

**Workshop on  
Intellectual Property Issues  
Affecting  
Industry-University Partnerships**

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Shell companies in the United States have negotiated about two thousand contracts with U.S. universities over the past 25 years, and there always seems to be internal pressure to increase cooperation with universities.



Shell's university contracting experience has covered a very wide variety of projects with very different purposes and settings:

-  Shell companies contract with universities, public and private, in the US and in other countries.
-  Shell contracts directly with professors.
-  Shell contracts with foundations associated with universities.





Isolated projects



Long-term relationships (exclusive relationships?)



Consortium activities.





Support to many different businesses and technology interests of Shell companies -- everything from pipe and pumps to microbes and pharmaceuticals. In our Chemicals business, interests stretch from petrochemical processing and end uses to biotechnologies, and from technologies which are highly proprietary to technologies which are intentionally nonproprietary.



Upfront, the projects present a rich variety of IP-related context, with many unknowns and uncertainties. For example, in a given project:

- ✎ The project concept may originate with the university or with the corporation.
- ✎ The project may/may not be intended by one or both parties to create significant new knowledge.
- ✎ The project may/may not be intended by one or both parties to lead to patentable inventions.
- ✎ One party or the other may prove to be better positioned to manage the patenting process.



- ✎ There will be doubt upfront about the likelihood of project success, and maybe uncertainty about the definition of success.
- ✎ In the end, technical success may not translate into commercial success.
- ✎ When there is commercial success, the contribution of project IP to the value of that success may not be measurable.
- ✎ There is always the possibility valuable IP will be generated outside of the scope of the project.



- ✎ University and corporation personnel may/may not cooperate closely in the project.
- ✎ The project may/may not entail disclosure of background confidential technical information by one or both parties to the other.
- ✎ One or both parties may be involved in overlapping R&D outside of the contract.
- ✎ The project may draw on prior work by one or both parties.









- ✎ The project may focus on a technology in which one or both parties control background IP rights.
- ✎ The project may focus on a technology in which one or both of the parties have a history of licensing.
- ✎ The project may relate to business interests of a third party (including a competitor, customer or supplier of the corporation, or another corporation with which the university is partnering).
- ✎ The project may overlap with university work under government funding.



In the contracting process for a given project, the corporation will be evaluating the project and its context, in light of applicable business, technology and IP strategies, and in light of business principles and authorities, and developing positions on what it requires in the way of:

-  Information transfers
-  Information use rights
-  Confidentiality (foreground and background)
-  Control over the patenting process



- ✎ Project patent ownership
- ✎ Patent licenses (background and/or foreground, exclusive or nonexclusive, royalty-free or royalty bearing, with or without rights to sublicense, etc.)
- ✎ Patent enforcement rights
- ✎ Costs/payments



I hope today to learn more about how universities  
evaluate projects.



How do university-industry contracts deal with the variety, the uncertainties, and the apparently very different interests of the parties?



Standard form university contracts we see today rarely respond to the business plans, strategies, principles and authorities of the corporation. In today's corporate environment, can the corporation ignore material issues in a binding contract?

What flexibility does the university have to move away from standard form contracts and negotiate the issues the corporation considers material?



If material issues are not negotiable, are we limiting partnering opportunities to projects for which standard forms are a reasonable fit?

Are those necessarily the low value projects?



