# MODULE 1

## University Interface\u00a0(IP & Institutional Alignment)

*Define the legal and institutional boundary between the university and the spinout*

## Introduction

This module establishes the legal and institutional boundary between the university and the spinout company. It defines what IP the company will own or control, the terms of that access, and the ongoing obligations the founder carries as a university affiliate. This is the first module for a reason: nothing downstream, entity formation, fundraising, or hiring, should proceed cleanly without clarity here. Unclear intellectual property (IP) or conflict of interest (COI) status can derail investment and damage university relationships.

## Task Guidance

The table below covers each task in the University Interface module. “Done” means the task is fully executed, not merely initiated. Timing notes flag hard deadlines or delays that create downstream risk.

| TASK | "DONE" LOOKS LIKE | KEY RISK / TIMING |
| --- | --- | --- |
| **Confirm university IP ownership** | TTO has confirmed in writing which inventions, patents, or disclosures are owned by the university. No assumption of ownership, must have written confirmation. | Founders frequently assume ownership of IP developed using personal time or prior to university employment. Verify the institution's specific IP policy. |
| **Initiate license discussion** | Founder has had a substantive first meeting with TTO and understands the general parameters of what a license would cover. | Many founders delay this because the conversation feels premature. Frame it as information gathering, not commitment. |
| **Clarify exclusive vs. non-exclusive path** | Founder understands the difference and has a reasoned position on which they need. Position has been discussed with TTO. | Exclusive licenses typically carry higher financial terms. Non-exclusive may be sufficient for some markets and is easier to negotiate. |
| **Negotiate license financial terms** | Founder has received a term sheet or draft license from TTO and understands the financial obligations: upfront fees, royalties, milestones, equity, and maintenance fees. | Royalty rates and equity stakes to the university affect cap table and investor math. Investors will scrutinize these terms. |
| **Execute license agreement** | Signed license agreement is in hand. IP rights are formally transferred or licensed to the company. | This is a legal document. Founder should have independent legal counsel review before signing, not just TTO counsel. |

| TASK | "DONE" LOOKS LIKE | KEY RISK / TIMING |
| --- | --- | --- |
| **Clarify publication approval process** | Founder understands and has documented the process for getting approval before publishing results that may include company-relevant IP. | Failure to follow publication approval processes can create prior art, damage patent rights, and violate university agreements. |
| **Confirm patent filing status** | Founder knows which patents or provisionals are filed, who is responsible for prosecution costs, and what obligations the license creates regarding patent maintenance. | Who pays prosecution costs is often negotiated in the license. Founders sometimes assume the university covers this indefinitely. |
| **Complete COI disclosure** | Formal COI disclosure has been submitted to and acknowledged by the university. Outside activity reporting is up to date. | COI non-disclosure is a compliance and reputational risk. It can also retroactively invalidate agreements if discovered later. |
| **Clarify outside activity reporting** | Founder understands the ongoing reporting obligations for their role at the university while operating the company. | Rules vary significantly by institution. Some require annual disclosure; others require approval for any outside compensated activity. |
| **Define student involvement rules** | If students will work for the company, the permissible conditions are understood: paid employment vs. academic work, IP implications, and faculty supervision boundaries. | Using students as de facto company employees under academic cover creates IP, labor, and ethics risks. |

| TASK | "DONE" LOOKS LIKE | KEY RISK / TIMING |
|---|---|---|
| **`Establish lab/facilities agreement`** | Any use of university facilities, equipment, or lab space by the company is covered by a formal facilities use agreement with defined terms and fees. | Informal lab use is a common compliance problem and creates IP contamination risk. Improvements made using university facilities without agreement may revert to the university. |
| **`Clarify improvements IP treatment`** | The license agreement or a separate agreement specifies who owns IP improvements developed by the company after formation. | If the license is silent on improvements, the university may have a claim on future innovations. This is negotiable but must be explicit. |
| **`Align sponsored research interface`** | If the founder is also a PI on active sponsored research, the boundary between sponsored research activities and company activities is documented and understood. | Mingling sponsored research and company work creates federal audit risk and potential misuse of grant funds. |

## Completion Gate

Before advancing to Module 2, confirm that ALL of the following are true. Partial completion of this module increases the risk of downstream IP complications that are expensive and time-consuming to correct. A common failure pattern is a founder who forms the legal entity, hires a team, and raises early capital before the license is executed only to discover the IP terms are less favorable than assumed, or that a sponsored research claim complicates ownership.

- [ ] University IP ownership has been confirmed in writing by the tech transfer office.

- ☐ A license pathway has been formally initiated, TTO is engaged and a license type (exclusive / non-exclusive) has been discussed.
- ☐ A license agreement has been executed, OR the negotiation is actively in progress with a realistic timeline to completion.
- ☐ COI disclosure has been filed and acknowledged.
- ☐ The publication approval process is understood, and the founder has committed to following it.
- ☐ The lab/company boundary is defined, and any facilities use is covered by a formal agreement.
- ☐ Any sponsored research interface issues have been identified and addressed.