

## **For Researchers: Best Practices for Start-ups**

This guidance was developed using policies from research institutions with long histories of successful technology transfer programs supporting researcher-led companies.

### **Background**

A researcher-associated new business venture (hereafter referred to as a “start-up”) is defined as a company where the original intellectual property originates with the researcher, where the researcher is a founder and has a significant equity position in the company, or where the researcher has an influential role in determining the direction of the company. Start-ups are both opportunities and challenges for Chapman University.

Chapman is an institution of public trust, with education and research as its mission and a requirement to maintain openness in research. Therefore, an entrepreneurial activity must be balanced by carefully reviewing the proposed relationships, which may or may not be allowed. These relationships may require active management to assure openness in research, academic freedom for trainees, and a clear understanding of how conflicts of interest are managed.

Chapman is committed to avoiding either perceived or actual conflict of interest issues concerning start-ups. Both Chapman and its researchers have responsibilities to optimize technology transfer and mitigate conflicts of interest when licensing Chapman IP to a start-up is considered.

### **University Responsibilities**

The University makes licensing decisions based on its professional judgment about technology transfer to achieve the best possible benefit to the public without undue influence from internal or external parties.

The University undertakes several steps and considerations in transferring technology while managing conflict of interest effectively. First, the University markets all Chapman technology to ensure fair and open access to potential licensees – start-ups founded by or involving Chapman researchers should not receive or be perceived to receive preferential treatment. Second, Chapman researchers cannot represent the potential licensee and must not negotiate directly with the University. Third, Chapman licensing agreements may be exclusive or non-exclusive depending on what is most suitable for a given technology. Finally, the researcher’s Dean and the VP for Research must review any actions that present a potential conflict of interest, specifically:

- Under [Chapman and federal policy](#), the researcher must disclose any interest (consulting fees or equity) in the start-up via a “Research disclosure” in the [Cayuse](#)

[Outside Interests](#) system, which will be reviewed by the researcher's Dean and the VP for Research.

- The researcher must agree to separate all University responsibilities from all company responsibilities according to the criteria listed under Researcher Responsibilities.
- Chapman may proceed with licensing only if the conflict is deemed manageable by the VP for Research.

### **Researcher Responsibilities**

Researchers are urged to contact the Office of Industry Alliances and Commercialization early in the process when contemplating starting a new company to license Chapman IP. The Office of Research will assist the researchers in developing a conflict management plan for the new company that complies with Chapman's conflict of interest and conflict of commitment policies.

Researchers are responsible for separating all University duties (in research, teaching, and service) from personal financial interests in the company.

### **Researchers must:**

- Separate and clearly distinguish ongoing University research from work being conducted at the company.
- Limit consulting for the company to a maximum of one day per workweek while on appointment at Chapman, per University policy ([link](#)).
- Serve only in advisory or consultative roles at the company
- Seek prior approval from the dean to accept a managerial role or title (e.g., CTO) that includes management responsibility. Such approval shall not be given automatically. The terms of the approval will be documented in a management plan. See 4.8 of the Institutional Conflict of Interest and Conflict of Commitment Policy for more information.
- If approval is not given to take on a leadership or management role concurrent with a full-time Chapman appointment, take a leave of absence to engage in a management role.

### **Researchers must not:**

- Negotiate with the University on behalf of the company.
- Receive gifts or sponsored research from the company.
- Involve University research staff or other University staff in company activities. Company personnel cannot be affiliated with the University.
- Involve company personnel in Chapman research.

- Involve current students in company activities. If a student asks to take a leave of absence to participate in the company, the student should be referred to the Dean and VP for Research to review the request and decide if it is allowable.
- Involve junior researchers that they supervise in company activities. Even if the researcher does not have a supervisory role, they should avoid situations in which junior researchers might feel expected to be involved in the company.
- Use University facilities for company purposes.
- Undertake human subject research related to the company at the University as PI or Co-PI.
- Supervise researchers who are PI/Co-PI for human subject research related to the company.

### **‘Pipelining’**

The researcher often wishes to continue to do research at Chapman in the area of interest to their start-up. Chapman is particularly concerned about the use of University resources that benefit the company, especially new companies that do not have their own facilities or many employees (i.e., the “virtual” company). Chapman should not be the research or development arm of a start-up. If a new follow-on or improvement invention is developed after the original dominating technology has been licensed to the start-up, Chapman will still market that technology to all potentially interested parties. Exclusive licenses will not always be granted to the start-up, even if there is no other interest. In cases where the original technology dominates the subsequent developments, sometimes a nonexclusive license will suffice. If, in the interest of effective technology transfer, it is reasonable to grant an exclusive license to the follow-on technology, the exclusivity may be mitigated by a shorter term of exclusivity, limited field of use, increased diligence, etc. Any new license is subject to conflict of interest review and approval.

### **Wind-Down of Licensed Intellectual Property:**

Researcher inventors are expected to wind down ongoing research in the particular area that the start-up will commercialize. The inventor is required to stop initiating new work on the technology at Chapman (that is, using University resources) when their technology is licensed to the inventor start-up. Since it may take several months to wind down ongoing research, the inventor needs to plan accordingly and begin the wind-down of the Chapman activities in accordance with the conflict management plan before the licensing takes place.

New research grant submissions must be to initiate new work, not develop the licensed technology further. Any current and pending sponsored projects will be assessed for overlap with the start-up company’s activities and documented as part of the conflict management plan.

It's important for inventors to understand that this guidance is intended to enable them to succeed in translating their technologies into use without jeopardizing the mission or funding status of Chapman University.

**Policy References:**

- Sponsored Activity Disclosure Policy for Investigators and Directors
- Institutional Conflict of Interest and Conflict of Commitment Policy
- SBIR STTR conflict management strategies (bottom of the page)

**Revision History:**

- April 2024 – Updated to reference to new policies policy.
- April 2023 – Added a statement for inventors to contract the Office Industry Alliances and Commercialization early in the process; Provided further details about the wind-down process and clarified that wind-down would occur at the licensing rather than the options stage.
- April 2022 – Original publication date.