Overview of Today’s Session

1. Introduction to Contracts & Industry Agreement (CIA): Team and Role
2. Legal Framework
3. Types of Research Agreements/Contracts and Types of Sponsors
4. UTSA’s Contract Process for Sponsored Projects
5. Understanding Key Agreements Terms and Troublesome Clauses
Contracts & Industry Agreements (CIA)

- **WHO?** Mark and Jessica
- **WHAT?** Facilitate and support faculty and staff in their efforts to establish research agreements by reviewing, drafting, negotiating, and executing contracts; providing contractual advice and training
- **WHERE?** Plaza Norte Building (PNB), 2nd Floor
- **WHEN?** Regular office hours, but available on call as needed
- **HOW?**

(Visual element: Smiley face)
## CIA Metrics

<table>
<thead>
<tr>
<th>Period</th>
<th>Received</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2011-2012</td>
<td>396</td>
<td>327</td>
</tr>
<tr>
<td>FY 2012-2013</td>
<td>309</td>
<td>261</td>
</tr>
<tr>
<td>FY 2013-2014</td>
<td>346</td>
<td>304</td>
</tr>
<tr>
<td>FY 2014-2015</td>
<td>345</td>
<td>290</td>
</tr>
<tr>
<td>FY 2015-2016 (~ to date)</td>
<td>68</td>
<td>57</td>
</tr>
</tbody>
</table>

- Average active agreement files at any given time is 50-60
- Lead time to initiate review of an agreement may be 3-4 weeks
Legal Framework

- **Federal** – e.g. U.S. Constitution, Code of Federal Regulations (CFR), Executive Orders, Federal Acquisition Regulations (FAR)
- **State** – e.g. Texas Constitution and Statutes, Texas Public Information Act
- **Local** – e.g. City Ethics Code, Local Ordinances
- **Institutional** – e.g. The University of Texas System Regents’ Rules and Regulations (Rule 90101-Intellectual Property), UT System Policies, UTSA’s Handbook of Operating Procedures (10.04-Conflicts of Interest in Research and Intellectual Property)
Types of Research Agreements

FINANCIAL AGREEMENTS
Funds provided to support and accomplish a public purpose. Examples:
- Grant / Subaward
- Sponsored Research Agreement (public and private)
- Contracts / Subcontracts
- Master Research Agreement – Task Orders

NON-FINANCIAL AGREEMENTS
Non-monetary agreements that support and facilitate research, instruction, and service. Examples:
- Material Transfer Agreement (MTA)
- Non-Disclosure Agreement (NDA)
- Data Use Agreement (DUA)
- Collaboration Agreement
- Teaming Agreement
- Memorandum of Understanding (MOU)
- Cooperative Program Agreement

* CIA does not handle procurement/vendor contracts, those are handled by Business Contracts Office
Type of Research Agreements: CIA’s Role

FINANCIAL AGREEMENTS
Reviewed, negotiated as needed, and executed by CIA, but established in a broader working relationship in coordination with the Research Service Centers (RSC) and/or Quality Assurance and Risk Management.

NON-FINANCIAL AGREEMENTS
Reviewed, negotiated as needed, and executed by CIA, with appropriate input from Principal Investigator (PI).

* CIA does not handle procurement/vendor contracts, those are handled by Business Contracts Office.
Types of Sponsors & Partners

- **Federal Programs** – Purpose is to provide for the common welfare through appropriations for the support of education, health, engineering, the arts, defense. Usually funding is for projects of national or universal significance
  - Department of Health and Human Services (DHS) – PHS, NIH
  - National Science Foundation (NSF)
  - Department of Defense – Air Force Office of Scientific Research (AFOSR), Office of Naval Research (ONR)
  - U.S. Department of Agriculture (USDA)
  - U.S. Department of Interior

- **State and Local Programs** - Purpose is to fulfill specific legislative missions that are narrower in scope, meet local needs. Infrastructure varies among agencies. Funds are provided for projects that promise to benefit the people of the state, locally. Scope of work is often determined by the funding agency.
  - Texas Education Agency
  - City of San Antonio
  - Bexar County
  - Texas Workforce Commission
Types of Sponsors & Partners

• **Foundations** - Purpose usually support interests that are closely related to their source of funds. Most are managed by an executive director or board of dir. Support services related activities and basic and applied research
  - Japan Foundation
  - Bill and Melinda Gates Foundation
  - San Antonio Area Foundation

• **Other Nonprofit Organizations** - A wide range of nonprofits support University programs. Typically support research and other activities in their field of interest only.
  - American Cancer Society
  - American Heart Association
  - Private Research Institutes

• **Business and Industry** - Increasingly important partner for basic and applied research. Generally, the company’s objective is to strengthen its competitive position in the marketplace
  - Aerospace
  - Energy
  - Cybersecurity
Contract Processing Stages

1. Pre-Processing
2. Agreement Review and Drafting
3. Agreement Negotiations and Resolution
4. Agreement Execution
5. Agreement Administration

*All types of agreements go through same process in our office, with some minor variation*
• Who can execute your University contracts?
  ➢ Authorized individuals only
  ➢ **Not** Faculty, Project Directors, Program Coordinators, etc.
  ➢ These individuals may sign to acknowledge having read and understood the agreement
  ➢ Delegation of Signatory Authority is done in writing from the President to specified individuals
What do we need for a contract?

- Cayuse Approval – Proposal #
- Scope of Work
  - Period of Performance
  - Agreement Effective Period
  - Complete project description
  - Deliverables
  - Timeline
  - Reporting Requirements
- Budget
  - Total Funding
  - Contract Type (fixed price, cost reimbursable)
  - Payment terms
  - Invoice instructions
- Sponsor Contact Information
  - Name
  - Address
  - Phone/ E-mail
  - Authorized Signatory Name
Information Needed to Initiate Non-Financial Agreements

What do we need for an NDA, MTA, DUA?

- Type of Exchange – Mutual or One-way / Incoming or Outgoing
- Time Frame for Exchange
- Subject of Exchange (what?)
  - Complete description of information, materials, or data
- Purpose of Exchange (why?)
- Partner Contact Information
  - Name
  - Address
  - Phone/ E-mail
  - Authorized Signatory Name
<table>
<thead>
<tr>
<th>Engagement Category</th>
<th>Funds to UTSA</th>
<th>Purpose</th>
<th>Faculty Requirements</th>
<th>Sponsor Requirements</th>
<th>UTSA Deliverables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift</td>
<td>Yes</td>
<td>Faculty to conduct self-directed projects</td>
<td>Minimal communication to donor</td>
<td>May require funds to be used in a specified field or for a specific purpose</td>
<td>Periodic updates or reports to donor on how funds were used, or of general outcomes</td>
</tr>
<tr>
<td>Grant</td>
<td>Yes</td>
<td>Faculty to conduct self-directed project in a specified field</td>
<td>Periodic updates or reports to funding agency on project progress</td>
<td>Funds to be used in a specified field or for a specific purpose</td>
<td>General report on project progress</td>
</tr>
<tr>
<td>NDA</td>
<td>No</td>
<td>Preserve confidentiality</td>
<td>Maintain proprietary information in confidence</td>
<td>Non-disclosure of proprietary Information and use for the specified purpose only</td>
<td>None</td>
</tr>
<tr>
<td>MTA/DUA</td>
<td>No</td>
<td>Exchange of research materials or data to be used for independent research and development (not involving provider)</td>
<td>Materials/Data are not to be shared with any third party without owner approval.</td>
<td>Publication review; acknowledgement in publications (or &quot;no publicity&quot;); preservation of IP rights in original material or data.</td>
<td>Publications, invention disclosure (possibly), publicity releases</td>
</tr>
<tr>
<td>Collaboration Agreement (incl. CRADA)</td>
<td>No</td>
<td>Joint efforts for R&amp;D.</td>
<td>Sharing of materials, data, information, and publications</td>
<td>Sharing of materials, data, information, and publications</td>
<td>Publications, invention disclosure (possibly), publicity releases</td>
</tr>
<tr>
<td>Sponsored Research Agreement</td>
<td>Yes</td>
<td>University research on sponsor- or faculty-defined problem, with specified tasks, costs, schedule, deliverables</td>
<td>Conduct research according to specified tasks and schedule.</td>
<td>Assess reports and monitor progress, make payments</td>
<td>Data, Reports, Meetings, IP disclosures, Option to negotiate license on inventions, Software, Hardware, Presentation to sponsor</td>
</tr>
<tr>
<td>Master Research Agreement</td>
<td>No</td>
<td>Standard terms specified in Master Agreement; later Task Order specifies work scope, costs, schedule</td>
<td>Develop projects in conjunction with sponsor</td>
<td>Identify research needs</td>
<td>Proposals for specific tasks</td>
</tr>
<tr>
<td>Task Order</td>
<td>Yes</td>
<td>Task Order, under standard terms of Master Agreement, specifies work scope, costs, schedule</td>
<td>Conduct research according to specified tasks and schedule in each task order.</td>
<td>Assess reports and monitor progress, make payments</td>
<td>Data, Reports, Meetings, IP disclosures, Option to negotiate license on inventions, Software, Hardware, Presentation to sponsor</td>
</tr>
</tbody>
</table>
Basic Elements of a Contract

• An agreement is legally binding if it meets the test of a “legal contract, "regardless of the label at the top of the agreement

• Essential elements to form a legally binding contract:

  ✓ An offer to perform
  ✓ An acceptance in compliance with the offer
  ✓ Legal purpose/objective
  ✓ Mutuality of Obligation – “meeting of the minds”
  ✓ Consideration
  ✓ Competent Parties
Contract

• Purpose is to acquire services or property for direct benefit and use of the sponsor. It describes the relationship between two parties.

• Key characteristics:

  ✓ Strictly outlines the parties respective rights and responsibilities (more requirements, less flexible)

  ✓ Extensive input from the Sponsor into the tasks performed

  ✓ Sponsor generally requires University to produce a work product or deliverable (e.g. report of findings)

  ✓ Sponsor considers the award a “procurement mechanism”
• **Purpose** is to transfer money, property, services, or anything of value to Recipient (University) to accomplish a public purpose (research project in specified field). AKA “financial assistance mechanism”

• **Key characteristics:**
  - Proposal submitted in response to request
  - PI defines the project – Scope of Work
  - Award Terms & Conditions and/or other contractual requirements
  - Budgetary restrictions must be followed
  - No substantial programmatic involvement between Sponsor and Recipient during performance of project activities
  - “Best efforts” standard for research results
  - Reporting requirements (financial, technical, progress)
“Fred, rumor has it you’re closing in on some profound, elemental truths about the universe, and I wanted to remind you that our research funding specifically prohibits that!”
Sponsored Research Agreement

• Purpose of this contract between University and Sponsor (usually industry) is to provide funding to conduct research at the University to address a specific need of the Sponsor

• University PI should control the manner and approach of the research

• Agreement will include terms governing the following:
  ✓ Scope of Work
  ✓ Schedule and deliverables
  ✓ Budget (payment obligations, timing and invoicing)
  ✓ Management and staffing of project
  ✓ Publication of research results
  ✓ Confidential information and confidential data
  ✓ Intellectual property arising from the research project
Collaboration Agreement

• Purpose is for one or more organizations to join efforts and work on a research project. Generally, there is no transfer of funds between organizations.

• Agreement includes terms governing the following:
  ✓ Description of actions each organization will undertake and obligations each party has to the other organizations participating in the collaborative research effort
  ✓ Scope of Work
  ✓ Schedule and deliverables
  ✓ Management and staffing of project
  ✓ Publication of research results
  ✓ Transfer of materials among collaborating organizations
  ✓ Confidential information and confidential data
  ✓ Intellectual property arising from the research project
Gift

• Purpose of a gift is for faculty to conduct self-directed projects. May require funds be used in a specified field or for specific purpose

• Key characteristics:
  ✓ No contractual requirements – No “deliverables” to donor
  ✓ Donor expects nothing of value in return, other than recognition and disposition of the gift in accordance to donor's wishes
  ✓ No formal fiscal accountability to the donor. May be annual or periodic updates that would show good stewardship, but there are no contractual obligations
  ✓ Irrevocable – It may be intended for use within a certain period, but there is no specified period of performance or start and end dates
Material Transfer Agreements

• Purpose is exchange of one or more materials from owners or authorized licensee to an institution for research purposes

• Agreement include terms governing the following:
  ☑ Definition of the parties and materials involved
  ☑ Restrictions on the use of the material as well as the disposition of the material resulting from the use. Third Party transfer of material is usually prohibited without prior approval of Provider
  ☑ Ownership and licenses
  ☑ Publication guidelines
  ☑ Confidentiality requirements
  ☑ Reporting and expiration
UTSA became a UBMTA Master Transfer Agreement signatory on Oct. 1, 2015 – Significantly decreases the time and effort required to process MTAs, if issued under UBMTA by another UBMTA organization

http://www.autm.net/resources-surveys/material-transfer-agreements/uniform-biological-material-transfer-agreement/master-ubmta-agreement-signatories/

- Texas, The University of, Health Science Center at Houston, David E. Kusnerik, Contract Administrator, 10/10/96
- Texas, The University of, at Arlington, Dr. Ronald L. Elsenbaumer, Vice President for Research, 04/26/07
- Texas, The University of, at Austin, Wayne K. Kuenstler, Director of Sponsored Projects, 11/15/99
- Texas, University of, at El Paso, Diana S. Natalicio, President, 04/11/01
- Texas, The University of, at San Antonio (UTSA), Cory R.A. Hallam, Ph.D., Chief Commercialization Officer, Office of Commercialization and Innovation, 10/01/15
- Texas, University of, Health Science Center at San Antonio, John P. Howe,III, MD, President, 12/10/97
Non-Disclosure Agreements

- Purpose is to ensure that information exchanged remains confidential for a specific period of time
- NDA are about “discussing” ideas/projects, not “doing” the work
- NDA is typically the first step to a relationship between University and Sponsor, work on a proposal submission or set up a Sponsored Research Agreement or Contract
- Confidentiality is a top concern for Industry Sponsors
- Agreement include terms governing the following:
  - Identify the Parties and establish whether NDA is mutual or one-way
  - Clearly define subject matter/topic and purpose of the exchange
  - Establish how information can be used and by whom
  - Determine agreement term (effective period) and period the Parties will be obligated to maintain the information confidential (confidentiality period)
Contracting Issues

MANAGEMENT

• Key Personnel/Approval of Staff
• Technical Direction and Changes
• Scope of Work
• Deliverables: Inspection and Acceptance

ACADEMIC

• Publication
• Confidentiality
• Intellectual Property
• Publicity
• Restricted, Proprietary, and Classified Research
• Rights in Data
• Work for Hire
Contracting Issues

**FINANCIAL**
- Payment provisions (fixed-price, cost reimbursement, other)
- Ownership of Equipment
- Audit and Financial Records
- Documentation and Reporting

**LEGAL**
- Governing law
- Arbitration / Dispute Resolution
- Termination
- Indemnification
- Insurance
- Public Record
- Conflict of Interest
- Export Control
Public Information

• General Rule – “All information is public.” As a Public Institution, we are required by law to disseminate information in accordance with our mission of instruction, research and service, and to comply with our IRS tax status

• Must comply with:
  - Freedom of Information Act (FOIA)
  - Texas Public Information Act (PIA)

• Exception to general rule – When information is confidential by law or by judicial decision, certain personal information, information relating to competition or bidding, certain law enforcement records, information within attorney-client privilege
Confidentiality

• University can protect confidential or proprietary information but we must:
  - Clearly define confidential information - If it is too broad, then consider publication restriction implications or potential breach
  - Clearly identify and mark confidential information
  - Establish a limited period of time for obligation (3-5 yrs.) – Careful with obligations in “perpetuity”

• Examples of confidential information: technical information related to proprietary research or intellectual property; business information of competitive nature
Publication Rights

• It is our mission to disseminate information

• University/PI must:
  - Have the right to publish or publicly disclose information gained in the performance of the research project
  - Have the final authority to determine the scope and content of any publication, subject to any confidentiality requirements

• However, we can:
  - Allow Sponsor a review and comment period, 30-day is the recommended time
  - Permit a publication delay, but assure the delay is brief (typically no more than 60 days) to protect IP

• Remember – “Publication” includes any and all public disclosures, including open lab meetings, discussions with colleagues, PowerPoint slides, student thesis
Scope of Intellectual Property (IP) in the U.S. includes:

- **Patents** – Attaches to inventions like machines and processes (typically science & engineering)
- **Copyrights** – Attaches to software, writings, music, books, technical reports, etc.
- **Trade Secrets** – Attaches to secrets giving market place advantage. By keeping secret, no one else can copy it. Once secret is lost, value is lost. (we avoid accepting due to our obligation to publish)
- **Trademarks /Service marks** – Attaches to logos/symbols, words and phrases that identify a unique source of goods or services
In accordance with Regent Policies, the standard University Intellectual Property Clause:

- University owns all intellectual property it develops
- University will disclose all inventions arising during the performance of a project to Company
- Company will have a brief period of time to determine if they want license
  - If company says yes, University will negotiate in good faith a license with the company on reasonable terms for both
  - If company says no, University has no further obligation to company and it is free to seek another company who may be interested
What does it matter if University gives up ownership of its IP?
This decision has an impact on a number of important issues:

- Unrelated business income
- Fundamental research exclusion
- University non-profit status and bond-funded buildings
- Open dissemination of research results
- Availability of results for future research
- Meeting public interest obligations
• Key things to Remember:
  ➢ Inventorship is a legal determination in accordance with U.S. patent or copyright law
  ➢ Ownership follows inventorship/authorship
  ➢ Funding/money does not equal inventorship or ownership
  ➢ When discussing IP with Sponsor/Company it is better to focus giving the option to access/use the IP, rather than ownership
  ➢ Please contact CIA or OCI to discuss options
Restricted, Proprietary, and Classified Research

- Restricted Research: unclassified but sensitive, including export controlled research
- Proprietary Research: includes most industry-sponsored research due to confidentiality requirements and need to protect intellectual property
- Classified Research: rare at UTSA, but can be accepted if performed at a secure off-site location
Export Control

- **Main Regulations:**
  - Export Administration Regulations (EAR) - Implemented by U.S. Dept. of Commerce (dual use applications)
  - International Traffic in Arms Regulation (ITAR) – Implemented by U.S. State Department (military applications)
  - Office of Foreign Assets Control (OFAC) – Implemented by U.S. Treasury Department (sanctions and embargo countries)

- Purpose of these regulations is to limit the military potential of U.S. adversaries, prevent proliferation of weapons of mass destruction, advance U.S. foreign policy goals, protect U.S. economy and promote trade goals
Export Control

• What is export?
  ▪ Transfers of controlled information, including technical data, to persons and entities outside the U.S.
  ▪ Shipment of controlled physical items, such as scientific equipment, that require export license from the U.S. to a foreign country
  ▪ Verbal, written, electronic, and/or visual disclosures to foreign nationals in the U.S. ("deemed exports") of controlled scientific and technical information related to export items

• University wants to ensure projects are not unnecessarily categorized as export controlled because this comes with additional level of administrative and regulatory burden

• Remember to watch out for Export Control provisions in the Prime Agreement, RFP, etc.
Export Control

• **What is not controlled?** Information and technology arising during or as a result of Fundamental Research in science and engineering; presented in a catalog course; published and generally available to public

• **What is Fundamental Research?** Basic and applied research in science and engineering conducted at the University, the results of which ordinarily are published and shared broadly with the scientific community
  - No restrictions on publication
  - No restrictions on the use of foreign persons
  - No specific national security controls on the research or results
• University is an agency of the State of Texas.

• State institutions cannot agree to be bound by the laws of another state
  ✓ Alternative: University can agree to remain silent on the matter

• “Binding Arbitration” - University is not authorized to enter into binding arbitration. As an agency of the State of Texas, it cannot waive state sovereign immunity by agreement to specific damages resulting from binding arbitration
  ✓ Alternative: Nonbinding arbitration or mediation
Indemnification

- University agrees to incur potential financial and legal liability in the event of legal action, to compensate another party for loss or damage limited to the extent allowed by State law.

- **Who?** Limit indemnity to losses caused by University (indemnifying party), its agents, or its employees.

- **What?** Limit indemnity to losses caused by negligence and willful misconduct of University, its agents, or its employees.

- **When?** Limit indemnity to losses incurred during performance of University’s contractual duties.
- Questions from this presentation?
- Questions about what our office does?
- What needs can we help you with?
- Other questions or discussion?