Contract Negotiations: It’s ALIVE!!!!!!!!!!

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I am an attorney….BUT I’M NOT AN OFFICIAL!

Only a couple of folks can sign Contracts!

Official Signatories for UA are approved by the Board of Trustees.
How do the Agreements get to me? Various Ways.... And I’m not always the last stop.

Tech Transfer– Compliance Review
Grants vs. Contracts

Grant: purpose is to transfer money, property, services (value) from the Sponsor (Government) to accomplish a “public purpose”.

- Recipient is expected to pursue the work independently and report at the end of the project

Contract: purpose is the acquisition of property or services for the direct benefit of the sponsor (Government or private industry).

Expected to work under the “rules”; The rights and responsibilities of each party under the agreement.
University Interests vs. “Da Other Guys”

Universities are concerned with:
1. Publications, presentations – dissemination of research results
2. IP and data rights
3. Protection of researchers and University from risk and liability

Sponsors/Industry concerns:
1. Protect their money and investment
2. Want all IP rights
3. Want all liability shifted
4. Return on their investment
5. Control
Tug of War? Not always.

- PI’s, Deans, Chairs, RA Administrator objectives and industry objectives—what is everyone trying to accomplish?
- What are the goals of the research?
- What are the University policies/laws of the state—where is the give?
- Time constraints—how quickly does each project need to be accomplished?
There is some common ground–

- Protect University’s/Sponsor’s name/reputation
- Get the research done
- Provide opportunities for graduate students/post docs
- Provide opportunity to publish research results
- Stay current in the field by working with industry/University

- Provide an opportunity for real world application of “academic” or theoretical research
- Share in financial rewards of valuable inventions
What do we look for and why is it a problem?
Reporting Requirements

• Sponsor expects timely technical reports—does the time work with our calendar?
• Is payment contingent on receiving or sponsor approval of reports?
• We try to remove any approval language and make sure we get paid, and also make sure the PI knows the obligations.

Conflict of Interest

• Conflict of interest policy is critical for objective science.
• Must be aware of any faculty owned business interests.
Publication

• Sponsor may want to control the publication of results of the research, or at least the timing of the publication

• Compromises academic freedom and dissemination of knowledge

• Slippery slope between “work for hire” and research

Termination

• If we stop work (lose a PI or key person), or they tell us to stop work (don’t like the direction or reports) …..what happens?

• We try to get a mutual termination clause with payment for non-cancelable items and for work done
Period of Performance

• The start and end dates can be crucial for C&G Accounting office.
• Dates could be critical for any patent prosecution.
• Dates could be critical if final reports are due on the end date.
• If the scope of work changes, the dates should reflect those changes.

Confidentiality

• Usually top concern for sponsors.
• Often require individuals as well as UA to sign a separate confidentiality agreement or NDA.
Ownership of Data

• Sponsor wants to own EVERYTHING… even stuff we invented before the agreement!

• Jeopardizes the right to publish

• Jeopardizes IP rights

• UA has a “standard” policy, but there are exceptions to every rule.

Warranty

• A legal promise that a fact stated in a contract is true.
• We try to get this language removed.
**Indemnification/Hold Harmless**

- Terms that shift the liability arising from a transaction.
- Agreement to assume the risk in a situation.
- A guarantee against any loss the other party might suffer.
- We have limited ability to indemnify because of state law.

**What Law Controls?**

- State of Alabama - 11th Amendment to the Constitution - states have sovereign immunity from being sued in Federal Court from someone from another state or country.
- No binding arbitration clauses.
University has a policy on IP rights that covers:
• Books, literary works, etc. – these stay with the faculty member
• Novel results- discoveries, processes, machines, software- vest with the University

• Problem lies with negotiating these terms with sponsors… who want to own everything.
  • Vesting of title to IP
  • Terms related to potential licensing
  • Pre-set royalty rates
  • Background IP
  • Publication review
  • Definition of data and rights in data
  • Who pays for patent prosecution
Pre-negotiating your rights—Clauses to be very afraid of...
Contact OSP Prior to Negotiation

• F&A Rates

• Financial Details- invoice frequency, report detail, original receipts

• Personnel: labor hours rather than effort

• Property procurement, title, management and removal if required

• Export Control

• Beginning work prior to having an agreement executed

• FAR clauses
Each Award is unique:
Any agreement or any clause may require negotiation.
Thank ya .... Thank ya very much!

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