



Cornell University

Guidelines for Companies Seeking Research Collaboration with Cornell University

NOTE: There are various ways for a company to interact with Cornell University. This document is not intended to cover all of them. It is only intended to provide general information for those companies seeking to collaborate on *specific research projects and / or with selected faculty*. The language is not intended to create a contract between the reader and the University, and nothing herein is intended to alter the University's right to take any action it deems appropriate.

INTRODUCTION

Since its founding in 1865, Cornell's steadfast mission has been to advance knowledge for the common good. As a private university with a public land grant mission it is important for Cornell to establish and nurture working relationships with companies. Public policies of New York State and the nation recognize and encourage cooperation between higher education institutions and the industrial and manufacturing sectors in the promotion of advanced study and research, the rapid dissemination of knowledge to enhance productivity, and economic development. Cornell is actively working to forge an interdisciplinary partnership between the University, industry and government.

This document is intended to give companies an overview of how to work easily with Cornell University on research projects of mutual interest and benefit. As one of the world's foremost research institutions, Cornell conducted over \$500 million in basic and applied research in 2003. A majority of Cornell's research is focused on expanding the frontiers of science and technology, and creating new knowledge with practical applications to business and industry. Joining Cornell in new discovery can supplement internal research efforts, increase company R& D productivity, resolve problems encountered in manufacturing and production, and result in new technology for new and better products and services.

There are several ways for companies to collaborate with Cornell, each meeting a different corporate need. Which is most appropriate depends upon a company's objectives and the extent of its investment and relationship interests. A Company can (1) sponsor a research project with a particular faculty or group of faculty through the Office of Sponsored Programs; (2) donate funds in the form of a gift to Cornell for research projects conducted by particular faculty or within a department, a research center, or laboratory for a specific research project or general area of research; (3) use a research center or laboratory facility on a fee-for-use basis; or (4) engage in a comprehensive Strategic Corporate Alliance that involves multiple projects university-wide aligned with strategic business interests. Each of these options for partnering has different ramifications for a company in terms of the resultant data, any intellectual property, and other results of the project.

Regardless of option, finding the faculty researcher with the necessary expertise and the right person to facilitate the process is very important. Generally, each College or Center has an industrial outreach or corporate relations person who can assist you. As a starting point, visit <http://corporate.cornell.edu>, <http://www.research.cornell.edu/> or <http://www.info.cornell.edu/CUHomePage/Academics.html> to learn more about research activities at Cornell University.

CORNELL INTELLECTUAL PROPERTY POLICY OVERVIEW

Central to any research agreement is how intellectual property is handled. The Bayh-Dole Act of 1980 permits universities to retain title to inventions made under federally funded programs, and permits exclusive licensing with transfer of an invention to the marketplace for the public good. It was understood that stimulation of the U.S. economy would occur through the licensing of new inventions from universities to businesses that would manufacture the resulting products in the U.S. Under its intellectual property policies, Cornell determines the ownership of intellectual

property developed during any type of collaboration project according to inventorship, as defined by the U.S. Patent and Trademark Office. What is invented solely by employees of a company is owned wholly by that company; what is invented solely by employees of Cornell University is owned wholly by Cornell; and what is jointly invented by employees of both Cornell and a company is jointly owned by Cornell and the company. This policy covers all intellectual property produced at the University, regardless of the relationship between Cornell and any other entity participating in the research. However, under certain ways of working with Cornell, companies may be eligible to receive additional rights to Cornell's intellectual property. These additional rights are described in the appropriate segments that follow.

WAYS TO WORK WITH CORNELL ON RESEARCH PROJECTS

1) SPONSORING A RESEARCH PROJECT

A sponsored research project (grant, contract, or cooperative agreement) is done under the terms of a legally binding contract under which the University agrees to perform a certain scope of work according to specific terms and conditions and under a specific budget. Cornell faculty and company representatives develop the research proposal collaboratively which, once agreed upon, is incorporated into a contract negotiated by the parties. The Office of Sponsored Programs (OSP) negotiates these contracts on behalf of Cornell. A sponsored research agreement is the ideal route when a company seeks concrete research results in exchange for its financial support, when the research may produce intellectual property important to a company's competitiveness, when there will be the sharing of proprietary or confidential data, or when the company wants to be an active collaborator in the research.

The open nature of Cornell University, as with almost all non-profit educational research institutions, is such that research agreements which do not permit the free and open dissemination of research results are not acceptable. Nevertheless, Cornell recognizes that the sponsor of the research may have other interests. Therefore, Cornell will agree to require that its researchers submit research results for sponsor advice and comment 30 days prior to their submission for publication. Publication delays of up to two additional months may be permitted to allow the company to review the manuscript for proprietary information and give the company the time to identify possible inventions or other intellectual property, and request that Cornell file for patent protection.

To review Cornell's standard terms and conditions for sponsored research please visit:

http://www.osp.cornell.edu/Policies/Std_Agmt_Terms.html.

Intellectual Property Rights

Ownership of intellectual property is determined by Cornell's policy as previously described, but commercial sponsors of research are entitled to the following additional rights.

Companies have the right to review articles prior to submission to determine if they describe any patentable intellectual property and, if so, delay submission of the article temporarily to allow time to file for patent protection. Companies are also granted an exclusive first option to negotiate a license to Cornell's rights in any intellectual property arising from the sponsored research. This allows companies to secure rights to intellectual property of value to the company. Other limited rights to intellectual property arising from the sponsored research may be negotiated.

Sponsored Project Proposal

Research proposals may be solicited formally or informally. Companies with definite research plans in mind may send a formal request-for-proposal (RFP) to individual faculty, to a research center or college, or to the Office of Sponsored programs. More often, a company will engage in discussion with Cornell faculty and staff to develop a research proposal that addresses the specific research interests of the company. Project proposals detail the work to be performed, anticipated deliverables, and projected budget. The typical direct costs of a budget include personnel, allowance for employee benefits, equipment, travel, materials and supplies, facility, and administrative costs. Some budgets may need to include line items for publication costs, consultants, or subcontracts. These are considered 'direct costs' [*NOTE: at some companies, the term 'direct cost' has a specific meaning which is different from the way Cornell uses it*] by the university and the proposal should include detail showing how the costs were calculated.

In addition to the direct costs, sponsored project budgets also include an indirect cost (called facilities and administrative [F&A] charge at Cornell) which reimburses the University for the costs it incurs to support research, such as lab and office space, libraries, utilities, insurance, legal counsel, security, etc. The F&A charge is calculated by applying a percentage (the F&A rate) to the direct costs of the research budget. This F&A charge does not apply to equipment and tuition. The application of the F&A rate will be explained in greater detail at the time the budget is developed. The current established F&A rate is 58% of total direct costs, which translates into a 37% overhead rate (i.e. overhead as a percentage of total costs). For example, if the total direct cost of a project is \$100, the F&A charge is \$58, making the total project cost \$158. The F&A or indirect rate is really 37% of total project cost (\$58/\$158). Rare exceptions to this established rate may be granted by the College or Center conducting the research.

Subcontracting Work To Cornell Through A Sponsored Project

Subcontracting work to Cornell also falls under the jurisdiction of the Office of Sponsored Programs and is handled like any other sponsored research project. STTR and SBIR projects are also treated as sponsored research projects and are handled by the Office of Sponsored Research. Refer to the Sponsored Research Project section above for details.

Highlights of Sponsored Research

- The research contract specifies the deliverables of the project such as test results, research data, or periodic reports.
- Funds will be applied as specified in the project's work plan.
- Publications may be temporarily delayed to allow time for the filing of patent applications.
- The rights of the parties to intellectual property created during the project are spelled out.
- Cornell will inform the company of any potentially patentable inventions it has identified.
- Companies may have an exclusive first right to secure Cornell's rights in any intellectual property created during the project.
- The sponsoring company receives periodic updates as well as a final report.

- A rate of 58% is applied to most items in the project budget, with the notable exception of equipment purchases and tuition costs, to cover university overhead.
- The F&A costs in a STTR project becomes a direct cost for the company in the project budget.
- Sponsored research typically requires negotiation in the development of a mutually satisfactory research contract and the parties should allow time to do so.

2) **DONATING A RESTRICTED GIFT FOR RESEARCH**

Companies may give restricted gifts to Cornell to support a particular research project or faculty member(s). Restricted gifts are often in the form of cash but may also include non-cash donations such as in-kind support or donations of equipment. The donor can restrict the use of the donation to specific and defined areas of research in a particular research group. There is no contract requiring negotiation and there is no expectation of tangible compensation or quid pro quo for the gift. However, the donor can anticipate receiving routine reports on the application of the funds. Restricted Gift Accounts are normally subject to a 10% administrative indirect charge, which is applied to direct costs excluding equipment purchases and tuition.

Highlights of a Restricted Gift

- The gift is tax deductible since Cornell is a 501-C(3) non-profit organization.
- Gifts offer an easy, quick way to develop faculty relationships and support research of interest to the company, with no contract to negotiate.
- Gifts for research create good will between company and University, faculty, college or Center and can be part of a broader relationship-building strategy for the company.
- The donor receives routine reports on research activity and application of funding.
- There are no contractual requirements for specific deliverables, but the company may separately pursue intellectual property licensing through the Cornell Center for Technology, Enterprise and Commercialization (CCTEC).
- Companies receive no rights to review articles prior to submission for publication.
- An administrative charge of 10% is applied to restricted gifts.

3) **ACCESSING USER FACILITIES ON A FEE-FOR-USE BASIS**

University research facilities exist primarily to further free and open inquiry by Cornell faculty, students and staff. However, if excess capacity exists for equipment or a facility, Cornell often makes them available to companies for use on a fee-for-use basis. In general, non-Cornell personnel using University facilities must abide by the same policies as University personnel. Depending on the specific facility, Cornell may take special steps, such as signing memorandums of understanding, non-disclosure agreements and/or closing off facilities, to protect the proprietary information or activities of a company using Cornell facilities. Any intellectual property already possessed by the company or developed while using Cornell facilities on a fee-for-use basis remains the property of the company. A company may ask Cornell for a memorandum of understanding or confidentiality agreement if IP issues are a concern when considering using a fee-for-use facility. For a list of available facilities operating on a fee-for-use basis, visit

<http://www.biotech.cornell.edu/index.cfm/page/cat/batt.htm#CUResources>.

Highlights of Accessing User Facilities

- Access to a wide variety of sophisticated and expensive equipment and services
- Training and help from highly skilled technicians is available
- No contractual requirement
- Fees are based on usage of equipment and space; there is usually no charge for consulting with the technicians

4) ENGAGING IN A CORPORATE STRATEGIC ALLIANCE

For companies that want a more comprehensive, more strategic and broad-scope relationship with Cornell, the University offers research-based Corporate Strategic Alliances. Cornell Alliances enable companies to leverage program-managed access to University intellectual capital on a broad-scale beyond sole principal investigators. Corporate Strategic Alliances, which have the support of senior administration and deans, are larger-scale, formally managed relationships centered around Company-University agreements that include multi-year financial commitments, faculty research, research centers, programmatic interactions, intellectual property licensing, and services such as training. Cornell Corporate Strategic Alliances help companies capitalize on the University's annual research expenditures of over a half-billion dollars as well as significant, focused investments in such pervasive areas as the life sciences, nanoscience, advanced materials, and computing and information science.

Cornell Strategic Corporate Alliances allow companies to engage fully with Cornell by outlining needs and participating on a Steering Committee with senior Cornell research administrators. In addition, Corporate Strategic Alliances are program-managed by Cornell personnel who have come from business and industry and who understand what is important to corporations. They are also experienced in bridging academic and commercial cultures and serve as a focal point for productive relationships.

Corporate Strategic Alliances help companies that want to explore whole new business models, or whose R&D functions can be assisted by engaging with academic research scientists who are among the best in their fields, or that need access to the latest equipment and facilities. Alliances begin with a careful analysis of the company's business and research needs matched against Cornell's research strengths and capabilities. Once the scope of interest is determined, Cornell Alliance managers engage faculty, who may have a related research interest, through internal requests for proposals (RFP). A Steering Committee, co-chaired by Cornell and company scientists, reviews the submissions.

Highlights of Corporate Strategic Alliances

- Corporate Strategic Alliances contain all the advantages listed under Sponsored Research above.
- An Alliance offers companies a wide-window into University research with an opportunity to engage in multiple research projects beyond the scope of any one investigator.
- Participating companies engage fully in the management of the Alliance through a Joint Steering Committee co-chaired by a company representative and the Vice Provost for Research or other senior Cornell research administrator.

- Cornell Alliances are professionally program-managed to insure that objectives, time, and budget commitments are met.
- Alliance companies receive a commitment that Cornell will not enter into research sponsored by competitors that involves the same investigator and similar work (exclusivity).
- Multi-year Alliances are flexible, allowing for a change in research direction as needs and interests change.
- Companies have a time-limited first option to negotiate a royalty-bearing exclusive license to resultant inventions or discoveries.
- Alliance partners have the right to use the Cornell name with written approval
- Since attracting quality research manpower is a major concern for many companies, Cornell Alliance managers work to bring together student researchers and Alliance partners.
- While the level of support is negotiable, Corporate Strategic Alliances require a financial investment of a scale sufficient to engage fully Cornell faculty across the University.
- The Corporate Strategic Alliances process includes a needs analysis, match-up of Cornell resources, development of a memorandum of understanding, and an agreement.

OTHER WAYS TO WORK ON PROJECTS WITH CORNELL FACULTY

HIRING A FACULTY MEMBER AS A CONSULTANT

Cornell faculty are often willing to consult for companies. Different areas of the University have their own policies governing faculty consulting, but in general, faculty are allowed a limited number of days each month for consulting; the specific number of days depends on the policies of the faculty member's specific College or academic Unit. While this is one way for companies to access Cornell University expertise to solve company problems, there are several things that companies should consider. First, Cornell faculty's primary employer is Cornell University, and faculty have pre-existing obligations to Cornell under its policies, specifically with regard to intellectual property which may override any obligations to the company as consultants. The ability to use a faculty member's laboratory and equipment during a consulting project is up to the discretion of the department head or dean of the college, and use of University facilities has important implications for intellectual property rights.

IP Issues When Hiring a Faculty as a Consultant

- Cornell faculty do not have the right to assign to a company intellectual property that belongs to Cornell under Cornell's Patent Policy. This may include IP conceived or developed by the faculty while working as a consultant for a company, if this IP is related to ongoing research by the same faculty at Cornell.
- Companies should contact CCTEC anytime a Cornell faculty working as a consultant is an inventor on a company patent.
- Although Cornell faculty are able to use Cornell facilities during sabbaticals, IP developed through the use of those facilities as part of a consulting contract may belong to Cornell.

Highlights of Faculty Consultants

- Cornell permits its faculty to work as independent consultants with certain restrictions.

- Consulting arrangements may help establish a working relationship with a faculty member before committing to greater collaborative efforts
- Time constraints of faculty may slow progress of research

FOR MORE INFORMATION

The **Office of Corporate Relations** can assist your organization with the donation of restricted or unrestricted gifts for faculty research, and establish a Cornell Corporate Strategic Alliance with your company. <http://corporate.cornell.edu/>

The **Office of Sponsored Programs (OSP)** administers awards for sponsored research, instruction, and extension projects at Cornell. <http://www.osp.cornell.edu>

The **Office of the Vice Provost for Research** helps the Cornell community plan and coordinate research and represents the university in research matters as they relate to external agencies and sponsors. It also supports the activities of technology transfer and economic development. <http://www.research.cornell.edu/VPR>

The **Cornell Center for Technology, Enterprise & Commercialization (CCTEC)** integrates the activities and responsibilities of the University's Offices of Intellectual Property Management in Ithaca and Weill Medical College, Cornell Research Foundation and the Office of Economic Development. <http://www.cctec.cornell.edu>

For a guide for entrepreneurs licensing technology from the Cornell Center for Technology, Enterprise & Commercialization, visit <http://www.els.cornell.edu/>. Under the “For Entrepreneurs” link, you will find a pop-up menu with “Entrepreneurial Links.” Towards the bottom of the list, look for “What to Expect from CCTEC.”

This publication is produced by the Corporate Outreach Group of Cornell University, an association of Cornell personnel from research centers, colleges, and central administration. Editing is by Donna Chaudhuri, Cornell Center for Advanced Technology in Life Science Enterprise. Comments may be directed to her at dtk3@cornell.edu or to Roger Williams at rjw33@cornell.edu. [File last updated: 10/04]