

# Corporate/University Collaborations In New Product Development

**ATIA**  
**Orlando, Florida**  
**February 2013**

**James A. Leahy**

Center on Knowledge Translation for Technology Transfer (KT4TT)

University at Buffalo

<http://kt4tt.buffalo.edu/>



# Acknowledgement

The KT4TT is funded by the National Institute on Disability and Rehabilitation Research of the U.S. Department of Education, under grant number H133A080050. The opinions contained in this presentation are those of the grantee and do not necessarily reflect those of the U.S. Department of Education.



## What is KT4TT?

- KT4TT in the Context of NIDRR Technology grantees means the application of KT theory & practice in R & D to more effectively apply TT processes and generate TT outputs.
- Goal is to have NIDRR technology grantees increase the application of their outputs by manufacturers, clinicians, researchers, policy makers, brokers, and consumers.



# **What is the Overall Mission of the KT4TT Center?**

- Mission is to Provide Resources and Technical Assistance to Improve Both the KT and TT Skills of NIDRR Technology Grantees.



## Presentation Focus

- Background for a Process for Corporate/University Collaborations.
- Confidentiality Agreements or Non-Disclosure Agreements (NDA's).
- Defined Scope of Work for All Parties Involved.
- Personnel, Financial, and Facility Resource Commitments for both Corporate and University Entities.



## Presentation Focus (2)

- Finite Timeline for Project Duration.
- Intellectual Property Ownership Agreements.
- Defined Corporate Product Introduction Date.
- Researcher Publication Dates.
- Identification of Obstacles to a Joint R & D agreement.
- Steps to Mitigate the Obstacles.
- Criteria for Vetting Potential Corporate Collaborators.

# Process for Corporate/University Collaborations

- Background
  - Corporations are seeking R & D partnerships with Universities.
  - Tough economy has forced corporations to seek less expensive avenues for R & D.
  - Corporations are seeking University partners with unique research capabilities or facilities.
  - Historically there are differences between University research goals and Corporation research goals.

# Process for Corporate/University Collaborations

- Background
  - At Universities - research outcome is important to researcher and institution.
  - Research findings lead to publications which in turn lead to tenure and prestige for the researcher and the University.
  - Research findings lead to new technology breakthroughs and patents and licenses which bring revenues to the University.
  - However, Corporations look at how research will impact their financial bottom line.



# Process for Corporate/University Collaborations

- Background
  - Research must either lead to the development of new profitable products or impact production processes thus providing a competitive advantage for the corporation.
  - University based researchers have limited knowledge and understanding of the market demands in a corporations industry niche.
  - University based researchers lack the expertise needed to create products that work in the marketplace.
  - Conversely most Corporations have little insight into the existing academic bureaucracy at many universities.
  - University/Corporate collaborations have always faced obstacles to joint product development projects.



# Obstacle 1: Confidentiality Agreements

- What is a Confidentiality Agreement?
  - An NDA is basically a legal document stating that the person signing it will not disclose any information regarding the subject matter (research/invention/technology) identified in the agreement for a specific period of time.
- Who has to sign it? The corporation, the researcher's parent institution (TTO), and the researcher. Others working on the project may also have to sign if they have not signed a blanket NDA as part of their employment contract.
- NDA may have a negative impact on researchers need to publish in a timely manner.

## **Obstacle 2: Defined Scope of Work for All Parties**

- Allocation and availability of both the academic researcher's time along with the corporate entity's staff has to be defined and outlined.
- Agreement must set fixed research and development timelines.
- Personnel, Financial, and Facility Resource Commitments for both the Corporate and University Entities must be outlined and documented.

## **Obstacle 2: Defined Scope of Work for All Parties (cont.)**

- Finite Timeline for Project Duration.
- Corporations typically have short product development cycles which may revolve around product introductions at trade shows (ATIA, Medtrade, CES).
- Academic researchers typically operate in semesters or years – historically have not had time sensitive research deadlines.
- Both partners have to know and understand each other's scheduling constraints.



## **Obstacle 3: Intellectual Property Ownership Agreements**

- Who Owns What?
- As part of the Collaboration agreement, ownership of Intellectual Property resulting from the collaboration must be defined.
- Licensing Terms, if appropriate, must be outlined (including royalties, duration of agreement, etc.).
- Without an agreement in place conflicts will arise regarding ownership of the results.



## **Obstacle 3: Intellectual Property Ownership Agreements (cont.)**

- In some cases the results of the collaboration may be tied up in litigation or just never used to create a new product.
- Defined Corporate Product Introduction Date.
- Researcher Publication Dates – Public Disclosure.
- Examples of things gone wrong....



# Steps to Mitigate the Obstacles

## Step 1: Assignment of TTO Personnel

- Have someone from your University's TTO assigned to your project. The TTO assignee should have the authority to quickly negotiate an NDA that is acceptable to all parties.
- In most cases the corporation has their own NDA that they will want you and the University to sign it. Consequently there will be negotiations on the terms and conditions of the NDA and you need someone from the University to be an active participant in the negotiations in real time.



# Steps to Mitigate the Obstacles

## Step 2: Scope of Research Agreement

A template framework of the agreement should be drafted which includes:

- The personnel resources of both the University and company.
- What university lab or research facilities will be used and during what time frame.
- Timelines for completion of the research deliverables from both the University and Corporation.





# Steps to Mitigate the Obstacles

## Step 2: Scope of Research Agreement

- If the corporation owns all the outcomes from research, the university must negotiate how it will be compensated for its time and resources.
- If the researcher and University have needs for publication, these must be defined.
- Timelines for publications and public disclosure need to be outlined.
- If a product is to result from the collaboration, a timeline for that new product introduction is included.
- Examples....

# Steps to Mitigate the Obstacles

## Step 3: License or Purchase Agreement (provided the project is completed successfully)

- If the IP is to be jointly owned or ownership remains with the University...
  - Terms for the license or sale of the protectable IP must be established including:
    - Exclusivity – does the corporation have the exclusive right to license or purchase the IP from the University.
    - Length of license or Term – how long does the corporation have the rights to use the IP?
    - Fees or Royalties – how will the University be compensated for use of its share of the IP?

# Steps to Mitigate the Obstacles

## Step 3: License or Purchase Agreement (provided the project is completed successfully)

- If the IP is to be owned solely by the Corporation...
  - Terms still must be agreed upon to cover items such as:
    - Use of the University and researcher's names.
    - Public disclosure restrictions – corporations may not want their competitors to know what they have been working on.
    - Publications restrictions for the researcher.
    - Restrictions on future University collaborations with Corporation's competitors.

# Steps to Mitigate the Obstacles

## Step 3: License or Purchase Agreement (provided the project is completed successfully)

- Example: Penn State has a new research model dealing with IP and research.
  - If the research is corporate sponsored, the industry sponsor owns the resultant IP.
  - In cases where the research involves federal funding Penn State offers a two-step licensing option.
    - Industry sponsor may receive an option to license for up to a period of three years at a fixed price for (\$3K, \$6k, or \$9k).
    - If after option expires, the industry sponsor wishes to license – now know true value of IP and speeds of the process.



# Criteria for Vetting Potential Corporate Collaborators for a Joint R & D Project

## Criteria 1

- Has the potential Corporate Collaborator previously entered into external partnerships or funded R & D work by an outside entity?
  - If no, you are breaking new ground with the company and the internal corporate framework is not in place for a successful collaboration.
  - If yes, was the outcome successful? Were both parties pleased with the outcome?



# Criteria for Vetting Potential Corporate Collaborators for a Joint R & D Project

## Criteria 2

- Is the potential corporate collaborator open to receiving and evaluating technology or inventions from outside the corporation?
  - If yes, what are their policies?
    - Total ownership of anything submitted?
    - Will they sign your NDA agreement? Do they have one of their own?
      - If no, you may have difficulties working with the internal Corporate group.
        - Not invented here syndrome.



# Criteria for Vetting Potential Corporate Collaborators for a Joint R & D Project

## Criteria 3

- From the corporate standpoint, will you be working with a team or just 1 individual?
  - If 1 individual, you risk not knowing the corporate culture (only 1 person perspective); you risk that person leaving or being laid off; you risk timely communication failures;
  - If a team, you have multiple contacts (in case 1 leaves – project will continue), you have multiple perspectives – everything from marketing to engineering to process...

# Criteria for Vetting Potential Corporate Collaborators for a Joint R & D Project

## Criteria 4

- Does the corporation have a firm timetable and objective in mind? What percentages of key personnel time do they see allocating to this project?
  - If no, internal personnel or other resource allocation to the project may be lacking.
  - If yes, you know your corporate partner is committing to making the project a success.





# Summary

- Corporations are on tight product development schedules and do not have the flexibility to spend months negotiating agreements.
- Having discussion with your University's TTO prior to any collaboration is extremely important. The University must have a defined Corporate Collaboration Model in place with template the legal agreements at the ready. Heavy internal bureaucratic lifting must be done prior to contact with a company.
- Academics must operate in a business mode and timeframe in all aspects of the project from initial agreements to completion of the project with delivery of a product to the marketplace.
- Mission of University is to benefit society. Mission of the corporation is to benefit shareholders.



## Summary

- Visit the [kt4tt.buffalo.edu](http://kt4tt.buffalo.edu) web site for additional information, more examples and a chronological step by step guide for inventors.
- Electronic handouts are available on the ATIA web site and there are also a few hard copy handouts available here too.

*Thank you!*