

Industry Research Contracting

Alternative Model

Predetermined Intellectual Property Rights

Our Standard Model of research contracting is used when the sponsor does not require exclusive rights to the research results—for example, in research that is not expected to produce intellectual property (e.g., patents) or would not directly impact the sponsor's product development strategy. The Alternative Model may be more appropriate when research is likely to produce an invention, or the research directly pertains to the sponsor's core business strategy.

Payment

In the Alternative Model, the sponsor pays a 25% up-front fee for exclusive rights to project intellectual property, in addition to project costs (direct + full indirect). Minimum fee is \$18,750 (equivalent to a 25% fee on a \$75,000 project).

Considerations

Negotiating a contract under the Alternative Model raises issues that must be carefully considered. OCCD will help the parties with due-diligence investigation in these areas:

- **Research freedom:** Assigning exclusive rights to a private entity may limit the Principal Investigator's (PI's) options for future research in the same field. OCCD will help the PI explore ramifications of licensing to the research program.
- **Private activity:** Because OSU is a publicly supported institution, work under the Alternative Model contract may generally not be performed in buildings encumbered by tax-exempt bonds. OCCD will determine whether the project is allowed in the PI's laboratory, and if not, help the PI find alternate sites.

- **Licensing:** OCCD will determine the existence of any preexisting OSU patents and will notify the sponsor of such patents and any potential licensing requirements or conflicts before the contract is signed.
- **Confidentiality:** The PI and sponsor must maintain confidentiality until all patents are filed. OCCD will help the parties:
 - avoid inadvertent release of information;
 - develop a review plan for making patenting and publication decisions;
 - mitigate impacts on student researchers (for example: potential thesis embargo, publication delay, or confidential thesis defense); and
 - comply with export control laws.

Fee distribution

Fees are distributed after expenses are covered, as follows:

- 40% to the PI as unrestricted funds
- 20% to the PI's department to be used at the department's discretion
- 40% to the Research Office to help sustain the project and defray any legal expenses that may arise

Cost Structure Comparison

Standard



53.5%
OSU indirect rate

**No minimum
or additional fee**

IP Terms: Non-Exclusive license with the ability to negotiate for a royalty-bearing, exclusive license at the end of research.

Alternative



25%
additional to total contact cost inclusive of available indirects

Minimum \$75k contract value, or if contract value is less than \$75k, minimum fee of \$18,750 applies

IP Terms: Prepaid, non-royalty bearing exclusive license or possible assignment.

92%

Indirect + direct rate

When is the right time to contact OCCD?



When you have questions about the Alternative Model's terms and impacts ...
Contact Industry Contract Managers at OCCD for a personal consultation.



When an industry sponsor has special conditions pertaining to project patents ...
Contact Industry Contract Managers at OCCD to help determine whether the Alternate Model is appropriate for the project.

Industry Research

Physical Sciences

Life Sciences

General

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