

UC BERKELEY GUIDE TO CONSULTING FOR FACULTY AND ACADEMIC EMPLOYEES Policy & Guidelines, Sept. 19, 2006

MAY I CONSULT WITH OUTSIDE ENTITIES?

Yes, U.C. Berkeley (UCB) encourages faculty to participate in outside activities that contribute to their profession, to the community, and to UCB's public service mission. Engagement with the outside community is a component of the academic enterprise and one important way in which faculty and academic researchers maintain contact with research directions and priorities that exist in the private sector.

HOW OFTEN MAY I CONSULT?

Full-time faculty members may engage in outside professional compensated activities, including consulting, up to 39 days (for 9 month appointments) or 48 days (for 11 month appointments) each fiscal year, on average a day a week. Faculty members on 9 month appointments may engage in such activities full-time during summer months in which there is no other salary compensation from the University (such as work on sponsored projects or teaching in summer session). For more information, please refer to APM, Section 25 at <http://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, intellectual property commitments (if any), 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 UCB is not a party.*** It is the responsibility of consultants to ensure that the agreement is consistent with their University employment obligations. OTL professionals can provide advice as to whether a consulting agreement is consistent with University obligations. If there are other questions about consulting contracts, the services of a personal, qualified attorney should be sought for formal legal advice.

WHAT ARE MY INTELLECTUAL PROPERTY OBLIGATIONS WHILE CONSULTING?

University employees, including faculty, are obligated under the Patent Acknowledgement they signed with UCB to disclose to the Office of Technology Licensing (OTL) all inventions, including those made in the course of outside professional activity (outside inventions). Upon request by the University, all inventions arising from faculty activities that fall within the scope of UCB employment or utilize University resources, as determined below, must be assigned to the University. Generally speaking, the OTL will *not* require a UCB assignment unless:

- the invention is conceived or developed with the use of gift, grant, or contract funds administered by the University, or;
- the invention is conceived or developed with the use of University facilities or other resources, not including *de minimis* use of University facilities, such as use of an

office desktop computer and network connection (use of more extensive computer facilities or a research laboratory is considered to be more than *de minimis* use), or;

- The invention is conceived or developed in the course of the faculty member's university activities, or;
- the conception or development of the invention incurs University obligations to a third party (such as, for example, under the terms of a grant, contract, material transfer agreement or a collaboration agreement)

The conditions and extent of disclosure of outside inventions can be discussed with the OTL in a way that respects the business interests of the business entity involved and any non-disclosure conditions in the consulting agreement. OTL can initially receive a non-enabling disclosure of an invention. In that case, full disclosure occurs later, and final assessment of the University's rights, if any, is made when more information is available. An earlier assessment of University rights may be possible based on a non-enabling disclosure if written documents provided to OTL confirm that an invention was made without the use of any University gift, grant or contract funds, was made without using University resources or facilities (other than *de minimus* use), was not conceived or developed in the course of the faculty member's university activities, and is free of University obligations to third parties. On an exceptional basis a confidentiality agreement between UCB and the company for which a UCB inventor is consulting may be signed by OTL for the purpose of evaluating ownership. This is a useful option for both UCB and the company if the UCB inventor and the company for which a UCB inventor is consulting wish to establish a formal determination of ownership before proceeding with protection of the outside invention. All such reviews by Campus OTL will be made in a timely manner.

HOW DO I DETERMINE WHETHER MY CONSULTING MAY BE IN CONFLICT WITH MY UNIVERSITY OBLIGATIONS?

The outside consulting agreement should have a scope of work that will likely be specific to the business interests of the company and distinguishable from relevant ongoing University activities in which the faculty member is engaged. This scope of consulting work can be brought to the attention of the faculty member's Dean who can work with the faculty member to assess the degree of overlap with the areas of research and teaching of the faculty member. If the Dean determines there is no relevant overlap between the faculty member's University activities and the specific scope of work to be performed under the consulting agreement, a letter communicating that fact can be written to the OTL Director with the consulting scope of work attached. If the Dean determines there may be relevant overlap, and so a potential conflict of interest exists, the matter would be referred to the Campus Conflict of Interest Committee for further discussion and resolution with the faculty member. Please refer to APM, Section 25 at <http://www.ucop.edu/acadadv/acadpers/apm/apm-025-07-01.pdf>.

OBTAINING A RELEASE OF AN INVENTION

If and when an outside invention is made under the consulting agreement, the faculty inventor will file a **Preliminary Disclosure of Invention** (PDI) form (See attached PDI form), describe the nature of the subject invention and the area of research, describe

any university resources that may have been used to develop the invention, define the relation of this work, if any, with the PI's University research activities, and request release of the invention back to the faculty inventor. This request should be forwarded through the relevant Dean to OTL for review. After a PDI is submitted to the OTL a determination of invention ownership will take place. If the OTL believes that the determination of ownership can only be fully carried out when detailed information becomes available in the future, then the review is held in abeyance until the information becomes available to the OTL. Upon review, if OTL and the cognizant Dean agree that the university does not own a given invention then a disclaimer letter will be prepared to the faculty inventor who would then be free to meet any obligations to the company concerning rights to such invention. Alternatively, the OTL may conclude that the university may have an ownership interest in a given invention but that the university elects not to patent it. In that case, ownership may also be waived to the inventor or to a federal agency sponsor of the research. Any such ownership review would be performed in a timely way, with full respect for the likely urgency of such matters. Contact OTL for more information concerning this process.

WILL OTL HELP ME WITH CONSULTING AGREEMENTS?

Yes. Although there is no requirement that faculty members submit their consulting agreements to UCB for review or approval, OTL is willing to 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 personal, qualified attorney should be sought for formal legal advice.

DO I HAVE TO REPORT MY CONSULTING ACTIVITIES?

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

HOW DOES BERKELEY ENSURE COMPLIANCE WITH UNIVERSITY POLICY FOR FACULTY CONSULTING ACTIVITIES?

Berkeley requires all faculty to submit a *Report of Category I and II Compensated Outside Professional Activities and Additional Teaching Activities* disclosure form to department chairs or equivalent unit heads on an annual basis and, if any Category I activities are reported, then faculty must also obtain prior approval for such activity by submitting the *Prior Approval or Disclosure for Compensated Outside Professional Activities* form (available at: <http://apo.chance.berkeley.edu/forms.html>). These materials are reviewed at the College or School level and Category I activities require approval at the Campus level as well.

In addition, the Berkeley campus may, from time to time review outside patent publications for participation by Berkeley employees and randomly select a subset of such outside patents that have not previously been disclosed and approved by the university for a more detailed internal review to ensure compliance with the university policies outlined above. If deemed necessary, faculty may be contacted to provide

additional information to help determine the University's ownership position in such filings.

FOR MORE INFORMATION:

Please see <http://www.ucop.edu/ott/consult.html> or contact the Office of Technology Licensing (OTL) at (510) 643-7201

IMPORTANT ISSUES ARISING FROM CONSULTING ACTIVITY:

Intellectual Property

Faculty members are strongly encouraged to include a provision in their consulting agreements stating that the outside entity acknowledges that the consultant is a UCB employee with preexisting obligations to disclose all inventions to UCB and to assign to the University all inventions for which any of the following apply:

- a) the invention is conceived or developed with the use of gift, grant, or contract funds administered by the University, or;
- b) the invention is conceived or developed with the use of University facilities or other resources, not including *de minimis* use of University facilities, such as an office desktop computer or;
- c) the invention is conceived or developed in the course of the faculty member's university activities, or;
- d) the conception or development of the invention incurs University obligations to a third party (such as, for example, under the terms of a grant, contract, a material transfer agreement or a collaboration agreement)

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 any 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 UCB that have a relation to the consulting activity. Faculty cannot legitimately grant such rights. Any "agreement" to provide rights to future inventions may preclude UCB from providing comparable rights to future sponsors and from meeting its obligations to the federal government. Most industry research sponsors would refuse to fund research if they would be denied access to resulting inventions because of a prior consulting obligation.

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. Consultants should have an agreement in place that clearly defines the nature of and conditions associated with confidential

information. ***Remember, a Nondisclosure Agreement entered into by a Berkeley faculty member is a personal agreement between the faculty member and the outside entity for which the consultant is personally responsible and to which UCB is not a party.*** Therefore, we strongly recommend that you limit the amount of confidential information received when consulting, agree in advance to receive it only in written form, and have the company agree to identify clearly such proprietary information by marking it as “confidential.” It is also 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 incurred 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 any 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’ (<http://www.fppc.ca.gov/forms/700-05-06/Form700U-05-06.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. UCB 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 and/or Principal Investigator interests and activities might require that a proposed University contract or grant be reviewed and approved by the campus Conflict of Interest Committee (COIC) as to conflicts of interest concerns. Please contact UCB's COI Administrator at (510) 642-8117) for more information.