

# Washington State University Research Agreements



This guide serves as a summary of key issues in research agreements between WSU and industrial or commercial organizations (Sponsor). The principles set forth reflect the University's position as a publicly supported educational institution and are applicable throughout the WSU system.

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# Washington State University

## Industry Interactions, Collaborations for Success

The creation and application of new knowledge are critical to the ongoing rise of a knowledge-based economy. The increasing volume and accelerating pace at which this process occurs have transformed the research process and made collaboration critical to success of all the partners. As the State's land-grant research university, Washington State University (WSU) takes pride in its history of successful cooperation with industry and strives to make connections with industry for the advancement of science and ultimately the success of the industry partner and the faculty involved.

### Patents and Other Forms of Technology Transfer

The relationship between academic and industrial research is particularly important since the passage of the Bayh-Dole Act in 1980, which is intended to encourage the application of publicly funded research to produce economic and social benefits. Nevertheless, in establishing research partnership agreements, the most nettlesome area usually concerns the ownership, value, and use of intellectual property (IP) that would arise from the collaborative effort.

The basic aims of the WSU patent and invention policy are to: promote the progress of science and technology; assure that discoveries and inventions are utilized in ways most likely to benefit the public; provide recognition to the inventor(s); identify contributions and background technologies from WSU, as well as those contributed by the Sponsor or other third party sources; license technology at a fair price; and provide royalty revenues to the appropriate parties in a fair and equitable manner. WSU fully recognizes that, as a partner in the process, its success is intimately tied to the success of its commercial partner.

The opening position of both sides during negotiations customarily begins with assertions that each will "own or have access to" intellectual property arising from the collaboration. Nevertheless, when a specific project includes federal funding as well as industrial collaboration, federal law requires that the univer-

sity retain ownership of any resulting patents. In the same way, state laws preclude the use of state resources (personnel time, facilities, land, equipment) for the exclusive benefit of a commercial enterprise, and tax-exempt bonding issues may limit the extent to which exclusively-commercial activities may be conducted in WSU facilities. Tax law limitations also may inhibit the university's ability to grant licenses for yet-to-be-developed technologies in advance of their invention. Thus, WSU normally retains ownership to all inventions and discoveries arising from its research, regardless of patentability. An option is typically granted for the negotiation of a non-exclusive or exclusive license. WSU is committed, however, to negotiate such licenses for a fair price that ensures that both WSU and its partner will receive equitable amounts based on contributions to the technology. Such negotiations will consider contributions to the technology, including Sponsor's monetary investment in a project, as well as the background brought by both the company and the university, much of which could have been developed with federal funding. Moreover, consideration must be given to the support provided by each institution to benefit the project, including researcher salary, specialized equipment, benefits, etc. Finally, it must be recognized that WSU has a contractual obligation to its inventors to ensure that any license is equitable to all, thus ensuring that the WSU inventors receive a fair portion of the financial benefits accrued from the commercialization of the work.

Thus, within the constraints imposed by state and federal laws, WSU is committed to

negotiate contracts that facilitate the successful commercialization of technologies invented, in whole or part, by WSU researchers. WSU will transfer these technologies in a manner that will recognize the contributions of the Sponsor, but will also enable it to fulfill its contractual obligation to its inventors and the citizens of the State and nation.

### Funding

Sponsored research programs at WSU are conducted on the basis of cost recovery, including recovery of indirect costs based upon federally negotiated rates. Payment in advance is necessary as WSU does not have a source of funds with which to finance sponsored research or to pay the interest on funds borrowed for that purpose.

Note that while a Sponsor may be providing cost recovery for a specific project, funding from third party sources, including federal sources, may have been used to fund the lab or even equipment within the lab where the project is being completed. Consideration for these resources received from other parties must be taken into consideration in determining rights to technology developed.

While projects are completed based upon cost recovery, Sponsors typically do not pay the full cost of performing the research at the institution. Resources, such as buildings, utilities, equipment, which have been provided by the State or federal government are used for sponsored projects. These resources are provided by the institution and are partially covered through the assessment of the federally negotiated indirect cost rates. However, this is a negotiated rate and does not reflect the full actual costs; therefore the full burden is not carried by an industry Sponsor.

### Liability and Risk

WSU, as a standard, does not facilitate commercial enterprises. Performing such enterprises jeopardizes WSU and the tax-exempt status of its bonds, therefore putting our bond holders at risk.

As a Washington state institution of higher education, WSU is subject to Washington State Law. Of primary note, state statutes which establish and govern the university have not enabled WSU to indemnify. WSU will maintain responsibility for its own negligent acts or omissions; however, we cannot agree to indemnify language within contracts.

### Publication

A fundamental principle of WSU is that the teaching and research environment should permit the free exchange of ideas among faculty and students.

WSU will undertake research or studies only if the scientific results can be published or otherwise disseminated on a non-discriminatory basis and within a reasonable time period. WSU recognizes the legitimate proprietary concerns of industrial Sponsors. Where appropriate and with the approval of the faculty member, publications can be deferred for a limited time to protect patent rights or to facilitate other forms of technology transfer. Similarly, on those occasions where WSU has accepted a Sponsor's proprietary information as necessary background data for a research project, the Sponsor may review proposed publications to prevent any inadvertent disclosure of that data. Copyrights and publication rights belong to WSU and/or the author(s).

