“FROM SELL TO SAIL”

A PROPOSED FRAMEWORK FOR TRANSFERRING UNIVERSITY-OWNED IP TO STARTUPS/SPIN-OFFS

(Version 1.0)

<u>INTRODUCTION:</u> Teaching facilities across the world, including Universities, have the capacity to be and are perceived to be innovation hotbeds[1], as supported by the thousands of patent applications filed thereby, both domestically and internationally. To assist, and perhaps overcome some of the challenges[2], in the transfer of University-owned intellectual property ("**IP**") to spin-offs, we are proposing a Simple Agreement for Innovation Licensing ("**SAIL**") framework, which can be built upon various investment type agreements[3], including Y-Combinator's highly used Simple Agreement for Future Equity ("**SAFE**"). Simply defined, a SAFE is a contractual agreement between a startup company and its investors. It exchanges the investor's investment for the right to preferred shares in the startup company when the company raises a future round of funding. The SAFE is intended for use in the early stages of company development before it is practically possible to assign a value to the company by setting out conditions and parameters for when and how the capital will convert into equity in cases of liquidity events, as well as repayment when dissolution events and liquidation priority occur.

<u>OBJECTIVES OF THE PROPOSED SAIL FRAMEWORK:</u> The main objectives of the proposed SAIL framework, which remains a work-in-progress and subject further discussion with academia and industry, are to:

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[1] Dwitya K. Amry, Ali J. Ahmad, Dawei Lu, The new inclusive role of university technology transfer: Setting an agenda for further research, *International Journal of Innovation Studies*, Volume 5, Issue 1, 2021, Pages 9-22, ISSN 2096-2487, available at: https://www.sciencedirect.com/science/article/pii/S2096248721000023, accessed August 18, 2024.

[2] Some of the challenges in university technology transfer (UTT) have experienced have been identified in the following scientific literature:

(i) Johan Bruneel, Bart Clarysse, Annelies Bobelyn, Mike Wright, Liquidity events and VC-backed academic spin-offs: The role of search alliances, Research Policy, Volume 49, Issue 10, 2020, 104035, https://doi.org/10.1016/j.respol.2020.104035, accessed September 16, 2024;

(ii) Padilla Bejarano, J.B.; Zartha Sossa, J.W.; Ocampo-López, C.; Ramírez-Carmona, M. University Technology Transfer from a Knowledge-Flow Approach—Systematic Literature Review. *Sustainability* 2023, 15, 6550. https://doi.org/10.3390/su15086550, accessed August 18, 2024;

(iii) Nelson, Andrew, and Thomas Byers, 'Challenges in University Technology Transfer and the Promising Role of Entrepreneurship Education', in Albert N. Link, Donald S. Siegel, and Mike Wright (eds), *The Chicago Handbook of University Technology Transfer and Academic Entrepreneurship* (Chicago, IL, 2015; online edn, Chicago Scholarship Online, 17 Sept. 2015), https://doi.org/10.7208/chicago/9780226178486.003.0005, accessed 18 Aug. 2024;

(iv) Cunningham, J.A., Lehmann, E.E., Menter, M. et al. The impact of university focused technology transfer policies on regional innovation and entrepreneurship. *J Technol Transf* 44, 1451–1475 (2019). https://doi.org/10.1007/s10961-019-09733-0;

(v) Ravi, R., Janodia, M.D. Factors Affecting Technology Transfer and Commercialization of University Research in India: a Cross-sectional Study. *J Knowl Econ.*, 13, 787–803 (2022). https://doi.org/10.1007/s13132-021-00747-4;

(vi) Katzman, R.S., Azziz, R. (2021). Technology Transfer and Commercialization as a Source for New Revenue Generation for Higher Education Institutions and for Local Economies. In: Al-Youbi, A.O., Zahed, A.H.M., Atalar, A. (eds) International Experience in Developing the Financial Resources of Universities. Springer, Cham. https://doi.org/10.1007/978-3-030-78893-3_8;

(vii) Alexander Romero Sánchez, Geovanny Perdomo Charry, Edy Lorena Burbano-Vallejo, Exploring the entrepreneurial landscape of university-industry collaboration on public university spin-off creation: A systematic literature review, Heliyon, 2024, e27258, ISSN 2405-8440, available at: https://www.sciencedirect.com/science/article/pii/S2405844024032894, accessed on August 18, 2024;

(viii) The United Kingdom's Independent review of university spin-out companies, accessed on August 18, 2024;

(ix) University technology transfer office business models: One size does not fit all - ScienceDirect; and

(x) Durand, D., Mulcair, C. (2023). What's the Big Idea? The Crossroads Between Investment and IP. In: Bader, M.A., Süzeroğlu-Melchiors, S. (eds) Intellectual Property Management for Start-ups. Management for Professionals. Springer, Cham. https://doi.org/10.1007/978-3-031-16993-9_8.

[3] Coyle, John F. and Green, Joseph, The SAFE, the KISS, and the Note: A Survey of Startup Seed Financing Contracts (August 13, 2018). 103 Minnesota Law Review Headnotes 42 (2018), UNC Legal Studies Research Paper, available at SSRN: https://ssrn.com/abstract=3230352 or http://dx.doi.org/10.2139/ssrn.3230352, accessed August 18, 2024.

1. Reduce the tension between universities and spin-offs[4] by providing a framework that:

    a. accelerates the licensing cycle of University owned IP onto the spin-off with guided negotiation so as to reduce deal friction and increase transparency. In other words, "hammering out" a license in a short timeframe that would be calculated days, as opposed to months;

    b. enables the assignment (or acquisition) of the University owned IP by the spin-off, upon satisfaction of one or more predetermined buyout event(s) (akin to an assignment or acquisition event). Comparable to *how* and *when* a "*decision to sell*" is made by the University, the foregoing event(s) is predicated on the spirit of fairness and collaboration, balancing the need of universities to see evidence that the spin-out is a viable business,[4,5] with the desire of investors and founders to have a clear path to IP ownership, while trusting that the founders are capable of making a success of the spin-off. This is achieved on the occurrence of any one of the following triggering events:

        i. mutual agreement of the Parties, which could be guided by non-binding technology transfer guidelines[5] (or guiding principles or directives to which Universities are accustomed);

        ii. at the sole option of the Licensee, upon or any time after conversion of the agreement (e.g., SAFE) into equity, if applicable; or

        iii. at the sole option of the Licensee, upon or any time after the occurrence of an Equity Raise, Valuation Event, or other Triggering Event[6], which could lead to the assignment of the University-owned IP unto the startup/spin-off;

    c. enables the University, if it so chooses, to become the anchor for a local innovation ecosystem by being an investor in spin-offs that converts its intellectual property into both economic impact and future seed capital for the next generation of spin-offs (e.g., from founders to funders)[7] ; and

    d. enables universities or attached investment arms to hold minority equity shares in spinouts created using university-based technology while respecting established guidelines for holding of equity in private companies by public institutions.[8]

2. to facilitate not just the transfer of University owned IP (e.g., inventions) to startups, but also the transfer of academic inventors into entrepreneurs;

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[4] Fink, A.A., Arbter, J., Wagner, S.M. (2023). Managing IP-Related Tensions Between Universities and Spin-Offs. In: Bader, M.A., Süzeroğlu-Melchiors, S. (eds) Intellectual Property Management for Start-ups. Management for Professionals. Springer, Cham. https://doi.org/10.1007/978-3-031-16993-9_17, accessed August 18, 2024.

[5] Reference can be made to Schedule D of SAIL, which consists of Non-binding technology transfer guidelines.

[6] The expression "Triggering Event" is used to describe any event that results in a dollar value being assigned to the startup that is agreed by the startup (e.g. by closing a priced round, IPO, being acquired, etc). Basically, as soon as the market has decided what the startup is worth, as long as the value is not zero dollars ($0) or attributed to the failure of the startup/spin-off.

[7] IMF Research paper (see here); Entrepreneurs Re-investing: A Startup Ecosystem's Most Important Input; Stuart, T. E., & Sorenson, O. (2003). Liquidity Events and the Geographic Distribution of Entrepreneurial Activity. *Administrative Science Quarterly*, *48*(2), 175-201. Available at https://doi.org/10.2307/3556656. Accessed September 10, 2024.

[8] Guidelines on accepting and managing equity in return for access to university facilities and/or services. University of California (2016), available here. Accessed September 10, 2024.

3. promote innovation and commercialization of University IP in line with the AUTM's Good Licensing Practices (2006)[9] that discusses best practices for tech transfer and licensing of intellectual property by academic institutions and that was ratified by many major institutions;

4. ensure that no resources are drained out of spin-off companies in the most vulnerable early stages of development;

5. defer valuation of university spinouts until such time as the technology and its associated market is sufficiently mature to justify such a valuation exercise;

6. create a fair and equitable framework that aligns the interests of the university, researchers, startup founders, and downstream investors during the commercialization process; and

7. promote long-term creation of economic activity derived from publicly-funded research.

THE USUAL DISCLAIMER: The information in the proposed SAIL framework is intended to provide insight into the thought process through which we seek to assist the startups, universities and investors in commercializing University owned intellectual property. SAIL is not provided in service of an attorney-client relationship and is not legal advice. SAIL is not to be used as a substitute for competent legal advice from a licensed attorney in your province and/or state. SAIL is also provided strictly as an explanatory and illustrative document, and should not be construed as interpreting, providing an opinion on, or affecting in any way the terms or outcome of any particular transaction executed with one or more forms, the terms and outcome of which are governed only by the applicable fully executed agreement(s).

Nothing in this SAIL framework should be incorporated or deemed to be incorporated (directly or by reference) into any contract, agreement or similar document or instrument without the express written consent of each of the parties to such contract, agreement or similar document or instrument. Likewise, any tax-related information contained in this SAIL framework, or other documents referred to herein was not intended or written to be used, and should not be used, to avoid tax-related penalties under any applicable laws. The authors of this SAIL framework, Kyle Briggs, David Durand (MVIP Solutions, Inc., and his professional attorney's corporation), Rami Alhamad (Action Potential), and each of its companies, affiliates and affiliated persons expressly disclaims any responsibility for any consequences of using this or any other version of SAIL, or any other document found on their websites or third-party websites.

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[9] In the Public Interest: Nine Points to Consider in Licensing University Technology. Association of University Technology Managers. (2007). https://www.autm.net/AUTMMain/media/Advocacy/Documents/Points_to_Consider.pdf Accessed September 10, 2024.

PLEASE SEEK ADVICE FROM AN ATTORNEY LICENSED IN YOUR JURISDICTION BEFORE RELYING ON THIS SAIL TEMPLATE, WHICH IS SOLELY FOR PURPOSES OF EDUCATION AND DISCUSSION.

This **SIMPLE AGREEMENT FOR INNOVATION LICENSING** (the "**Agreement**") is entered into as of [[Date]] (the "**Effective Date**"), by and between the:

University, an organization existing under the laws of [Province/Territory], with a principal place of business at [__________________________] (hereinafter the "**University**"), duly represented by [__________________________] as he/she so declares

Spin-off, a company organized and existing under the laws of [Province/Territory], with a principal place of business at [__________________________] (hereinafter the "**Licensee**"), duly represented by [__________________________] as he/she so declares

Investor, an organization existing under the laws of [Province/Territory], with a principal place of business at [__________________________], duly represented by [__________________________] as he/she so declares

The University, Licensee, and Investor are each referred to herein as a "**Party**" and collectively as the "**Parties**".

WHEREAS, the Licensor is the owner of certain intellectual property rights and technology described in <u>Schedule A</u> (the "**Licensed Technology**");

WHEREAS, the Licensee is interested in obtaining a license to use, develop, and commercialize the Licensed Technology;

WHEREAS, the Parties desire to enter into this Agreement to establish the terms and conditions under which the Licensor will license the Licensed Technology to the Licensee;

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, the Parties agree as follows:

1. **License Grant:**

    a. <u>Scope of Licence Grant.</u> The Licensor hereby grants Licensee an exclusive[10], worldwide, license including the right to sublicense to the Licensed Technology described in <u>Schedule A</u> (the "**Licensed Technology**"), including its corresponding Intellectual Property, to develop, commercialize, manufacture, market, and sublicense products and services utilizing the Licensed Technology, subject to the terms and conditions of this Agreement. This initial grant is royalty-free for the Licensee.

    [<u>Nota:</u> Sublicenses issued by the Licensee must include at a minimum those provisions as specified in Section 4.]

    b. <u>Warranty Disclaimer:</u> Licensor provides the Licensed Technology "AS IS" without warranty of any kind, either expressed or implied, including, but not limited to, the implied warranties of merchantability, fitness for a particular purpose, and non-infringement of

[10] A discussion between the differences between exclusive and non-exclusive license in the context of technology transfer can be found in Huijun Shen, Wim Coreynen, Can Huang, Exclusive licensing of university technology: The effects of university prestige, technology transfer offices, and academy-industry collaboration, *Research Policy*, Volume 51, Issue 1, 2022, 104372, ISSN 0048-7333, https://doi.org/10.1016/j.respol.2021.104372, available at: https://www.sciencedirect.com/science/article/pii/S0048733321001694. In practice, non-exclusive licenses are not compatible with eventual buyout of the licensed IP, which is a core design principle of SAIL.

third-party intellectual property rights. The entire risk as to the quality and performance of the Licensed Technology is with the Licensee. In no event, unless required by applicable law or agreed to in writing, will Licensor be liable to the Licensee for damages, including any general, special, incidental, or consequential damages arising out of the use or inability to use the Licensed Technology.

2. **Investor Consideration:** In consideration of the License granted under Section 1, Licensee and Investor shall execute an investment type agreement as set forth in Schedule B.

   [*Nota: Investment-type agreements could consist of a* SAFE, KISS, convertible note,[11] *or other type of agreement, provided that the valuation of the startup/spinoff be performed at a later stage. This use of convertible debt rather than upfront equity is a core design principle of SAIL.*]

3. **Term and Termination**

   a. **Term**: This Agreement shall commence on the Effective Date and shall remain in effect until the expiration of the licensed technology, including any additional technology licensed under Section 6, or at anytime earlier pursuant to the terms of this Agreement;

   b. **Termination by Licensee**: Licensee may terminate this Agreement under the following conditions:

      i. At any time by providing written notice at least [•/, e.g., thirty (30)] days in advance and by paying all outstanding fees owed to the Licensor, as well as any cash-out amounts that may be owed to the Investor under the terms of the agreement set forth in Section 2 between the Investor and the Licensee, if any.

         [*Nota: It is important that the terms of the financing/investment agreement, e.g., SAFE or other agreement, do not conflict with this section, in particular the order of repayment of funds, if any*]

      ii. By triggering a License Buyout as described in Section 8.a. hereof.

   c. **Termination by Licensor**: Licensor may terminate this Agreement under any one of the following conditions:

      i. If Licensee takes or is required by any person with proper authority to take, any of the following actions: (i) an assignment, composition or similar act for the benefit of creditors; (ii) an attachment or receiving of assets; (iii) the filing of a petition for bankruptcy, insolvency or relief of debtors or the institution of any proceedings relating to bankruptcy, insolvency or relief of debtors; (iv) committing or threatening to commit any act of bankruptcy; or (v) a winding-up, liquidation or dissolution of the business pursuant to an order of a court of competent jurisdiction.

      ii. If Licensee ceases its business operations;

[11] Coyle, John F. and Green, Joseph, The SAFE, the KISS, and the Note: A Survey of Startup Seed Financing Contracts (August 13, 2018). 103 Minnesota Law Review Headnotes 42 (2018), UNC Legal Studies Research Paper, available at http://dx.doi.org/10.2139/ssrn.3230352, accessed August 18, 2024.

iii. If the Licensee or fails to reasonably commercially exploit[12], or intend to commercially exploit, the Licensed Technology for a continuous period of [•/, e.g., twelve (12)] months;

iv. If Licensee or any of its key personnel is convicted of a felony related to the Licensed Technology;

v. If Licensee materially breaches any obligation under this Agreement and fails to cure such breach within sixty (60) days after receiving written notice from Licensor; and/or

vi. By agreeing to a License Buyout as described in Section 8.a.i. of this Agreement.

d. **Return of Licensed Technology to the Licensor:** If the Licensed Technology has been assigned to the Licensee upon satisfaction of a Buyout Event and Licensee subsequently ceases its business operations for any reason whatsoever, Licensee agrees and undertakes to provide the Licensor an option to take assignment of the Licensed Technology, provided that there are no conflicting terms with any other agreement or hypothecary rights thereupon, and that the Licensor agrees to uphold any sub-license as it may required to do so under Applicable Law.

4. **Sublicensing of Licensed Technology**

a. **Third-Party Interest**: If there is third-party interest in licensing some or all of the Licensed Technology that falls outside the Primary Field of Interest, Licensee must either:

i. **Negotiate a Sublicense:** Engage in good faith negotiations to issue a sublicense; or

ii. **Commercialization Plan:** Submit a commercialization plan for Licensor's approval and commercialize a product or service in the field of interest expressed by the third party within a mutually agreed timeline, not exceeding one (1) year, unless an extension is granted by Licensor;

iii. **Non-Exclusive License Provision:** If Licensee fails to issue a sublicense or commercialize a product in the field of interest expressed by the third party within the agreed timeline, the license may become non-exclusive. However, before converting the license into a non-exclusive license, the Licensor agrees to negotiate possible extensions of this time in good faith, provided that the Licensor is satisfied with progress. For greater clarity, if this License becomes non-exclusive under this section 4.a.iii, then Section 8 ("License Buyout") shall not apply and no longer be in force.

b. **Sublicense Provisions**: Sublicenses issued by Licensee must include provisions to the effect of being royalty-bearing at a rate compatible with Section 4.c., containing reporting requirements compatible with Sections 7.c and 7.d of this Agreement, providing indemnity and limitations of liability to University as set forth hereinbelow, and excluding the right to further sublicense.

[12] The notion of commercial exploitation requires that the Licensee shall "make, have made, use, have used, import, export, and to sell, offer for sale or have sold a product" and/or solution (see here). In other words, there is an exchange of valuable consideration, which is generally defined as "a necessary element of a contract, which confers a benefit on the other party. Valuable consideration can include money, work, performance, assets, a promise or abstaining from an act." (see here). However, in our context, it is very plausible that licensed IP might take more than a year of research before revenues are generated. In some cases, technology milestones are used to assess commercialization progress (see here). THe SAIL framework avoids technology-based milestones to avoid distorting incentives.

c. **Royalty Payment**: The Licensee agrees to pay Licensor a percentage equal to the Flow-Through Royalty Share of royalties collected from each sublicensee or a percentage of said sublicensee's revenues from Licensed Products and Services equal to the Minimum Flow-Through Royalty Rate, whichever is greater, on each anniversary of this Agreement.

5. **University Retained Rights; License back; Disclosure; Publication and Publicity**

a. **License Back; Non-Commercial Use**: University retains the right to use the Licensed Technology for non-commercial use, including research and teaching.

b. **Publication Rights; Review period**: University has the right to publish related research in any form, subject to a review period of [•/, e.g., sixty (60)] days to prevent disclosure of unprotected Intellectual Property or Confidential Information as defined in Section 11 of this Agreement. This review period may be extended by an additional [•/, e.g., thirty (30)] days upon request by Licensee, in the event that intellectual property protection is sought.

c. **Thesis Submission and Defense**: Under no circumstances shall the review period for publication delay thesis submission or defense. However, Licensee may request that a thesis be kept private (or confidential or under seal) for the duration of the review period and/or that the thesis defense be conducted in an *in camera* session.

d. **Conflict:** In cases where confidentiality obligations conflict with retained rights to publish, the latter shall prevail.

e. **Publicity; Use of Names:** The Parties shall not use the name or trademarks of the other party or the name of any of its employees in any publicity or advertising, including endorsements, without the prior written consent of the other party. The parties may use the name of the other party and its employees for fulfilling any reporting obligations.

6. **Related Intellectual Property Rights**

a. **Improvements; Option to License the Improvement**: If University develops Intellectual Property which by its nature cannot be used without a license to the Licensed Technology under this Agreement (an "**Improvement**"), the University will notify Licensee in writing within [•/, e.g., thirty (30)] days of disclosure. Licensee will have the option to automatically license said Improvement under this Agreement for a fee equal to the total of fees paid by University in securing protection for the Improvement or on other mutually agreed upon terms which shall be appended to this Agreement.

b. **Related Inventions; Option to License the Related Invention:** If University produces intellectual property that relates to the Primary Field of Interest and can be used without use of Intellectual Property already licensed under the terms of this Agreement (a "**Related Invention**"), University will notify Licensee in writing within [•/, e.g., thirty (30] days of disclosure and provide Licensee with all related documentation. Licensee will have the option to license said Related Invention under this Agreement for a license fee equal to the sum of any fees paid by University in securing protection for the Related Invention and an amount equal to the Initial License Fee.

c. **Failure to Exercise Option**: If Licensee elects not to exercise its options under section 6.a or 6.b within [•/, e.g., ninety (90)] days following notification in writing by Licensor, Licensor will be free to license said Improvement or Related Invention to any third party or allow it to enter the public domain, at Licensor's sole discretion.

d. **Licensing Fee Deferral**: If an Improvement or Related Invention is licensed under 6.a or 6.b before a Valuation Event (defined below), Licensee may choose to pay the associated fee directly. Alternatively, by mutual agreement between Licensee and Licensor, said fee can be added to the amount of the investment type agreement set forth in Schedule B of this Agreement.

7. **Licensee Obligations:**

   a. **Annual Report by Licensee**: Licensee shall submit a report to Licensor within [•/, e.g., thirty (30)] days of the end of the Licensee's fiscal calendar year (also referred to as its "year end". This report shall include but not be limited to:

      i. A list of all sublicensees that have access to any part of the Licensed Technology;

      ii. a detailed accounting of revenue generated from the Licensed Products and services during the term of this Agreement.

      iii. Countries where licensed products or services were sold, and corresponding amounts;

      iv. Total revenues generated from Licensed and SubLicensed Products and Services during the reporting period. The "**Reporting Period**[13]" shall commence as of the Effective Date of this Agreement until the year end of the Licensee's first subsequent year end, and then, for each subsequent year, from the first day of the Licensee's fiscal year to its year end.

   b. **Accounts to be Maintained by the Licensee**: The Licensee must keep, and must ensure that each Affiliate and Sublicensee keeps, true and accurate accounts and records of (i) the quantities of Licensed Technology (and corresponding products or services) produced, sold, and in stock; (ii) the gross sales price for which quantities of Licensed Technology (and corresponding products and/or services) are sold; (iii) all other accounting, stock, ordering, purchasing invoicing, and delivery records in relation to the Licensed Technology as are required by good accounting practice, or any other accounting standard; (iv) Sublicense Fees received due and received; (v) Sublicenses granted; (vi) correspondence to and from Sublicensees; and (vii) documents relating in any manner to the business of Sub-Licensees.

   c. **Sublicenses and Reports by Sublicensees**: Licensee shall provide Licensor with copies of all sublicenses issued to sublicensees within thirty (30) days of execution. Along with each sublicense, Licensee shall provide corresponding reports from sublicensees regarding:

      i. Sales and distribution of licensed products and services.

      ii. Royalties or other payments made to Licensee under the sublicense agreements.

      iii. Any other relevant information as required under this Agreement.

   d. **Inspection of Accounts by the Licensor:** The Licensor, at its expense, may appoint a qualified person to inspect the Licensee's or an Affiliate's books and records maintained pursuant to clause 7.b. Such person, upon seven (7) days advance written notice, during normal business hours, may inspect and copy all accounts and records kept pursuant to

[13] The notion of "Reporting Period" has been discussed by the Corporate Finance Institute, accessed September 16, 2024.

clause 7.b at the place they are normally retained. Licensor may conduct only one such inspection in any twelve (12)-month period. Licensee agrees to reasonably cooperate with such person to facilitate such inspection.

e. **Underpayment by Licensee:** If because of any inspection the Licensor discovers any underpayment of the amounts required to be paid by the Licensee to the University pursuant to this Agreement and the underpayment exceeds five percent (5%) of the amount that should have been paid, the Licensee shall reimburse the Licensor for all reasonable costs incurred in relation to that inspection.

f. **Inspection of Accounts by Sublicensee:** If Licensee elects to inspect the accounts of any Sublicensee, Licensee will provide with advance written notice of such inspection, which notice will identify the reasons for such inspection. Licensee will give Licensor a copy of any report of the results of such inspection.

8. **License Buyout**

a. **Triggering Events:** Licensee may acquire full ownership of the Licensed Technology, including all related intellectual property rights, from the Licensor, subject to the occurrence of a Triggering Event and payment of the Buyout Price. A "**Triggering Event**" shall mean:

i. At any time, by mutual agreement of Licensee and Licensor and in compliance with the Non-Binding Guidelines set forth in <u>Schedule D</u> of this Agreement.

ii. At or shortly after either an Equity Financing or a Liquidity Event, whichever has occurred first pursuant to the terms of the agreement set forth in Section 2 of this Agreement, such at the sole discretion of the Licensee.

b. **Buyout Price:** The buyout price (the "**Buyout Price**") shall be calculated as the greater of:

i. A percentage of the total revenues generated through sale of Licensed Products and Services in the twelve (12) months preceding the Buyout Notice equal to the Buyout Percentage;

ii. An amount equal to the Pre-Effective Date Costs defined in Schedule B.

c. **Payment and Assignment:** The Buyout Price shall be paid by the Licensee to the Licensor in full within thirty (30) days of exercising the buyout option. Upon receipt of the Buyout Price, the Licensor shall transfer all rights, title, and interest in the Licensed Technology to the Licensee, free and clear of any liens, claims, or encumbrances.

d. **Termination of Agreement:** Upon completion of the transfer of the Licensed Technology and related documentation to the Licensee, this Agreement shall terminate. No Party shall have any further obligations or liabilities to the other, except for any outstanding obligations that survive the termination of this Agreement as described in Section 14.i.

9. **IP management; Administration and Fees**

a. **Responsibility**: Licensor shall have sole responsibility for the management of the Licensed Technology as set forth in <u>Schedule A</u>, including but not limited to filing, prosecution, and maintenance of existing Licensed Technology, as well as any new Intellectual Property that may form part of the licensed portfolio under this Agreement as set forth in Section 6 of this Agreement.

b. **Payment of Fees**: Licensor will promptly notify Licensee in writing of any expected fees related to the administration of the Licensed Technology, including Improvements and Related Inventions. Licensee shall be responsible for paying associated fees related to the administration of the Licensed Technology and any new Intellectual Property. Licensee may refuse to pay optional fees by notifying the Licensor in writing before the deadline requires their payment. If Licensee chooses not to pay such optional fees, Licensee accepts the consequences of such refusal, including any resulting impacts on patent protection.

c. **Optional Protection**: In the event that Licensor elects not to file, prosecute, or maintain protection for any Licensed Technology, Improvements, or Related Inventions, Licensee shall have the option, at Licensee's sole expense, to take assignment of said technology and to pursue such protection. In this event, Licensor shall transfer all rights, title, and interest in the Licensed Technology to the Licensee, free and clear of any liens, claims, or encumbrances, within thirty (30) days, or within a timeframe compatible with any related deadlines, whichever is sooner.

10. **Infringement**

a. **Notification**. Each Party shall give prompt written notice to the other of any suspected or actual infringement by a third party of all or any portion of the Licensed Technology that comes to the attention of that Party during the Term of this Agreement with respect to any and all countries in the Territory.

b. **Initiation of Proceedings**. Licensee shall have the first right but not the obligation to initiate and pursue proceedings against such third party in connection with any such suspected or actual infringement of all or any portion of the Licensed Technology, and Licensee shall have the sole right but not the obligation to initiate and pursue proceedings against such third party in connection with any such suspected or actual infringement of all or any portion of Licensee Technology. The commencement, strategies, termination, and settlement of any action or proceedings relating to the validity or suspected or actual infringement of the Licensed Technology, or any portion thereof, shall be decided by Licensee in consultation with the Licensor. The commencement, strategies, termination, and settlement of any action or proceedings relating to the validity or suspected or actual infringement of Licensee Technology, or any portion thereof, shall be decided solely by Licensee without any requirement that Licensee consult with the Licensor. Any proceedings initiated and pursued by Licensee pursuant to this Section 10.b shall be at the expense of Licensee. Nothing in this Agreement, however, shall be deemed to require Licensee to enforce all or any portion of the Licensed Technology against others; provided that Licensor has been informed of the same. In such case, if the Licensee does not enforce all or any portion of the Licensed Technology, the Licensor may do so at its expense and, if necessary under the relevant law of the concerned jurisdiction, in the name of Licensee as a plaintiff, unless Licensee reasonably believes that pursuit by the Licensor of any such enforcement action jeopardizes all or any portion of the Licensed Technology, including the validity thereof, and sends written confirmation of same. In this event, the Licensor shall be precluded from initiating proceedings.

c. **Participation by Other Parties**: Licensor shall make commercially reasonable efforts to assist Licensee in any litigation as it pertains to infringement claims, including providing any supporting documents or evidence as reasonably requested by Licensee. Licensor may participate in any legal action initiated by Licensee at Licensor's own expense.

11. **Confidentiality**

a. **Confidential Information:** "**Confidential Information**" shall include any proprietary or confidential information disclosed by one Party (the "**Disclosing Party**") to the other

Party (the "**Receiving Party**"), including but not limited to trade secrets, inventions, know-how, technical data, business plans, and strategies, whether disclosed orally, in writing, or by other means, and whether marked as confidential or not.

[*Nota: Other definitions of Confidential Information can be contemplated for the purposes of this Section*]

b. **Exclusions**: Confidential Information does not include information that:

   i. Is or becomes publicly known through no breach of this Agreement by the Receiving Party;

   ii. Is independently developed by the Receiving Party without use of or reference to the Disclosing Party's Confidential Information;

   iii. Is rightfully received by the Receiving Party from a third party without breach of any obligation of confidentiality;

   iv. Is approved for release in writing by the Disclosing Party.

   v. Is disclosed pursuant to a requirement or request of a governmental agency or by operation of law, provided that the Receiving Party provides written notice to the Disclosing Party at least [•/ insert period of time, e.g., ten (10) business days] before such disclosure, or as soon as reasonably possible if [•/ ten (10) business days'] notice is not practicable, to allow the Disclosing Party to seek a protective order or other appropriate remedy.

c. **Confidentiality**: The Receiving Party agrees to maintain the confidentiality of all Confidential Information disclosed to it by the Disclosing Party. The Receiving Party shall not disclose, use, or permit others to use any Confidential Information except as necessary to fulfill its obligations under this Agreement and shall implement reasonable measures to protect the Confidential Information, including restricting access to those who need to know such information.

d. **Scope**: This confidentiality obligation extends to all employees, contractors, or agents of the Receiving Party who have access to Confidential Information. The Receiving Party warrants that it has the authority to bind all those within the scope to confidentiality obligations consistent with this Agreement and shall be responsible for any breach of confidentiality by such parties.

e. **Duration:** The confidentiality obligations of the Receiving Party shall survive the termination of this Agreement for a period of [•/ insert period of time, for example: one (1) year].

f. **Return/Destruction:** Upon termination of this Agreement or at the Disclosing Party's request, the Receiving Party shall promptly return or destroy all Confidential Information and any copies thereof, as well as provide a sworn Certificate of Destruction for the same.

g. **Breach of Confidentiality:** In the event of any actual or suspected breach of the confidentiality obligations, the Receiving Party shall immediately notify the Disclosing Party in writing, providing full details of the breach and any steps taken to mitigate its effects. The Disclosing Party shall be entitled to seek monetary damages, equitable relief including injunctive relief, and indemnification for all resulting claims, liabilities, and expenses. The Receiving Party shall take reasonable steps to mitigate any reputational harm caused to the Disclosing Party, including issuing public retractions or corrections as requested.

12. Limitation of Liability; Indemnification.

a. **No Liability.** Unless specified otherwise in this Agreement or in another agreement or written instrument, the Parties shall not be liable for any delays in the performance of its obligations under this Agreement resulting from circumstances or causes beyond its reasonable control, and in no case will the Parties be liable for loss of business or profit or other indirect or consequential damages.

b. **Indemnification for negligence and/or omissions.** To the extent permitted by law, the University shall indemnify and hold harmless the Licensee and its board of directors, partners, officers, employees, agents and representatives, from any all claims and liabilities which Licensee may incur and which arise out of the negligence and/or omissions of the University's directors, officers, employees, agents or representatives. Licensee shall indemnify and hold harmless the University and its board of directors, trustees, partners, officers, employees, agents and representatives, from any claims and liabilities which the Licensee may incur and which arise out of the negligence and/or omissions of its directors, officers, employees, agents or representatives.

13. Dispute Resolution.

a. Cooperation. Each Party to this Agreement agrees to cooperate with the other to ensure that each may enjoy all rights conferred under such Agreement.

b. Dispute Resolution. In the event of any dispute arising under this Agreement, the Parties agree shall first attempt to resolve any dispute, controversies, and claims with respect to this Agreement amicably through good faith negotiations. If the Parties are unable to resolve the dispute within [•/ e.g.thirty (30)] days, the Parties shall then mutually agree on a mediator and share the related costs equally. If mediation does not resolve the dispute within [•/ e.g. sixty (60)] days, or if either Party refuses or fails to participate in mediation, the dispute shall be resolved by binding arbitration conducted in the Jurisdiction under the rules of International Centre for Dispute Resolution Canada. The decision of the arbitrator(s) shall be final and binding upon both Parties and enforceable in any court of competent jurisdiction. The costs of the arbitration, including the arbitrator's fees and any administrative fees, shall be borne equally by the Parties, unless otherwise determined by the arbitrator(s) in their final award. Pending resolution of any dispute, the Parties shall continue to perform their respective obligations under this Agreement.

14. **General Provisions.**

a. Notices. All notices, reports, requests, consents and other communications between the Parties pertaining to matters related to this Agreement shall be submitted in writing, by regular mail or by electronic mail, to the authorized representative of this Agreement, as it appears on page 1 of the Agreement. For greater certainty, notices shall be sent to:

	To University:	**To Licensee:**	**To Investor:**	**To Licensor:**
Name:				
Department:				
Address:				
City, Province/State:				

Postal/Zip Code, Country:				
Tel:				
Email:				

b. Assignment. No Party may assign any of its rights or delegate any of its obligations hereunder without the prior written consent of the other Parties, provided that each Party may assign any of its rights and delegate any of its obligations hereunder to any person or entity that acquires substantially all of that Party's assets, whether by stock sale, merger, asset sale or other Change of Control.

c. Waiver of rights. No waiver or failure by the Parties to enforce their right or insist on strict performance of this Agreement shall be deemed to prevent the Parties from subsequently enforcing their rights or insist on strict performance under the Agreement. No waiver or failure to strictly enforce rights shall affect the validity of this Agreement.

d. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of the Agreement itself or any of its provisions

e. Conflict of Interest Management. Should any conflict of interest between the Parties arise, the Parties acknowledge and agree that:
   i. will subject and avail themselves to the University's procedures and codes of conduct that are directed to the management and resolution of conflicts of interest as they may apply;
   ii. Neither Party has any authority to assume or create any obligation or liability, either express or implied, on behalf of the other Party.

f. Entire Agreement. This Agreement constitutes the entire understanding and agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements, negotiations, representations, and understandings, whether oral or written, relating to such subject matter.

g. Language. Les Parties ont requis que cette entente soit rédigée en anglais. The Parties have requested that this Agreement be drafted in English.

h. Interpretation; Governing law. This Agreement will be governed by and construed in accordance with the laws of Jurisdiction in Canada. In the event that a court of competent jurisdiction holds any provision of this Agreement to be invalid, such holding will have no effect on the remaining provisions of this Agreement, which will continue in full force and effect. Headings are used for convenience only and will not be used to interpret the provisions of this Agreement.

i. Survival. The provisions of Schedule B, Sections 1.b., 3.d., 11, 12, and 13, as well as all payment obligations, including outstanding fees, royalties, and cost reimbursements, will survive termination or expiration of this Agreement in accordance with their terms.

j. Counterparts. This Agreement may be executed by signatures delivered by facsimile transmission or delivered electronically in optically scanned form; and/or it may be simultaneously executed by the parties in multiple counterparts, each of which will be considered to be an original instrument, and all of which taken together, where each Party has executed at least one counterpart, will constitute one and the same instrument.

[*Signature page follows*]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered on the Effective Date.

Licensee:

Name:

Title:

Date:

Licensor:

Name:

Title:

Date:

University: (If different from Licensor)

Name:

Title:

Date:

Investor: (If different from University and from Licensor)

Name:

Title:

Date:

GLOSSARY OF TERMS

[Nota: Each of the terms can be amended as the Parties see fit. The suggested definitions have been made compatible with the use of a SAFE as the Investment Vehicle contemplated in Schedule B. These definitions should be reviewed carefully and amended for compatibility if a different agreement is used.]

"**Affiliate**" means any corporation or non-corporate business entity which controls, is controlled by, or is under common control with a party, and for that purpose control means the ownership or direct or indirect control of at least 50% of the voting shares of another corporation, or having directly or indirectly the power to direct or cause the direction of the management and policies of another corporation or non-corporate business entity.

"**Applicable Law**" means all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes, executive orders, and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any governmental authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any governmental authority, in each case whether or not having the force of law.

"**Change of Control**" means (i) a transfer (whether by merger, consolidation, exchange or otherwise), in one transaction or a series of related transactions, to a person or group of affiliated persons (other than an underwriter of the Company's or Licensee's securities), of the Company's or Licensee's securities or capital Shares if, after such closing, such person or group of affiliated persons would hold at least a majority of the total voting power represented by the outstanding voting securities of the Company (or Licensee) or such other surviving or resulting entity, (ii) any reorganisation, scheme of arrangement, merger, amalgamation or other consolidation of the Company (or Licensee), other than a transaction or series of related transactions in which the holders of the voting securities of the Company (or Licensee) outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company (or Licensee) or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company (or Licensee).

"**Equity Financing**" means the sale of shares or ownership interests in the company at an agreed-upon valuation.

"**Gross Sales**" shall mean the sum of revenues received by Licensee in exchange for **Licensed Products and Services,** plus the fair market value of **Licensed Products and Services** transferred to a third party for any consideration other than cash.

Initial License Fee means ____________

[*Nota:* see Schedule B of this Agreement]

"**Intellectual Property**" shall mean trademarks, service marks, brand names, trade dress, logos, trade names, domain names, corporate names and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; inventions, discoveries, designs and ideas, whether patentable or not, in any jurisdiction; patents, applications for patents (including, without limitation, divisions, continuations, continuations in part and renewal applications), and any renewals, extensions, reexaminations or reissues thereof, in any jurisdiction; design registrations and applications, in any jurisdiction; non-public information, trade secrets and confidential information (including know-how, technical data, manufacturing and production processes and techniques, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals) and rights in any jurisdiction to limit the use or disclosure thereof by any person; writings, computer software, and other works, whether copyrightable or not, in any jurisdiction;

registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; and any similar intellectual property or proprietary rights, including market authorizations, if applicable.

Investor means ____________________

[Nota: Name of Investor, which should be the SAFE holder. It can be a University in cases where they make use of an arm's length investment fund (e.g., University Innovation Fund), or a 3rd party.]

Licensor means _________________

[Nota: Name of IP owner or applicant, which can be either the University, industry partner, Investor, and/or the HoldCo. in which the IP is held]

Licensee means ___________________

[Nota: Name of startup, or University spin-off]

"**Liquidity Event**" means the first to occur of (1) an IPO, (2) an Acquisition or (3) a Public Company Acquisition. An "**IPO**" shall be deemed to occur upon the effective date of the registration statement filed with the applicable securities regulator relating to the initial underwritten sale of equity securities of the Licensee to the public under the Securities Act. "**Acquisition**" has the meaning given to such term in a plan; *provided* that no transaction or event will constitute an Acquisition unless the transaction or event qualifies as a change in the ownership of the Licensee, a change in the effective control of the Licensee or a change in the ownership of a substantial portion of the Licensee's assets. A "**Public Company Acquisition**" shall mean an acquisition, merger, or other similar transaction whereby, immediately following and as a result of such transaction, the common stock of the surviving entity or the parent entity (or other similar securities) is publicly traded on a national stock exchange in a public offering pursuant to an effective registration statement under the Securities Act[14].

Licensed Products and Services means any products and services that incorporate, are derived from, or are based on the Licensed Technology, whether sold, leased, licensed, or otherwise provided by the Licensee or any Sublicensee under this Agreement.

Primary Field of Interest means ______________

[Nota: This refers to Licensee's target market, but may become a contentious issue if the IP is being licensed to multiple parties for different fields of interest]

Flow-Through Royalty Share means ____%

[***Nota:****The fraction of Sublicensing Revenues collected by Licensee that are paid to the university, e.g. 25%. Note that this number multiplied by the sublicense royalty fraction must be at least as large as the Minimum Flow-Through Royalty Rate*]

Minimum Flow-Through Royalty Rate means ___%

[***Nota:*** *The minimum fraction of revenues collected by sublicensees through the sale of sublicensed products or services due to the university, e.g. 1%. The royalty imposed by Licensee on Sublicensee must be at least Minimum Flow-Through Royalty Rate / Flow-Through Royalty Share for compatibility. For example, with a 25% flow through and 1% minimum flow through rate, the Sublicense would need to be royalty-bearing at a rate of at least 1%/25% = 4%. Care should be taken when selecting these numbers to ensure that this calculation is reasonable.*]

[14] More information can be found at: [Liquidity Event: What It Is and How It Works (investopedia.com)](https://www.investopedia.com).

Sub-licensing Revenue means any cash consideration (including upfront payments, milestone payments, and royalties), and the cash equivalent of all other consideration, actually received by the Licensee or its Affiliate from a Third Party in consideration for a grant of a sublicense under the SAIL terms or any rights to develop or commercialize the Licensed Technology, including Licensed Products and/or Services, but excluding: (a) any amounts paid as *bona fide* reimbursement for research and development costs to the extent incurred following such grant; (b) *bona fide* loans or any payments in consideration for a grant of equity of Licensee to the extent that such consideration is equal to or less than fair market value (i.e. any amounts in excess of fair market value shall be Sublicensing Revenue); or (c) amounts received from sublicensees in respect of any Licensed Product and/or Services sales that are included in Net Sales.

Net Sales shall mean Gross Sales less the following deductions:

1. The sum of discounts and rebates deducted by Licensee on the sale price of Licensed Products and Services
2. Taxes, tariffs, duties, and governmental charges applicable to the sale of **Licensed Products and Services** not separately reimbursed by the purchaser
3. Outbound transportation and insurance charges not separately reimbursed by the purchaser
4. Invoiced amounts written off as uncollectible, not to exceed 5% of Gross Sales.

Buyout Percentage means ____%

Jurisdiction means ______________

[Nota: Should be the home province or state of Licensor]

University means ___________________

[Nota: University from which the IP originated. Any requirement for laboratory space and ancillary services, should be subject of another written instrument, such as Services and/or Lease Agreement]

<u>SCHEDULE A</u>
Licensed Technology

[•/ *Insert list all licensed intellectual property assets, including but not limited to patents, trademarks, copyright, plant breeder rights, industrial designs, trade secrets, as the case may be*]

SCHEDULE B
Investment type Agreement

Investment Vehicles:

- To be negotiated between the parties (e.g., KISS, SAFE, convertible debenture, other investment type agreement(s)).

Examples of SAFE can be found at:

- https://www.ycombinator.com/documents/ and the SAFE User Guide, and the SAFE.

Factors to consider:

- Quantification of the SAFE Purchase Amount, which should include, for example:
    - **Pre-Effective Date Costs:** All costs incurred by Licensor in securing and protecting the Licensed Technology up to the Effective Date. These costs must be documented and agreed upon by the Parties on or before the Effective Date;
    - **Upfront Fee:** An upfront fee equivalent to the Initial License Fee specified in this Agreement; and
    - **Post-Effective Date Costs:** Additional costs incurred by Licensor in securing and protecting the Licensed Technology after the Effective Date but before conversion of the SAFE. These costs must be mutually agreed upon by Licensee and Licensor in writing before being incurred, unless approval prior to incurring such costs is not possible due to associated deadlines. Licensor shall make commercially reasonable efforts to minimize costs without compromising IP protection. Approval for costs that cannot meet notification requirements will not be unreasonably withheld;
- Registration obligations under applicable Securities legislation.

SCHEDULE C
Ancillary Agreements

FOR INFORMATION PURPOSES ONLY:

Other/Ancillary agreements the Parties may consider are as follows:

1. Service Agreements for specific services rendered by the University to the Licensee (e.g., laboratory technicians, etc.)
    a. Other factors to consider:
        i. IP ownership in improvements as a result of services
        ii. Conflict of Interest Management (see: here and here)
2. Lease for Research Space on University Premises
    a. Example(s):
        i. Space Guidelines | Environment Faculty and Staff Resources | University of Waterloo
    b. Other factors to consider:
        i. Liability Insurance: Licensee agrees to maintain liability insurance covering its use of the University's lab space, equipment, and services with a minimum value of [•] Canadian dollars ($[•]) per incident. The University shall be named as an additional insured on Licensee's liability insurance policy. Proof of insurance shall be provided to the University prior to the commencement of lab space usage and annually thereafter.
        ii. Indemnification: Licensee agrees to indemnify and hold harmless the University, its trustees, officers, employees, and agents from and against any and all claims, liabilities, damages, losses, costs, and expenses (including reasonable attorneys' fees) arising out of or in connection with Licensee's use of the lab space, equipment, and services provided by the University.
3. Sponsored Research and Collaboration Agreement (also known as Collaborative Research Agreements)
    a. Examples(s):
        i. Sponsored Research and Collaboration Agreement – University of Toronto
        ii. Collaboration Agreement – McGill University
    b. Other factors to consider:
        i. Conflict of interest management
4. Material Transfer Agreements
5. Non-disclosure/Confidential Disclosure Agreements (NDAs/CDAs)
6. Amongst other agreements, subcontracts and amendments.

Other agreements can be located at the World Intellectual Property Organization's (WIPO) website, see here.

SCHEDULE D
Non-Binding Technology Transfer Guidelines or Guiding Principles[15]

These non-binding guidelines are only to be used to assist the Parties in determining the parameters facilitating the "decision to sell" University-owned IP unto the startup/spin-off. In recognition of the statement that IP ownership is only of value if the corresponding IP is commercially exploited and that Universities do not, as a rule, commercialize IP themselves, this schedule establishes non-binding guidelines, which are intended to balance the need for Universities to provide sound governance of IP against the necessity that said IP be transferred to the private sector in order for its economic and/or societal value to be realized.

In light of the foregoing, the Parties undertake to:

1. Favour ongoing dialogue and prompt communication, both pre-, during, and post-transaction;

2. Recognize that it is usually too early to accurately assess a commercial opportunity at the stage at which technology transfer occurs and to not allow this uncertainty to impede a good-faith attempt at commercialization;

3. Ensure that technology (sub)licensing and/or assignment cannot prevent realization of potential economic and/or societal value (e.g. through exclusive (sub)licensing to companies with no intention or ability to commercially exploit it)[16];

4. Recognize the potential of conflict of interest arising from university spin-off activity involving active members of the lab that originated the IP in consideration, and engage in transparent and proactive dialog to establish a framework with which to mitigate these issues that is compatible with applicable University policy;

5. Recognize the need for publicly-funded institutions to ensure that licensing is fair and equitable for all inventors,[17] including those who may choose not to be directly involved in the commercialization of their research[18];

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[15] See Dr. I.R R.G.M Kolkman (2023). Spin-off Deal Term Principles, available at: . https://www.utwente.nl/.utwente_base/ws2016/download.shtml?f=9dbe472PncKnuP4GtYvAHlI9C-7yo6c.g77ysnBEqEnVszX4.kDPLspyR_zzelqKYyPgkIw accessed August 19, 2023; Gail A. Van Norman and Roï Eisenkot (2017). Technology Transfer: From the Research Bench to Commercialization: Part 1: Intellectual Property Rights—Basics of Patents and Copyrights. JACC: Basic to Translational Science 2(1). Pages 85-97 https://doi.org/10.1016/j.jacbts.2017.01.003. Accessed September 10, 2024; and Gail A. Van Norman and Roï Eisenkot (2017). Technology Transfer: From the Research Bench to Commercialization: Part 2: The Commercialization Process. JACC: Basic to Translational Science 2(2). Pages 192-208 https://doi.org/10.1016/j.jacbts.2017.03.004. Accessed September 10, 2024; and Rasmussen, Einar. (2006). Spin-off venture creation in a university context-An entrepreneurial process view. Researchgate. https://www.researchgate.net/publication/228425868_Spin-off_venture_creation_in_a_university_context-An_entrepreneurial_process_view. Accessed September 10, 2024; and WHO guidelines on technology transfer in pharmaceutical manufacturing. WHO Expert Committee on Specifications for Pharmaceutical Preparations. 56th Report (2022), available at: https://cdn.who.int/media/docs/default-source/medicines/norms-and-standards/guidelines/production/trs1044-annex4-technology-transfer-in-pharmaceutical-manufacturing.pdf. Accessed September 10, 2024.
University spin-outs: IP terms under close inspection following the Oxford Nanoimaging case (burges-salmon.com) –

[16] Guiding Principles of Technology Transfer. AUTM. https://autm.net/about-tech-transfer/principles-and-guidelines. Accessed September 10, 2024.

[17] University spin-outs: IP terms under close inspection following the Oxford Nanoimaging case.https://www.burges-salmon.com/news-and-insight/legal-updates/intellectual-property/university-spin-outs-ip-terms-under-close-inspection-following-the-oxford-nanoimaging-case. Accessed September 10, 2024.

[18] Understanding and balancing stakeholder interests in Commercializing Academic Technologies. AUTM. https://autm.net/AUTM/media/About-Tech-Transfer/Documents/AUTM_Balancing_Stakeholder_Interests.pdf. Accessed September 10, 2024.

6. Identify reasonable criteria and/or milestones to trigger the assignment of University owned IP rights unto the startup/spin-off. These are predicated on the idea that ownership and governance of IP generated using public funding should only be transferred to the private sector once a reasonable expectation exists that such an act will result in long-term economic benefit to Canada. The following is a non-exhaustive list of examples which may qualify at the discretion of the Parties :

    a. Closure of a dilutive investment round led by a party at arm's length from all of the Licensee, the University, and the Licensor;

    b. Achievement of profitability by the startup with reasonable expectation that this state will continue (e.g. through recurring revenues or an expectation of repeat sales);

    c. In the case of a not-for-profit or socially-focused startup, achievement of social impact[19] such that there is a reasonable expectation that funding will be able for long-term operations (e.g through receipt of renewable grant funding); and

7. Recognize that innovation requires ongoing data-driven policy development, and commit to long-term collection and provision of data in support of this goal.

[19] Madl, L., Radebner, T., & Stouffs, R. (2021). Technology transfer for social benefit: Ten principles to guide the process. *Cogent Social Sciences*, *7*(1). https://doi.org/10.1080/23311886.2021.1947560, available at: https://www.tandfonline.com/doi/full/10.1080/23311886.2021.1947560#d1e227.