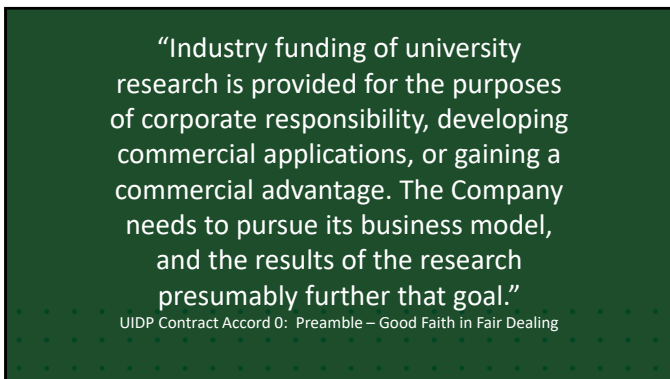




1



2



3

“Universities engage in industry-related research to provide relevant topics for research and student support, to establish strategic partnerships that leverage university-industry relationships for multiple purposes.”

UIDP Contract Accord 0: Preamble – Good Faith in Fair Dealing

4

SESSION OBJECTIVES

- Differences between Industry Agreements and Grants
- Budgeting for Industry
- Deeper Dive into Industry Agreement Terms
- How to talk to Industry - Who Should Say What, and When

5

Key Differences between Industry Contracts and Federal Assistance Agreements

This isn't like your NSF Grant

6

Characteristics of Grants and Cooperative Agreements

- **Basic Purpose**
Flexible agreement mechanism, designed to provide funding to a recipient to support a public purpose
- **Scope**
Conceived by University PI based on academic questions
- **Results**
Diligent efforts are used to complete the research as proposed, but little emphasis on delivery of specific results
- **Intellectual Property**
University owns IP resulting from award, while the government maintains right to use it for "government" purposes
- **Disclosure of Results**
Publication of results is generally expected so as to contribute to the public good by disseminating the new knowledge gained from the research

University of Kansas

7

Characteristics of Contracts

- **Basic Purpose**
Binding agreement between a buyer and a seller to provide goods or services in return for consideration (money)
- **Scope**
Conceived by Party Issuing the Contract (Industry Sponsor)
- **Results**
Heavy emphasis on delivery of specific results or products
- **Intellectual Property**
Buyer wants to have control of commercially valuable outcomes for commercial advantage
- **Disclosure of Results**
Buyer wants to maintain control of commercially valuable information for commercial advantage

University of Kansas

8

Why Do These Differences Matter to the University?

Mission of the University

- The free and open pursuit of new knowledge and the dissemination of it for the contribution to the general good.
- The next generation of researchers receives training in their specific field through participation research.
- The university's reputation and viability are based on its faculty and students publishing to disseminate that new knowledge, and copyrighting and Patenting new inventions.
- University and inventing researchers share in revenue from licensing inventions.
- As a state-controlled, non-profit entity, the university is responsible for using taxpayer resources toward that mission.

University of Kansas

9

Why Do These Differences Matter to the University?

Grants and Cooperative Agreement Terms and University Mission

The terms of grants and cooperative agreements are designed to be complementary to the university's Mission

1. Publishing of results
2. Require free and open sharing of research data
3. Do not restrict who can participate in the research
4. Provide for University ownership of intellectual property resulting from the project and encourage licensing it to get it into marketplace



10

Why Do These Differences Matter to the University?

Industry Contract Terms and University Mission

The terms of Industry Contracts can be trickier due to tension between industry need for competitive advantage and university need to carry out our mission as a public institution of higher education.

1. Publication of results may disclose information the sponsor does not want shared
2. Industry Sponsor wants control of intellectual property resulting from the project
3. Business Practice can force "value" propositions for industry – get a good deal for the company's money



11

Why Do These Differences Matter to the University?

Challenging Industry Contract Terms from University Perspective

1. Publication restrictions can harm graduate students and new faculty
2. Data ownership by the sponsor can mean researchers can't use it for publications
3. Ownership of "results" of research mean sponsor owns Intellectual Property generated by university employees
4. Work for "private benefit" can jeopardize tax exempt status – UBIT and Tax-exempt Bonds
5. Industry's need to be able to access IP can mean that IP developed by the University on other projects gets mixed up in the "new" IP developed under this project



12

If There Are So Many Problems, Why Work with Industry Sponsors?

The Positives Can Outweigh the Potential Problems

1. If negotiated properly, Industry and the University can generally come to mutually agreeable terms surrounding publications and IP
2. Working with Industry gives students valuable experience
3. Industry can find a great source of new talent at the university and can seek to work more with the university
4. Faculty and research staff can gain insight into research questions that "matter" for the "real world"

University of Kansas

13

Budgeting for Industry

The Basic Requirements

14

Budget Considerations

Principles of Cost Estimation that Apply

1. University cannot provide a "better deal" to industry than we provide to the federal government
2. University cannot use public resources for private benefit
3. University cannot unfairly compete with business by undercutting price for the same services they offer

University of Kansas

15

Budget Considerations

All Costs of the University's Work Should be Paid by Sponsor

1. PI Effort Must be Included
2. No cost share should be included – committed or uncommitted
3. Full Indirect Costs Should be Included and Calculated on TDC (NOT MTDC)
4. Indirect Cost Waivers Will NOT be Considered for For-Profit Sponsors
5. Do not disclose university Indirect Cost Rate – Present Fully Burdened Budget (most industry rates are 2x CSUs, so we are a bargain)

See Industry Sponsored Agreement FAQs (https://www.research.colostate.edu/osp/wp-content/uploads/sites/21/2019/05/Industry-Sponsored-Agreements_FAQs.pdf)



16

Sample Budget – Internal

Salary	Effort %	Months	Monthly Rate	Unburdened Total	Burdened Total
PI: Dr. Cam	2%	1	9687	\$194	\$296
Fringe					
PI: Dr. Cam	28.60%			\$55	\$85
Total Personnel				\$249	\$381
Travel					
Conference Travel				\$4,000	\$6,120
Materials and Supplies					
Consumable Supplies				\$2,500	\$3,825
Glassware				\$500	\$765
Chemicals				\$1,200	\$1,836
Materials and Supplies Total				\$4,200	\$6,426
Other Direct Costs					
Publication				\$3,000	\$4,590
Lab Services - Sequencing				\$5,000	\$7,650
Total Other Direct Costs				\$8,000	\$12,240
Total Direct Costs				\$16,449	\$25,167
F&A	53%			\$8,718	\$13,338
Total Project Costs				\$25,167	\$38,505



17

Sample Budget – to Sponsor

Salary	Effort %	Months	Monthly Rate	Burdened Total
PI: Dr. Cam	2%	1	\$9,687.00	\$296.42
Fringe				
PI: Dr. Cam	28.60%			\$84.78
Total Personnel				\$381.20
Travel				
Conference Travel				\$6,120.00
Materials and Supplies				
Consumable Supplies				\$3,825.00
Glassware				\$765.00
Chemicals				\$1,836.00
Materials and Supplies Total				\$6,426.00
Other Direct Costs				
Publication				\$4,590.00
Lab Services - Sequencing				\$7,650.00
Total Other Direct Costs				\$12,240.00
Total Project Costs				\$25,167.20



18

19. INTELLECTUAL PROPERTY

(a) All intellectual property, including but not limited to inventions, improvements, data and computer software, developed in performance of the Work under this Contract (i) jointly by employees of LOCKHEED MARTIN and employees and students who perform the Work of SELLER (hereafter "Researchers") shall be jointly owned without any obligation of accounting to each other, (ii) solely by Researchers of SELLER shall be owned by SELLER, and (iii) solely by employees of LOCKHEED MARTIN shall be owned by LOCKHEED MARTIN.

(b) SELLER shall promptly submit a complete written disclosure to LOCKHEED MARTIN of each invention made by SELLER Researchers, at least within one month of receipt of a corresponding disclosure from its inventor(s), specifically pointing out the features or concepts which SELLER believes to be patentable. SELLER represents that its Researchers are obligated to promptly submit invention disclosures to SELLER. Should LOCKHEED MARTIN directly receive from a SELLER Researcher a written invention disclosure that identifies this Contract, LOCKHEED MARTIN shall promptly provide to SELLER a copy of the invention disclosure.

(c)(1) SELLER hereby grants to LOCKHEED MARTIN a worldwide, non-exclusive, royalty-free, paid-up license to make, have made for LOCKHEED MARTIN (with right to sublicense), use, sell, offer for sale, import, reproduce, make derivative works from, distribute and otherwise practice any and all intellectual property developed under this Contract. SELLER hereby grants to LOCKHEED MARTIN the right to negotiate such additional intellectual property rights in the SELLER-owned intellectual property. LOCKHEED MARTIN may require, including exclusive licenses in the fields of use, foreign government applications or exclusive licenses for other purposes in the SELLER-owned intellectual property. LOCKHEED MARTIN shall indicate its intention to exercise its option to negotiate such additional intellectual property rights in writing within twelve (12) months of the completion of this Contract. If LOCKHEED MARTIN does not exercise its option, the terms shall be negotiated in good faith within one hundred twenty (120) days of the completion of this Contract. This such time as the LOCKHEED MARTIN and SELLER may negotiate such additional intellectual property rights, SELLER shall enter into good faith negotiations for such purposes for each of the SELLER-owned intellectual property. LOCKHEED MARTIN understands that SELLER may be involved in similar negotiations with other researchers, inventors, and others. SELLER shall be free to continue such research provided that SELLER does not assign any rights via this Contract to other research.

(2) To the extent that LOCKHEED MARTIN requires SELLER to avoid infringing previously existing SELLER-owned intellectual property in order to (i) practice any license granted for SELLER-owned intellectual property developed in performance of the Work under this Contract or (ii) exercise its rights in any jointly owned intellectual property developed in the performance of the Work under this Contract, SELLER hereby grants to LOCKHEED MARTIN a worldwide, royalty-free, paid-up, non-exclusive license in this Contract to practice such previously existing SELLER-owned intellectual property only to the extent necessary for LOCKHEED MARTIN to carry out its obligations under this Contract to SELLER. In the event LOCKHEED MARTIN requires additional license rights in previously existing SELLER-owned intellectual property, SELLER hereby grants LOCKHEED MARTIN an option to negotiate such additional rights as LOCKHEED MARTIN may require with such to be exercised within the time frames set forth in paragraph (c)(1).

22

8. INTELLECTUAL PROPERTY

a. All intellectual property, including but not limited to inventions, improvements, data and computer software, developed in performance of this Project shall be jointly owned by LM-RMS and UNIVERSITY Researchers shall be jointly owned, solely by Researchers of UNIVERSITY shall be owned by UNIVERSITY, and solely by employees of LM-RMS shall be owned by LM-RMS.

b. UNIVERSITY shall promptly submit a complete written disclosure to LM-RMS of each invention made by UNIVERSITY Researchers, at least within one month of receipt of a corresponding disclosure from its inventor(s), specifically pointing out the features or concepts which UNIVERSITY believes to be patentable. UNIVERSITY shall ensure that its Researchers are obligated to promptly submit invention disclosures to UNIVERSITY. Should the legal or contracts department of an LM-RMS business unit participating under this Agreement directly receive from a UNIVERSITY Researcher, a written invention disclosure that identifies this Agreement, UNIVERSITY shall promptly provide to LM-RMS a copy of the invention disclosure.

c. UNIVERSITY hereby grants to LM-RMS a worldwide, non-exclusive, royalty-free, paid-up license to make, have made for LM-RMS (with right to sublicense), use, sell, offer for sale, import, reproduce, distribute and otherwise practice any and all intellectual property developed under a Project for a period of 10 years from execution of this Agreement. Thereafter, University grants to LM-RMS a worldwide, royalty-free paid-up non-exclusive license to make, have made for LM-RMS (with right to sublicense), use, sell, offer for sale, import, reproduce, distribute and otherwise practice any and all intellectual property developed under a Project. UNIVERSITY-owned intellectual property developed under a Project shall be owned by UNIVERSITY. UNIVERSITY hereby grants to LM-RMS an option to negotiate such additional license rights in previously existing SELLER-owned intellectual property. SELLER hereby grants LOCKHEED MARTIN an option to negotiate such additional rights as LOCKHEED MARTIN may require with such to be exercised within the time frames set forth in paragraph (c)(1).

23

5. Proprietary Rights.

(a) **Project Results.** In this Agreement "Project Results" shall mean any and all results, data, reports, compounds, formulation, materials and products (interim and/or final), whether tangible or intangible, whether patentable or not, that are created, developed, perfected, designed, either solely or jointly with subcontractors, in the performance of the Project. Upon completion of the payment set forth in Paragraph 6 and Exhibit A hereon, and all right, title and interest in and to the Project Results shall be transferred to Sponsor and shall at all times be and remain the sole and exclusive property of Sponsor thereafter, provided that University shall have the right to publish set forth in Paragraph 7 herein, notwithstanding the terms and conditions of confidentiality and non-use set forth in Paragraph 7 herein, Sponsor may disclose, transfer or license to use, and all Project Results to any party, including potential licensees and regulatory authorities in the field, at Sponsor's sole discretion, for the purpose of Sponsor's pharmaceutical and healthcare business.

(b) **University's Technology.** University shall retain ownership of any pre-existing products, materials, tools, methodologies, technologies or intellectual property rights of University embodied in the Service Products or to any improvements made thereto as a result of performance of the Project that are not based on and that do not incorporate or utilize any Test Articles or Sponsor's Confidential Information ("University's Technology").

24

5. Ownership of Information. All times during and following the term of this Agreement, including any extensions or renewals hereof, all records, information, and data provided to the University by the Sponsor or developed during the performance of the Services under this Agreement by the University and/or the Sponsor ("Project Records") shall be and remain the sole property of the Sponsor, and shall be deemed Confidential Information of Sponsor ("Sponsor Confidential Information") as defined herein.

Sponsor Owns all Project Data and CSU Cannot Publish

25

Budget Summary
KR PD 111111 PI XYZ

	P1(05/16/2021 - 08/15/2021)	Totals
Personal	\$13,066	\$13,066
TBN GRA Salary	\$13,066	\$13,066
TBN GRA - 1	\$8,933	\$8,933
TBN GRA - 2	\$4,133	\$4,133
TBN GRA Salary	\$1,241	\$1,241
TBN GRA - 1	\$621	\$621
TBN GRA - 2	\$621	\$621
Personal Subtotal	\$13,066	\$13,066
Non-personnel	\$0	\$0
Calculate Direct Costs	\$0	\$0
Non-personnel Subtotal	\$0	\$0
Totals	\$13,066	\$13,066
Total Direct Cost	\$13,066	\$13,066
Total F&A Costs	\$9,476	\$9,476
Totals Subtotal	\$22,542	\$22,542

Budget Must Include All Costs and Should be Fully Burdened

26

Should be Colorado Law or Silent

12.6. **Governing Law and Jurisdiction.** This Agreement will be governed, construed, and enforced in accordance with the laws of the State of Delaware. In the event of any dispute or litigation related to this Agreement will be in the state courts of Delaware or, when appropriate, in the United States District Court of Delaware; provided, however, that Bayer may bring an action against University in any court of law that has jurisdiction over University, and University waives any objection it may have to the laying of venue in, or the use of, any such court of law. In the event of any dispute or litigation, by the courts described in this Section 12.6.

27

13. RELEASE OF LIABILITY

UNIVERSITY acknowledges and agrees that it is solely responsible for all activities of any nature whatsoever undertaken pursuant to, in furtherance of or in any way connected with a Project, and further acknowledges and agrees that it is solely responsible for any results of any such activities, including but not limited to any harm or damage of any kind to any persons or property that may arise from or in connection with a Project. UNIVERSITY hereby releases LMC, its officers, directors, employees, contractors, consultants and agents (hereinafter, the "indemnified parties") from any liabilities or damages of any kind that may arise in connection with a Project and agrees to indemnify and hold harmless the indemnified parties from any costs, liabilities or damages of any kind that may arise in connection with a Project, including but not limited to reasonable attorneys' fees and costs that may be incurred by the indemnified parties in responding to or defending any claims or actions that may allege that any of the indemnified parties are liable to any person or entity for any harms suffered by such person or entity in connection with a Project.

CSU Cannot
Really Agree
Indemnify

28

11. EXPORT CONTROL OF INFORMATION

a) UNIVERSITY acknowledges that the Proprietary Information disclosed hereunder may be subject to export control, and that compliance with appropriate U.S. Government regulations (e.g. International Traffic in Arms Regulations (ITAR), the Export Administration Regulations (EAR), etc.) may require certain regulatory approvals before disclosing such information to third parties. UNIVERSITY agrees to comply with all applicable U.S. export control laws and regulations, specifically the requirements of:

- ITAR, 22 CFR 120 et seq.,
- EAR, 15 CFR 730 et seq.;

including the requirement for obtaining any export license, if applicable. Without limiting the foregoing UNIVERSITY agrees that it will not transfer any export controlled item, data or services to any third party, or to any third party's assets, without the authority of any export license or applicable license exemption. UNIVERSITY shall obtain the written consent of the LM-RMS prior to submitting any request for authority to export any such Proprietary Information. LM-RMS shall notify UNIVERSITY in writing in advance of providing any Export Controlled information or items to UNIVERSITY.

Export Control Can
Limit Who Can Work
on Project and Needs
Coordination w/ SGR

29

Ideal Industry Contract Terms for University

1. Pays for All University Costs of the Work for the For-profit Industry Sponsor
2. Allows for Publication
3. IP Terms Maintain University Ownership of IP Developed by University Employees on Project
4. IP Terms allow sponsor a Non-Exclusive Royalty Free license, without the right to sublicense, to CSU Project IP in exchange for sponsor paying for IP Protection, and offer an Option to Negotiate a Royalty-bearing Exclusive license for a limited time
5. Provides Clarity of Scope of Work – Both Parties Know What's Expected
6. Does not Subject University of Unknown Risks
 - a. Does Not Require Binding Arbitration
 - b. Does Not Subject University to laws of another state/country
 - c. Does Not Required Indemnification or Prevailing Attorneys Fees

30

How to Talk with Industry

Who Should Say What, and When

31

PIs Need to Discuss Projects with Sponsors

Industry-Sponsored Agreements are Driven by Relationships

- The PI's relationship with their technical counterpart at the Industry Sponsor is Key
- PIs should feel free to discuss technical aspects of potential projects with their counterpart at the Sponsor
- If the Sponsor Wants to Put a Non-Disclosure or Confidentiality Agreement in Place, Contact OSP
- PI Should be Open and Honest with Sponsor that They Do NOT Have Authority to Commit University to Any Terms

32

AORs Need to Negotiate Agreements with Industry Sponsors

Contractual Discussions Should be Conducted by Industry Contracting Office and/or OSP

- OSP can send agreement templates with the formal proposal submission
- Need to manage expectations for what CSU can agree to as a state university
- It is important to involve Industry Contracting Office and/or OSP SRA early when Industry Contracts are contemplated
- We need to know if the funding is federal flowthru or only company money – PI/Pre-award Support should ask as starting proposal
- We need to know if there is background IP necessary for the project deliverables so that negotiating IP terms can proceed with transparency and honesty by CSU
- Master Agreements may NOT be appropriate

33




RAM SYMPOSIUM
 OCTOBER 13, 2022
 **COLORADO STATE UNIVERSITY**

For questions feel free to contact any of us.

Trisha Southergill –
Trisha.Southergill@colostate.edu

Grant Calhoun –
Grant.Calhoun@colostate.edu

Bill Moseley –
Bill.Moseley@colostate.edu



34

Thank you for Attending!

Please remember to complete the 1-Minute Feedback survey in your email!


RAM SYMPOSIUM
 OCTOBER 13, 2022
 **COLORADO STATE UNIVERSITY**

35
