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FROM: Miriam Turovsky
CLIENT: Ontario Research & Commercialization Alliance (ORCA) Meeting
RE: Lambert Agreements
DATE: May 8th 2017

I. ISSUES

The following issues will be addressed in this memo:

1. What are the different types of Lambert Agreements?
2. What has the reaction to these agreements been?
3. What are some examples of them being used?

II. SUMMARY

The Lambert Toolkit and the Lambert Agreements were created as a compromise, that would expedite collaboration agreements and encourage innovation in the UK. The 11 Lambert Agreements (LAs) cover a range of potential situations and were intended to be used unmodified. A formal examination into the utility of the Toolkits was conducted in 2013 and revealed that their practical use is less than expected. The report found that while the Toolkit is generally well known and recognized in research institutions and industry, LAs are usually not a first-choice agreement in the UK, and most collaboration projects that could use them do not. Although intended to be used unmodified, this was rarely done and most LA users modify the model agreements. There is generally a favourable perception of LAs, with most users believing that they save time and money. GlaxoSmithKline one of the strongest proponents of the LAs, has used them extensively in the UK and abroad. In general, LAs are mostly used by the life sciences or IT industries and less so by aerospace, physical sciences or engineering. The updates made to the Toolkit in late 2016 include the addition of a model agreement splitting ownership of IP (Lambert 4a), and adding a model agreement with Knowledge Transfer Partnerships. It is too early to tell if the updates to the Toolkit will improve its utility.

III. ANALYSIS

Overview of the Lambert Toolkit

The Lambert Toolkit, was created in 2005 by the ‘Lambert Working Group on Intellectual Property’.¹ Its purpose was to facilitate collaboration between research institutions and the industry. The fundamental reason why many collaboration projects could not begin was due to a differing view on the final IP between the universities and industry.² Companies preferred to be protective of IP to maintain a competitive advantage, while research institutions wanted to publish data in academic journals.³ The Lambert Toolkit was most recently updated in October 2016.⁴ It is freely available on the UK government website, and consists of 11 model Lambert Agreements (LAs), two variation agreements, a decision guide, and guidance notes that explain when to use the LAs.⁵ The Toolkit also contains two “Head of Terms” agreements, one for bilateral use, the other for multi-party use.⁶ The Toolkit was designed to be used in the UK, and the LAs are completely voluntary.⁷

Different types of Lambert Agreements

One-to-One Agreements

The seven bilateral agreements are also called “Research Collaboration Agreements”.⁸ Each agreement represents a differing approach towards the final IP created through the collaboration. All of the LAs have been designed as a compromise, and the agreements range in favourably towards each party. For example, Lambert Agreement 1 is seen as most favourable towards the university, whereas Lambert Agreement 5 is seen as most favourable towards the industry.⁹ All five agreements use the same underlying document but differ with respect to the wording on IP issues. Lambert 2 and 4 are the most popular agreements, and Lambert 5 is used least often.¹⁰ There has also been a decline in the use of Lambert 3.¹¹ Each one-to-one Lambert Agreement is listed below along with its summary:¹²

Lambert Agreement 1: “The Institution owns the Results and grants the Collaborator a non-exclusive licence to use the Results.”

¹ Intellectual Property Office. Gov.uk “University and business collaboration agreements: Lambert Toolkit”. Available at: <https://www.gov.uk/guidance/university-and-business-collaboration-agreements-lambert-toolkit>

² Intellectual Property Office. “Collaborative Research between Business and Universities: The Lambert Toolkit 8 Years On”. 2013. At page 67.

³ *Ibid.*

⁴ *Supra* note 1.

⁵ *Ibid.*

⁶ Intellectual Property Office. Gov.uk “University and business collaboration agreements: Lambert Toolkit”. “University and business collaboration agreements: model heads of terms agreements” Available at: <https://www.gov.uk/government/publications/university-and-business-collaboration-agreements-model-heads-of-terms-agreements>

⁷ *Supra* note 1 at “Jurisdiction”.

⁸ *Ibid.*

⁹ *Ibid* at “Model research collaboration agreements”.

¹⁰ *Supra* note 2 at pg 27.

¹¹ *Ibid.*

¹² *Supra* note 1 at “Model research collaboration agreements”.

Lambert Agreement 2: “The Institution owns the Results and grants the Collaborator a non-exclusive licence to use the Results. The Collaborator has the right to call on the Institution to negotiate an exclusive licence.”

Lambert Agreement 3: “The Institution owns the Results and grants the Collaborator a non-exclusive licence to use the Results. The Collaborator has the right to call on the Institution to negotiate an assignment.”

Lambert Agreement 4: “The Collaborator owns the Results and Institution has the right to use the Results for Academic and Research Purposes. Academic Publication is permitted.”

Lambert Agreement 4a: “Each Party has the right to exploit certain Results created in the course of the Project and takes an assignment of those Results. The Institution has the right to use the Results owned by the Collaborator for Academic and Research Purposes and its students and staff have Academic Publication Rights. The Collaborator has the right to use the Results owned by the Institution for Research Purposes.”

Lambert Agreement 5: “The Collaborator owns the Results and Institution does NOT have the right to use the Results for Academic and Research Purposes. Academic Publication is NOT permitted. This form of Agreement is more suited to Contract Research.”

Lambert Agreement 6: “This Agreement contains the terms for a Knowledge Transfer Partnership (KTP) where a graduate or postgraduate student carries out the Project. The Company owns the Results. The Institution has the right to use the Results owned by the Company for Academic and Research Purposes and its students and staff have Academic Publication Rights.”

Consortium or Multi-Party Agreements

There are four multi-party agreements (A-D).¹³ As the bilateral agreements, they generally contain the same structure but differing wording towards the IP. Of the multi-party agreements, Lambert A and D are used most often, and Lambert C is used least often.¹⁴ The four agreements are described below:¹⁵

Lambert Agreement A: “Each member of the consortium owns the IP in the results that it creates. They grant each other party a non-exclusive licence to use those results for the purposes of the project and any other purpose.”

Lambert Agreement B: “The other parties assign their IP in the results to the lead exploitation party (or the lead exploitation party granted an exclusive licence).”

¹³ *Ibid.*

¹⁴ *Supra* note 2 at pg 28.

¹⁵ *Supra* note 1 at “Model consortium agreements”.

Lambert Agreement C: “Each party takes an assignment of IP in the results that are germane to its core business and exploits those results.”

Lambert Agreement D: “Each member of the consortium owns the IP in the results that it creates. They grant each other party a non-exclusive licence to use those results for the purposes of the project only. If any member of the consortium wishes to exploit another’s IP they must negotiate a license or assignment with the owner of that IP.”

Variation Agreements

The Lambert Toolkit contains two agreements that may be used if a new party wishes to join the project. If amended they can also be used when a party leaves a project or when parties agree to make a variation to the agreement.¹⁶ The variation agreements allow the parties to examine each clause in the existing bilateral or multi-party agreement to see if there are “consequential changes”¹⁷ that are to be made to each clause.¹⁸

What has the reaction to these agreements been?

In May 2013, a report¹⁹ was commissioned by the UK Intellectual Property Office to examine the efficacy and utility of LAs. Although the report was published before the recently revised Lambert Toolkit was implemented in 2016, the conclusions from this report provide important insights into the practicality of the agreements. The conclusions for the report also served as the basis for the updates made to the Toolkit in late 2016.

Awareness and Utilization

The report revealed that 81% of the research community, and 53% of companies surveyed are aware of the Toolkit, however small to medium-sized companies are not as familiar with it.²⁰ Of those organizations that are aware, 69% “have used at least some part of the toolkit to support different activities”.²¹ The intention of the working group that created the LAs was that they would be used unmodified, however, only 3% of respondents stated that they are using the agreements unmodified.²² 51% indicated that they use a modified LA or follow the same principles from the LAs.²³

¹⁶ *Ibid.*

¹⁷ To ensure adequate consideration in return for an additional party’s promises, the variation agreements have existing parties pay the new party £1 in nominal consideration.

¹⁸ *Ibid.*

¹⁹ Evidence for the report was gathered through online surveys, interviews and case studies. Survey responses were collected from 256 participants, over half of respondents were from the research community and 40% from industry.

²⁰ *Ibid* at page 15 para 5.

²¹ *Ibid* at page 21 para 2.

²² *Ibid* at page 21 para 2.

²³ *Ibid* at page 23 para 1.

When are LAs Used?

Only 35% of respondents who have used parts of the Toolkit indicated that they would prefer to use the LA or a modification of it and usually suggest it as a first choice.²⁴ Most respondents (55%) indicated that they will use LAs “only in certain circumstances or if they are offered by a partner”.²⁵ Furthermore, results showed that most research institutions and companies have their own agreements that they prefer to use as their first choice.²⁶ However, many respondents indicated that they would use the LAs as “a second choice or compromise”.²⁷ Generally, the LAs are proposed from the research institution rather than the industry. It is estimated that only 10-15% of collaborative research in the UK is based on a Lambert-like Agreement.²⁸ LAs are more often used for life science or IT sectors compared to physical sciences or engineering.²⁹

Attitude Towards LAs and Criticism

Over 60% of respondents indicated that the LAs save both time and money, and almost 80% said that the Toolkit “simplifies the process of constructing contracts”.³⁰ Most respondents also indicated that the LAs are “independent and neutral”. Overall, the report concluded that general attitude towards the Toolkit was that it was not a “best practice” in its own right but rather a good foundation to start negotiations or a source of clauses that could help to resolve a particular negotiation point.³¹

Some small-to-medium businesses indicated that the IP principles in the LAs are too biased towards universities. Also, some companies stated that the timescales for publication do not allow the company to secure adequate IP protection. Companies also indicated that they would prefer to begin negotiations from a more favourable position than the compromise position in the LAs.³²

Oil, gas, mining, aerospace and transport sectors generally negatively perceive LAs.³³

Updates Based on the 2013 Report

The 2013 report prompted several updates to be made to the Lambert Toolkit in October 2016. These updates include:³⁴

²⁴ *Ibid* at page 21 para 2.

²⁵ *Ibid*.

²⁶ *Ibid* at page 22 para 1.

²⁷ *Ibid*.

²⁸ *Ibid* at page 15 para 2.

²⁹ *Ibid* at page 69 para 1.

³⁰ *Ibid* at page 40 para 2 and page 35 para 2.

³¹ *Ibid* at page 48 para 2.

³² *Ibid* at page 22.

³³ *Ibid* at page 70 para 1.

- The addition of Agreement 4a (both parties own the IP)
- Added model agreement for Knowledge Transfer Partnerships
- Added guidance on university duties as charities
- Added provisions on data protection and anti-bribery and corruption
- Added a counterparts clause

Since the revisions are relatively recent, there is no clear data available to determine if the updates have increased the utility of the LAs.

What are some examples of them being used?

GlaxoSmithKline (GSK) was involved in the initial drafting of the LAs and has used them consistently, having signed over 239 LAs with universities in the UK and abroad.³⁵ Some of the LAs were completed “with a turnaround of less than 24 hours”, with many LAs used for “one-off” projects. GSK also used the LA to create a £6 million long-term research agreement with the Institute of Ophthalmology.³⁶ GSK has stated that the LAs have saved “hours of negotiation time”. GSK also stated that it is helpful that the LAs are hosted on a neutral government website when negotiating with universities abroad.³⁷

LAs are not limited to the UK. The University of Greenwich partnered with a Japanese pharmaceutical company and suggested a Lambert Agreement for the collaboration.³⁸ Under the agreement, the company would own the IP and the university has rights to use it for research and non-commercial purposes. The company was not aware of the toolkit before but used it and negotiations “went very smoothly”.³⁹

Use of LAs is less among small and medium sized businesses however ACAL Energy has reported success with LAs. ACAL Energy Ltd, a start-up developing affordable fuel cells, has to work with UK universities to develop their product.⁴⁰ ACAL used the LAs as a basis for their research collaborations. The company described the LAs as “an excellent starting point, which we have used for Knowledge Transfer Partnerships (KTPs), CASE PhD studentships, and post-doctoral research projects”. The company also stated that the LAs have accelerated partnerships.⁴¹

³⁴ Intellectual Property Office. “Ministerial launch of the updated Lambert toolkit”. 2016. Available at: <http://www.auril.org.uk/Portals/26/AURIL2016/Presentations/IPO%20Slides%20for%20AURIL%20-%20updated%20lambert%20toolkit.pdf>

³⁵ *Ibid* at page 71.

³⁶ *Ibid* at page 71.

³⁷ *Ibid* at page 71.

³⁸ *Ibid* at page 89.

³⁹ *Ibid*.

⁴⁰ *Ibid* at page 18 para 2.

⁴¹ *Ibid* at page 18 para 2.