



STARTUP GUIDE

TRANSLATING TECHNOLOGY
THROUGH STARTUPS





The mission of KUCTC is to assist external partners in accessing the unique technology, expertise, and capability of the University of Kansas



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The KUCTC Startup Guide is intended as a quick reference tool for KU and KUMC faculty, students and staff inventors interested in starting a company based on their intellectual property (IP) owned by the university. Where can you go for help? This guide summarizes the many resources available to the KU and KUMC inventors and the policies that are most relevant. Inventors should refer to the universities policies for current guidelines on intellectual property, conflict of interest, and other issues. Additional information may be found on the KU Center for Technology Commercialization website: kuctc.ku.edu or by contacting our office at **785.864.6401**.



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PROTECT YOUR IP

The innovations and discoveries you create at KU have the potential to change the world, but the first step is protecting your intellectual property.

KUCTC will review disclosures dealing with patentable material, copyrights, software, tangible property, utility patents, biological materials, and more.

While the process can be time-intensive, we won't inhibit your ability to publish or disclose your idea once we file for intellectual property protection.

TYPES OF INTELLECTUAL PROPERTY

Copyright

Copyright is a form of legal protection provided by the United States to the authors of "original works of authorship" giving them exclusive rights to it, and to be credited and paid for its use. This protection includes literary, dramatic, musical, artistic, and certain other intellectual works and is available to both published and unpublished works.

Patent

A patent provides the right to exclude others from making, using, selling, offering for sale, or importing the patented invention for the term of the patent, which is usually 20 years from the filing date. Patent approval can be a long and costly process. An invention must be described in sufficient detail to the Patent Office to teach someone in the field of the invention to make and use the invention just by reading the description. Applications for a patent will publish and be subject to a lengthy review process that is subject to public inspection. To get a patent, an exclusionary right, the inventor must successfully demonstrate that the innovation is new, useful, and not obvious.

Trademark

Simply stated, a trademark is a brand name. A trademark or service mark can include any word, name, symbol, device, or any combination that identifies the goods or services of the owner of the mark.



Software

Protecting intellectual property is vital for software developers. This protection can take a few different forms; copyright, patent, trademark and trade secrets. Patents, copyrights and trade secrets protect the code itself. Trademarks protect the unique name or symbols associated with the software.

RECORD KEEPING

Your lab notebook is the foundation for a permanent record detailing what was done during the course of a project and what inventions were made and when. These records are a critical element in the patenting process, providing evidence of first-to-invent. While ‘first-to-invent’ status has been subjugated to ‘first-to-file’, it still plays a vital role during court proceedings, if necessary.

Good record keeping should be consistent and complete throughout your research, detailing what was done, the purpose for the work, and the findings.

Records should include dates, all raw data and results of each experiment, as well as the protocols and designs, including descriptions of the calculations, equipment used and any output (charts, photos, etc.). Write down conclusions and the next steps, including plans for future work.

A witness should sign and date each notebook page within one week. The witness should not be directly involved with the work, but they should understand the work being studied.

PUBLIC DISCLOSURE and PATENT BARS

What constitutes a public disclosure?

Under patent law, a public disclosure is any non-confidential communication of an idea or invention. Public disclosures may include the following: conventional academic printed and online publications, abstracts, master’s theses, Ph.D. dissertations, open thesis defenses, presentations, poster sessions, department and campus seminars, information posted online and publicly available abstracts of funded grant proposals.

To prevent public disclosure, grant proposal abstracts should be high-level and not describe the invention. Grant applications typically are not made public, although grant final reports can be available to the public and would be considered a public disclosure.

Not all disclosures result in the loss of potential patent rights. In order for a disclosure to bar the patenting of any invention it has to be “enabling.” This means that the disclosure has to provide enough of a description of the invention for a person “of ordinary skill in the art” to practice it.

Public Disclosure Can Lead to Loss of Patent Rights.

In the U.S., an inventor’s public disclosure of their own work made less than one year prior to their patent filing date will not count as prior art. This is referred to as a grace period for the inventor’s own disclosure. Note: the time window between an inventor’s public disclosure and patent application filing date allows others to publish similar work or work that builds off your own work. These intervening publications may prevent or hinder patentability of your invention.

If your public disclosure was made more than one year before your patent filing date, it is considered prior art and may prevent you from obtaining a patent.

In most countries outside the U.S. there is no inventor grace period and any public disclosure prior to filing a patent application filing can prevent you from obtaining a patent. Foreign jurisdictions require “absolute” novelty. This is the standard in most of the world. Thus, as a best practice, it is always most desirable to determine whether a patent application should be filed before any public disclosure.

Types of Disclosures Qualifying as Public Disclosures

- **Email correspondence:** Providing information to individuals outside of KU by email, letters or other correspondence without indicating that the information being provided is confidential could also constitute disclosure.
- **Grant proposals:** Grant proposals to federal agencies are deemed publications as they are accessible under Freedom of Information Laws, but you can take active steps to ensure that information you provide under grant proposals is maintained in confidence when necessary.

The first page of the proposal should carry the following notice: “Confidential Information—Pages ____ to ____ of THIS PROPOSAL contain potentially patentable information” List the pages containing the confidential information and conspicuously write “CONFIDENTIAL” on each page that contains the confidential information.

- **Posters, Abstracts, and Proceedings Oral disclosures:** If at a formal talk, you distribute a copy of your presentation in which your invention is disclosed, it is clearly a disclosure. However, even if handouts are not provided but someone in the audience takes detailed

notes that describe the invention, it would also constitute disclosure. For these reasons you need to carefully plan your oral presentations so that you do not inadvertently disclose your invention. Thus, conference presentations, departmental seminars, or thesis defense all present opportunities for public disclosure.

- **Public Use or Sale:** Distribution of research materials and prototypes, that embody the invention, may constitute disclosure under certain conditions. If the materials are provided without any restriction on use or further distribution it may be considered to be made available to the public. If they are clearly provided only for testing and/or evaluation or for research purposes under written agreements clearly specifying the same, it would not be considered disclosure. A sale or an offer to sell a research material or prototype also constitutes disclosure and could establish a bar date for patent purposes.

What activities do not constitute public disclosure of an invention?

- Lab meetings attended by KU employees only
- Faculty meetings—as long as they are attended only by KU employees
- Confidential submissions for publications—provided that the journal has confidentiality agreements with reviewers—prior to acceptance and publication
- Unfunded government grant applications

How can you protect your innovation from public disclosure?

Inventions can be discussed under a confidentiality agreement. Please contact KUCTC for more information.



PATENT PROTECTION PROCESS

Assessment

From first filing to full protection, the patent process can cost \$20,000-30,000; this cost is entirely borne by the university. Our first step is to assess the novelty of the innovation and the commercial potential. There are occasions when the idea is indeed unique, but research indicates that there is little to no commercial value. In that case, the university may decide not to proceed with the process, and the inventor may assume responsibility for the process if they desire.

First Filing

The first filing is generally a provisional patent. The full patent process can be extensive and costly. In the interest of time and protection, the provisional patent makes the 'first claim' of the idea, and provides the university with a full year to file a full patent application. This provides KUCTC with the time to conduct a thorough market survey, identify potential licensing partners, and consult with third party experts for validation of the novelty and commercialization of the innovation. This research can provide useful information allowing us to file a 'stronger' patent application.


Filing a Patent

Within the first calendar year of the provisional patent filing, the university can file a complete patent application. This application will be reviewed by an examiner at the USPTO, who will assess the novelty and usefulness of the innovation. This process can take several years.

Most patent applications are rejected, and patent attorneys will respond to objections, often providing further documentation to the Patent Office.

Examination of Patent Application

A PTO Examiner will search both the scientific and patent literature (collectively "prior art"), known and publicly accessible, prior to our date of filing to determine whether the patent application discloses and claims new and patentable subject matter. The Examiner will look at each claim of the patent on a claim-by-claim basis. The most common rejection of a patent claim is on the basis of the USC 103 (obviousness rejection). Under USC 103, the combined teachings of several prior art references can be combined by the Examiner to reject one or more claims. In rejecting claims, the Examiner takes the view that the combined references teach the inventive step of the applicant and render the claimed inventions "obvious" to



one skilled in the scientific art being reviewed. The written result of the PTO examination is called an Office Action. Years can pass after filing before the PTO issues a first office action on an application.

Response to Office Action

The patent attorney, with the assistance of the inventor, responds to the examiner with arguments about why the invention is patentable. Steps 2 and 3 may be repeated. Often there are at least two office actions issued from the PTO before claims are allowed or given a final rejection.

Notice of Allowance

Notice of allowance is sent when the examiner is satisfied that all claims meet the criteria. The fee to issue the patent is due three months from the notice of allowance.

Patent is Issued

The term of the patent begins with the earliest effective filing date of the patent application. Maintenance fees are assessed at three, seven and eleven years of the patent term to continue federal protection.

We know that your passion is research and publishing. We never want to slow you down or impede your progress. Our staff is equipped to make this process as painless and fast as possible.

Disclose an Invention, Biological Material or Software Program — Let us help you protect your IP

Faculty, staff and student inventors and creators should submit disclosures per KU IP Policy.

The purpose of these forms is to record what was invented and the circumstances under which the invention was created. This is the foundation for a patent, and should be filled out as completely as possible when something new, useful, unusual, or unexpected has been obtained.

<https://kuctc.ku.edu/faculty/protect-your-ideas/disclose-invention-biologicalmaterial-softwareprogram>

Material Transfer Agreements

Prior to sending or receiving tangible research material, it's vital to both parties to have a Material Transfer Agreement that expressly states the purpose for which the material will be used, and the rights regarding any derivative materials.

The staff at KU Office of Research or the KUMC Research Institute will negotiate these agreements that govern the transfer of tangible research materials between two organizations.

Sending or Receiving Material

When transferring materials into or outside of KU, a material transfer agreement (MTA) document is necessary.

Export Controls

Innovation and collaboration is fundamental to KU's global outreach. U.S. and international laws governing technology transfer are complex and impact patent applications, licensing, and research agreements. We are committed to complying with all laws and regulations that govern our international activities including those foreign visitors and employees who work and participate in projects on all KU campuses. KUCTC works closely with The Office of General Counsel and Export-Import control team. To ensure compliance, investigators, entrepreneurs, and future CEOs are encouraged to use their services early in project development.





02

LICENSING

KUCTC'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, KU or KUMC policies, and if successful, providing a reasonable financial return to the university and the inventors of the technology.

THE TERMS:

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 terms in a license for a KUCTC 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 minority share of equity in the startup.

The non-financial terms will include:

- Degree of exclusivity: nonexclusive, exclusive, or restricted by field of use.
- Reservation of rights for the Federal government (if appropriate), and for university and other non-profit organizations for their research and education activities.
- Performance requirements to assure that the company has resources and is capably developing the technology.

Often times KUCTC will work with startups to delay major financial payments until the company is able to raise significant capital.

EXAMPLES OF LICENSING AGREEMENTS

Option

A simple, limited-term agreement, which gives the first right to enter negotiation for a license to a given technology. For the duration of the Option, KUCTC will not actively market the technology or seek out other potential licensees. The party receiving the option often pays a modest fee and typically assumes the responsibility for ongoing IP expenses for the



duration of the option. An Option is most frequently used when a prospective licensee wants the ability to conduct due diligence on the market or technology before entering into a full license agreement.

Commercial Evaluation License

Often the diligence a prospective licensee wishes to conduct on the technology cannot be completed without access to samples or data. In this case, commercial evaluation licenses are used to grant the right to use a technology, under limited circumstance for a limited time, for evaluation.

Tangible Research Property License

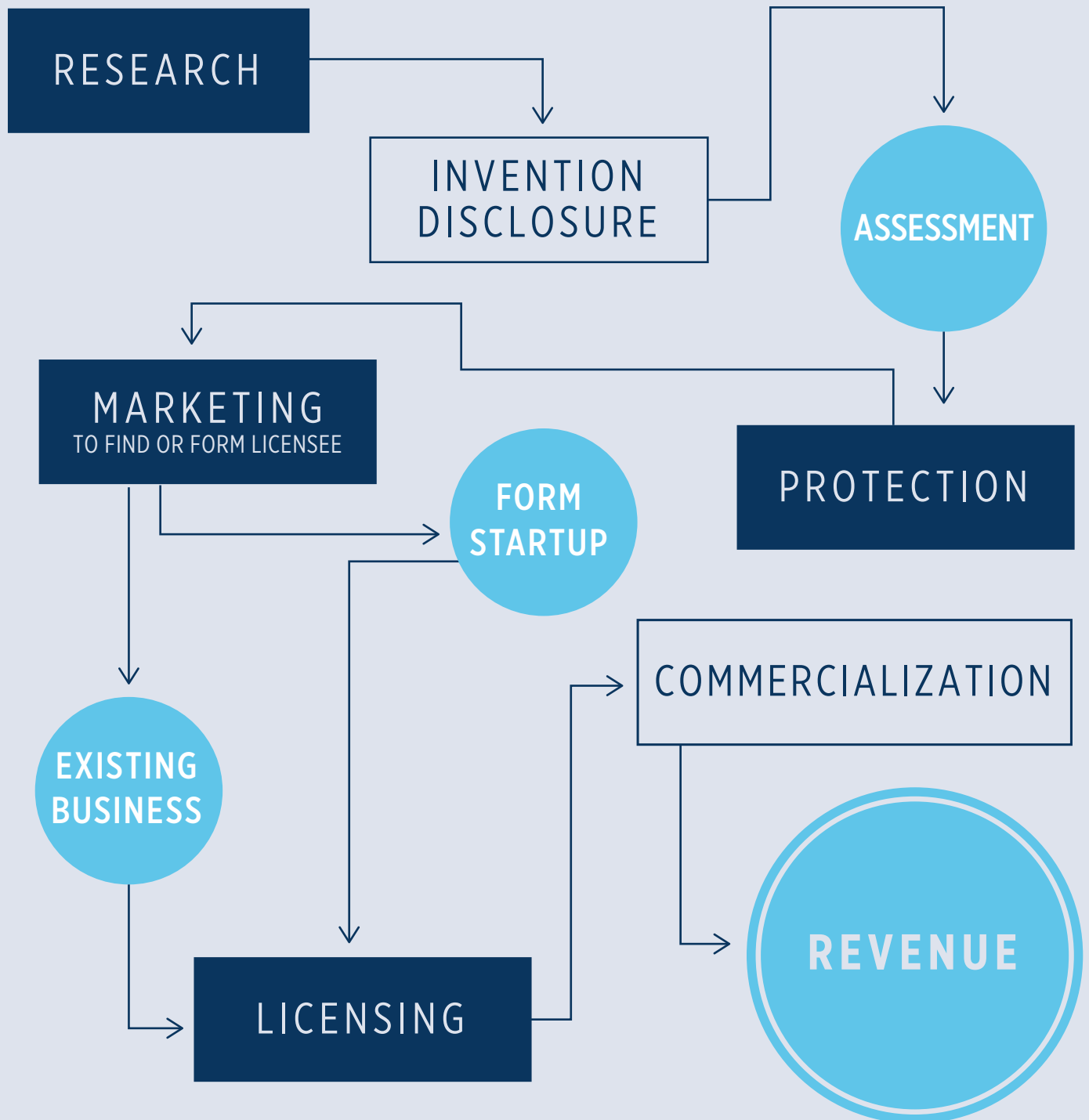
IP has many forms, and inventions that are not patentable or copyrighted can still be licensed. The licensee is granted the right to use and sell the materials that were created at KU or KUMC.

License Agreement

The License Agreement can be tailored to suit many situations and typically represents a long-term partnership. Licenses can grant exclusive or non-exclusive rights, such as the right to make, use, and sell the technology, and they normally impose obligations on the licensee, such as the requirement to develop the technology into a product or service and to pay agreed-upon financial consideration.

We believe the key to success with a license is creating a partnership between KUCTC and the licensee around the joint interest in seeing KU and KUMC technologies realized as commercial products and services.

LICENSING FLOW CHART



03

PROCESS

You're interested in commercializing your discovery, but aren't sure what to expect or where to start. KUCTC is available to talk you through the steps. In the meantime, here's a general overview to get you going with the planning process:

STEP 1: FORM THE COMPANY

Once you've decided to go for it, generally the first step is to legally form a company. There are several different business structures, each with its pros and cons.

Sole Proprietorship: A sole proprietorship is the most basic type of business to establish. You alone own the company and are responsible for its assets and liabilities

Limited Liability Company (LLC): An LLC is designed to provide the limited liability features of a corporation and the tax efficiencies and operational flexibility of a partnership.

Limited Liability Partnership (LLP): A partnership in which all partners (depending on the jurisdiction) have limited liabilities, one partner is not responsible or liable for another partner's misconduct or negligence.

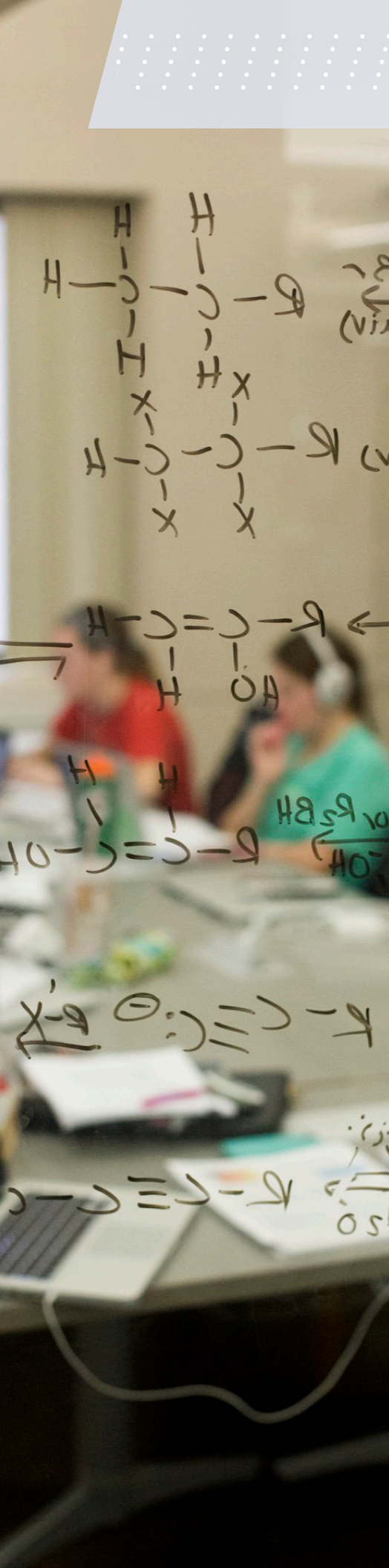
Non-profit 501(c)(3): A tax-exempt nonprofit organization in the United States.

C-corporation: Refers to any corporation that is taxed separately from its owners.

S-corporation: An S-corporation is similar to a C-corporation but the corporation's income or losses are divided among and passed through to its shareholders. They must then report the income or loss on their individual income tax returns.



Table 1: Summary of data									
Category	Sub-category	Value 1	Value 2	Value 3	Value 4	Value 5	Value 6	Value 7	Value 8
A	A.1	10	20	30	40	50	60	70	80
	A.2	15	25	35	45	55	65	75	85
	A.3	20	30	40	50	60	70	80	90
	A.4	25	35	45	55	65	75	85	95
B	B.1	30	40	50	60	70	80	90	100
	B.2	35	45	55	65	75	85	95	105
	B.3	40	50	60	70	80	90	100	110
	B.4	45	55	65	75	85	95	105	115
C	C.1	50	60	70	80	90	100	110	120
	C.2	55	65	75	85	95	105	115	125
	C.3	60	70	80	90	100	110	120	130
	C.4	65	75	85	95	105	115	125	135



STEP 2: ADD PEOPLE

A great idea needs people to make it successful. You don't have to hire full-time staff, which most startups can't afford, but you will need help. Identify key team members—ideally whose skills and experience complement yours—and the roles they will play in moving your discovery along.

These people can be any of the following:

- Employees
- Directors
- Scientific advisors
- Research collaborators
- Consultants
- Business partners

Faculty considering commercialization often ask, “Would I have to leave my job at KU?” The answer is no. Although both KU and another company can't simultaneously employ you, you can have a non-employee role at the company as a collaborative researcher, board director, shareholder, and/or consultant. Some faculty even take a sabbatical to dedicate themselves to the start-up for a few months while it gets off the ground.

STEP 3: THROW IN IDEAS

You have a company and people, now you need something to sell—likely one of your discoveries made in your role at KU. So the next step will be to get a license from KU that gives your company the rights to commercialize the intellectual property (IP) around that discovery.

To avoid a conflict of interest, you will need to identify someone at the company who is not a KU employee to take responsibility for negotiating with KUCTC.

STEP 4: WRITE A PLAN

What is the company's ultimate destination and how will it get there? These are the questions you will answer in a business plan. The value of a business plan isn't so much in its mere existence as it is in the process of writing it. Expect a well-written business plan to take weeks or months to complete.



The process will involve researching the market, articulating the value proposition of the product, interviewing prospective customers and partners, talking to thought leaders in the field, putting together budgets and timelines, and identifying the main risks along with strategies for mitigating those risks.

You can find free business plan templates at www.SBA.gov and www.SCORE.org

STEP 5: MOVE IT ALONG

You have a vehicle (the company), traveling companions (the people), a purpose (the ideas), and a roadmap (the business plan)—you're ready for your road trip!

Oh wait, now you need to put some gas in the tank. As they say, money makes the world go around and start-ups are no exception.

Funding: Passion Doesn't Keep the Lights On

It has been said that investors invest in people, not ideas. While that's true, the second part of the sentence is often forgotten. Investors invest in people...with plans.

Whether you're looking for angel investors, venture capital, or traditional loans, we can show you how to present your business plan— capital requirements, cash flow projections and market potential.

Seasoned investors aren't gamblers; they like to back companies with a plan. We can work with you to help present your business in the best possible light.

Self-Funding: Traditionally this has meant using personal funds, credit cards and contributions from friends and family. While this route can help an entrepreneur retain his or her equity, often these funds run out as businesses are undercapitalized.

Angel Investors: These early investors are often not just a great source of funding, but also of mentorship as they tend to have deep expertise in certain areas. It's a benefit to both the investor and entrepreneur when this 'smart money' is involved.

Venture Capital: When a new venture needs more than a couple of million dollars, venture capitalists are often the best source. While VC firms generally require considerable equity, their expertise and deep pockets can bring the necessary momentum for many companies to make it to the next level.

Grants: Funds are available from either government (federal or state) grants and/or foundations. Government entities want jobs and foundations eagerly invest in ventures whose outcomes can positively impact their missions.

STEP 6: LASTLY

You'll know you're well on your way to your destination when your company is landing customers, getting regulatory approvals, obtaining partnerships with major industry players, and/or focusing less on research and development and more on sales and marketing.

Although KUCTC can't guarantee your success, we can give you the best possible shot at it.





04

DECISION

Company Name: This should be unique, memorable, and clear of other existing businesses in similar market spaces; online tools can help find available names.

State of Incorporation: A business can incorporate in any state, and generally do so in the state in which they are headquartered. However, a few states such as Delaware and Nevada do offer specific financial benefits to companies incorporated there.

Corporate Structure: Many startups begin as LLCs, but growth companies may choose a C-corp. List of Founders/Members

Mailing Address: A headquarters may start in a residence, but typically soon moves to a separate office space when operations begin. Post office boxes are generally not sufficient. KU has incubators such as the Bioscience and Technology Business Center located on the KU and KUMC campuses.

Website: A must in today's modern world—secure a domain name and expand the website to be your marketing tool.

Accounting/Finance System: It is important to comply with all relevant federal, local and state tax requirements. Keep tax records for a minimum of three years.

Employer Identification Number (EIN): An EIN (also known as a Federal Tax Identification number) is obtained from the IRS and is required for opening bank accounts and processing payroll.

Dun and Bradstreet D-U-N-S® Number: This free unique identifier for each business location is necessary to receive government grants or contracts such as Small Business Innovative Research grants (SBIRs).

Sales Tax Permit: From state of company headquarters.

Business License: From city/county; grants the right to conduct business in that jurisdiction.



Business Insurance: To protect the business. Licenses from KUCTC require proof of insurance. Federal Drug Manufacture Permit: If applicable, from the Food and Drug Administration (FDA).

Company Logo/Branding Materials: Can be developed after the company is established, but should be in place prior to web or product launches, including trademarks on the company name and logo.

OTHER DOCUMENTS YOU WILL NEED TO CONSIDER:

Operating/Partnership Agreements (LLCs): These agreements, while technically optional in many states, are important as they protect the company from certain state laws that apply by default to LLCs without such agreements, and help avoid or resolve conflicts between members by memorializing in writing the company's daily operations and member roles.

Corporate Bylaws (C or S Corps): Typical bylaws include the company's; name, objective, members, officers, meetings, executive board and committees.

Employment Agreements: Often overlooked at the start, these are helpful when dealing with disagreements or conflicts between founders and early employees. These agreements should discuss roles and responsibilities, titles, compensation, any equity and vesting terms, duration of employment, grounds for termination, any applicable non-complete clauses, confidentiality of company information, work product ownership and dispute resolution.

Non-Disclosure Agreements: Most licenses require KU or KUCTC confidential information (such as patent applications) to be protected if shared with investors or potential new management team members.

PIT FALLS

New company formation is a high risk proposition. While many startups are successful, others are not. Some problems we see frequently are:

Inexperienced Management: A strong, experienced, cohesive team is required for a successful startup company. Problems can arise if founders or other members of the team do not have enough startup and business experience or if founders, new management, and investors are not on the same page.

Lack of Funding: A startup needs sufficient capital to overcome challenges, reach milestones, and progress to the next phase of development. To attract investors the company must have a sound business plan and management team.

Technology Does Not Meet Commercial Need: Sometimes science is innovative and exciting but does not meet a critical commercial need, or current solutions are a better option than the new technology.

Timing: The company may miss the market, even when there is a commercial need. This can be due to the market not being ready for a product, it could be too costly, too early or an unrecognized need. It can also be too late to the market and the need has been met with another technology.

Marginal Niche: The target market may be smaller than expected and the company may not be able to meet financial requirements.

Bad Luck: Sometimes events outside of the entrepreneur's control can happen and have a negative impact.

OBLIGATION TO SPONSORS

Inventors need to take care in disclosing all inventions and related sponsors, including all companies whose funding or materials helped lead to the invention. Sponsored research agreements specify what rights a sponsor has in any IP developed as a result of the sponsored research. Typically, federal funding of research leading to an invention will not impose significant impediments on commercializing the invention via a startup. Funding or materials provided by other entities may result in license rights to those specific entities, limiting the license rights available for a startup. Corporate sponsors are typically granted rights to negotiate a license for any IP arising from sponsored research, but these agreements vary widely. The staff member responsible for the invention reviews the agreements listed on the invention disclosure to identify any restrictions.





05

POLICY

KU INTELLECTUAL PROPERTY POLICY

Intellectual Property Policy

The purpose of the intellectual property policy is to foster the creation and dissemination of knowledge. It serves to provide certainty in individual and institutional rights associated with ownership and the distribution of benefits that may be derived from the creation of intellectual property. The policy applies to all full or part-time employees, including student employees, creating intellectual property related to the scope of their employment while under contract with the University. It also applies to student academic creations, whether the student is an employee or not. For the most current policy information please visit:

KU Lawrence: www.policy.ku.edu/provost/intellectual-property-policy

KU Medical Center: <https://kumc.policystat.com/policy/5607055/latest/>

Kansas Board of Regents Policy: https://www.kansasregents.org/about/policies-by-laws-missions/board_policy_manual_2/chapter_ii_governance_state_universities_2

RESEARCH POLICY AND REGULATIONS

Commitment of Time, Conflict of Interest, consulting, and other employment
The purpose is to describe the responsibility for reporting individual significant financial interests and the institutional responsibility for evaluating disclosed interests and managing potential individual financial conflicts of interest.

This applies to all University of Kansas faculty, all other unclassified academic and professional staff, and anyone serving as project director or principal investigator or any other person, regardless of title or position, who is responsible for the design, conduct, or reporting of research conducted under the auspices of the University, which may include, for example, collaborators or consultants. For the policy in its entirety, please visit <http://policy.ku.edu/provost/commitment-of-time-conflict-of-interest>.

Export Controls: <http://export-compliance.ku.edu/>

Individual Financial Conflict of Interest Policy:
<https://policy.ku.edu/chancellor/individual-conflict-of-interest>

REVENUE SHARING POLICY

KU and KUMC

To describe the protocol for distributing revenue as a result of technology transfer. In accordance with the Regents' intellectual property policy, the distribution formula will be applied when any revenue is obtained by or on behalf of the University of Kansas from the development or assignment of any patent or from royalties, license fees or other charges based on any patent or copyrightable software. Revenue sharing shall begin only after costs are recouped. For more information on the KU revenue sharing policy visit <https://policy.ku.edu/research/technology-transfer>.

OTHER KU INFORMATION

KU Indirect Cost Rates

www.research.ku.edu/facilities_administration_fa_rate_agreements_industry_campus

KUMC Indirect Cost Rates

<https://kumc-publicpoliciesandprocedures.policystat.com/policy/5607037/latest/#>

FEDERAL LAWS AND REGULATIONS

Bayh-Dole Act

KU, like other research universities, is governed by the Bayh-Dole law (P.L. 96-517 and 98-620 as amended) which sets out the disposition of inventions made with Federal assistance.

The law provides that nonprofit organizations and small businesses may elect to retain title to inventions conceived or first actually reduced to practice in the performance of work under a funding agreement. The University must disclose each subject invention in a timely manner and comply with other regulatory actions. In addition, we must grant the U.S. government a royalty free license for governmental purposes, give preference to U.S. manufacturers, give preference to small businesses and share royalties with inventors. We must periodically report our licensing activity to the government.



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OPPORTUNITIES

PROGRAMS TO SUPPORT ENTREPRENEURSHIP

Accelerating Promising Innovation

Startup School@KU

In collaboration with the KU Center for Entrepreneurship, KUCTC offers a special training program for aspiring faculty and student entrepreneurs who want to learn how to start a company. Startup School@KU's six two-hour sessions teach startup fundamentals as well as how to generate new ideas from your current research, validate the market appeal of your technology, and raise funds to support technology development. The program's goal is to accelerate the startup process and increase entrepreneurs' chance of success. More information and dates at <http://kuctc.ku.edu/biotech-startup-school-ku-2019>.

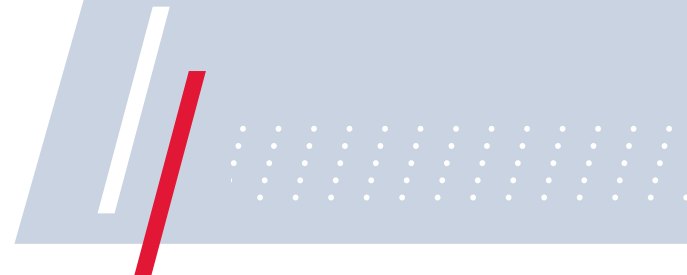
Jumpstart Your New Business – Swift Startup License

To promote innovation and entrepreneurship, KUCTC offers a simple, ready-to-use license agreement for startup companies that are using KU's patented intellectual property. Attractive to prospective investors, the Swift Startup License agreement streamlines the negotiation process, reduces upfront legal costs, and allows startups to invest time and effort in developing KU technology. More information on eligibility and terms at <https://kuctc.ku.edu/swift-startup-license>.

POLICIES

Affiliate Status for Scientists employed at KU Startups at BTBC

Adjunct research appointments are reserved for faculty members at other institutions or area professionals such as engineers or scientists who have ongoing collaborative research relationships with KU faculty, or key scientific research leaders of qualifying start-up companies leasing space at KU's Bioscience and Technology Business Center (BTBC). Normally they are collaborating on a specific sponsored research project for which a KU faculty or staff member is the Principal Investigator. However, an adjunct research appointment may be appropriate even in the absence of external funding when a specific, well-defined collaborative project is undertaken. The scientific leaders of KU startup companies leasing space in BTBC can apply for affiliate status if they meet certain requirements. The policy and more information: <http://policy.ku.edu/research/adjunct-researcher-appointments>.



THE KU CENTER FOR ENTREPRENEURSHIP

The KUCE was created to develop an entrepreneurial mindset among KU students and faculty. Housed in the School of Business servicing all KU students, the center focuses on education, research, and outreach programs to provide experiential learning opportunities through education courses, concentrations and certificates offered for both business and non-business students. Activities also provide unique experiential learning opportunities for student teams who provide both KU faculty entrepreneurs and regional organizations with venture plans and consulting solutions to address their challenges. These programs are funded from a grant provided by the Economic Development Administration of the U.S. Department of Commerce establishing a University Center at KU with matching funds being provided by KU alumni. KU is one of only 40 universities in the country to receive this type of grant.

<https://entr.ku.edu/>

PARTNERS IN PROGRESS

If you're ready to build your business in Kansas, business and community development assistance programs can help. Business and community development assistance staff can assist entrepreneurs in identifying programs and incentives to help start, strengthen, and grow their businesses.

PROGRAMS INCLUDE

Community Development Block Grant Program

<http://www.kansascommerce.com/851/Community-Development-Block-Grant-Progra>

Kansas Downtown Redevelopment Act

<http://www.kansascommerce.com/120/Kansas-Downtown-Redevelopment-Act>

Kansas PRIDE

<http://www.kansascommerce.com/123/Kansas-PRIDE>

Rural Opportunity Zones (ROZ)

<http://www.kansascommerce.com/320/Rural-Opportunity-Zones>

Capital Loan Programs

- Startup Kansas Loan
- E-Community Partnership
- Women and Minority Business Multiplier Loan
- Kansas Capital Multiplier Loan
- www.networkkansas.com/capital

OTHER RESOURCES

NetWork Kansas

<https://www.networkkansas.com/>

Kansas Small Business Development Center

www.jccc.edu/ksbdc

Lawrence Metro E-Community

<http://lawrencechamber.com/programs/mecp/>



RESOURCES

INCUBATE — FINDING THE RIGHT SPACE TO GROW

KUCTC can help you find the right start-up incubator to meet your business requirements and surround you with peers, resources and mentors that share your passion.

Most incubators are sponsored by economic development organizations, partially subsidizing the costs and increasing the ancillary services offered to entrepreneurs. These services can range from professional services, connections to education and funding resources and even regulatory compliance and IP management.

Bioscience and Technology Business Center - www.btbcku.com

The Bioscience and Technology Business Center (BTBC) is a unique partnership among the City of Lawrence, Douglas County, Kansas Department of Commerce, University of Kansas, and the Lawrence Chamber of Commerce to support the bioscience and technology industries in northeastern Kansas. By establishing a modern infrastructure of talent, facilities, and business support services, the BTBC provides tenant companies with the tools to form and grow successful companies. As a result, the BTBC tenant companies can build technology businesses that bring wealth and jobs to the local community.

KU Catalyst - <https://catalyst.ku.edu/>

The Catalyst is open to all students at KU; it provides resource access that is critical to startup launch success. Students will have access to office space, mentoring, education, prototyping and access to capital.

STATE RESOURCES — TAX CREDITS

The Kansas Angel Investor Tax Credit Program is a program administered by the Kansas Department of Commerce designed to bring together accredited angel investors with qualified Kansas companies seeking seed and early stage investment. This program enables accredited angel investors to qualify for the Kansas Angel Investor Tax Credit, and allows companies to become certified under the guidelines of the program.

For more information, contact:

Brett Sayre

Program Manager

785.296.5418

Brett.Sayre@ks.gov

Wendi Lucero

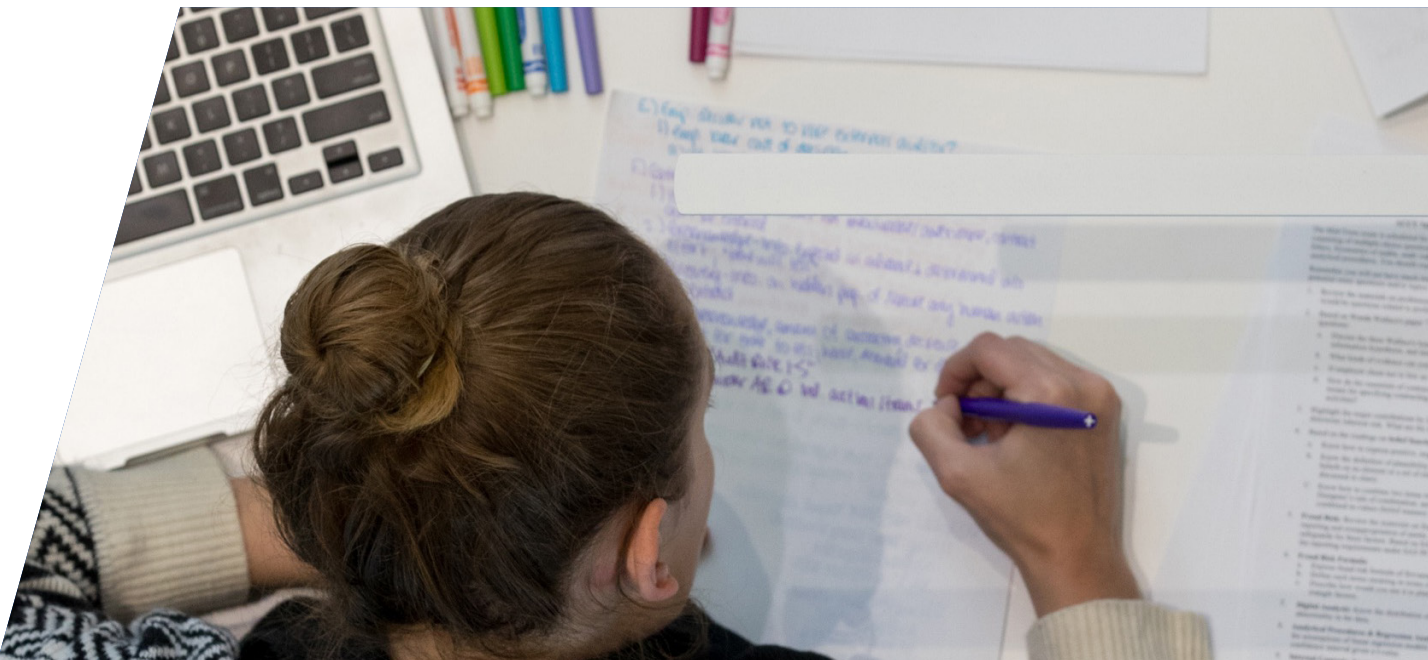
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OTHER RESOURCES

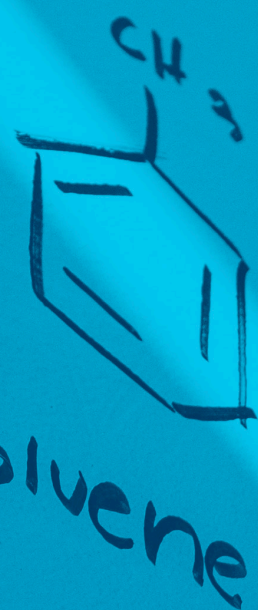
A complete list of regional resources to help your company grown in Kansas is available at our website www.kuctc.ku.edu.



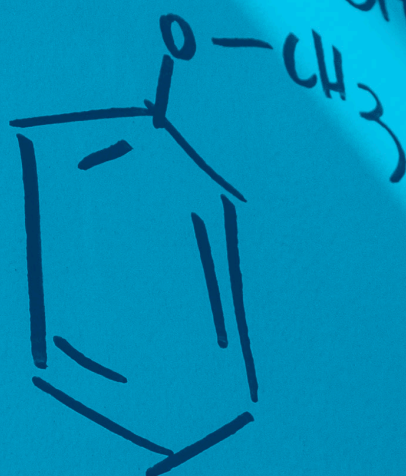
APPENDIX

	TAX	FORMATION and other formalities	DURATION
C-CORP	<p>Double taxation</p> <hr/> <p>Federal Corporate tax brackets depending on net income, state and some local corporate tax</p>	<p>File with a state, pay fee, and provide articles of incorporation. Requires holding an initial meeting of directors and shareholders, adoption of bylaws, and recording of minutes; issuance of shares of stock to shareholders; creation of a stock ledger; creation of a corporate book; filing of annual reports; and holding annual and special meetings for shareholders</p>	<p>Survives individual shareholder's death or bankruptcy</p>
S-CORP	<p>Pass-through</p> <hr/> <p>Business losses, profits and expenses flow through the company to the individual shareholders</p>	<p>File with a state, pay fee, and provide articles of incorporation. Required election of subchapter S with the IRS; drafting of bylaws; holding an initial meeting, adopting bylaws, electing directors, and recording of minutes; creation of a stock ledger; creation of a corporate book; filing of annual reports; and holding annual and special meetings of shareholders</p>	<p>Survives individual shareholder's death or bankruptcy.</p>
LLC	<p>Pass-through</p> <hr/> <p>Business losses, profits and expenses flow through the company to the individual members</p>	<p>File with a state, pay fee, and provide articles of organization and entity classification elections with the IRS (minimal formalities), operation agreement not necessary, but recommended</p>	<p>Membership interest of the decedent ends and only economic interests survive (unless otherwise state in the operation agreement). Single member LLC dissolves with the death of the sole-member</p>

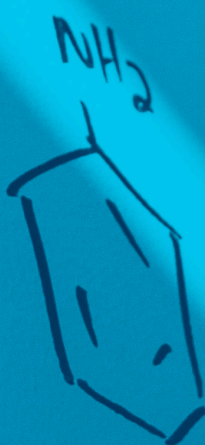
LIMITED LIABILITY (subject to piercing the corporate veil and other limitations)	TYPES OF STOCK	WHO	ABILITY TO FILE for initial public offering	BEST SUITED FOR	PROFIT SHARING
Yes	Two classes: Common stocks and preferred stocks	Shareholders: Anyone	Yes	Growing profitable companies seeking outside investors	Flexible profit sharing
Yes	One class, but can be voting and non-voting stocks	Shareholders It is a U.S. corp, no more than 100 shareholders, U.S. citizens and resident aliens, and certain trusts and estates	Not practicable (limitation on number of shareholders)	Growth companies that may go public in the future, but not there yet, seek to take advantage of tax benefits	Profit sharing based on percent ownership
Yes	Units of membership, but LLC cannot issue stocks	Anyone (nonresident aliens, corporations, trusts, partnerships, other LLCs, etc.)	No	Mostly small companies that do not desire the complexity of formalities of C-corps and S-corps	Flexible profit sharing



anisole



anisole



aniline



Benzoic acid



GLOSSARY

Business Description: The current and future state of the industry, especially in regard to the opportunities for a business.

Business Model: A startup company's business model concentrates on key issues of customer discovery (who will buy?), customer validation (is your product what they want?) and generating revenue.

Business Plan: A business plan is a written description of a business's future, a strategic document that describes what the business plans to do and how it plans to do it.

Competitive Analysis: The purpose of the competitive analysis is to determine the strengths and weaknesses of the competitors within the market space of a startup.

Conflict of Interest: Refer to the information at https://research.ku.edu/conflict_of_interest.

Consideration: Exchange of value in a legal contract. In the context of a technology license, this value often takes the form of the grant of license transferred from the Licensor, and money, e.g. fees and royalties transferred from the Licensee.

Design and Development Plan: The purpose of the design and development plan section is to provide the reader with a description of the products design, chart its development within the context of production, marketing and sales. All regulatory steps should be clearly defined, as well as the strategies to achieve key milestones.

Diligence: Efforts towards development of a product or service.

Executive Summary: Sets forth high-level information about the business, the problem(s) to be solved, the magnitude of the market and how the business intends on generating sales.

Field of Use: Field of use could be unrestricted, or could be limited to human or veterinary applications.

Financial Plan: A critical component of business plan illustrating projected company growth, financial management and resource allocation.



Financing: The seeking of funds to support a startup company. Financing generally takes different forms depending on the stage of the company, from personal capital or loans, to government grants, angel investor and venture capital funding, and public share offerings.

Indemnification: To protect someone by promising to pay for the cost of future damage, loss or injury.

Intellectual Property (IP): A work or invention that is the result of creativity, such as a manuscript or a design to which one has rights and may apply for a patent, copyright, trademark, etc.

Invention Disclosure Form: A form which innovators can disclose potentially patentable technologies to the KUCTC office.

License: A permission to use, generally used to refer to an agreement between a licensor and licensee to grant permission to use a technology.

Licensing Associate: Licensing associates evaluate technologies that are disclosed to KUCTC and then develop a licensing strategy for the particular technology. Each associate is responsible for a portfolio of dockets from “cradle to grave.” The associates each have an area of technical expertise.

Licensor: The individual or entity granting a License.

License Scope: The extent of the rights granted in a license. For example, license scope could include the geographic region in which a license is granted and whether the license is to use a product or also to make that product.

Market Analysis: Comprised of a definition of the target market(s), a clear profile of potential customers and how the company can be positioned to enter the market.

Operations and Management Plan: Describes how a business will function on a continuing basis and highlights the logistics of the organization such as the various responsibilities of the management team.

Outside Activity: Any work, advice or service for an entity other than KU that may potentially result in a conflict of interest. Below are examples.

- Participation in any business enterprise as owner, partner, officer, supervisor, manager, or in any capacity with management responsibilities.
- Consulting (as defined in Policy)
- Conducting external research that would not ordinarily be conducted as part of the employee’s duties with the university.
- Service on an advisory council or scientific advisory board of a company or organization other than a state or federal agency.



- For faculty and exempt employees, any other employment with or service to an outside entity where compensation in the form of money, services, goods or other consideration of value is received.

PCT Application: An international patent application filed under the Patent Cooperation Treaty that can be used to file nationalized applications after 30 to 31 months in various countries and territories.

Provisional Application: A confidential, time limited patent application that is unexamined, must first meet sufficient written description under patent law.

SBIR: The Small Business Innovation Research (SBIR) program is a United States Government program, coordinated by the Small Business Administration, in which 2.5 percent of the total extramural research budgets of all federal agencies with such budgets in excess of \$100 million are reserved for contracts or grants to small businesses.

STTR: The Small Business Technology Transfer (STTR) program uses a similar approach to the SBIR program to expand public/private sector partnerships between small businesses and nonprofit U.S. research institutions and is currently funded at 0.3 percent of the relevant agencies' extramural research budgets.

Stopgap Provisional Application: A provisional patent application filed prior to completion of a technology assessment.

Sublicense: A license between a licensee and a third party, granting that third party the use of some or all of the licensee's rights under the initial license.

U.S. Non-Provisional Application: A U.S. patent application that is examined by the U.S. Patent and Trademark Office.

Warranty: A written statement promising the good condition of a product and its suitability for a particular purpose.



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