

Policy to inform Student Entrepreneurs on issues including IP and Partnerships

TTU Innovation and Entrepreneurship Committee

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Preamble: It is the objective and purpose of the members of the TTU I&E committee (committee) and related participants to support student experiential learning in innovation and entrepreneurship. The committee is organizing certificates, resources, courses, informal classes, competitions and other items to support this effort. Desired outcomes will include students that go on to work for startup business in technical or innovative fields, students that go on to start businesses in technical or innovative fields, students that succeed in existing commercial organizations by practicing innovative and entrepreneurial activities.

Areas of expertise: The committee is formed members trained in fields of academic, research, support and business development. The committee has members with unique areas of expertise. However, it is not the intent of the committee to provide specific expertise. Rather, the intent of the committee is to create an environment in which students can learn and practice innovative and entrepreneurial efforts.

Ownership of IP. Students that create innovative ideas at TTU may have ownership of the intellectual property behind that idea. The current THEC policy states that the student retains ownership of any intellectual developments that occur while enrolled at TTU as long as they do not exceed a “substantial use” of TTU resources in any of the activities that lead up to the award. Examples that may almost certainly place an idea into substantial use: 1) if the idea came from a project supported by an outside agency and introduced during an course in which the student is enrolled at TTU, 2) the idea came from research work or other work in which the student was being paid in some fashion, or 3) the idea came from research or other work being done at the request or support of an outside agency to TTU, or 4) the idea developed from experiments conducted in a lab managed by a faculty member for the purpose of conducting externally funded research. Examples that will not place the idea as substantial use: 1) an idea the student has outside of class, 2) an idea the student has during a class, perhaps as an assigned project, but is not supported or brought by an outside entity, 3) an idea a student is working on using iMakerspace, iCube or other library resources, 4) an idea a student is doing in an extracurricular fashion but using a modest amount of TTU resources.

Protecting IP: If the IP has potential ownership by the University, the student should submit a TTU intellectual property disclosure. In this case TTU can choose to take the burden of protecting the IP. If the IP is owned by the student, the student needs to protect the IP on their own. Tools that can be used include: good documentation, Non-disclosure agreements, Patents, Copyrights, Trademarks, or keeping the idea a secret (trade secret). The committee attempts to schedule at least one training session a year on this important issue. However, the committee in no way is responsible or able to expertly guide a student on specific IP protection issues.

Partnerships: In many situations students enter into partnerships, formally or informally to pursue innovative and entrepreneurial idea. Such partnership can be a valuable and important part of successful enterprises. Partnerships are legally recognized entities for business enterprise by the US government. However, negotiating conflict or managing diverging interests among members can be challenging. Therefore, the committee recommends that all students entering a partnership develop a strategy to manage conflicts and consider how members enter or leave the partnership and methods to make decisions. This is best done with a written and signed partnership agreement. See below for two examples.

Mentorships, Investment and support from non-TTU members: You may be introduced to outside mentors, investment or other support as you grow as an entrepreneur. These are valuable resources to your startup. However, please keep in mind that such relationships fall outside the traditional model for TTU students and faculty, and that TTU cannot exert training, requirements or enforce any actions with non-students/employees of TTU. We recommend that you are construct an working agreement with outside members, much like a partnership agreement, and further we recommend that you seek advice or counsel prior to taking financial or other resources from outside partners while still a TTU student.

Other helpful information: IRS Student Entrepreneur website:

<https://www.irs.gov/individuals/students/students-page-young-entrepreneurs>

SAMPLE PARTNERSHIP AGREEMENT

This PARTNERSHIP AGREEMENT is made on _____, 20__ between
_____ and
_____.

1. **NAME AND BUSINESS.** The parties hereby form a partnership under the name of _____ to conduct a _____ business. The principal office of the business shall be in _____.

2. **TERM.** The partnership shall begin on _____, 20____, and shall continue until terminated as herein provided.

3. **CAPITAL.** The capital of the partnership shall be contributed in cash by the partners as follows: _____ A separate capital account shall be maintained for each partner. Neither partner shall withdraw any part of his capital account. Upon the demand of either partner, the capital accounts of the partners shall be maintained at all times in the proportions in which the partners share in the profits and losses of the partnership.

4. **PROFIT AND LOSS.** The net profits of the partnership shall be divided between the partners and the net losses shall be borne by them according to the ratio as follows: _____ A separate income account shall be maintained for each partner. Partnership profits and losses shall be charged or credited to the separate income account of each partner. If a partner has no credit balance in his income account, losses shall be charged to his capital account.

5. **SALARIES AND DRAWINGS.** Neither partner shall receive any salary for services rendered to the partnership. Each partner may, from time to time, withdraw the credit balance in his income account.

6. **INTEREST.** No interest shall be paid on the initial contributions to the capital of the partnership or on any subsequent contributions of capital.

7. **MANAGEMENT DUTIES AND RESTRICTIONS.** The partners shall have equal rights in the management of the partnership business. Each partner is allowed to have other duties, assignments, jobs, classes or other obligations and is not expected to devote their entire time to the conduct of this business. Each member agrees to meet on a regular basis of the following frequency: _____. Further, each member agrees to commit the following amount of time on a regular basis as described as follows: _____. The duties of the partners can change by agreement of all partners and defined here in writing.

Without the consent of the other partner neither partner shall on behalf of the partnership borrow or lend money, or make, deliver, or accept any commercial paper, or execute any mortgage, security agreement, bond, or lease, or purchase or contract to purchase, or sell or contract to sell any property for or of the partnership other than the type of property bought and sold in the regular course of its business.

8. **BANKING.** All funds of the partnership shall be deposited in its name in such checking account or accounts as shall be designated by the partners. All withdrawals are to be made upon checks signed by either partner.

9. **BOOKS.** The partnership books shall be maintained at the principal office of the partnership, and each partner shall at all times have access thereto. The books shall be kept on a fiscal year basis, commencing _____ and ending _____, and shall be closed and balanced at the end of each fiscal year. An audit shall be made as of the closing date.

10. **VOLUNTARY TERMINATION.** The partnership may be dissolved at any time by agreement of the partners, in which event the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The partnership name shall be sold with the other assets of the business. The assets of the partnership business shall be used and distributed in the following order: (a) to pay or provide for the payment of all partnership liabilities and liquidating expenses and obligations; (b) to equalize the

income accounts of the partners; (c) to discharge the balance of the income accounts of the partners; (d) to equalize the capital accounts of the partners; and (e) to discharge the balance of the capital accounts of the partners.

11. **DEATH.** Upon the death of either partner, the surviving partner shall have the right either to purchase the interest of the decedent in the partnership or to terminate and liquidate the partnership business. If the surviving partner elects to purchase the decedent's interest, he shall serve notice in writing of such election, within three months after the death of the decedent, upon the executor or administrator of the decedent, or, if at the time of such election no legal representative has been appointed, upon any one of the known legal heirs of the decedent at the last-known address of such heir. (a) If the surviving partner elects to purchase the interest of the decedent in the partnership, the purchase price shall be equal to the decedent's capital account as at the date of his death plus the decedent's income account as at the end of the prior fiscal year, increased by his share of partnership profits or decreased by his share of partnership losses for the period from the beginning of the fiscal year in which his death occurred until the end of the calendar month in which his death occurred, and decreased by withdrawals charged to his income account during such period. No allowance shall be made for goodwill, trade name, patents, or other intangible assets, except as those assets have been reflected on the partnership books immediately prior to the decedent's death; but the survivor shall nevertheless be entitled to use the trade name of the partnership. (b) Except as herein otherwise stated, the procedure as to liquidation and distribution of the assets of the partnership business shall be the same as stated in paragraph 10 with reference to voluntary termination.

12. **ARBITRATION.** Any controversy or claim arising out of or relating to this Agreement, or the breach hereof, shall be settled by arbitration in accordance with the rules, then obtaining, of the American Arbitration Association, and judgment upon the award rendered may be entered in any court having jurisdiction thereof.

Executed this _____ day of _____, 20____ in _____
[city], _____ [state].
