

INFORMATION FOR UNIVERSITY OF IOWA FACULTY ON OUTSIDE CONSULTING ACTIVITIES

By policy and in practice, the University of Iowa encourages you to engage in outside professional activities. Such activities advance scientific knowledge and are a mechanism for you to serve the institution's public service mission. However, as a University employee, it is your obligation to ensure that any consulting agreement you enter with a company or other outside entity does not conflict with your obligations to the University as your employer. Although this document refers throughout to "company," it applies to any outside entity that may engage your services as a consultant.

A faculty consulting agreement is a personal agreement between you and the outside company that governs work you perform for the company's benefit. The University is not a party to these agreements and any obligations accepted in them are personal to you. However, because you are a University employee, the University has an interest in ensuring that your agreement is not inconsistent with UI policy, state or federal law, or other agreements to which the University is a party. Specifically, consulting agreements may create conflicts with obligations you have to the UI: obligations that arise by virtue of your employment, by law, by University policy, and/or from University contractual or other obligations to third parties. Consulting agreements may also impose restrictions on your ability to perform University research and to obtain sponsored research funding. For these reasons, and as a tool for faculty who enter into personal consulting agreements, the University provides this information for you to use in reviewing any proposed consulting agreement. **This information is not provided to you as personal legal advice**; you may want to consider asking your own counsel to review the agreement on your behalf. At a minimum, you should read any consulting agreement carefully, since there is no such thing as a "standard" consulting agreement and since consulting agreements are typically written for the benefit of the company.

The following is a list of frequently-appearing consulting agreement issues that may give rise to conflicts with your obligations to the University and/or have negative implications for your University research:

ACCESS TO INVENTIONS

The agreement cannot grant a preference to the company for access to inventions (licenses) or to information/data resulting from UI research.

CONFIDENTIALITY

The agreement cannot define "confidential information" to include information you generate or develop (either alone or with others) during the performance of the consulting services required by the agreement, unless the information generated is unrelated to your University research and is developed 1) totally during the course of performing the consulting services and 2) without the significant use of UI resources (i.e., without more than incidental use of phone/email/computer).

You should be satisfied that you can comply with any confidentiality obligations you accept (it may be possible, for example, to limit the amount of information you receive and/or to have the company mark

it confidential before disclosure). You should also be careful that the agreement does not restrict your right to publish anything that is actually and legitimately research (or could eventually be research) conducted at the University.

CONFLICT OF COMMITMENT

Consulting may give rise to issues that are addressed by the University's Policy on Conflict of Commitment (<https://opsmanual.uiowa.edu/community-policies/conflicts-commitment-and-interest/conflicts-commitment-effort>). Basically, the time you devote to the consulting opportunity cannot interfere with your teaching/research/patient care/service obligations to the UI. You should consult with your DEO prior to engaging in an outside consulting opportunity to ensure that you are in compliance with that policy.

CONFLICT OF INTEREST

Consulting for an outside company may also give rise to a conflict of interest in the context of your research at the UI. You should consult the University's Policy on Conflict of Interest in Research (<https://opsmanual.uiowa.edu/community-policies/conflicts-commitment-and-interest/conflict-interest-research>) to make sure that your outside activity is performed consistent with the requirements of that policy. If you have questions, you should contact the Office of Conflict of Interest in Research at 335.8892.

There may also be an issue with the UI Policy on Conflict of Interest in Purchasing (<https://opsmanual.uiowa.edu/administrative-financial-and-facilities-policies/purchasing/conflict-interest>) if you are in a position to influence the UI's purchase of goods or services from the company.

GOVERNING LAW; VENUE FOR DISPUTES

The agreement may provide that it is governed by the laws of a state other than Iowa and/or that any disputes under the agreement will be resolved by the courts of a state other than Iowa. This means that any lawsuits arising from the consulting relationship would be filed in the other state and the other state's laws would apply to that suit. It could be costly for you in the event you have to bring suit or defend a suit in another state. If this were a University contract, we would attempt to address this concern by changing governing law/venue to Iowa or remain silent on the issue in the agreement.

INDEPENDENT CONTRACTOR STATUS

The agreement should not expressly state or imply that you are undertaking the consulting work on behalf of the University. It should be clear that you are entering the agreement in your individual capacity and not as an employee or agent of the UI.

INTELLECTUAL PROPERTY

What is the issue?

Most consulting agreements require you to assign to the company any invention made in the course of performing the consulting services. Some are actually not that limited and may extend to work you perform at the University as a UI employee (e.g., where the agreement's definition of "work" is

overbroad or nonspecific; where the company wants rights to anything you discuss with them or anything in a field related to their work).

Where assignment is required, depending on a number of factors that are often not easy to determine at the point of entering the agreement, the UI may have an interest in the invention you are asked to assign to the company (and you, in such circumstances, an interest in receiving royalties from that invention). This interest may arise in the following ways:

- Where the invention is made with significant use of UI resources

Because UI resources are public resources, it would be inappropriate (and actually against state law) for UI employees to use those resources for the commercial benefit of a private company.

- Where the invention is made in the course of your employment/appointment or in a field or discipline reasonably related to your employment/appointment

Basically, the concern here is that the work you agree to perform for the company cannot overlap with or conflict with research you are performing (or may be planning to perform) at the UI. This concern is based on various considerations:

- Where the invention is made with federal funding to the UI, the federal Bayh-Dole Act vests title to the invention in the UI as the funding recipient (whereas before the passage of Bayh-Dole, the federal government owned the invention). The UI may then elect to retain title or not; if not, it must first offer the invention back to the funding agency. If the UI retains title, it has certain obligations to the funding agency (one being the requirement to pay royalties to any inventors); these obligations cannot be met if the company is claiming rights to the same invention by virtue of your consulting agreement. Technically, since Bayh-Dole vests title in the funding recipient rather than the employee inventor, the inventor has no rights to convey to a company for which s/he is consulting. Bayh-Dole requires the inventor to disclose any inventions made with federal funding to the funding recipient.
- Similarly, most other foundation-based grants and corporate sponsored research agreements impose on the UI obligations to disclose, option, license, and commercialize any inventions resulting from those funding opportunities. Our/your receipt of the funding is conditioned on accepting these obligations. Most corporate sponsors would refuse to fund research if prior obligations imposed by consulting agreements denied them access to resulting inventions.
- Any consulting agreement that requires you to assign inventions made in your field of research to the company may prevent you from working with other companies under sponsored research agreements or from applying for federal funding in the future, since

such an assignment would prevent you from meeting the obligations of potential future research contracts and grants.

What can I do?

In the event your consulting agreement requires you to assign to the company any inventions made in performing the consulting services, you will need to include the following paragraph in the agreement before you can sign it:

Consultant may enter into this Agreement with Company and consult with Company as contemplated herein, so long as such activity is not inconsistent in any way with any applicable University policy. Specifically, Consultant agrees that in performing this Agreement, s/he will not use any University resources, including, but not limited to, University time, funding, equipment, resources, personnel, information, or materials in any manner inconsistent with applicable University policies. In addition, Consultant confirms that the work to be performed under this Agreement is not within the scope of his/her employment with the University. Company acknowledges that any such use of University resources by Consultant and/or any intellectual property rights or obligations that arise from Consultant's scope of University employment will render ineffective any assignment of intellectual property rights provided for by this Agreement. Company further acknowledges that nothing in its Agreement with Consultant will supercede any obligations Consultant has to the University as his/her employer.

You should point out to the company that the purpose of this provision is not to claim intellectual property that University employees develop on the company's time and with the company's resources, or to claim more rights than the University already has. Instead, the purpose of this language is to clarify for the company the specific conditions that give rise to University rights in inventions developed by its employees and thus to notify the company that any assignment from a UI employee may not be a full (or even possible) assignment of rights.

If the University becomes aware that you have assigned intellectual property in a consulting agreement and have not included the UI language set forth above, the UI will inform the company that you did not have authority to sign the agreement or make the assignment. In such cases, the company may then require you to obtain a waiver from the UI of its Intellectual Property Policy. If that occurs, the UI will waive its policy and agree to the assignment only where the UI Research Foundation and UI agree that the work to be performed under the consulting agreement meets all of the criteria below (1-4).

Are there instances where I can assign an invention to the company?

As discussed above, UI inventors are required to assign to the UI any invention that:

- a) Involves significant (more than incidental) use of UI resources, or
- b) Arises in the course of the inventor's employment or appointment at the University or in a field or discipline reasonably related to the inventor's field of employment or appointment.

In general, neither of these conditions would exist and you would be free to assign inventions in these cases:

- 1) Where the invention is not made with significant use of UI resources;
- 2) Where the invention is not within the scope of your UI employment* (i.e., cannot be viewed as a direct extension of your UI research and is not so closely related to your research that it cannot be separated from it);
- 3) Where you are only advising on technology being developed by the company for which the company has a legitimate prior claim, such as work leading to the refinement of the company's existing product/process or work on developing technology for which the company has background patents or prior art claims; and
- 4) Where assignment does not conflict with obligations the UI may have to third parties, such as the federal government where your UI research is federally-funded, third-party industry sponsors of your UI research, or providers of materials under material transfer agreements.

Examples of consulting activities that would typically meet these requirements are service on a Data Safety Monitoring Board and service on a Scientific Advisory Board.

*The issue here is not whether the invention is within your general area of expertise (it almost always would be), but whether the work to be done under the consulting agreement can be seen as a direct extension of research you perform at the UI or whether the outside work is so closely related to research you perform at the UI that it cannot be separated from it.

LIABILITY/INDEMNIFICATION

Because you are entering the consulting agreement in your individual capacity, you are personally responsible for any liability you accept under the agreement. The UI will not indemnify you or provide legal representation for any of your actions under that agreement, since that protection is only available to UI employees who are acting in that capacity.

Consulting agreements often obligate the consultant for unlimited general liability and/or liability for products resulting from the consulting services. You, on the other hand, have no control over how the company uses the consulting advice you provide. At a minimum, the company may agree to limit your liability to claims resulting directly from your own negligence.

RESTRICTIONS ON COMPETITION/EXCLUSIVITY

Consulting agreements often have "non-compete" or exclusivity clauses that restrict your ability to consult, do research for, or otherwise interact with other companies or parties. These restrictions may apply well into the future and have significant implications for your future research at the University.

RESTRICTIONS ON RESEARCH IN SAME FIELD

Consulting agreements may also restrict your ability to conduct research in the same field as that for which you are engaged as a consultant.

SCOPE OF WORK

The consulting agreement may contain an overly-broad definition of the scope of the work you are engaged to perform. The scope of work should be specifically defined to avoid overlap or conflict with your University research (both current and anticipated). The more broadly defined the scope of work you are to perform and assign to the company, the more narrow the area of research you can engage in at the UI and the fewer companies you can consult for. In addition, limiting your role for the company may help reduce the potential for conflict of interest in your research activities. The agreement should also be clear that your role is only advisory to the company as it performs its work and that you are not actually performing the work yourself—and particularly that you are not performing research for the company. If that issue arises, it would be necessary for you to perform the research under a sponsored research agreement between the UI and the company.

The UI Health Care Policy on Conflict of Interest/Conflict of Commitment requires that the agreement outline specific deliverables, tasks, responsibilities, and compensation consistent with the expertise provided.

TERM AND TERMINATION OF AGREEMENT

Consulting agreements often have no end date, which means that your obligations under the agreement have no time limit. If you are an employee of UI Health Care, the UI Health Care Policy on Conflict of Interest/Conflict of Commitment Regarding Interactions with Industry requires that the contract have a definite end date. Additionally, these agreements often give only the company—not the consultant—the right to terminate the agreement.

USE OF UI RESOURCES

The agreement should not obligate you to use any UI resources in performing the consulting work. “UI resources” includes time, funding, facilities, equipment, intellectual property, personnel, materials, or information/data that would not be available to the general public and that you would not be free to disclose to other members of the larger scientific community by publication or presentation. Any consulting agreement that requires you to use UI resources, other than incidental use of phone/email/computer, should be restructured as an agreement with the UI for your services as a UI employee.

USE OF NAME (YOURS/UNIVERSITY’S)

The agreement should not require you to participate in any of the company’s promotional activities in a way that may give rise to issues for the use of your name or that of the UI. In particular, the agreement should not require the use of the UI’s name in any way that implies UI endorsement of the company or its goods/products. For more information, see UI policy at <https://opsmanual.uiowa.edu/community-policies/use-university-name>. This policy also imposes restrictions on your ability to use the UI name in non-UI activities for self-identification purposes.

The above list identifies common issues that may or may not be present in your consulting agreement. The list is not exhaustive and the information may not be complete. It is provided in the hope that you find it useful as you review your agreement and discuss your consulting opportunity with the company and, if you choose, with your personal attorney.

If you are an employee of UI Health Care, the UI Health Care Policy on Conflict of Interest/Conflict of Commitment Regarding Interactions with Industry (<https://uihc.org/conflict-interest-policy>) requires approval of your consulting agreement by both your DEO and by the VPMA/Conflict of Interest Office.

If you have a VA appointment and/or you are an HHMI investigator, you should consult with those institutions with respect to any processes they may have for consulting agreements.