

Millions of Federal Dollars Available for Florida Entrepreneurs

How-to Workshop to be held in Gainesville, April 2

For business owners seeking funding to get a technology-based business off the ground, the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs are veritable cash cows. Better still, these programs supply dollars that do not have to be paid back.

A quick overview of the details: the Small Business Innovation Development Act of 1982 required all federal agencies with outside R&D budgets over \$100 million to funnel 3% of these budgets into SBIR programs. Since its inception, the SBIR program has handed out more than

50,000 SBIR awards, for a total of about \$10 billion.

The STTR program is the SBIR's younger sibling, representing smaller dollar amounts and requiring small businesses to team with a federal lab or university. The major difference between the two initiatives is the mandatory participation by nonprofit R&D institutions in STTR.

The purpose of these programs is fourfold: 1) to stimulate private sector technological innovation, 2) to strengthen the role of small business in meeting federal research and development needs, 3) to increase the commercial application of these research

results, and 4) to encourage participation of socially and economically disadvantaged persons and women-owned small businesses. SBIR and STTR applicants need not have a company already in place to submit a successful proposal.

Opportunities for Florida businesses to increase SBIR/STTR funding

Gainesville area entrepreneurs will have a unique opportunity to learn from industry insiders Jim and Gail Greenwood (<http://g-jgreenwood.home.att.net>) how to access these funds at the **SBIR/STTR Phase I Proposal Preparation Work-**

shop April 2 at the Hilton University of Florida Conference Center. The Greenwoods are nationally known for their expertise and success in helping companies and entrepreneurs achieve success in these programs.

According to Jim Greenwood, "Florida has room to grow in its efforts to bring these funds to the state." Despite high success ratios – one out of every seven properly completed proposals gets funded, and about half of Phase I winners have never won an SBIR before – Florida remains fairly low on the list of states accessing these free federal funds.

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Why Patent? Abraham Lincoln Answers

Researchers often ask, why go to the trouble and expense to file for a patent? If my research might result in some useful product, why not just publish my data as I'm used to doing, and let anyone who wants to use it? If one of our goals is to advance knowledge for the benefit of all humanity, isn't publication the best way to maximize the opportunity for people to have access to the information they need?

From another perspective, some researchers may well ask: if I have invented something of great potential value, why should I tell anyone anything about how I did it? Why should I make it

easy for anyone to compete with me?

The first question can be answered very simply, on a pragmatic level: few companies will take on the expense and risk of product development, manufacturing and marketing of new technology without the limited protection from competition a patent offers, and in some industries, like biotechnology, almost none will. In such industries, companies incur a great deal of expense and technical risk before getting to market. If the entrepreneur had no patent protection, competitors could simply wait to see if the product worked, and then quickly and at lower cost and

minimal risk, start selling the same product. So paradoxically, many perfectly good inventions that enter the public domain never get manufactured at all. That was the sad fate of many inventions from U.S. universities and other federally funded research centers until the laws were changed in 1980.

But if a monopoly is good for the inventor or entrepreneur, why should it ever end? Why is the patent only a limited monopoly? The answer is that the patent system has evolved as an attempt to balance public and private interests in the benefits of inventions.

The oldest and simplest form of intellectual property protection is to keep your invention secret, and indeed trade secrets remain a widely used form of intellectual property protection that can last indefinitely. But the protection keeping something secret offers is obviously limited. If someone else either independently stumbles on the same idea, or can figure out your secret by reverse engineering your product, then you've lost all protection. The state offers its protection to you only if you agree to share your invention after you've had a fair chance to profit from it.

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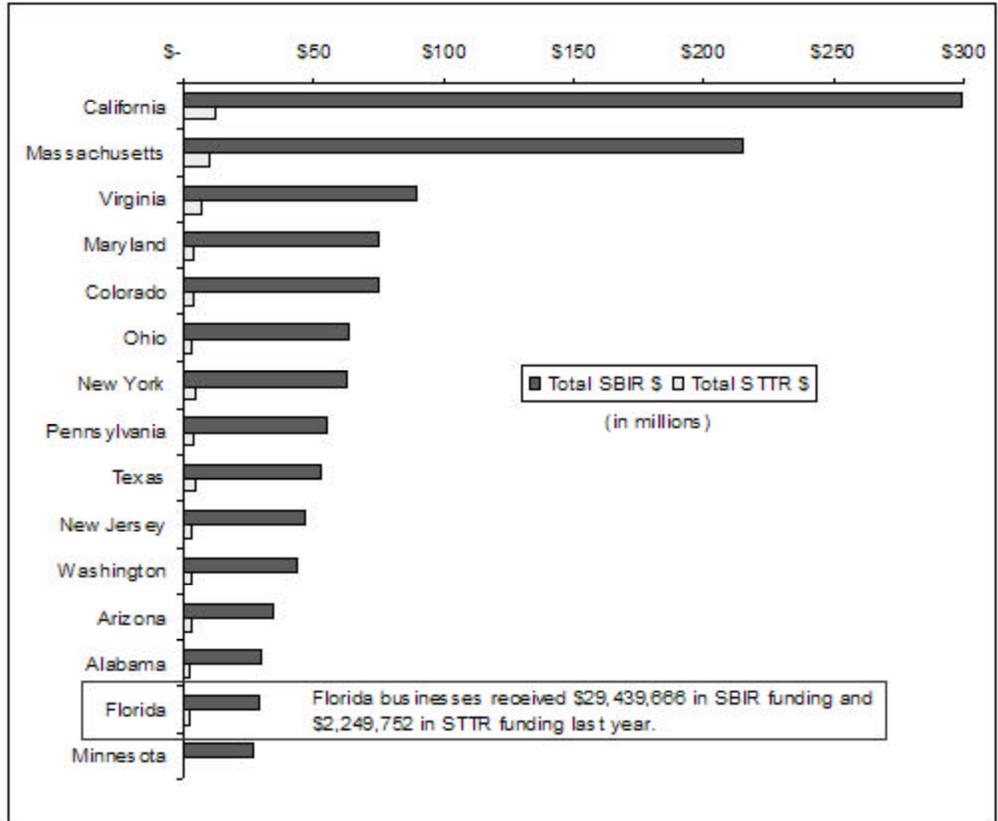
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The April workshop, sponsored by Gainesville Area Innovation Network (GAIN) and the University of Florida EDA University Center, is the first step to completing a successful application for these funds. It will provide a step-by-step proposal strategy, tips on compliance and government cost accounting, sample proposals, and other information necessary for navigating the application process.

“Motivated, organized business owners who want to jump-start their technology-based enterprises should not miss this workshop,” said Jane Muir, Associate Director of UF’s Office of Technology Licensing and Director of its new business development catalyst, University of Florida EDA University Center.

For more information about the SBIR/STTR Phase I Proposal Preparation Workshop, contact Terry Lemesh, University of Florida EDA University Center Coordinator, at (352) 846-1840 or by email at tlemesh@ufl.edu. ♦

Top 15 States in Terms of SBIR and STTR Dollars Received, FY2003



<p style="text-align: center;">SBIR/STTR Phase I Proposal Preparation Workshop</p> <p style="text-align: center;">April 2, 2004 7:30 a.m. - 4:30 p.m. Hilton University of Florida Conference Center 1714 SW 34th Street Gainesville, FL 32608</p> <p style="text-align: center;">Registration deadline: March 29, 2004. Continental breakfast and lunch will be provided.</p> <p>Sponsored by Gainesville Area Innovation Network and the University of Florida EDA University Center. Complete and return this form with your registration check (payable to G.A.I.N.) to: Terry Lemesh, P.O. Box 115500, University of Florida, Gainesville, FL 32611.</p>	<p style="text-align: center;">Proposal Preparation Workshop Registration</p> <hr/> <p>Name and Organization</p> <hr/> <p>Address</p> <hr/> <p>Email Address</p> <hr/> <p>Phone Number</p> <p><input type="checkbox"/> GAIN Member \$50.00 <input type="checkbox"/> Non-GAIN Member \$75.00</p>
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Why Patent? Abraham Lincoln Answers

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The rulers of renaissance Venice were apparently the first to guarantee inventors a limited monopoly, as a way of attracting new technology to the city-state. (Of course, the invention had to be both new and useful for the duke to agree to put his stamp of authority behind it. Eventually, the description of what is patentable evolved to the present-day “novel, non-obvious and useful,” with much interpretation of those simple words.)

President Abraham Lincoln, whose credentials included an issued patent of his own, may have expressed the point most poetically: “[The Patent laws began] in this country, with the adoption of our constitution. Before then, any man might instantly use what another had invented; so that the inventor had no special advantage from his own invention. The patent

system changed this; secured to the inventor, for a limited time, the exclusive use of his invention and thereby added the fuel of interest to the fire of genius, in the discovery and production of new and useful things.”

The U.S. Constitution says it clearly in Article I, Section 8: “The Congress shall have the power—to promote the sciences and useful arts, by securing for limited time to authors and inventors the exclusive rights to their respective writings and discoveries.” (Word definitions have changed since the Constitution was written. “Sciences” corresponds more closely to what we would call knowledge; the useful arts is essentially technology.)

Supreme Court Justice Frankfurter explained the delicate balance this way: “The average person reaps the benefits of this form of property

because the inventor has created it under a patent system that rewards the inventor *only* if society *does* derive benefit from it.” In other words, you don’t get paid just for inventing something; you only get paid if someone manufactures and can actually sell your invention to the public.

In Germany, at one time, this requirement was codified in even stricter form. If you didn’t commercialize your invention, you could actually lose the rights before the term was up. At other times, however, patents were denigrated. In the 1960s the prevailing attitude in U.S. courts seemed to be that patents were the tools of monopolists, and just about any challenge to a patent was accepted. Now scholars believe that that attitude may have contributed to reduced innovation. In the 1970s

industrial and international competitiveness became a hot topic, and patents have swung back into favor, and private sector innovation is back up.

There is another aspect of the patent system’s balance that is sometimes less appreciated, especially by inventors who forget what Isaac Newton is reputed to have said upon admission to the Royal Society: “If I have seen further than other men, it is because I have stood on the shoulders of giants.” (Gracious as it sounds, some say he meant it sarcastically, but we’ll ignore that for the moment.) The argument runs that inventions are not made in a vacuum; almost all progress is made building on work that has gone before. If an inventor wants to take fair advantage of all earlier work, then he must be willing to make his own work available for others. ◆

Venture Capital - the Window of Opportunity is Open

Industry experts nationwide agree, investors are ready to spend. And thanks to the high-quality research coming out of Florida universities, our state is a prime funding target.

According to VC-news firm VentureOne’s quarterly indicator report, venture capital investment completed almost 500 financing rounds in fourth quarter 2003 alone. “The amount of dollars invested also increased in early-stage financing rounds, by 35% for seed and first rounds combined,” said the report. VentureOne also noted 13 venture-backed IPOs during the same quarter, underscoring the comparatively small role IPOs play in raising capital.

Where are venture capital firms most eager to invest? According to VentureOne, “Software continues to be the most active segment” as far as number of financing rounds, while biopharmaceuticals topped the rest in investment dollars. The PricewaterhouseCoopers/Thomson Venture Economics/National Venture Capital Association MoneyTree™ Survey reports that for fourth quarter 2003, “investment in life sciences [biotech and medical devices] companies outpaced other industry sectors.”

Experienced Managers Draw VC Funds

One caveat regarding this investment momentum, according

to a January article in the Minneapolis Star Tribune: “Fledgling companies with an experienced management team are more apt to lure those investment dollars than a beginning entrepreneur with a great idea.”

This is one reason for the University of Florida EDA University Center (UF/EDA-UC), which operates within UF’s Office of Technology Licensing (OTL). The program, funded in part by the U.S. Department of Commerce Economic Development Administration, brings together all pieces of the business-creation puzzle: technology, experienced leadership, facilities and resources, and investment.

Facilitating connections between the right players in the right place at the right time has played a significant role in the recent funding successes of UF spin-off companies such as AGTC, Regeneration Technologies, Inc., and many others. “Technology is important to investors, but a proven management team and the ability to successfully commercialize new technologies is key,” according to David Day, OTL Director. Day looks for “experienced business people who understand what it takes to start a company and who are excited about bringing life-changing products to market.”

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Housed within the UF Office of Technology Licensing, the UF/EDA-UC is at the pulse point of high-tech start-up activity. And because of the tremendous volume of research generated at UF and the user-friendly reputation of its OTL, the UF/EDA-UC serves as a magnet for entrepreneurs and investors seeking new opportunities. The UF/EDA-UC collaborates with many public and private organizations to foster new business creation. Its goal is to take full advantage of the increasing VC presence in Florida and the spotlight on UF's burgeoning capabilities in particular. The influx of venture capital and business

development expertise promises to create myriad prospects for our investment community.

Florida's Advantage

"For venture capital firms specializing in early stage investment," reports tech transfer research company UVentures, "many are looking to university-based startups since these firms often have well-developed technologies and have been supported through the earliest research stages by government and academic funding."

Simultaneously, large VC firms nationwide are realizing the value of taking their money and management expertise to

the entrepreneurs. There is a trend to move beyond Silicon Valley and plant offices in communities where VCs can influence business development and infrastructure from the ground up, providing start-to-finish funding. Village Ventures, a 15-fund initiative representing \$280 million, is one such enterprise, aimed at positioning early-stage VC firms as local businesses.

Inflexion Partners is part of that initiative, formed to take advantage of a "venture gap" opportunity in Florida. Inflexion brings a \$10 million investment to the state, as well as the considerable business development and network-building know-how of \$100

billion parent firm Bain, Highland, Sandler & Janus.

According to Dan Rua, Inflexion's Managing Partner, the Gainesville area is a new business growth hotspot. Rua says the University of Florida is lucky to have an aggressive Office of Technology Licensing, boosted now by its business-development catalyst, the University of Florida EDA University Center.

OTL and the UF-EDA/UC will continue to work with investors seeking opportunities to become involved with university spin-offs; leadership anticipates a number of new successes this year. For more information, contact Jane Muir at (352) 392-8929. ◆



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