Startup Licensing 101 Webinar Series: A Resource for Entrepreneurs Working with Companies Originated at Academic Institutions

Part 1 – The 30,000 Foot View
Today’s Speakers

Kirsten Leute
Partner, University Relations
OUP
Moderator

Rick Friedman
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NovusGC, Professional Law Corporation
Panelist

Nakisha Holder
Associate Portfolio Director
Johns Hopkins Technology Ventures
Panelist

Lisa Norton
Associate Director, Innovation Development
University of Washington CoMotion
Panelist
Panelist Bios

**Rick Friedman**
CEO and Founder
NovusGC, Professional Law Corporation

- Rick Friedman is the CEO and Founder of NovusGC, a law firm focused on providing business-oriented General Counsel services at an affordable price to startups, innovators and early-stage investors.
- Rick’s prior experience includes serving in senior roles in large law firms, heading up the technology transfer licensing teams at USC and UT Austin, and serving in general counsel roles with public and venture-backed technology companies. Rick teaches Technology Transactions at the USC Gould School of Law as an Adjunct Professor.
- Rick has his JD from the University of Chicago and an MBA from UT Austin.

**Nakisha Holder**
Associate Portfolio Director
Johns Hopkins Technology Ventures

- Nakisha Holder is an Associate Director of Licensing at Johns Hopkins Technology Ventures (JHTV) focusing on life science technologies. In this capacity she manages a team of licensing managers focused on evaluating, patenting, and commercializing JHU inventions. She also manages a large portfolio of diagnostic and therapeutic technologies with a goal of marketing, negotiating and executing licenses toward the development of products that will bring the benefit of JHU discoveries to the world.
- Nakisha has a PhD from JHU, is a Certified Licensing Professional (CLP), and is a Patent Agent with over 13 years of technology transfer experience.

**Lisa Norton**
Associate Director, Innovation Development
University of Washington CoMotion

- Lisa joined CoMotion in May 2004 and manages a portfolio of medical devices and biomaterials technologies, with a primary focus on ultrasound and medical imaging. She works with UW innovators to define their intellectual property rights, evaluate marketing and regulatory processes, create commercialization strategies, expand their entrepreneurial skills, and license their technologies.
- Prior to her work at the UW, she was a Senior Applications Scientist at Combimatrix, a Washington biotech startup. She earned her PhD in cell biology and biotechnology from the University of Virginia and has a BS in biomedical engineering from Cornell University.
Where You Will Find This Presentation...

https://portal.oup.vc

- Under Resources > Startup Resources > Webinars
- The recording will be available via our partner portal and our YouTube channel. Look out for a follow-up email with the link later today
- All past webinar decks and recordings can also be found in the portal
Overview of this webinar series

• Part 1 - The 30,000 Foot View (Today)
• Part 2 - The Overall License Process and Pre-License Agreements – (March 23rd, noon ET)
• Part 3 - The Term Sheet; Financials of a License – (May 18th, noon ET)
• Part 4 - The License, Session 1 – Agreement Primer; Reservation of Rights; Sublicensing; Change of Control; Reporting; Termination – July (exact date TBD)
• Part 5 - The License, Session 2 - The “Lawyer” Parts - Indemnities, Warranties, Liabilities; All Things Patents; Ownership; Name Use – September (exact date TBD)
Purpose of these webinars

• Orient startup founders on the lay of the land of licensing from academia, including particular areas that frequently require explanation for people new to spinning out technologies from academic institutions

• Provide a resource to technology transfer professionals to assist in establishing successful relationships with startups
Approach (philosophy)

• Focus on drivers of behavior by both universities and the spinouts and how they impact the licensing process and terms
• Successful spinouts are typically based on a long-term collaborative relationship
• Negotiations are a process of discovery
Today’s agenda

1) What is technology transfer?
2) Why do universities and companies enter into these agreements?
3) Who are the key stakeholders on each side?
4) What do the stakeholders expect of the negotiation and license?
What is technology transfer?
Technology Transfer in the University Startup Context

Typically:

1) The “Technology” is the university’s rights in patents, but may also include rights in software, biological materials, data or know how

2) The “Transfer” is a license (not a transfer of ownership)

Tech transfer may also encompass the transfer of knowledge through retaining researchers as consultants/advisors or through sponsoring research.

For information on patent basics, see https://www.uspto.gov/patents/basics
Technology transfer at academic institutions

- Technology transfer offices work with university faculty, staff and students to commercialize university technologies and intellectual property. This can occur via:
  - Direct license to an established company or startup
  - Sponsored research
  - Material transfer (biotechnology)
- Resources often include technology evaluation, patenting, intellectual property management, confidentiality agreements, licensing, and advice.
- Additional resources may include training, commercialization funding, incubator space, entrepreneurs-in-residence/mentors, and connections with the innovation community.
University infrastructure that supports research and tech transfer

• How to work with universities –
  › Contact research experts to initiate project plans, department administrators can be useful contacts as well
  › Contact the Grants Office or Office of Sponsored Programs for research collaborations
  › Reach out to the Technology Transfer office for licensing intellectual property out
  › Purchasing for licensing intellectual property in
Why do universities and companies enter into these agreements?
Universities are not crazy & neither are companies

<table>
<thead>
<tr>
<th>Universities</th>
<th>Companies</th>
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<tbody>
<tr>
<td>Education and Research Mission</td>
<td>For-profit Mission</td>
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<tr>
<td>Open orientation (e.g., publication)</td>
<td>Proprietary/competitive</td>
</tr>
<tr>
<td>Curiosity-driven research</td>
<td>Product-driven research</td>
</tr>
<tr>
<td>Decentralized (e.g., autonomy of researchers)</td>
<td>Managed top down to maximize stockholder value</td>
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There are significant differences in mission, structure and environment between universities and companies.
Why do universities enter into these licenses/do tech transfer?

- Extension of research mission
- Societal benefit
- Economic development
- Job creation
- Funder requirements
- Recruitment and retention
9 Points to Consider: University interests to consider in establishing collaborations and licenses

1. Universities should reserve the right to practice licensed inventions and to allow other non-profit and governmental organizations to do so.

2. Exclusive licenses should be structured in a manner that encourages technology development and use.

3. Strive to minimize the licensing of “future improvements”.

4. Universities should anticipate and help to manage technology transfer related conflicts of interest.

5. Ensure broad access to research tools.

6. Enforcement action should be carefully considered.

7. Be mindful of export regulations.

8. Be mindful of the implications of working with patent aggregators.

9. Consider including provisions that address unmet needs, such as those of neglected patient populations or geographic areas, giving particular attention to improved therapeutics, diagnostics and agricultural technologies for the developing world.

https://autm.net/about-tech-transfer/principles-and-guidelines/nine-points-to-consider-when-licensing-university
Why do startups license from academic institutions?

- Access to Technology/IP
  - that may be suitable for developing into commercial products
  - that provide a competitive advantage
  - on economic terms that allow it to attract investment and develop profitable products
- Access to the brain trust (university faculty and students)
- University halo effect
Who are the key stakeholders?
Academic Institution Stakeholders

- Sponsors, including government
- Inventors
- Institution
- Departments/Schools
- Technology Transfer Office
- Sponsored Research Office
- Entrepreneurship/New Ventures Offices/Programs
Government – The Bayh-Dole Act

The Bayh-Dole Act was passed in 1980 (happy 40th birthday!)

The Act created the US tech transfer system by allowing universities to take title to patents for federally funded IP

• Prior to Bayh-Dole US Government took title in patents - of 28,000 patents, less than 5% of these were licensed

• Since 1996, it has bolstered U.S. economic output by up to $1.7 trillion, supported 5.9 million jobs, and helped lead to more than 13,000 start-up companies from 420,000 disclosed inventions and more than 100,000 patents.

Under the Bayh-Dole Act, universities must

• Use income generated to support further research

• Share a portion of the income with the inventors

• Require substantial manufacturing in the U.S. (for exclusive licenses)

• Preference for small businesses

IP rights lead from funding

• Federal funding – University can own the project IP
• Sponsored research – Sponsor typically has the first right to negotiate a license for any project IP
• Foundations
• Internal research funds
• State funds
Inventors

• Distributions
• Cofounder or Advisory role
• Impact
• Advancement
• Reputation
Sponsored research functions and tech transfer

- The grants and sponsored research office typically negotiates agreements related to the funding for a specific project.

- The technology transfer office may be consulted on the intellectual property details within the sponsored project.

- If the sponsor is interested in a license to any resultant project IP, the tech transfer office will negotiate such an agreement.
Entrepreneurship/New Ventures Programs

- Education/Mentorship
- Space – Office/Research/Maker
- Resources ($$ or an introduction to $$)
Company stakeholders

- Founders/Management
- Investors
- Customers
- Partners/sublicensees
- Academic institutions
- Potential Acquirers
What do the stakeholders expect of the negotiation and license?
Expectations of the stakeholders for the relationship

• A fair deal
• Respect each other’s motivations
• Relationship does not end when the license is signed – ongoing relationship
Expectations of startup

• Technology/IP that provides commercial value
• Reasonable economic terms that enable it to build profitable products and attract investment
• Relationship with university researchers
• Autonomy
Setting yourself up for success

• More items to know ahead of time to set the relationship off on the right foot
University Policies

To set your startup up for success, be aware of the following policies:

1. Intellectual property – who owns the work?
2. Conflicts – how can university researchers work with you and the startup?
3. What are the university’s policies around publications and confidentiality?
4. Are there bond financing considerations?

Most universities post these policies.
Public or private?

Universities have similar policies, although there are often additional restrictions at public universities:

1. Typically cannot sell and will not assign IP
2. May only be able hold equity under limited circumstances
3. Often cannot invest in startups
4. May have public/open records obligations
5. Other unique terms in the licenses
What universities ask themselves about or find out from the interested startup/entrepreneur

- Is this technology the right fit for a startup?
- What is the experience of the people associated with the startup? What are the gaps, and what are the plans to fill these?
- Does the startup have a reasonable development plan?
- Where is the company in the stage of fundraising?
- What resources does the university have to help the startup progress?

- These questions are similar to questions funders will also ask.
Parting thoughts
Our next session – The Licensing Process

• University technology circle of life
• Academic personnel – priorities and perspectives
• Startup’s due diligence and evaluation
• University’s diligence
• Pre-license and other agreements
  • CDAs
  • Letter Agreements
  • Option Agreements
  • Material Transfer Agreements
  • Inter-institutional Agreements
Thank You

Summary
Osage University Partners (OUP) invests in startups that have licensed technologies from universities and research institutions. OUP has partnered with over 100 institutions to invest in pioneering technologies and visionary entrepreneurs targeting large market opportunities. The Fund invests across a range of technology sectors and company stages, and typically co-invests with other leading venture funds.

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