

# STATEWIDE TRAINING

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# INTRODUCTION

- ***MISSION - University of Tennessee Research Foundation***
- The Foundation intends to:
- Support and grow the research enterprise across all UT campuses
- Protect, manage, and commercialize UT intellectual property
- Develop and support an entrepreneurial culture within the University
- Contribute to state and regional economic development

# Types of Sponsored Agreements

- Federal Agencies - *Typically Nonnegotiable*
- State/Local Government Agencies - *Varies*
- Foundations and Similar Agencies - *Increasingly more complex and burdensome*
- Industry - *University perspective not normally shared*

# Some Major Intellectual Property Issues in Sponsored Agreements

- Ownership and licensing of inventions/patent rights
- Control and ownership of subject data/rights-in-data
- Work product control
- Publications
- Pressure from industry
- Institutional policies
- Faculty/researcher goals

# Intellectual Property FAR Clauses

- Federal Agencies

- **Bayh-Dole 37 CFR 401 et seq.**

- FAR Patent Rights Clauses - Different Agencies

- Common 52.227-11 “Patent Rights-Retention by Contractor (Short Form)”

- **Agreement terms subject to:**

- Bayh-Dole Reporting requirements
    - March-in-rights Prior approvals

- **Invention/license terms subject to:**

- Substantial U.S. manufacture Compulsory license
    - Export laws Govt. Indemnification

# Intellectual Property FAR Clauses

- Federal Agencies
    - Technical Data Clauses
      - 52.227.14 Rights in data--General (June 1987)
        - Preferred
        - Has alternates (Alternate IV (Jun 1987))
      - 52.227-17 Rights in Data--Special Works
        - government has greater rights
- Implementing Regulations

# Intellectual Property Troublesome FAR Clauses

## DFARS 252.204-7000 Disclosure of Information

*When the Contractor will have access to or generate unclassified information that may be sensitive and inappropriate, include the clause DFARS 252.204-7000.*

### *DISCLOSURE OF INFORMATION (Dec 1991)*

- (A) The Contractor shall not release to anyone outside the Contractor's organization any unclassified information, regardless of medium (e.g., film, tape, document) pertaining to any part of this contract or any program related to this contract, unless—
  - (1) The Contracting Officer has given prior written approval; or*
  - (2) The information is otherwise in the public domain before the date of release**
  
- (B) Requests for approval shall identify the specific information to be released, the medium to be used, and the purpose of the release. The Contractor shall submit its request to the Contracting Officer at least 45 days before the proposed date for release.*
  
- (C) The Contractor agrees to include a similar requirement in each subcontract under this contract. Subcontractors shall submit requests for authorization to release through the prime contractor to the Contracting Officer.*

# Intellectual Property

## Troublesome FAR Clauses

- ***AFMC 5352.227-9000 EXPORT-CONTROLLED DATA RESTRICTIONS (AFMC) (JUL 1997)***
  - (a) *For the purpose of this clause,*
    - *(1) Foreign person is any person who is not a citizen or national of the U.S. or lawfully admitted to the U.S. for permanent residence under the Immigration and Nationality Act, and includes foreign corporations, international organizations, and foreign governments;*
    - *(2) Foreign representative is anyone, regardless of nationality or citizenship, acting as an agent, representative, official, or employee of a foreign government, a foreign-owned or influenced firm, corporation or person;*



# Intellectual Property

## Troublesome Clauses (*AFMC 5352.227-9000, cont.*)

- (3) Foreign sources are those sources (vendors, subcontractors, and suppliers) owned and controlled by a foreign person.*
- (b) The Contractor shall place a clause in subcontracts containing appropriate export control restrictions, set forth in this clause.*
- (c) Nothing in this clause waives any requirement imposed by any other U.S. Government agency with respect to employment of foreign nationals or export controlled data and information.*

# Intellectual Property Clauses

## Troublesome Clauses (*AFMC 5352.227-9000, cont.*)

*(d) Equipment and technical data generated or delivered under this contract are controlled by the International Traffic in Arms Regulation (ITAR), 22 CFR Sections 121 through 128. An export license is required before assigning any foreign source to perform work under this contract or before granting access to foreign persons to any equipment and technical data generated or delivered during performance (see 22 CFR Section 125). The Contractor shall notify the Contracting Officer and obtain written approval of the Contracting Officer prior to assigning or granting access to any work, equipment, or technical data generated or delivered under this contract to foreign persons or their representatives. The notification shall include the name and country of origin of the foreign person or representative, the specific work, equipment, or data to which the person will have access, and whether the foreign person is cleared to have access to technical data (DoD 5220.22-M, National Industrial Security Program Operating Manual (NISPOM)).*

# Intellectual Property Clauses

Case Study

Industry Agreement

# Sample Language Negotiation -- Rights-in-Data

## CASE STUDY

All original data and records of the work performed under this Agreement developed solely by University employees shall be the property of the University. All original data and results of work performed under this Agreement solely by XYZ employees shall be the property of XYZ. All original data and records of the work performed under this Agreement jointly by employees of the University and XYZ shall be jointly owned by the parties. The University and XYZ intend to keep the other party informed of research activities pursued under any awarded Research Project and to make copies of such research results available to the other party, acting through the Principal Investigator and the XYZ technical contact assigned to the Research Project.

# Sample Language Negotiation -- Rights-in-Data

- **Not acceptable:**

- The University and Sponsor agree that all research data generated in the course of this study shall be the property of the Sponsor. (Common starting position of industry.)

- **Best:**

- The University and Sponsor agree that all research data generated in the course of this study shall be the property of the University. (Language used in some universities' standard industrial research agreements.)

# Sample Language Negotiation -- Rights-in-Data

- **Compromise:**

- The University and Sponsor agree that all research data generated in the course of this study shall be the property of the University. The Sponsor may use any and all research data without further payment to or license from the University, subject to any patent rights that the University may be granted based upon such data. (Generally routine rights-in-data language compromise for universities. Some drawbacks!)

# Sample Language Negotiation -- Invention/Patent Rights

## CASE STUDY

Any invention conceived solely by University personnel under the Research Project during the term of this Agreement, and any patents thereon, will be owned by the University (hereafter, “University Inventions”). Any invention conceived jointly by personnel of the University and XYZ, and any patents thereon, shall be jointly owned (hereafter, “Joint Inventions”).

# Sample Language Negotiation -- Invention/Patent Rights

## CASE STUDY

For University Inventions, the University grants to XYZ a fully paid-up, royalty-free, irrevocable, world-wide and nonexclusive license to reproduce, make, have made, use and sell products and practice methods covered by the claims of any resulting patents. Such license rights shall not include the right to sublicense the University Invention to third parties.



# Sample Language Negotiation -- Invention/Patent Rights

## CASE STUDY

For University Inventions and Joint Inventions, the University shall grant to XYZ the first option to negotiate in good faith an exclusive license to reproduce, make, have made, use and sell products and practice methods covered by the claims of any resulting patents.

# Sample Language Negotiation -- Invention/Patent Rights

## Unacceptable:

The University hereby grants to Sponsor a fully paid up royalty-free ***exclusive*** license to make, use, ***or sell*** any inventions, discoveries, copyrights, or other intellectual property arising from the work in the Sponsor's field of use.

# Sample Language Negotiation -- Invention/Patent Rights

## Better:

The University hereby grants to Sponsor a fully paid up royalty-free *nonexclusive* license to use any inventions, discoveries, copyrights, or other intellectual property arising from the work for the Sponsor's *internal* research and development purposes only (Some pitfalls!).

# Sample Language Negotiation -- Invention/Patent Rights

## “Negative” Compromise:

The University hereby grants to Sponsor a fully paid up royalty-free *nonexclusive* license to *make or use* any inventions, discoveries, innovations, or other intellectual property arising from the work in the Sponsor’s defined field of use (note absence of “sell”).

# Sample Option Language

## CASE STUDY

For University Inventions and Joint Inventions, the University shall grant to XYZ the first option to negotiate in good faith an exclusive license to reproduce, make, have made, use and sell products and practice methods covered by the claims of any resulting patents.

# Sample

(Continued)

# Option

# Language

## **CASE STUDY**

The exact terms and conditions of any exclusive license between the parties shall be set forth in a separate agreement to be negotiated by the parties in good faith. Any such license shall be at a reasonable annual royalty (or such other royalty schedule as may be agreed by the parties), may extend to all fields of use, and shall be under other terms to be negotiated by the parties, including the right to grant sublicenses and appropriate due diligence provisions. The royalty rate shall be customary in the industry for the kind of product, process, or apparatus involved and shall take into consideration the contributions of each party, the proprietary position provided, and the profit potential.

# Sample Option Language

In consideration of the... the Parties agree to negotiate in good faith an exclusive license to the Technology. Any such license shall provide for a reasonable royalty payment including minimum royalties **and** license maintenance fees to University and both Parties shall consider the following:

- Fields of use
- Territories
- Option fees paid by company
- Rights of government sponsors

# Sample Option Language

(Continued)

Any such license shall include (other) terms as are reasonable and customary in the industry including but not limited to... provisions for auditing, liability, and termination.



# Sample Language Negotiation --Copyright

## CASE STUDY

Subject to prior written agreement between the parties, certain Program Material may be specified in writing to be a Deliverable item for which copyright will be assigned to XYZ. Otherwise, all literary right, title and interest in Program Material used or generated in the course of research performed under this Agreement, including ownership of copyright in such materials, shall vest exclusively in the author(s) [e.g., for scholarly publications] or the employer(s) of the author(s), according to the employer's policies.

# Sample Language Negotiation --Copyright

## CASE STUDY

Unless otherwise specified by the parties in writing, the University hereby grants to XYZ a nonexclusive, royalty-free license to use University-owned Program Material for XYZ's internal purposes, including the right to reproduce copies and to make derivative works (as defined in 101 of the U.S. Copyright Act of 1976, as amended). Should XYZ elect to market or sublicense Program Material or a derivative work thereof, the University and XYZ agree to enter into negotiations for a royalty-bearing commercial license on terms to be negotiated in good faith.

# Sample Language Negotiation --Copyright

## Preferred Version:

Contractor hereby grants to Sponsor a nonexclusive worldwide royalty-free license to use any such copyrighted works that result from the work hereunder including copying such works for internal distribution only at Sponsor and its subsidiaries. (Compromise usually OK for university.)

# Sample Language Negotiation --Copyright

## **Compromise:**

Contractor hereby grants to Sponsor a paid up, worldwide royalty free nonexclusive license without the right to sublicense to any copyright to works produced under this agreement.  
(Compromise position, based upon circumstances, should generally avoided.)

# SOURCES

- AUTM - <http://www.autm.net>
- COGR - <http://www.cogr.edu/>
- UTRF - <http://www.cogr.edu/>

(Click on Technology Transfer)