Agreements 102

2018 OSR Symposium
Lorrie Robbins, Research Administration Manager
Liz Thornberry Moore, Assistant Director of Contracting
What can hold up negotiations?

Why is my agreement taking so long?
Common Sticking Points in a Contract

• Indemnification –
  – **Definition**: a security against hurt, loss, or damage
  – NC Tort Claims Act
    • As a state entity, we are subject to the Act
    • The Act waives our sovereign immunity up to a certain dollar amount and only for negligence
    • [https://www.sog.unc.edu/sites/www.sog.unc.edu/files/course_materials/R03.1%20Local%20gov%27t%20immunity%20(Sup
erior%20Court%20Judges2).pdf](https://www.sog.unc.edu/sites/www.sog.unc.edu/files/course_materials/R03.1%20Local%20gov%27t%20immunity%20(Sup
erior%20Court%20Judges2).pdf)
Common Sticking Points in a Contract

• Governing Law
  – Because we have sovereign immunity, we cannot agree to the laws of any other jurisdiction
  – NC Attorney General is our general counsel
    • If we agree to the laws of another jurisdiction, we could possibly be waiving our sovereign immunity and we would incur the expense of hiring outside counsel.
  – Alternative: remain silent
    • If alternative is not accepted, a waiver from the department is required.
      – More on this later!
Common Sticking Points in a Contract

• Publication
  – Freedom to publish and disseminate results is fundamental to the University and necessary to the research.
  – A short delay for sponsor to review for proprietary information or patentable inventions is acceptable.
  • Anything further could be considered a publication restriction and requires a waiver (more on this later)
Common Sticking Points in a Contract

- Publication
  - Sample Acceptable Language:

Notwithstanding the confidentiality obligations under Section __ above, University shall have the right to publish and disclose the results of the Research, provided that University submits the proposed publication or disclosure to Sponsor for its review at least sixty (60) days prior to the scheduled submission of such proposed publication or disclosure to any third party (including, without limitation, to any journal for review). At Sponsor’s request, University shall delete Sponsor’s Confidential Information from such proposed publication or disclosure. If, during its sixty (60) day review period, Sponsor notifies University that it desires patent applications to be filed on any Inventions disclosed or contained in the proposed publication or disclosure, University will defer publication or other disclosure for a period, not to exceed thirty (30) additional days, sufficient to permit filing of any desired patent applications.
Common Sticking Points in a Contract

- Intellectual Property (IP)
  - What is IP?
    - **Invention:**
      - A discovery conceived and reduced to practice in the performance of the Research which is patentable or otherwise protectable as Intellectual Property.
      - Inventorship is determined in accordance with patent law or by mutual agreement if the Invention is not patentable.
      - Ownership reflects inventorship, title to each Invention is held by the employers of the inventors.
Common Sticking Points in a Contract

• **Intellectual Property:**
  – Rights in patents, patent applications, copyrights, trademarks, know-how, and tangible property.

• **Background Intellectual Property:**
  – Intellectual Property owned or created by a party independently of the agreement.
  – No rights are granted to Background IP.

• **Notice:**
  – University is required to disclose inventions, usually in writing, to the sponsor.
Common Sticking Points in a Contract

• **IP issues that hold up negotiations:**
  – Rights to Background IP – grant of rights to background IP necessary to practice the Invention (ok to allow use of background IP for the research or exploitation of results if needed)
  – Patent costs – obligation to file patent or maintain patent applications at our own expense or as a shared cost (ok if sponsor agrees to cover all costs during the option period)
  – Financial terms of license option to be pre-negotiated – requires further review by OTC
  – Length of option – typically 90-180 days
Common Sticking Points in a Contract

Sample Acceptable Language:

Inventions developed independently of the Research are the separate property of the respective Parties and are not affected by this Agreement. Inventions made in the performance of the Research ("Inventions") shall be disclosed in writing by the inventing Party to the other Parties and the Principal Investigator within thirty (30) days after receipt of an Invention disclosure (such disclosure shall be the Confidential Information of the inventing Party).

a) Inventorship of Inventions shall be determined in accordance with United States patent law. Authorship of copyrightable works first reduced to tangible form in the performance of the Research, including computer software, shall be determined in accordance with United States copyright law. Ownership of any unpatentable Materials first developed in the performance of the Research, including biologicals for which patent protection will not be sought, will be determined as if the Material is patentable.

b) Any Inventions that is made by a single Party will be solely owned and managed by that Party. If there is more than one owner of an Invention then management of the Invention be determined after good faith discussion among the owners.

c) To the extent legally permissible, each Party is hereby granted a non-exclusive license to use each Invention (and any patent rights arising therefrom) for the performance of the Research.
Common Sticking Points in a Contract

- Payment Terms
  - One payment at the end
  - Unknown sponsor or small company
    - Solvency issue
      - Could be a risk to the University
  - One deliverable (i.e. final report or completion of project)
  - Foreign currencies
  - Payment at termination
  - Supporting documentation with invoices
Are you willing to accept the risk?

What exactly am I signing a waiver for?
Waivers for Non-Conforming Terms

- Publication Restrictions Waiver
  - Publication restrictions are against the University’s mission and require UNC System President approval.
  - OSR prepares a document explaining the restriction and why the waiver should be granted.
  - It is sent to the UNC System President’s office for review and approval.
Waivers for Non-Conforming Terms

• Governing Law
  – If we agree to a jurisdiction outside of NC, the department will be asked to assume financial responsibility should any litigation arise.
  – A letter will be signed by the Dean or Chair acknowledging their acceptance of the responsibility.
MEMO

To: Office of Industry Contracting

From: [Redacted], MD

Date: February 7, 2018
Subject: Governing Law and Venue in Fellowship from [Redacted]
Reference: RAMSeS 18 [Redacted] and ALICE 18 [Redacted]

This Fellowship Agreement contains non-standard clauses that the University usually does not accept, primarily relating to University status as an agency of the State of North Carolina. In order for the University to agree to the Agreement, an additional assurance through the department chair has been requested to address institutional risk management and to record department understanding of and willingness to accept potential responsibilities and costs. The assurance is not considered part of the agreement but is maintained as a related record.

On behalf of the [Redacted], I am providing an acknowledgement of the designation of choice of law and venue being the State of New York and, because of the inability to negotiate changes to this provision in Agreement, and potential need to cover costs should litigation occur for The University of North Carolina at Chapel Hill. Specifically, I am providing a commitment for assuming expenses of litigation, including attorneys’ fees, should the University be required to respond to or initiate litigation in the foreign jurisdiction indicated in the Agreement.

These Agreement clauses are being addressed:
Section 7.D. “This Agreement shall be governed by the laws of the State of New York without regard to its conflict of law provisions. In the event of any arbitration or litigation arising out of this Agreement, the parties agree that such proceedings shall be held in New York, New York.”

_The department agrees to assume the expense of litigation should the North Carolina Attorney General not agree to defend the University given the references to State of New York Law and New York Courts._
What do these agreements look like?
Can I see an example?
Examples

- Federal Contract
Examples

• Service Agreement

PROFESSIONAL SERVICES AGREEMENT

This Agreement is entered into by and between Davinci Regional Foundation, 512 Bridge Street, Suite 100, Danville, Virginia 24541 in the Commonwealth of Virginia (hereinafter “Foundation”) and The University of North Carolina at Chapel Hill (hereinafter “Contractor”).

The Foundation has engaged the Contractor to undertake certain professional services. The Service Provider represents that John McCue, principal investigator is willing and able to undertake the work.

In consideration of the mutual covenants herein set forth, the Foundation and the Service Provider agree as follows:

I. OVERVIEW

The Service Provider shall complete all requirements included in this Agreement.

Title: Designing a Genomic Sequence Generation Facility in Danville, VA

Effective date: March 1, 2015

End date: August 31, 2015

Value of Agreement: $30,547

SSN or EIN for Service Provider: 56-000-193

II. PURPOSE

In this project, UNC-CH staff will work collaboratively with the Davinci Regional Foundation, the City of Danville, and Nobili to develop an assessment and analysis of the potential for a genomic sequence generation facility located in Danville, VA. Specifically, we will develop a detailed cost analysis for a sequence generation facility at three different scales of operation; define sequence generation revenue possibilities; explore interest in a regional sequence generation facility by the capabilities of nearby universities, investigate options and considerations for local business entities that could build and operate such a facility; and engage discussions with the Kenan-Flagler School of Business to develop opportunities for their future engagement.

The University of North Carolina at Chapel Hill

CONTRACT

This CONTRACT is made, and executed this 11th day of December, 2018 by and between

The University of North Carolina at Chapel Hill (hereinafter referred to as “CONTRACTOR”) and

Davinci Regional Foundation (hereinafter referred to as “CONTRACTOR”).

For and in consideration of the mutual covenants and agreements set forth in this Agreement, the parties hereto do hereby agree as follows:

1. SCOPE OF SERVICES. CONTRACTOR hereby agrees to provide the services set forth herein and to perform all work (hereinafter collectively referred to as the “Work”) in accordance with the terms and conditions set forth in this Agreement. The Work shall be performed in a manner consistent with the requirements of the Work, and in a timely and efficient manner.

2. TERM OF CONTRACT. The term of this Agreement is effective as of December 11, 2018 and shall continue in full force and effect until the completion of the Work.

3. PAYMENT TO CONTRACTOR. CONTRACTOR shall be paid for the Work in accordance with the terms and conditions set forth in this Agreement. CONTRACTOR shall be paid in a single lump sum of $30,547 by the end of the following month following the completion of the Work.

4. COMPLIANCE WITH LAW. All work and services hereunder are to be done in compliance with all applicable laws, regulations, and ordinances.

5. INSURANCE. The Contractor shall be insured against liability resulting from the performance of the Work, and shall maintain a minimum of $1,000,000 in liability insurance coverage for the benefit of all persons injured or property damaged by the Work.

6. DISPUTES. Any disputes arising under this Agreement shall be settled by arbitration in accordance with the rules of the American Arbitration Association. The decision of the arbitrator shall be final and binding upon both parties.

8/10/2018 Office of Sponsored Research
Examples

- Master Agreement
Questions?