

OSU Start-up Guidelines

Introduction. Oregon State University enthusiastically supports the commercialization of early-stage technologies through startup ventures founded by OSU inventors. Startups are not only a powerful pathway for translating research into real-world impact, but they also generate meaningful economic benefits—creating jobs for students, attracting local investment, and strengthening the regional innovation ecosystem. OSU is deeply committed to fostering entrepreneurial success. Through the OSU Advantage office—including the Advantage Accelerator—faculty entrepreneurs have access to a robust suite of services, mentorship, and resources designed to guide them from concept to company. This collaborative environment empowers inventors to transform their innovations into thriving enterprises.

The OSU Advantage licensing team offers fair and reasonable licensing terms designed to promote the success of startup ventures. These terms often include deferred fees, reduced royalty rates, and equity-based arrangements tailored to meet the unique needs of early-stage companies. The OSU Advantage licensing team is committed to a streamlined and efficient licensing process, and strives to start license negotiations with terms consistent with industry standards and the development stage of the licensed technology. At the same time, these terms reflect the university's substantial investment in research talent, facilities, and infrastructure. By balancing accessibility with responsible stewardship, OSU aims to reduce financial barriers and foster the growth of sustainable, scalable ventures. By working together, OSU and its inventors can maximize the societal and economic impact of university research—fueling innovation, entrepreneurship, and public benefit.

□ **Step 1. Technology Disclosure.** Behind every successful company is a great idea—a new technology with the potential to solve big problems and make a meaningful impact. OSU researchers are at the forefront of innovation in areas such as climate science, clean energy, robotics, integrated health, and biotechnology. These discoveries often serve as the foundation for promising startup ventures.

The first step in bringing any new invention, technology, or discovery to the world—whether through a startup or licensing to an existing company—is submitting a disclosure to the OSU Advantage team. This brief, technically detailed overview helps ensure your innovation is properly evaluated for protection and potential impact. PATENT RIGHTS MAY BE LOST OR LIMITED BY PUBLICLY SHARING THE DETAILS OF THE INVENTION PRIOR TO THE FILING OF A PATENT APPLICATION. WE ENCOURAGE YOU TO SUBMIT YOUR INVENTION DISCLOSURE WELL IN ADVANCE OF ANY PUBLICATION, POSTER PRESENTATION, ONLINE POSTING, OR OTHER FORM OF PUBLIC SHARING OR USE OF THE INVENTION. Inventors should not share details of their inventions with external parties—including potential business partners—until appropriate confidentiality agreements are in place. An Advantage licensing manager can provide guidance on this critical step. Figure 1 and Table 1 in this document offer a general road map and timeline for the steps involved in commercialization.

To begin the disclosure process, select the "Submit an Invention" option on the Oregon State University Inventor Portal. If you need help getting started, you can choose the "Start a Conversation" option. Both are available through the OSU Advantage website under "I Have an Idea". Invention disclosure time is also a great time to start thinking about how your invention will be commercialized, whether it's a good fit for a startup company, what problem it solves, and how it can be developed into marketable products. To begin exploring your startup company opportunity and ignite your entrepreneurial spirit, please reach out to the OSU Advantage Accelerator.

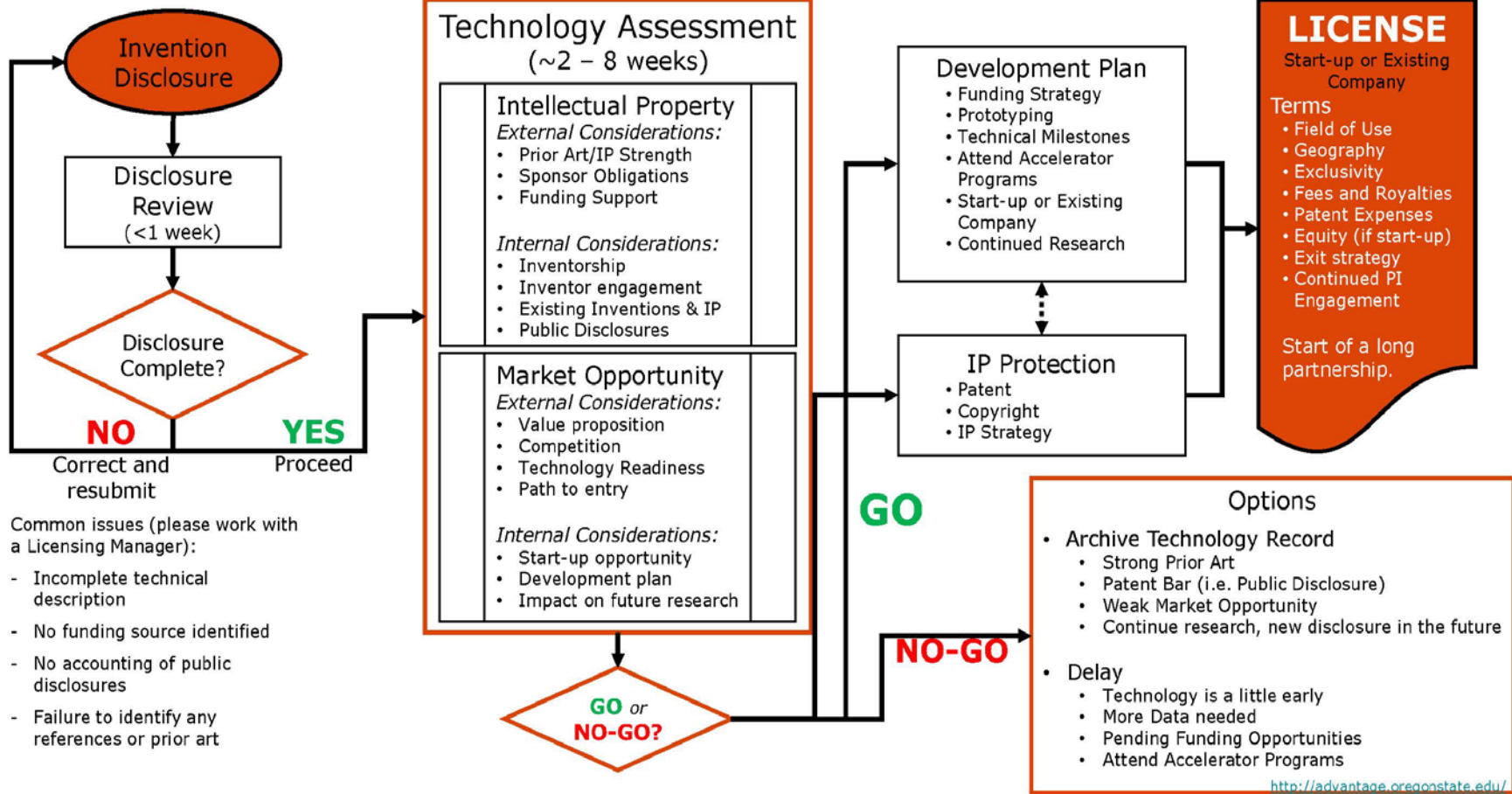
If you have questions about licensing OSU technology, we encourage you to contact the OSU Advantage team.

Figure 1. Roadmap



TECHNOLOGY TRANSFER ROADMAP

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□ **Step 2. Technology Evaluation and Intellectual Property Protection**

Filing and prosecuting a patent application is a collaborative effort in which OSU inventors play a vital role. From the initial drafting of the application through its review by a national patent office - a phase known as prosecution - inventors help ensure the application accurately reflects the invention. During prosecution, they provide key insights and additional information to address questions, overcome objections, and refine the patent claims. OSU Advantage partners with inventors throughout this process to protect and advance their innovations.

Prior to filing a patent application, and as part of our technology evaluation process, OSU Advantage conducts a prior art search. This search is important because it helps determine how your invention compares to similar inventions already in the public domain. In some cases, the results of the prior art search may reveal that the invention is too similar to existing technologies, making it unlikely to meet the requirements for patentability and reducing the likelihood OSU would file a patent application.

Inventors play a key role in the evaluation process. Their knowledge of related technologies help distinguish their invention from those described in the prior art, leading to stronger patent filings. While we evaluate the prior art, we also begin exploring potential markets to identify where your invention could make the greatest impact. To dive deeper and explore startup opportunities, we encourage you to engage with the OSU Advantage Accelerator, which offers programming, tools, resources, and mentorship to assess and grow your invention's market potential.

□ **Step 3. Conflict of interest (COI) and conflict of commitment (COC)**

OSU supports faculty and researchers in launching startups and understands that potential conflicts of interest or commitment may arise. These conflicts are not inherently problematic, so long as they are disclosed and properly managed. OSU employees with a potential conflict of interest, such as ownership in startup company, should contact the Office of Research Integrity (ORI). ORI supports OSU's commitment to engaging in exceptional research by collaborating with faculty, staff, and students to facilitate ethical research and ensure regulatory compliance.

To manage potential conflicts of commitment of an OSU employee, including time spent on a startup company, professional activities outside OSU must be approved in advance by the faculty member's supervisor and dean using the Request for Approval of Outside Professional Activities form.

□ **Step 4. Incorporate the company**

Before licensing can begin, company founders must establish a legal business entity. OSU strongly prefers licensing to a "C" Corporation. To support company formation, the licensing process, and future investments, the startup will need to work with its own business attorney to prepare several foundational documents, including:

- * Articles of Incorporation – to formally establish the company with the state.
- * Shareholders Agreement – outlining the rights and responsibilities of shareholders.
- * Capitalization Table – detailing ownership percentages and equity distribution.
- * Subscription Agreement – specifying the terms of investment and share issuance.

Templates and examples of these documents are readily available, and the Advantage team can help you locate and understand them.

A well-developed commercialization plan or Business Model Canvas is also essential. This helps the Advantage team evaluate the opportunity and propose fair and reasonable license terms. Prior to starting a company, your participation in Accelerator programming—such as Iterate, Accelerate, or Launch—is highly recommended. These programs are designed to help you validate your idea, understand your market, and build a strong foundation for your venture.

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□ **Step 5. Working with the OSU Advantage Team on Licensing**

When your startup is ready to explore licensing OSU intellectual property, the first step is for the company's authorized representative to connect with the Advantage licensing lead. This begins a collaborative process to craft a fair license agreement that supports your company's growth while also providing fair value to OSU and honoring its responsibilities as a public institution.

Licensing agreements can include a variety of terms—some of which may be unfamiliar to first-time founders. The Advantage team is here to help you understand these terms and why they are used. We encourage open dialogue and welcome your questions. A clear understanding of the license structure helps streamline negotiations and build mutual trust. To support this process, the Advantage team uses a standard startup license template that reflects industry-standard business terms, with a few necessary adjustments to comply with OSU's public mission and legal obligations. These terms are designed to be fair, transparent, and aligned with the startup's ability to grow. Common elements of a license agreement may include:

- Upfront fees (often waived or kept minimal for startups)
- Patent cost reimbursement (frequently deferred until the company is better funded)
- Annual minimum fees
- Milestone payments tied to development or regulatory progress
- Royalties on product sales
- Equity in the company

In many cases, OSU may take an equity interest in the startup in lieu of higher upfront fees. This typically ranges from 5–10%, with or without anti-dilution protection for a limited period. This approach helps align OSU's long-term interest with the company's success and reduces early cash burdens. Equity also encourages continued engagement and support from the university, as OSU benefits when the startup thrives - creating a shared incentive to help the company grow and attract investment.

While the Advantage team is committed to transparency and clarity, we strongly encourage founders to seek legal counsel from business attorneys with experience in university-affiliated startups. A knowledgeable attorney can help you understand the implications of the license terms, provide strategic advice, and ensure your company's interests are well represented. Although we aim to create deals that are fair and balance, it's important to remember that neither OSU Advantage nor the Advantage licensing lead can represent your company's interests.

OSU and the Advantage team are deeply invested in the success of your startup. By working together in good faith and with the right legal and business guidance, you'll be well positioned to bring your innovation to market and make a meaningful impact.

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□ **Step 8. Managing the IP Portfolio**

The OSU Advantage team and the startup company will work together in a collaborative and transparent manner to manage intellectual property (IP) in support of the company's long-term success. From the beginning, both parties will coordinate to identify the regions and countries—such as the U.S., EU, Japan, and others—where patent or other IP protection should be pursued. Since the startup is best positioned to understand its target markets and commercial priorities, OSU Advantage typically defers to the company's preferences when shaping the global IP strategy.

OSU does not require, and in some cases may discourage, overly expansive IP portfolios with filings in numerous jurisdictions. Such strategies can place unnecessary financial burdens on early-stage companies. Instead, OSU prefers to work with the startup to develop a focused, strategic IP plan that aligns with the company's business goals and available resources. It is important to remember that, after any agreed-upon deferment, the startup will be responsible for reimbursing OSU for all patent-related costs if required in the license agreement.

While OSU's attorneys may lead the process of filing patent applications and securing IP rights, the startup will remain actively involved throughout. OSU Advantage will keep the company informed of all key developments and provide copies of relevant documents to ensure transparency and alignment.

The patenting process typically begins with the filing of a provisional patent application, which establishes an early priority date and allows time to further develop the invention. Within 12 months, this is usually followed by a non-provisional (utility) application, which is then examined by the patent office. If approved, the patent is granted and must be maintained over time. OSU and the startup will collaborate at each step—discussing filing strategies, reviewing drafts, and determining whether to pursue international protection through mechanisms like the Patent Cooperation Treaty (PCT).

□ **Step 9. Managing the License Agreement**

The OSU Advantage licensing manager will actively support the startup's success by monitoring license compliance and progress toward commercialization milestones. To help facilitate this process, our standard license agreement includes a sample reporting form designed to assist companies in meeting their obligations to report on product development, milestone achievements, and royalties due. We encourage open and proactive communication with the OSU Advantage team, especially if challenges arise, so that we can work together to find timely and mutually beneficial solutions.

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Additional Considerations.

□ **Publishing the Underlying Academic Research.** The OSU Advantage team is committed to supporting both the academic mission of OSU and the success of its startup partners. A key part of maintaining this balance is ensuring that OSU research can be published in a timely manner while also protecting valuable intellectual property. OSU does not seek to delay the publication of research results unreasonably, and OSU license agreements do not permit such delays. However, it is common to give a startup company a short period, typically no more than 30 days, to review prepublication manuscripts and determine whether additional patent filings are needed.

Broad Marketing of Inventions and Patent Rights.

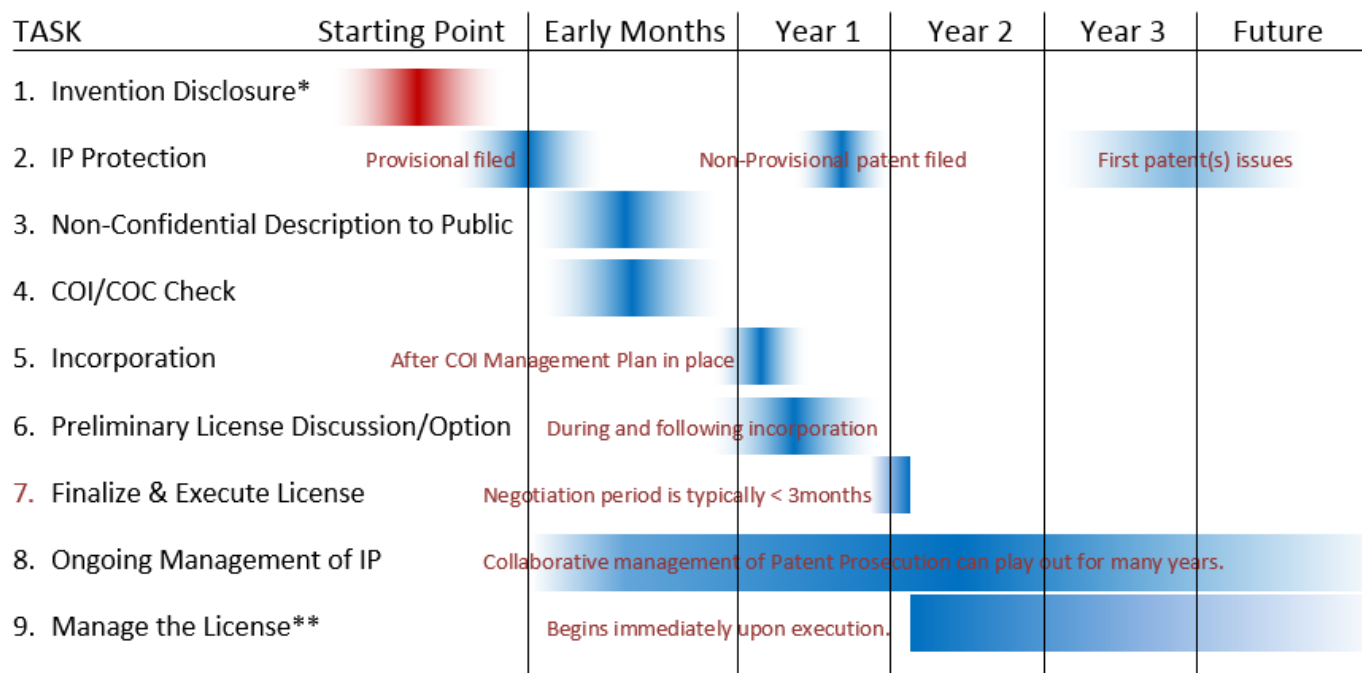
As a public research institution, OSU is committed to broadly marketing its available inventions and intellectual property rights to ensure the greatest public benefit. While OSU Advantage actively promotes technologies to a wide range of potential partners, we also recognize that the deep expertise, passion, and vision of faculty inventors often make a startup the most promising and effective path for commercialization, even when other licensing interest exists. That's why OSU Advantage is proud to support startup formation while continuing to fulfill our responsibility to market innovations broadly and consider licensing requests from all qualified parties.

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Fig. 2.	
Considerations	Terms Sheet
<u>Licensee</u>	Company Name____, Type of Corporation____, organized under the laws of the State of _____, located at Address____, Corvallis, OR 97330
<u>Intellectual Property Description</u>	Oregon State University invention Docket Number ?? and ??, now U.S. patents with a serial number _____ entitled " <i>Title of Patent</i> " filed on date _____ issued on date_____, and all pending patent applications. (i.e. incl. Patents and/or Know-how, Copyright and/or Trademark). OSU: <ul style="list-style-type: none"> • retains ownership of existing IP. • maintains patent carriage and has ultimate authority on infringement proceedings. • retains technology improvements created at OSU, and licensee has the option to negotiate a license to such improvements.
<u>Scope of Grant</u>	To Be Determined – Field of Use (i.e. based on Start-up’s commercialization plans), Right to Sublicense, Territory____, etc.
<u>Financial Terms</u>	<ol style="list-style-type: none"> 1. Low upfront license fee 2. Repayment of past patent expenses over an extended period (i.e. access to OSU vetted attorney’s & discounted legal fees). 3. Future patent expenses and patent maintenance, as invoiced. 4. ____% non-dilutable equity until Company’s closing of a round of private equity investment of approximately \$ <u>xxxx</u> or valuation of \$ <u>yyyy</u> . 5. Annual royalty report due on first sale of a Licensed Product and/or Licensed Services, and thereafter. <ol style="list-style-type: none"> a. <u>XX</u> % royalty on invention revenues and <u>XX</u> % of sublicense revenue, based on merits of the commercialization plan. 6. Minimum performance – An ascending set minimum license maintenance fee affordable to the company. 7. Sublicenses Granted - <u>XX</u> % of any lump sum fees made by the Sub to the Licensee. 8. The Licensee is to assume responsibility and liability for what it does under the License.
<u>Length of License Term</u>	Limited term - TBD (i.e. based on Start-up’s commercialization plan and performance)
<u>Financial Contact Information</u>	Company Name & Address, Representative w/ Authorized Authority - all contact information
<u>Other</u>	1) commercialization plan, 2) capitalization table, 3) subscription agreement, 4) All financial debits (ex. repayment of UVDF funds)

This "Terms Sheet" is intended for summarizing various non-binding agreements between the parties and is dated _____ (effective date). This non-binding agreement shall exist until a final written Agreement is memorialized in further documentation, to be prepared and executed by the Oregon State University (OSU) Office for Commercialization and Development (OCCD) and an authorized representative of the Licensee. The offer of terms in this agreement shall expire on _____, unless an extension is requested and agreed to in writing.

Approximate Timeline for OSU Start-Up Formation



* An invention disclosure is absolutely critical to beginning the process of intellectual property protection and commercialization. Please talk with IP & Licensing Managers in OCCD if you have any questions about the invention disclosure process.

** The term of a license is typically linked to the term of the last-to-issue patent in the license, or approximately 20 years, so this is the beginning of a long collaboration to making the company successful.

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REFERENCES

Advantage website: <https://advantage.oregonstate.edu/>

Advantage Accelerator: <https://advantage.oregonstate.edu/advantage-accelerator>

OSU Intellectual Property Policy: <https://policy.oregonstate.edu/policy/intellectual-property>

OSU Conflict of Interest: <https://research.oregonstate.edu/ori/coi>

OSU Conflict of Commitment: <https://hr.oregonstate.edu/manual/conflict-commitment>