

## Consulting

### Policy

Outside activity, aka consulting, by academic personnel is allowable under University policy subject to meeting certain conditions. The applicable policy of the University is found in the University Policy Library at <https://policies.uoregon.edu/vol-1-governance/ch-2-legal-affairs/conflict-interest-conflict-commitment-and-outside-activities> and references therein.

University personnel should note that:

- outside consulting is permitted;
- some consulting activities must be approved in advance;
- changes in the material facts upon which the consulting was originally approved may require that new approval be obtained;
- University and Federal Conflict-of-Interest policies apply as stated in University Policy [II.06.01](#);
- the outside work rules apply to all individuals employed by the University;
- University personnel may not bring information from personal consulting/outside activity back into the University;
- University personnel may not sign non-disclosure agreements (confidentiality agreements) on behalf of the University; and
- Consultancy work should not convey University Intellectual Property.

Certain activities go beyond consulting in the meaning accepted by the University and trigger a more extensive review process. The review process for *this greater level of involvement* includes a management plan that is approved by the University and signed by the individual.

When academic personnel provide standard-practice or project-based consulting activities through the University of Oregon, it may be done so in accordance with the principles governing other sponsored projects. These would be handled under the normal policies and procedures of Sponsored Project Services and Innovation Partnership Services with the details depending on whether the party seeking consulting services is a for profit or non-profit entity. Income for the consulting activity would contribute to the academic personnel's standard salary.

## **Overview**

Consulting should really be considered as being comprised of two broad categories: Standard-practice Consulting and Project-based Consulting. The differences between the two are substantial in the way they affect one's ability to do other research going forward in time, the Intellectual Property obligations one should expect to see in a Consulting Agreement, and the possibilities of conflicts with one's obligations to the University.

***Standard-practice Consulting*** is consulting that provides an external entity, for example a company, with knowledge concerning current standard practices in an area(s) outside the expertise of the company. From a business point-of-view, standard-practice consulting saves the company the time and money associated with educating themselves about current practices in an area. Standard-practice consulting is the origin of the University's involvement in consulting. Historically, University personnel are among the most knowledgeable people concerning standard or best practices. This arises naturally as a result of their activities in research and education. Rarely does this type of consulting create problems for an individual with respect to one's University commitments. The exception is when consulting may appear to bias an individual's objectivity towards their academic research or overlap with a supervisory relationship.

***Project-based Consulting*** is consulting that relies on the creative and technical expertise of University personnel to solve a particular set or class of problems for a company. It arises out of the difficulty of any organization to maintain broad coverage of specialized areas of technology or engineering practice. The company typically expects to gain competitive advantage from the solutions devised by the consultant. As a result, the nature of the relationship is more restrictive than standard-practice consulting. This type of consulting, except in certain technical fields, is a fairly new phenomenon and is associated with the rise of research universities since World War II. *Why call it project-based consulting?* If one is going to manage the effect of this type of consulting on one's career, it should be based upon well-defined projects as discussed below.

## **Two things You Should Remember Before Signing a Consulting Agreement**

### ***The University is your primary employer and as such has first rights to your IP.***

Consulting, when allowed, does not release the person acting as the consultant from all obligations to the University or the State of Oregon. Nor do you automatically obtain rights to use University work product for commercial activity. This puts an on-going burden on the company and the consultant to keep the consulting activity free of entanglement with the consultant's obligations to the University. Typically consulting agreements are written from the company perspective that the consultant is responsible for keeping entanglements from happening. This is not sufficient nor is it fair to the consultant and can get a PI into trouble.

**An example:** Dr. Joe, in consulting to Big Co., carefully defined the specific project on which he would consult. He made sure that his work at the University funded under grant from ReallyBig Co. was outside of the scope of the consulting project and cleared it with University. He successfully concluded the consulting and because his idea on a method for making nifty widgets was so good, Big Co. lawyers filed for a patent. Under the terms of the consulting agreement, Dr. Joe was obligated to assign his rights to Big Co.

In writing the patent, Big Co. lawyers went for the broadest claims possible. Their careful searching of the prior art showed them that the idea was very novel.

As required under State law, Dr. Joe disclosed the patent to the University. Dr. Joe disclosed the invention made to Innovation Partnership Services ("IPS"). IPS contacted the Big Co. and received a copy of the patent under a confidentiality agreement. Upon examining the patent claims in light of the grant from ReallyBig Co., it became clear that the patent would cover part of the work promised to ReallyBig Co. In other words, the result of the consulting work was not separate from, and in fact interfered with, Dr. Joe's obligations under the grant to ReallyBig Co. Big Co.'s actions have exceeded the scope of the project as defined and for which there was approval.

Standard consulting agreements tend to be very one-sided. In our own consulting (IPS professionals also perform consulting from time to time after appropriate UO approvals) we try to include a clause that protects us from company actions. It would look something like:

Corporation recognizes that this Agreement notwithstanding, Consultant is an employee of the University of Oregon and that Consultant's obligations to the University of Oregon may dominate those of Consultant to the Corporation in matters of intellectual property. Corporation recognizes that Consultant has certain obligations to the University of Oregon as a result of prior work in the area covered by this consulting Agreement, as well as by current employment relations. In the performance of this Agreement, Corporation hereby acknowledges the existence of this relationship and agrees not to take or require any actions that would cause Consultant to violate the current conditions and requirements of Consultant's employment with the University of Oregon. Regarding patents, copyrights, trademarks, trade secrets, technology, and business information, Corporation recognizes that work under this agreement may be:

- (i) the subject of a patent, patent application, copyright, trademark or trade secret owned by Consultant or by Consultant's Institution; or
- (ii) subject to assignment by Consultant to Consultant's Institution; or

(iii) made, or conceived of, or reduced to practice, or learned by Consultant, either alone or jointly with others, either during the term of this Agreement or prior to its Effective Date, and not developed as a result of consulting under this Agreement using Corporation's proprietary and confidential information;  
and as a result of any of the above not covered by the terms of this Agreement.

UO has for many years provided a link to one example of a model consulting agreement to help inform UO employees on the types of issues they might consider. The document is found [here](#) and does not constitute legal advice nor an endorsement of its terms and conditions. It is provided to the community solely as an educational tool and we encourage you to seek out other examples as well, particularly when you may be consulting in other states or jurisdictions where the outcomes with respect to intellectual property and non-compete provisions may differ dramatically.

***Consulting agreements are between you and the company.*** The nature of consulting is such that any agreement you enter into is between you as a private individual and a company. The University has a right as an employer to allow or disallow the activity consistent with its policy and your employment, but won't involve itself in the contractual relationship.

This means among other things that the University:

- cannot co-sign a consulting agreement;
- assume an obligation either to the company or the individual with respect to a consulting agreement; or
- shield or defend the individual from liability resulting from the consulting activity.

Consulting agreements do not involve the University as a party (we do not sign) but in some situations, the University may be a third party beneficiary. While the University may review the agreement to see if it is consistent with your obligations to UO, our Office of General Counsel cannot review it for your benefit because they are the attorneys for the University, not you. If you have legal questions, you should obtain legal advice from counsel obligated to you and working on your behalf.

## **Structuring Consulting Agreements**

***For Standard-practice Consulting.*** This type of consulting does not involve the creation of intellectual property, simply the teaching of well-known or published facts. ***The agreement should not include clauses about the Consultant having to assign inventions and the like.*** The consulting agreement should be structured as a teaching engagement. That is the agreement should tell what the responsibilities of each side are, the area in which the teaching is to be done, and perhaps a confidentiality agreement to cover any confidential information the consultant may receive or learn about the business of the company. If a confidentiality provision is included, the scope of the confidential information should be limited and well defined to that information which you might actually encounter. You should also be able to refuse receiving confidential information that would interfere with your research obligations at the University. Expert witness consulting is generally a form of Standard Practice Consulting.

***For Project-based Consulting.*** These agreements will have intellectual property clauses but they should be applicable only for specific and defined projects. Typically the way consulting agreements handle defining the area of consulting is with a fairly broad definition. This approach creates problems because:

- the statement is seldom written in a fashion that keeps it clear of work at the University; and
- what you are agreeing to up front is vague.

Ideally the IP clauses should only be applicable to mutually-defined projects, agreed to by both parties, and added to an Appendix of the agreement from time-to-time. Thus any time there is an obligation by the consultant to assign the results of research to a company, it is the result of a well-defined project, not simply some general statement of an area. This approach solves the most common problem of consulting agreements that span several years, namely that it is hard to define up-front the project areas other than the starting one.

**Example:** You might be consulting in the general area of non-linear optics, your research at the University is on monolithic systems for coherent light generation, novel solid state systems for producing broadly tunable sources, and mode-media interactions in resonators.

The Company proposes their standard agreement. The Company statement of the consulting area is “***Area of Consulting:*** *Consultant agrees to provide services on resonator design for integrated tunable wavelength devices.*” And the IP clauses usually refer to Company ownership of inventions, works of authorship, etc. “*within the Area of Consulting.*” This is broad with respect to your general area of research and can create conflicts between your obligations to the Company and to the University.

A better way of doing this that is marginally more work and gives each party better control is as follows. “***General Area of Consulting:*** *Consultant agrees to provide services generally in the area related to resonator design for integrated tunable*

wavelength devices either in the form of conveying to the Company standard practices, or by conducting work within a Specific Area of Consulting defined by Exhibit A.” The IP clauses should refer to Company ownership of inventions, works of authorship, etc. “falling within the Specific Area of Consulting.” The Specific Area of Consulting should be a focused statement-of-work for a specific project to be conducted with the Consultant’s involvement. The agreement should allow for other projects to be added to Exhibit A over time by mutual agreement.

***Note: that this type of structure can be implemented in such a way as to have minimal impact on the form of the Company’s standard consulting agreement***

### **Exhibit A: Specific Area of Consulting**

**Year 1:** Consultant will provide an analysis and technical design input to Company for improving three baseline resonator designs of Company. The resonators are for making optical parametric oscillators from single pieces of large area KTP that will be pumped by Company’s BigDiode laser. Consultant’s efforts will be directed to providing aid to Company in maximizing the conversion efficiency of the resonator designs across the broadest wavelength range possible and achieving high beam quality in the resultant OPO output.

Company shall provide Consultant with information on the Company’s proprietary shaping and coating technologies relevant to Consultant’s work, as well as detailed specifications of Company’s BigDiode laser. Consultant shall use Consultant’s proprietary design code, OPOFUN, as part of Consultant’s analysis. Other terms of this Agreement notwithstanding, Company will not, by performance of Consultant under this agreement, obtain any rights in OPOFUN.

### **Consulting Related to Research Activities.**

Generally companies are interested in leveraging off specific activities of a research group. This can create problems. Consulting tied to existing or future research at the University may only be possible if the intellectual property tied to the agreement flows through the University or after a period of time elapses. Consider that faculty, staff, and students in their roles as part of the academic enterprise have influence over the creation, control, and dissemination of assets, or potential assets, in which the State of Oregon has, or may have, an interest.