

AND GUIDE



UCLA and TDG strongly support the formation of startup companies as one avenue for commercializing innovations and bringing breakthrough technologies to the market. What follows is a list of frequently asked questions to help entrepreneurs in the UCLA community get the process started.

We also encourage you to contact TDG to discuss your interests in starting a new company early on in the process. All of our contacts are

on our website at

tdg.ucla.edu

What type of assistance can TDG provide in starting my company?

Through our network, we can provide introductions to:

- ▶ Potential investors and corporate partners.
- ▶ Business mentors and entrepreneurs.
- ▶ Legal and accounting services.
- ▶ Incubator and other types of R&D space for the company.
- ▶ Resources for navigating campus policies on use of outside time and on-campus research.
- ▶ Resources for business plan writing and market analysis.
- ▶ On-campus resources such as the Business of Science Center, CNSI, Startup UCLA, NSF I-Corps Node at UCLA, and the Price Center for Entrepreneurship.

Is it necessary to have a business plan in order to obtain a license from UCLA to the underlying intellectual property?

No. While not required, having a strong commercialization plan is necessary for fundraising, and will aid in structuring reasonable diligence terms for you license.

Does the company first need to be formed in order to obtain a license from UCLA to the underlying intellectual property?

Yes. However, even before a company has been formed, you can enter into a simple, express “letter of intent” with the University to lock up the intellectual property while working on getting the company up and running, speaking with potential investors and corporate partners, etc.

Do I need to get a license from UCLA to the underlying intellectual property in order to attract investors and/or corporate partners?

Not necessarily. A simple, cost-effective “letter of intent” with the University with an attached license term sheet is often enough to attract potential investors and partners. We can then implement a full license agreement once the company is ready to do so.

Does UCLA have a business plan competition?

Yes. There are various on-campus business plan competitions organized by groups such as the Business of Science Center, the Lowell Milken Institute-Sandler Prize for New Entrepreneurs, and the Knapp Competition. Local investor groups, such as the TechCoast Angels, also hold regular startup pitch events.

How do I obtain a license for the underlying intellectual property from UCLA?

We try to keep the process for startup licenses simple and efficient. All you need to do is let our office know which technologies you are interested in and connect us with a non-UC person who will lead the license negotiation with the University. If there is a hard deadline that the license needs to be done by (e.g. to meet an investor deadline), let us know and we will prioritize accordingly.

How are license terms for startups determined?

License terms are tailored to the specifics of the technology, market, and business plan of the licensee. General terms found in most licenses include a license fee, royalties, diligence terms, milestone/maintenance fees, and reimbursement of patent costs. We recognize the economics of doing a startup and the need to preserve precious capital resources, and we tailor license terms accordingly.

How can I avoid or manage any conflicts of interest in the licensing process?

Per UC policy, employees with a financial interest at stake must disqualify themselves from “making, participating in making or influencing a University decision” with regard to a license (for example, by having a non-UC person represent the company in license negotiations with UC). If this is not possible, an independent review of the licensee selection and terms must take place. All inventors must complete the financial disclosure form called the UCLA “TT100” available at: http://ora.research.ucla.edu/RPC/Documents/RPCForms/Form_TT_100_UCLA.doc

How much time can I spend working with the company outside the University?

Full-time faculty members may spend, on average, one day a week during the academic year on outside activities. During the summer and other vacation periods, there are typically no such time limits for faculty, as long as they are not concurrently receiving compensation from the University. Students and staff should consult with their supervisors to discuss to what extent they can spend time on outside interests. For more, please see <http://www.ucop.edu/academic-personnel/ files/apm/apm-025-07-01.pdf> or <http://www.ucop.edu/academic-personnel-programs/ files/apm/apm-671.pdf>

Can I hold a management or officer position in the company?

Possibly. Acceptance of managerial or salaried positions requires prior approval from the UCLA Vice Chancellor for Academic Personnel. These requests need to be endorsed by the faculty member's chair and dean before being forwarded to the campus Academic Personnel Office for review. For more, please see <http://www.ucop.edu/academic-personnel/ files/apm/apm-025-07-01.pdf> or <http://www.ucop.edu/academic-personnel-programs/ files/apm/apm-671.pdf>

Can I sit on the scientific advisory board (SAB) or board of directors (BOD) of the company?

Yes. This type of participation may be subject to certain conflict of commitment provisions with respect to time spent on the activity, and inclusion in an annual report of outside activities. For more, please see <http://www.ucop.edu/academic-personnel/ files/apm/apm-025-07-01.pdf> or <http://www.ucop.edu/academic-personnel-programs/ files/apm/apm-671.pdf>

Can I consult for the company?

Yes. Please note that certain schools such as Medicine have requirements for sharing consulting income with the comp plan. We also strongly recommend sending draft consulting agreements to our office for informal review prior to signing to ensure they comport with the intellectual property terms in your University employment agreement. For more, please see <http://tdg.ucla.edu/sites/default/files/consulting-agrt-9-01-09-final.pdf>

Can the company sponsor research in my lab if I have a management role, an equity stake or am being otherwise compensated by the company?

Probably. However, these situations are subject to review by a faculty conflict of interest committee (CIRC) prior to acceptance by the University of any such research funding. CIRC may make recommendations for mitigating potential conflicts of interest in these situations. There are also a few circumstances under which CIRC may decide that the University cannot accept this research funding (for example if CIRC feels that the financial conflicts of interest are too large because the faculty is getting large consulting fees from the company). It is possible to get guidance on specific situations prior to CIRC review as well.

Can my students work for the company while enrolled at UCLA?

Possibly. Faculty who have ownership interests in outside companies must obtain prior approval before involving students in company activities. For more, please see section 50 of the UC Policy on Conflict of Commitment at <http://www.ucop.edu/academic-personnel/files/apm/apm-025-07-01.pdf>

Can my company apply for an SBIR/STTR while I continue to work at UCLA?

Yes. There are some key points to keep in mind though. In general, the UCLA faculty member cannot serve as the PI on the grant for the company. Faculty members also may not bring research into their laboratories under subcontract from a small business they own without the explicit consent of their Department Chair and Dean, and there must be a clear distinction between activities that are performed at UCLA and activities performed at the small business, as well as with the Principal Investigator for the small business. For more, please see http://tdg.ucla.edu/sites/default/files/SBIR_STTR_Guidance_Memo-06-09.pdf

We are here to support all members
of the UCLA community in their
entrepreneurial interests and look
forward to working with you.
Please contact us at any time.

tdg.ucla.edu



10889 Wilshire Blvd, Suite 920
Los Angeles, CA 90095
Tel. 310.794.0558 | Fax. 310.794.0638
Campus Mail Code: 719148
tdg.ucla.edu

