

To: Principal Investigators and Research Administrators

From: Robert Buhrman  
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Re: Facilitating Industry Funding of Research: New Standard Terms for Corporate Sponsored Projects

Cornell now offers two standard contracting options to facilitate corporate funding of Cornell basic and applied research. The purpose of these standard sponsored research agreements (SRAs) is to enable industry to easily fund Cornell research and accelerate contract negotiation. This will enhance the ability of those of our faculty who see industry funding as an option for their research to grow their corporate research support, collaborate with industry researchers on research and development opportunities, and provide opportunities for students to connect with potential future employers through participation in corporate funded research.

These corporate SRAs provide, without negotiation, the most generous terms that Cornell can offer to industry sponsors in the areas of confidentiality, publication delay, and access to intellectual property (IP). These are the areas where terms that are compatible with a research university's not-for-profit status and its education, research, and public benefit mission vary substantially from those that can be employed in agreements between two for-profit entities. While these IP and other SRA terms are similar to those often negotiated by other leading research institutions, and with those at times accepted previously at Cornell, in the interest of working successfully with industry sponsors the new SRAs provide the option of these terms to all corporate sponsors automatically upon execution by OSP and the authorized industry representative.

The IP terms of the SRA for applied research provide more generous rights to corporate sponsors. This in turn markedly diminishes the prospective value of any Cornell IP that may arise from a corporate SRA project. In the event of resulting IP Cornell's licensing revenue and the resulting "Inventor's Share" of net licensing revenue that would otherwise be distributed to the Inventor(s) under [Cornell's inventions policy \(Policy 1.5\)](#) will be reduced. Principal investigator(s) will, however, be afforded the opportunity to assess the impact of these terms for themselves and their research group members and to decide whether or not to accept the award. The IP terms also provide corporate sponsor access to Cornell IP that impinges upon government and other sponsors' rights, therefore, precludes the ability to use government and other sponsors' funds for any part of the corporate sponsored project.

We encourage you to review the attached for more information. If you are interested in developing corporate sponsorship of your research please review these templates and contact either Robin Dolloway (rsn2) or Mary-Margaret Klempa (mk636) in OSP (5-5014) if you have questions. These templates are posted on the [OSP website](#) and we encourage you to share them with any prospective corporate sponsors.

## *Attachment*

### **Facilitating Industry Funding of Research: New Standard Terms for Corporate Sponsored Projects**

Corporate funding of research is an important option for broadening the scope of Cornell's research programs, for enhancing their societal benefit, and for providing valuable collaborations and insights to our faculty and students. Cornell's institutional policy is to strongly support the development of SRAs with corporate and other private sponsors when our principal investigators (PIs) see that as an attractive option for their research programs.

Cornell as a not-for-profit educational and research institution has as its primary missions the education of the next generation, and the conduct of research and outreach to benefit the public. Corporations are for-profit organizations whose primary objectives are business growth and development, and making a profit. This disparity sometimes results in a contractual starting point where Cornell and corporate terms vary greatly, leading to protracted negotiations which, while they most often result finally in an agreement, are difficult for all involved.

Cornell recognizes that most corporate sponsors, when funding applied research, are willing to sponsor projects only when their investments in their company's proprietary information and intellectual property (IP) are protected, and when the company is granted priority access to any IP generated as a result of their sponsorship. Cornell has a long-standing policy of openness in research and academic freedom. The institution also invests heavily in its research programs and IP, and is constrained by law in its ability to transfer IP rights to for-profits at below fair market value. The SRA terms, therefore, provide up front and without negotiation, Cornell's most generous terms to advance corporate goals while adequately protecting researcher and institutional rights and investments.

There are two primary areas where corporate and Cornell terms tend to vary at the outset of entering into a SRA:

1. Academic freedom, confidentiality of research results, and sponsor control of publication or other dissemination of those results

Cornell has a long-standing policy of openness in research that includes protecting the rights of our faculty and students to publish and present their work and to conduct their research as they see fit, without sponsor influence or constraint. Timely publication of groundbreaking research findings is critical to the success and reputation of our researchers, students, and the university. Providing an environment where researchers are free to work and produce results without real or perceived sponsor influence is critical to protecting the integrity of our research and the reputation of our investigators and the university.

Cornell's SRA does provide a limited publication delay (up to 90 days) to allow for sponsor review to ensure that any sponsor-provided confidential material is not being revealed and to allow a limited time to initiate legal protection of intellectual property arising from the research. Cornell cannot, however, accept SRAs that put any constraint on publication and dissemination of research results beyond this period of time. Our policy is consistent with that of the leading research universities and is not a common source of delay when negotiating SRAs with industry.

2. Intellectual property rights

The larger challenge in developing SRAs between Cornell and corporate sponsors has been in the area of IP rights, and this has resulted in instances of protracted negotiation and in a very few cases an end to the proposed project. Since industry most often funds applied research, where the problem being addressed builds on the findings of prior research, towards their development into new products, processes, or methods specifically tied to a corporate sponsor's research and development goals, it is understandable

that the industry perspective is generally to seek priority access to, if not full control of, any resulting project IP. However Cornell provides on an on-going basis significant financial resources in support of its sponsored research activities, including faculty compensation, benefits, start-up packages, and facilities and other infrastructure, that is well beyond the level reimbursed by sponsors even when they pay indirect costs at our full federal facilities and administration (F&A) rate. The shortfall is covered by tuition, endowment, and other funds received under the university's not-for-profit status. That financial support and that not-for-profit status limit the terms by which Cornell can convey IP rights to industry sponsors.

The applied research SRA provides prospective corporate sponsors and Cornell PIs with clarity regarding the IP terms Cornell can accept and what terms it cannot. It specifies possible options for non-exclusive and exclusive rights to license Cornell IP resulting from the corporate sponsored project, with appropriate fees depending on the degree of exclusivity to be granted.

Where the proposed research is basic research and discovery a separate SRA applies.

Both SRA templates are attached for your information. The IP terms have been developed with the input of University Counsel and the Division of Financial Affairs to recognize our goal of promoting corporate SRAs while being compatible with federal laws and regulations that govern Cornell's ability as a not-for-profit to allow a private entity to gain a benefit through reduced competition or subsidized activity.

These now-standard terms, although similar to those typically negotiated at other leading research universities and acceptable within Cornell's not-for-profit status, are considerably less than optimal with respect to maintaining Cornell's financial interests in the IP developed in the research project. Therefore there are three essential points to note here: (1) These terms do greatly diminish the prospective value of any Cornell IP that may arise from the sponsored research and hence will reduce the "Inventor's Share" of net licensing revenue that would otherwise be distributed to the Inventor(s) under Cornell's inventions policy (Policy 1.5). (2) As the consequence, and as per current practice, the PI and all other researchers that will participate in an SRA with these terms will be required to sign an acknowledgement of this potential reduction of their rights when working on such a project. (3) The PI will also be required to commit to not comingle funding from any other source for any project that is supported with such a corporate funded SRA.

#### Additional considerations

Due to Cornell's not-for-profit status and the related private use and private benefit restrictions, corporate, industry-related, and other for-profit sponsors cannot be afforded a financial benefit by paying less than Cornell's full F&A rate.

Although the SRA IP terms provide licensing rights to IP generated by the specific sponsored project, Cornell cannot allow such sponsor rights to extend to another sponsor's project, an inventor's prior (background or enabling) or future IP, or to a field or subject of research beyond the project. Such a limit is necessary to protect the body of work of individual faculty and of our faculty in similar fields as well as the contracted rights provided to other sponsors.

Finally, we note that a few public universities have recently announced that they will in some cases accept corporate funding with IP terms even more favorable to the sponsor, that is, terms that go beyond what is provided in these templates. Such extensions are viewed as quite problematic by the responsible Cornell leadership, and beyond what Cornell and our peers view as allowable and appropriate. Therefore such an extension at Cornell will only be considered if there is a very major engagement between a private sponsor and Cornell that goes well beyond a particular research project and includes philanthropic support that substantially advances Cornell's missions of research and education for the public good, as determined by University and College leadership.