



UNIVERSITY OF OREGON

Industry-Sponsored Research, Technology Transfer, & Intellectual Property: An Issue and Process Overview for Potential Industry Sponsors

Introduction

Education and Research are main elements of the mission of the University of Oregon (“University”). Both activities are heavily supported by external sponsors through grants and contracts given to the University on behalf of Faculty, Staff, or Operating Units.

Governmental funding agencies, non-profits or private sector companies grant funds to the University via sponsored research agreements. The University understands that the expectations and requirements that accompany support from industry can be very different than those from governmental funding agencies or non-profits. These differences manifest themselves in the contracting process, and in particular, intellectual property issues surrounding research. This document is intended to help potential industry sponsors understand the contracting process at the University, how to engage it, and where difficulties may be encountered.

Industry Sponsored Research is handled by the University’s Innovation Partnership Services (“IPS”) in coordination with Sponsored Projects Services, which are units of the Office of the Vice President for Research and Innovation. Orca Merwin of IPS is one of IPS’s Associate Director’s and main contact for industry sponsored research agreements. Orca is available by phone at 541-346-0832 or by email at omerwin@uoregon.edu.

Contracts Issues

The University’s baseline [Industry Sponsored Research Agreement](#) is similar to those used by peer institutions such as [Georgia Tech](#). It is a baseline agreement for the Industry partners’ most common terms and conditions for conducting the proposed research, especially with respect to intellectual property while being compatible with the needs of the University.

As most of the University’s research is sponsored by the Federal Government, the University’s processes and procedures primarily are established to meet the Federal Government’s standard terms and conditions such as those established by the National Science Foundation in their [routing sheet](#) or those of the NIH issued in their [Grants Policy Statement](#). The general defaults for working with the federal government are set out in the [OMB Uniform Guidance](#) and [Federal Acquisition Regulations](#) (FAR’s) or their Defense Department counterparts, the [DFARs](#). The Office of Management & Budget through the OMB Uniform Guidance provides basic grant management framework including interpretations of applicable laws, guidelines including conflict of interest and auditing guidelines, and references to other regulations such as the FAR’s.

The University, as a public institution of higher education and research, an entity of the State of Oregon, and the recipient of federal research funding, has limitations on the contract terms it can agree to. The University cannot agree to standard commercial terms and conditions.

Typical terms and conditions under which the University has restrictions on what it can agree to are:

Budgeting; Payment; Deliverables & Performance; Ownership/Rights to Research Results/IP; Confidentiality & Publication; Records; Retention; Indemnification; Warranties; Insurance; Export Control; Governing Law/Jurisdiction; Alternative Dispute Resolution; Sovereign Immunity.

Budgeting:

All final research budgets need to be approved by a research group's Chair and Dean and by Sponsored Project Services (SPS) and IPS. The University follows OMB Uniform Guidance for determining allowability of project costs.

Payment:

The University performs industry sponsored research under fixed fee contracts. The University of Oregon requires payment in front of work to be performed as the State of Oregon does not allow the University to use public funds to perform private work.

Deliverables & Performance:

Given the open-ended inquiry nature of research with inherently unpredictable results at universities (distinguished from industry R&D), the University may not agree to specific deliverables, "best efforts" standards or "satisfactory performance" standards. The University may be able to agree to perform the research as proposed with efforts customary among institutions of higher education. Deliverables must be limited to reports on the results of the research.

Ownership/Rights to Research Results/IP –

"Freedom-to-Practice" IP rights:

The University's baseline industry sponsored research agreement offered at our Industry Standard Rates can be summarized as a "Freedom-to-Practice" agreement where the University grants an industry sponsor a commercial use non-exclusive royalty free license to any research results. On: a) approval of the University researcher, their department head and other interested parties at the University; and b) upon the industry sponsor fulfilling its obligations under the terms of the agreement including abiding by the terms of the agreement including budgeted payments of the Industry Standard Rate (government facilities and administrative (F&A) rate plus 15% for in state companies or government F&A rate plus 20% for out of state companies) the following baseline "Freedom-to-Practice" IP rights are provided:

- Make, use, sell, have made, and have imported patented subject matter;
- Reproduce, sell, and make derivatives of copyrightable materials provided through projects as well as to use, perform, display and transmit the same;
- Use technical information created through research for any purpose subordinate to the grants associated with patents and copyrights and subject to the confidentiality provisions of the sponsorship agreement.

In general the University will make choices on whether or not to file for patents or register for copyrights, and do so at its own expense. Should the partner wish the University to file and therefore choose to pay for patent costs, the payment provides the partner the option to negotiate a license either involving sublicensing rights, exclusive rights in one or multiple fields of use, or a combination of those rights.

IP Alternatives available:

"Government Rights at Government F&A Rates." That is, we provide the same terms to industry sponsors as we provide our federal sponsors and do so at an indirect expense recovery rate for facilities and administrative cost (F&A) rate set by the federal government in our federally negotiated indirect rate

agreement. This is essentially a non-commercial internal use non-exclusive royalty free license that confers the following rights:

- Make, use, have made, and have imported patented subject matter;
- Reproduce and make derivatives of copyrightable materials provided through projects as well as to use, perform, display and transmit the same within its sites;
- Use technical information created through research for any purpose subordinate to the grants associated with patents and copyrights and subject to the confidentiality provisions of the sponsorship agreement.
- Payment of patent costs allows for option to negotiate a license either exclusive or non-exclusive commercial use.

The value of the research to the industry sponsor under the Government Rights model is access to unique resources and personnel, the time advantage of information and the ability to position for an early-look at hireable graduate and undergraduate talent.

“Strategic Investment Rate.” Some industry sponsors may wish to have all rights to the patents, copyrights and software produced under the research assigned to the company or licensed exclusively upfront. The University needs to handle the assignment of intellectual property or pre-negotiated exclusive licenses carefully as it is, by definition, a private use under U.S. tax law. Private use in educational non-profits is restricted by the IRS to certain levels in comparison to total activity. In addition, the assignment of intellectual property or pre-negotiated exclusive licenses raises issues regarding state prohibitions against gifting to private entities, policy, added costs and liability to University. The University researcher, their department head and other interested parties at University will need to give approval for a sponsored research agreement to grant assignment of intellectual property or a pre-negotiated exclusive license. University staff from Innovation Partnership Services will work with industry partners to determine a proposed project’s eligibility on a case by case basis. The core principle of the Strategic Investment Rate is that all costs of University research must be covered upfront for the University to meet its obligations under Oregon law. The current cost rate is government F&A rate plus 75%.

Confidentiality & Publication:

The University, as a public institution of education and research has a core mission to disseminate and publish information and is an open environment where information is freely shared. In addition, the University operates under the fundamental research exemption and cannot perform restricted or secret research. The University is also an entity of the State of Oregon and is subject to Oregon Public Records Law. To reflect the above, the University has adopted two non-negotiable policies one on Proprietary Research, 09.00.07 the other on Classified Research, 09.00.03.

Under Research Policy, the University generally may not conduct research where the freedom to publish is limited inherently and fundamentally. However, publication delays not exceeding sixty (60) days are acceptable so that a research sponsor may review publications and (1) offer comments or suggestions and (2) determine that its proprietary data are not disclosed. Delays not exceeding ninety (90) days also are permitted so that the University and the research sponsor may screen proposed publications for intellectual property protection. If both sixty- and ninety-day delays are applicable, the total period of delay should not exceed ninety (90) days

Additionally, Sponsored research projects allowing access to or use of the sponsor's proprietary data or materials will be accepted only if regulations regarding access, use, and protection of such data or materials *do not restrict the full dissemination, excluding the proprietary data or materials, of scholarly findings made under the research agreement.* Proprietary data or materials *must be labeled as such by the*

research sponsor before release to University researchers, except that proprietary data or materials disclosed orally must be identified, within 30 days of such disclosure, in writing by the sponsor as proprietary, or as otherwise agreed to in writing by University's authorized representative.

Under the Classified Research Policy, University resources may not be used to conduct research that bears a security classification from the federal government, such as top secret, secret, or confidential.

Records Retention:

The University, as an entity of the State of Oregon, is subject to Oregon Records Retention Law. While company information shared with the University likely will not become a record of the University, subject to Oregon Records Retention Law, reports generated by University staff based on that information may fall under Oregon Records Retention Law.

Indemnification:

As an entity of the State of Oregon the University is subject to the Tort Claims Act and the Constitution of the State of Oregon. Therefore, any indemnification the University can offer is limited to the extent allowed by the Tort Claims Act and the Constitution of the State of Oregon.

Additionally, the University is not a commercial entity, but instead produces products/results through conducting research. Therefore, the University cannot indemnify that any results will not infringe on the intellectual property rights of any third party. The University may, as appropriate, disclaim that to the best of its knowledge any results do not infringe on the intellectual property rights of any third party.

The Industry Sponsor, as the commercial entity using any results generally must take full responsibility for any liability that arises from their use of the results.

Warranties:

As the University is not a commercial entity engaged in business but is instead an institution of higher education and research and as such it may not provide any warranties as to the results of its research. All warranties, expressed or implied, will be disclaimed and all results will be provided "As Is."

Insurance:

The University is self-insured under 352.087(1)(p), with adequate levels of excess general liability and commercial auto liability insurance and maintains workers' compensation insurance for its employees in conformance with ORS Chapter 656.017.

The University does not carry professional liability coverage. However, the University's general liability coverage includes educator's legal liability and is very broad, meaning it covers the acts and omissions of faculty, staff and agents in the course and scope of University work.

Any issues related to risk or insurance different from our standard language and coverage will need to be run by the University's Risk Manager.

Export Control:

The University conducts research under the Fundamental Research Exclusion. Therefore, we may not agree to publication, access or dissemination restrictions. Additionally, in order to assist the University

with compliance with Export Control laws, we request that sponsors identify any export-controlled items, data, or information before sharing them with the University. The University retains the right to refuse acceptance of those items or information.

Governing Law/Jurisdiction:

As an entity of the State of Oregon the University may not agree to governing law or jurisdiction in another state. We work with all of our sponsors to address cases where multiple governmental authorities may be involved.

Alternative Dispute Resolution:

As the University generally may not limit its remedies available at law it generally may not agree to binding arbitration.

Sovereign Immunity:

As an entity of the State of Oregon the University retains sovereign immunity.

Industry Sponsored Research Process

- **Identify the technical contact/research center at the University you wish to work with as principal investigator; if you do not know the right contact point, contact the Associate Vice President for Research and Innovation. Bring in IPS. Discuss with that contact and IPS your:**

1. budget limits,
2. the decision-making process including the time to make decisions & who makes final decisions,
3. contracting process and contact for contract matters, and
4. typical terms and conditions for sponsoring university research if available.

- **Engage in technical discussions with the technical contact/research center.**

Usually this would include:

1. If a nondisclosure agreement is required contact IPS if the information is being received by the University.
2. **Exchange of an informal proposal.** Ask that technical contact/research center for a “White Paper” or “Concept Paper,” defining what their research group might be able to do.

What will define the final relationship is the final formal proposal in conjunction with negotiated terms & conditions in a Sponsored Research Agreement.

If the proposal is to be a subcontract in a company’s SBIR or STTR proposal to the federal Government, IPS can provide you with an example of the necessary Letter of Intent, along with the model subcontract.

3. **Estimates of the research costs.** As all final research scopes and budgets need to be approved by the research groups, Chair and Dean and by Sponsored Project Services (SPS) and IPS. All research costs estimates received by the research group before a final formal proposal, including those with White Papers or Concept Papers, are

Rough-Order-of-Magnitude (ROM) estimates only. The ROM estimate is provided for planning purposes only. The actual costs of providing best efforts research may differ. Offers to perform the research under a specified cost proposal are only valid when provided by an authorized contracting officer of the University of Oregon.

- **Initiate the contracting process with IPS.**

We recommend the following steps to initiate the contracting process. The steps outline the most general approach and ensure that both your company's approval process and the University's approval process are engaged. In the end, this is often the fastest way to get a contract through because it ensures all the necessary people are involved at the right time. The steps are:

1. Take the Concept/White Paper and the University's standard research agreement and use it to initiate a Request for Proposal (RFP) or a Request for Quote (RFQ) through your company's contracting authority. Send the RFP to your technical contact in the research group and to SPS & IPS with the technical contacts name in it.
2. University technical contact will modify the concept paper into a proposal in response to the RFP/RFQ and create a budget.
3. The complete proposal package including the RFP will move through the standard SPS/IPS grants & contracts approval process.
4. You and your company's contracting authority will receive a SPS/IPS processed and approved proposal.

These steps make the combined proposal and budget a valid offer by the University to your company for the research group to perform the research. It also begins formal negotiations.

- **Negotiate any agreement terms.**

Any terms that differ between the University's standard agreement and that of the company are negotiated by IPS; Orca Merwin, IPS Associate Director, is responsible for IPS's negotiation of the agreement.

- **Execute the sponsored research agreement.**

The Vice President for Research and Innovation, or their designee, is the authorized signature authority at the University for industry sponsored research agreements.

- **Modifications to sponsored research agreements.**

Sometimes after a research project has begun a company will wish to modify or change the scope of work. Please notify the University research group and IPS as soon as possible and initiate discussions and negotiations about your desired change in scope. Some changes to the scope of work will require changes to the budget.