

What Do I Need to Know?

Consulting work has the benefit of providing opportunities for university researchers to confront real world challenges, and identify and work with practicing industrial collaborators. It is an important mechanism for disseminating the knowledge and expertise of faculty members to the community and for contributing to the faculty member's intellectual and professional development.

University faculty are permitted to undertake outside paid consulting work so long as that work does not interfere with the faculty member's teaching and research obligations at the University.

Some other areas for consulting include:

- Product and process testing and evaluation;
- Keeping a company current on developments related to certain technologies;
- Advising on patent writing, application and prosecution;
- Making scientific presentations to potential investors, business partners or at conferences;
- Participation on a company's scientific advisory board; and
- Serving as an expert witness.

When do I need approval?

The University's *Conflict of Interest Policies* outline when consulting work would require prior University approval. These instances includes activities where:

- A commitment to any individual project totals more than 20 days in an academic year;
- Any combination of paid professional activities are likely to exceed 45 days during an academic year; or
- The use of University facilities, supplies, support staff, or students are involved.

University approval for such activities must be in writing from the person to whom you report, usually your Chair or Dean.

Who negotiates the consulting contract?

Consulting contracts are entered into personally between yourself acting as an individual (i.e. using your home address) and a third party. As they are personal agreements, it is up to you to review, negotiate and sign the agreement, and to seek independent legal counsel as you may deem appropriate.

It is important that you make sure that the terms of your consulting agreement do not conflict with your prior obligations to the University. Frequent issues to watch for include:

1. Scope of Work

The services that you will undertake under the consulting agreement should not include work that will be undertaken in your University lab or using University resources unless special arrangements have been made with your Division head. Generally speaking, while you can agree to consult on research activities of a company, you should not agree to actually plan or undertake research for a company.

2. Non-competition

It is important that your consulting contracts do not prohibit you from undertaking any research work in your University lab. A non-competition clause binds you to not undertake other 'competitive' work, thus impacting the work you can do in your University lab. One way you can help prevent this is to include the following statement in your consulting agreements:

"The parties acknowledge that the Consultant is and expects to continue to be employed by the University of Toronto during the term of this agreement. Nothing under this agreement shall affect his/her work for the University including acting as a principal investigator, co-investigator or participant in research projects, or as a supervisor for students."

If the company is unwilling to include this phrase as part of the consulting contract, you should reconsider your decision to consult for this company.

3. Conflicts of Interest

Conflict of interest clauses are often included in consulting agreements. For example:

"The Consultant agrees that, during the term of this Agreement or for a period of 5 years thereafter, he will not, without the prior written consent of Company, engage in, accept employment from, perform services for, or become affiliated with or connected with, either directly or indirectly, any person, firm, corporation, partnership or other business entity which is doing business with Company relative to any project worked on by the Consultant under this Agreement"

Such a clause actually would put you into conflict with your obligations to the University and limits your ability to undertake future research collaborations. This can be remedied by having the company acknowledge that you are an employee of the University of Toronto and that you have pre-existing obligations to the University. For example:

"For work outside of his role as a Professor at the University of Toronto the Consultant agrees that, during the term of this Agreement ~~or for a period of 5 years thereafter~~, he will not, without the prior written consent of Company, engage in, accept employment from, perform services for, or become affiliated with"

While you would still be restricted in the consulting work you could undertake, your University research would not be affected. Again, If the company is unwilling to include this phrase as part of the consulting contract, you should reconsider your decision to consult for this company.

4. Confidential Information

In some cases, it is necessary for the company for which you are consulting to disclose proprietary information to you. In so doing, the company will want assurances in the contract that you will keep their proprietary information confidential. In agreeing to keep information, you should ensure that the agreement specifies:

- That Confidential Information be marked as such, so you will know precisely what information you are responsible for keeping confidential.
- The length of time that the information must be kept confidential. Depending on the field in which you are working, two to five years is normal. Time periods longer than that can be difficult to manage.

Remember that you cannot use confidential information you obtain under a consulting agreement for any other use in your lab and you will unlikely to be able to publish any data or results arising from the consulting work.

5. Intellectual Property

Under a consulting contract companies normally want to have all patents and other intellectual property assigned to them as a condition of the consulting arrangement. It may be possible for you to make such assignments if the work is done without the use of University resources, in the company's facilities and outside the scope of the faculty member's primary University responsibilities.

You should ensure that any Intellectual Property rights you give away under the consulting agreement are related only to research results which arose through the consulting arrangement and do not include anything you have developed through your research program at the University.

You also need to be aware that if you invent something under a consulting contract, and have given up your rights to it in the consulting contract you do not have any rights to use that invention later in your lab.

Will the University advise me on my consulting agreement?

As mentioned above, consulting contracts are personal to the individual and are your responsibility. IPO review consulting agreements on request to determine whether the agreement interferes with your responsibilities as University faculty. This guidance however, should not be construed as legal advice and, when in doubt, the services of an independent qualified attorney should be sought.

Can I include consulting fees as a cost in University research agreements?

In some instances, where it is specifically approved by the sponsor of the research, faculty members can include consulting fees or secondary payments as a line item in a research project budget. Regardless of the inclusion of consulting fees, the research agreement that will be entered into between the University and the sponsor must conform with all standard University conditions and practices for research agreements including confidentiality, ownership of Intellectual Property and the right to publish.

In such cases, the consulting fees are paid out to the faculty member as T4A income. To access the fees from the project fund, the faculty member must complete a Secondary Research Contract and have it signed by their Division head, Faculty and the Vice President, Research.

The University's Policy on Conflict of Interest Academic Staff can be found online @ <http://www.utoronto.ca/govcncl/pap/policies/conacad.html>. The Secondary Research Contract form is available @ <http://www.utoronto.ca/amshris/forms/2grant2.html>.

Please contact IPO if you have any questions regarding the policy and its impact on your consulting work or on the Secondary Research Contract.

Every precaution has been taken to ensure that the information presented in this document is accurate at the time of going to press. However, the University of Toronto make no warranty or representation, expressed or implied, with respect to accuracy, completeness or usefulness of the information presented in this document.

Questions? Concerns? Contact IPO @ innovations.partnerships@utoronto.ca

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