

The Good, the Bad and the Ugly: Navigating the T&C Minefield

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Contract Definition

- ⌘ An agreement between two or more parties which creates an obligation to do or not do a particular thing
- ⌘ A promise for the breach of which the law gives a remedy or the performance of which the law recognizes a duty
- ⌘ A legal relationship between two parties that give them a right to seek a remedy for the breach of those duties

Contract Language

We will discuss:

- | | |
|---|----------------------------------|
| ⌘ Required Information | ⌘ Export Controls |
| ⌘ Invoices & Payments | ⌘ Indemnification |
| ⌘ Warrants & Warranties | ⌘ Termination |
| ⌘ Governing Law | ⌘ Financial Conflict of Interest |
| ⌘ Disputes | ⌘ Copyright / Data Rights |
| ⌘ Insurance | ⌘ IRS Issues |
| ⌘ Use of Name / Publicity | ⌘ Patents |
| ⌘ FDP | ⌘ Publication |
| ⌘ Confidentiality & Proprietary Information | ⌘ Human Subjects Research |

Required General Information

- ☞ Institutional name & PI for both parties
- ☞ DUNS and CCR registration (under federal awards)
- ☞ Type of Agreement
- ☞ Title, Award number & Sponsor name of Prime Award
- ☞ Performance period
- ☞ Funding amount
- ☞ Detailed scope of work (SOW)
- ☞ Payment terms, invoice contact & address
- ☞ Deliverables
- ☞ Authorized institutional signatures from both parties

Types of Funding Agreements

Yes, please:

- ☞ Sponsored Agreement
- ☞ Research Agreement
- ☞ Collaborative Agreement

No, thank you:

- ☞ Testing
- ☞ Work for Hire
- ☞ Service Agreement / Fee for Service
- ☞ Time & Material / Labor Hour
- ☞ "Partner" or Joint Venture
- ☞ Memorandum of Understanding (MOU is a non-funded instrument)

Time & Material / Labor Hour

PROPOSAL DISCLAIMER

⌘ Hourly rate exception statement:

“Budgetary figures based on hours and or hourly rates are inconsistent with the University’s practices and are provided for estimating purposes only. The University’s effort reporting and invoicing are consistent with the percent of effort process outlined in OMB Circular A-21, Section J.10.c.”

Preamble / First Paragraph

Yes, please:

- ⌘ Identify the parties-use correct legal entity names
- ⌘ Sponsor name, prime award #, title
- ⌘ “non-profit”, “educational institution”
- ⌘ CFDA and NOA issue date (if applicable)

No, thank you:

- ⌘ “Company” or “Provider” or “Seller” instead of “University”
- ⌘ “corporation” established in 1904

Performance Period

- ☞ Full performance period
- ☞ Pre-award costs allowable? Ensure start date is stated.
- ☞ Start date as effective date of executed Agreement
 - Date of last signature
 - Effective date stated in opening paragraph
- ☞ Incrementally funded? Helps to see budget periods listed for planning.

Personnel

Yes, please:

- ☞ Name POCs such as PI, Institutional Signatory, Financial, Administrative
- ☞ Change of PI requires prior approval
- ☞ Statement regarding who may approve modifications to the Agreement on behalf of institution

No, thank you:

- ☞ Stating the % of effort PI must put into the project
- ☞ PI as institutional signatory

Reporting

Yes, please:

- ☞ Include due dates and appropriate submission contact for all required reports.

No, thank you:

- ☞ Technical reports are confidential or owned by sponsor.

CAUTION: Some sponsors will throw ownership language in reporting clauses.

Invoices / Payment

Yes, please:

- ☞ Specify type of payments: Cost Reimbursable, Fixed Price, Fixed Fee, etc.
- ☞ Use of standard invoice
- ☞ Monthly payments (Qtrly ?)
- ☞ Backup documentation upon request
- ☞ 30 days to invoice accrued expenses / 45 days for final
- ☞ U.S. Dollars

No, thank you:

- ☞ At end of project
- ☞ Penalties for late invoices
- ☞ Withholding a portion of payments other than final
- ☞ Penalties for invoicing errors
- ☞ Backup documentation for invoiced expenses
- ☞ Non-standard invoices
- ☞ **NO** set-off to other funding agreements
- ☞ Less than 15 days after accruing expenses for invoicing

Invoicing / Payment - Good? Bad? Ugly?

Subrecipient is required to sign and return a fully executed copy of this Subagreement. In the absence of Subrecipient signature, Subrecipient agrees that submission of, and receipt of payment for, any invoice against this Subagreement constitutes full acceptance of all terms and conditions without modification.

What would you do?

Invoicing / Payment

The Good

Subrecipient is required to sign and return a fully executed copy of this Subagreement.

~~In the absence of Subrecipient signature, Subrecipient agrees that submission of, and receipt of payment for, any invoice against this Subagreement constitutes full acceptance of all terms and conditions without modification.~~

Invoicing / Payment - Good? Bad? Ugly?

Payment to Subrecipient shall be contingent upon the availability of funding from the Awarding Agency and upon Subrecipient's compliance with this Agreement and the terms and conditions of the Awarding Agency's Prime Agreement.

What would you do?

Invoicing / Payment

The Good

Payment to Subrecipient shall be contingent upon the availability of funding from the Awarding Agency.

~~and upon Subrecipient's compliance with this Agreement and the terms and conditions of the Awarding Agency's Prime Agreement.~~

Invoicing / Payment - Good? Bad? Ugly?

Subrecipient agrees that acceptance of the final invoice payment from the Grantee hereby releases and forever discharges the Grantee of and from all claims, demands and liabilities whatsoever or every name and nature both at law and in equity.

What would you do?

Invoicing / Payment

The Good

Subrecipient agrees that acceptance of the final invoice payment from the Grantee hereby releases and forever discharges the Grantee of and from all **known** claims, demands and liabilities.

~~whatsoever or every name and nature both at law and in equity.~~

Invoicing / Payment - Good? Bad? Ugly?

Payment of each properly submitted invoice shall be made to Subcontractor within 30 days after receipt of invoice, subject to the following: (i) Sponsor may withhold an appropriate portion of the payment until any disputed items are resolved and/or defects in the Work are corrected; (ii) Sponsor may set off any amounts due from Subcontractor against amounts payable under this Subcontract or any agreements between Sponsor and Subcontractor.

What would you do?

Invoicing / Payment

The Good

PREFERRED: Payment of each properly submitted invoice shall be made to Subcontractor within 30 days after receipt of invoice.

WOULD ACCEPT: Payment of each properly submitted invoice shall be made to Subcontractor within 30 days after receipt of invoice. ~~subject to the following: (i)~~ **However,** Sponsor may withhold an appropriate portion of the payment until any disputed items are resolved. ~~and/or defects in the Work are corrected; (ii) Sponsor may set off any amounts due from Subcontractor against amounts payable under this Subcontract or any agreements between Sponsor and Subcontractor.~~

Scope of Work (SOW)

Yes, please:

- ☞ Clear and detailed description of work performed, meetings to attend, etc.
- ☞ Performance with “reasonable standard of care” or “professional standard of care”

No, thank you:

- ☞ One sentence SOWs
- ☞ Payment after completing SOW
- ☞ IP ownership terms buried in SOW
- ☞ “Strict” adherence to industry standards
- ☞ Time is of the essence
- ☞ Warranty of outcome

“Strict” implies liability without fault.

Warrants & Warranties

Yes, please:

- ☞ “Subrecipient represents”
- ☞ As is without warranty

No, thank you:

- ☞ “Subrecipient warrants”
- ☞ Warranty of SOW – not appropriate for R&D

“Warrants” imply a heavier liability burden than “represents” or “certifies”.

Warrants & Warranties - Good? Bad? Ugly?

Contractor warrants that all work performed herein will be performed by qualified personnel in a timely and professional workmanlike manner consistent with reasonable academic standards. Services provided by Contractor under this Agreement may involve the use and development of state-of-the art technology, science and engineering and may require the use of experimental or new technologies. Accordingly, the results of such services are provided "AS IS".

What would you do?

Warrants & Warranties

The Good

~~Contractor warrants that all work performed herein will be performed by qualified personnel in a timely and professional workmanlike manner consistent with reasonable academic standards.~~ Services provided by Contractor under this Agreement may involve the use and development of state-of-the art technology, science and engineering and may require the use of experimental or new technologies. Accordingly, the results of such services are provided "AS IS".

AS IS WITHOUT WARRANTY	Sample Language
<p>THE DELIVERABLES ARE PROVIDED “AS IS” WITHOUT WARRANTY OF ANY KIND, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS.</p>	

Governing Law / Venue / Jurisdiction	
<p><u>Yes, please:</u></p> <ul style="list-style-type: none"> ☞ Your state or local laws or be silent on Governing law. ☞ “All applicable” laws ☞ “Court of competent jurisdiction” 	<p><u>No, thank you:</u></p> <ul style="list-style-type: none"> ☞ State law of Sponsor if not state where your institution is located and work is to be performed ☞ Non-U.S. governing law or jurisdiction

NOTE: Check with your OGC for other possible state laws which may be acceptable.

Governing Law - Good? Bad? Ugly?

A. All legal proceedings and matters pertaining to this grant will be governed by the laws of the State of Alaska, notwithstanding the conflicts of law principles of Alaska or any other state, except that nothing herein may be interpreted as:

(i) a waiver of the sovereign immunity of the state in which Grantee is incorporated or headquartered, or

(ii) An agreement by the Grantee to any obligation or undertaking contrary to the laws of its state of incorporation or headquarters which bind state agencies.

B. Any dispute arising under this grant will be heard exclusively in the state or federal courts with subject matter jurisdiction sitting in Alaska.

What would you do?

Governing Law / Venue / Jurisdiction

The Good

Delete entire article and replace with this

Governing Law and Jurisdiction . Any legal action, claim or other legal proceeding commenced by one party hereto against another party, arising out of this Agreement, shall be commenced in the courts of the jurisdiction in which the responding party is situate; and for the purposes of such proceeding, this Agreement shall be governed by, and shall be interpreted, construed and enforced, in accordance with the laws of that same jurisdiction. **Subrecipient acknowledges that Prime Recipient is subject to the laws of the United States and will not be obligated to take any action that is violative of such laws.**

Disputes

Yes, please:

- ☞ Good faith efforts to resolve issues
- ☞ Mediation
- ☞ “Court of competent jurisdiction” or “appropriate jurisdiction” to be determined in the event of a dispute

No, thank you:

- ☞ Mandatory *binding* arbitration

NOTE: Due to sovereignty issues many governmental entities will not allow binding arbitration in their agreements

Insurance

Yes, please:

- ☞ OK to notify of Change in provider AFTER change
- ☞ Contact your Risk Office about adding sponsor as additional insured

No, thank you:

- ☞ Notification to Sponsor of any coverage or provider changes PRIOR to change

NOTE: Confirm with your Risk Management Office acceptable coverage minimums for Event and Aggregate levels and caps

Use of Name / Publicity

Yes, please:

- ☞ Mutual prior approval for publicity, press release, promotion or advertising (PI and institution)
- ☞ University allowed to report existence of award for annual or internal reporting purposes
- ☞ PI allowed to identify award in “Other Support” in external grant applications

No, thank you:

- ☞ One-way prior approval
- ☞ Broad prior approval requirement for any use of name

Use of Name / Publicity - Good? Bad? Ugly?

Neither party shall use the name of the other party or any adaptation thereof or the name of any staff member, employees, agent or student of the other party in an advertising, promotional, or sales literature or publicity without the prior approval of the party or individual whose name is to be used. For the Grantee, such approval must be obtained from the Office of News and Public Affairs.

Notwithstanding the foregoing, the Awarding Agency may at its discretion publish information regarding this Project, the Grantee and Subrecipient. All publicity directly related to the Project shall be managed in accordance with the Awarding Agency policy as set forth in Appendix D.

What would you do?

Use of Name / Publicity	The Good
<p>Neither party shall use the name of the other party or any adaptation thereof or the name of any staff member, employees, agent or student of the other party in an advertising, promotional, or sales literature or publicity without the prior approval of the party or individual whose name is to be used. For the Grantee, such approval must be obtained from the Office of News and Public Affairs.</p> <p style="text-align: center;">Paragraph 1 is acceptable</p> <p>Notwithstanding the foregoing, the Awarding Agency may at its discretion publish information regarding this Project, the Grantee and Subrecipient. All publicity directly related to the Project shall be managed in accordance with the Awarding Agency policy as set forth in Appendix D.</p> <p style="text-align: center;">Discuss paragraph 2</p>	

Use of Name / Publicity - Good? Bad? Ugly?
<p>Announcements. Subrecipient has been selected to participate in the Project at Prime Recipient's discretion and Subrecipient may not make any statement or otherwise imply to the media, the general public or any other donor or investor that Subrecipient, its operations or its participation in the Project is supported by any organization other than Prime Recipient, unless Subrecipient has directly received funds from Prime Sponsor relative to this Project.</p> <p>What would you do?</p> <p style="text-align: right;">Discussion slide</p>

Federal Demonstration Partnership (FDP)

FDP Model Subagreement

- On January 4, 2005, the Office of Science and Technology Policy and the Office of Management and Budget issued a joint memorandum endorsing the use of the FDP model subagreement by all A-110 recipients and subrecipients of research grants and cooperative agreements. FDP templates are not applicable in federal contracts.
- See the Subaward Agreement Forms website (see link next slide) Sample subaward attachment templates are available for multiple federal agencies. Please visit:

<http://thefdp.org>

Federal Demonstration Partnership (FDP)

Subaward Agreement Forms

- http://sites.nationalacademies.org/PGA/fdp/PGA_063626
- The FDP Subaward Agreement Form may be used by any institution. There is no longer a separate form for use with non-FDP institutions. Federal agencies were represented on the FDP which approved the use of the forms and federal participants in the FDP were a part of the Task Force that created and tested the forms. However, the FDP makes no representation or warranties regarding the suitability of these forms for use on any federal or non-federal sponsored projects. All users utilize these forms at their own risk
- Current version November 2010

Confidential or Proprietary Information

Materials and information relating to or associated with entity's products, business or activities, including but not limited to:

- ☞ Financial information
- ☞ Data or statements
- ☞ Trade secrets
- ☞ Product/scientific research and development
- ☞ Existing and future product designs and performance specifications
- ☞ Marketing plans or techniques
- ☞ Schematics
- ☞ Client list
- ☞ Computer programs
- ☞ Processes
- ☞ Know-how that has been clearly identified and properly marked by the company as "proprietary information"
- ☞ This information must have been developed by the company and NOT be available to the Government or to the public without restriction from another source.

Confidential or Proprietary Information

Yes, please:

- ☞ Material or Information must be MARKED Confidential or Proprietary before disclosure
- ☞ If verbally disclosed, must be reduced in writing with 30 days of disclosure
- ☞ List of exceptions for Confidential/Proprietary information (next slide)

No, thank you:

- ☞ Everything related to Project as Confidential or Proprietary
- ☞ Confidentiality agreements signed by every project employee

Confidential or Proprietary Information	Sample Language
<p>The receiving party shall use best efforts not to disclose, in whole or in part, any of the providing party's Confidential or Proprietary Information to any third party for a period of four years following termination of this Agreement. The receiving party shall have no obligation to prevent disclosure, in whole or in part, of such Confidential or Proprietary Information that is:</p> <ol style="list-style-type: none"> 1. Disclosed by the receiving party after three years following termination of this Agreement. 2. Now in, or hereafter comes into, the public domain without breach of this Agreement. 3. Known on an unrestricted basis by the receiving party prior to its receipt from the providing party. 4. Disclosed by the receiving party with the prior express written approval of the providing party, 5. Independently developed by the receiving party, as demonstrated by competent written records, 6. Disclosed on an unrestricted basis by the providing party to a third party other than the U.S. Government, 7. Lawfully received by the receiving party on an unrestricted basis from a third party, 8. Required by law or by lawfully-issued subpoena to be disclosed, 9. Not identified as Confidential or Proprietary in writing and appropriately marked at the time of the disclosure by the providing party to the receiving party, 10. Neither the execution and delivery of this Agreement nor the delivery of any P or C information hereunder shall be construed as granting, either expressly or by implication, estoppel, or otherwise, any right or license under any present or future data. 	

Export Control Laws & Regulations
<p>Fundamental Research Exclusion (FRE)</p> <ul style="list-style-type: none"> ☞ Research results are “ordinarily published and shared broadly in the scientific community” ☞ No restrictions on publications or dissemination of research results ☞ Including citizenship participation restrictions ☞ Neither the University nor its researchers can accept restrictions ☞ Formal or Informal-no ‘side-bar’ deals or agreements

Export Compliance	Sample Language
<p>Notwithstanding any other provision of this Agreement, the parties understand and agree that they are subject to, and agree to abide by, any and all applicable United States laws and regulations controlling the export of technical data, computer software, laboratory prototypes and other commodities. The Subcontractor's obligations hereunder are contingent on its ability to comply with applicable United States export and embargo laws and regulations. It is the expectation of the Subcontractor that the work done pursuant to this Agreement will constitute fundamental research and be exempt from export control licensing requirements under the applicable export control laws and regulations. As a research institution, the Subcontractor does not wish to take receipt of export-controlled information except as may be knowingly and expressly agreed to in writing signed by an authorized representative of the Subcontractor and for which the Subcontractor has made specific arrangements. Prime Recipient agrees that it will not provide or make accessible to Subcontractor any export-controlled materials (including, without limitation, equipment, information and/or data) without first informing Subcontractor of the export-controlled nature of the materials and obtaining from Subcontractor its prior written consent to accept such materials as well as any specific instructions regarding the mechanism pursuant to which such materials should be passed to Subcontractor. Prime Recipient agrees to comply with any and all applicable U.S. export control laws and regulations, as well any and all embargoes and/or other restrictions imposed by the Treasury Department's Office of Foreign Asset Controls.</p>	

Indemnification
<ul style="list-style-type: none"> ☞ The party causing harm will stand in front of the vulnerable party and shield it from harm <ul style="list-style-type: none"> ○ Willful misconduct, malfeasance, intentional acts, etc. ☞ Institution indemnifies for negligent acts within its control <ul style="list-style-type: none"> ○ No protection extends to employees acting outside of his/her scope of employment

Indemnification

Yes, please:

- § Mutual responsibility for negligent acts or omissions (Please see FDP Article 7)
- § Survives expiration or termination of the Agreement
- § American rule – each party is responsible for paying its own attorney's fees.
 - Note: default rule/statutes allow plaintiffs to recover attorney fees

No, thank you:

- § Responsibility for anything related to performance under the Agreement (breach of the Agreement)
- § Indemnification for use of third party intellectual property rights/patent infringement

Indemnification - Good? Bad? Ugly?

The parties acknowledge and agree that in making this grant Sponsor assumes no responsibility for any of the activities of the Grantee, co-investigators or other staff or the Grantee Institution other than the payment of this grant in accordance with the terms set forth herein.

It is further agreed that the Grantee shall hold Sponsor harmless and indemnify it from any claims, damages, costs and expenses that may arise as a result of activities of the Grantee, co-investigators, other staff or the Grantee in connection with this grant.

What would you do?

Indemnification	The Good
<p>The parties acknowledge and agree that in making this grant Sponsor assumes no responsibility for any of the activities of the Grantee, co-investigators or other staff or the Grantee Institution other than the payment of this grant in accordance with the terms set forth herein.</p> <p>It is further agreed that the Grantee shall hold Sponsor harmless and indemnify it from any claims, damages, costs and expenses that may arise as a result of negligent activities of the Grantee, co-investigators, other staff or the Grantee in connection with this grant, except if caused by the actions of Sponsor and to the extent authorized under the Constitution and laws of Grantee's state, if applicable.</p>	

Indemnification - Good? Bad? Ugly?
<p>Contractor shall indemnify, defend and save harmless Sponsor and Prime Federal Agency from any and all losses, damages, claims, actions and suits (including attorney's fees arising out of (i) Contractor's breach of or activities under, this Agreement; and (ii) any claim that the Contractor's authorized use, by Sponsor or Prime Federal Agency, of any deliverable delivered by Contractor to Sponsor infringes any third party patent, copyright or other proprietary right.</p> <p>What would you do?</p>

Indemnification	The Good
<p>Contractor shall indemnify, defend and save harmless Sponsor and Prime Federal Agency from any and all losses, damages, claims, actions and suits (including attorney's fees arising out of (i) Contractor's breach of or activities under, this Agreement; and (ii) any claim that the Contractor's authorized use, by Sponsor or Prime Federal Agency, of any deliverable delivered by Contractor to Sponsor infringes any third party patent, copyright or other proprietary right resulting from the negligent acts or omissions of its employees, officers, and directors, to the extent allowed by law.</p> <p>See FDP sample language of mutual responsibility.</p>	

Limitation of Damages	Sample Language
<p>∞ IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY LOST PROFITS, SPECIAL INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES IN CONNECTION WITH OR ARISING OUT OF ITS PERFORMANCE OR FAILURE TO PERFORM PURSUANT TO THIS AGREEMENT EVEN IF ADVISED OF THE POSSIBILITY IN ADVANCE.</p> <p>See FDP sample language of mutual responsibility.</p>	

Indemnification-Human Subject Research	Sample Language
<p>Subrecipient shall indemnify, defend and hold harmless Prime Recipient and its affiliates, trustees, directors, officers, medical and professional staff, employees, IRB members, subcontracts, representatives, and agents and their respective successors, heirs and assigns (the "Prime Recipient Indemnitees"), against any liability, damage, loss or expense incurred by or imposed upon the Prime Recipient Indemnitees or any one of them to the extent that any claims, suits, actions, demands or judgment ("Claims") arise from Subrecipient (excluding Subrecipient Investigator and all other physicians involved in the Study) negligence or willful misconduct pursuant to this Agreement. Subrecipient Investigator shall maintain membership in good standing with the Canadian Medical Protective Association throughout the duration of the Study.</p>	

Indemnification	Human Subject Research
<ol style="list-style-type: none"> 1. Prime Recipient and Subrecipient shall indemnify, defend and hold harmless each other and their affiliates and their respective trustees, directors, officers, medical and professional staff, employees, IRB members, subcontractors, representatives, and agents and their respective successors, heirs and assigns (the "Indemnitees"), against any liability, damage, loss or expense incurred by or imposed upon the Indemnitees or any one of them to the extent that any claims, suits, actions, demands or judgments ("Claims") arise from such party's acts or omissions pursuant to this Agreement. 2. The parties' indemnification under Section X(a) above shall not apply to any liability, damage, loss or expense to the extent such claims are directly attributable to: (i) negligent activities, reckless misconduct or intentional misconduct or violation of law by, the Indemnitees; or (ii) failure of the Indemnitees to adhere to the terms of the Protocol for the Study, provided, however, that emergency medical care shall not be deemed a violation of the Protocol. 3. To receive indemnification from the indemnifying party, an Indemnitee seeking indemnification hereunder must: (i) notify the indemnifying party promptly of the assertion of any such Claims against him/her/it (an "Indemnifiable Claim"); <i>provided that</i> any delay by the Indemnitee in giving notice to the indemnifying party of an Indemnifiable Claim shall not affect the Indemnitee's right to be indemnified for such Indemnifiable Claim except to the extent that the indemnifying party is actually prejudiced in its ability to defend against such Indemnifiable Claim; and, (ii) authorize and permit the indemnifying party to conduct and exercise control of the defense and disposition of such claims, provided however, that the indemnifying party agrees not to enter into any settlement or compromise of any claim or action in a manner that admits fault or imposes any restrictions or obligations upon an Indemnitee without that Indemnitee's prior written consent, which shall not be unreasonably withheld. 	

Termination

Yes, please:

- ☞ Mutual termination rights with 30 days written notice
- ☞ Reimbursement for uncancellable obligations incurred up to receipt of notice of termination

No, thank you:

- ☞ One way termination rights
- ☞ Penalties for termination
- ☞ University payments to third party if termination for cause

Financial Conflict of Interest

Yes, please:

- ☞ Certification of absence of conflicts
- ☞ Notification of conflict and certification that conflict has been managed, reduced or eliminated

No, thank you:

- ☞ Sponsor specific forms for PI and institution
- ☞ Consultation with Sponsor concerning management of potential or actual conflict
- ☞ Full disclosure of actions taken to reduce, manage or eliminate conflict

NOTE: Federal regulation means compliance is mandatory

Financial Conflict of Interest	Sample Language
<p>The Subcontractor agrees it has a conflict of interest policy which complies with all applicable federal regulations including 42 CFR 50, Subpart F and the Public Health Services and National Science Foundation policies; namely, the Subcontractor policy requires disclosure and resolution of all conflicts of interest, potential and actual, which exist for those involved in the design, conduct and reporting of research under this agreement prior to the acceptance of funding.</p> <p>OR</p> <p>Subcontractor does not have an active and/or enforced conflict of interest policy and hereby agrees to abide by the policy of University, found at http://manuals.university.edu/COI</p>	

Copyright
<p>Is a form of protection provided by the laws of the U.S (title 17, U.S. Code) to the authors of “original works of authorship” including literary, dramatic, musical, artistic, and certain other intellectual works. This protection is available to both published and unpublished works...and gives the owner of the copyright the exclusive right to do and to authorize others to do the following:</p> <ul style="list-style-type: none"> ○ To reproduce the work in copies or phono-records; ○ To prepare derivative works based on the work; ○ To distribute copies of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending; ○ To display the work publicly; ○ In the case of sound recordings, to perform the work publicly by means of a digital audio transmission. <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>NOTE: Copyright does not have to be registered to exist. It exists when original work is in a fixed medium.</p> </div>

Copyright

- ✎ Copyright protects the tangible embodiment of the copyrighted material, it does NOT protect the underlying idea or concept
- ✎ Typical works that result are scholarly papers and software code
- ✎ Papers and articles are not subject to tech transfer
- ✎ As a general rule, a university & researchers are comfortable giving a sponsor a non-exclusive and perhaps royalty-free license to copyrightable research products

Copyright

- ✎ Exceptions to the rule:
 - Computer software that may be patentable and copyrightable
- ✎ Software Code
 - Not usually direct tech transfer to product
 - Code must usually be written/Many ways to implement the same algorithm
 - Copyright exclusivity not usually important to industry

Copyright

Yes, please:

- ☞ To Sponsor: NERF right and license to use solely to meet obligations to Federal Government under Prime Award (see FDP)
- ☞ If non-federal Prime Sponsor, or Sponsor, NERF for “non-commercial, educational and research purposes only”
- ☞ If deliverable is a chapter for a nonprofit publication, it is acceptable to assign copyright to Sponsor, as long as institution retains NERF right to use

No, thank you:

- ☞ Ownership by Sponsor

NERF = Non-Exclusive Royalty Free

Copyright

Sample Language

Subrecipient grants to Prime Recipient an irrevocable, royalty-free, non-transferable, non-exclusive right and license to use, reproduce, make derivative works, display, and perform publicly any copyrights or copyrighted material (including any computer software and its documentation and/or databases) first developed and delivered under this Subaward Agreement solely for the purpose and only to the extent required to meet Prime Recipient’s obligations to the federal Government under its Prime Award.

See FDP Attachment 2, Special Terms and Conditions, Item 1

Copyright - Good? Bad? Ugly?

The Work is being completed as work for hire under this Subagreement. Accordingly, Sponsor shall be the sole and exclusive owner of all Intellectual Property rights in and to the results of the Work created, authored, developed under this Agreement, including, without limitation, all rights of ownership, all rights to reproduce deliverables or results, all rights to prepare derivative works, all rights to distribute (including by sale or other transfer of ownership by license, rental, lease or lending) and all rights to perform and display the results or deliverables received by Sponsor pursuant to the Work.

What would you do?

Copyright

The Ugly

~~The Work is being completed as work for hire under this Subagreement. Accordingly, Sponsor shall be the sole and exclusive owner of all Intellectual Property rights in and to the results of the Work created, authored, developed under this Agreement, including, without limitation, all rights of ownership, all rights to reproduce deliverables or results, all rights to prepare derivative works, all rights to distribute (including by sale or other transfer of ownership by license, rental, lease or lending) and all rights to perform and display the results or deliverables received by Sponsor pursuant to the Work.~~

Data Rights

- ☞ Applies to data first produced under the contract
- ☞ Form, fit and function data
- ☞ Instructional, maintenance, or training materials
- ☞ Any other data delivered under the contract unless qualifying and marked as limited rights or restricted computer software in accordance with the clause

Data Rights

Yes, please:

- ☞ University retains ownership
- ☞ To Sponsor: right to use solely to meet obligations to Federal Government under Prime Award (see FDP)
- ☞ If non-Federal Prime Sponsor, right to use for “non-commercial, educational and research purposes only”

No, thank you:

- ☞ Ownership by Sponsor

Data Rights	Sample Language
<p>Subrecipient grants to Prime Recipient the right to use data created in the performance of this Agreement solely for the purpose and only to the extent required to meet Prime Recipient's obligations to the federal Government under its Prime Award.</p> <p>See FDP Attachment 2, Special Terms and Conditions, Paragraph 2</p>	

IRS Issues: Tax Exempt Bonds & Private Business Use
<p>Tax Exempt Bonds</p> <ul style="list-style-type: none"> ☞ Interest on bonds issued for the benefit of non-profits and governments may be exempt from income tax. ☞ Tax exempt bonds are very attractive to investors and result in lower interest cost to the issuer. ☞ Tax exempt bonds are a preferred method of bonding for construction at university facilities.

IRS Issues: Tax Exempt Bonds & Private Business Use

Private Business Use

- ✎ Private business use of a bond financed facility may invalidate the tax exemption
 - If the private business use exceeds 10% for most public institutions or 5% for most private institutions, the interest on that bond issuance is not exempt
 - Research sponsored by corporations is considered private business UNLESS it meets certain criteria
 - IRS Revenue Procedure 2007-47 (replaces previous version IRS Revenue Procedure 97-14)

IRS Issues: Safe Harbors

NERF – Nonexclusive, Royalty-free

- ✎ If a commercial NERF is granted, also include private use Safe Harbor language
- ✎ Research results are available for non-sponsors on same terms AND the price paid for any license is determined at the time technology is available for use
- ✎ Qualified user retains exclusive title to any patent or other results AND sponsors receive no more than a **nonexclusive, royalty-free** license to use any product of any of the research

Patents

- ⌘ Patent is the legal protection afforded an invention or discovery
 - Whoever invents or discovers any new, useful, and non-obvious process, machine, manufacture, or composition of matter, or...useful improvement thereof, may obtain a patent...35 USC 101
- ⌘ It is expensive and time consuming to obtain a patent
- ⌘ Leahy Smith America Invents Act, signed into law September 2011

America Invents Act

- ⌘ Leahy Smith America Invents Act, signed into law September 2011, will change system from “first to invent” to “first to file”
- ⌘ “First to file” changes effective March 2012
- ⌘ Talk with your Technology Transfer Office about impact of law

Patents — Bayh Dole* Act

1980 federal law that provides the basis for University ownership of federally funded inventions

Statutory cite: 35 U.S.C.200-212

Regulatory cite: 37 CFR Part 401 et seq.

- ✎ Establishes a uniform patent policy for federally sponsored inventions
- ✎ Applies to:
 - Grant, contract and cooperative agreements
 - Inventions funded in whole or in part by federal dollars
- ✎ Recognition that there may be inventions from products that are closely related, but also arise from non-government sponsored research [37 CFR 401.1(1) and (2)]

*Birch Bayh (D-Indiana) and Robert Dole (R-Kansas)

Bayh-Dole Act

- ✎ Preservation of government rights
 - Non-exclusive, royalty-free right to use for government purposes
 - Includes March-in rights that constitute the right to take certain actions, including granting licenses to third parties, to ensure public benefits from the dissemination and use of the results of federally sponsored research if the grant recipient or its assignee fails to take steps to achieve the practical application of the research
 - Prohibition against inventor assignment of rights to a third party, other than a patent management organization, without specific government approval
- ✎ Requirement for U.S. manufacture in cases of exclusive license

Patents / Inventions / IP

Yes, please:

- ☞ University retains sole ownership of our IP including Patents, inventions, copyrights, data, etc.
- ☞ Option for license
- ☞ Specific definitions of “Technical materials”, “Data”, “Inventions”, “Funded Inventions”, “Background IP”, “Joint IP”, “Sponsor IP”, “University IP”
- ☞ Reasonable timeframes for license option / patent registration

No, thank you:

- ☞ Licensing terms in sponsored research agreement
- ☞ Broad definitions of project IP
- ☞ Unreasonable timeframes for patent application and license option decision

Inventions

Sample Language

The determination of rights of ownership and disposition of inventions resulting from the performance of the Work under this Agreement shall be in accordance with 37 CFR part 401, “Rights to Inventions made by nonprofit organizations & Small Business Firms under Government Grants, Contracts and Cooperative Agreements” and any implementing regulations issued by the Prime Sponsor.

Intellectual Property - Good? Bad? Ugly?

Sponsor shall be the sole and exclusive owner of all Intellectual Property Rights in and to the results of the Work created, authored, developed, reduced to practice or furnished by Subcontractor under this Agreement, including without limitation all rights of ownership, all rights to reproduce any deliverables or results, all rights to prepare derivative works, all rights to distribute (including by sale or other transfer of ownership or by license, rental, lease or lending) and all rights to perform and display the results or deliverables received by Sponsor.

What would you do?

Intellectual Property

The Good

DELETE PRIOR CLAUSE AND REQUEST TO INSERT THIS

1. Subcontractor shall promptly disclose any potentially patentable inventions to Sponsor.
2. All inventions and discoveries made solely by Sponsor shall be the sole property of Sponsor.
3. All inventions and discoveries made jointly by Sponsor and Subcontractor will be owned jointly by Sponsor and Subcontractor. Each party shall negotiate a mutually acceptable arrangement for management of the invention and the sharing financial returns therefrom.
4. All inventions and discoveries made solely by Subcontractor and/or its employees shall be in accordance with 37 CFR 401.14 as implemented by NIH Policy, "Subcontractor Inventions". Subcontractor shall have the right to retain title to any patentable inventions made by its employees. If Subcontractor decides it will not retain title to any such invention, it will so notify sponsor and U.S. Government within the timeframe required by 37 CFR 401.14. In such an event, and if petitioned by Sponsor, Subcontractor will request approval from the U.S. Govt. to assign title to Sponsor, on mutually agreeable terms and conditions, and subject to any and all rights of the U.S. Govt. and the inventor(s).
5. The Subcontractor will ensure that all of its employees who perform any part of the work under this Agreement and who may be reasonably anticipated to make inventions agree to assign their rights in such inventions to the Subcontractor.

Intellectual Property	Sample Language
<p>§ All inventions, discoveries and improvements, whether patentable or not (hereinafter, “Inventions”) arising from the Project shall be reported to the Contractor’s intellectual property or equivalent office, and the Contractor will disclose such Inventions to Foundation within thirty (30) days of such initial disclosure. The determination of who has made an invention shall be determined in accordance with the principles of U.S. patent law relating to inventorship. Any Inventions arising out of the Project, which are made solely by Contractor shall be the property of the Contractor. Any Inventions arising out of the Project, which are made solely by foundation shall be the property of Foundation. Any Inventions arising out of the Project, which are made jointly by Parties shall be jointly owned property of the Parties.</p> <p>§ In the case of jointly owned Inventions, Foundation and the Contractor agree to negotiate a revenue sharing agreement. Foundation’s participation in Net Royalty Income related to a jointly owned Invention shall be reasonably related to foundation’s proportion of support for the joint Invention. Foundation shall participate in Net Royalty Income in excess of \$250,000. Net Royalty Income means gross income received by Contractor for the jointly owned Invention minus direct out-of-pocket patent expenses, inventor distributions, and mandatory distributions under the Contractor’s intellectual property policy.</p>	

Publication
<p>§ The word publication means “the act of publishing”. To publish is to make publicly known, and, in reference to text and images, it can mean distributing paper copies to the public or putting content on a website. Among publications are books and periodicals, the latter including magazines, scholarly journals, and newspapers.</p>

Publication

Yes, please:

- ☞ University has sole right to determine means, mode, content and time of publication
- ☞ Submission to Sponsor of proposed publication for review and comment
- ☞ Reasonable timeframe for review and comment. If no response within xx days, University proceeds with publication

No, thank you:

- ☞ Prior written approval by Sponsor before submission to publisher
- ☞ Delays for review and comment beyond 6 months

Publication

Multi-Site
Sample Language

- ☞ The INVESTIGATOR, the Principal Investigator at University and/or the Network Executive Committee intend to collaborate on preparing publications of STUDY results. The STUDY SITE acknowledges that this is a multi-site study and that the STUDY SITE will not submit its results for publication until after a coordinated, multi-center STUDY publication has been submitted or one year after the conclusion of each respective STUDY whichever occurs first.

Human Subject Research Compliance	Sample Language
<p>☞ Prime Recipient shall promptly report to the INVESTIGATOR (a) any findings that University becomes aware of, including the STUDY results, or findings from a site monitoring visit, that could directly affect the safety or appropriate medical care for past or current STUDY subjects, and (b) any findings during the STUDY that could affect the willingness of STUDY subjects to continue participation in the STUDY, influence the conduct of the STUDY, or alter the IRB's approval to continue the STUDY. In each case, the INVESTIGATOR shall be responsible for communicating these findings to each STUDY subject and the IRB.</p>	

HSR — Data and Reporting	Sample Language
<p>All clinical data, including clinical Case Report Forms and other relevant information as well as any biological materials collected during a STUDY will be promptly and fully disclosed to University, and to the extent allowed by each STUDY subject's informed consent, or other authorization document, shall be freely usable by University for the advancement of medical and scientific knowledge including for the conduct of a STUDY, which uses may involve such materials and data being provided to third parties, including, but not limited to, the US Government and subcontractors and collaborators assisting in a STUDY. University shall not provide any direct patient identifying information to any third party, except as explicitly allowed by the informed consent document or Study authorization signed by each STUDY subject. Notwithstanding the foregoing, all biological materials collected during a STUDY will remain the sole property of STUDY SITE; however, University shall be free to use biological materials delivered to University in accordance with the protocol for the purposes described in the protocol. At the conclusion of the STUDY, University will return or destroy all unused portions of the STUDY SITE biological samples in the STUDY SITE'S sole discretion. STUDY SITE shall have the right to use the data resulting from a STUDY for its educational, research, clinical and, subject to Section 12 hereunder, publication purposes.</p>	