



Deal or No Deal? Tips and Tricks for Negotiating Research Agreements

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Agenda

- ❑ Part I: The Basics of Contract Formation
- ❑ Part II: Overview of the Contract Checklist and Discussion of Issues that Arise During Contract Negotiation
- ❑ Part III: Common Issues Relating to Research Agreements
- ❑ Part IV: Final Considerations

First things first... what is a contract?

- ❑ At its core, a contract is any document that legally binds the university to another party, including any agreement where a party promises to act or not act in a certain way.

- ❑ The negotiating process is the chance to define what is important in this relationship:
 - Who are the parties?
 - What is expected of the institution?
 - What can the institution expect from the other party?
 - What happens if things go wrong?

- ❑ We want to set clear expectations so the relationship can be successful!



What is a Research Agreement?

Research Agreement

- A contract executed for the purpose of engaging in activities that will create generalizable, new knowledge.
- Practically speaking, this means that a research agreement is framed towards producing results that will matter to the academic community (e.g., work that will produce results that will be published).

Service Agreements

- Executed when the university engages in work for external sponsors, but the work does not rise to the level of research (e.g., routine testing using well known protocols.)

Who Decides?

- The Vice Chancellor of Research (or designee) determines whether particular agreement is for research or services.

Common Issues When Negotiating Contracts



Indemnification Clauses

- ❑ Look for language that's intended to make the other party whole. Key language to look for:
 - "indemnify" - "release" - "defend"
 - "hold harmless" - "waive"

- ❑ Under the North Carolina Tort Claims Act, the University can only cover:
 - personal injury and property damage
 - based on the negligence of our employees (**NOT** willful misconduct)
 - Up to \$1,000,000
 - Always refer to the North Carolina Tort Claims Act in agreements → "Only in the manner and to the extent permitted by the North Carolina"

- ❑ Always seek to have the sponsor indemnify the University from all claims arising from or relating to the project.

Accepting Liability for Students

- The University cannot accept liability for students.
- Instead of “**ensuring**” that students will do X → agree that the university will “**instruct**” that students do X.
- Don’t agree to indemnify the other party based on the actions of students.
- Don’t agree to provide insurance for students
- Exception: student employees

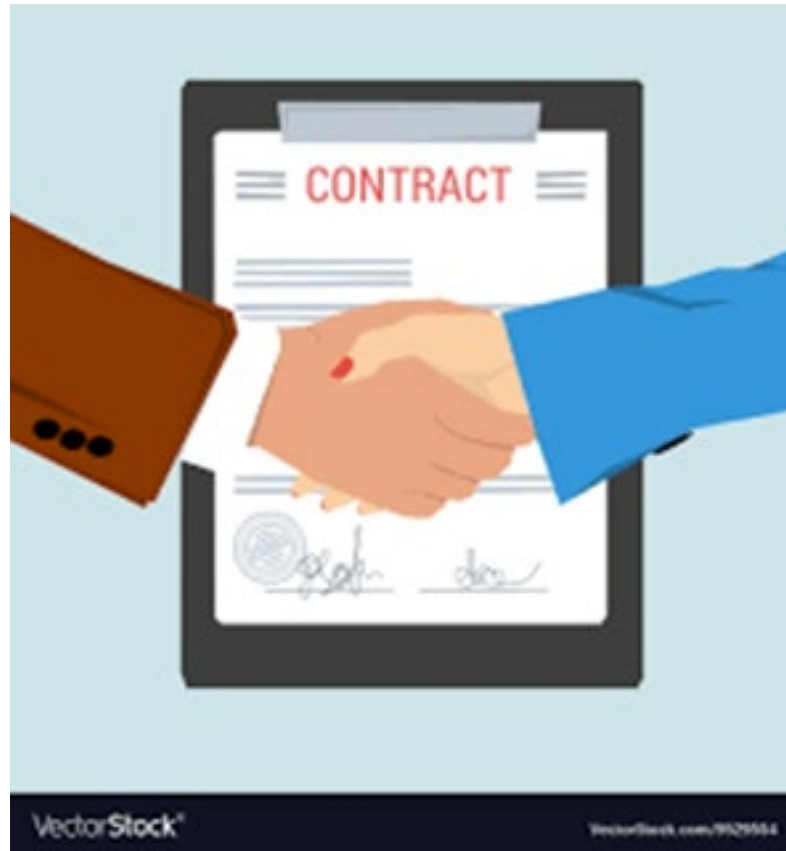
Other Issues To Watch Out For

- Mandatory mediation/arbitration (**unless** subject to the written consent of the North Carolina Attorney General at the time the dispute arises)
- Governing law (**other than** North Carolina)
- Attorney's fees and court costs
- Executing an agreement without signature authority
- When an employee personally guarantees that a contract will be performed
- The university executing a contract with an employee or an employee's family member

Additional Risky Terms

- Terms that alter legal protections
 - Shorten the statute of limitations
 - Agree that breach would cause irreparable harm and justify injunctive relief
- Limitations on the other party's liability
- Agreeing to use best efforts
- Forfeiting control over lawsuits
- Use of University name, logo, or trademarks
- Late payment penalties
- Incorporation of governing terms provisions

Common Issues Relating to Research Agreements



Confidentiality and the Public Records Act

- ❑ As an agency of the State of North Carolina, the university must adhere to the requirements of the North Carolina Public Records Act.
- ❑ Public records include, all documents “regardless of physical form or characteristics... made or received... in connection with the transaction of public business by any agency of North Carolina” → (**content matters – not location!**)
- ❑ Exceptions to the Public Records Act include:
 - trade secrets
 - “research data, records, or information of a proprietary nature, produced or collected by or for state institutions of higher learning in the conduct of commercial, scientific, or technical research where the data, records, or information has not been patented, published, or copyrighted are not public records”



Publication Restrictions

“All activities of the University of North Carolina, including research collaborations with private entities, foundations, and government agencies, must support its teaching, research, and public service missions. The University environment must allow faculty and students to freely pursue learning and research. The University must also maintain its independence and integrity to assure impartiality, and it may not agree to any inappropriate limits on the freedom to publish research findings. **Most importantly, the University must retain the public's trust by engaging in research activities that are consistent in nature, quality, scope, and importance with its mission, and that are conducted under conditions that ensure its academic integrity... faculty and students of the University must have the right to disseminate freely and openly their research findings, and research sponsors may not abridge this basic right. ”**

UNC System Policy 500.1

- ❑ As a general rule, sponsored research must align with the university's open teaching and research philosophy.
- ❑ Although publication restrictions are disfavored, the university may permit them if:
 - The publication restriction will not interfere with a student's ability to publish their dissertation or thesis
 - The Chancellor agrees to the publication restriction (in writing), and reports this to the UNC System Office President in writing
 - Types of circumstances that may involve permissible publication restrictions:
 1. the research involves classified work with a governmental agency OR
 2. the case involves exceptional circumstances, and it is in the national, state, or institutional interest to waive the restriction

UNC Charlotte's Office of Research Commercialization and Development

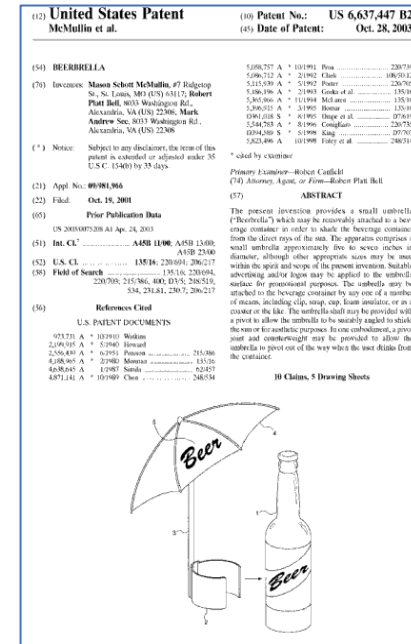
UNC Charlotte's Office of Research Commercialization and Development ("ORCD") identifies, protects, and commercializes university research and intellectual property. The office works closely with faculty, students, and staff to help bring new technology and innovation to market. The office is available to assist the UNC Charlotte community in the following areas:

- Invention and Patent Process** – The office is available to review new research and ideas to discuss intellectual property protection strategies such as patents, copyrights, trademarks, etc.
- Commercializing** Charlotte's technology through start-up company formation and out-licensing transactions.
- Bayh-Dole Compliance.** All inventions that result from federally funded research must be properly reported and managed under the Federal Bayh-Dole Act.
- Confidentiality and Non-disclosure Agreements** (CDAs and NDAs). ORCD is the main point of contact for all confidentiality and non-disclosure agreements between Charlotte employees and outside parties.
- Data Use Agreements** (DUAs).

Primer on Intellectual Property

Overview of the Types of Intellectual Property

- ❑ Patents – exclude others from making, using, importing, or selling materials or processes
- ❑ Copyrights – exclude others from copying, distributing or performing an expression of an idea; owned by the creator unless work for hire
- ❑ Trademarks – indicate the source of a particular type of goods
- ❑ Trade Secrets – secrets that give you an advantage over your competitors



UNC Charlotte Copyright Policy

- ❑ EHRA Employees (including faculty) usually own their creations, but are deemed to have given the university a license to use them
- ❑ SHRA Employees' (including students when paid by the University for work) work made within the scope of employment is owned by the university; same is true for Post-Docs
- ❑ Students usually own their work but, as a condition of enrollment, have given the university a license to reproduce and use it.
- ❑ All of these “default” ownership positions can be superseded by contracts

UNC System Patent and Copyright Policy

- With the exception of “Inventions made on Own Time” ... **inventions or discoveries or parts thereof that result from research or other activities carried out at a constituent institution, or that is developed with the aid of the institution's facilities, staff, or through funds administered by the constituent institution, shall be the property of the constituent institution and, as a condition of employment or enrollment and attendance, shall be assigned by the University inventor to the constituent institution** in a manner determined by the constituent institution in accordance with these policies.
- Personnel or students who claim that inventions are made on personal time have the responsibility to demonstrate that inventions so claimed are invented on personal time.



Policy 311.9, Third Party Data Subject to Contractual Access Obligations

- ❑ College data security officers create data security plans
- ❑ The Office of Research Commercialization and Development compares the data security plans with requirements of data security agreements from parties providing the data and executes the data security agreements
- ❑ Data security officers oversee the implementation of data security plans and delete data when appropriate
- ❑ Several factors are considering relating to the proper management of the data, including how the information will be received, how the university will dispose of the information, and the measures that will be taken to protect it
- ❑ The Office of Research Development and Commercialization executes these agreements



Who owns inventions under a research partnership? From BOG Policy #500.2

- ❑ Constituent institutions (*that's us*) should *normally* reserve the right to ownership of patents on inventions arising out of research supported in whole or in part of grants or contracts with nongovernmental organizations or firms.
- ❑ Contracts or agreements which are entered into between institutions and such organizations or agencies should contain clauses setting forth such a reservation unless deviations therefrom are requested by the sponsor and approved by the institution **consistent with the public interest.**
- ❑ This applies to all UNC Campuses.



Research Commercializing and Industry Partnerships

Pre-Funding

Pre-project, pre-invention, [sponsored contracts](#)

Post-Funding

Post-project, post-invention

IP license agreements



Final Thoughts

- Are the party names correct? “The University of North Carolina at Charlotte for its ...”
- Have you thought through the worst-case scenarios?
 - If there is a breach, who can terminate?
 - What actions would constitute a breach?
 - If the university breaches, will we receive notice and opportunity to cure?
- Who is paying? How much? By when? What is being received in return?
- Master Agreements – generally disfavored
- Will students handle confidential information?
- Are there any documents mentioned in the agreement (e.g., attachments and linked terms) that aren't included?

Signatures

- ❑ Who signs for the university?
 - Refer to our signature authority chart
- ❑ What electronic/digital signatures are acceptable from the other party?
 - Refer to our guidance document
 - In general, pdfs of entire contract are okay
 - Graphic images of signatures and/or typewritten signatures are not okay (unless secure software was used)

Helpful Resources

- ❑ **The Contract Checklist:** <https://legal.charlotte.edu/legal-topics/contract-checklist>
- ❑ **What to Consider Before Signing a Contract:** <https://legal.charlotte.edu/legal-topics/contracts/what-consider-signing-contract>
- ❑ **Signature Authority Chart:**
<https://legal.charlotte.edu/sites/legal.charlotte.edu/files/media/SignatureAuthorityChart.pdf>
- ❑ **Grants and Contract Administration:** <https://research.charlotte.edu/departments/grants-contracts-administration-gca>
- ❑ **The Office of Research Commercialization and Development:**
<https://research.charlotte.edu/departments/office-research-commercialization-and-development-orcd/>
- ❑ **UNC Charlotte's Guideline for Data Handling**
- ❑ **UNC Charlotte's Guideline for Research Data Security**
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