Tech Transfer – Entrepreneur Relationship Tips

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Where to Start?

- Targeting the right channel
  - Searching for the technology/idea, IP, contact
    - TTO website
    - In-person meeting with TTO
    - Manuscripts
    - Authors/Inventors
    - News articles
    - Patent search
    - Conferences & Seminars
Driving the Innovation Economy

academic technology transfer in numbers

From 1996 to 2015, up to...

- $1.3 trillion contributed to U.S. gross industrial output
- $591 billion contributed to U.S. gross domestic product
- 4.3 million jobs supported
- 380,000 inventions disclosed to research institutions in the past 25 years
- 80,000 U.S. patents issued
- 11,000 start-ups formed since 1995
- 70% of university licenses are to start-ups and small companies
- 200 drugs and vaccines developed through public-private partnerships since Bayh-Dole Act enacted in 1980

Why to License University IP

- University research yields discoveries that may have commercial potential and/or the potential to improve/change/save/lives

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It is Important to Understand Who Can Influence the Deal & How
Understanding University Tech Transfer

Source: https://tlo.mit.edu/learn-about-intellectual-property/technology-transfer-process
General goals of TTOs

- Technology development for public benefit
- Additional funds for R&D (e.g., through SRA, other)
- Reimbursement for long-term investment
- Royalty income (legal expense reimbursement, license issue fees, royalty, equity)
- Employment for graduate students
- Institutional recognition
Win-win Relationship

• Success is always mutual
• Informing TTO of the needs and goals can help identify relevant resources that TTO has
• TTO has access to a multitude of resources that can enable success:
  • coaching - workshops, guidance for understanding and going through commercialization, etc.
  • network – partners, funding, attorneys, marketing & PR experts, etc.
  • grant funding – federal funding, SBIRs, proof-of-concept grants, etc.
  • conferences – VC conferences, partnering conferences, etc.
  • access to accelerators/incubators
Ways to Collaborate

- Licensing/Optioning the IP
- Research collaboration
- Joint grant application
- Sponsored research
- Any and all of the above

Make sure you are aware of other collaborations and you understand pre-existing relationships.
Important Tips

- Diligence is the key requirement
- Understand the IP and freedom to operate
- Predict the gaps and how to overcome them
- Understand government rights and restrictions in case of government supported research
- Understand the limitations of university tax exemption
- Relationship with the inventors one of the keys to success
- Highlight what the company brings to the table
Think about all the steps company will have to go through and identify the ones where University might have resources or contacts.
Tips for Engineering IP

• Funding opportunities highly relevant – generally, shorter product development timeline & less expensive compared to life science technologies

• Using resources to establish connections early on can be critical for success
Licensing Tips

• Understanding the mission & key milestones of your TTO and goals/interest of all stakeholders will lead to more productive relationship
• Information sharing is critical for successful relationship
• Finding mutual interest will streamline the negotiation
• Inform TTO of financing plan and timeline
• Understand the business to be more creative and structure provisions that will benefit both sides
• Seek advice – select legal counsel familiar with TTOs, speak to entrepreneurs who’ve gone through the experience, find mentors, etc.
• Start the discussion early
Understanding the Mission & Key Milestones of your TTO

- Strong business plan & team
- Legal expense reimbursement (financial provision of high importance)
- Field of Use – narrow to maximize return
- Maintain control of assets
- No liability
- Product on the market
- Rights to publish & additional funding for the research
- Happy faculty
NewCo’s Interests

• Field of Use – broad to allow for pivoting if needed
• Low up front costs
• Low liability
• Product to the market
• Happy faculty advisors (understand their interests and goals)
• Future/improvement IP rights
• Investor’s interests
Key License Terms

Financial Terms
- Direct Cost
  - Royalty on Net Sales
  - Minimum Royalty
  - Non-Royalty Sublicensing Income
  - License Fee
  - Maintenance Fee
  - Equity

- Indirect Cost
  - Ongoing and back legal expense reimbursement
  - Insurance
  - Indemnification/Infringement

Diligence Terms
- Reporting
- R&D Milestones
- Business Milestones
- Financial Target
- Key Executives Hires
- First Customer
- Product Launch
- Min Sale Targets
- Regulatory Approvals

Rights & Obligations
- Field of Use
- Patent Prosecution Control
- Indemnification Provisions
- Infringement Provisions
- Sublicense Requirements
- Future/Improvement IP Rights
Thank you!

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