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OF COUNSEL – SPRING 2011
the newsletter of

NORTHEASTERN UNIVERSITY
OFFICE OF THE UNIVERSITY COUNSEL
378 COLUMBUS PLACE

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**Important Case about Federally-Funded Research (*New Developments*) -
Intellectual Property Update: Stanford v. Roche**

- **If you are an inventor or involved in federally-funded research related discoveries, read this!**

The United States Supreme Court recently heard arguments in Stanford University v. Roche Molecular Systems:

On February 28, 2011, the Supreme Court heard oral arguments in the case of Stanford University v. Roche Molecular Systems, Inc. Until the final decision is rendered, there will be questions about the intellectual property assignment rights of inventors and colleges and universities. The central issue is an inventor's right to assign his/her interest in future inventions stemming from federally-funded research under the Bayh-Dole Act. Typically, universities require assignment, which is at the heart of this case. During the oral arguments, the Supreme Court suggested that Congress may have left a hole in the Bayh-Dole law by not requiring specific title assignment language between universities and their researchers/inventors. The issue for the Court remains whether or not a university employee can unilaterally terminate his/her assignment with a university under Bayh-Dole by signing another contract with a third-party. Before Bayh-Dole, title to federally funded inventions vested in the federal government. This system led to a lack of commercialization that Congress hoped to remedy. Under Bayh-Dole, Congress replaced the old incentive-frustrating system with one allowing universities to hold title to federally funded inventions. Since its inception, the U.S. economy has benefited greatly from the Bayh-Dole Act. For example, a 2008 study estimates that the sale of products based on university-licensed patents contributed, in aggregate, between \$47.4 billion and \$186.6 billion to the U.S. gross domestic product between 1996 - 2007. If the Court determines that an inventor essentially can contract around Congressional intent, the structure of the Bayh-Dole Act would be changed to the detriment of academic institutions.

Insurance Update: New Insurance Requirements for University Contracts

- **If you host events or activities either on or off campus, read this:**

Risk Services recently updated its insurance requirements for events held on- and off-campus, keeping in mind that it is important that the University is protected from undue legal and financial liability. Requiring vendors, performers or external venues the University contracts with to provide the University insurance coverage is a valuable tool to provide the University with the necessary financial protection. These changes affect the types and amounts of coverage that service providers, performers and other vendors will need to maintain in order to be approved to conduct business with the University. As a general matter, the new requirements represent an attempt to better align the amount and type of insurance with the risk presented by a particular activity or vendor. In all cases, an insurance certificate,

naming Northeastern University as an additional insured and evidencing the applicable amounts and types of insurance, must accompany the corresponding proposed contract at the same time the contract is submitted for review to University Counsel.

The new insurance requirements are available on the Risk Management website at: http://www.northeastern.edu/risk_services/index.php

Contract Update: Preparing Your University Contract for Review

- **If you have contracts or agreements for review, read this:**

While the Office of University Counsel conducts a review of every proposed contract it receives, there are a number of steps you can take to make sure that the contract review and signature process moves as effectively as possible.

Here are a few pre-review steps you can take to make sure your contract is ready for University Counsel review and authorized University signature:

- When possible, use a University-approved form of agreement. University forms are available at: <http://www.northeastern.edu/legal/forms/index.html>.
- Read the proposed contract or agreement in its entirety and understand its business terms.
- Submit your contract with a completed Contract Cover Sheet.
- Submit a copy of any pre-existing agreement with that vendor or other service provider, if any.
- Check that any required certificate of insurance meets the University's stated requirements and accompanies your document. (Note: Contracts missing required insurance certificates will be returned to the sending department for completion prior to being accepted for review.)
- Check that neither party has signed the proposed contract before submitting for review.
- Check that the document accurately reflects the names of the parties. Northeastern University should be the contracting party. You may include language that indicates the name of the department for whose benefit the contract is entered. For example, the applicable section may read "Northeastern University on behalf of its Department of _____."
- Check that the document accurately reflects the University's understanding of the transaction.
- Understand the benefits and risks of the transaction. This is accomplished by a thorough reading of the contract.

Immigration Updates: Questions Asked During the Recruitment/ Hiring Process and I-9 Compliance and H1B Compliance Checks

- **If you employ foreign nationals or seek to employ foreign nationals, read this:**

Questions about Citizenship and Immigration Status during the Recruitment/ Hiring Process

Until an offer has been made, Employers **cannot** inquire as to an applicant's nationality, citizenship or nonimmigrant status at any point during the recruitment/ hiring process. When conducting employment interviews, you may ask two questions that relate to the status of a potential employee. If you ask these questions, they must be asked of all candidates – not just those who may be foreign nationals:

1. Are you authorized to work full-time in the United States?;

2. Will you need the University's assistance in securing or maintaining that authorization?

Be careful not to ask questions that may lead to allegations of inappropriate inquiries about nationality, citizenship or nonimmigrant status. Questions like the following can be viewed as "back door" efforts to ascertain status. Questions to avoid include:

What's your visa status? Are you a US citizen? Can I see your visa/passport/green card/social security card? Where were you born? What accent is that? Where did you grow up? How long have you been here?

I-9 Compliance – Audits are on the Rise

U.S. Immigration and Customs Enforcement (ICE) is stepping up its I-9 enforcement efforts with more frequent and extensive I-9 audits. On January 20, 2011, ICE Director John Morton announced the creation of a centralized I-9 Employment Compliance Inspection Center. This Center will house 15 auditors who will support ICE's worksite enforcement strategy by helping agency field offices around the country expedite I-9 audits of businesses selected for inspection by ICE. Since 2009, ICE has initiated I-9 inspections against 3,769 businesses across the nation. Recently, a major U.S. clothing retailer was fined over \$1 million for its failure to properly complete and store I-9 documentation, despite *never actually hiring an unauthorized employee*. In light of these events, it is critical that University personnel with responsibility for I-9 documentation complete the process timely and accurately. The employee must complete Section 1 of the I-9 form no later than the first day of employment in front of a representative of the employer. The University then has up to three days to review the documents presented by the employee and complete Section 2 of the I-9 form. This time should be used to confirm that all documentation has been properly received and recorded. It is imperative that the University completes all I-9s **accurately** and **within the time periods permitted**. Even if the employee is properly authorized to work in the U.S., failure to properly complete and store I-9 forms and documentation can result in extensive penalties.

Rise in H-1B Site Visits

In 2009, U.S. Citizenship and Immigration Services (USCIS) began deploying contract inspectors to perform on-site inspections of petitioning employers who have sponsored employees in H-1B visa status. Employers and the sponsored employees are selected randomly and no advance notice is provided prior to a site inspection visit.

The purpose of the site inspections is to confirm the information submitted to USCIS when sponsoring an employee in H-1B status and to detect fraud or noncompliance. The general scope of the visit will be centered on the following information: (1) Job title of the employee; (2) Duties performed by the employee; (3) Salary paid to the employee; (4) Dates of employment; and (5) Any other information contained in the H-1B petition filed initially by the employer with USCIS.

Typically, the site inspectors will and should come directly to the Office of University Counsel. Immediately following a site inspection, the College or Department contact and the employee who was randomly selected will be notified by University Counsel of the visit that transpired. In the event that a Northeastern department or employee is directly contacted by a site inspector, you are advised to contact the Office of University Counsel **immediately** and to direct the site inspector to our office. Please **do not** answer any questions about anyone's H-1B employment outside the presence of University Counsel.

There is no reason for anyone to be alarmed by site inspections since these visits seek to confirm the same information that was already submitted to USCIS for an employee's current H-1B petition. However,

coincident with the fact that other universities and employers have noted a recent increase in site inspections, we again would like to remind all of you of the need to notify the Office of University Counsel of any and all changes to an H-1B employee's position. As you are aware, the University is required by immigration laws to amend H-1B petitions filed on behalf of an employee whenever a "material" change takes place. Accordingly, you are reminded that the Office of University Counsel must be notified before any changes that affect an H-1B employee's employment at Northeastern takes effect. Failure to amend the petition on file with USCIS when required may subject the University to penalties and sanctions and negatively impact the employee's status.

If you have any questions or concerns in regards to this matter, please do not hesitate to contact the Office of University Counsel at x2157.

This edition of Of Counsel was prepared by Attorney Nick Bradley and Northeastern University School of Law student Jason Lederman.

If you have any questions you would like to see responded to in this space, please submit them to the Office of University Counsel at 378 Columbus Place. Depending upon the nature of your question, we will either answer you personally or address your issue in a future edition of this newsletter.

Of Counsel has been prepared as a general summary of important developments. It is not intended as individual legal advice. Should you have any questions or need information concerning a specific situation or any of the content of this advisory, please contact the Office of University Counsel, 378 Columbus Place, x2157.