



GUIDE TO CONSULTING FOR FACULTY AND OTHER ACADEMIC EMPLOYEES

MAY I CONSULT WITH OUTSIDE ENTITIES?

Yes, UCI encourages faculty to participate in outside activities that contribute to their profession, to the community, and to UCI's public service mission. Engagement with the outside community is a component of the academic enterprise and one way in which faculty and academic staff maintain contact with research directions and priorities in the private sector. However, consulting must be accomplished within the framework of University policies, including those pertaining to limitations on time spent consulting, compensation plans, intellectual property (IP), and use of University resources.

HOW OFTEN MAY I CONSULT?

Full-time faculty members may consult up to 39 or 48 days each fiscal year depending on the type of appointment, on average a day a week. Faculty members may consult full-time during the summer months in which there is no other salary compensation from the University (such as work on sponsored projects). For more information, please refer to APM, Section 25 at www.ucop.edu/acadadv/acadpers/apm/apm-025-07-01.pdf.

WHAT IS A CONSULTING AGREEMENT?

Consultants should have an agreement in place that clearly defines the technical scope and financial terms of the consulting activity. This is a personal agreement between the consultant and outside entity for which the consultant is personally responsible and to which UCI is not a party. It is the responsibility of consultants to ensure that the agreement is consistent with their University employment obligations and with the requirement to disclose and assign inventions to the University. If there are questions, the services of a qualified non-University attorney should be sought for formal legal advice.

WILL OTA HELP ME WITH CONSULTING AGREEMENTS?

Yes. Although there is no requirement that consultants submit their agreements to UCI for review or approval, OTA will review these agreements as a courtesy to the

faculty member for consistency with University policy. This service, however, does not constitute legal or other advice on the contractual terms. Again, the services of a qualified attorney should be sought for formal legal advice.

WHAT ARE MY INTELLECTUAL PROPERTY OBLIGATIONS WHILE CONSULTING?

There are two separate elements associated with IP and consulting activities: disclosure of inventions and assertion of ownership to IP. Faculty are obligated under the Patent Acknowledgement they signed with UCI to disclose to the Office of Technology Alliances (OTA) ALL inventions, including those made in the course of outside professional activity and to assign to the University those inventions that fall within the scope of their UCI employment or where University resources were used to develop the invention. Generally speaking, The University will assert ownership if any of the following conditions are met:

- ◇ The invention is conceived or developed with the use of gift, grant, or contract funds administered by the University, or with the use of University facilities or other resources.
- ◇ The conception or development of the invention incurs obligations of the University to a third party (such as, for example, under the licensing obligations under the terms of an MTA or research agreement).
- ◇ The conception or development of the invention is within the inventor's scope of University employment.

The University recognizes the difficulty of invention disclosure when consulting with some commercial business entities. When requested, OTA can sign a confidentiality agreement with the company covering disclosure of the new invention.

HOW DO I DETERMINE WHAT IS WITHIN OR OUTSIDE MY SCOPE OF EMPLOYMENT?

The consulting agreement should have a scope of work that will likely be specific to the business interests of the company. This scope of work can be brought to the attention of the Dean and Department Chair who can work with the faculty member to assess the degree of overlap with the areas of research, teaching, publications and other UCI duties of the faculty member. Other UCI duties may include service on a student thesis committee. If the Dean and Chair determine there is no substantive overlap with the faculty member's scope of employment with the University and the specific scope of work to be performed under the consulting agreement, a letter communicating that fact can be written to the OTA Director with the consulting scope of work attached.

DO I HAVE TO REPORT MY CONSULTING ACTIVITIES?

Yes. Academic employees are required to submit annual reports on outside professional activities (including consulting) to deans and department chairs or equivalent unit heads. Please refer to APM, Section 25 at www.ucop.edu/acadadv/acadpers/apm/apm-025-07-01.pdf

Faculty need prior approval to engage only in those outside activities outlined in APM 025 that are likely to raise issues of conflict of commitment. These include assuming an executive or managerial position, establishing a relationship as a salaried employee outside the University, or submitting a contract or grant proposal outside the University. Nonetheless, it is often valuable to discuss with one's dean and department chair outside commitments that draw a faculty member away from University obligations.

IMPORTANT ISSUES ARISING FROM CONSULTING ACTIVITY:

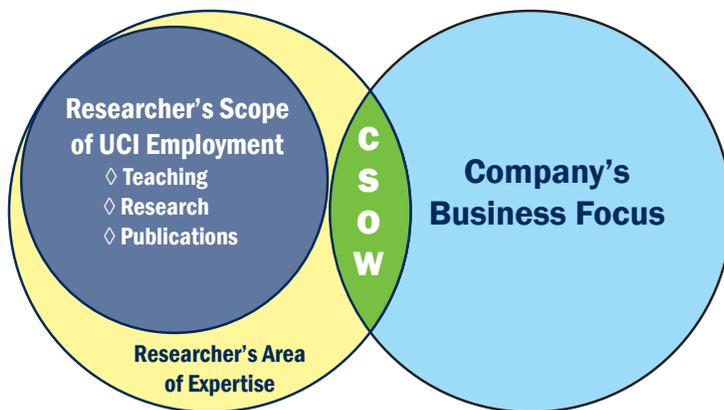
Opportunity Costs

Consulting agreements typically define the area(s) in which the faculty member will be consulting ('Consulting Area'). Many consulting agreements will also have a clause prohibiting the faculty member from consulting or working with other for-profit entities in the Consulting Area during the term of the consulting agreement and for a defined period after the consulting agreement terminates (typically one year). If the faculty member is contemplating multiple consulting arrangements, participating on a Scientific Advisory Board, or any other activity involving a commercial entity, they should have the Consulting Area defined narrowly enough to permit these other activities.

Intellectual Property

All UCI employees have pre-existing obligations to disclose **ALL** patentable inventions to UC regardless of origin. Whether the invention falls outside the consultant's "scope of UCI employment" is to be distinguished from the question of whether the invention falls within the broad area of an employee's expertise, which it normally would. University ownership interest in an invention is a University-based decision supported by the facts and equities of the situation.

OBTAINING A RELEASE OF RIGHTS



1. Prepare Consulting Scope of Work (CSOW).
2. Document no overlap with UCI Scope of Employment (UCISOE - meaning teaching, research, publications and other UCI duties).
3. Obtain Dean and Department Chair letter to OTA concurring that there is no overlap.
4. Submit Consulting Agreement with Dean and Department Chair letter to OTA.
5. If an invention arises within the CSOW AND the work was done without use of University resources:
 - ◇ Disclose the invention to OTA on UCI's Record of Invention Form.
 - ◇ Attach:
 - Dean and Chair's letter & Consulting Agreement
 - A statement that nothing has changed in UCISOE or use of University resources since the date of that letter
 - A request for Release of UC's Rights in the invention
6. Upon review, UC will send a letter to the inventor releasing its rights in the invention.
7. The inventor is then free to assign his/her rights in the invention to the company for which the inventor is consulting.

Faculty members are strongly encouraged to include a provision in their consulting agreements to the effect that the outside entity acknowledges that the consultant is a UCI employee with preexisting obligations to disclose **ALL** inventions to UCI and to assign to the University any intellectual property resulting from activities that involve the use of University time or research funds/facilities, University commitments to others, or that fall within the employee's scope of employment. Ideally, the faculty member's Patent Acknowledgement will be appended to and made a part of the consulting agreement. Consulting agreements that inappropriately assign intellectual property to an outside entity may be legally challengeable and/or unenforceable.

Future Research Funding

Future research funding should not be compromised by the consulting agreement. Companies employing consultants typically seek rights to inventions made during the consulting activity. They may also desire rights to future inventions made at UCI which have a relation to the consulting activity (neither faculty nor the University can grant such rights.) Any "agreement" to provide rights to future inventions may preclude UCI from providing comparable rights to future sponsors and from meeting its obligations to the federal government.

Acceptance of Confidential Information

It is not uncommon for a company to disclose proprietary information to a consultant and want assurances that this information will be kept confidential. Any disclosure of proprietary information by the recipient, either intentionally or unintentionally, may be actionable under both criminal and civil law. Therefore, it is essential to limit the amount of confidential information received when consulting, to agree in advance to receive it only in written form, and to have the company agree to identify clearly such proprietary information by marking it as "confidential." It is recommended that consulting agreements include a "no-fault/no liability" statement regarding unintentional disclosure.

Liability

Consultants are normally asked to provide advice to the company, which may or may not be accepted. Usually the consultant has no control over how the results are used in practice. Therefore, agreements should limit the consultant's liability to negligent acts on his or her part only. A consulting agreement should not include general liability or liability for any product produced based on the consulting activity. A consultant may want to seek personal insurance for the liability exposure in-

curred by the consulting activity.

California State Law Provision

Most consulting agreements will indicate that the laws of a particular state or country will be used in a dispute, usually those of the state where the third party is located or where the consulting is taking place. The litigation of any dispute may take place in that state or country. Thus, it is important to include a statement in a consulting agreement that California laws will apply in the event of a dispute. If choice of venue cannot be negotiated in that way, then it would be best to have the agreement remain silent on that issue.

Amount of Compensation

The University does not set a cap on compensation from outside personal consulting arrangements, except as agreed upon under an applicable health sciences compensation plan.

Conflicts of Interest

A faculty member serving as a Principal Investigator must disclose whether or not there has been any consulting activity with a company when accepting research funding or gifts at the University from that company. The format for disclosure is the 'Principal Investigator's Statement of Economic Interests' (www.fppc.ca.gov/forms/700-11-12/700-U-11-12.pdf). Some funding agencies such as the National Science Foundation and the Public Health Service also have disclosure requirements for all investigators on a project with financial interests in companies that may reasonably appear to affect the work performed under the NSF or PHS project or that may be affected by the research. UCI considers any consulting to be related to an investigator's university obligations and, therefore, disclosable.

Thus, under both State law and NSF/PHS regulations, an existing or prior consulting arrangement might require that a proposed University contract or grant be reviewed and approved by the campus Conflict of Interest Oversight Committee (COIOC) as to conflicts of interest concerns. Please contact UCI's COI Administrator at (949) 824-7218 for more information.

FOR MORE INFORMATION:

UC Policy: www.ucop.edu/ott/documents/consult.pdf

OTA Assistance with Consulting Agreements:

Kevin Kennan, Associate Director, IP Administration
kkennan@uci.edu, (949) 824-4608

UNIVERSITY OF CALIFORNIA

BERKELEY • DAVIS • IRVINE • LOS ANGELES • MERCED • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

OFFICE OF THE PRESIDENT

1111 Franklin Street
Oakland, CA 94607-5200
Phone: (510) 987-9074
Fax: (510) 987-9086
<http://www.ucop.edu>

March 3, 2003

**CHANCELLORS
LABORATORY DIRECTORS
VICE PRESIDENT GOMES
ACADEMIC COUNCIL CHAIR BINION**

Dear Colleagues:

Over the last few decades, relationships with industry – including faculty consulting relationships – have become increasingly important to research and education at the University. The University supports and encourages outside consulting relationships as they often provide a public benefit and are valuable to the faculty in their research and teaching activities.

Based on questions directed to campus and Office of the President administrators, it has become increasingly evident that some faculty who engage in consulting arrangements are unclear about their obligations to the University regarding intellectual property matters. For this reason, the Technology Transfer Advisory Committee (TTAC) convened an Ad Hoc Subcommittee on Faculty Consulting to address these inquiries. During the past year, the subcommittee reviewed State law and existing University policies and guidelines, and developed a single comprehensive summary document on this matter.

The resulting document, *Guidance for Faculty and Other Academic Employees on Issues Related to Intellectual Property and Consulting*, is not new policy, but a synopsis and explanation of longstanding University policies and State law on this topic. We believe it presents a clear, non-technical summary, accessible to faculty, other researchers, industry, administrators, students, and the public. Each campus and Laboratory is encouraged to share this information in a way and form that is most appropriate to its local needs. It will also be available on the WWW at: <http://www.ucop.edu/ott/consult.html>.

Sincerely,

C. Judson King
Provost

Sincerely,

Joseph P. Mullinix
Senior Vice President

Attachment

cc: President Atkinson
Members, President's Cabinet
Senior Vice President Darling
Executive Director Bennett
Vice Chancellors for Research/Administration
Members, Technology Transfer Advisory Committee

Patent Coordinators
Contract and Grant Officers
Conflict of Interest Coordinators
Special Assistant Gardner
Principal Officers of The Regents