Frequent Questions on founding spinouts
Introduction

This guide has been prepared to help inventors at Imperial who are considering starting a new spinout company.

The guide is presented in a question and answer format. These questions are designed to be read alongside Imperial Innovations’ Founders Guide and the Founders Choice™ mini-guide both of which can be found at www.imperialinnovations.co.uk. A full list of available resources is provided for clarity at the end of this guide.

Though we have tried throughout this guide to answer all questions that may arise in respect to forming a new spinout company at Imperial College London, we recognise that there are likely to be questions we have failed to address. Often, spinout formation is highly specialised and certain questions may only come up in certain cases.

If you have any further questions, or would like more information on any of the topics covered by this guide then please contact our team at:

www.imperialinnovations.co.uk/contact

Table of Contents

4. General Questions on forming spinouts
10. Questions about Founders Choice™
17. Useful links & resources
General questions on spinouts

What is the difference between a spinout and a start-up?
The terms spinout and start-up are generally used interchangeably. They both refer to new companies. Though US universities may refer to both staff- and student-founded companies as start-ups, in the UK universities tend to use the term spinout to relate to staff-founded companies based on university Intellectual Property (IP) and the term start-up to refer to student-founded companies not based on university IP.

Why form a spinout?
A spinout is an effective way of commercialising technology developed at a University, and can be an effective vehicle for raising money to develop that technology and market it to customers. The further technology development most University inventions require is outside the remit of traditional University funders such as research councils and charities. Forming a new company can be the best way to raise required funding. Forming a spinout company is hard work for the academic founders and should not be entered into lightly; however, it can be a rewarding experience for Imperial academics and can be an excellent method of commercialising technology.

Who gets equity in a spinout?

The academic founders and the university get equity at company formation, while company management often acquire equity later through the option pool. Imperial Innovations receives the university’s equity as part of the consideration for the grant of the IP licence into the spinout and will share proceeds with Imperial College London when the equity is realised. Equity is split between the university, as the legal owner of the spinout’s intellectual property and in consideration of its role in:

- providing the setting for the development of the technology and the spinout opportunity;
- providing permission for academics to become and stay involved alongside their academic work;
- providing substantial IP protection & support before formation;
- providing the services of Imperial Innovations to help with the whole formation process;
- allowing the spinout to benefit from association with Imperial’s name and reputation.

Who holds the University Equity?

Imperial Innovations is Imperial’s IP commercialisation partner and holds the university’s equity. On equity realisation it shares proceeds with Imperial.

How does founding equity position usually work?

Equity is split between the university, as the legal owner of the technology, (and in return for licensing the technology to the new company) and the founders of the company. At Imperial, the founders are all of the inventors of the technology whatever their role in the company going forward. The initial equity split is decided on a case-by-case basis. Factors influencing the share of the initial equity include:

- the nature and terms of the licence agreement;
- the nature of the technology licensed into the spinout;
- Imperial’s role in the development of the technology;
- Imperial College London & Imperial Innovations support with business planning, fundraising, finding management, supporting patent costs or providing research funds (See Founders Choice™ Q&A);
- the academic founders’ role in the development of the technology and the company;
- the number of founders;
- the terms and conditions of third party funders of the research that led to the technology.

Academics are invited to speak with Imperial Innovations and/or the Research Office of Imperial College London about Imperial’s IP Policy, the approach taken to initial equity distribution and how flexible this might be.

Key questions you may wish to ask include:

- How much equity does the university take and what are the options under Founders Choice™?
- Do I share in such equity or do I get my own founding stake?
- What is the policy on sharing equity between inventors/founders/contributors etc.?
- Are these policies fixed or are they negotiable?
- Is there any elements of non-dilution or ‘golden share/exit payment’ included?
- Does the licence come with milestone and royalty payments? Do I share in these too?
- Will you consider assignment of the IP as opposed to licensing it?
- If I don’t agree with Imperial Innovations, what recourse do I have?
- Are option pools included in these calculations (i.e. future equity vesting schemes?)

Though we hope to have covered most of these questions in this Q&A, academics are welcome to raise any further questions that would enable them to form a complete understanding of the process.

Good faith negotiations between the founders and Imperial Innovations are required during the formation of the spinout. You will also need to agree with all the other inventors to come up with an equity distribution that will give a fair financial return to all stakeholders and will incentivise all founders to drive the new company forward in the best way possible.

What do you mean by ‘nature and terms’ of a licence agreement?

A licence agreement can have varied terms, both financial and non-financial. These vary for each agreement – for example, the stage of technology development, the field of use, and the commercialisation risks are all taken into consideration. Typical terms consist of:

- Negotiated financial terms including upfront and annual fees, payments when technical milestones are achieved and royalties on product sales. Exclusive licensees are generally expected to
pay patent expenses. For spinout companies, financial terms will also include the share of equity in the company for the university.

- Field of use restrictions, since a spinout company often does not have the resources to develop all the applications of an invention.
- Diligence (performance) terms to ensure reasonable progress in growing the company and commercialising the invention.

Imperial Innovations is very experienced in working with spinouts and SMEs and understands their constraints. Imperial Innovations’ goal is to negotiate an agreement that is fair and reasonable based on its experience, the industry position and how the technology fits into the spinout’s products or services. The university must maintain an arms-length relationship in its business transactions in order to maintain its charitable status. Therefore, the final licence agreements for university-associated companies are expected to fall within the normal range of business terms and conditions of similar licences to any other company, taking into consideration the unique circumstances of each technology and the funding situation of the spinout.

When is the IP licensed into the newly formed company?
It is beneficial for all parties that the outline terms of a licence deal are agreed before the newly formed company approaches investors or customers. Agreeing outline terms provides clear expectations for investors, customers and the spinout itself and thereby expedites the process. Due to logistical and tax-efficiency reasons, the final licence agreement is normally signed shortly prior to the first investment being made into the company.

How and by whom will the IP terms be negotiated on behalf of the spinout?
The IP licence will be negotiated among Imperial Innovations, the academic founders and their representatives (the latter should be led by one of experienced entrepreneurs, legal professionals or sector-experienced investors). Imperial Innovations can negotiate the terms of the licence with the founders but it will not finalise such terms with founders if they are not adequately represented. The initial terms will be agreed before the investor roadshow begins via an ‘IP Heads of Terms’. This provides the main terms of the licence so that potential investors and managers may see the terms when founders are seeking investment. The Heads of Terms (also known as a licence term sheet) will be converted to a full licence agreement via negotiation with the incoming management, lawyers and/or investors. This negotiation will only occur once and Imperial Innovations will not entertain a substantial renegotiation of the initial licence Heads of Terms as this would also require the entire equity position to be revisited (given that they are linked).

Is the IP licence agreement to a newly formed company similar to an IP licence agreement with an established company?
Many aspects will be similar. However, a licence to a spinout typically has fewer early cash payments (by design) to support academic founders by keeping more cash within the company.

What happens if the spinout is based on an invention jointly owned by my university and another institution?
Imperial Innovations will generally enter into an assignment and revenue share agreement (sometimes known as an Inter-Institutional agreement) whereby one of the institutions will take the lead. This way a spin-out company can negotiate a single agreement with one party rather than having to deal with multiple institutions. There are no hard and fast rules as to which party leads but the location of the inventors, other related IP and the degree of inventive contribution in the joint invention will all be taken into account.

If the invention is unpatented software or know-how, will the spinout still need a licence?
A copyright or know-how license is likely required if the software falls under the College’s IP policy. Information on this is available on Imperial’s website (see resources links at the end of this document).

How much can I tell potential investors about the invention being licensed to the spinout?
Academic founders should only describe general aspects of the invention to potential investors.

Founders may be more comfortable if a patent is filed or an NDA (Non Disclosure Agreement) is in place. Imperial Innovations and the Research Office can help you with any questions you have about this.

It seems to take a long time to form a new spinout company out of the College. Why is this?
Setting up a new spinout company is the start of a journey for academic founders, involving investors and management, requiring detailed background checks and forward planning. Establishing the source, ownership, and consents for the background IP takes time and might involve contacting research funding bodies and research collaborators and finding agreements with them too. Inventions are often generated by multiple inventors and multiple funding bodies, sometimes stretching back over many years. Where investors seek to put in place ‘forward looking’ agreements around research funding and IP improvements (‘pipeline agreements’) additional permissions are required; these may not always be granted leading to frustrations all round. Addressing these issues early helps.

In our experience major delays in the process are caused by negotiations over equity distribution, corporate agreements covering matters such as fair and reasonable warranties and restrictive covenants with the spinout’s management team and investors, and, especially, licence agreements.

Licence agreements are naturally a focus for incoming management and investors because they represent a major ongoing business expense and so significant negotiation is to be expected. In cases where the management team, or company lawyers, have little experience with university spinouts these negotiations can take more time as it is necessary to clarify issues that the College cannot equivocate over due to its charitable status. Therefore we advise spinout founders to select lawyers with extensive and demonstrable experience in working with university spinout companies in order to avoid delay.
General questions on spinouts

What happens when money is invested in a spinout company?
Investors will provide money based on the negotiated value of the business. In exchange for funds, they will receive shares in the business. Because new shares are issued in this process, existing shareholders who do not acquire new shares will have their equity holding reduced (dilution). The business can use new funds generated through this process to develop the technology, market it, recruit new staff and carry out other essential business functions.

It is important to note that, while related, equity held in consideration of the grant of IP licence and equity held by virtue of investment are often handled differently upon a realisation (return of value to shareholders – see below). More information on, dilution, shareholding preference shares, liquidation preferences and waterfalls can be found in Imperial Innovations’ Founders Guidebook, a link to which is available from the resources section at the end of this guide.

Is taking money from microinvestors such as ‘business angels’ a good idea or not?
Angel investors (or business angels) and venture capital investors are both interested in innovative technology companies, but differ based on a range of factors such as available funds, appetite for risk and expected return. Angel investors are generally ‘self-made’ high net worth individuals with an interest in new technologies. They may be willing to invest smaller seed-funding amounts and accept a higher risk profile. Venture Capital investors tend to invest larger amounts and expect a return of 10x their investment over a fixed time period (usually seven to ten years). Some university spinouts are suitable for Venture Capital (VC) or institutional investment from the very beginning. Others will never be suitable for VC investors for various reasons. These companies are more suitable for angel investors, crowdfunding or tax-efficient investment funds (e.g. EIS and SEIS funds). Occasionally some spinouts may transition between the two types: after a period of de-risking the spinout may become attractive to VC sources. It is in this scenario that a possible mismatch between the existing shareholder base and the new syndicate may emerge.

The circumstances in which such a scenario may arise are quite important. Imperial Innovations and the founders may be looking to get the company funded, but VCs are not yet ready to fund it due to its risk profile and/or a shortage of capital in the sector. As such, Innovations and founders may feel that the angel or crowd fund options offer the best (and possibly only) mechanism to move the technology forward. It is incumbent on the founders (including Imperial Innovations) to keep the new investment structure as simple as possible to avoid putting off potential future VC investors. Imperial Innovations will normally advise the spinout on this.

What is a realisation or exit?
The ultimate goal for a spinout company should be an exit. An exit can be flotation on a stock market or an acquisition (via trade sale) by another company. In these instances the holders of the equity sell their equity in the spinout company in return for cash. The founders will be paid for their equity and naturally keep the proceeds. The realisation from selling the university equity held by Imperial Innovations is shared between Imperial Innovations and Imperial College London. Certain sorts of spinout, such as consultancies or service companies may not share this goal for an exit.

I would like the spinout to operate initially within the College. Is this possible?
Imperial College London is a charity and therefore its equipment and facilities are charity-funded. In order to maintain its charitable status Imperial requires businesses that use its facilities to do so on arms-length commercial terms. In addition, VAT rules may make it inadvisable for spinouts to operate within the College. However, Imperial Consultants may be able to advise you on how to make limited use of Imperial’s space or equipment (e.g. after hours). Another option for the spinout is to put in place a Sponsored Research Agreement (SRA) with a specific research group at Imperial to carry out an R&D project on behalf of your spinout.

In addition, Imperial offers dedicated start-up spaces, incubators and accelerators that offer attractive rates and high-tech facilities for new start-ups. Please talk to Imperial Innovations or Imperial Enterprise Lab for more information.

Links to organisations that can help you with these issues are available from the resources section at the end of this guide.

Is there any guidance I can read on spinning out?
Imperial Innovations has prepared a comprehensive guide to setting up at spinout at Imperial which can be found on its website (linked in the resources appendix at the end of this FAQ). A number of other Technology Transfer Organisations have written their own guides to starting up which can also be valuable reference points. These can be found on their websites (and a number are linked from Imperial Innovations’ Founders Guide).

Do I have to work with or take investment from Touchstone Innovations plc?
Imperial Innovations is a subsidiary of a technology commercialisation and investment business called Touchstone Innovations plc. Touchstone Innovations is a patient capital fund that has raised nearly £0.5bn to invest into high technology UK start-ups and spinouts since 2006. It has syndicated with many UK venture capital firms and corporate VCs, and is well respected in the field. (Patient capital refers to an investment approach particularly suitable for university technologies in which investors invest from their own balance sheet and not from fixed-term funds; this allows returns to be made over a timescale sympathetic to the complexities of technology development)

Imperial Innovations has a close knit relationship with Touchstone Innovations, which is a major advantage for Imperial as it ensures that the founders and Imperial Innovations can access high quality, VC feedback on Imperial spinout ideas at an earlier stage than would be normal. Whatever level of support you have opted for under Founders Choice™ all new spinout propositions will be shared with Touchstone Innovations during the work-up phase and if Touchstone Innovations is interested in the spinout, Imperial Innovations will arrange for an opportunity for you to formally pitch to Touchstone Innovations at the appropriate time, at your discretion. Touchstone Innovations is held under a blanket confidentiality agreement with Imperial College London.

You are under no obligation to work with Touchstone Innovations, though most Imperial founders who have the opportunity to do so take it due to Touchstone Innovations’ extensive networks, access to quality co-investors and management and ability to invest substantial sums over a long timeframe.
Questions about Founders Choice™

What is Founders Choice™?
Founders Choice™ is an 18-month pilot programme to be piloted from August 2017 that will enable founders to choose the level of support they receive from Imperial Innovations. Under the Founder Driven route, founders receive the basic support package and the initial university equity is between 5% and 10%, subject to a non-dilute clause and up to an agreed investment threshold. Under the Jointly Driven route, founders will receive an enhanced support package and the initial university equity will be negotiated, with the starting point for those negotiations being a 50:50 split, between the founders and the university.

Why is Founders Choice™ being introduced?
Founders Choice™ is being introduced as a result of the successful innovation ecosystem that is now developing around Imperial College London. Imperial Innovations has spun out over 150 companies from the College and the numbers of student start-ups are also rapidly rising. Imperial is now home to many experienced, entrepreneurial staff and students, some of whom are second- or third-time-around, seasoned founders. They are capable of finding management and investors with minimal assistance. Hence a more flexible approach to company formation is required.

Imperial College London and Imperial Innovations are focused on increased participation in entrepreneurial activities throughout Imperial, and believe this new flexible approach will support this.

Why is Founders Choice™ being run as an 18 month pilot?
Following extensive best-practice benchmarking in the US and UK, it became clear there was no one-size-fits-all solution to encourage the formation of spinouts based on research in the UK. The UK does not have the volume of venture investors found in the US, nor the domestic market size to absorb the innovations being produced. As such, Founders Choice™ is being introduced as a pilot to ensure that all types of founder are catered for: both those that want to act alone and those that welcome support.

The introduction of Founders Choice as a pilot programme allows it to be assessed over a reasonable period of time, elements of it adjusted as necessary, and risks for founders and the university reduced.

Why don’t you follow the US system and move to their reported “small equity stake and minimal support” model?
The ‘classic’ US model employed by universities found for example in Boston and Silicon Valley of handing over a licence with a minimal equity stake, only exists in major finance and innovation hubs in the US, and requires academic founders to be extremely engaged, well-networked and equipped to manage the formation of a start-up. The situation is very different outside of these hubs, and we believe that many founders still welcome the sort of support that Imperial Innovations offers.

Under the Founder Driven route does that mean I get no support at all from Imperial Innovations or the College?
No, there is simply a differentiated level of support. Under the new Founder Driven route you will still receive a basic support package from Imperial Innovations which includes IP support for 12 months, a comprehensive guide to forming a spinout at Imperial with incorporation and several other benefits which can be found in the Founders Choice™ mini-guide.

Whichever route you choose to take, there is a great deal of support available to all founders throughout Imperial’s entrepreneurial ecosystem. This includes training, seminars and workshops provided by Imperial Innovations via the Innovation Academy, Imperial Enterprise Lab and other groups, use of Imperial Incubator facilities and use of Advanced Hackspace and Invention Rooms. Imperial will also shortly be launching a venture mentoring scheme to which all Imperial spinouts and start-ups will be eligible to apply.

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Why don’t you fix levels and never deviate from them, the notion to fix levels and never deviate from them, the reality is that every case is slightly different and often these differences are complex. The nature of the technology, the likely time and route to market and other considerations need to be taken into account and some flexibility is required to account for this.

What type of company will Founders Choice™ cover?
Founders Choice™ is available for all types of spinout companies provided, there is a viable business plan and route to market for the technology.

How will Innovations work with the founders to decide the optimal commercialisation route (i.e. spinout vs licence)?
Many factors are considered when Imperial Innovations works with founders to decide the best route to commercialisation. These are covered in detail on our website: https://www.imperialinnovations.co.uk/staff/inventors-guide/how-we-decide-spinout-or-licence/
Questions about Founders Choice™

provisions in the Articles of Association under the Founder Driven route, more information on which is available in the Founders Choice™ Miniguide.

How are part-time academics affected by Founders Choice™?
Part-time academics will be treated in the same way as full-time academics and in accordance with the College’s IP policy. However, part-time founders should be extremely careful to effectively partition their Imperial vs Non-Imperial activities to avoid conflicts arising. For example, a member of staff cannot argue an invention occurred in their ‘non-Imperial’ time if they are simultaneously receiving grant financing or publishing on the same work during their ‘Imperial time’.

How will student IP be handled under the Founder Driven route?
Students are subject to Imperial’s IP policy on students that can be found on the College website. In the first instance, students own the IP they generate in the course of their studies unless one of the exceptions in the student IP policy applies, e.g. where students are employees of the College. Where student IP is determined to be owned by Imperial, such students will be treated as if they were members of staff under Imperial’s rewards to inventors scheme. If students are the IP owners (i.e. Imperial confirms that the exceptions to the student IP policy do not apply) then students are free to negotiate with Imperial Innovations on an independent basis, or to pursue their aims independently of any support from Imperial College London or Imperial Innovations. Students in this latter category are advised to request a letter of clearance from the Research Office that confirms the College asserts no claim on the IP. Without this, students may find raising investment difficult due to a lack of clarity over ownership of the IP.

Will a future (IP) pipeline to improvements also be offered to the spinouts under the Founder Driven route?
The ability to secure an option agreement (IP pipeline) to future IP is something negotiated on a case-by-case basis with each spinout. However, there is no difference between spinouts following Founder Driven to those following the Jointly Driven route in respect of whether such IP pipeline will be granted, or its terms, scope or duration.

Why do you licence IP to spinouts and not assign (transfer ownership)?
Imperial Innovations follows standard practice at universities and licenses IP into the newly formed spinout company and does not transfer ownership through assignment. The licence is usually exclusive so the spinout enjoys the full rights to use the technology and prevent others from practising it, as though it were the outright owner. Licensing is the favoured route by universities largely because spinout companies are high-risk ventures. There are three technical reasons universities license IP into spinouts rather than assign it.

- Enforceable performance obligations, to ensure that the spinout uses a reasonable level of effort to progress development and commercialisation of the IP.
- Reversion rights to ensure the IP generated by Imperial College can be returned to Imperial College if the licensee can no longer progress its development (sometimes a requirement of research funders).
- To ensure that obligations to pay royalties are not decoupled from the IP. When IP is assigned, the obligation to pay royalties may not be binding on the subsequent assignee as it was not a party to the original royalty agreement.

Investors may object to object to the idea of reversionary IP rights requested by Imperial Innovations because returning the IP to the originating institution upon insolvency may act (in the investors mind) to de-value the spinout and may reduce investor returns on liquidation. US universities do not assign IP, but the US still enjoys a highly effective spinout investment community.

Why are royalties charged?
Charging the spinout company significant cash payments to access technology, especially in the early stages of development is not common practice. As such, it has become customary for the university to share the risk with the founders. Because many technologies are licensed at a very early stage, it is almost impossible to predict the ultimate value of any given technology, so Imperial Innovations will likely employ a combination of an upfront fee (in the form of equity) along with royalties on sales of the technology, since this allows the return to be commensurate with the success of commercialisation while recognising the risk involved in developing these immature technologies. Where appropriate, annual fees, milestone payments or minimum royalties may be included, depending on the individual case.

Experience has shown that spinouts follow highly diverse paths which are often individually unpredictable at the outset. Equity can sometimes become worthless or be ‘wiped out’, with investors often standing before founders in the ‘queue’ for payment upon exit. The royalty component aligns academic founders with the university in that in such scenario, royalties may still be received, even if the equity has been reduced to zero. Crucially, royalties are shared between academic founders, Imperial College London and Imperial Innovations in accordance with the College’s Reward to Inventors Scheme which can be found on its website.

How will you deal with the ‘Mixed IP’ scenario (staff, student or 3rd party IP) under Founders Choice™?
Mixed IP will be dealt with no differently from how this is done currently. In our experience there are very few ‘one founder/one invention’ companies, and most involve multiple IP assets, multiple inventors (who may be a mix of staff, student or Alumni) and sometimes multiple institutions and funders. Imperial Innovations is used to working closely with the Research Office of Imperial College London to manage this complexity. It may take time, but there is always a resolution that suits all parties.

Will innovations provide a list of investors to whom the academics can approach in Founder Driven route?
Yes, a long list will be provided upon request to all founders, whichever route they elect under Founders Choice™. Founders electing for the Jointly Driven route will receive additional services such as investor short-listing, warm introductions, pitch training, accompanied presentations and investor negotiation support.
Questions about Founders Choice™

Can I still describe my company as an Imperial College spinout if I follow the Founder Driven route?
Yes, provided you have worked with Imperial Innovations and the College under the approved Founders Choice™ programme, then you may describe the company as an Imperial College spinout – after all, the technology originates from your research at Imperial College London. Imperial Innovations has funded and managed the IP, the College and Imperial Innovations have supported its formation and own equity in the company.

Why won’t you license the IP until I have a business plan and investors and management in place?
Imperial College London (as with all UK universities) is supported by funding bodies that expect that the institution make reasonable efforts to translate research into impacts for societal benefit. This requires a process that indicates with some comfort that our licensees have a reasonable chance of taking a technology to market and that, once they have a licence, they will use reasonable endeavours to keep progressing it.

As such, whichever route is chosen under Founders Choice™ we will need to be satisfied that the route to market is viable, that the outline business plan is sound and that either a launch customer or investor is in place to take the technology past the next critical stage in its development.

Why do you provide 12 months of IP cost support? What if it takes longer than that to find an investor?
The 12 month period is modelled on the experience of significant US universities which run similar programmes to the Founder Driven option of Founders Choice™. This period is generally felt to be long enough to meet with many investors, gauge feedback and re-pitch with a modified plan if required. Experience has shown that once investors have said no, it is rare that they will revisit a proposition, hence 12 months should be long enough to adequately test the market.

If investors are fully engaged, but the documentation & process phase takes the project beyond the 12 month period then Imperial Innovations will, at its discretion taking into account foreseeable IP related events, grant a reasonable extension of up to 3 months (still covering the IP costs) to complete the transaction.

Will Imperial Innovations take a seat on my spinout’s board?
This will depend on the route you have elected to follow under Founders Choice™.

For Jointly Driven companies, it is perfectly reasonable and normal practice for Imperial Innovations as a shareholder to expect a board seat whilst their equity stake remains substantial (investors expect the same). The Imperial Innovations appointed director can be a particularly valuable addition to the business during the early formative stages, offering important advice on matters such as university engagement, access to grants and service providers, document completion and good knowledge of the initial IP. There will come a time when the university equity stake is diluted to a level where the justification for a board seat no longer becomes tenable and Imperial Innovations accepts that its nominated director should come off the board or become a non-voting observer at this point.

For Founder Driven companies, the founders have accepted that they wish for minimal support or guidance from Imperial Innovations during the early phases of development. As such, Imperial Innovations will not require a board seat and will discuss with the founders an observer role and information rights (the ability to see accounts, minutes etc.).

What if Innovations is approached by a party interested in acquiring the IP during the standstill period?
Imperial Innovations will notify the academic founders about the interested party. However, Imperial Innovations will have agreed under the Founder Choice™ model not to licence the IP to any third parties during the Standstill period and hence we will take no further action without the agreement of the founders. Equally though, spinouts are not vehicles created simply to ‘flip’ IP to a third party shortly after formation as that would introduce unnecessary complexity and delay into the process of commercialising ideas. As such, the founders and Imperial Innovations will need to discuss the merits of licensing at that point vs spinning out and raising investment (i.e. not pursuing the licence with the party that has approached us).

Who decides on patenting strategy during the 12 month ‘IP Standstill’ period?
Imperial Innovations decide (as the budget holders), though we will consult closely with the founders during this period.

Can I switch from the Jointly Driven route to the Founder Driven route if I’ve been working with Imperial Innovations for a while?
Unfortunately this wouldn’t be possible. If you have already been working with Imperial Innovations for a considerable time on your invention, it is likely that Imperial Innovations has already invested considerable time and effort in your idea to date and hence you have already begun to receive the benefits of the enhanced service package. Equally, we are reasonable and will discuss options for you to take a more independent path should you wish to do so, but the terms of the Founder Driven route will not automatically apply.

How will the disputes (if any) under Founders Choice™ be resolved?
Based on experience to date we do not anticipate significant disputes. Nonetheless, if an issue cannot be resolved either between founders or between the founders and Imperial Innovations, then the Research Office can advise on the College’s dispute resolution and escalation procedures.

Will I still be able to elect to follow the Founder Driven route nearer the end of the pilot period (e.g. during the 17th month)?
Yes, your Jointly Driven options will remain open to you. The pilot period will run until February 2019. Before that time founders may elect the Founder Driven route provided they (as applies throughout the entire pilot period) sign an LoU to that effect shortly afterwards.
Questions about Founders Choice™

What happens if Imperial Innovations are not interested in pursuing commercialisation of my invention after the IP Stand-Still period expires?
Where can an academic founder go next?
If Imperial Innovations decides (at its discretion) not to pursue a technology at any point, there is a clear and defined procedure that must be followed with the College. This can be found on the College website.

Useful links and resources

Organisations, offices and services

Imperial Innovations
www.imperialinnovations.co.uk

Imperial Enterprise Lab
www.imperialenterpriselab.com

Imperial Advanced Hackspace
www.imperial.ac.uk/advanced-hackspace

Imperial College Research Office
www.imperial.ac.uk/research-and-innovation/research-office

Imperial College Research Support
http://www.imperial.ac.uk/research-and-innovation/support-for-staff/

Imperial Consultants
www.imperial-consultants.co.uk

Imperial Innovations: Innovation Academy
www.imperialinnovations.co.uk/innovation-academy/

Imperial Research Services
www.imperial.ac.uk/research-and-innovation/

Documents & Guidance

Imperial Innovations Founders Guide
www.imperialinnovations.co.uk/founders-guide/

Imperial Innovations Founders Choice Miniguide
www.imperialinnovations.co.uk/ffcgm/

Innovations & Entrepreneurship spaces at Imperial - brochure
www.imperialinnovations.co.uk/innospace/

Deciding whether to spinout or license
www.imperialinnovations.co.uk/staff/inventors-guide/how-we-decide-spinout-or-licence/

Imperial College London IP Policy
www.imperial.ac.uk/research-and-innovation/research-office/ip/ip-policy/

Imperial College London Student IP Information

Imperial College London Rewards to Inventors Scheme
www.imperial.ac.uk/media/imperial-college/research-and-innovation/research-office/internal/Reward-to-Inventors-Scheme-Imperial-log-in-only.pdf

Imperial College London IP abandonment and return process information
www.imperial.ac.uk/media/imperial-college/research-and-innovation/research-office/internal/Rejected-and-abandoned-IP-LOG-IN-ONLY.pdf

Imperial College Stage Gate
http://www.imperial.ac.uk/media/imperial-college/research-and-innovation/research-office/internal/invention-disclosure-process-01-12-2014-LOG-IN-ONLY.pdf
The Venture Support Unit (VSU) is Imperial Innovations’ dedicated company formation and support team. Working exclusively with Imperial staff, VSU can accompany you on your journey to becoming an entrepreneur.

We ascribe particular importance to the steps that founders take before they form a company. This planning and research stage is integral to the success of high-technology spinouts. Our expert team will support Imperial entrepreneurs to conduct market research, identify and interview customers, and establish the company value proposition.

Our team can inform and advise you and your business throughout its growth, from pre-formation to growth and fundraising.

The VSU is at the centre of a wide network connecting entrepreneurs, talent, established business, mentors, and business angels.

The Venture Support Unit website contains further information on the Imperial spinout process, services offered, spinouts, resources, information on training and a guide on what to expect throughout the entrepreneurial journey.

www.imperialinnovations.co.uk/venture-support/
This guide has been designed to answer some of the nagging questions that come up when you’re thinking of forming a spinout company. We hope that we’ve answered them successfully, but in case we haven’t remember that you are always welcome to get in touch to ask anything you like about setting up an Imperial College London spinout company.

www.imperialinnovations.co.uk