMENT THAT GIVES US THE BROAD COVERAGE AND THEN
9 BRING THAT BACK.

10 CHAIRMAN JUELSGAARD: I AGREE ENTIRELY
11 WITH THAT, DUANE. I THINK YOU'RE RIGHT. THE NOTION
12 OF A MISSION STATEMENT IS THAT IT'S SUPPOSED TO LIVE
13 ON FOR SOME TIME. SO BE GENERAL ENOUGH TO COVER
14 WHAT YOU DO WITHOUT BEING SO SPECIFIC THAT, YOU
15 KNOW, YOU DO SOMETHING FOR SIX MONTHS AND THEN
16 SUDDENLY IT'S NO LONGER PART OF YOUR MISSION BECAUSE
17 IT'S COMPLETED.

18 THE NEXT ITEM OF BUSINESS, MOVING ALONG,
19 HAS TO DO WITH THE OPPORTUNITY FUND AS PART OF OUR
20 STRATEGIC PARTNERSHIP PROGRAM. SO THERE WAS A
21 MEMORANDUM THAT ELONA PUT TOGETHER AND WAS
22 DISTRIBUTED OR DISSEMINATED WITH MATERIALS PRIOR TO
23 THIS BOARD MEETING. AND I THINK, ELONA, YOU HAVE A
24 LITTLE PRESENTATION TO MAKE ON THIS, SO I WILL TURN
25 THE FLOOR OVER TO YOU.

BARRISTERS' REPORTING SERVICE

1 MS. BAUM: THANK YOU VERY MUCH. AS NOTED,
2 I DID SEND AROUND A FAIRLY DETAILED MEMORANDUM. IT
3 WAS DATED AUGUST 12TH. I DON'T KNOW IF THERE ARE
4 COPIES HERE WITH US. IF NOT, I APOLOGIZE. BUT I DO
5 HAVE A SLIDE DECK, AND I CAN WALK YOU THROUGH WHAT'S
6 PROPOSED. IT IS HERE.

7 MS. KING: IT'S THE LAST DOCUMENT IN THE
8 PACKET.

9 MS. BAUM: LAST DOCUMENT IN THE PACKET.
10 THANK YOU.

11 I WANTED TO START OFF BY JUST SETTING SOME
12 CONTEXT AND REMIND EVERYBODY THAT THE OPPORTUNITY
13 FUND IS SOMETHING THAT WAS ALREADY ADDRESSED AT THE
14 JUNE MEETING. AND BY WAY OF A REMINDER, THE
15 OPPORTUNITY FUNDING CONCEPT WAS APPROVED FOR \$30
16 MILLION WITH FIVE OF IT EARMARKED FOR TECH TRANSFER
17 SUPPORT. AND ALSO REMIND EVERYBODY THAT IT WAS
18 PART -- THAT THE 30 MILLION COULD BE ACTUALLY
19 REPLENISHED AT THE OPTION OF THE ICOC.

20 AS PART OF THAT OPPORTUNITY FUND, THERE
21 WERE ACTUALLY THREE PROGRAMS THAT WERE DISCUSSED IN
22 JUNE: THE BRIDGE FUNDING PROGRAM, THE EXTERNAL
23 INNOVATION PROGRAM, AND THIS PROGRAM, THE STRATEGIC
24 PARTNERSHIP PROGRAM. ALL THREE OF THOSE WERE --
25 EVEN THOUGH THE CONCEPT WAS APPROVED, ALL THREE OF

BARRISTERS' REPORTING SERVICE

1 THESE WERE RECOMMENDED FOR FURTHER DISCUSSION BEFORE
2 THE SCIENCE SUBCOMMITTEE, AND IN ADDITION THE
3 STRATEGIC PARTNERSHIP PROGRAM WAS DIRECTED TO THIS
4 SUBCOMMITTEE AS WELL WITH THE UNDERSTANDING THAT IT
5 IS THIS SUBCOMMITTEE THAT WILL ACTUALLY HAVE MORE OF
6 AN OVERSIGHT OR INVOLVEMENT IN THIS PROGRAM. SO
7 THAT'S THE CONTEXT I WANTED EVERYBODY TO UNDERSTAND.

8 I ALSO WANTED TO REMIND EVERYBODY THAT THE
9 GENESIS OF THIS STRATEGIC PARTNERSHIP PROGRAM IS, IN
10 FACT, IN RESPONSE TO THE EXTERNAL ADVISORY PANEL. I
11 THINK IT'S IMPORTANT TO RECOGNIZE SOME OF THE QUOTES
12 IN THAT ACTUAL REPORT. ONE OF THEM BEING AS
13 FOLLOWS: THE BIOPHARMACEUTICAL INDUSTRY INVOLVEMENT
14 IN CIRM IS CRITICAL TO ITS SUCCESS. INDUSTRY HAS
15 EXPERTISE IN PROTEIN AND CELL MANUFACTURING,
16 CLINICAL DEVELOPMENT THAT WILL BE INVALUABLE IN
17 DEFINING NEW BUSINESS MODELS.

18 SO AS A RESULT OF THE RECOGNITION THAT
19 ENGAGING INDUSTRY IS VERY ESSENTIAL TO OUR SUCCESS,
20 THEY SUGGESTED THAT WE DO THE FOLLOWING. THEY
21 SUGGESTED THAT THE GRANTING PROCESSES AND FUNDING
22 CRITERIA COULD BE CLARIFIED AND STREAMLINED FROM AN
23 INDUSTRY PERSPECTIVE AND THAT TIMELINES FOR
24 DECISION-MAKING COULD BE ALIGNED WITH INDUSTRY
25 NORMS. SO THAT IS WHAT THIS PROPOSAL SEEKS TO

BARRISTERS' REPORTING SERVICE

1 ACCOMPLISH.

2 AND I WOULD SUGGEST THAT IN MANY RESPECTS
3 INDUSTRY DESIRES A FASTER FUNDING DECISION. AND
4 MANY PARTNERING CODEVELOPMENT AGREEMENTS THAT I'VE
5 SEEN, AT LEAST IN MY EXPERIENCE, PLAN THROUGH PHASE
6 III. SO THAT'S WHAT WE'RE TRYING TO ACHIEVE HERE.

7 I WANT TO RECOGNIZE THAT ENGAGING
8 ACADEMICS IN TERMS OF PARTNERING WITH BIOPHARMA IS
9 NOT NEW. YOU PROBABLY READ THE HEADLINES OVER THE
10 YEARS AND SEE THAT MANY INSTITUTIONS ARE DOING IT.
11 IN ADDITION, THERE IS MARS INNOVATION, WHICH IS AN
12 ORGANIZATION. IT'S ACTUALLY QUASI PUBLIC. IT HAS
13 CANADIAN GOVERNMENT FUNDING, BUT SOME PRIVATE
14 FUNDING AS WELL. AND THEY'VE RECOGNIZED THE
15 IMPORTANCE OF DOING THAT AND IN BROKERING SUCH
16 AGREEMENTS.

17 BEFORE YOU ON THE SLIDE YOU SEE TWO
18 DIFFERENT DEAL STRUCTURES THAT MARS HAS BEEN ABLE TO
19 BROKER. AND I DON'T WANT TO GET INTO SPECIFICS.
20 BUT ONE MODEL IS SORT OF AN OPTION AGREEMENT TYPE OF
21 MODEL. ANOTHER IS THAT THEY GO DOLLAR -- MAYBE NOT
22 DOLLAR FOR DOLLAR CO-FUNDING, BUT CO-FUNDING A POOL
23 WHERE THERE'S JOINT SELECTION OF THE ACTUAL PROGRAMS
24 THAT ARE FUNDED.

25 BUT IF WE WANT TO SORT OF DRILL DOWN A

BARRISTERS' REPORTING SERVICE

1 LITTLE BIT MORE ON A TYPE OF PROGRAM THAT COULD FIT
2 WITHIN THIS MODEL, I WOULD SUGGEST WE LOOK AT MAYBE
3 THE OPTION MODEL, WHICH YOU HAVE ON THE SLIDE BEFORE
4 YOU. AND IT'S JUST ONE EXAMPLE OF WHAT THIS COULD
5 LOOK LIKE, AND HOPEFULLY YOU'LL SEE FROM THIS SOME
6 OF THE BENEFITS.

7 SO WHAT THIS DEMONSTRATES IS THAT IF YOU
8 CAN ENGAGE INDUSTRY EARLY IN THE DEVELOPMENT
9 PIPELINE, WHAT YOU CAN ATTAIN ARE UP-FRONT PAYMENTS
10 POSSIBLY AND CERTAINLY MILESTONE PAYMENTS FOR A
11 SUCCESSFUL PHASE I, A SUCCESSFUL PHASE II. AND
12 UNDER THIS TYPE OF STRUCTURE, THE PHARMA WOULD HAVE
13 OR THE BIO, THE BIG BIO, WOULD HAVE AN OPTION TO
14 IN-LICENSE, FOR INSTANCE, A SUCCESSFUL COMPLETION OF
15 PHASE II. AND IF THEY DIDN'T AGREE TO OPTION, THEN,
16 OF COURSE, THE GRANTEE WOULD OR THE ACADEMIC
17 INSTITUTION OR EVEN THE SMALL BIOTECH WOULD HAVE ALL
18 RIGHTS. AND IF THEY DID, THEN YOU HAVE AN AUTOMATIC
19 NEXUS TO FOLLOW-ON FINANCING. AND IT'S THE
20 FOLLOW-ON FINANCING THAT WE'RE TRYING TO REACH OUT
21 FOR HERE. AND THIS MODEL WILL ENABLE THAT.

22 IN ADDITION, IT MIGHT, DEPENDING ON
23 NEGOTIATIONS, PROVIDE FOR SOME CO-FUNDING OF THE
24 RESEARCH ALONG THE WAY MAYBE IN ADDITION TO
25 MILESTONE PAYMENT OR WHATNOT, BUT THEN PERHAPS MAYBE

BARRISTERS' REPORTING SERVICE

1 THE MILESTONE PAYMENTS WOULD BE SMALLER. AND, OF
2 COURSE, ALL THESE DEAL STRUCTURES WOULD PROVIDE
3 ROYALTY PAYMENTS TO THE GRANTEE UPON A SUCCESSFUL
4 PRODUCT REACHING THE MARKET. I JUST SHOW THAT BY
5 WAY OF AN EXAMPLE SO THAT YOU CAN UNDERSTAND HOW
6 DEAL STRUCTURES COULD BE DRAWN AND UNDERSTAND SOME
7 OF THE -- AT LEAST THE FOLLOW-ON FINANCING AND
8 CO-FUNDING ADVANTAGES OF IT.

9 NOW, I THINK WE SHOULD TURN A LITTLE BIT
10 TO THE SPECIFIC COMPONENTS OF THIS STRATEGIC
11 PARTNERSHIP FUND. IN CONCEPT THESE WERE PRESENTED
12 THE LAST TIME AND I'LL RE-PRESENT THEM AGAIN. I
13 THINK WHAT HAPPENED THE LAST TIME IS THERE WAS MAYBE
14 NOT AN UNDERSTANDING OF WHERE THE ICOC CAME IN IN
15 TERMS OF APPROVAL AND WHERE THIS SUBCOMMITTEE CAME
16 IN.

17 SO AFTER I GO THROUGH THIS CONCEPT, I
18 ACTUALLY HAVE SORT OF A PROCESS SLIDE SO YOU'LL
19 BETTER UNDERSTAND THAT. SO AS I STATED THE LAST
20 TIME, THIS WOULD BE A PROGRAM ANNOUNCEMENT THAT
21 WOULD BE POSTED, AND IT WOULD HAVE ROLLING
22 SUBMISSIONS. AND THERE WOULD BE A GRANTS WORKING
23 GROUP REVIEW TWO TIMES A YEAR. AND, AGAIN, THIS IS
24 TO CREATE MORE TIMELY RESPONSE AND ALLOW US TO BE
25 AGILE. ELIGIBILITY WOULD BE ANY PROJECT THAT IS IN

BARRISTERS' REPORTING SERVICE

1 GOOD STANDING AS LONG AS IT'S IN THE PRECLINICAL OR
2 LATER STAGES OF DEVELOPMENT, AND ANY NEW PROJECTS IF
3 IT HAD A CALIFORNIA RESEARCHER AND SATISFIED SOME
4 OTHER CRITERIA.

5 BUT THAT MOST IMPORTANT CRITERIA IS THAT
6 THERE'S SOME SORT OF COMMERCIAL VALIDATION, AND THAT
7 WOULD BE EVIDENCED BY INDUSTRY PARTNERSHIP
8 COMMITMENTS, COMMITMENTS FROM VENTURE CAPITAL. THE
9 FUNDING AMOUNT WOULD BE \$15 MILLION PER PROJECT OF
10 STATE FUNDS. AND THIS IS INTERESTING THAT WE MIGHT
11 BE CHANGING THE MISSION OF THE FINANCE SUBCOMMITTEE
12 BECAUSE, AS PRESENTED IN JUNE, THE FINANCE
13 SUBCOMMITTEE COULD IDENTIFY ADDITIONAL AMOUNTS OF
14 FUNDING IF THAT WAS NEEDED IN ORDER TO GET THE DEAL
15 DONE, AS THEY SAY. AND, OF COURSE, THERE WOULD BE
16 ADDITIONAL FUNDING FOR PATENT COSTS.

17 AS PRESENTED, THE CONCEPT WAS FOR A TERM
18 OF FOUR YEARS; BUT, AGAIN, THE CONCEPT WAS TO ALLOW
19 THIS SUBCOMMITTEE TO APPROVE A LONGER PERIOD. SO I
20 WOULD SUGGEST THAT IF ADDITIONAL FUNDING WAS
21 DESIRED, THAT IT WOULD BE THIS SUBCOMMITTEE THAT
22 WOULD HAVE THE ABILITY TO APPROVE AND REQUIRE THAT.

23 AND THEN I THINK THE MOST FUNDAMENTAL
24 CHANGE IN TERMS OF THE WAY WE CONDUCT BUSINESS IS
25 THAT IT WOULD BE THIS SUBCOMMITTEE THAT WOULD TAKE A

BARRISTERS' REPORTING SERVICE

1 LOOK AT A TERM SHEET. AND I'LL GO THROUGH THE
2 PROCESS SO YOU WILL SEE THAT MORE CLEARLY. AND
3 HERE'S THE PROCESS.

4 SO WE POST THE ANNOUNCEMENT. IT'S ON A
5 ROLLING BASIS. APPLICATIONS ARE SUBMITTED. WITH
6 THAT APPLICATION THEY HAVE TO SUBMIT THEIR TERM
7 SHEETS OR DESCRIBE HOW THE VENTURE CAPITAL IS
8 CONTRIBUTING TO IT. THEY WILL HAVE TO DESCRIBE
9 GO/NO-GO DECISIONS IN TERMS OF ANY SORT OF ROYALTY
10 PAYMENTS AND WHATNOT.

11 THE GRANTS WORKING GROUP WOULD REVIEW, AND
12 SEPARATELY, IT COULD BE BEFORE OR AFTER, I DON'T
13 THINK STEP 3 OR 4 MAKES A DIFFERENCE IN TERMS OF
14 WHEN IT OCCURS, BUT THE IP SUBCOMMITTEE WOULD REVIEW
15 A TERM SHEET AS WELL AND PROVIDE ITS RECOMMENDATIONS
16 BASED ON THE DEAL STRUCTURE TO THE ICOC. AND, OF
17 COURSE, THE ICOC, THE GOVERNING BOARD, WOULD REVIEW
18 AND APPROVE. AND THAT'S -- THAT LAST STEP 5 IS, I
19 THINK, SOMETHING THAT MAYBE WAS NOT FULLY
20 APPRECIATED. SO THIS GETS FULL ICOC APPROVAL AND IT
21 GETS APPROVAL, OF COURSE, BY A GRANTS WORKING GROUP
22 AND BY THIS SUBCOMMITTEE.

23 I JUST WANTED TO REITERATE, AS I THINK
24 MANY OF YOU WOULD AGREE, THAT THE ADVANTAGE OF
25 ENGAGING INDUSTRY IS THAT IT ALLOWS US ACCESS TO

BARRISTERS' REPORTING SERVICE

1 PHASE III CLINICAL TRIAL FUNDING. AT LEAST THAT IS
2 THE GOAL OR ONE OF THE GOALS OF ENGAGING INDUSTRY
3 EARLY. GET THEM TO HAVE SOME SKIN IN THE GAME, THEY
4 MIGHT BE MORE LIKELY TO FUND LATER STAGES. IT MIGHT
5 ACTUALLY PROVIDE A SOURCE OF CO-FUNDING IN THE
6 EARLIER PHASES. SO INSTEAD OF WAITING TO GET REPAYED
7 BACK FROM ROYALTY PAYMENTS OR FROM OTHER REVENUE
8 SHARING PROVISIONS, WE CAN GET IT EARLIER. AND
9 EQUALLY IMPORTANT IS THAT IT GIVES US ACCESS TO THIS
10 VERY VALUABLE INDUSTRY EXPERTISE IN TERMS OF
11 REGULATORY, PROCESS DEVELOPMENT, CLINICAL TRIAL
12 DESIGN, AND WHATNOT.

13 AND SO I END JUST BY SAYING IT IS OUR HOPE
14 THAT THIS SUBCOMMITTEE WOULD RECOMMEND TO THE ICOC
15 APPROVAL OF THE STRATEGIC PARTNERSHIP FUNDING
16 PROGRAM AS I'VE JUST DESCRIBED. I UNDERSTAND IT
17 STILL NEEDS TO GO TO THE SCIENCE SUBCOMMITTEE, BUT I
18 THINK THAT'S A SEPARATE REVIEW AND THERE MIGHT BE
19 SEPARATE SUGGESTIONS THAT COME FROM THAT. THOSE ARE
20 MY COMMENTS.

21 CHAIRMAN JUELSGAARD: THANKS, ELONA. SO
22 QUESTIONS, COMMENTS?

23 CHAIRMAN THOMAS: IS IT YOUR SENSE THAT,
24 LOOKING FOR THE STAGE YOU HAVE TO BE AT TO QUALIFY
25 FOR THIS PROGRAM, WHICH IS PRECLINICAL OR LATER, IS

BARRISTERS' REPORTING SERVICE

1 IT YOUR SENSE THAT THERE IS NO WAY TO ENTICE
2 INDUSTRY TO ENTER ANY EARLIER THAN THAT? THAT'S
3 WHAT -- THE EARLIER YOU CAN GET THEM TO ENGAGE AND
4 GIVE THEM THE OPTION FOR EXCLUSIVITY IF SOMETHING
5 PANS OUT, ETC., THE BETTER.

6 MS. BAUM: I THINK THERE'S A DIFFERENT --
7 LIKE I SAID, THERE'S A LOT OF DIFFERENT STRUCTURES.
8 AND I PUT THE MARS MODEL UP THERE BECAUSE I THINK
9 THEY'RE TWO REALLY INTERESTING APPROACHES. I THINK
10 THAT ON THE RIGHT SIDE -- MAYBE I CAN GO BACK. ON
11 THE RIGHT SIDE, THE CO-FUNDING PARTNERSHIP MODEL IS
12 ONE WHERE YOU CAN ENGAGE EARLIER. I BELIEVE THAT
13 THAT APPROACH WOULD BE A CO-FUNDING OF AN RFA, AND
14 WE'VE TALKED ABOUT THAT MAYBE A YEAR AND A HALF AGO,
15 OR AT LEAST I'VE THOUGHT OF THAT AS A POTENTIAL.
16 BUT I THINK IN ORDER TO DO THAT, AGAIN, YOU HAVE TO
17 HAVE THEM -- YOU HAVE TO -- THE GRANTEES HAVE TO
18 AGREE THAT THEY -- TO AT LEAST A RIGHT OF FIRST
19 NEGOTIATION OR SOME ABILITY TO PARTICIPATE WITH THIS
20 CO-FUNDING WITH A LONG-TERM PARTNER.

21 AND I ACTUALLY IN MY OFFICE PROBABLY HAVE
22 SCRATCHED OUT HOW THAT CAN WORK. I JUST FIGURED I
23 DIDN'T WANT TO INUNDATE YOU WITH TOO MANY DEAL
24 STRUCTURES. I THINK THAT WHAT WE HAVE HERE IS A
25 FRAMEWORK THAT COULD WORK, AND WE CAN FIGURE OUT HOW

BARRISTERS' REPORTING SERVICE

1 TO IMPLEMENT IT IN SOME OTHER WAY.

2 THE PROGRAM ANNOUNCEMENT, GOING WITH THIS
3 CO-FUNDING PARTNERSHIP MODEL, WOULD BE A LOT
4 DIFFERENT THAN THE ONE THAT I'VE JUST BEEN TALKING
5 ABOUT IN TERMS OF AN EXCLUSIVE AGREEMENT. AND WE'D
6 HAVE TO REALLY WORK TO MAKE SURE THAT THE GRANTEES
7 FEEL COMFORTABLE ABOUT THAT.

8 DR. LOVE: J.T., TO YOUR QUESTION, I DO
9 THINK THAT THE PROGRAM PROBABLY DOES NEED TO HAVE
10 SOME PRETTY GOOD SHAPE FOR WHAT IT'S GOING TO LOOK
11 LIKE GOING TO THE CLINIC TO REALLY ATTRACT INDUSTRY.
12 IF IT'S JUST KIND OF EXPLORATORY RESEARCH FUNDING AT
13 THE EARLIER STAGE, NO. 1, THOSE DOLLARS ARE LESS;
14 AND, NO. 2, I THINK THAT'S PROBABLY NOT, AT LEAST
15 WHAT I READ HERE, THE BIGGEST CONCERN. THE BIGGEST
16 CONCERN WAS TO MAKE SURE THAT WHEN YOU GET TO PROOF
17 OF CONCEPT, YOU'VE ALREADY GOT POTENTIALLY A PARTNER
18 LINED UP TO HELP REALLY ADVANCE IT THROUGH PHASE III
19 AND TO THE MARKET.

20 MS. BAUM: THAT'S WHY I FOCUSED ON THIS
21 FIRST. I THINK THAT WE WOULD DO OURSELVES A GREAT
22 SERVICE IF WE FOCUSED ON THAT FIRST TO MAKE SURE
23 THAT WE'RE LINKING UP OUR HUGE INVESTMENTS WITH THE
24 FOLLOW-ON FINANCING THEY'LL NEED. AND I ALSO HAVE
25 TO SAY THAT WE'RE NOT DOING THIS COMPLETELY IN THE

BARRISTERS' REPORTING SERVICE

1 ABSTRACT. WE HAVE HEARD FROM COMPANIES THAT THEY'D
2 BE INTERESTED IN THIS SORT OF MODEL.

3 DR. TROUNSON: I THINK THAT'S A REALLY
4 IMPORTANT THING. THERE'S REAL OPPORTUNITIES FOR
5 THAT PART OF THE PROCESS BECAUSE IT'S MUCH NEARER
6 TERM, AS TED SAYS. THE APPETITE FOR CONNECTING IN A
7 WAY WHERE THEY CAN GRADE THEIR RISK ESSENTIALLY; BUT
8 ALSO IF THEY DO THAT AND THEY'RE ABLE TO INFLUENCE
9 THE TEAMS TO DO THE APPROPRIATE STUDIES, THEY DON'T
10 HAVE TO GO BACK AND REDO THEM, WHICH IS A VERY
11 COSTLY COMPONENT TO THEM. SO THERE'S SOME VERY
12 STRONG ADVANTAGES IN TERMS OF THEIR SEEING THEIR
13 LEVERAGE AND ALSO INCREASING THE PACE IN WHICH THEY
14 CAN TAKE IT FURTHER FORWARD.

15 IF YOU GO BACK TO WHAT HAPPENS WITH THE
16 SORT OF MODELS WITH HARVARD AND OTHER PLACES,
17 THERE'S A SORT OF LUMP SUM THERE FOR PICKING AND
18 CHOOSING. THAT'S MORE DIFFICULT FOR US BECAUSE
19 WE'RE NOT ACTUALLY DOING THE RESEARCH. IT'S REALLY
20 QUITE MUCH MORE COMPLICATED TO IMPOSE THAT UPON OUR
21 GRANTEES.

22 SO I DO THINK THIS IS A MUCH EASIER MODEL
23 IN THE FIRST PLACE. AND IF WE COULD DEMONSTRATE
24 THAT THERE WAS AN APPETITE AND APPROPRIATE GRANTS
25 THAT FIT THIS MECHANISM, IT WOULD BE ONE OF THE GOOD

BARRISTERS' REPORTING SERVICE

1 PLACES TO BEGIN WITH. THAT'S NOT TO RULE OUT OTHER
2 OPTIONS, BUT THIS IS A VERY GOOD PLACE TO BEGIN. AS
3 ELONA SAID, WE HAVE INTEREST, STRONG INTEREST
4 ALREADY FOR DOING THAT.

5 MR. ROTH: SO, ELONA, I THINK IT'S ONE
6 SLIDE FORWARD. ONE THING, WHEN I READ THAT
7 STATEMENT, THAT INDUSTRY HAS EXPERTISE IN PROTEIN
8 AND CELL MANUFACTURING, THAT'S BOTH COMPANY
9 EXPERTISE SPECIFIC TO A COMPANY, BUT THERE ARE MANY,
10 MANY CONTRACT MANUFACTURING ORGANIZATIONS NOW THAT
11 HAVE THAT EXPERTISE. AND IN MANY CASES IT'S EVEN
12 BETTER THAN SOME OF THE MIDSIZE COMPANIES MAY HAVE.
13 SO WE DON'T WANT TO EXCLUDE THAT, AND I THINK IT'S
14 OKAY, BUT I JUST WANTED TO MAKE SURE THAT WHEN WE
15 WRITE THIS, WE DON'T MAKE IT TOO COMPANY SPECIFIC
16 EXPERTISE. THERE'S OTHER EXPERTISE.

17 IF YOU COULD GO TO THE TERM SHEET AREA.

18 MS. BAUM: I DON'T CALL THE TERM SHEET OUT
19 ON THIS SLIDE.

20 MR. ROTH: ONE THING TO ADD UNDER
21 SIGNIFICANT INVESTMENT FROM VENTURE CAPITAL,
22 FOUNDATION FUNDING, BUT ALSO I THINK WE SHOULD
23 INCLUDE OTHER GRANTS BECAUSE THERE ARE SBIR AND NCI
24 NOW HAS UP TO TWO MILLION FOR CLINICAL TRIALS IN
25 THEIR NEW PROGRAM. SO LET'S NOT LEAVE ANYBODY OUT.

BARRISTERS' REPORTING SERVICE

1 KEEP IT AS BROAD AS WE CAN.

2 AND THEN ON THE TERM SHEET REVIEW,
3 WHEREVER THAT IS.

4 MS. BAUM: STEP 2.

5 MR. ROTH: IT SAYS THAT THE IP
6 SUBCOMMITTEE REVIEW OF THE PROPOSED TERM SHEET. I
7 JUST WONDERED HOW WE WOULD DO THAT BECAUSE THIS
8 WOULD PROBABLY BE CONFIDENTIAL.

9 MS. BAUM: I THINK IT WOULD HAVE TO BE A
10 CLOSED SESSION.

11 MR. ROTH: SO IT WOULD BE A CLOSED SESSION
12 OF THIS GROUP?

13 MS. BAUM: YES.

14 MR. ROTH: I WANTED TO MAKE SURE. AND
15 SAME FOR THE GOVERNING BOARD?

16 MS. BAUM: YES.

17 DR. TROUNSON: I THINK THE ISSUES AND THE
18 DEBATES -- I THINK YOU COULD BROADLY INDICATE THAT
19 THAT'S WHAT WE'RE DOING, BUT FOR THE ACTUAL DETAILS,
20 DUANE, ABSOLUTELY. NO ONE WILL COME OTHERWISE.

21 DR. LOVE: JUST A QUESTION ABOUT THAT. I
22 WAS LOOKING AT 3 AND 4 AND THINKING ARE THEY
23 SEQUENTIAL OR ARE THEY PARALLEL? THE MORE I THOUGHT
24 ABOUT IT, I KIND OF WALKED AWAY FEELING THAT THEY
25 PROBABLY NEED TO BE SEQUENTIAL BECAUSE WE NEED TO

BARRISTERS' REPORTING SERVICE

1 HAVE A PRETTY GOOD SENSE OF THE EXCITEMENT ABOUT THE
2 SCIENCE BEFORE WE COULD HAVE A LOT OF EXCITEMENT TO
3 NEGOTIATE A TERM SHEET BECAUSE TERM SHEETS ARE
4 LIKELY GOING TO HAVE TO BE NEGOTIATED.

5 MS. BAUM: TRUE. TRUE.

6 DR. TROUNSON: THERE WOULD BE. THERE
7 COULD BE CIRCUMSTANCES WHERE THE GRANT'S ALREADY
8 BEEN APPROVED, TED. SO MAYBE STEP 4 HAS ALREADY
9 BEEN APPROVED AND THEY'RE COMING IN. BUT MAYBE
10 UNDER THOSE CIRCUMSTANCES WHAT WE WOULD NEED TO LOOK
11 AT IS THE LENGTH OF TIME THAT WE'RE FUNDING IT
12 BECAUSE, YOU KNOW, QUITE RIGHTLY, THE PARTNER WHO'S
13 COMING IN DOESN'T WANT TO SEE IT TERMINATED FOR NO
14 CAUSE BEFORE THEY HAVE AN OPTION TO TAKE IT OUT.

15 SO THAT'S A COMPLICATING FEATURE, WHICH I
16 THINK WE WOULD NEED TO GO BACK TO THE ICOC TO GET
17 THEIR VIEW OF EXTENDING SUCH A GRANT, IF YOU
18 UNDERSTAND.

19 CHAIRMAN JUELSGAARD: OTHER COMMENTS?

20 DR. BRYANT: I'M JUST WONDERING IF YOU'VE
21 HAD MUCH CONVERSATION WITH THE UNIVERSITIES ABOUT
22 THIS STEP BECAUSE I THINK ONE OF THE THINGS THAT'S
23 VERY HARD TO OVERCOME IS THE RESEARCH FACULTY IN A
24 UNIVERSITY HAVE TO BE FREE TO DO THEIR RESEARCH.
25 AND THAT THE FINDINGS, THE THINGS THAT COME OUT OF

BARRISTERS' REPORTING SERVICE

1 THAT, BELONG TO THE INSTITUTION. SO IF YOU'RE
2 ENTERING INTO THIS KIND OF AGREEMENT WHERE YOU'RE
3 GETTING MONEY COMING IN THAT'S GOING TO DEVELOP
4 SOMETHING, AND IT'S GOING TO BE THEIRS BASICALLY,
5 THERE MAY BE SOME LEGAL ISSUES THAT WOULD HAVE TO BE
6 FIGURED OUT WITH THE UNIVERSITIES. I DON'T KNOW.
7 I'M JUST FAMILIAR ENOUGH WITH THAT AREA TO KNOW THAT
8 THERE MIGHT BE A PROBLEM.

9 CHAIRMAN JUELSGAARD: SO I WANT TO JUST
10 BACK UP FOR A MOMENT, ELONA, JUST TO EXPLORE WHAT
11 THIS PROGRAM IS DESIGNED TO DO WITHOUT GETTING INTO
12 THE SPECIFICS SO WE CAN ALL KIND OF BE ON THE SAME
13 PAGE.

14 SO AS I UNDERSTAND IT, THIS IS A PROGRAM
15 DESIGNED TO INCENT INDUSTRY TO JOIN IN THIS WHOLE
16 ENTERPRISE OF HOPEFULLY DEVELOPING STEM CELL
17 THERAPIES. AND THIS IS A BIT OF A CARROT TO DO
18 THAT. SO IN ORDER FOR THAT TO WORK, IF CIRM WERE TO
19 PUT MONEY UP IN ORDER TO HOPE TO DO THAT, IT WOULD
20 HAVE TO DO THAT TO OFFSET DOLLARS THAT INDUSTRY
21 WOULD OTHERWISE INVEST. SO IN OTHER WORDS, IT'S
22 TAKING THE RISK LEVEL DOWN AROUND A PROJECT FROM AN
23 INDUSTRY'S POINT OF VIEW BECAUSE SOMEBODY ELSE IS
24 PAYING SOME MONEY TO HELP MOVE THINGS ALONG AND THE
25 INDUSTRY WILL BE SPENDING LESS MONEY. THAT'S THE

BARRISTERS' REPORTING SERVICE

1 BASIC NOTION OF THIS PROGRAM, RIGHT?

2 MS. BAUM: ABSOLUTELY.

3 DR. TROUNSON: OR THE OTHER WAY AROUND.
4 YOU COULD ARGUE THAT PART OF THE COST THAT WE WOULD
5 NORMALLY HAVE TO CARRY COULD BE CARRIED BY THE OTHER
6 ENTITY. SO IT WOULD BE -- IT'S LEVERAGING OUR
7 DOLLARS AS WELL.

8 CHAIRMAN JUELSGAARD: I'M SORRY. I DIDN'T
9 FOLLOW.

10 DR. TROUNSON: YOU COULD SEE FROM THE
11 OTHER POINT OF VIEW, THAT WE'RE GAINING A LEVERAGE
12 BY HAVING THEM AS A CO-FUNDING PARTNER.

13 CHAIRMAN JUELSGAARD: WELL, I THINK WE
14 OUGHT TO BE CLEAR ABOUT WHAT WE'RE REALLY TRYING TO
15 DO HERE. I GUESS I'M NOT EXACTLY SEEING THAT ASPECT
16 OF IT. I'M JUST APPROACHING IT FROM THE POINT OF
17 VIEW OF SOME COMMERCIAL ENTERPRISE AND SAYING A LOT
18 OF COMMERCIAL ENTERPRISES ARE GOING TO ENTER INTO,
19 BECAUSE THEY DO ALREADY, ARRANGEMENTS WITH ACADEMIC
20 INSTITUTIONS AROUND SOMETHING THAT'S COMING OUT OF
21 ACADEMIA THAT LOOKS PROMISING AS A TREATMENT. THAT
22 HAPPENS WITH RESPECT TO PROTEIN THERAPIES OR SMALL
23 MOLECULE THERAPIES TODAY. HAPPENS A FAIR AMOUNT.

24 SO LET ME FINISH FOR A MOMENT. WHAT WE
25 HAVE HERE IS SOMETHING THAT'S BRAND NEW AND HASN'T

BARRISTERS' REPORTING SERVICE

1 YET BEEN PROVEN. AND THAT IS WHETHER WE CAN
2 ACTUALLY HAVE A STEM CELL THERAPY THAT MAKES A
3 DIFFERENCE. WE ALL BELIEVE AND HOPE THAT WILL
4 BECOME TRUE. THIS GOES BACK TO THE MONOCLONAL
5 ANTIBODY DAYS AND THE EARLY DEVELOPMENT OF
6 MONOCLONAL ANTIBODIES AND NOBODY KNEW WHETHER THAT
7 WAS EVER GOING TO BE A THERAPEUTIC APPROACH OR NOT.
8 NOW, IT PROVED TO BE TRUE AND EVERYBODY HAS JUMPED
9 ON THE BANDWAGON.

10 THERE WAS A LOT OF RISK IN THOSE EARLY
11 DAYS AROUND MONOCLONAL ANTIBODIES. SO WE'RE SORT OF
12 IN THE SAME AREA WITH STEM CELL THERAPY. SO FROM MY
13 POINT OF VIEW, IF I'M A COMMERCIAL ENTERPRISE AND I
14 WANT TO -- AND THERE ARE A LOT OF DOLLARS THAT ARE
15 GOING TO HAVE TO BE SPENT TO GET A STEM CELL THERAPY
16 THROUGH FDA APPROVAL BECAUSE THAT'S JUST HOW THE
17 GAME GOES. SO WHAT'S GOING TO MAKE IT MORE
18 ATTRACTIVE FOR ME TO SAY FINE. I'M GOING TO SIGN A
19 DEAL WITH STANFORD OR UNIVERSITY OF CALIFORNIA OR
20 WHATEVER? I TAKE IT THAT THIS PROGRAM IS REALLY,
21 FROM MY POINT OF VIEW, MAKES IT POTENTIALLY MORE
22 ATTRACTIVE TO A COMMERCIAL ENTERPRISE TO SAY, OKAY.
23 FINE. I'LL SIGN THIS DEAL WITH STANFORD BECAUSE
24 I'VE GOT A THIRD PARTY IN HERE, WHICH IS CIRM,
25 THAT'S WILLING TO PUT UP SOME OF THE MONEY. THAT'S

BARRISTERS' REPORTING SERVICE

1 WHAT I THOUGHT THIS WAS ABOUT.

2 DR. TROUNSON: THAT'S RIGHT. LET ME GIVE
3 YOU THE EXAMPLE. IF THEIR INVESTMENT WAS, SAY, IN
4 THE PRECLINICAL 10 PERCENT OF THE GRANT, AND YOU'VE
5 GOT A PHASE II, YOU'D RAISED IT TO 25 PERCENT. AND
6 BY PHASE III THEY'RE PAYING 75 PERCENT OF THE GRANT.
7 SO THEN OUR CONTRIBUTIONS ARE DIMINISHING AS THEY GO
8 UP.

9 SO WE ARE SEEING A LEVERAGE FOR OUR
10 DOLLARS THAT ARE BEING INVESTED AS WELL. SO I'M
11 SAYING THERE'S AN INHERENT ADVANTAGE TO US TO BE
12 DRAWING MORE MONEY INTO THOSE PROJECTS INSTEAD OF US
13 PAYING FOR THE WHOLE LOT OF IT AND THEN NOT REALLY
14 HAVING AN END USER PARTNER ANYWAY AT THE COMPLETION
15 OF WHEN WE COMPLETE PHASE I OR PHASE II.

16 CHAIRMAN JUELSGAARD: I AGREE AND I SEE
17 THAT. FOR ME I'M TRYING TO UNDERSTAND WHAT SOMEBODY
18 ELSE GETS OUT OF THIS BECAUSE IT'S THE PEOPLE ON THE
19 OTHER SIDE THAT ARE GOING TO HAVE TO SEE THIS AS A
20 WORTHWHILE PROGRAM, OR IT WILL JUST SIT THERE AND
21 NOTHING WILL EVER HAPPEN. IF WE'RE GOING TO DO
22 SOMETHING LIKE THIS, THEN LET'S MAKE SURE THAT IT'S
23 GOING TO HAVE SOME POTENTIAL EFFECT. AND SO I'M
24 JUST TRYING TO UNDERSTAND HOW THIS WOULD WORK.

25 DR. TROUNSON: I THINK WE'RE SAYING THAT

BARRISTERS' REPORTING SERVICE

1 THERE'S SOME APPETITE OUT THERE. IF WE HAVE
2 SOMETHING LIKE THIS, I THINK WE WILL ENGAGE. THAT
3 IS THE VIEW.

4 AND, OF COURSE, TO GO TO SUSAN'S POINT,
5 THAT THE UNIVERSITY HAS TO AGREE. AND CLEARLY IF
6 THEY DON'T AGREE, IT'S NOT ON. SO DOES THE PI AND
7 SO FORTH. BUT THERE'S SOME ADVANTAGE FOR THE
8 COMMERCIAL ENTITIES TO COME TO US BECAUSE, HEY,
9 WE'VE INVESTED A BIG EFFORT IN MANAGEMENT OF THESE
10 PROGRAMS. WE HAVE A VERY GOOD IDEA OF WHAT'S
11 PROGRESSING VERY WELL. SO THAT TO SOME EXTENT HELPS
12 THEM AS WELL, AND IT GIVES THEM AN ADDITIONAL
13 ARGUMENT THAT SOMEONE ELSE IS ALSO IN THERE DOING
14 THE HARD YARDS FOR ASSESSING THIS PROGRAM AND
15 MANAGING IT AS WELL.

16 DR. LOVE: ALAN, THE WAY I INTERPRETED
17 YOUR COMMENT IS THAT WHILE OUR PRIMARY PURPOSE FOR
18 DOING THIS IS TO ATTRACT INDUSTRY, THERE IS A
19 WIN-WIN. THERE'S A WIN FOR US AND THERE'S A WIN FOR
20 INDUSTRY. AND I THINK WE JUST NEED TO BE CLEAR
21 THERE'S A WIN FOR THE ACADEMIC INSTITUTIONS TOO, OR
22 THEY COULD BE A BARRIER.

23 DR. BRYANT: THEY COULD BE A BARRIER, AND
24 I'VE SEEN BARRIERS OF THAT KIND WRITTEN INTO
25 LANGUAGE WHICH PREVENTED FACULTY FROM TAKING AWARDS

BARRISTERS' REPORTING SERVICE

1 FROM LIKE HP OR SOMETHING LIKE THAT. IT HAPPENS.
2 SO I THINK THE DEVIL IS IN THE DETAILS. BUT, FOR
3 INSTANCE, ONE THING THAT COULD HAPPEN IS IF YOU'RE
4 TALKING ABOUT THIS AS A FAIRLY -- YOU IMAGINE IT A
5 LONG WAY AWAY FROM THE PRIMARY DISCOVERY PHASE. BUT
6 WHAT IF DURING THE PROCESS OF THIS INTERACTION
7 THERE'S A DISCOVERY THAT HAS TO DO WITH BETTER WAYS
8 OF DOING THINGS AT THAT STAGE? THEN YOU'RE INTO
9 SOME KIND OF AN ISSUE WITH IT. I'M JUST SAYING IT'S
10 NOT WITHOUT ITS LAND MINES IN THAT AREA.

11 MR. ROTH: I WOULD HAVE ANOTHER QUESTION
12 ON THE AMOUNT IN THINKING THROUGH THAT. THE WAY I
13 READ IT, IT COULD BE UP TO 15 MILLION OVER FOUR
14 YEARS. THAT'S THE MAX WITHOUT ADDITIONAL APPROVAL.

15 MS. BAUM: YES.

16 MR. ROTH: YOU'VE GOT HOW MUCH APPROVED
17 FOR THIS, 30? SO THE QUESTION IS HOW MANY OF THESE
18 CAN YOU REALLY COMMIT TO BECAUSE MY GUESS WILL BE
19 MOST WILL COME IN AT THE FULL AMOUNT OF 15, AND WE'D
20 GET COMMITTED PRETTY QUICKLY, OR THEY'LL LOOK AT,
21 SAY, 30 MILLION, WHY SHOULD I BOTHER WITH THE
22 PAPERWORK?

23 CHAIRMAN THOMAS: WASN'T IT 30 MILLION FOR
24 ALL COMPONENTS OF THE OPPORTUNITY FUND?

25 MS. BAUM: YES. BUT WE DID STATE THAT

BARRISTERS' REPORTING SERVICE

1 ICOC COULD REPLENISH THE 30 MILLION AS IT WAS USED
2 OR WHEN IT --

3 MR. ROTH: WELL, MY THOUGHT ON THAT WOULD
4 BE EITHER WE OUGHT TO REDUCE THAT EXPECTATION IF WE
5 HAVE TO GO THROUGH THAT, OR WE SHOULD INCREASE THE
6 30 MILLION TO A HIGHER NUMBER OVERALL BECAUSE I HAVE
7 A PROBLEM WITH THINKING ABOUT MAYBE ONLY DOING TWO.
8 I KNOW HOW THESE THINGS WOULD GO. THEY WOULD
9 CERTAINLY TRY TO GET UP TO THE FULL AMOUNT.

10 SO I WANT TO MAKE SURE THERE'S A REAL
11 EXPECTATION FOR WHAT WE'RE GOING TO OFFER HERE AS
12 OPPOSED TO --

13 DR. LOVE: THAT'S A GOOD POINT, DUANE.
14 WHEN I READ THIS, MY ASSUMPTION ACTUALLY WAS THAT WE
15 WOULD PUT IN MORE MONEY BECAUSE I THINK HAVING TWO
16 OF THESE WOULD NOT BE ATTRACTIVE. I THINK MAKING
17 THE NUMBER MUCH SMALLER THAN 15 MILLION COULD MAKE
18 IT DE MINIMIS AND NOT ATTRACTIVE EITHER.

19 DR. TROUNSON: WE DID BUILD SOME OF THE
20 THINKING INTO OUR BUDGETING, THE LONG FORECAST
21 BUDGETING THAT WE DID WITH JOHN. SO WE KIND OF HAD
22 SOME IDEA THAT THAT WOULD BE PROGRESSING, THAT WE
23 WOULDN'T EXPECT TO DO THEM RAPIDLY IN THE BEGINNING,
24 BUT IT COULD BECOME A VERY ATTRACTIVE PROGRAM. AND,
25 OF COURSE, IT WILL HAVE TO BE LIMITED REALLY BY OUR

BARRISTERS' REPORTING SERVICE

1 FUNDS AND THE AGREEMENT OF BOTH GREAT SCIENCE AND
2 THE BOARDS'S VIEW THAT THIS IS THE MOST APPROPRIATE
3 WAY TO EXPEND THE MONEY. SO THERE ARE QUITE A FEW
4 THINGS.

5 THERE MAY BE -- IT MAY TURN OUT THAT THE
6 INSTITUTIONS HAVE MORE DIFFICULTY THAN WE THINK. WE
7 CERTAINLY HAVE TALKED TO THE INSTITUTIONS, AND
8 THEY'RE VERY INTERESTED, BUT THAT DOESN'T -- THE
9 DETAIL IS SOME OF THE ISSUE. BUT THEY'RE SAYING, AT
10 LEAST THE PEOPLE THAT HAVE TALKED TO US FROM
11 INDUSTRY, ARE VERY KEEN ABOUT THIS PROCESS. THEY
12 SAY THIS IS REALLY A GREAT WAY FOR THEM TO COME IN,
13 LEARN ABOUT THE AREA, GET ACTUALLY INTO THE AREA,
14 AND MAYBE SEE SOME THINGS BEING ABLE TO BE DRAWN
15 INTO THEIR PORTFOLIO AS THEY MOVE FORWARD.

16 IN SOME WAYS CELL THERAPIES HAS NOT BEEN A
17 REALLY WELL-ARTICULATED BUSINESS PLAN FOR SOME OF
18 THE PHARMACEUTICAL INDUSTRY BECAUSE IT DOESN'T
19 REALLY FIT TOO WELL WITH IT, BUT A LEARNING PROCESS
20 MIGHT HELP THEM DO THIS A LOT BETTER.

21 SO I THINK WE'LL PROBABLY LEARN QUITE BIT
22 FROM THEM AS WELL. OBVIOUSLY THEY'RE CARRYING A LOT
23 OF CAPACITY IN DOING SOME OF THE ACTIVITIES AS WELL.
24 SO I IMAGINE THAT THEY'RE GOING TO DONATE SOME OF
25 THEIR CAPACITY IN ORDER TO ENSURE SOME OF THESE

BARRISTERS' REPORTING SERVICE

1 THINGS GO FORWARD. THAT WOULD BE A NATURAL PART OF
2 THE ABILITY TO MAKE THOSE CONNECTIONS.

3 CHAIRMAN THOMAS: I'D LIKE TO GO BACK TO
4 THE EARLIER POINT THAT I MADE, WHICH TED COMMENTED
5 ON, AND DRILL DOWN A LITTLE BIT FURTHER. I
6 CIRCULATED TO THE BOARD MEMBERS AN ARTICLE FROM
7 *FORBES* WHICH BASICALLY SAID THAT PHARMA AND BIOTECH
8 ARE BECOMING MORE RETICENT TO SINK A LOT OF DOLLARS
9 INTO EARLIER STAGE R & D AND ARE LOOKING ACTUALLY TO
10 CONTRACT OUT OR OTHERWISE ENGAGE WITH OUTSIDE
11 RESEARCHERS TO DEFRAY SOME OF THAT. AND IF THAT, IN
12 FACT, IS SOMETHING THAT'S HAPPENING, IT SEEMS TO ME
13 THAT IT'S NOT UNREASONABLE TO GIVE INDUSTRY
14 OPPORTUNITY TO ENGAGE EARLIER IN THE PROCESS THAN
15 THE PRECLINICAL PHASE.

16 AND OBVIOUSLY YOU'RE NOT GOING TO GET THE
17 VC GUYS DOING THAT, BUT YOU COULD GET THE COMPANIES
18 THEMSELVES. THEY COULD PROBABLY BUY INTO POTENTIAL
19 INTELLECTUAL PROPERTY RIGHTS CHEAPER THAN THEY WOULD
20 IF THEY'RE ENGAGING IN THE PRECLINICAL PHASE.

21 IT SEEMS TO ME THAT THIS IS A WAY TO GET
22 THEM ON BOARD DEALING WITH THE EARLIER STAGE
23 PLAYERS. AND WE PROVIDED SOME FUNDING FOR THAT
24 WHICH WOULD BE IN LESSER AMOUNTS BECAUSE IT WOULD
25 BE -- THEY WOULD BE WILLING TO PUT UP LESS THAN THEY

BARRISTERS' REPORTING SERVICE

1 WOULD FURTHER DOWN THE PROOF OF CONCEPT SPECTRUM.
2 IT JUST SEEMS TO ME WE SHOULD BE TRYING TO COME UP
3 WITH CREATIVE IDEAS TO ENGAGE THEM AS EARLY AS
4 POSSIBLE.

5 DR. TROUNSON: I DON'T THINK WE WANT TO
6 TAKE ANYTHING OFF THE TABLE AT ALL. BUT WE'VE BEEN
7 TALKING TO THEM QUITE BIT ABOUT THAT, JON. IT
8 DOESN'T -- AT THIS STAGE I WOULDN'T SAY THAT WE'D BE
9 ABLE TO NEGOTIATE THAT IMMEDIATELY, BUT IT MAY BE
10 THAT AS THEY ENGAGE IN THIS OTHER PROCESS, THEY
11 MIGHT FEEL THAT IT'S EVEN BETTER TO GET IN A
12 PRECOMPETITIVE SPACE. I'M HOPING TO HAVE A MORE
13 GENERAL DISCUSSION WITH THEM ABOUT PRECOMPETITIVE
14 OPPORTUNITIES.

15 SO I JUST THINK THAT THIS SEEMS LIKE A
16 FRONT-RUNNING OPPORTUNITY, AND IT'S ONE WHICH I
17 THINK WE'RE GETTING, AS TED SAYS, WE'RE GETTING
18 WIN-WINS OUT OF IT. SO I DON'T THINK WE SHOULD STOP
19 AT THAT AT ALL, BUT I THINK WE NEED TO SORT OF TAKE
20 THEM AS THE GENUINE OPPORTUNITIES APPEAR.

21 CHAIRMAN THOMAS: HAVE YOU HAD ANY
22 DISCUSSIONS WITH ANYBODY ABOUT ENTERING THE GAME
23 EARLIER THAN THE PRECLINICAL PHASE?

24 DR. TROUNSON: YES, WE DID. WE HAD A
25 NUMBER OF DISCUSSIONS. THESE HAVE BEEN BROKERED NOW

BARRISTERS' REPORTING SERVICE

1 OVER A COUPLE OF YEARS THAT WE'VE BEEN TALKING,
2 ELONA AND I, TOGETHER WITH THESE COMPANIES WITH SOME
3 ASSISTANCE FROM SOME PEOPLE WHO BROKER THESE
4 INTERESTS. AND I'D SAY THAT WE REALLY HAVEN'T HAD
5 ANYONE SAY THAT THAT'S THE WAY THEY WANT TO DO IT AT
6 THIS STAGE, BUT I WOULDN'T -- I THINK IT'S A MATTER
7 OF -- IT MAY BE THAT WE HAVEN'T TALKED TO THE RIGHT
8 PEOPLE, THAT'S ONE THING, OR ENOUGH OF THEM.

9 AND YOU KNOW THAT I WANT TO TRY AND BRING
10 SOME OF THE PHARMACEUTICAL INDUSTRY TOGETHER TO TALK
11 TO US TO GIVE THEM A BETTER IDEA OF WHAT WE'RE DOING
12 SO THAT WE GET A FIRMER FEEL FOR HOW THEY WANT TO
13 INTERACT. BUT WE DO KNOW THAT SEVERAL OF THEM WANT
14 TO DO IT THIS WAY.

15 CHAIRMAN THOMAS: WELL, THE ONLY THING I
16 WOULD SUGGEST, ALAN, IS THAT THIS SEEMS TO BE A
17 RECENTLY DEVELOPING SENTIMENT. AND SO IF WE HAVEN'T
18 VISITED THIS IN A COUPLE OF YEARS, THAT IT MIGHT BE
19 WORTH PURSUING. AND I'D BE HAPPY TO BRAINSTORM.
20 GOT SOME IDEAS OF PERHAPS SOME PEOPLE WE MIGHT TALK
21 TO, BUT THIS IS DEFINITELY IDENTIFIED AS AN UP AND
22 COMING TREND.

23 DR. TROUNSON: I THINK WE MENTIONED THAT
24 WE MIGHT TRY AND DO SOMETHING A LITTLE LATER IN THE
25 YEAR IN ASSOCIATION WITH SOME OF THE OPPORTUNITIES

BARRISTERS' REPORTING SERVICE

1 FOR THOSE MAJOR PHARMA RESEARCH DIRECTORS BEING HERE
2 IN CALIFORNIA. SO HAVING YOU ON BOARD NOW MAKES
3 THAT A GOOD OPPORTUNITY FOR US TO FURTHER THOSE
4 DISCUSSIONS. AS I SAID, REALLY HAVEN'T HAD A BITE
5 ON THAT, BUT HAVE STRONG BITES ON THE OTHER.

6 DR. LOVE: I'M NOT SURE IF I WOULD SEE
7 THIS AS EXCLUSIVE OF DOING THAT OR PRECLUDE NOT
8 DOING THAT, BUT TO ME ANYWAY THIS DEAL SEEMS LIKE A
9 REASONABLE PLACE TO START.

10 I SUSPECT, BUT I COULD BE WRONG, THAT THIS
11 IS WHERE YOU WILL GET THE GREATEST INTEREST BECAUSE
12 PEOPLE ARE INTERESTED IN THINGS THAT CAN BE IN THE
13 CLINIC AND BE IN THE MARKET SOONER. AND THE MORE
14 EXPLORATORY STUFF IS BY DEFINITION GOING TO BE
15 FURTHER OUT, BUT I JUST SEE THIS AS A STARTING
16 POINT, J.T.

17 CHAIRMAN JUELSGAARD: SO LET ME JUST ADD
18 TO WHAT TED JUST SAID BECAUSE I AGREE WITH THAT. I
19 THINK IT'S FINE TO HAVE SORT OF THE STRUCTURE ALL
20 LAID OUT, ETC. WHAT'S GOING TO REALLY MAKE A
21 DIFFERENCE IS WHEN WE TEST-DRIVE ALL THIS BECAUSE I
22 FEEL PRETTY CONFIDENT THAT WHAT WE TALK ABOUT NOW IS
23 GOING TO TURN INTO SOMETHING DIFFERENT WHEN WE
24 ACTUALLY GET OUT THERE AND DEAL WITH COMMERCIAL
25 ENTERPRISES. AND DIFFERENT COMMERCIAL ENTERPRISES

BARRISTERS' REPORTING SERVICE

1 ARE GOING TO HAVE DIFFERENT VIEWS ABOUT ECONOMIC
2 PARTICIPATION. NOT EVERYBODY THINKS ALIKE IN THAT
3 REGARD AND THE AMOUNT OF RISK THEY'RE WILLING TO
4 TAKE ON.

5 SO IN ANY EVENT, HERE'S, I GUESS, WHAT I'M
6 SAYING. I THINK THE CONCEPT IS A GREAT CONCEPT,
7 WHICH IS PROVIDING A POOL OF MONEY TO, IN ESSENCE,
8 RISK SHARE WITH INDUSTRY WHETHER IT'S AROUND
9 DEVELOPMENT, REGULATORY APPROVAL, AND ULTIMATELY
10 COMMERCIALIZATION, OR WHETHER IT'S AROUND EARLIER
11 STAGE RESEARCH. THOSE ARE TWO DIFFERENT CATEGORIES.
12 BUT GETTING INDUSTRY MORE INVOLVED IN EITHER ONE OF
13 THOSE. AND I THINK, TO TED'S POINT, IT'S MORE
14 LIKELY TO BE THE FORMER THAN THE LATTER.

15 BUT IN ANY EVENT, I WOULDN'T GET TOO HUNG
16 UP ON THE DETAILS OF HOW THIS IS ALL GOING TO BE
17 WORKED OUT BECAUSE I THINK WE'RE GOING TO HAVE TO
18 SEE HOW IT GOES. OTHER PEOPLE OUT THERE WHO ARE
19 GOING TO BE THE OTHER SIDE OF THIS WHO ARE GOING TO
20 HAVE THEIR OWN IDEAS HOW THIS NEEDS TO WORK, AND
21 WE'RE GOING TO HAVE TO BE FLEXIBLE AROUND THIS.
22 IT'S LIKE ANY BUSINESS NEGOTIATION. YOU HAVE AN
23 IDEA OF WHAT YOU WANT TO ACCOMPLISH, BUT HOW YOU GET
24 THERE CAN REALLY VARY FROM TRANSACTION TO
25 TRANSACTION.

BARRISTERS' REPORTING SERVICE

1 SO I THINK JUST STARTING WITH A SMALL
2 AMOUNT. YEAH. IF WE WERE GOING TO LIMIT OURSELVES
3 FOREVER FOR \$30 MILLION, WE MIGHT JUST AS WELL -- TO
4 MAKE THIS A REAL PROGRAM, WE SHOULD JUST STOP RIGHT
5 NOW BECAUSE THAT'S NOT GOING TO GO VERY FAR FOR THE
6 SORT OF PROGRAMS THAT I THINK THIS MIGHT APPLY TO.
7 IF WE START WITH THIS SMALL AMOUNT OF SEED MONEY,
8 CALL IT THAT, TO REALLY SEE WHAT WE CAN DO WITH THIS
9 AND WHAT IT ATTRACTS AND WHAT WE GET TO WITH THE
10 IDEA IF IT REALLY TAKES ROOT, THEN WE WOULD HOPE
11 THAT THE BOARD WOULD APPROVE OR SOMEBODY WOULD
12 APPROVE A LARGER AMOUNT OF MONEY TO GO TO THIS
13 EFFORT SEEING IT HAS VALUE. THOSE ARE MY QUICK
14 THOUGHTS.

15 DR. TROUNSON: WE DO KNOW ONE ISSUE WHICH
16 WILL COME UP PRETTY QUICKLY IS IF THEY ARE GOING TO
17 ENTER THIS PROCESS WITH AN ALREADY FUNDED PROJECT.
18 WHAT ARE WE PREPARED TO DO IN ORDER, IF THE PROJECT
19 LOOKS GOOD, TO CONTINUE THE PROJECT ON TO CLINICAL
20 TRIAL I AND II? SO THAT, THEY THINK, IS THE ISSUE
21 FOR THEM. AND THAT'S WHY WE SAID, YES, WE NEEDED TO
22 HAVE SOME SORT OF PROCESS HERE. SO YOU GET A BIT OF
23 AN IDEA ABOUT WHAT WE WOULD TRY TO GO FORWARD AND
24 THEN JUST SEE WHAT ISSUES THREW UP. BECAUSE WE
25 WEREN'T WILLING TO BRIDGE THE PROJECT OVER TO THE

BARRISTERS' REPORTING SERVICE

1 NEXT ROUND AND SO FORTH, THERE MIGHT BE A STRONG
2 RESISTANCE TO COMING IN EARLY. I DON'T WANT TO JUST
3 FUND IT FOR SOME TIME AND THEN STOP. THEY DON'T
4 WANT US TO JUST STOP, HAVE A NATURAL STOP, AND NOT
5 CONTINUE ON.

6 MR. ROTH: I THINK THERE IS GENERAL
7 SUPPORT FOR THIS PROGRAM; BUT, AGAIN, I'M GOING TO
8 ASK THE QUESTION IS 15 THE RIGHT NUMBER TO PUT UP
9 THERE IN TERMS OF EXPECTATIONS? COULD WE DO TEN,
10 AND THEN WITH THIS COMMITTEE'S APPROVAL TAKE IT UP
11 MORE? I JUST -- THE 30, AND I'M REMINDED IT'S NOT
12 REALLY 30. THIRTY IS FOR ALL THREE PROGRAMS. SO
13 I'M TROUBLED BY THAT NUMBER, AND I'D LIKE TO HEAR
14 OTHER PEOPLE'S THOUGHTS.

15 J.T., TO YOUR RECOMMENDATION, THERE WAS A
16 STATE PROGRAM, THE UNIVERSITY OF CALIFORNIA PROGRAM,
17 THAT WAS MATCHING FUNDS FOR EARLY STAGE RESEARCH
18 THAT WAS QUITE SUCCESSFUL. AND I WOULD ENCOURAGE US
19 TO GO BACK AND PULL THAT UP. IT'S NO LONGER FUNDED,
20 BUT IT GETS AT YOUR ISSUE. IT SAID IF YOU CAN
21 ATTRACT AN INDUSTRY PARTNER, WE'LL MATCH THAT UP TO,
22 AND I DON'T REMEMBER THE NUMBER. IT WASN'T A HUGE
23 NUMBER, BUT IT WAS VERY POPULAR AND IT WORKED VERY
24 WELL.

25 SO THAT'S A WAY TO GET AT LEVERAGING OUR

BARRISTERS' REPORTING SERVICE

1 GRANT MONEY. SAY I'VE GOT A \$4 MILLION GRANT, BUT I
2 NEED TO GET 4 MILLION FROM INDUSTRY OR TWO AND TWO
3 OR WHATEVER.

4 CHAIRMAN THOMAS: THAT'S VERY INTERESTING.
5 I WASN'T AWARE OF THAT. I THINK THAT'S A GREAT
6 SUGGESTION.

7 ALAN, I HAVE ANOTHER QUESTION. WITHOUT
8 NAMING ANY NAMES, DO WE FEEL THAT THERE ARE PROJECTS
9 IN OUR EXISTING PORTFOLIO THAT THIS MIGHT BE
10 WORKABLE FOR?

11 DR. TROUNSON: YES.

12 DR. LOVE: JUST A LITTLE BIT ON THE
13 WORDING AROUND THE FINANCE COMMITTEE RECOMMENDING A
14 GREATER AMOUNT. WE MIGHT JUST WANT TO WORD THAT A
15 LITTLE BIT DIFFERENTLY BEFORE IT GOES TO THE BOARD
16 BECAUSE I THINK IT REALLY IS GOING TO BE THE BOARD
17 APPROVES AN ADDITIONAL AMOUNT OR SOMETHING.

18 MS. BAUM: I ALSO HAD A QUESTION AS TO NOW
19 WHETHER IT SHOULD BE THE FINANCE SUBCOMMITTEE OR
20 THIS --

21 DR. LOVE: THAT ACTUALLY IS THE OTHER
22 THOUGHT IS THAT SHOULD IT BE THIS OTHER COMMITTEE
23 THAT WE'RE TALKING ABOUT THAT WILL BE LOOKING AT IT
24 A LITTLE BIT MORE HOLISTICALLY?

25 MR. ROTH: ANYBODY ELSE HAVE THE SAME

BARRISTERS' REPORTING SERVICE

1 CONCERN I DO ON THE 15 MILLION?

2 CHAIRMAN JUELSGAARD: LET ME JUST ASK A
3 QUESTION. I'M CURIOUS. SO THIS WILL BE MY SECOND
4 MEETING. I WALKED INTO THE FIRST ONE IN JUNE. WHY
5 ARE THESE THREE PROGRAMS SORT OF ALL LUMPED WITH ONE
6 FUNDING SOURCE? WHAT WAS THE THOUGHT THAT WENT
7 BEHIND THAT AS OPPOSED TO EACH ONE BEING WORTH A SET
8 AMOUNT OF MONEY IN AND OF ITSELF UP TO SOME DOLLAR
9 AMOUNT? BECAUSE THEY DO COMPETE WITH EACH OTHER.
10 THE FIRST PROGRAM -- THERE'S A BUILT-IN NOTION THAT
11 WHOEVER IS THE ADVOCATE OF ONE PROGRAM IS GOING TO
12 RUN AS QUICKLY THEY CAN TO SIGN UP PEOPLE AND SPEND
13 THE MONEY BEFORE SOMEBODY ELSE IN ONE OF THE OTHER
14 PROGRAMS SPENDS THE MONEY. THAT'S JUST THE NATURE
15 OF WHAT WE'VE GOT HERE.

16 DR. TROUNSON: SO THE REASON WHY, BECAUSE
17 IT CAME IN UNDER THE HEADING OF THE OPPORTUNITY
18 GRANT. THAT WAS THE -- THAT WAS WHAT THE PREVIOUS
19 CHAIR THOUGHT WAS THE BEST WAY TO BRING IT IN, IN
20 THROUGH THE OPPORTUNITY GRANT. AND SO IT WAS TO GET
21 MORE PROACTIVE. AND SO WE WANTED TO TRY TO BE MORE
22 PROACTIVE IN THREE AREAS: ONE TO STIMULATE
23 INDUSTRY, ONE TO BRIDGE THE PROJECTS WHICH FELL INTO
24 A STOP ZONE AND THEN DIDN'T GET STARTED AGAIN FOR A
25 YEAR OR YEAR AND A HALF, WHICH WOULD MAKE IT VERY

BARRISTERS' REPORTING SERVICE

1 DIFFICULT TO KEEP YOUR TEAM TOGETHER AND VERY
2 DIFFICULT FOR COMMERCIAL ENTITIES. SO THAT BRIDGING
3 PROGRAM IS ONE THAT WE FELT WAS REALLY ESSENTIAL TO
4 DO SOMETHING ABOUT. AND THEN THIRDLY, THE EXTERNAL
5 REVIEW WANTED US TO BE MORE PROACTIVE IN BRINGING
6 PROJECTS, REALLY GOOD PROJECTS, FROM OUTSIDE
7 CALIFORNIA INTO CALIFORNIA. SO THAT THE THIRD ARM
8 OF IT WAS TO SORT OF SEE WHETHER IT WOULD COME IN
9 THROUGH BRINGING PEOPLE INTO CALIFORNIA OR BRINGING
10 EXPERTISE ON WHATEVER, SABBATICAL LEAVE, OR SENDING
11 PEOPLE OUT TO GET THAT INFORMATION IN SOME IMPORTANT
12 AREAS SO THAT WE COULD ACTUALLY DRAW SOME VERY
13 SPECIAL EXPERTISE INTO CALIFORNIA.

14 WE THOUGHT THAT THE EXPLANATION FOR THE
15 WHOLE PROGRAM WAS TOO DIFFICULT, THAT WE BROKE IT UP
16 INTO THREE PARTS THAT WAS MUCH MORE DIGESTIBLE, IF
17 YOU LIKE. AND THIS ONE WAS REALLY THE FOCUS, VERY
18 MUCH THE FOCUS ON THE BUSINESS ENTITY. SO I THINK
19 I'D LIKE TO FIND OUT EXACTLY WHAT WAS SAID AT THE
20 BOARD, BUT I HAD THE FEELING THAT IT WAS A \$30
21 MILLION PROGRAM, WHICH COULD BE, IF IT WAS SPENT
22 DOWN, IT COULD BE RECHARGED AT THE INITIATION OF THE
23 BOARD. IF IT WAS SPENT DOWN IN QUICK TIME, WELL,
24 THEY MAY OR THEY MAY NOT WANT TO ADD MORE TO IT.
25 BUT IT WAS REALLY OPEN TO THE BOARD. IT WASN'T

BARRISTERS' REPORTING SERVICE

1 NECESSARILY AN ANNUAL FIGURE, BUT IT WAS ONE WHICH
2 MIGHT BE AGREED TO OR ADJUSTED TO BY REALLY WHAT WAS
3 COMING THROUGH.

4 WE KNOW SOME OF THE THINGS WILL TAKE A
5 WHILE TO BRIDGE BECAUSE THE DISEASE TEAMS ARE GOING
6 TO TAKE, I THINK, PAT, A YEAR BEFORE IT'S REALLY
7 RELEVANT OR A YEAR AND A HALF. SO THERE ARE SOME
8 WHICH ARE SET BACK A LITTLE BIT BECAUSE THE
9 OPPORTUNITY DOESN'T COME THAT QUICKLY. AND WE ALSO
10 HAD TO BUILD IT INTO OUR FINANCING STRUCTURE WHEN WE
11 WERE SORT OF TRYING TO PREDICT WHAT OUR COMMITMENTS
12 WOULD BE IN THE LONGER TERM.

13 SO FOR ALL OF THOSE REASONS, THAT'S THE
14 WAY IT GOT STRUCTURED, AND IT ALL WENT TO THE BOARD
15 AT THE ONE TIME.

16 CHAIRMAN JUELSGAARD: SO LET ME ASK A MORE
17 PROVOCATIVE QUESTION. SO WHAT IF WE -- I'M GOING TO
18 PRESUME SOMETHING. IT'S NOT AN ACTION. BUT PRESUME
19 WE APPROVE GOING FORWARD WITH THIS PROGRAM, BUT WHAT
20 WE ALSO SAY IS WE'D LIKE TO SEE \$30 MILLION
21 COMMITTED TO THIS PROGRAM. AND TO FUND THE OTHER
22 TWO PROGRAMS THAT ARE OUTLINED HERE, IDENTIFY
23 DIFFERENT MONEY TO DO THAT OR WHATEVER, WHATEVER
24 THAT AMOUNT IS, BUT LET'S DEDICATE RIGHT FROM THE
25 OUTSET \$30 MILLION SO WE KNOW WHAT WE'RE WORKING

BARRISTERS' REPORTING SERVICE

1 WITH. I SAID THIS IS DESIGNED TO BE PROVOCATIVE.
2 I'M NOT NECESSARILY SUPPORTING IT.

3 CHAIRMAN THOMAS: MR. CHAIR, TWIST HIS
4 ARM.

5 CHAIRMAN JUELSGAARD: BUT WHAT ISSUES,
6 APART FROM PEOPLE NOT WANTING TO SPEND MONEY, DO YOU
7 SEE THAT RAISES? ARE THERE PROCEDURAL ISSUES? I
8 UNDERSTAND THERE MAY BE POLITICAL ISSUES. BUT THIS
9 IS TO DUANE'S POINT. AT THE END OF THE DAY, IF YOU
10 REALLY WANT TO DO THIS, YOU NEED TO MAKE SURE YOU'VE
11 GOT SUBSTANCE. IF YOU'RE GOING TO GO OUT THERE AND
12 TALK TO OTHER ENTITIES ABOUT THIS AS A POSSIBILITY,
13 THEY'RE GOING TO WANT TO KNOW THAT THERE'S BONA
14 FIDES THAT STAND BEHIND AND NOT THAT, OH, WELL,
15 WE'LL HAVE TO GO TO THE BOARD AND SEE IF THEY WON'T
16 INCREASE THE AMOUNT OF MONEY OR GIVE US SOMETHING OR
17 WHATEVER. THEY'RE GOING TO WANT TO KNOW THAT WE'RE
18 WILLING TO STAND BEHIND AS AN ORGANIZATION WHAT
19 WE'RE TALKING ABOUT, OR WE WON'T GET VERY FAR. SO
20 I'M JUST POSITING THAT.

21 DR. TROUNSON: WELL, THIS IS OUR FIRST
22 OPPORTUNITY TO TALK TO THE BOARD WITH THE EXPERTISE
23 THAT YOU'VE GOT HERE SPECIFICALLY AND LONG ENOUGH
24 ABOUT THIS PARTICULAR PART OF THE PROJECT. SO I
25 ACTUALLY DON'T HAVE ANY PROBLEM WITH REDUCING IT TO

BARRISTERS' REPORTING SERVICE

1 10 MILLION. DUANE HAS BEEN IN THIS AREA AND KNOWS
2 THESE THINGS PRETTY WELL AS WELL. I DON'T HAVE A
3 PROBLEM MYSELF WITH ANY OF THAT.

4 I THINK IF WE CAN MAKE THESE CONNECTIONS
5 AND IF WE CAN ENCOURAGE SEVERAL OF THESE
6 ORGANIZATIONS, THEN I THINK WE'RE GOING TO DO A BIG
7 FAVOR FOR THE CALIFORNIA STEM CELL INDUSTRY BECAUSE
8 WHEN YOU'VE PARTNERED UP WITH THESE ENTITIES, YOU'LL
9 EITHER GET TO LIKE THEM AND ENJOY THE INTERACTION
10 AND BE PART OF THE THING GOING FORWARD. THAT'S THE
11 USUAL OUTCOME FOR THOSE KIND OF THINGS. AND IT'S A
12 GOOD LEARNING EXPERIENCE FOR THE COMPANIES AND FOR
13 THE ACADEMICS THAT ARE INVOLVED.

14 MS. BAUM: WELL, I'LL ADMIT THAT I WAS THE
15 ONE WHO DRAFTED UNLESS THE FINANCE SUBCOMMITTEE
16 APPROVES MORE. I WAS OF THE NOTION THAT IT PROBABLY
17 WOULD TAKE MORE. AND I KNOW THAT WE WANTED TO BE
18 MODEST IN COMING OUT, SO I PUT THAT IN THERE TO
19 LEAVE A LITTLE MANEUVERABLE -- TO ALLOW US TO
20 MANEUVER. I'M A LITTLE CONCERNED IF WE DECREASE IT.
21 AND IF ANYTHING, I THINK IT WOULD BE GREAT TO
22 INCREASE IT.

23 MR. ROTH: WAS IT YOUR BELIEF THAT THIS
24 COMMITTEE COULD INCREASE THE TOTAL AMOUNT, GO ABOVE
25 THE AMOUNT ALLOCATED HERE?

BARRISTERS' REPORTING SERVICE

1 MS. BAUM: ABOVE 15 MILLION, YES.

2 MR. ROTH: FOR AN INDIVIDUAL GRANT, YES,
3 BUT NOT OVER THE CAP THAT THE BOARD APPROVED.

4 MS. BAUM: NOT OVER 30.

5 MR. ROTH: I AGREE VERY MUCH WITH WHAT
6 STEVE JUST SAID. IF YOU DON'T MAKE THIS BIG ENOUGH
7 AND THERE'S ENOUGH BELIEF THAT THIS IS ONGOING, I
8 THINK IT WILL LIMIT YOUR APPLICATIONS. AND I THINK
9 PEOPLE WILL LOOK AT IT AND SAY HO-HUM IF IT LOOKS
10 LIKE ONE OR TWO LIKE WE DID ON THE CLINICAL TRIAL
11 THING. SO MY RECOMMENDATION WOULD BE TO LOWER THAT
12 NUMBER TO TEN, ALLOW US WITH EXCEPTION, WITH
13 APPROVAL TO GO HIGHER. BUT I THINK STEVE IS EXACTLY
14 RIGHT. YOU'VE GOT TO PUT 30 INTO THIS PROGRAM,
15 WHICH WOULD DO TWO AT TEN AND A COUPLE AT FIVE,
16 WHICH WOULD GET THERE. I'D ALSO LIKE TO SEE
17 SOMETHING LIKE WE JUST TALKED ABOUT AS PART OF THIS
18 INDUSTRY THING FOR THIS EARLY STAGE. I THINK THAT
19 IS IMPORTANT, BUT THAT WOULD HAVE A MUCH SMALLER
20 AMOUNT ATTACHED TO IT.

21 SO THE MATCHING FUNDS, THE LEVERAGE YOU
22 TALKED ABOUT, IF YOU CAN DO SOMETHING UP TO 4 OR 5
23 MILLION WITH MATCHING 4 OR 5 MILLION FOR
24 PRECLINICAL, ACTUALLY A RESEARCH PROJECT, THAT WOULD
25 MAKE SENSE.

BARRISTERS' REPORTING SERVICE

1 DR. TROUNSON: I THINK THE TERM SHEET WILL
2 SAY A LOT OF IT, TO BE HONEST, DUANE. BUT I THINK
3 YOU MIGHT BE RIGHT, AND THERE MIGHT BE SITUATIONS
4 WHERE WE REALLY HAVE TO SORT OF DRAW A BIT MORE
5 HEAVILY IN SOME PROJECTS. IT WILL VERY MUCH DEPEND
6 ON THE PROJECT AND THE DEAL THAT'S IN PLACE.

7 MR. ROTH: PAT, WHAT IS THE PROGRAM WE
8 HAVE THAT GETS AT THIS? WE HAVE AN ONGOING GRANT
9 FOR RESEARCH IN THE AREA THAT COULD BE ELIGIBLE.

10 DR. OLSON: EARLY TRANSLATIONAL.

11 DR. FEIGAL: WELL, WE HAVE EARLY
12 TRANSLATION, WE HAVE THE DISEASE TEAMS. THOSE ARE
13 STILL PRECLINICAL, MOST OF THEM.

14 MR. ROTH: I'M TALKING ABOUT EVEN BEFORE
15 PRECLINICAL.

16 DR. FEIGAL: EARLY TRANSLATION. YOU WILL
17 HEAR ABOUT IT TOMORROW.

18 MR. ROTH: WE SHOULD PROBABLY THINK ABOUT
19 THAT.

20 CHAIRMAN THOMAS: I HAVE A QUESTION. IF
21 THE INDUSTRY WE WERE INVOLVING IS CALIFORNIA BASED,
22 AND WE'RE FUNDING THIS NOTION, DOES THE RESEARCH
23 THAT WE'RE FUNDING HAVE TO BE IN CALIFORNIA?

24 DR. TROUNSON: I THINK IF IT'S ALREADY AN
25 AGREED-TO GRANT, YES. BUT IF THERE WAS SOME

BARRISTERS' REPORTING SERVICE

1 COMPONENT PART THAT WAS AVAILABLE THROUGH THAT
2 COMPANY WHICH MIGHT BE LOCATED ELSEWHERE, THAT
3 COMPONENT PART WAS SOME MANUFACTURING STEP OR SOME
4 STEP WHICH THEY ALREADY HAD IN PLACE, I THINK
5 WHAT -- THEY WOULD BE PAYING FOR THAT PART OF IT,
6 AND WE WOULD STILL BE PAYING FOR THE CALIFORNIA
7 PART. WE WOULD MAINTAIN OUR DOLLARS IN THE
8 CALIFORNIA PART UNLESS IT WAS SIMPLY SOME SORT OF
9 SERVICE COMPONENT. BUT OUR DOLLARS WOULD BE
10 MAINTAINED IN CALIFORNIA.

11 DR. LOVE: THAT'S BEEN THE ANSWER WE'VE
12 ALWAYS RECEIVED, WHICH I'VE ALWAYS HAD A PROBLEM
13 WITH, BUT IT'S BEEN --

14 CHAIRMAN THOMAS: YOU KNOW WHERE I'M GOING
15 ON THIS. IT'S A WAY TO TRY TO REACH OUT TO RESEARCH
16 IN OTHER STATES USING THE HOOK THAT WE'RE INVOLVING
17 CALIFORNIA INDUSTRY AS A WAY OF ACCESSING HIGH
18 QUALITY RESEARCH AND BRINGING IT UNDER THE CIRM
19 UMBRELLA.

20 DR. TROUNSON: I THINK THAT WAS PART OF
21 THE OTHER PART OF IT, JON, WHICH WAS WE EITHER HAD A
22 BOLT-ON SORT OF PROCESS, THAT EITHER THEY BOLTED
23 ONTO US OR WE BOLTED SOMETHING ONTO THEM OR WE
24 EXCHANGE KEY SCIENTISTS ON A SABBATICAL OR SOME SORT
25 OF VISITATION BASIS SO THAT THERE WOULD BE AN

BARRISTERS' REPORTING SERVICE

1 INTRODUCTION OF THAT OR A CONNECTION TO THAT. WE
2 HAVE A LOT OF BOLT-ON AGREEMENTS -- SORRY. WE HAVE
3 THE POSSIBILITY OF BOLT-ON AGREEMENTS WITH SEVERAL
4 STATES ALREADY AND OTHER ORGANIZATIONS. AND SO IT
5 WOULD BE INTERESTING FOR US TO SORT OF TALK A LITTLE
6 FURTHER ABOUT THAT ONE. BUT IT WAS IN THE -- THAT
7 WAS IN THE THIRD COMPONENT PART, NOT THE BRIDGING
8 ONE AND NOT THIS ONE. IT WAS A PART OF THE THIRD
9 ARM OF THE OPPORTUNITY FUND.

10 CHAIRMAN JUELSGAARD: ALL RIGHT. WELL, AT
11 RISK OF CUTTING SHORT A USEFUL CONVERSATION, I THINK
12 UNLESS THERE ARE OTHER SIGNIFICANT COMMENTS OR
13 WHATEVER, WE OUGHT TO DECIDE ON A COURSE OF ACTION
14 HERE. SO I SEE THERE ARE TWO PARTS TO THIS. ONE IS
15 THE GENERAL IDEA OF BRINGING THIS NOTION OF THIS
16 OPPORTUNITY FUND TO THE BOARD FOR THEIR APPROVAL,
17 BUT THIS MORE RECENT DISCUSSION AS PART OF THAT IS
18 WHETHER WE SHOULD ADDITIONALLY ASK FOR DEDICATED
19 FUNDS SPECIFICALLY FOR THIS VENTURE IN A CERTAIN
20 AMOUNT OR WHETHER WE SIMPLY LEAVE IT WRAPPED UP WITH
21 THE OTHER TWO PROJECTS, WHICH ALL DRAW FROM THE SAME
22 WELL, AND WHICH CREATES SOME INDEFINITENESS AROUND
23 WHAT YOU HAVE AVAILABLE.

24 AND I GUESS THAT BELIES KIND OF WHAT I
25 THINK, WHICH IS THAT I LIKE DEFINITENESS. I LIKE TO

BARRISTERS' REPORTING SERVICE

1 KNOW WHAT'S THERE, WHAT YOU HAVE TO DEAL WITH, THAT
2 I PERSONALLY FEEL WE WOULD BE BETTER SERVED IF WE
3 SET ASIDE WHATEVER THAT AMOUNT OF MONEY IS, BUT WE
4 SET ASIDE THAT AMOUNT OF MONEY SPECIFICALLY
5 DEDICATED TO THIS PROJECT OR TO THIS FUND, TO THIS
6 APPROACH, SO THAT THERE WAS A CERTAINTY WHEN PEOPLE
7 FROM THIS ORGANIZATION WENT OUT AND TALKED TO OTHERS
8 ABOUT WHAT WE COULD OR COULDN'T DO.

9 SO LET'S JUST DEAL WITH THAT FIRST. I
10 WANT TO GET RESOLUTION HERE ONE WAY OR THE OTHER.
11 PROBABLY NOT APPROPRIATE FOR ME TO MAKE A MOTION.

12 MR. ROTH: I'LL MAKE A MOTION THAT WE
13 ADOPT THIS PROCEDURE, TAKE IT TO THE FULL BOARD WITH
14 THE FOLLOWING EXCEPTIONS: LOWER THE NUMBER FOR THE
15 FUNDING AMOUNT TO 10 MILLION, AND THE COMMITTED
16 FUNDS SHOULD GO UP TO 30 MILLION FOR THIS PROGRAM
17 SPECIFICALLY. THOSE ARE TWO RECOMMENDATIONS
18 COMBINED WITH SOME OF THE OTHER LANGUAGE CHANGES,
19 ADDING GRANTS TO THAT PARTICULAR SECTION, AND THAT
20 WE WOULD TAKE THAT TO THE BOARD TOMORROW.

21 CHAIRMAN JUELSGAARD: IS THERE A SECOND
22 FOR THAT MOTION?

23 DR. LOVE: I'LL SECOND IT.

24 CHAIRMAN JUELSGAARD: SO PUBLIC COMMENT?

25 MR. HARRISON: JUST ONE CLARIFICATION.

BARRISTERS' REPORTING SERVICE

1 THIS IS A PROGRAM THAT, AS ELONA REFERENCED EARLIER,
2 ALSO HAS TO GO BACK TO THE SCIENCE SUBCOMMITTEE PER
3 THE BOARD'S MOTION IN JUNE. AND I THINK IT'S
4 ANTICIPATED THAT THE PROGRAM WILL BE PRESENTED TO
5 THE BOARD IN OCTOBER WITH THE INPUT AND
6 RECOMMENDATIONS OF EACH OF THE SUBCOMMITTEES. SO
7 JUST A COMMENT AS TO DUANE'S LAST POINT ABOUT MAKING
8 THE RECOMMENDATION TO THE BOARD TOMORROW.

9 MR. ROTH: I WOULD MAKE THE
10 RECOMMENDATION. I DIDN'T SAY APPROVAL. BUT THIS
11 SUBCOMMITTEE WOULD RECOMMEND TO THE FULL BOARD THAT
12 IN OCTOBER, I'M NOT ASKING FOR ACTION TOMORROW, BUT
13 OUR RECOMMENDATION WOULD BE THIS HAS TO BE 30 TO BE
14 MEANINGFUL. AND I WOULD WANT TO EVEN ADD A LITTLE
15 BIT TO THAT TO MAKE SURE THAT WE'RE PRETTY SPECIFIC
16 ABOUT THAT WE EXPECT THIS TO BE AN ONGOING PROGRAM.
17 I DON'T WANT IT TO BE SO SOFT THAT EVERYBODY SAYS,
18 WELL, THE BOARD WILL DECIDE. IF SUCCESSFUL, IT'S
19 ANTICIPATED THAT THIS WOULD BE A REOCCURRING AMOUNT.

20 CHAIRMAN THOMAS: DUANE, DOES YOUR MOTION
21 CONTEMPLATE THE EARLIER STAGE COMPONENT AS WELL?

22 MR. ROTH: I WOULD CERTAINLY BE HAPPY TO
23 ADD THAT. AND THE SUGGESTION THERE WOULD BE THAT WE
24 WORK THAT INTO OUR EARLIER STAGE -- THAT WE TAKE
25 WHAT WE'RE DOING NOW IN GRANTS AND ADD AN

BARRISTERS' REPORTING SERVICE

1 OPPORTUNITY TO HAVE MATCHING FUNDS, SET ASIDE
2 AMOUNTS THAT WOULD ONLY QUALIFY IF THEY HAVE
3 MATCHING FUNDS.

4 MR. GOLDBERG: DUANE, I WOULD ALSO BE
5 WILLING TO SUPPORT IF YOU WOULD BE WILLING TO CHANGE
6 THE REVIEW FROM THE FINANCE SUBCOMMITTEE TO THIS
7 COMMITTEE BECAUSE I THINK WE CAN STREAMLINE THINGS
8 AND MAKE THINGS MORE EFFICIENT. MY POINT WOULD
9 SIMPLY BE THAT I THINK WHAT THE FINANCE SUBCOMMITTEE
10 WANTS TO LOOK AT IS THE OVERALL ALLOCATION. HOW THE
11 DISBURSEMENTS OCCUR WITHIN THE ALLOCATION I THINK
12 SHOULD BE LEFT TO THE EXPERTISE OF THIS COMMITTEE.

13 MR. ROTH: SO THE PROBLEM, I GUESS, WE
14 HAVE WITH THAT IS WE HAVE TO HAVE THAT APPROVED
15 FIRST AND THEN -- WE HAVE TO HAVE THE FIRST PART OF
16 WHAT WE DID APPROVED, AND THEN WE CAN MOVE THIS
17 OVER.

18 MR. HARRISON: BUT ASSUMING THAT THE BOARD
19 APPROVES THE EXPANSION OF THE JURISDICTION OF THE IP
20 SUBCOMMITTEE TOMORROW, THEN WHEN WE BRING IT TO THE
21 BOARD IN OCTOBER, IT WILL BE A NATURAL.

22 MR. ROTH: YES. LET'S ADD THAT.

23 DR. LOVE: I GUESS I HAVE A QUESTION ABOUT
24 WHETHER OR NOT WE THINK THAT ADDING THE PRECLINICAL
25 RESEARCH TO THIS IS THE RIGHT THING TO DO, OR IS THE

BARRISTERS' REPORTING SERVICE

1 RIGHT THING TO ASK THE STAFF TO LOOK AT A DIFFERENT
2 PROGRAM THAT MIGHT ADDRESS THAT. I'M A LITTLE BIT
3 CONCERNED THAT TRYING TO PUT THAT INTO THIS MAY NOT
4 BE THE RIGHT THING. THERE MIGHT BE A BETTER WAY TO
5 DO THAT.

6 DR. TROUNSON: I THINK THAT'S RIGHT, TED.
7 I THINK IT MIGHT BE AN OVERALL STATEMENT BEFORE
8 THIS, THAT WHATEVER THIS SUBCOMMITTEE IS SUPPORTIVE
9 OF. BUT IT'S JUST -- I THINK WE KNOW THAT WE CAN
10 GET -- WE'RE REALLY PRETTY CERTAIN WE CAN GET THIS
11 STARTED, AND WE WANT TO SEE SOMETHING BEGIN AND NOT
12 GET IT TOO COMPLICATED JUST AT THE FIRST STEP.

13 CHAIRMAN THOMAS: I'M COMFORTABLE WITH
14 THAT. I WOULD STRONGLY ENCOURAGE THAT WE TRY TO SEE
15 IF WE CAN LOCATE THE UC PROGRAM DOCUMENTATION AND
16 STRONGLY CONSIDER MODELING SOMETHING AFTER THAT
17 SINCE IT'S NOW BEEN A PROVEN PROGRAM.

18 MR. ROTH: SO WHAT I WAS THINKING ABOUT IS
19 SINCE THIS IS AN INDUSTRY ENTICEMENT PROGRAM, THAT
20 INSTEAD OF LUMPING IT OVER HERE, THAT WE MAKE SURE
21 WHEN WE'RE OUT TALKING TO INDUSTRY THERE ARE FOUR
22 WAYS TO PARTICIPATE HERE, NOT THREE. AND THAT'S ALL
23 I WANTED INCLUDED. IT DOESN'T HAVE TO BE PART OF
24 THIS 30 MILLION OBVIOUSLY, BUT I THINK WE NEED AN
25 INDUSTRY PROGRAM THAT TAKES YOU FROM EARLY STAGE TO

BARRISTERS' REPORTING SERVICE

1 PHASE II.

2 DR. TROUNSON: OKAY. I'M OKAY WITH THAT.
3 JUST THE IMPORTANT PART IS IF WE CAN GET STARTED, I
4 THINK. I'M NOT OPPOSED AT ALL.

5 MR. ROTH: SO THE DIFFERENCE WOULD BE
6 VERSUS WHAT WE DO IN EARLY TRANSLATIONAL, THIS WOULD
7 BE MATCHING ONLY. IF YOU'VE GOT MATCHING FUNDS, YOU
8 CAN APPLY FOR THIS ONE, AND WE DON'T TAKE AWAY THE
9 TRANSLATIONAL, BUT WE ADD IT OVER HERE. I THINK
10 EVERYBODY UNDERSTANDS WHAT WE WANT. WE CAN WORK IT
11 OUT.

12 DR. TROUNSON: I DO.

13 DR. STEWARD: JUST A MINOR THING.
14 ACTUALLY THE UC PROGRAM DOES STILL EXIST. IT'S
15 CALLED UC DISCOVERY GRANTS.

16 MR. ROTH: JUST DOESN'T HAVE ANY MONEY.

17 DR. STEWARD: JUST TO SAY, THE PROGRAM
18 EXISTS.

19 TO GO BACK TO SUE'S COMMENT EARLIER ON,
20 IT'S MUCH BETTER TO BUILD ON SOMETHING THAT EXISTS,
21 ESPECIALLY WITHIN THE UNIVERSITY OF CALIFORNIA
22 SYSTEM, RATHER THAN DOING SOMETHING FROM SCRATCH.

23 DR. TROUNSON: I THINK THERE'S ONE AT UCSF
24 SPECIFICALLY FUNCTIONING AT THE MOMENT, BUT WE'LL DO
25 THAT. WE WILL GET THAT INFORMATION.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN JUELSGAARD: SO HERE'S WHAT I
2 SUGGEST BECAUSE WE'RE SORT OF DOING THIS IN FREE
3 FORM AT THIS POINT, WHICH ALWAYS HAS ITS VIRTUES AND
4 ITS VICISSITUDES. I SUGGEST THAT WE TAKE THE
5 THOUGHTS THAT HAVE BEEN SHARED AROUND THE TABLE ON
6 HOW TO STRUCTURE A PROGRAM AND SOMEBODY PUT PEN TO
7 PAPER KIND OF WITH THE ELEMENTS OF THIS AND HOW IT
8 WOULD WORK, ELONA, AND THEN WE HAVE A TELEPHONIC
9 SUBCOMMITTEE MEETING AFTER THIS ONE BUT BEFORE THE
10 NEXT MEETING. ACTUALLY PROBABLY SOONER RATHER THAN
11 LATER IF IT'S GOT TO GO TO THE SCIENCE SUBCOMMITTEE,
12 BUT THAT WE REALLY HAVE SOMETHING CRISP AND DETAILED
13 AND WE'RE ALL IN AGREEMENT WITH. SO IT'S WRITTEN
14 DOWN BECAUSE WE CAN ALL COME AWAY WITH MAYBE SLIGHT
15 VARIATIONS ON WHAT WE TALKED ABOUT. AND I'D MUCH
16 PREFER THAT IT WE ALL BE ON THE SAME PAGE OVERTLY.

17 SO THAT'S MY RECOMMENDATION IS THAT WE
18 TABLE THIS ITEM FOR NOW IN TERMS OF PASSING
19 ANYTHING, AND WE COME BACK WITH A MUCH MORE
20 DEFINITIVE RESOLUTION OR DESCRIPTION OF THE PROGRAM
21 BASED ON THE THINGS WE'VE TALKED ABOUT, AND THEN
22 MAKE SURE WE'RE ALTOGETHER AND APPROVE THAT OR
23 MODIFY AND THEN APPROVE IT.

24 DR. TROUNSON: STEVE, IT WOULD BE REALLY
25 TERRIFIC IF YOU COULD FIND A TIME TO ALSO ATTEND THE

BARRISTERS' REPORTING SERVICE

1 SCIENCE SUBCOMMITTEE.

2 CHAIRMAN JUELSGAARD: I'D BE HAPPY TO DO
3 SO. I'D LOVE TO DO SO. AM I INVITED?

4 DR. TROUNSON: SURE.

5 MR. ROTH: THE SCIENCE SUBCOMMITTEE,
6 THOUGH, IS JUST REALLY LOOKING AT THE REVIEW, NOT
7 THIS.

8 DR. TROUNSON: YES.

9 MR. ROTH: IT'S MY UNDERSTANDING THAT'S
10 WHY THEY WANTED TO BRING IT TO THE SCIENCE
11 SUBCOMMITTEE, NOT THIS, BUT HOW THAT REVIEW IS GOING
12 TO BE CONDUCTED. YOU'RE A CO-CHAIR OF THAT.

13 DR. TROUNSON: THEY'VE GOT A CO-CHAIR
14 SITTING THERE, WHICH IS GOOD.

15 DR. STEWARD: JUST TO SAY, I'M WONDERING
16 IF THAT PUTS AN UNNECESSARY DELAY. I FORGET WHEN
17 THE NEXT MEETING OF THE SCIENCE SUBCOMMITTEE IS.

18 MS. KING: WE'VE BEEN TRYING TO SCHEDULE
19 IT FOR QUITE A WHILE. THERE'S BEEN INTERNAL
20 CONFUSION OVER SETTING THE AGENDA.

21 DR. STEWARD: IF YOU WANTED TO HAVE
22 SOMETHING TO GO FORWARD TO THE SCIENCE SUBCOMMITTEE,
23 YOU COULD GO AHEAD AND DO THAT. WHEN THE MEETING
24 HAPPENS, IT HAPPENS; OR IF YOU WANTED TO WAIT.

25 CHAIRMAN JUELSGAARD: WE COULD HAVE A

BARRISTERS' REPORTING SERVICE

1 TELEPHONIC MEETING NEXT WEEK OF THIS SUBCOMMITTEE,
2 ASSUMING ELONA CAN PUT SOMETHING TOGETHER IN THAT
3 SHORT A TIME AND WE CAN GET A QUORUM TOGETHER. IT'S
4 JUST I DON'T FEEL COMFORTABLE KIND OF WE APPROVE
5 SOMETHING RIGHT NOW, AND JAMES, I'M SURE, IS TAKING
6 EXCELLENT MINUTES, BUT THERE'S A LOT OF THINGS THAT
7 ARE FLOATING AROUND THAT DIFFERENT PEOPLE HAVE SAID.
8 AND I JUST THINK IT'S BETTER TO REALLY HAVE IT THERE
9 SUBSTANTIVELY AND SAY THAT'S WHAT WE REALLY AGREE ON
10 AND APPROVE AS THIS COMMITTEE. IT'S JUST A COMFORT
11 LEVEL FROM MY POINT OF VIEW. ANYBODY DISAGREE WITH
12 THAT?

13 DR. LOVE: I THINK YOUR POINT IS A
14 DISCIPLINE POINT, AND IT'S PROBABLY A GOOD ONE,
15 STEVE.

16 MR. ROTH: WHAT DO WE HAVE TO DO --

17 CHAIRMAN JUELSGAARD: THANK YOU. MY KIDS
18 WOULD AGREE.

19 MR. ROTH: WHAT DO WE HAVE TO DO TOMORROW?
20 WHAT ARE YOU GOING TO PRESENT TOMORROW?

21 DR. TROUNSON: NOTHING ON THIS BECAUSE
22 IT'S GOT TO GO TO SCIENCE SUBCOMMITTEE. SO WE'RE
23 NOT GOING TO PUT IT TO THE BOARD. MY VIEW WAS
24 THAT'S NOT WHAT WAS AGREED TO BY THE BOARD. SO IT
25 HAS TO GO THROUGH BOTH OF THE SUBCOMMITTEES. SO

BARRISTERS' REPORTING SERVICE

1 WE'RE EXPECTING TO TAKE IT IN OCTOBER, THE OCTOBER
2 MEETING.

3 CHAIRMAN JUELSGAARD: SO JUST CONTINUE
4 WORKING ON THE SCIENCE SUBCOMMITTEE MEETING, AND WE
5 WILL BE READY FOR THAT.

6 MS. KING: SCHEDULING IS EASY. THERE ARE
7 OTHER THINGS.

8 CHAIRMAN JUELSGAARD: WE WILL BE READY TO
9 PRESENT WHATEVER TO THEM AT THAT MEETING.

10 CHAIRMAN THOMAS: BEING FAIRLY NEW AND NOT
11 HAVING FULLY MEMORIZED ALL SUBCOMMITTEE ROSTERS,
12 DUANE, ARE YOU ON THE SCIENCE SUBCOMMITTEE?

13 MR. ROTH: I HAVE NO IDEA. I THINK --

14 CHAIRMAN THOMAS: GIVEN THAT THIS IS SORT
15 OF CENTRALLY INVOLVING INDUSTRY, I WOULD PROPOSE
16 THAT IT WOULD BE A GOOD IDEA IF DUANE WERE INCLUDED
17 IN THAT AS WELL IF THAT'S OKAY, DUANE.

18 MR. ROTH: THAT IS.

19 CHAIRMAN JUELSGAARD: WELL, UNLESS THERE
20 ARE OBJECTIONS, LET'S PROCEED IN THAT DIRECTION.
21 OKAY.

22 SO WE HAVE ONE FINAL ITEM OF BUSINESS ON
23 THE AGENDA, WHICH IS JUST I WANTED TO APPROACH THIS
24 IN MORE OF A DISCUSSION FORMAT. THERE'S REALLY NOT
25 A PROPOSAL AS SUCH, BUT I EXPECT THAT WE WILL HAVE

BARRISTERS' REPORTING SERVICE

1 ONE COMING UP IN OCTOBER TO DISCUSS MORE FULSOMELY.
2 BUT THIS REALLY IS A CARRY-FORWARD OF SOMETHING
3 THAT'S PART OF THE MISSION STATEMENT AND HAS BEEN
4 DISCUSSED. CERTAINLY I HEARD IT DISCUSSED AT THE
5 LAST BOARD MEETING. AND THAT'S THE NOTION OF
6 PROVIDING SOME ASSISTANCE TO THE INSTITUTIONS THAT
7 WE FUND ON THE RESEARCH SIDE, PROVIDING ASSISTANCE
8 TO THEM IN TERMS OF HELPING THEM ON THE INTELLECTUAL
9 PROPERTY SIDE AND PROTECTING INTELLECTUAL PROPERTY.

10 AND JUST WHAT WE ARE ATTEMPTING TO DO AT
11 THIS POINT IS TO SCHEDULE A MEETING WITH HOPEFULLY
12 ABOUT SIX TECHNOLOGY TRANSFER PERSONNEL FROM AT
13 LEAST SIX INSTITUTIONS, A CROSS SECTION OF PRIVATE
14 ACADEMIA, PUBLIC ACADEMIA, AND OTHERS TO TALK ABOUT
15 ON THE ONE HAND ANY NEEDS THAT THEY MIGHT HAVE. AND
16 I KNOW ALAN ALLUDED TO FUNDING AS AN ISSUE THESE
17 DAYS, WHICH I COMPLETELY UNDERSTAND AS A CONCERN,
18 AND ALSO ABOUT NOT ONLY NEEDS, BUT WILLINGNESS TO
19 WORK WITH US IN TERMS OF INTELLECTUAL PROPERTY
20 PROTECTION. AND SEE WHAT COMES OF THAT MEETING AND
21 WHETHER THERE'S ANY CONSENSUS OR WHETHER THERE'S
22 SEVERAL DIFFERENT APPROACHES TO BE CONSIDERED, ETC.

23 BUT THE GENERAL IDEA IS THAT WE WOULD DO
24 MORE THAN WE CURRENTLY DO. BY THE WAY, \$5 MILLION
25 WAS APPROVED AT THE LAST BOARD MEETING IN THIS

BARRISTERS' REPORTING SERVICE

1 REGARD. DO MORE THAN WE HAVE BEEN CURRENTLY DOING
2 IN TERMS OF WORKING WITH THOSE PEOPLE WHO WE SPEND
3 RESEARCH DOLLARS WITH IN WORKING WITH THEM TO CEMENT
4 THAT RESEARCH. IF IT'S INNOVATIVE IN NATURE AND
5 RESULTS IN AN INVENTION, THEN THE INTELLECTUAL
6 PROPERTY PROTECTION AROUND THAT, WHICH TYPICALLY IS
7 PATENT PROTECTION.

8 SO THAT'S THE GENERAL IDEA. SO WE WOULD
9 BECOME MUCH MORE PROACTIVE CERTAINLY IN PROVIDING
10 FINANCIAL SUPPORT FOR THAT. AND THERE ARE DIFFERENT
11 IDEAS ABOUT HOW WE MIGHT PROVIDE FINANCIAL SUPPORT,
12 BUT IT COULD EVEN BE MORE THAN THAT DEPENDING UPON
13 WHAT THE NEED IS AND THE DESIRES AND WHAT WE'RE
14 WILLING TO DO, INCLUDING PROVIDING SOME ACTUALLY
15 REAL-TIME ASSISTANCE NOT FROM PERSONNEL HERE, BUT
16 BEING ABLE TO FACILITATE ARRANGEMENTS WITH PEOPLE IN
17 THE INTELLECTUAL PROPERTY AREA WHO COULD BE HELPFUL
18 FOR THOSE INSTITUTIONS WHO REALLY MIGHT FEEL THEY'RE
19 A LITTLE BIT AT SEA WITH RESPECT TO HOW TO DEAL WITH
20 INTELLECTUAL PROPERTY PROTECTION ISSUES.

21 SO THAT'S THE IDEA. AND I JUST WANTED TO
22 HAVE KIND OF A GENERAL DISCUSSION AROUND OUR
23 WILLINGNESS TO DO THAT BECAUSE ESSENTIALLY WHAT
24 WE'RE SAYING, AND THIS GOES BACK TO THE COMMENT I
25 MADE BEFORE, MY VIEW IS THAT PATENTS ARE BEING

BARRISTERS' REPORTING SERVICE

1 TREATED A LITTLE BIT IN A LAISSEZ FAIRE MANNER,
2 WHICH IS FINE. IN OTHER WORDS, DO AS YOU WILL WITH
3 RESPECT TO PROTECTING ANY INTELLECTUAL PROPERTY YOU
4 CREATE, INSTITUTION THAT GETS OUR RESEARCH DOLLARS.
5 AND IF WE DO SOMETHING LIKE THIS, THIS IS SORT OF
6 THE NEXT STEP BEYOND THAT, WHICH IS SAYING, AND YOU
7 KNOW WHAT. WE REALLY VALUE INTELLECTUAL PROPERTY.
8 WE, CIRM, VALUE INTELLECTUAL PROPERTY, AND WE WANT
9 TO HELP YOU PROTECT THAT AND FACILITATE THAT
10 PROTECTION. BUT WE HAVE TO AGREE THAT THAT'S PART
11 OF WHAT WE VIEW AS IMPORTANT.

12 AND SO FOR ME THAT'S REALLY KIND OF THE
13 STARTING POINT OF THE CONVERSATION. I HAVE MY OWN
14 VIEWS OBVIOUSLY; BUT WITHIN THE CONTEXT OF THIS
15 GROUP, DO WE THINK THAT'S REALLY SOMETHING WORTH
16 DOING? WE KIND OF BYPASSED THAT WHOLE DISCUSSION
17 KIND OF AT THE LAST MEETING BECAUSE WE ALREADY
18 DEDICATED \$5 MILLION TO DOING THIS. AND I WAS
19 TRYING TO REMEMBER WHAT KIND OF DISCUSSION WE HAD
20 AROUND IT, AND I REALLY AM AT A LOSS TO REMEMBER
21 THAT WE'D TALKED ABOUT IT MUCH. I THINK IT'S
22 WORTHWHILE JUST KIND OF BACKING UP AND GROUNDING
23 OURSELVES A BIT IN THAT. ANY COMMENTS AROUND THAT?

24 MR. ROTH: SO I WILL JUST SHARE A LITTLE
25 BIT OF MY EXPERIENCE ON THIS IP THING, WHICH I DO AT

BARRISTERS' REPORTING SERVICE

1 CONNECT ON A REGULAR BASIS. WE TOO HAD A CONCERN
2 THAT THERE WAS IP THAT WAS BEING LOST IN THE
3 RESEARCH INSTITUTES IN SAN DIEGO AND THAT WE WOULD
4 LIKE TO HELP THERE. SO WE HAD A LONG DISCUSSION
5 ABOUT HOW WE MIGHT DO THAT. AND IT REALLY CAME DOWN
6 TO THE INVESTIGATOR WHO THINKS THEY HAVE SOMETHING
7 PATENTABLE. AND THE INSTITUTIONS HAVE TO HAVE SOME
8 SKIN IN THE GAME, OTHERWISE THEY'LL SAY EVERYTHING
9 SHOULD BE PATENTED.

10 ON THE OTHER HAND, IT WOULD BE VERY
11 DIFFICULT FOR US AND I THINK FOR CIRM ALSO TO
12 EVALUATE THE WORTHINESS OF THOSE PATENTS. I DIDN'T
13 REALLY WANT TO GET IN THAT SITUATION. SO WHAT WE
14 ENDED UP WITH IS BASICALLY THE LOAN PROGRAM FROM
15 HERE, THAT WE WOULD BASICALLY HAVE A LIEN AGAINST
16 THE IP. AND IF IT GOT LICENSED, WE GOT REPAID. SO
17 THAT MEANT THAT THERE WAS A WAY THEY COULD GET THE
18 MONEY; BUT IF IT BECAME VALUABLE, THEN WE WERE THE
19 FIRST TO GET REPAID, AND THEN WE HAD A PREMIUM ON
20 THAT. THAT'S ONE WAY.

21 AND INDUSTRY AND THE VENTURE CAPITALISTS
22 WE TALKED TO WERE ACTUALLY OKAY WITH THAT. BUT AT
23 LEAST IT WASN'T JUST HERE'S THE MONEY AND HOW MANY
24 PATENTS DO YOU WANT TO FILE. YOU HAD TO THINK ABOUT
25 IT A LITTLE BIT BEFORE YOU TOOK IT OUT. THAT WAS

BARRISTERS' REPORTING SERVICE

1 ONE APPROACH.

2 THE OTHER APPROACH THAT WAS DISCUSSED IS
3 TAKE SOME OF YOUR GRANT MONEY, IF YOU FEEL THAT
4 STRONGLY ABOUT IT, AND PUT IT INTO THERE. SO THAT
5 WAS THE OTHER.

6 HERE, I WORRY, AS I THINK ANYBODY IN
7 INDUSTRY, EVERYBODY THAT DOES ANYTHING THINKS IT'S
8 PATENTABLE. AND THEY BRING THOSE FORWARD TO THE
9 POINT WHERE ALL OF A SUDDEN YOU HAVE TO START SAYING
10 WE'RE NOT GOING TO DO THIS ANYMORE. AND WE HAD TO
11 DEVELOP TEAMS TO REVIEW THESE PATENTS AND THEN MAKE
12 DECISIONS ABOUT WHETHER WE WENT FORWARD. THOSE ARE
13 JUST TWO THOUGHTS.

14 CHAIRMAN JUELSGAARD: OTHER COMMENTS?

15 CHAIRMAN THOMAS: BECAUSE WE ABSOLUTELY OR
16 THE STATE ABSOLUTELY HAS A VESTED INTEREST IN THE IP
17 PANNING OUT. AND BECAUSE WE HAVE SEEN SORT OF
18 REAL-LIFE EXAMPLES WHERE SOME OF OUR GRANTEES MAY
19 NOT HAVE FOCUSED ENTIRELY ON THE SCIENCE AND MAY NOT
20 FULLY BE FOCUSING ON THE IP ASPECTS OF IT, WE'VE
21 SEEN INSTANCES WHERE THEY COULD USE HELP IN
22 NEGOTIATING LICENSES. THEY'VE BEEN SORT OF ASSUMING
23 TECHNOLOGY IS GOING TO BE THERE AND THE LICENSE WILL
24 BE THERE, AND THEY HAVEN'T REALLY DONE ANYTHING TO
25 EFFECTUATE THAT. AND THE FURTHER THEY GET INTO

BARRISTERS' REPORTING SERVICE

1 PROOF OF CONCEPT, THE MORE OVER THE BARREL THEY'RE
2 GOING TO BE.

3 I THINK THAT THERE ARE ABSOLUTELY
4 INSTANCES WHERE US HELPING THEM IS IN THEIR INTEREST
5 AND UNQUESTIONABLY IN OURS OR, MORE APPROPRIATELY,
6 THE STATE'S. SO I'M ALL IN FAVOR OF THIS. I THINK
7 WE HAVE TO DO IT WITH MODERATION BECAUSE WE DON'T
8 WANT TO GET STAFF TIME GETTING COMPLETELY BOGGED
9 DOWN IN AN ENDLESS STREAM OF REQUESTS FOR HELP. BUT
10 THERE ARE, I'M SURE, GOING TO BE MANY INSTANCES
11 WHERE WE CAN BE USEFUL TO OUR GRANTEES TO IMPLEMENT
12 WHAT YOU'RE SUGGESTING.

13 CHAIRMAN JUELSGAARD: SO I THINK ONE OF
14 THE CONCERNS THAT WE MIGHT HAVE IN THIS REGARD IS
15 TRYING TO DO TOO MUCH TOO SOON. I UNDERSTAND THE
16 POINT THAT YOU MADE, J.T., ABOUT INSTITUTIONS
17 PERHAPS LACKING SOPHISTICATION TO BE INVOLVED IN
18 NEGOTIATION OF SOME SORT OF LICENSING AGREEMENT WITH
19 A COMMERCIAL ENTERPRISE AND PUTTING SUCH AN
20 AGREEMENT TOGETHER THAT REALLY IS FAIR AND BALANCED.

21 BUT THAT'S A STEP BEYOND JUST SORT OF
22 HELPING TO JUST AT THE BEGINNING ESTABLISH A GOOD
23 INTELLECTUAL PROPERTY BASIS. AND I PERSONALLY THINK
24 WE NEED TO SEE IF WE AGREE THAT SUCH A THING IS
25 ADVISABLE IN THE FIRST INSTANCE. AND THEN IF WE

BARRISTERS' REPORTING SERVICE

1 AGREE IT'S ADVISABLE, HOW WE MIGHT PUT TOGETHER A
2 PROGRAM THAT THE CUSTOMERS OUT THERE, I.E., THE
3 ACADEMIC INSTITUTIONS AND OTHERS, WILL FIND
4 PALATABLE AND WORKABLE AND BE WILLING TO PARTICIPATE
5 IN.

6 IF WE CAN GET THAT DONE, THEN MAYBE AFTER
7 THAT WE CAN LOOK AT THE NEXT STEP, WHICH IS MAYBE
8 PROVIDING ASSISTANCE IF THEY DESIRE IT WITH
9 NEGOTIATION, ETC. NOT SUGGESTING THERE ISN'T A
10 NEED. BUT IF WE, FROM MY POINT OF VIEW, APPROACH
11 THIS JUST A STEP AT A TIME AND TRY AND MAKE SURE WE
12 GET A GOOD PROGRAM BUILT THAT'S WORKABLE AS OPPOSED
13 TO TRYING TO DO SOMETHING MUCH GRANDER FROM THE
14 BEGINNING.

15 DR. STEWARD: I JUST HAVE TO SAY SUE AND I
16 WERE SORT OF HAVING A LITTLE OFFLINE CONVERSATION
17 OVER HERE. I GUESS I HAVE TO SAY THAT I SUSPECT
18 THAT MOST OF THE INSTITUTIONS WITH WHICH WE DEAL ARE
19 ACTUALLY PRETTY SOPHISTICATED AT THAT LEVEL. I
20 DON'T THINK THEY NEED HELP. THERE PROBABLY ARE
21 OTHER AREAS WHERE MAYBE INVESTIGATORS NEED HELP.

22 DR. BRYANT: INVESTIGATORS ARE LESS
23 EDUCATED THAN THE PEOPLE THAT DO THE -- I WAS JUST
24 SAYING THAT THE EXPERTISE IS IN THE OFFICE OF TECH
25 TRANSFER, NOT IN THE HEADS OF THE SCIENTISTS. AND

BARRISTERS' REPORTING SERVICE

1 OFTEN THEY'RE NOT THAT INTERESTED IN IT.

2 DR. STEWARD: I'M NOT SURE WHAT INSTANCES
3 THAT YOU'RE TALKING ABOUT. BUT IF THERE'S IP BEING
4 LEFT ON THE TABLE, IT'S PROBABLY BEING LEFT THERE BY
5 THE INVESTIGATORS AND THEM BEING EITHER UNAWARE OR
6 INEXPERIENCED. MAYBE THAT'S THE PLACE THAT WE CAN
7 WEIGH IN ACTUALLY PRETTY INEXPENSIVELY IN TERMS OF
8 EDUCATING THE GRANT RECIPIENTS AND THE OTHER PEOPLE
9 WHO ARE GETTING CIRM FUNDS ABOUT IP ISSUES AND WHAT
10 TO DO. I SENSE THAT'S WHERE THE PROBLEM WAS.

11 CHAIRMAN THOMAS: THAT'S EXACTLY WHERE THE
12 PROBLEM WAS.

13 CHAIRMAN JUELSGAARD: I THINK WE'RE BACK
14 TO, WHICH I THINK IS A GOOD PLACE TO BE, PROBLEM
15 STATEMENT FOR A MOMENT. AND I THINK THAT'S WHERE
16 THIS MEETING THAT WE'RE WORKING ON SCHEDULING WILL
17 REALLY HELP US IDENTIFY WHAT THE SCOPE OF THE
18 PROBLEM IS, IF ANY.

19 SO NOT TO NECESSARILY DISAGREE WITH
20 ANYTHING THAT YOU'VE SAID, BUT I'M AWARE OF
21 DISCUSSIONS WITH AT LEAST ONE REALLY QUITE
22 SOPHISTICATED ACADEMIC INSTITUTION WHO WOULD BE VERY
23 WILLING TO ACCEPT HELP IN TERMS OF PATENT
24 PROSECUTION. AND THE MORE DIFFERENT KINDS OF
25 TECHNOLOGY THAT A TECHNOLOGY OFFICE IS INVOLVED IN,

BARRISTERS' REPORTING SERVICE

1 WE'RE JUST ALL TALKING ABOUT MEDICAL-RELATED
2 TECHNOLOGY HERE, BUT SOME INSTITUTIONS DEAL WITH
3 OTHER KINDS OF TECHNOLOGY BEYOND THAT THAT'S HIGH
4 TECH IN NATURE, AND SO THEY GET -- THEY HAVE A
5 LIMITED SET OF RESOURCES IN THEIR OFFICES, AND IT'S
6 COMING IN FROM DIFFERENT ANGLES. AND THE PEOPLE WHO
7 REALLY DEAL WITH THIS HAVE TO BE VERY CONVERSANT IN
8 THAT SPECIFIC AREA TO BE REALLY HELPFUL AND GOOD.

9 IN ANY EVENT, LET'S SEE WHAT THIS MEETING
10 TELLS US IN TERMS OF THE PROBLEM STATEMENT AND THEN
11 WE CAN GO FROM THERE. I THINK THAT WILL HELP BE A
12 GREAT GUIDE FOR US.

13 DR. TROUNSON: SO WE WERE ADVISED BY THE
14 HEADS OF SOME OF THE STEM CELL UNITS THAT THEY'RE
15 HAVING REAL PROBLEMS IN ACTUALLY HAVING ANY MONEY
16 AVAILABLE TO DO PATENTING. SO I TOOK THEM FOR THEIR
17 WORD WITHOUT GETTING THE EXACT EXAMPLE. IF THERE'S
18 A PROBLEM THERE, WE NEED TO BE SORT OF AWARE OF IT.
19 AND TO THE EXTENT THAT IT'S HAVING A NEGATIVE
20 IMPACT, THEN WE NEED TO SEE IF WE CAN CORRECT IT.

21 SO I DO THINK THAT THAT CONVERSATION NEEDS
22 TO BE EXPLICIT WITH THE PEOPLE THAT WE'RE WORKING
23 WITH, BUT ALSO I THINK YOU'RE VERY RIGHT. WHEN WE
24 MET WITH THE TECH TRANSFER OFFICES, THEY'RE DEALING
25 WITH A LOT OF IP AND NOT NECESSARILY PROSECUTING IT

BARRISTERS' REPORTING SERVICE

1 IN A VERY EFFECTIVE WAY BECAUSE A PATENT THAT'S BEEN
2 DONE A WHILE AGO IS PROBABLY NOT TO THE FRONT OF
3 THEIR MIND. BUT I THINK THERE IS SOMETHING THAT WE
4 MIGHT BE ABLE TO DO TO MAKE IT MORE EFFECTIVE RIGHT
5 ACROSS CALIFORNIA.

6 AND I THOUGHT THAT THE TECH TRANSFER
7 OFFICES THAT WE TALKED TO FELT VERY POSITIVE ABOUT
8 US TRYING TO CREATE INFORMATION SETS THAT WOULD
9 ENABLE A MORE EFFECTIVE USE OF THE PATENTS THAT HAVE
10 BEEN ESTABLISHED. AT THIS POINT IN TIME, AT LEAST
11 THE ONES THAT WE'VE BEEN RESPONSIBLE FOR, THERE'S
12 NOT THAT MUCH OF THEM, BUT IN TIME I SUSPECT IT WILL
13 CONTINUE TO GROW. BUT RIGHT NOW IT'S NOT THAT MANY.
14 BUT THAT MIGHT INDICATE THAT THEY'RE ALSO HAVING
15 TROUBLES GETTING SOME MONEY TO PATENT SOME OF THE
16 DEVELOPMENTS.

17 DR. BRYANT: I WOULD SAY THAT I THINK
18 THAT'S DEFINITELY TRUE. ESPECIALLY IN THE UC SYSTEM
19 MONEY IS SCARCE IN ALL AREAS. SO THEY'RE LOOKING
20 HARDER AT EVERYTHING. SO SOMETHING TO FACILITATE
21 THAT AREA.

22 I ALSO THINK THEY KNOW THE AREA VERY WELL.
23 THEY DON'T KNOW STEM CELLS SO WELL. I THINK SOME
24 EDUCATION IN THAT PART WOULD BE GOOD FOR THEM.

25 CHAIRMAN JUELSGAARD: WELL, TO GO BACK TO

BARRISTERS' REPORTING SERVICE

1 WHAT I SAID AT THE BEGINNING, I THINK I'M JUST SORT
2 OF INTRODUCING THIS TOPIC. THIS IS GOING TO BE
3 SOMETHING THAT BECOMES MORE FRONT AND CENTER
4 CERTAINLY I HOPE BY THE OCTOBER MEETING AS WE GET
5 FEEDBACK FROM TECH TRANSFER OFFICES ON WHAT --
6 CERTAINLY FUNDING. WE PROBABLY ALL AGREE THEY WOULD
7 LOVE TO HAVE SOME ADDITIONAL FINANCIAL SUPPORT.
8 WHETHER OR NOT THEY WANT SUPPORT BEYOND THAT, WE'LL
9 KNOW MORE. AND IT MAY BE VARIABLE, IT MAY NOT. BUT
10 I JUST WANTED TO SORT OF INTRODUCE THIS TOPIC, LET
11 YOU KNOW ABOUT A MEETING THAT'S TRYING TO BE
12 SCHEDULED, AND THEN IN OCTOBER WE'LL HOPEFULLY HAVE
13 ANOTHER MEETING OF THIS SUBCOMMITTEE EITHER WITH THE
14 BOARD MEETING OR BY PHONE OR WHATEVER, BUT TO TRY
15 AND DISCUSS ONE OR MORE PARTICULAR PROPOSALS THAT WE
16 MIGHT PUT FORWARD.

17 UNLESS THERE ARE OTHER COMMENTS, WE'RE
18 PAST --

19 MR. ROTH: VERY QUICKLY. IF THE FIRST TO
20 FILE LEGISLATION PASSES, THIS IS GOING TO GET EVEN
21 WORSE FOR THE RESEARCH INSTITUTES. NOW THEY'VE
22 REALLY GOT TO MAKE DECISIONS MUCH SOONER ABOUT
23 WHETHER THEY'RE GOING TO GO AFTER THE IP. SO WE
24 SHOULD BE READY BEFORE THAT HAPPENS.

25 CHAIRMAN JUELSGAARD: WELL, I THINK THAT

BARRISTERS' REPORTING SERVICE

1 IS GOING TO HAPPEN. I DON'T FORESEE THAT COURSE
2 CHANGING IN THE CONGRESS.

3 MR. ROTH: I DON'T REMEMBER WHEN IT GOES
4 IN EFFECT.

5 CHAIRMAN JUELSGAARD: THE FIRST TO FILE.
6 I DON'T KNOW WHEN THE EFFECTIVE DATE OF IT IS. IT
7 DOESN'T MATTER BECAUSE IT'S GOING TO GO INTO EFFECT
8 SOONER OR LATER.

9 ARE THERE ANY OTHER ITEMS THAT ANYBODY
10 WANTS TO RAISE? I KNOW WE'RE PAST SEVEN, AND THAT
11 WAS SORT OF THE END OF THE HOUR. IF NOT, THEN IS IT
12 APPROPRIATE TO ENTERTAIN A MOTION FOR ADJOURNMENT?

13 I NEED PUBLIC COMMENTS OR WHAT? HOW DOES
14 THIS WORK? ARE THERE ANY FINAL PUBLIC COMMENTS?
15 ALL RIGHT. THANK YOU.

16 CHAIRMAN THOMAS: MOVE ADJOURN.

17 CHAIRMAN JUELSGAARD: SECOND?

18 MR. ROTH: SECOND.

19 CHAIRMAN JUELSGAARD: MEETING ADJOURNED.

20 (THE MEETING WAS THEN CONCLUDED AT
21 7:15 P.M.)

22
23
24
25

BARRISTERS' REPORTING SERVICE

REPORTER'S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE INTELLECTUAL PROPERTY SUBCOMMITTEE TO THE INDEPENDENT CITIZEN'S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

STANFORD UNIVERSITY
PAUL BERG HALL, LI KA SHING CENTER FOR LEARNING
291 CAMPUS DRIVE
SANFORD, CALIFORNIA

ON
WEDNESDAY, AUGUST 24, 2011

WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.

BETH C. DRAIN, CSR 7152
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