

# STARTUP PRIMER

UF Innovate | Tech Licensing



University of Florida  
2018

UF Innovate | Tech Licensing

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This guide is a publication of the UF Innovate | Tech Licensing based on a similar handbook prepared by the MIT Technology Licensing Office in 2010. It has been updated and modified to reflect policies and procedures at UF Innovate. The image on the cover is credited Sharon Pittaway on Unsplash.

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The UF Innovate Startup Primer is intended as a quick reference tool for UF faculty, students and staff inventors interested in starting a company based on their inventions. Where can you go for help? This guide summarizes the many resources available to UF inventors and the institutional policies that are most relevant to startups. We also answer questions that UF entrepreneurs frequently ask our technology licensing officers.

For more information, visit <http://innovate.research.ufl.edu/tech-licensing/> or call UF Innovate | Tech Licensing at (352) 392-8929.

# OVERVIEW

A startup is a new business venture in its earliest stage of development. This guide to startups is focused specifically on companies formed to commercialize one or more related inventions made at the University of Florida and protected via intellectual property rights (i.e. patent, copyright or trademark) owned by UF.

UF Innovate | Tech Licensing, the university's tech transfer arm, has launched nearly 200 biomedical and technology startups, generating more than \$1 billion in private investment since the office opened in 1985.

While not every startup succeeds, the track record has been impressive and includes companies such as Banyan Biomarkers, AxoGen, AGTC, ViewRay, Sharklet, and K&A Wireless and products such as Gatorade and Sentricon.

Whether UF Innovate is licensing to a startup company or an existing company, the office's goal is to maximize the potential of University of Florida innovations through commercialization for the global good while adhering to the university's missions of research and education.

If you're contemplating your own startup, you probably already know that entrepreneurship knowledge is a rich lode that runs throughout the entrepreneurial ecosystem at both UF and in the North Central Florida business community. Tapping it is a matter of knowing where to look.

This guide is meant to help you find many of the answers to your questions about how to launch a business based on UF intellectual property and connect you to the many people who can help you do so successfully. It also intends to iterate the responsibilities and best practices individuals must follow regarding conflict of interest and related matters.

# TECH TRANSFER AT A GLANCE FOR STARTUPS

Researchers at universities, hospitals, and other institutions generate groundbreaking innovations that not only save lives, but improve the way we live, work, and play on a daily basis. Technology transfer is the process by which these inventions and works are transformed into products in the marketplace.

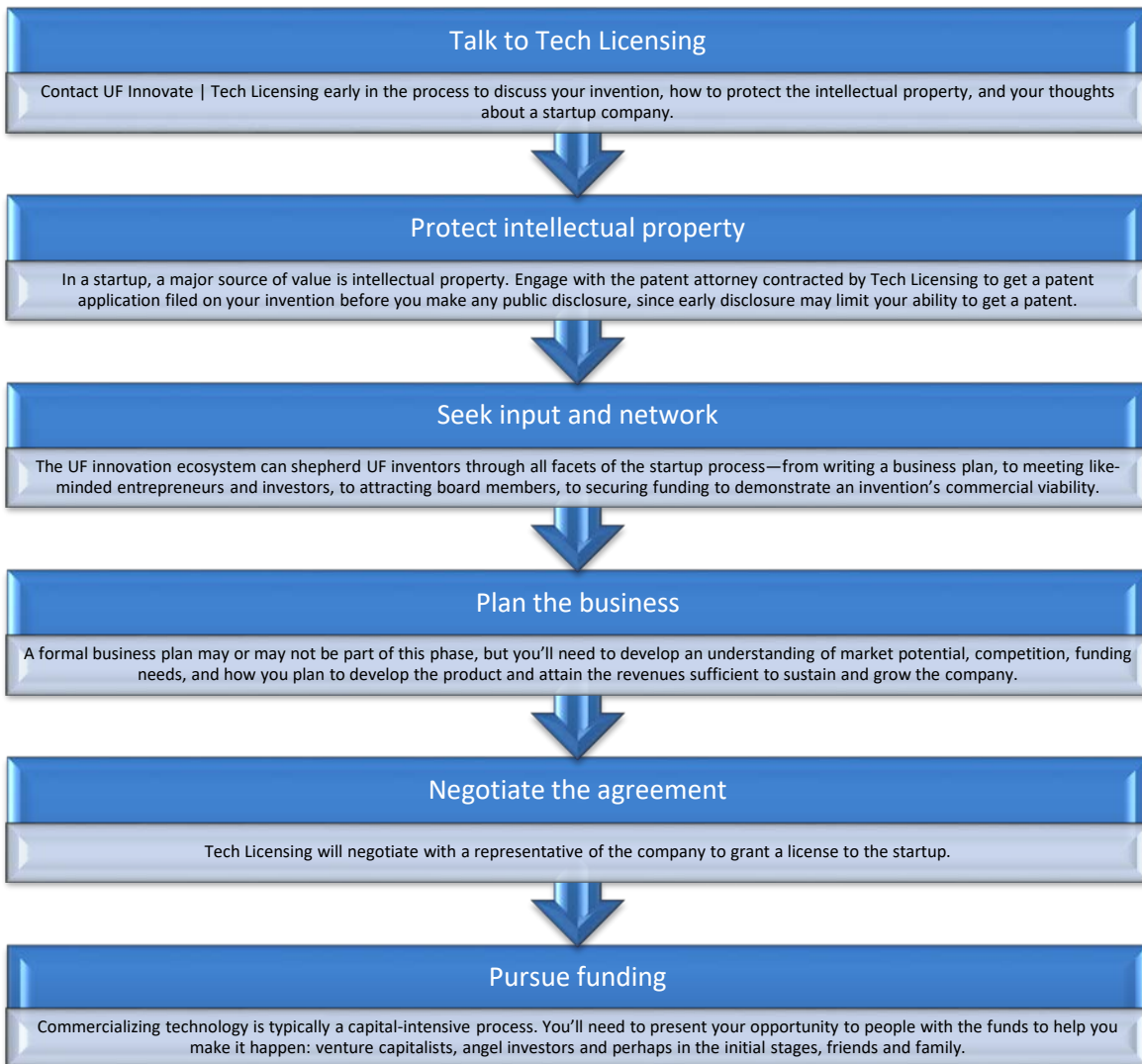
University tech transfer offices such as UF Innovate | Tech Licensing started in the wake of the 1980 Bayh-Dole Act, which fundamentally changed the way America develops technologies from federally funded university research. Bayh-Dole enables universities, nonprofit organizations and small businesses to retain title to inventions and other works made under federally funded research programs. The underlying principle of the act was to move university research discoveries to the market in order to improve the human condition.

Technology transfer is the driving part of what we call a “virtuous cycle of innovation.” Transferring innovations from the laboratory to the marketplace is a virtuous circle, not a line that starts and ends. Researchers innovate and report their discoveries to our office; we seek to commercialize their discoveries that have the potential to cure diseases, generate efficiencies and create jobs – by working with entrepreneurs, investors, and industry types. The monies generated by those commercial partnerships go back into research – and the virtuous cycle continues.

# HOW TO LAUNCH A STARTUP

Tech Licensing realizes that most of UF's technologies are early stage and require a lot of money to bring them into the marketplace. Launching a startup is not for the faint of heart. Those who would dare to be an entrepreneur must have passion and faith enough in the company's technologies to commit substantial time, energy and their own resources to develop the technology and bring it to market.

While every UF startup follows its own unique path, the major steps to get the business off the ground are fairly standard.



# THE UF INNOVATION ECOSYSTEM

Over the years, UF Innovate has developed an innovation ecosystem that moves research discoveries from the lab to the market, fostering a resilient economy and making the world a better place. Based at one of the nation's leading research institutions, UF Innovate comprises four organizations: Tech Licensing, Ventures, and two business incubators, Sid Martin Biotech and The Hub.

Within the UF Office of Research, the four organizations form a comprehensive system to take technologies from the lab to the public, bringing together the five critical elements in the innovation ecosystem: facilities, capital, management talent, intellectual property and technology-transfer expertise.

Those elements foster the entrepreneurial spirit on campus and in the community and help turn what is inherently a disorderly process into a manageable pathway for inventors.

On the pages that follow are brief descriptions of some of the major components of this innovation ecosystem. Additional information on each of them can be found on their websites or by contacting them directly.

## UF INNOVATE | TECH LICENSING

UF Innovate | Tech Licensing has earned a reputation as a leader in commercializing discoveries that cure diseases, improve quality of life, create jobs, and make the world a better place. This reputation is the result of a collaborative working relationship between faculty generating new discoveries, Tech Licensing staff, and our commercial partners. The office actively assists startup companies by helping them obtain the resources needed to commercialize UF technologies successfully.

Tech Licensing has launched nearly 200 biomedical and technology startups, generating more than \$1 billion in private investment since the office opened in 1985. Tech Licensing's mission is to enable the inventions and discoveries made at UF to move from the laboratory to the commercial world so the public, ultimately, will benefit from the breakthroughs in research.

Tech Licensing staff do this by working with faculty, staff and students to protect and promote their intellectual property. The office achieves this by patenting UF inventions, copyrighting software and then licensing that intellectual property to startup and established companies.

The technology licensing officers, who cover particular technology areas, are available as a resource to all UF faculty and student innovators who would like to discuss their inventions, their business ideas or any questions about the startup process. Officers can advise on:

- any obligations to sponsors for a particular invention
- the ownership of a particular invention
- conflict of interest issues and UF's policies and guidelines related to them

At the crossroads between UF and members of the business, entrepreneurial and venture communities, Tech Licensing also maintains constant communication with people who can and have made startups happen. Officers can provide guidance and insights on:

- the potential viability of a business model
- potential investors, entrepreneurs
- other sources of help at UF

For more detailed information on Tech Licensing activities, visit <http://innovate.research.ufl.edu/>.

## UF INNOVATE | SID MARTIN BIOTECH

UF Innovate | Sid Martin Biotech is a world-recognized leader in biotechnology business incubation – and with well-equipped laboratories, and specialized equipment, plus an outstanding network of mentors, advisors and collaborators, it's the perfect place to grow a biotech business. Since it opened, Sid Martin Biotech has incubated more than 80 new businesses, graduated more than 50 companies, and attracted more than \$1.7 billion in funding and revenues.

Able to claim that more than 80 percent of its companies are still in business five years after graduation, Sid Martin is one of the most successful programs in biotech, winning the International Business Innovation Association's Global Incubator of the Year in 2013 and again in 2017, in addition to winning the Global Science and Technology Incubator of the Year award in 2017. It has created more than 2,000 high-wage jobs in Alachua County with an economic impact of more than \$105 million per year.

Located nearby in Alachua's Progress Park, it provides laboratory space, greenhouses, introductions to investors, early recruitment of experienced leadership, networking opportunities, seminars, management training courses and more. The startups specialize in therapeutics, diagnostics, medical devices, ag-bio, clean energy, biopharma and other key biotech areas.

For more information on UF Innovate | Sid Martin Biotech, visit <http://innovate.research.ufl.edu/sid-martin-biotech/>.

## UF INNOVATE | THE HUB

This mixed-use business incubator provides both a place and a program that promotes the success of early-stage companies by encouraging vision and collision among resident clients, partners, visitors and the general community.

Funded by an \$8.2 million grant from the federal Economic Development Administration and an additional \$5 million commitment from UF, The Hub opened in October 2011. The incubator demonstrated such success that the EDA awarded a second \$8 million grant, to which UF added an additional \$9 million. The expansion opened in January 2018, doubling the facility's size to 100,000 square feet.

The addition of The Hub has transformed the entrepreneurial landscape and culture of Gainesville, and the incubator has been recognized as a major catalyst in helping propel the university city to become one of the top energized tech communities in the Southeast. Much more than a building, The Hub provides a complete growth ecosystem that leverages the prestige of the university's research and technology commercialization prowess and combines that with programming, resources and networking opportunities designed to support small startups.

The Hub is located midway between the university and downtown Gainesville in Innovation Square.

For more information on UF Innovate | The Hub visit <http://innovate.research.ufl.edu/the-hub/>.

## UF INNOVATE | VENTURES

New to the UF Innovate quartet is Ventures, a team that seeks to fuel consistent growth in the number and quality of UF technology-based startup companies. By sourcing new venture investments, preparing in-depth financial and data analyses for potential investments, working closely with angel groups and other investment funds, and developing entrepreneurs, Ventures will serve as a liaison between public and private sectors in application and implementation of an investment program intended to support UF startups.

For more information, please visit <http://innovate.research.ufl.edu/>.

## COLLABORATORY FOR WOMEN INNOVATORS

Located inside UF Innovate | The Hub, the Collaboratory for Women Innovators is an initiative of the Entrepreneurship and Innovation Center, Warrington College of Business in partnership with the Economic Development Administration (EDA) and The Hub. The program seeks to inspire, educate, and empower women to attain leadership in all phases of the innovation lifecycle. Diversity is critical to the success of innovation in the United States, and research shows that there is still a significant disparity in the numbers of women entrepreneurs and innovators. The Collaboratory seeks to bridge that gap by supporting participants at various stages of personal and professional development.

The Collaboratory will offer a portfolio of resources and training opportunities ranging from structured programming to informal networking, workshop and special topic speakers, designed to address diverse goals and objectives. Programs and resources will support women starting their own companies, as well as to increase participation of female inventors/researchers. Additional activities will provide opportunities for women to learn more about innovation, entrepreneurship and leadership, and to connect with like-minded people and mentors.

While the Collaboratory has a focus on women, it also offers programming that is non-gender specific. For more information, please visit <https://www1.warrington.ufl.edu/centers/cei/outreach/womens-collaboratory/>.

## TECHNOLOGY SHOWCASES/EVENTS

Technology Showcases are usually industry-specific events in which entrepreneurs can pitch their startup ideas and technologies to potential investors.

## GETTING STARTED WITH TECH LICENSING

### *Disclose the Invention*

Innovators can complete a disclosure form on the innovator's portal on the Tech Licensing website at <http://innovate.research.ufl.edu/tech-licensing>. By filling out Tech Licensing's disclosure form you provide staff members with the information they need to determine the ownership of the invention, to sort out any obligations UF may have to sponsors of the research that led to the invention and to ascertain what sort of intellectual property protection (e.g. patent or copyright) is warranted so that you can pursue commercialization of the technology.

The technology disclosure is treated as a confidential document by Tech Licensing staff members and you should fully describe your invention in it. It is best to submit the disclosure form well before any publication or public communication of the invention, including website descriptions, lectures, posters or abstracts.

You can disclose your technology, work or material by visiting <http://innovate.research.ufl.edu/tech-licensing>.

### *Talk to a Licensing Officer*

Staff members can help you decide whether you would like to start a company or have the office out-license the technology. Your plans for a business, and how fully fleshed-out the invention is, will feed into decisions about how and when to protect the intellectual property. Any intellectual property obligations to research sponsors must also be considered. Your Tech Licensing Officer can provide guidance on next steps, sources of additional information, and potentially useful contacts.

A more detailed summary of the technology transfer process as well as answers to questions frequently asked by innovators can be found at: <http://innovate.research.ufl.edu/tech-licensing/innovators>.

## *Work with the Assigned Patent Attorney*

Once a decision is made to patent an invention, Tech Licensing engages an outside attorney to prepare and file a patent application. You'll need to "teach" the attorney about your novel invention, but the attorney will do most of the work in generating a patent application. You should also inform the attorney about your business plans so that the most appropriate claims can be drafted.

Software may or may not contain patentable subject matter and the decision on whether to patent such subject matter will depend in part on the plan for commercialization.

In many cases, before filing a patent application, your Licensing Officer will request a fellow trained in patent and literature searches to look for "prior art" (anything related to the invention and its originality that has already been publicly disclosed or used). Prior art searching is important to determining the potential breadth of a patent and what sorts of business uses it may cover.

If you're contemplating a startup it's important to understand the distinction between prior art searching, which falls within Tech Licensing's scope of activities, and "freedom to operate" searching, which does not.

A freedom to operate search looks for any other patents or applications that may block your company's ability to make or sell its products or services without permission (i.e. a license) from the patent holder. Note that a patent allows its holder (or in some cases, its licensee) to bar others from operating in a particular area, but does not guarantee the holder or licensee the right to practice in that area, since the resulting product or service may still fall under another, broader "blocking" patent. At some point during their development, most startups need to do their own freedom to operate analysis.

# STARTUP LICENSING

Tech Licensing's main goals in any license agreement are to ensure that the technology will be developed by the licensee for public benefit, complying with federal and UF policies, and, if successful, providing a reasonable financial return to UF and the inventors of the technology.

The terms of startup licenses are flexible and take into account the financial realities of many startups as well as the particular industry in which the company will be competing.

Standard requirements in a license for an UF startup will include negotiated financial terms, such as annual fees and a royalty on product sales, and reimbursement of patent costs. They may also include a small, minority share of equity in the startup.

The non-financial terms of the license are equally important and will include:

- Degree of exclusivity: nonexclusive, exclusive, or restricted by field of use
- Reservation of rights for the Federal government (if the invention is derived from federally-funded research), and for UF and other non-profit organizations for their research and educational activities
- Performance (or "diligence") requirements to assure that the company has the resources and is capably developing the technology

In many cases, the Tech Licensing office will work with startups to delay major financial payments until the company raises significant investment capital.

## FAQ

### *Will UF assign the patent to my startup?*

No, but an exclusive license, which gives most of the rights to the patent that an assignment would give, can satisfy the needs of the company.

### *Does UF take a seat on the company board?*

No.

### *Can I get a license if I haven't incorporated the company yet?*

No, but an option agreement may be possible. Such an agreement will, for a limited time, preserve the opportunity for your company to negotiate a license.

### *If my startup is based on an invention jointly owned by UF and another institution, how do I get started?*

Tech Licensing will work out an Inter-Institutional Agreement whereby one of the institutions will “take the lead” and do the license negotiations with your company.

### *If my startup needs technology from another institution besides UF, but not jointly owned with UF, will I need a separate license?*

Under most circumstances you will need to negotiate separately with the other institution for a license.

However, schools do sometimes package their technologies together in a single license agreement.

### *Which comes first, the license agreement or the funding agreement?*

It generally works to the founders' advantage to get the license agreement done first, but it can be done either way. Fees and reimbursement of patent costs can be delayed pending funding.

*If my invention is unpatented software, do I still need a license for a startup?*

Yes, a copyright license is required if the software falls under UF's ownership policy.

*Can I continue to do research on the technology on which my startup is based?*

UF always reserves the right to practice its own inventions within its facilities. The invention can be used in your research at UF for research purposes only. Researchers are not permitted to continue to develop technology at UF for the benefit of their startups. See the Conflicts of Interest section (below) for further details.

## UF INTELLECTUAL PROPERTY POLICY

### *Ownership of Inventions*

Generally speaking, under UF's policy on intellectual property ownership, the university owns inventions made by its employees when those inventions are developed pursuant to a sponsored research agreement or created using significant funds or facilities administered by UF.

This ownership policy applies to any sort of intellectual property, including: patents, copyrights on software, maskworks, tangible research property and trademarks.

If an invention is made by a graduate student, the policy is the same as for any other member of UF. (Undergraduate students generally are not obligated to assign rights to UF.) Ownership depends on 1) whether the invention was created by the student in a capacity as an UF employee, 2) whether the invention was created using UF resources, and (3) whether the invention was created under a contract or grant to UF.

UF does not assert ownership of an invention made while consulting for an outside company provided that the invention was made without significant use of UF funds or facilities or the invention is not within the scope of the inventor's employment by UF. Particularly in a startup situation where an UF faculty member is consulting with a company founded on one or more of his/her inventions, it is important to clearly delineate the differences between your responsibilities at the company and your research at UF, to minimize any conflict in ownership of your inventions.

If you have questions, the Tech Licensing office is available for assistance. Call (352) 392-8929 or email [techlicensing@research.ufl.edu](mailto:techlicensing@research.ufl.edu).

## *Obligations to Sponsors*

Sponsored research agreements specify what rights a sponsor has in any intellectual property developed as a result of the sponsored research.

Under most circumstances, federal funding of research leading to an invention will not impose significant impediments on commercializing your invention via a startup. Funding by other entities (e.g. companies) may result in license rights that can limit the license rights available for your startup. Corporate sponsors are typically granted rights to negotiate a license for any intellectual property arising from sponsored research. But since sponsorship agreements vary widely, check your sponsored research agreement or with Tech Licensing to become aware of any restrictions on your invention.

For more details on the intellectual property rights granted in standard sponsorship agreements, visit the UF Division of Sponsored Programs at <http://research.ufl.edu/dsp.html>.

# CONFLICTS OF INTEREST OR COMMITMENT: FACULTY

## *Conflicts of Interest*

As the founder of a startup, you're likely to receive equity in the company and may have a continuing consulting or advisory relationship with it. Therefore, conflicts of interest can potentially arise between your contractual or financial relationship with the startup and your obligations to educate and mentor students at UF and to perform research. An individual conflict of interest exists when an individual (or his or her immediate family) has a financial interest that affects or has the potential to affect the individual's conduct of his or her Institute activities, because for example, he or she is the decision-maker related to research projects. When conflicts of interest arise they must be recognized, disclosed and either eliminated or properly managed.

UF Policy dictates that your first responsibility is to the education of your students. It prohibits you from using UF students for research and development projects for your startup and from employing students at the startup, except in specific circumstances.

## *Faculty and Students*

When it comes to research, UF lays down a few bright-line boundaries to prevent the possibility (or appearance) of conflict whenever the outcome of research at UF could materially affect a faculty member's personal wealth, such as through appreciation of your stock ownership in a startup. As a result, you must have a conflict of interest meeting before you are able to take research funding for work in your lab from a startup in which you own equity or engage in federally funded research projects in collaboration with your startup (though some exception is made for Phase I SBIR's and STTR's). Similarly, you can't have the startup housed in your lab, even temporarily; the company's research and business activities must take place at a separate location.

The direction of your research program cannot be influenced by your outside professional activities, nor should employees of a startup be involved in research activities in your lab. Any purchases from your startup company should be thoroughly reviewed with your department head. You may be asked to recuse yourself from such purchasing decisions.

Finally, it goes against policy to restrict or delay access to information from your UF research, even if your startup would prefer to keep those results confidential. Influencing UF's business or research is similarly prohibited. These latter policies aren't specific to faculty with startups, but may require greater consideration whenever a direct financial link to a startup exists.

## *Conflicts of Commitment*

As a full-time UF faculty member, your primary loyalty should be to the Institute. In a startup, questions about the extent of this obligation can arise. As a general guideline, UF's faculty committee on outside professional activities has concluded that a faculty member's full-time employment by UF is incompatible with significant managerial responsibilities in a startup.

If you have questions about whether a specific activity related to your startup represents a conflict of commitment, the Tech Licensing can offer preliminary advice with respect to UF's policies. Often, the best approach is to fully disclose your situation to your department head and discuss the implications for your job responsibilities. Ultimately, the Vice President for Research is the final arbiter on any disputes that arise. UF's policy on outside professional activities is available at: <http://research.ufl.edu/compliance/conflict-of-interest-and-outside-activities.html>.

## RESOURCES FOR THE ENTREPRENEUR

UF Innovate | Tech Licensing  
747 SW 2<sup>nd</sup> Avenue, Suite 108  
Gainesville, FL 32601  
P.O. Box 115575  
Gainesville, FL 32611-5575  
(352) 392-8929  
<http://innovate.research.ufl.edu/tech-licensing/>

UF Innovate | The Hub  
747 SW 2<sup>nd</sup> Avenue, IMB #47  
Gainesville, FL 32601  
(352) 294-0885  
<http://innovate.research.ufl.edu/the-hub/>

UF Innovate | Sid Martin Biotech  
12085 Research Drive, Box SMBI-300  
Alachua, FL 32615  
(386) 462-0880  
<http://innovate.research.ufl.edu/sid-martin-biotech/>

To disclose a UF innovation, go to this link and select "Report a New Discovery":  
<http://innovate.research.ufl.edu/tech-licensing/>

To disclose a biological material, go to this link and complete the form:  
<http://innovate.research.ufl.edu/tech-licensing/biological-materials-disclosure-form>