SANDBOX RULES: THINGS EVERYONE SHOULD KNOW ABOUT ACADEMIC-INDUSTRY COLLABORATIONS

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Overview

• Inputs and outputs
• Follow the money
• Yours, mine, and ours
• Messing up the clean room
• Who’s in charge here?
• Exiting the sandbox
Inputs and outputs

Inputs:
- Materials
- Funding
- Knowledge/Data/IP

Research activities:
Transformation of Inputs

Outputs:
- Materials
- Knowledge/Data/IP
Follow the money

• Or, more precisely, the contracts
• What agreements govern the funding and how many different sources are there?
• Who are parties to the contract? 3rd party beneficiaries? 3rd party obligors?
• Corporate sponsored research vs. grants, donations, and endowments
• Gov’t contracts, grants, cooperative agreements, and “other funding arrangements”
Yours, mine, and ours

• Generally, the parties should continue to own what they brought into the collaboration; but how is this documented?

• In industry-industry collaboration, new materials, IP, and data would often be jointly owned.

• This brings its own set of issues (e.g., who leads patent prosecution, who pays, who enforces, when can the other party step in if the first abandons)
Yours, mine, and mine mine

• In academic-industry collaborations, however, the university usually owns all the new stuff (assuming it's done at the university)

• Why?
  • Gov’t funding: Bayh-Dole, FARS, DFARS, and NIH data rules
  • tax exempt status
  • tax exempt bond financing of physical plant
  • UBIT
  • State agency universities: state laws regarding state assets and employees
Messing up the clean room

• In industry, clean rooms can be set up to limit access and input to R&D; strong IP assignments and NDAs can be imposed on all who have access

• This is less possible in academia for law, policy and culture reasons

• Universities that receive federal or state funding will have disclosure and licensing obligations as well as limits on the ability to assign or exclusively license results to industry partner
Messing up the clean room

- Even research done partly in industry partner lab may be affected (see *Stanford v. Roche* dispute)
- Can publications or disclosures be subject to temporary delay for industry partner review?
- Note that there are solid policy reasons for mandating disclosure and access to research even partly funded by federal or state sources
- The key is to separate the research out into parts that can be open in the university environment and closed in the industry partner labs (if possible and easier said than done!)
Who’s in charge here?

• Look to governance structure (if any)

• Academic-industry collaborations increasingly using strategic alliance type governing bodies with reps from each partner to:
  • Set scope of research
  • Select researchers or proposals
  • Allocate resources
  • Resolve disputes
Who’s in charge here?

• What is the make-up of the board?
  • Does either party have majority control?
  • If so, are any decisions set to require supermajority or even unanimity?
  • Evenly split boards are more “fair” but bring risk of deadlock
  • Is it worth adding outside board members?

• How effective or binding are the board’s decisions?
  • Note: these are not corporate boards with statutorily-defined powers but only exist by contract
Exiting the sandbox

• What constitutes breach and what remedies are there?
• Who has termination rights, and under what conditions?
• What happens on termination?
• Who gets what on termination or breach (e.g., data, materials, IP, return of funds)?
• N.B.: many times the practice of the parties will vary from their contractual obligations; can this effectively amend the original contract?
Final thoughts

• Academic-industry partnerships can be highly beneficial to both sides

• However, the laws, policies, and cultures governing each side are quite different

• Universities operate under a complex web of federal and state statutory, regulatory, and judicial (case) law
Final thoughts

• Those who want to work at this interface need to understand the structure, rights, and obligations of the parties both as a matter of law and custom

• For more detail on the legal and contractual issues, see O’Connor, Graff, and Winickoff, Legal Context of University IP and Technology Transfer (National Academy of Science 2010) available at

• http://sites.nationalacademies.org/PGA/step/PGA_058712