Purdue University’s Approach to Industry-Sponsored Student Class Projects

Sponsored Program Services
Effective March 1, 2016
Background

Periodically, faculty seek sponsorship from Industry to support class projects.

These types of contributions have generally consisted of between $5,000-$20,000 donated to and handled directly by the department as a monetary charitable contribution, or have consisted of donation of equipment or other resources to enable or enhance a specific class project.

The University prefers to treat these solely as donations, but recently there have been a number of requests by sponsors to obtain ownership of all intellectual property developed by students during the course of a sponsored project or course.
Issue

Since the University permits a student to retain title to Intellectual Property in certain cases requests by sponsors to obtain ownership have become quite problematic.

Applicable Policy

Intellectual Property I.A.1 - The University permits a student to retain title to Intellectual Property that the student creates for credit and without compensation in a University course through the use of course-wide resources, provided that the Intellectual Property is not burdened by any pre-existing contractual obligation of the University.
Preferred Approach - DONATION

Assuming the student class project qualifies as voluntary support under the University’s Nongovernmental Support Policy II.B.6, treat the sponsor’s funding as a donation.

Explain that the University typically treats these types of sponsorships as donations only and intellectual property is owned by the students under the University’s Intellectual Property Policy I.A.1.

Emphasize the benefits that a sponsor receives from sponsoring a project are:

- Tax deduction
- Name recognition as a result of the sponsor’s contribution being recognized in course materials
- No F&A is charged on donated funds
Introduction

Effective March 1, 2016, Purdue University will be addressing sponsored student class projects in a uniform and consistent manner when the sponsor identifies a deliverable, typically ownership of class-generated IP.

This approach will strike the proper balance between the University’s interests in supporting real-life, practical opportunities for students to work with industry, while at the same time, allow industry sponsors certain intellectual property rights.

This PowerPoint presentation is designed to inform you about these changes and give you specific steps to follow to implement them.

We appreciate your attention and welcome your feedback.
What is a Sponsored Student Class Project?
It is a student class that is:

- Sponsored with funding amount from zero up to $20,000
- Funded privately (for-profit or non-profit) and not by government sources
- Restricted and not a gift, i.e., sponsor expects a deliverable such as Project IP
- A for-credit class using course-wide resources for the sponsored student class project
4 Steps to the First Day of a Course With a Sponsored Student Class Project

Step 1 - Contact SPS Contracting
• Goal: Signed works-for-hire agreement with Sponsor

Step 2 - Course Registration
• Goal: Advance notice of class restrictions

Step 3 - Course Syllabus
• Goal: Advance Notice of class restrictions

Step 4 - First Day of Class
• Goal: Announce class restrictions
Step 1: The Works-for-Hire Agreement

We categorize this arrangement as a Work-for-Hire:

• Under the IP policy, the existence of a contract with the sponsor means that the student will not retain rights to Project IP.

• For extra reassurance to the sponsor, Students will be notified that Project IP rights they may have, if any, will be assigned to Purdue.

• Purdue will agree to assign all the Project IP to the sponsor upon sponsor’s exercise of an option for ownership, after disclosure of any Project IP.

• Appendices to agreement will include sample assignment forms.

• Because this is a work-for-hire, faculty should ensure that non-University personnel (e.g., company representatives or unpaid students not enrolled in the class) do not participate in a manner that would permit them to claim to be co-inventors.
Step 1: The Works-for-Hire Agreement

✓ Should the sponsor exercise an option for assignment of the Project IP, the sponsor will be required to pay $5,000 Intellectual Property Fee, regardless of the funding amount provided for the student project, even if no funding was provided.

✓ The $5,000 IP Fee is per course; if there are multiple teams, the IP fee will be charged per team up to a maximum of $20,000.

✓ IP fee distribution will be 1/3 to the University, 1/3 to the faculty, and 1/3 to the student team. (For multiple teams, the students in all of the teams participate in the IP fee sharing, regardless whether sponsor elects assignment of only one team’s IP.)

✓ For no F&A charges to apply, funding amount must be less than $20,000.

✓ Faculty supervisor must manage confidentiality issues involving students, if any. Faculty must encourage sponsors to clearly identify confidential information and limit its distribution to the classroom setting.
Step 2: Course Registration Notice

Faculty must notify students in the course registration materials:

- Will be required to assign any Project IP rights
- Will be subject to confidentiality, including personal liability for any breach
- If Sponsor purchases Project IP, student team will be shared 1/3 of the total IP fee collected.
- Students may elect to participate in an alternative project if not interested in giving up rights to Project IP.
SPONSORED STUDENT CLASS PROJECT NOTICE: This course permits you, the student, to participate in a class project that has been sponsored by a private entity. The University encourages and supports your participation in this practical learning experience, though we would like you to carefully consider that your participation requires you to meet these conditions: First, under Purdue University’s Intellectual Property policy, you will not retain any Project Intellectual Property rights because the University has already agreed to assign all Project Intellectual Property rights to the sponsor. Second, you will be required to assign any rights you may have to any Project Intellectual Property to Purdue University. Third, you may be subject to confidentiality requirements accompanied by personal liability should you fail to comply. Fourth, should the sponsor elect an assignment of the Project Intellectual Property, the sponsor will pay an IP fee, of which 1/3 will be shared among the student team, which may represent income to you or have other tax implications for which you would be responsible. We are not your tax advisors. If for any reason you are not willing to be subject to these conditions, you may opt out of the class project before the project begins. Your faculty member will provide an alternative project for you, with no questions asked or any repercussion.
Step 3: Course Syllabus

Put Step 2 into the course syllabus.
Step 4: Course Announcement

On the first day of class, faculty must inform students:

- Course registration and course syllabus sponsored
- Student Class Project notice

- Describe that assignment of Project IP rights may be required

- Administer any confidentiality documentation, including student personal acknowledgment forms

- Offer alternative project for students who do not wish to participate
Sponsored Student Class Projects are important to the University:

• Provide a real-life opportunity for a student to work on research

• Allow a student to be exposed to industry’s needs and learn to develop practical solutions for industry

• Allow a student to develop a relationship with an industry partner and learn business skills

• Serve as another way for the University to connect with industry
Sponsored Student Class Projects should not be used as:

- A substitute for sponsored research
- A way for students to support research without compensation
- A way for sponsors to avoid F&A expenses
- A way to supplement discretionary funds
- A way to provide a company with a deliverable at a reduced cost
Voluntary support?

Example A: Voluntary support

Sponsor automaker contributes $10,000 for a senior capstone project, suggesting several different ideas for students to explore in the auto design world. Students make their choice. During the class project, Sponsor periodically checks in with the faculty member to see how the class is going and to offer additional information and guidance. At the end of the class project, the class presents to sponsor a report describing the work they did and the conclusions they reached. Sponsor gets a copy of the report and takes it back to management to explain how their gift dollars benefited students at Purdue. SPS does not administer this gift.

Example B: Restricted gift

Sponsor automaker contributes $10,000 for a senior capstone project, and frames the class project, much like a statement of work. Sponsor comes to campus and collaborates with the faculty member and the students on a regular basis, often re-directing the work that the class is doing. At the end of the class project, the class presents to Sponsor a report describing the work they did and the conclusions they reached. Sponsor gets a copy of the report and takes it back to management to explain how the class improved upon the Sponsor’s business model. SPS administers this restricted gift.
Voluntary support?

Example C: Work-for-hire

Sponsor automaker contributes $10,000 for a senior capstone project, suggesting several different ideas for students to explore in the auto design world and requests ownership of class-generated intellectual property. Before the class the students assign project IP rights to Purdue. During the class project, Sponsor checks in with the faculty member to see how the class is going and to offer additional information and guidance. At the end of the class project, the class presents to sponsor a report describing the work they did and the conclusions they reached. Sponsor gets a copy of the report and requests an assignment of IP rights. Sponsors pays an additional $5,000, which is distributed to the student inventors, class instructor and the University. Company takes the IP back to management to explain how their investment benefitted their company. SPS administers this as contract support – work-for-hire.
Questions:

Questions about the agreement terms should be addressed by your assigned Contract Analyst.

Deviations from these practices require approval by the Senior Director of Sponsored Program Services.