



UCGo! Startup License Guidelines

Objectives

The University of Chicago has a commitment to enrich society, helping to expedite the translation of ground-breaking research and technologies to the marketplace. In support of that mission, the University's Polsky Center for Entrepreneurship and Innovation, works to harness and advance the University's breakthrough research for broad benefit through licensing technologies, supporting startups, and expanding collaborations with industry. In some cases, incorporating a startup company is the best way to advance certain innovations.

The UCGo! Startup License is a new addition to licensing at UChicago. This optional, standardized, non-negotiable license agreement is benchmarked against similar academic express licenses nationwide, supported by experienced investors, and is fair and beneficial to the startup company.

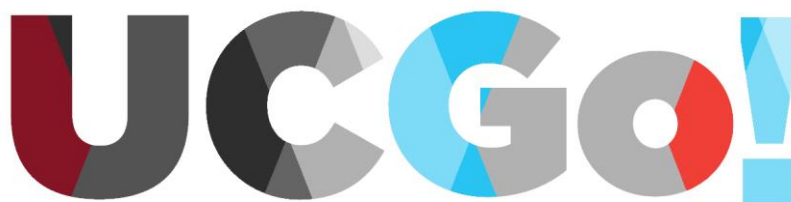
The program, spearheaded and managed by Polsky Science and Technology, aligns with the University's commitment to enrich society, and makes it easier to begin a company based on technology licensed from the University of Chicago or the Marine Biological Laboratory.

The UCGo! Startup License will:

- Streamline and simplify the licensing process for University startup companies, shortening the timeline for company launch and minimizing the company's legal costs
- Provide the company more time to secure financing and talent
- Position the company to make best use of its funding for early R&D by delaying many license payments to the University
- Encourage a culture of entrepreneurship on campus
- Foster collaboration between the Polsky Center and the faculty, researchers, students and staff who start companies
- Help to recruit entrepreneurial-minded faculty and researchers
- Attract investors and other commercialization partners interested in UChicago startups

These guidelines exist to outline the process for a company to receive a UCGo! Startup license, and provide clear and consistent practices and standards.

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UCGo! Startup License Eligibility and Approval

1) Disclosing your invention

UChicago inventors of the technology must submit an Invention Disclosure (see <https://uchicago.inteum.com/uchicago/inventorportal/portal.aspx>) and discuss that disclosure with a Polsky Science and Technology IP manager, if they have not done so already.

2) Expressing interest in a UCGo! Startup License

The UChicago founders of the startup notify Polsky Science and Technology that they are interested in receiving a UCGo! Startup License by contacting the Polsky Center (polskylicensing@uchicago.edu). Members of Polsky Science and Technology will review the inquiry to determine if there are any circumstances that might affect the company's eligibility for a UCGo! Startup License.¹

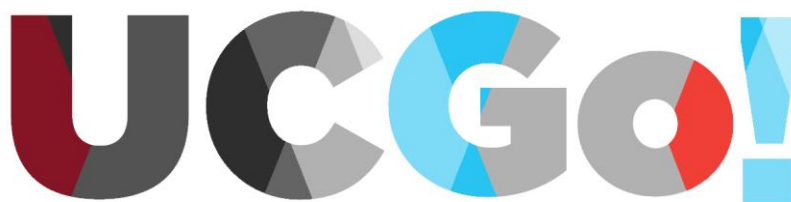
3) Initial meeting

The Polsky Center may also request an initial meeting with the founders to discuss the technology, any potential foreseeable issues, and the UCGo! Application requirements in more detail (See Appendix C). Following the initial meeting, barring any exclusionary circumstances, and if the founders and the Polsky Center, believe the founders are prepared to complete the UCGo! Application in sufficient detail, the Polsky Center will provide a UCGo! Application form.

4) Educational programming

Following the initial meeting, if the founders are not prepared to complete the UCGo! Application in sufficient detail, they may need to participate in educational programming provided by the Polsky Center or other on or off-campus organizations. Once everyone agrees that the founders are ready to complete a UCGo! Application, the Polsky Center will provide one.

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5) Completing the UCGo! Application

UCGo! Startup License criteria:

- The startup must be licensing University of Chicago intellectual property² and be dependent on such licensing for its formation
- At least one UChicago faculty, student, or staff member is a founder of the company
- The startup is incorporated at the time the UCGo! Startup License is signed
- The startup has at least 2 team members
- Founders receive conflict of interest approval from the University (See Appendix A)
- Founders waive their inventor share of any success fee received by the University (See Appendix B). This waiver does *not* apply to the inventor's share of royalties.
- The UCGo! Startup License agreement is executed without modification

In addition, to complete the UCGo! Application the startup will have to provide information typically contained in a business plan. This includes:

- A list of team members and their role in the company
- Capitalization table for the company
- Description of the business opportunity
- Description of the intellectual property
- The critical steps for commercializing the technology
- Proposed development milestones

For more detail on these application requirements please see Appendix C.

UChicago startup companies are **not** required to use the UCGo! Startup License. The Polsky Center will engage in the traditional negotiation process with a potential startup company if it desires to do so.

6) Review Procedures

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The completed application will be submitted to the Polsky Science and Technology team. The application will be reviewed by members of the team. The team may discuss with the applicant the proposed development milestones and timeline for achieving them prior to approving a UCGo! Application or signing the license.

The Polsky Center will make a decision on the application within 2-4 weeks of receiving the completed application.

Once a UCGo! Application is submitted, an applicant's primary point of contact during the review process is the Polsky Science and Technology Business Development manager who is responsible for the relevant intellectual property.

If an application is approved, the Polsky Center and the startup company will endeavor to sign the UCGo! Startup License within 3 business days.

If an application is not approved, the reasons why will be made clear. The applicant may resubmit a UCGo! Application in the future, provided that the technology is still available for licensing, or may engage with the Polsky Center to pursue a traditional licensing process.

The Polsky Center will keep inventors updated on any marketing efforts and potential licensing opportunities for the relevant technology.

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References

UCGo! Startup License: <http://ucgo.uchicago.edu>

Polsky Center for Entrepreneurship and Innovation: <http://polsky.uchicago.edu>

Polsky Science and Technology team: <https://polsky.uchicago.edu/departments/science-and-technology/>

Submit an Invention Disclosure [here](#).

MATTER: <http://matterchicago.com/>

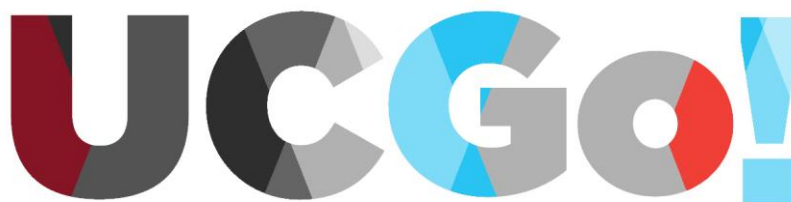
1871: <http://www.1871.com/>



Appendices

Appendix A. Notice of Satisfactory Completion of Conflict of Interest/Conflict of Commitment Review

Founders who will receive equity in a startup must complete a COI/COC review and obtain approval from the University before a UCGo! Startup License can be signed. The Polsky Center's Business Development Manager who is responsible for the relevant intellectual property will be the applicants' primary point of contact for initiating the University's review process.



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Appendix B. Founder Acknowledgement and Waiver

FOUNDER ACKNOWLEDGEMENT and WAIVER

In respect of the grant of a license by the University of Chicago (“UChicago”) of intellectual property rights to _____, (“Licensee”) (“the License Agreement”) including intellectual property invented or created by the undersigned, in whole or in part (“the Technology”), I, _____, acknowledge and agree as follows:

- (1) Ownership and all other rights as to the Technology, including any such rights that I may have now or in the future, are governed by the patent and copyright policies of UChicago.
- (2) Pursuant to the UCGo! Startup License, UChicago expects to receive, in lieu of an upfront fee, a Success Fee upon a Liquidation Event or Initial Public Offering. I acknowledge that as a founder of the Licensee, I will receive or have received _____ shares of common stock/membership units directly from the Licensee. Consequently, I consider that the receipt of such founder’s equity or membership interest satisfies in full my rights, and dully discharges UChicago’s duty, under its patent or copyright policies or otherwise, to share with me the Success Fee UChicago receives, or proceeds thereof, in consideration for issuance of the License Agreement. I acknowledge that I, my heirs, successors and assigns shall have no right to shares of the Success Fee issued in consideration for the License Agreement under the patent or copyright policies of UChicago, or the proceeds thereof.
- (3) I hereby acknowledge that UChicago and counsel for UChicago represent the interests of UChicago, and not my interests with respect to the tax consequences of the execution and performance of, and the receipt of consideration contemplated by, the License Agreement or of any equity or membership interest I receive or have received from the Licensee as a founder. I further acknowledge that I have not received any tax advice from UChicago, or counsel for UChicago. I further acknowledge that I have been free to, and have been advised by representatives of UChicago to consult with independent tax counsel of my own choosing regarding the federal, state and local tax consequences to me, and any elections that should or may be made by me, as a result of entering into, performing and receiving shares of common stock or membership interest and future consideration, if any, as a founder of the Licensee or pursuant to the terms of the patent and copyright policies of UChicago, the License Agreement and this Acknowledgement and Waiver.

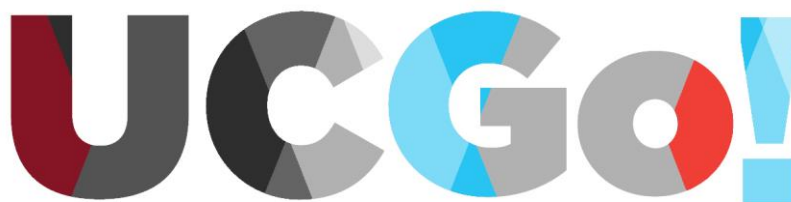
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(4) I make this ACKNOWLEDGEMENT and WAIVER freely and of my own accord and without duress.

This ____ day of _____, in the year_____.

_____ [signature]



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Appendix C. Additional UCGo! Application Requirements

In the UCGo! Application, applicants will be required to provide information typically contained in a business plan.

The team members and their role in the company:

- List potential members of the management team, including CEO and founding members and bios for each, including their current employment and contact information
- Provide a capitalization table for the company
- List formal advisors, e.g., individuals who are on the Board of Directors or have agreed to serve on an advisory board. Describe their assistance
- List Informal advisors. Describe their assistance
- Describe any other assistance received so far on the business, including classes, legal, consultants, etc.

The business opportunity:

- Describe the problem you are solving and why
- Describe the company's approach to solving the aforementioned problem
- Describe why a startup is needed in order to solve the problem
- Describe the target market, its size, the company's anticipated penetration rate and 3-5 year sales forecast, e.g., # of potential customers X price of product
- Describe any contact you've had with potential customers
- Describe your competition. Include direct competition and/or alternative approaches
- Describe why a potential customer would use your intended solution instead of the competitive offerings described above

Intellectual property and patent cost calculation:

- Describe the status of patents or other IP associated with this venture, including dates of filings, related patent expenses already incurred by the University, and patent expenses estimated to accrue over the next 18 months (this information is obtained from the Polsky Science and Technology team)

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Risk Assessment, Milestones, and Development Plan

- List the key risks that you foresee in pursuing this venture
- Propose milestones that your venture will be achieving (see Milestone Proposal below)
- Describe the approximate amount of funding you will need to reach each product development milestone
- Describe the startup's largest expense over the first year, the first three years, and the first five years
- Describe the sources of funding you plan to pursue
- Identify where you intend to carry out the activities necessary to reach each milestone
- Describe when and how your venture will first begin to have revenues (include very brief description of revenue model)
- Described any partnerships or alliances that will be needed to meet milestones.

Milestone Proposal

Prior to execution of the UCGo! Startup License, milestones must be defined and inserted into the Agreement. 5-10 milestones should be proposed by the company in the UCGo! Application and should at a minimum include the following:

1. Licensee shall have a corporate management team in place by_____
2. Licensee shall have financing in the amount of_____ by_____
3. Licensed Product Development Milestones (generally based on construction and testing of prototype and/or stages of regulatory approval)
 - (i) subject matter/date
 - (ii)
 - (iii)
 - (iv)
4. Licensee shall commence with commercial sales of License Product by_____

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The Polsky Center Science and Technology team may discuss these proposed milestones with the applicant once the UCGo! Application has been submitted. **After a UCGo! Startup License is executed, the company is expected to meet the development milestones outlined in the license.**



Appendix D. UCGo! Startup License Term Sheet

Grant: Exclusive rights to patents and/or copyrights; non-exclusive rights to technical information

Field: All fields

Territory: Worldwide

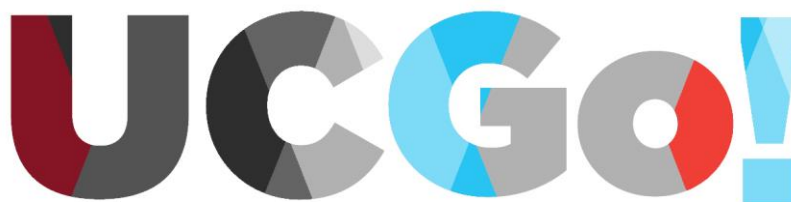
Consideration:

- License Fee – \$0
- Equity – none
- Success Fee – 1.25% of the exit value of the company
- Royalty
 - Patent and/or Copyright = 2%
 - Technical information = 0.75%
- Milestone payments: none
- Sublicensing – 15% of non-royalty payments. Sublicenses subject to University approval for the first two years.
- Annual Maintenance Fee – \$10,000/year starting in year 3, creditable against royalties
- Patent Expenses – The University will defer the first \$20,000 in patent expenses, regardless of when costs are incurred, until first financing, change in control, or \$500,000 in cumulative Net Sales. Licensee pays any remaining historic costs over the first two years in quarterly installments and pays all ongoing costs.

Additional Terms:

- Global access rights: Provisions for access in United Nations Least Developed Countries
- Mandatory sublicensing: Provisions ensuring development of noncompetitive products
- Due Diligence: Performance milestones required
- Governing Law and Venue: The law of Illinois and federal or state courts of Illinois
- Indemnification: Provisions ensuring the company indemnifies the University (and any co-owner, if IP is jointly-owned) for any University losses resulting from company's use of patent and/or knowhow
- Infringement: Company has the first right to defend against infringement claims

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- Insurance: Company must be adequately insured to cover its liabilities under the license
- Patent Filing/Prosecution: Controlled by the University with input from the company
- Reporting: Yearly progress reports through the life of the license, quarterly royalty reports
- Term: Longer of last to expire of patents or 15 years from first commercial sale
- Termination: The University may terminate for material breach if not cured within the specified period
- Warranties and Representations: Provisions in which the University disclaims all warranties with regard to licensed products and services. The University will make no representation that any patent will issue, that the company's activities will not infringe rights of third parties, or of the validity of any patent included in the Patent Rights.
- Other terms customary in licenses from an academic institution

Footnotes

¹ Examples of circumstances that might affect the company's eligibility include but are not limited to: (1) unusually large investments made in the technology by the University or the Medical Center, (2) contract terms with a research sponsor that funded the relevant technology that would make the UCGo! Startup License inappropriate, and (3) unusual intellectual property situations. The Polsky Center has the authority to determine whether or not a UCGo! Startup License is available for a given startup, and the circumstances will be communicated to the applicants prior to their being asked to complete a UCGo! Application. Licenses for startups involving such circumstances will be negotiated on a case-by-case basis.

² When intellectual property rights are jointly-owned by UChicago and another institution, the UCGo! Startup License may be used if the joint-owner is willing to accept the terms of the license.

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