



Startup Guide

For UAB Faculty, Staff and
Student Inventors and
Entrepreneurs

UAB The University of
Alabama at Birmingham.

Bill L. Harbert Institute for Innovation & Entrepreneurship



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This Startup Guide is a resource for University of Alabama at Birmingham (UAB) entrepreneurs (faculty, staff, or students) who have developed intellectual property (IP) using UAB resources and wish to work with the Harbert Institute for Innovation and Entrepreneurship to launch a company to further develop the IP.

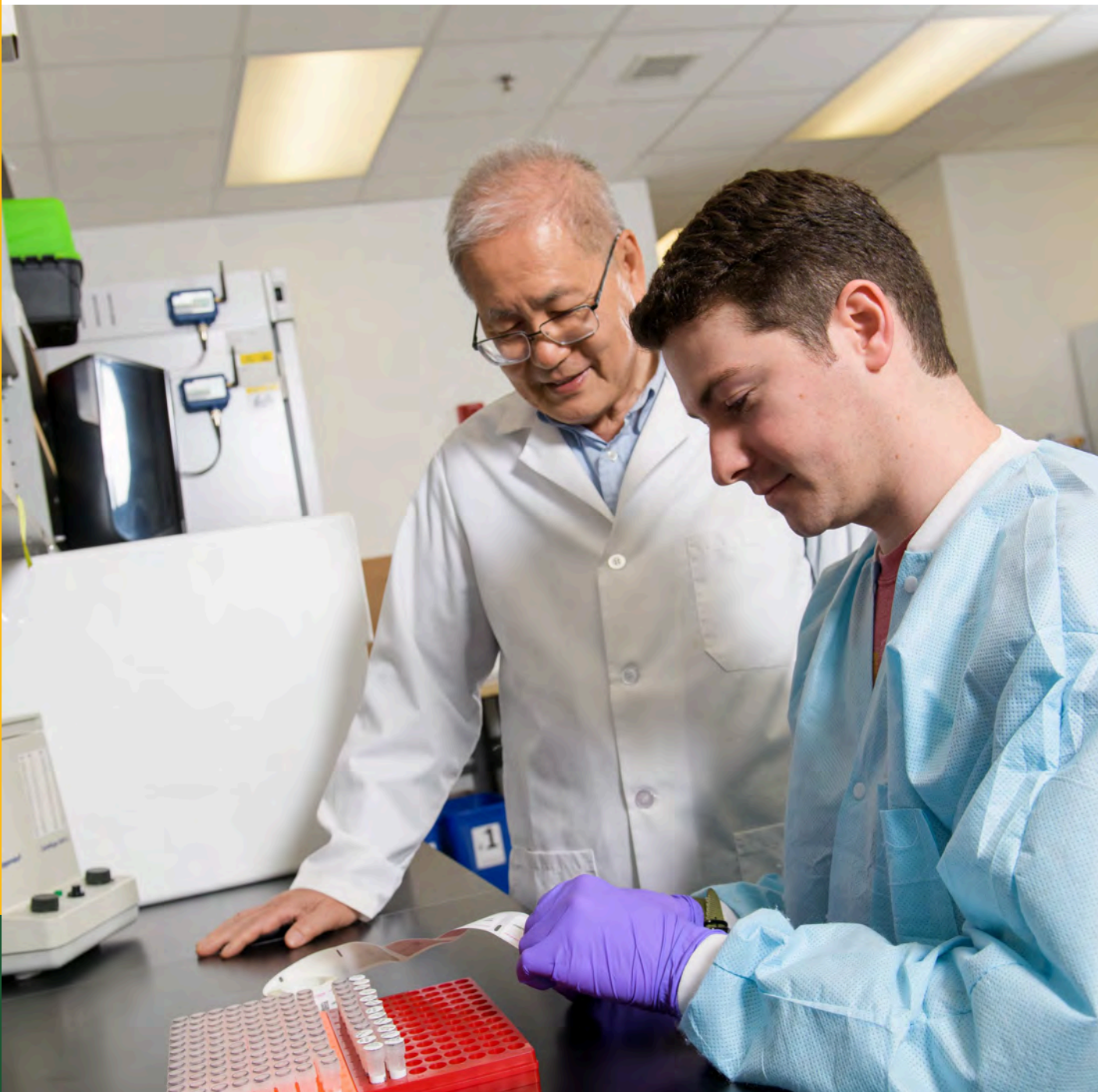
The Harbert Institute is the umbrella entity that includes UAB's technology transfer office and, the UAB Research Foundation (UABRF). Agreements, such as licenses or startup formation agreements, are made with UABRF. This guide is here to help you, the UAB entrepreneur, as you embark on this journey.

This is not intended to be a comprehensive how-to plan; every startup journey is different and will require individual guidance. Any questions you may have should be directed to one of our licensing associates or to innovation@uab.edu. We look forward to assisting you.



A UAB startup is a business that has a current UAB employee, student or immediate family member of a current UAB employee in the role of officer, owner, partner, board of directors member, or holder of an ownership interest in the business; and either

- Uses or commercializes or plans to use or commercialize a technology which was or is being developed by one or more current or future UAB employees or students who are/were UAB employees or students at the time that the technology is/was developed; or
- Uses or commercializes or plans to use or commercialize a technology which was developed by one or more current UAB employees or students prior to, or outside of, their UAB employment/student experience.





While there are many potential motivations for launching a startup company, the most important reason is to advance the technology so it can be used for public good. Startups are typically launched to get technology to a development inflection point to make it attractive for acquisition or to capture an emerging market. Innovations may also advance more quickly in a nimble startup than they would in a lab setting or at a bigger company.

There are several important elements that impact the success of any startup, and they should all be considered with the help of the Harbert Institute team.

- **Demand:** Is there a commercial opportunity for this product or service in the marketplace?
- **Competition:** Are there other companies that offer similar products or services?
- **Licensing:** Would existing companies be interested in licensing the technology?
- **Funding:** Is there available funding to build the startup business, and do you know who the likely investors are?
- **Commitment:** Are the inventors deeply committed to the startup launch process?
- **Support:** Is there a mentor or advisor who is invested in the startup's success?
- **Management:** Does your startup have an experienced management team?

The Important Questions

- Who owns the intellectual property?
- Have you identified someone experienced who can perform the vital role of CEO? Have you identified other key personnel who will be part of your team, including but not limited to a scientific advisory board, prospective company staff, corporate attorneys, accountants, etc.?
- Will the existing IP you have developed prevent others from competing with you?
- Would your startup have the freedom to operate? (Is the IP free of third-party rights?)
- How soon can a commercial product come to market? Is there proof-of-concept or a working prototype?
- Does the technology have a clear application and specific market?
- What is the overarching goal for the company? Do you hope to build a lasting small business, or do you hope to be acquired by a larger company?
- If there is more than one founder for your company, have you considered how you will split the equity? You should come to a formal agreement about this consideration early in the process, with the help of an experienced legal advisor.
- Have you considered how you will compensate the future CEO of your company?
- Do you have cash on hand to pay for expenses (incorporation expenses, legal services, etc.) associated with the launch of your startup?

Building a Team

UAB entrepreneurs should first identify a qualified CEO who can negotiate a license with the Harbert Institute team. A scientific advisory team and a well-connected Board of Directors will also help position the startup for long-term success.

Internal Considerations / UAB Requirements

If a UAB employee wishes to be involved with a startup, that employee must obtain prior approval via the [Request to Participate in an External Activity form](#) before beginning any activities that are part of the startup formation process. (Please note that if you are not on the UAB network, a VPN is required to access the form.) Appropriate roles for UAB employees in a startup are scientific or technical roles, such as chief scientific officer, chief technical officer or scientific advisor/consultant.

Founders should also consider whether students (either postdoctoral or graduate) will be part of their startup. When considering these details, consult with the Harbert Institute team and with your department head.

Developing a Business Plan and Pitch Deck

Anyone interested in launching a UAB startup should, early in the process, create a business plan with the help of an experienced mentor. A strong business plan will include a plan for technology development, finding investors and growing revenue. A business plan is an invaluable tool when meeting with potential investors and working to attract funding. Important components of a business plan include:

- **Company name:** Choose a memorable name that also allows your company flexibility in growth.
- **Problem/opportunity:** What problem is your technology going to solve?
- **Value proposition:** What products will be developed, and how will those products fit into the current and potential future markets? What opportunities will these products create? How will this product or solution improve the world?
- **Timeline:** Put together a timeline that shows specific research and/or product development milestones your company expects to hit within certain timeframes, such as one year, three years and five years.
- **Business model:** Be sure to include information about how the startup will generate revenue, the marketing and sales strategies and sales distribution plans. How will you define and measure success?
- **Competitive analysis:** What is the existing competition for your company? What is the competitive advantage your company and/or product has?
- **Financial projections:** When and how does your company anticipate meeting financial milestones? What metrics will you track? What funding is needed, and how will you get it?
- **Management team:** Provide the names and backgrounds of each of your team members. What roles will each of them play in the new startup's success?

Discuss with the Harbert Institute licensing team how to summarize key elements of your business plan into a pitch deck that your startup will use to support its fundraising efforts.



Pre-Launch Funding Available to UAB Entrepreneurs

- Blazer App Accelerator: The Blazer App Accelerator helps potential UAB software and app creators validate ideas to position them for further funding via the Blazer Bridge Fund application process or to launch as potential startup companies.
- Blazer Bridge Fund: The Blazer Bridge Fund is an early-stage translational fund aiming to support the development of novel intellectual property to attract licensee interest and/or position the technology for intellectual property protection.
- NIH/NHLBI Catalyze Program: The NIH/NHLBI Catalyze Program provides funding to help facilitate the transition of basic science discoveries into viable diagnostic and therapeutic candidates cleared for human testing. The Catalyze website has a page highlighting current funding opportunities.

Steps to Start-Up Launch

1

Discuss start-up commercialization strategy and timeline with HIIIE

2

Identify CEO/potential management team for startup

3

Start approval process to launch UAB start-up

4

Seek input and build support

- a. Name an advisory board
- b. Secure legal counsel

5

Start business planning

- a. After receiving startup approval letter from HIIIE, create/incorporate a business entity
- b. License rights to IP from UABRF
- c. Prepare business plan and pitch deck with HIIIE help

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Seek funding

- a. Family and friends
- b. Federal grants for small businesses (SBIR/STTR awards)*
- c. Angel investors
- d. Venture capitalists

*Note: If your start-up plans to apply for an SBIR or STTR award, keep in mind that the UAB investigator/founder cannot serve as the designated principal investigator (PI) for the company. You will need to identify a PI who is not affiliated with UAB. Alternatively, if the start-up's CEO possesses relevant scientific or technical expertise in the specific IP space, they can be designated as the PI.

Intellectual Property Licensing

To develop or use the UAB IP, your startup needs to first acquire the rights to that IP. A licensing agreement with UABRF will grant your company the rights to exploit the IP. The licensing associate managing the IP will negotiate the terms of the license with the startup's CEO and/or legal advisor**. The licensing associate will convey UABRF's proposal regarding key financial terms of the license via a term sheet (TS). The TS will then guide the negotiation discussions between UABRF and the startup. Once UABRF and the startup agree on the financial terms, the licensing associate will draft a license agreement. The license will then be finalized upon legal review by each party.

***Note: the creation of a startup by a UAB employee creates a conflict of interest for that employee. Therefore, a UAB employee cannot negotiate or participate in negotiation discussions related to the licensing agreement between UABRF and the startup. The expectation is that your company's CEO will handle these negotiations.*





Funding for the new startup will likely come from multiple sources, which could include grants, investment, or sometimes product sales.

The newly formed startup can apply for Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR) program grants from the U.S. government. There are also several local startup incubators and accelerators in Birmingham and in the state of Alabama, such as Innovate Alabama, Prosper HealthTech Accelerator, Station 41 and the Innovation Depot programs. Some of these incubators and accelerators provide funding.

Initial investment in a new startup can sometimes come from the founders themselves or their friends and family. Investment can also come from angel investors and/or venture capitalists, who manage and invest the funds of other investors. The Harbert Institute team can help to identify possible ways to access capital. To find more information about all these potential sources of funding, visit the Harbert Institute Funding & Support webpage.

When pitching your product or service to investors, be sure you are well-prepared. When scheduling meetings, be transparent about the purpose of the meeting so the investor is properly oriented. Always ask about the time they have available to listen to your presentation. Consider creating two presentations; a high level one that conveys the idea in less than 10 minutes and a longer one that may take up to 30 minutes. Build the presentation with information from the startup's business plan. Leave time for follow-up questions and feedback from your audience.



When coming to financial terms with investors, you'll need to understand several key terms, some of which are broadly defined in the glossary at the end of this guide. Your company's leadership team should work with an experienced attorney when negotiating a financial commitment with a prospective investor.



Harbert Institute Resources

The Harbert Institute team can help with market analyses, identifying a mentor within UAB, identifying a potential CEO and/or PI for SBIR/STTR funding, and presentation/pitching practice. To request assistance with any of these, email innovation@uab.edu.

Other On-Campus Resources

- UAB I-Corps: An accelerator program created by the National Science Foundation to develop early ventures and discoveries and accelerate them towards successful commercial ventures. I-Corps @ UAB provides the infrastructure, resources, advice, networking opportunities, training, and funding for motivated entrepreneurs to develop effective solutions to customer problems. The five-week I-Corps @ NCATS Short Course is offered regionally several times a year.
- Center for Clinical & Translational Science (CCTS) Innovation Panels: The Center for Clinical and Translational Science (CCTS) partners with research teams to accelerate the translation of scientific discoveries to improve health. In addition to a broad portfolio of training activities, the CCTS supports Innovation Panels (iPanels), a discussion forum for investigators seeking to advance experimental insights to commercial applications.
- Engineering and Innovative Technology Department (EITD): The EITD is a full-service organization that assists customers with services and products through all phases of development, from concept and construction to implementation and operation.
- Office of Sponsored Programs: The Office of Sponsored Programs has resources for inventors seeking funding, including a tool to help find required documents for funding proposals, a proposal due date calculator and award management tools and guidelines.

Because of the implicit conflict of interest and conflict of commitment between employment at UAB and founding a startup before any formal steps toward forming a company are taken, the anticipated company must be routed through an institutional approval process. Your licensing associate will steer you through the following steps, so please contact that resource to move forward. If you're not yet connected with a licensing associate, reach out to innovation@uab.edu for an introduction.

- a. Discuss the potential startup with your supervisor/chair
- b. Complete UAB's Startup Development Plan template in collaboration with the Harbert Institute
- c. Complete a UAB External Activity Form with the help of the Harbert Institute
- d. Acknowledge the startup approval by signing the Harbert Institute's approval letter

Conflict of Interest and Conflict of Commitment Policies

- [Conflicts of Commitment](#)
- [Procedure for Identifying and Managing Investigator and Institutional Conflicts of Interest](#)
- [Required UAB COI Course](#)

External Activity Links

- [Request to Participate in an External Activity Form](#)
- [External & Internal Activities Policy: Faculty Handbook](#)
- [Employment & Other External Activities](#)
- [External Activities \(Office of Compliance and Risk Assurance\)](#)

Intellectual Property Links

- [Ownership of Intellectual Property Faculty Handbook \(Patent Policy\)](#)
- [Disclose Intellectual Property](#)
- [Revenue Distribution Agreement](#)

Role of UAB Employees in UAB Startup Entities

If a UAB employee wishes to be involved with a UAB Startup Entity, prior approval must be obtained before any external activity can be undertaken. Appropriate roles for UAB employees in a UAB Startup Entity are scientific or technical roles (chief scientific officer, chief technical officer, scientific advisor/ consultant).

In general, approval will not be provided if an employee plans to undertake a managerial role such as a chief executive officer, president, vice president, chief financial officer, chief operating officer or principal officer of a UAB Startup Entity.

Conflict of Commitment/External Activity Reporting

UAB employees' primary commitment of time and intellectual energies should be to the education, research and scholarship programs of the university. All university employees are required to obtain approval from their department chairs and dean for any external activity, including a UAB Startup Entity.

As set forth in HR Policy 128, full- time faculty are limited to twenty (20) typical working days per year and no more than five (5) per quarter for all approved external activities, Full-time faculty exceeding this 20-day limit per year are expected to use nights and weekends, vacation, university or personal holidays. Faculty with nine (9) month appointments may use designated time off.

Use of UAB Students

An approved UAB Startup Entity may employ graduate students, post-doctoral students and trainees while they are studying/conducting research at UAB if (a) the employment benefits the student's education/ research in his/her academic field of study; (b) the employment does not interfere with the student's ability to complete or publish the student's dissertation or other academic manuscripts; and (c) the student's department manages the relationship between the faculty member and the student to avoid conflicts that may interfere with the student's education/research and ensures that the student's Individual Development Plan (see below) is adhered to.

If a student is being taught and/or supervised by a faculty member who has an ownership or financial interest in the company, prior to the student's employment, the student, the faculty member, the chair of the student's department and the Graduate School Dean will create and approve an Individual Development Plan (IDP) that delineates appropriate engagement with the company (www.uab.edu/idp).

The faculty member must also (a) ensure that the student's obligations to the company do not interfere with his/her academic obligations and (b) evaluate the student's academic work in a manner that is completely independent of the student's performance for the company

Use of UAB Resources

The use of UAB resources by external entities requires disclosure to, and prior approval by, appropriate departmental and school authorities. The charges for use of the resource must be set at an amount equal to all direct and overhead costs associated with providing the resource and making use of it. Use of UAB resources are governed by a contract between UAB and the external entity, and the UAB Associate Vice President for Financial Affairs must approve the charge structure.

Use of UAB Researchers

A UAB Startup entity may wish for UAB researchers to conduct a project for the company. This is accomplished through an agreement that is negotiated, reviewed and processed through the UAB Office of Sponsored Programs. Projects should be appropriate for the university setting. For example, routine tests and work that are readily available through commercial entities are generally not appropriate to be conducted at UAB.

UAB is required by federal regulation, state law and UAB policies to own any intellectual property developed by its employees and students. However, a research agreement negotiated with UAB allows the sponsoring company to negotiate a license to use any IP developed by UAB while performing the research project.

Alabama Ethics Law

The Alabama Ethics Law applies to public officials and public employees, including full and part-time UAB employees.

Generally, the Alabama Ethics Law requires UAB employees to avoid conflicts of interest and refrain from using public property for personal gain. Unless the business is conducting work at UAB through a negotiated agreement, a UAB employee may not use or cause to be used UAB equipment, facilities, time, materials, human labor, or other UAB property under his/her discretion or control for the private benefit or business benefit of the employee except as otherwise provided by law or pursuant to a lawful employment agreement. Likewise, a UAB employee may not use his/her position with UAB to obtain personal gain for himself/herself, a family member or any business with which the employee is associated.

UAB SBIR/STTR Program Guidance

Plans for proposed research to be conducted at UAB under the SBIR or STTR programs must be reviewed and approved by the UAB PI's division director, department chairs or deans before the SBC submits the application to the federal sponsor.

The entire proposal (not just the UAB subcontract/portion of the research) must be reviewed and approved by UAB, including the budget.

Thorough budget planning is essential, as is the inclusion of all relevant costs associated with the project. This includes direct costs such as personnel salaries, equipment, supplies and materials, as well as indirect costs such as facilities and administrative expenses.

- The review will be based on the following criteria:
- The proposed work has scientific merit.
- The work constitutes good use of UAB research facilities.
- The work does not compromise the faculty member's academic responsibilities or the staff member's responsibilities.
- The subcontract is for a unique and specific scope of work distinct from the research funded by other outside entities, and for work that does not overlap with the UAB faculty member's other research efforts.
- Budgets will reflect full cost recovery (direct and indirect) for the portion of the research project to be conducted at UAB, including the UAB PI and other personnel time.

The SBC PI and the UAB PI completing the subaward portion of the research may not be the same individual. The SBIR/STTR policy, instructions and project percentage requirements/effort make clear that establishing a separation of entities and roles is important. Having the same person on both sides of the collaboration blurs the respective parties' roles, responsibilities and commitments. If UAB faculty are committed 100 percent institutionally to the university, they will not have the effort available to meet the effort requirement of service as the SBC PI for the purposes of SBIR/ STTR. UAB faculty members that want to serve as SBC PIs must be prepared to reduce their time commitment to UAB to less than 100 percent.

An Allocation of Rights agreement for Project IP must be put in place between the SBC and UAB in order for UAB to issue a Letter of Support to the SBC for the proposal.

If the SBC's proposed project will use UAB-owned background intellectual property, the SBC must contact the HIIIE as soon as possible to begin negotiation of an agreement. A background IP agreement must be in place prior to UAB's acceptance of the subaward.

The SBC's portion of the research should be conducted only at the SBC's research facilities, not at UAB or the UAB PI's laboratory.

UAB provides service and support for the UAB side of the research, i.e. letter of intent for collaboration, subcontract execution, etc. but is unable to assist the SBC with the company portion of an SBIR/STTR or other company proposal for research.

If you have any questions about any of this information, please email innovation@uab.edu.

We know this is a lot of information to digest. This Startup Guide is simply a resource for you to refer to as needed and is not intended to replace bespoke advice from our office, an experienced mentor or an attorney. We'll leave you with some important tips to keep in mind throughout this journey. Good luck!

What You Should Do

- Find a trusted mentor.
- Talk to potential clients and customers.
- Build a strong, passionate team.
- Prepare an attention-grabbing elevator pitch (one minute or less).
- Practice your company pitch and/or presentation for investors.
- Network with other local entrepreneurial community members.

What We Can Do

- Help you find a mentor and/or potential team members, such as a CEO or PI for SBIR/STTR funding.
- Help you prepare an elevator pitch and company slide deck.
- Introduce you to other members of the local entrepreneurial ecosystem.
- Protect your intellectual property.
- Provide market and competition analysis.

Checklist for UAB Startup Entrepreneurs

- ☐ Validate technology and market through Blazer App Accelerator program
- ☐ Fulfill obligations in school or department for conflicts of interest and commitment disclosures
- ☐ Identify potential CEO and board members to help guide company
- ☐ Obtain startup approval for new company
- ☐ Ensure sufficient capital exists to cover startup expenses
- ☐ Negotiate equity split agreements with help of legal counsel
- ☐ Choose name for startup
- ☐ Incorporate new company with help of legal counsel
- ☐ License technology from UABRF
- ☐ Have logo designed and begin building web presence
- ☐ Purchase insurance for startup company
- ☐ Create pitch deck and business plan
- ☐ Raise nondilutive or investment dollars for startup company

Find more information at [our website](#), or email innovation@uab.edu with questions.

Financial Terms Related to a License Agreement

- **License Fee:** An upfront amount that is paid by a startup company to the Licensor (University) as partial consideration for the grant of the License to the startup.
- **Equity** (also referred to as **Shares** or **Stock**): An ownership interest in the startup granted to the Licensor as partial consideration for the grant of the License to the startup. This is typically common stock in the company unless the Licensor has made a financial investment in the startup.
- **Common Stock:** Common stock is a form of stock (equity) that is typically granted to founders and sometimes to management who join the company at an early date. When a company winds down, common stockholders are typically last in line with claims to corporate assets after all other financial obligations (debt holders, preferred stockholders, etc.) of the companies have been met.
- **Preferred Stock:** Preferred stock is a type of stock (equity) that offers those shareholders both fixed dividends and a higher claim on assets than common stock. Unlike common stockholders, preferred stockholders usually have no voting rights and, thus, no say about the future of a company.
- **Anti-Dilution:** A term usually found in licenses to University spinoff businesses. It is the amount of dilutive capital the startup needs to raise from third parties before the Equity interest of the Licensor in the startup is subject to dilution.
- **Royalty:** A specific percentage of the net sales of the licensed product or services sold by the startup that is shared with the Licensor.
- **Milestone:** A payment due to the Licensor when the licensed product being developed by the startup reaches a particular stage in its development. For example, a therapeutic drug may have a milestone payment triggered when it has completed Phase I clinical trials.
- **Non-Royalty Income:** A broad umbrella term that is intended to allow the Licensor to capture a percentage of anything received for value by the startup in exchange for granting a sublicense to a third-party.
- **Sublicense fees:** An example of Non-Royalty Income wherein the startup receives an upfront fee from a sublicensee in consideration for granting a sublicense.
- **Minimum Annual Royalties:** A guaranteed payment to the Licensor once a licensed product is available commercially.
- **Patent (Intellectual Property Protection) Expenses:** Costs incurred by the Licensor in connection with protecting the licensed Intellectual Property. These are expected to be reimbursed by the startup to the Licensor.

Financial Terms Related to the Company

- **LLC:** A Limited Liability Company (LLC) is a business structure that shields its owners' personal assets from the company's debts. To create an LLC, you need to file articles of organization with the state where you form the business. For tax purposes, an LLC is considered a "pass-through" entity, meaning the company's profits and losses are reported on the owners' personal tax returns. An LLC's owners are called members, and they may be individuals, corporations, other LLCs, trusts, and other legal entities.
- **C Corp:** A C Corporation (C Corp) is a business structure where the startup and its owners or shareholders are taxed independently. This structure protects investors and owners from losing more than their investment if the business fails. C corporations must hold annual meetings and have a board of directors chosen by the shareholders.
- **S Corp:** An S Corporation (S Corp) is a type of business structure where the startup and its owner are not separate entities. This means the owner can be personally responsible for the startup's debts and obligations. The owner has full control over the startup and reports the startup's income and losses on their personal tax returns.
- **Angels:** Angel investors are individuals who provide capital, typically in exchange for equity or convertible debt, to startups or early-stage businesses. Angel investors typically don't provide input or expertise to the startup. They also typically don't require or get board representation in the startup.
- **Venture capitalists:** A venture capitalist (VC) is an investor who provides capital and expertise to startups and young, privately held companies with high-growth potential. There is more due diligence required before a VC will invest in a startup and typically VCs have board representation in the startups in which they invest.
- **Stock Purchase Agreement:** A stock purchase agreement outlines terms and conditions for the sale and purchase of shares of stock between a buyer and a seller. A startup organized as a corporation will use a stock purchase agreement to transfer its shares to the Licensor if equity in the startup was negotiated as part of the license agreement.
- **Membership Interest Agreement:** A membership interest agreement is like a stock purchase agreement but applies to LLCs rather than corporations. A startup organized as an LLC will use a membership interest agreement to transfer ownership interest between the members of an LLC and between the LLC and a third party, such as the Licensor.

- **Operating Agreement:** An operating agreement is a contract created by members of an LLC. It outlines the business's direction and helps organize its operations and management. It is similar to articles of incorporation, which govern a corporation's operations. It is an essential document when setting up an LLC.
- **Option Pool:** An option pool is a portion of a startup's equity set aside to grant stock options to employees and advisors. It is used to attract investment or talent when the company is still growing and not yet generating revenue. Typically, option pools make up 15-25 percent of the initial equity.
- **Pre-money valuation:** Pre-money valuation is the value of a startup before it receives any new investment. This valuation helps determine the startup's price per share and the amount of equity investors will receive in return for their investment.
- **Stock option:** A stock option or equity option grants investors or employees of a startup an opportunity to purchase equity in the startup at a specific price at their discretion.

Legal Terms in a License Agreement

- **Liability:** The liability section in a license outlines the parties' responsibilities and obligations with respect to any potential losses, damages, or breaches that may occur. This section is crucial because it defines who will be financially responsible if something goes wrong.
- **Indemnification:** The indemnification section in a license protects one or both parties to the license from certain types of harm or losses. In this section, one or both parties agree to cover any costs or damages that the other party might incur because of issues related to the license or the use or sale of a licensed product. It is a way to ensure that the party responsible for the issue will take care of the financial consequences.
- **Representations:** In a license, representations are statements made by one party about certain facts or conditions that are true at the time the license is executed.
- **Warranty:** In a license, a warranty is a promise that certain facts or conditions will remain true after the contract is executed.
- **Confidentiality:** In a license, a confidentiality clause safeguards confidential information exchanged between the parties.

Agreement Types

- **License:** The contractual agreement between the Licensor and the startup that gives the startup the right to exploit the Intellectual Property.
- **Option:** A time limited agreement (rarely more than a year) that the prospective startup may request the Licensor to not market the Intellectual Property to a third party as the prospective startup explores the viability of creating a startup.
- **CDA (Confidential Disclosure Agreement) / NDA (Non-Disclosure Agreement):** An agreement between two parties who wish to exchange confidential information that ensures the party receiving confidential information is legally bound to maintain the confidentiality of the information, including by not disclosing the confidential information to a third party.
- **Terms Sheet:** Usually a non-binding document that enables the startup and Licensor to discuss the financial and other business terms that would be subsequently memorialized in a license agreement.

Patent Terms

- **Provisional application:** A provisional patent application is an initial step in the patent process that allows inventors to secure an early filing date (the priority date) for their invention. The priority date can be crucial by providing a competitive edge in securing patent protection, giving inventors time to improve their invention, and protecting the inventors' ability to obtain a patent if their invention is disclosed in a publication or presentation. Inventors can claim "patent pending" status for their invention after filing a provisional application.
- **Non-Provisional Application:** A non-provisional application (or utility patent application) is the application that will be reviewed by a patent examiner and undergo prosecution until the application is granted, rejected, or abandoned.
- **Patent Claims:** Patent claims define the boundaries of the invention covered by the patent application or issued patent. Patent claims are the final section of patent applications and issued patents, and most patents contain multiple claims, beginning with the broadest definition of the invention and becoming progressively narrower. All non-provisional applications and issued patents must contain at least one claim, though patent claims are not required in a provisional patent application.
- **Conversion:** The process of converting a provisional patent application into a non-provisional application.

- **Continuation:** A continuation application is a separate filing from an original non-provisional application ("the parent application") that allows an inventor to pursue additional claims of the invention. The claims in a continuation application must be based on subject matter disclosed in the parent application, and the continuation application must be filed before the parent application is issued or abandoned. The continuation application has the same priority date as the parent application.
- **Continuation in Part:** A continuation in part application, or CIP, allows an inventor to pursue additional claims to an invention based on new subject matter that was not part of the parent application. The CIP filing date will be the new priority date for the claims based on the new subject matter. As with a continuation application, a CIP must be filed before the parent application is issued or abandoned.
- **Divisional:** A divisional application is a separate filing from a parent application, and it allows an inventor to pursue claims for an additional invention that was originally claimed or disclosed in the parent application. A divisional application is often filed in response to a restriction requirement made by a patent examiner, which occurs when the patent examiner identifies multiple independent inventions claimed in the parent application and requires the applicant to choose which invention to pursue in the parent application. The divisional has the same priority date as the parent application.
- **PCT application:** A Patent Cooperation Treaty (PCT) application is a single international patent filing that allows an applicant to seek patent protection in more than 150 countries that are contracting states under the PCT. PCT applications go through an initial, preliminary international examination, which includes a search for existing related patents, but the granting of patents in individual countries remains under the control of each national patent office and occurs after national phase entry.
- **National Phase:** National Phase entry is the process to continue prosecution of a PCT patent application directly in the countries where patent protection is sought. After National Phase entry, each country's patent office (or the European Patent Office) examines the application and determines whether to grant a patent based on that country's laws and regulations. The deadline for national phase entry is 30 months (with a few exceptions) from the earliest priority date.

The Harbert Institute team wishes to recognize Harvard University, Johns Hopkins University, Florida Atlantic University and Stanford University for their tremendous startup guides, all of which inspired the UAB Startup Guide (with considerable adaptations to reflect the policies and practices of the University of Alabama at Birmingham and the Harbert Institute for Innovation and Entrepreneurship).

