The University of Toledo ("University") may accept equity or warrants in a start-up company as partial consideration for a license agreement. The license agreement will include language that allows the University to assign its rights in any such equity interest to a third party designee. The University has designated Science, Technology, and Innovation Enterprises or a direct or indirect affiliate of Science Technology and Innovation Enterprises to receive equity interests or warrants in start-up companies, subject to acceptance and approval of the assignee.

Purpose of policy

Provide a procedure for the assignment and liquidity of equity interests or warrants obtained by the University through a license agreement.

Procedure

1. The University will promptly notify Science, Technology, and Innovation Enterprises, in writing that it is in the process of licensing technology to a start-up company that includes an equity interest.

2. The University will put an agreement in place with Science, Technology, and Innovation Enterprises before the equity interest is transferred.

3. The University will promptly notify, in writing, Science, Technology, and Innovation Enterprises as soon as it receives notice from its licensee that the licensee is planning a liquidity event. Liquidity event includes, but is not limited to, an initial public offering, purchase and sale of an ownership interest, merger, and any other type of exit strategy or liquidation used by the licensee.
(4) The assignee will have sole discretion and control in the disposition of equity interests assigned to the assignee by the University. The assignee shall exercise independent judgment in evaluating, negotiating, and accepting the terms and conditions of any liquidity event.

(5) If the liquidity event is a sale of equity in the public market, the assignee will make arrangements for the sale of the equity in the public market in an orderly fashion at the end of any “lock-up” period.

(6) Upon completion of the liquidation event, the assignee will transfer the proceeds to the University’s office of research so it may distribute the funds in accordance with the University’s patent policy.

Approved by:

Lloyd A. Jacobs, M.D.
President

December 10, 2012
Date

Review/Revision Completed by.
Vice President for Research;
Associate Vice President
Technology Transfer

Policies Superseded by This Policy:
• Former 3364-70-13, effective date June 11, 2009

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Review/Revision Date: December 10, 2012
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