

# The University/Industry Connection

## License Agreements, Negotiating and How It All Started: Talking Equity

MATTO Workshop for Licensing Officers

Presented by  
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# Equity and the University

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- Vocabulary-see handout
- When to Take It
- Inventor Issues
- Negotiating for It
- Conflict of Interest Policies

# When to Take It

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- Type of Company
  - Lifestyle v. Growth
- Who is funding the Company
  - VCs v. Angels v. 3Fs (friends, fools, family)
- Likelihood of Success
  - Best guess based on above
- Type of Technology/Strength of Patents
  - Fundamental/Time to Market/Will it Issue
- Conflicts of Interest

# Inventor Issues

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- Depends on University Policy for Holding Equity
  - University holds until cash out
  - University distributes stock to inventors right away
- Tax implications to both policies
- If Inventors hold stock
  - Need to know fair market value on issuance
  - Accredited Investor?
  - Conflict of Interest Policies and appearance
  - Anti-kickback and Stark Law

# Negotiating Equity-Ask Counsel

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- Request capitalization and investor information from company
- Request Anti-dilution Protections because:
  - University receives one-time issuance; no opportunity for additional shares
  - University technology is as valuable as cash
  - University has no mechanism to protect its minority interest—not an executive, not an employee, not a director
- Review stockholder agreements carefully

# Conflict of Interest Policies

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- Make sure you know your university's policies
  - Institutional Conflict
  - Inventor Conflict

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Thank you.

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