

**Economic Development for Physicists from
Developing Countries**

27 November 2006 - 1 December 2006
Trieste - ITALY

***DOING DEALS: RESEARCH COLLABORATIONS - HOW TO
REACH AGREEMENT UNIVERSITY/INDUSTRY MODEL
RESEARCH AGREEMENTS***

**Linda Baines
Commercial Secretary CCLRC and Company Secretary, CLIK**

Doing a deal

- You have been asked to prepare 'heads of terms' for a new deal.
- What information do you need to do this?
- Where would you go to obtain it?
- What opportunities and challenges could this offer?

Doing Deals : Research Collaborations

Linda Baines, CCLRC
Trieste, 28 November 2006

What this session is about

- Why reaching agreement is critical
- Involving the researchers
- University/industry model agreements

Why reaching agreement is key

- Causes of protracted negotiations
 - No meeting of minds
 - Failure to identify issues
 - Failure to resolve issues
 - Avoiding the “difficult bits”
 - Agreements to agree (fudging the issues)
 - Precedent or model not fitting circumstances
 - Mismatch between reality and agreement
 - Badly drafted agreements

Why reaching agreement is key

- Why is the right agreement important?
 - Poorly drafted agreement = more room for disagreement later
 - May be more at stake/more difficult to resolve later
 - Mistakes, ambiguities, omissions cost more ultimately
 - Good agreement helps avoid/minimise arguments/disputes
 - Keep out of court/arbitration
 - **More cost effective/better use of resources**

The Tools: Reaching the Right Agreement

- Keys
 - Understanding the issues (Guidance notes/Education)
 - Communication (internal and external)
 - Reaching real agreement on the principles (Outline)
 - Choosing the right Model Agreement (Decision Guide)
 - Amending if necessary
 - Using a different agreement if necessary!

Why reaching agreement is key

- “What one is trying to do is to discover, from an objective assessment of the **words used**, the intention of the parties to the agreement. The **parties are assumed to have recorded their true intent in the words they chose**. It is **not permissible to have regard to the subjective intent of one or other of the parties**. This means that **evidence as to the state of mind of the parties during the process of negotiation and documents produced for the purpose of recording the negotiations are not admissible.**” (Mr Justice Laddie - CAT -v- Abbot)

Why reaching agreement is key

- This means courts will:
 - Try to give effect to actual words
 - Presume actual words reflect the intention of parties
 - Be reluctant to accept parties meant anything other than the words they actually wrote and signed
 - Be reluctant to accept parties made mistakes in the drafting
 - Ignore working drafts, correspondence and other documents evidencing the way the negotiations went - inadmissible
 - Look at evidence outside the agreement only if reason to believe there has been a mistake

Reaching Agreement

- Purpose of Agreement
 - Full and accurate record of the deal
 - Compromise
 - Accommodate different aims and considerations
 - One sided agreement does not create a happy marriage
 - Underdog will want to renegotiate or not play fair

Reaching Agreement

- Starting with Precedent/Model
 - Not sure where to start
 - Have to start somewhere
 - Too little time
 - Too little information
 - “Worked” last time
 - Comfort blanket
 - Cart before the horse

Reaching Agreement

- Potential results
 - Failure to identify issues
 - Failure to cover issues
 - Wrong “solution”
 - Mismatch between expectations
 - Mismatch between agreement and reality
 - More likelihood of disagreement
 - Protracted negotiations
 - More time and expense in the long run

Reaching Agreement

- How standard is reality?
 - How often have you done the same deal?
 - Different parties
 - Different drivers
 - Different circumstances
 - Different personalities
 - Flexibility and options

Reaching Agreement

- Starting point - set of bullet points
 - Outline issues
 - Agreement in principle
- If we can't do that?
 - Haven't thought through issues
 - Haven't reached agreement
 - Don't waste time and legal costs on "small print"

Reaching Agreement

- Starting Point - Philosophical
 - Why are we doing this collaboration?
 - What do we want to achieve?
 - What does each of the other collaborators want to achieve?
 - What keeps researchers awake?
 - Monkey up the chimney?
 - Allows you to consider
 - What agreement must cover
 - What you can concede
 - What is make or break
 - What leverage each party has

Reaching Agreement

- Starting Point - Practical
 - Where is the money coming from?
 - Who are the key people?
 - What is the key background IP?
 - What if it goes wrong?
 - Allows you to consider
 - What happens if Prof X leaves
 - What happens if money runs out
 - Whether funding terms compatible
 - Liability for, e.g. IP infringement

Reaching Agreement

- Starting Point - Practical
 - Who does what/when where?
 - For how much/on what terms?
 - Who owns what/can exploit what?
 - For how much/on what terms?
 - How do we manage change?
 - How does it end?
 - Then what?

Reaching Agreement

- Drafting the agreement is easier, quicker, cheaper if you have:
 - Sufficient information
 - Identified all issues
 - Agreed all issues in principle
 - Model/precedent that is a close fit

Reaching Agreement

- Drafting the agreement is more difficult, longer, more expensive if you have:
 - little or no information – agreement will be irrelevant, complicated, have to cover every eventuality
 - little understanding/no instructions - only safe thing is to concede nothing
 - not identified the issues
 - not resolved the issues

Reaching Agreement

- Collect information
- Identify issues
- Reach agreement in principle
- Avoid fudge
- Record agreement briefly (Heads of Terms)
- Chose suitable model/precedent
- Amend where necessary
- Ditch model if inappropriate
- Draft agreement that covers issues/reflects principles
- **Keep it short and simple – complication = muddle**

Reaching Agreement

- Real Barriers
 - Different interests/understandings
 - Failure to understand differences
 - Reluctance to rock the boat
 - Not identified issues
 - No real agreement on basics
 - Not understood implications of what has been agreed

Reaching Agreement

- Heads of Terms/Outline - Identify
 - Internal Issues
 - Common Ground
 - Different Expectations
- Negotiate and compromise to reach a deal
- Do not attempt to choose model/draft agreement until you have a deal
- Function of Lambert Toolkit Outline
- Methodology useful, even if questions different

Common Issues

- Project Description/Management
- Retrospective Effect
- Sponsor's Financial Contribution
- External Funding
- Use of Background
- Confidentiality -vs- Academic Publication/FOI
- Warranties/Liability
- Boiler Plate/General

Involving the Researchers

- Collaboration Agreement not in a vacuum
 - Influenced by what has happened:
 - Source of Background IP
 - Existing patents/exploitation rights
 - Influenced by what is likely to happen
 - What sort of results can be anticipated
 - Who has ability to exploit
 - Reflect what is supposed to happen
 - Who will develop what
 - Who will contribute what

Involving the Researchers

- Common Stumbling Blocks
- Lack of understanding of
 - Law/IP
 - Relationship between agreement and real life
- Legalese
- Over-complicated structures
- Over-simplification of real issues
- Lack of time and resources
- Complicated Funding Arrangements

Involving the Researchers

- Freedom to contract BUT
 - Within the framework of the law - contract, charity, liability, IP, confidentiality, FOI
 - Not just legal theory/gobbledegook
 - Need researchers to explain danger areas/risk assessment
 - Need researchers to understand legal framework

Involving the Researchers

- Consult the Researchers
 - Pulling teeth
 - 1 hour now now can save much time in future
 - Use Outline/heads of terms to give focus
 - Educate them to the implications of getting of it wrong/benefits to be gained
 - Countersign agreement?

Involving the Researchers

- Lessons - save time, money and arguments if
 - Check what is really happening
 - Check boiler plate clauses
 - Applicable?
 - Conflict?
 - Amend model/precedent to reflect circumstances

Solutions

- Solutions
 - Education
 - Communication between:
 - Academia and industry
 - Researchers
 - Researchers/lawyers/contracts department

University/industry model
agreements :
A guide to Lambert

Background

- Lambert Report: University-Business Collaborations, December 2003
- Recommendation - Series of Model Research Collaboration Agreements
- Barriers to university/industry collaboration
 - High legal costs
 - Long time to conclude agreement
 - Limited resources
 - Agreement before start of project
 - “Better” Agreements
- Drafting relatively simple
- The Task: IP Working Group
- **Real problem - failing to agree the principles**

Model Agreements

- One size does not fit all
- Different approaches/spectrum of solutions
- Starting points/negotiation
- Ease/speed the process - not solve every issue
- Workable and **reasonable compromise**
- **NEGOTIATED AGREEMENTS** – not optimum position
- Voluntary
- Pick and mix - more experienced

The Lambert Toolkit

- www.dti.gov.uk/lambertagreements
- www.innovation.gov.uk/lambertagreements
- 5 Model Agreements
 - Links to Guidance Notes
 - Heads of Terms/Outline
 - Decision Guide
- Useful resources
 - Other documents
 - Hypertext links to other sites

Lambert Models - IP

- **Model 1 - University owns IP in Results**
 - Grants non-exclusive, indefinite, fully paid up, royalty free licence to Sponsor to use for any purpose in the Field/Territory
 - Group companies and people working for Sponsor may use
 - Otherwise no right to sub-license
 - Prevents University granting exclusive licence in the same Field/Territory

Lambert Models - IP

- **Model 2 - University owns IP in Results**
 - Grants non-exclusive, indefinite, fully paid up, royalty free licence to Sponsor to use for any purpose in the Field/Territory
 - Group companies and people working for Sponsor may use
 - Otherwise no right to sub-license
 - Prevents University granting exclusive licence in the same Field/ Territory
 - Sponsor has right to negotiate exclusive licence

Lambert Models - IP

- **Model 3 - University owns IP in Results**
 - Grants non-exclusive, indefinite, fully paid up, royalty free licence to Sponsor to use for any purpose in the Field/Territory
 - Group companies and people working for Sponsor may use
 - Otherwise no right to sub-license
 - Prevents University granting exclusive licence in the same Field/ Territory
 - Sponsor has right to negotiate assignment

Lambert Model 4

- **Sponsor owns IP in Results**
 - Assignment of future rights
 - Full title guarantee?
 - University may use for academic teaching and academic research [clinical patient care]
 - [including research sponsored by a third party]
 - Academic Publication

Lambert Model 5

- Sponsor owns IP in Results (Contract Research)
 - Assignment of future rights
 - Full title guarantee?
 - University may not use for academic teaching and academic research
 - University has no right to publish

Guidance Notes

- Explanations of:
 - Models and approaches
 - Rationale for some provisions
 - Confidentiality of Background/Academic Use/Publication
 - Importance of some provisions
 - Schedule 2 (Project Description)
 - Legal issues
 - Warranties/Liability
 - Freedom of Information/Charitable Status
 - Intellectual Property
 - State Aids
 - VAT/R&D Tax Credits

Order is Important

- Familiarise self with **Models** and **Guidance Notes** and **Outline**
- Discuss Project internally (gather information - follow internal processes)
- Complete **Outline** and agree internally
- Discuss and agree **Outline** (terms) with Sponsor (negotiate)
- Familiarise self again with **Models** and **Guidance Notes**
- Choose best Model Agreement (**Decision Guide**)
- Prepare draft using **Model Agreement**
- Finalise Agreement (wording)

The Project

- Duration
- Retrospective effect of Agreement
- Tasks, resources in Schedule 2
 - Qualified re extent of funding?
- Successful outcome not guaranteed
- Regular reports
- University's authority to enter into Agreement/carry out Project

The Project

- **Schedule 2**
 - Scope and aims
 - Key Personnel of University
 - Key Personnel of Sponsor
 - Staff of University
 - Staff of Sponsor
 - Facilities to be provided by University
 - Facilities to be provided by Sponsor
 - Equipment to be provided by University
 - Equipment to be provided by Sponsor

The Project

- **Schedule 2**
 - Where work is to be done
 - Background/Materials provided by University
 - Background/Materials provided by Sponsor
 - Confidential Background
 - Anticipated outputs/Results
 - Tasks to be performed by University
 - Tasks to be performed by Sponsor
 - Timetable

The Project

- Schedule 2
 - Project Management
 - Project Manager
 - Responsibilities of PM
 - Project Meetings
 - When
 - Where
 - Representation/Voting
 - Claims for External Funding
 - Information/reports to funder

Financial

- **Sponsor's Financial Contribution**
 - Schedule 1 - very variable
 - Initial payments
 - On-going payments
 - One off future payments
 - Accounts
 - Invoices and payment
 - Certified statements of expenditure
 - VAT/interest
 - Reconciliation
- **Terms of External Funding**

Confidentiality

- Indefinite or limited period
- Caveats/exemptions
 - Already known
 - Is/becomes public
 - Obtained innocently from third party
 - Independently developed
 - Legal requirement to disclose
 - Court order
 - Other party agrees
 - Academic Publication in accordance with procedure
 - Disclosure to Group Companies

Liability

- Warranty - no infringement of third party rights
- Best of knowledge and belief
 - Reasonable enquiry of employees/[students]
 - Not search **OR**
- No Warranty re third party rights

Liability

- University is not responsible for consequences of use of Results
- Indemnity from Sponsor re claims arising from Sponsor's use of Results/University Background
 - Excluding negligence or wilful misconduct
- Financial cap on liability for direct loss - [Financial Contribution]
- No liability for
 - indirect loss
 - loss of profits, business, contracts
- **Except**
 - Under indemnity
 - Clause 7.6

Liability

- **Clause 7.6 - unlimited liability for**
 - death or personal injury (N.B. no mention of negligence)
 - fraud
 - other types of liability that law does not allow to be limited
 - deliberate breach of agreement
 - breach of confidence

Termination - Circumstances

- Breach - opportunity to remedy - 30/60/90 days
 - Insolvency
 - “Option Notice” ineffective if University terminates for Sponsor’s breach/insolvency
 - [Loss of Key Personnel without acceptable replacement]
 - Force majeure

Termination - Consequences

- [Sponsor pays actual direct employment costs]
- Some provisions survive termination
 - Definitions
 - IP (but not necessarily Sponsor's right to use/ negotiate)
 - Academic Publication
 - Confidentiality
 - Liability and "Force Majeure"
 - Consequences of Termination
 - General - notices, jurisdiction etc.

Outline

- Use to identify:
 - Common Ground
 - Internal Issues
 - Sponsor's Different Expectations
- Negotiate and compromise to reach a deal
- Do not attempt to choose Model/draft agreement until you have a deal!

Outline

- **Heads of Terms**
 - The Project
 - Sponsor's Financial Contribution
 - Background
 - Ownership and exploitation of Results
 - Confidentiality
 - Academic use and publication
 - Warranties and Liability
 - Termination

Outline

- Sponsor's Financial Contribution
 - Fixed amount or T&M?
 - What expenditure will Sponsor reimburse?
 - Full Economic Cost or FEC plus profit?
 - Increases in salaries etc.covered?
 - Frequency of invoices
- External Funding?
 - Consistent terms?
 - Terms applicable to both parties?

Outline - The Project

- Start and end dates?
- Retrospective effect of agreement?
- Resources (human and other) to be provided?
- University's contribution limited to funding?
- Who are the Key people?
- **Project Description**
 - Who does/provides what? When?
 - Checked with researchers?

Outline - Background

- What will each party provide?
- Do Group Companies need to use?
- Confidentiality?
- Is any of Sponsor's Background confidential?
- Academic Publication permitted in principle?

Outline

- Who owns IP in results initially?
- If University owns
 - Licence to Sponsor and Group
 - In Field?
 - In territory?
 - Agree to negotiate
 - Exclusive Licence
 - Assignment
 - Terms of Exclusive Licence agreed?
 - Terms of Assignment agreed?

Outline - Results

- If Sponsor owns/has exclusive rights:
 - University right to use for Project?
 - University right to use for academic purposes?
 - University rights to use for other purposes

Outline - Results

- Patenting Strategy Agreed?
- Will Sponsor contribute to University's patenting costs?
 - Sponsor request university to patent
 - University patents, Sponsor pays, but University then grants rights to others

Outline

- Confidential Information to be kept confidential:
 - Indefinitely?
 - For definite period of [X] years?
- **N.B. FOI**
- Will Sponsor agree to academic use/publication of
 - Results?
 - Sponsor's Background?

Outline

- Warranties:
 - Quality of contribution?
 - Infringement of IP?
- Sponsor's Indemnity against third party claims arising from use of Results/Background?
- Financial Cap of [X]?
- Exclusion of loss of profits etc.?
- Warranty of full title guarantee on assignment of IP?

Outline - Termination

- Assume termination for breach insolvency
- Termination if Key Personnel leave without satisfactory replacement?
- If yes, will Sponsor pay reasonable employment costs?

Decision Guide

- Series of Questions
 - Identify which Model provides most appropriate starting point
 - Can be found on the Lambert Agreements website: www.dti.gov.uk/lambertagreements
 - Key Elements/Criteria
 - Ownership and rights to use Results
 - Sponsor's financial and other contributions
 - University's use of Results for academic purposes

Decision Guide

- Not in tablets of stone
- Over simplification -v- usefulness
- May not produce definitive answer
- Help develop a “feel”
- University perspective
- Different considerations/questions

Decision Guide

- Did Sponsor commission Project?
- Is it critical to Sponsor's technology strategy?
- Does Project rely on Sponsor's Background?
- Would Project be difficult/impossible without access to Sponsor's Background?
- Is focus research based on Sponsor's Background?
- Did Sponsor take lead in designing work plan?
- Is Sponsor setting deliverables?
- Can Project be ring-fenced from University's other research activities?

Decision Guide - Section 1

- “Importance of Sponsor”
 - Did Sponsor commission the Project?
 - Is it critical to Sponsor's technology strategy?
 - Does Project rely on Sponsor's Background?
 - Would Project be difficult/impossible without access to Sponsor's Background?
 - Is focus research based on Sponsor's Background?
 - Did Sponsor take lead in designing workplan?
 - Is Sponsor setting deliverables?
 - Can Project be ring-fenced from University's other research activities?

Decision Guide - Section 1 Outcome

- 0 - 2 YES (“Sponsor not very important”)
 - Model Agreement 1, 2 or 3 is **probably** the most suitable for your purposes
 - Go to **Section 3** to consider which to use

Decision Guide - Section 1 Outcome

- 3 - 4 YES (“Sponsor may be important”)
 - Model Agreement 1, 2 or 3 **may be** the most suitable
 - Situation **not absolutely clear** and you **may wish to reconsider your answers**
 - Go to **Section 3** to consider which to use

Decision Guide - Section 1

Outcome

- 5 YES (“Really don’t know”)
 - Position is **evenly balanced** and we **cannot recommend** which of the Model Agreements most closely fits your needs
 - You may wish to reconsider some of your answers
 - Answering **Additional Questions** may help

Decision Guide - Section 1

Outcome - Additional Questions

- “Back to Basics” (and probably the Outline)
 - Whose idea was the Project?
 - What is the purpose of the Project?
 - Why does the Sponsor wish to fund the Project?
 - Why does the University wish to carry out the Project?
 - What are the relative contributions of the parties in cash and in kind?

Decision Guide - Section 1

Outcome

- 6 - 7 YES (“Sponsor seems important”)
 - Lambert Model Agreement 4 or 5 **may be** the most suitable for your purposes
 - Situation is **not absolutely clear** and you **may wish to reconsider** some of your answers
 - Consider whether the University needs to use the Results for academic purposes - go to **Section 2** to consider which (Lambert 4 or 5) to use

Decision Guide - Section 1 Outcome

- 8 - 10 YES (“Sponsor is important”)
 - Lambert Model Agreement 4 or 5 **is probably** the most suitable for your purposes
 - Consider whether the University needs to use the Results for academic purposes - go to **Section 2** to consider which Model (4 or 5) to use

Decision Guide - Section 2

- “Academic Publication - Yes or No?”
 - Will academics need to publish the Results of the Project?
 - Will Sponsor countenance publication of the Results?
 - Does University wish to account for the funding as research income?
 - Is University charging only FEC?
 - (If students are involved, will they need to submit the Results in a thesis?)

Decision Guide - Section 2 - Outcome

- 0 YES (“Contract Research”)
 - Model Agreement 5 is **probably** the most suitable for your purposes
- 5 YES
 - Model Agreement 4 is **probably** the most suitable for your purposes

Decision Guide - Section 3

- “Importance of University”
 - Has Project been designed primarily to address academic interests?
 - Has University taken lead in designing the work plan?
 - Is Project integral part of PI’s long-term research activities?
 - Is Project funded principally through other sources - RC grant/public sector/third party funding?
 - Does Project rely substantially on the University's Background?

Decision Guide - Section 3

- **“Importance of University”**
 - Can Project be carried out without privileged access to the Sponsor's Background?
 - Will Project take place entirely on University premises?
 - Are all individuals involved employees/students of University?
 - Is it unlikely that exploitable Results or patentable inventions will arise ?
 - Are Results likely to be of more interest to University than to Sponsor?
 - Is University's ownership of the IP in Results irrelevant to Sponsor's future research?

Decision Guide - Section 3 - Outcome

- 0 - 2 YES (“University not very important”)
 - Model Agreement 2 or 3 is **probably** the most suitable for your purposes
 - Go to **Section 4** to consider which Model to use

Decision Guide - Section 3 - Outcome

- 3 - 4 YES (“University may be important”)
 - Model Agreement 2 or 3 **may be** the most suitable
 - Situation **not absolutely clear** and you **may wish to reconsider your answers**
 - Go to **Section 4** to consider which Model (2 or 3) to use

Decision Guide - Section 3 - Outcome

- 5 - 6 YES (“Really don’t know”)
 - Position is **evenly balanced** and we **cannot recommend** which of the Model Agreements most closely fits your needs
 - You may wish to reconsider some of your answers
 - Answering **Additional Questions** may help

Decision Guide - Section 3 - Outcome - Additional Questions

- “Back to Basics” (and probably the Outline)
 - Whose idea was the Project?
 - What is the purpose of the Project?
 - Why does the Sponsor wish to fund the Project?
 - Why does the University wish to carry out the Project?
 - What are the relative contributions of the parties in cash and in kind?

Decision Guide - Section 3 - Outcome

- 7 - 8 YES (“University seems important”)
 - Lambert Model Agreement 1 **may be** the most suitable for your purposes
 - Situation is **not absolutely clear** and you **may wish to reconsider** some of your answers

Decision Guide - Section 3 - Outcome

- 9 - 11 YES (“University is important”)
 - Lambert Model Agreement 1 is **probably** the most suitable for your purposes

General

- Notices
- Unenforceable Provisions
- Waiver
- Entire Agreement (**Be careful**)
- Third Parties
- Assignment
- Escalation
- ADR/Arbitration
- Governing Law

Useful Resources

- Other Documents
 - Not ‘endorsed’, but considered
 - Give ideas/starting points
 - Terms ‘reflect’ Model Agreements
 - NDA
 - Boiler Plates
 - Avoid ‘battle of forms’

THANK YOU

Contact me:

L.Baines@rl.ac.uk

+ 44 1235 445467 / + 44 7770 652509

Technology Transfer Motivating & Motivating

- Why?
- What?
- When?
- Who?
- When?
- How?
- Issues – pros and cons?

Reaching Agreement

Case Study

Linda Baines, CCLRC
28 November 2006

Sheffield University

- V-

Cyprotex Discovery Limited

The Issues

- Ownership of copyright in computer programs arising out of initial research carried out at Sheffield, then developed into a commercially exploitable form by employee of Cyprotex
- No dispute - Cyprotex's employee sole author of the copyright work, and created in the course of his employment
- Turned on construction of Research Agreement between Sheffield and several sponsors, including Cyprotex

Facts

- Academics at Sheffield produced set of equations and algorithms to aid research and development in pharmaceuticals industry
- Unsuitable for general use - wanted to develop into a program with a user friendly and widely used operating system such as Windows, but no resources (human or financial)
- Raised funds from commercial sponsors - role to evaluate program and suggest changes, and to be granted licences to use program

Proposal

- Software Development and Commercialisation
Proposal prepared by Cyprotex "to further develop and commercialise the drug-drug interaction simulation model Simcyp in collaboration with the University of Sheffield":
 - Work already done by Sheffield described as prototype program to be redeveloped with a user friendly GUI
 - University had retained right to commercialise the software through a third party

Proposal

- Cyprotex to carry out development under direction of principal investigators
- Cyprotex wished to negotiate to acquire exclusive rights to commercialise Simcyp
- Cyprotex to pay programmer's salary and university to contribute towards that salary

Telephone Call

- Recorded in note made by one of the academics - Cyprotex:
- Wanted to be programmer's employer
- Had no difficulty with IPR going to Sheffield
- Saw the project as conversion of software to more marketable format
- Wanted first option on exclusive licence to market

Actual Work

- Programmer employed by Cyprotex
- Began in June 2000 - long before Research Agreement signed
- Involved two way interchanges between programmer employed by Cyprotex and academics - analysing and specifying requirements and design stage

Actual Work

- Small but significant part of code was adapted or derived from Sheffield's software
- Sheffield's materials reviewed when programmer developed model
- After spec agreed, design and coding undertaken by Cyprotex's employee without supervision or input from Sheffield

Research Agreement

- Cyprotex and another four sponsors entered into a Research Agreement with Sheffield:
- Work
 - Cyprotex's contribution - £17,000 payable 6 months after signature
 - University to perform Programme of Research – a windows based simulation program – to be carried out by 3 named academics

Research Agreement

- University to recruit programmer
- Research to be conducted during 12 months starting on 1 March 2000
- University to consult with sponsors on extending the contract
- University to liaison meetings with sponsors

Research Agreement

IPR - University to use best endeavours not to infringe third party IPR in performance of Programme of Research

- SCIENTIFIC PUBLICATION – Title to and right to determine disposition of copyrights produced in the performance of research remain with University
- All IPR owed (sic) or existing at the date of agreement ("Background IPR") remains property of party introducing it

Research Agreement

- "Resulting IPR" – inventions and improvements made by member or agent of the university on their own or with employee of sponsor in performance of the Programme of Research
- All rights to Resulting IPR under the Programme of Research belong to University
- Rights to inventions and improvements relating to Programme made solely by employee of sponsor relating to Programme of Research belong to sponsor

Research Agreement

- University grants each sponsor non-exclusive licence to use Resulting IPR for internal research and development
- University has right to grant licences to third parties under the Resulting IPR

Research Agreement

- **Boiler Plate**
- Entire agreement relating to subject matter and supersedes all previous agreements (if any) relating to subject matter
- Agreement may only be amended by further written agreement signed on behalf of each party
- Nothing in agreement creates relationship of principal and agent

Held

- If no agreement to contrary, Cyprotex would own copyright in Simcyp program – lack of contribution/input from Sheffield
- Only contract applicable to Research Programme was formal Research Agreement
- Research Agreement envisaged the hire of a programmer - Sheffield and Cyprotex' s agreement under which employee of Cyprotex did programming work was bilateral agreement
- Entire agreement clause not supersede bilateral agreement – not agreement between the parties relating to the subject matter of the Research Agreement

Held

- Research Agreement not “happily drafted”:
 - Sponsorship in kind not money
 - Wrong employer
 - Undated with start date 4 months earlier than actual start date
 - Not cover scenario where work suspended but agreement not terminated

- Therefore the Research Agreement not to be construed strictly, but by reference to the underlying factual basis and commercial purpose

Held

- Late start date was agreed variation
- Cyprotex's financial contribution in Research Agreement to be construed as value of sponsorship in kind – provision of programmer
- Term “agent” intended to include programmer recruited by Sheffield, so work done by Cyprotex employee in performance of the Programme of Research was work done by agent of university

Held

- Test of joint/sole ownership not the correct criterion for deciding whether work was Resulting IPR, i.e. made by member/agent of university with sponsor's employee – limited contribution to specification sufficient
- Cyprotex employee was working under direction of academics so work done jointly
- Research Agreement had retrospective effect so not important that most of work done before agreement signed – not Cyprotex's Background IPR

Held

- Although program could be seen as an improvement of Background IPR, it was in fact Resulting IPR, because:
- Prime object of Research Agreement was to improve Background IPR
- Program did not “relate to Programme of Research” - it was “work done in performance of the Programme of Research”

Held

- Research was to be carried out by academics at the university
- Program made with assistance of an academic – not solely by Cyprotex employee
- Clause giving sponsors ownership of Background designed to cover work such as supplying data, know-how and suggestions – not program
- So all rights in program belonged to Sheffield

Held

- Consequences of finding otherwise would be commercially unreal
- Sheffield would not be able to license program to third parties
- Sheffield's right to publish would be compromised
- Sheffield would not be able to license program to other sponsors

Held

- Sheffield would be unable to hold meaningful discussions with other sponsors about extension of contract
- Cyprotex would have advantage over other sponsors - not provided for in Research Agreement
- Cyprotex ownership never contemplated by Research Agreement or other sponsors

THANK YOU

Contact me:

L.Baines@rl.ac.uk

+44 1235 445467/ + 44 7770 652509