FALL 1996

TECHNOLOGY TRANSFER BUSINESS®

THE MAGAZINE FOR PROFITABLE PARTNERSHIPS

Spinning go… from DOE t…

PAUL HARRIS

Norm -
Here you go!
Your story is on Page 8.
Also, see editorial, Page 6.
BEST.
Paul

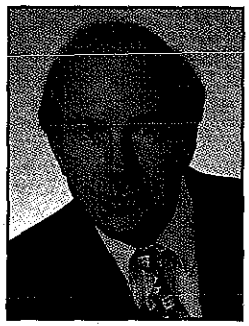
Spotlight on Universities

— Research parks build their T^2 role

— Top 50 university programs

Editor's Letter

With friends like these ...



Paul Harris

There is a vacuum atop the government's laboratory-university tech transfer system and it's beginning to pinch.

The sobering details are included within the budgets for federal agencies in the new fiscal year which started Oct. 1. Downward glides in funding continue to produce hiring and promotion freezes, and in some cases RIFs, throughout the laboratory system. As labs seek to reinvent themselves in response, fewer staffers must jump through more bureaucratic hoops while meeting greater demands to collaborate with industry.

And at our nation's research universities, the warning has been sounded to brace for a new era of reduced federal financial support. Caught in a cross-current, universities face contradictory demands for long-term research and short-term spinouts.

But it's not all bad news. One government agency happily countering this trend is the National Institutes of Health, which will receive a 6.7% increase in its technology transfer budget following a hefty boost last year. NIH is signing CRADAs at a relentless pace and is receiving healthy income from them — some $22 million in royalties last year. That's quite an achievement for an agency once known for its cultural bias against T^2. Today, it meets its research mission while producing products that benefit mankind.

Readers of *Technology Transfer Business* can surely provide their own favorite testimonials about the benefits from federal investments in tech transfer. But for a refreshing example, we invite you to read the feature beginning on page 34 about the U.S. textile industry's remarkable partnership with the Department of Energy. A major industry dismissed as a technological basketcase by scientists and economists alike could soon be competing favorably with offshore apparel makers thanks to DOE's technological prowess and its own determination.

Curiously enough, such activities — both positive and negative — are occurring with little apparent interest from folks at the upper reaches of the Department of Commerce, the federal agency responsible for overseeing the laboratory-university system. Within the office of Mary Good, the department's Under Secretary for Technology, officials freely admit that technology transfer is on a back burner as Commerce pursues priorities such as global industrial policy. "Laboratories are no longer in the big picture," reports one of the office's top policymaking executives.

Official signs of apathy include a failure of the Under Secretary to call a meeting of the Interagency Task Force on Technology Transfer in four years, and a discontinuation of its annual technology report to Congress. To some of its constituents, the department even registers as openly hostile. For example, universities are outraged over a recent report suggesting that industry be permitted to own the rights to inventions produced with federal funding (*TTB*, Summer 1996, page 20).

No need to belabor the point. At a time of unprecedented pressure on the nation's T^2 infrastructure — a system which despite its faults is the envy of many countries — it could use some friends in high places. ■

To the Editor

To the editor:

I read your editor's letter in the summer issue with interest. Having recently returned from a week of meetings in the Province of Quebec, I concur wholeheartedly on your ideas regarding partnering. U.S. companies still seem to be hung up on the old NIH (not invented here) syndrome. Remaining in that mode is putting them further and further behind in global competition.

Several companies in Canada referred to the success they are enjoying, due in part to NAFTA. Also, the Canadian government and the Provincial government of Quebec are both providing incentives to companies

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Government employees lose some foreign rights to their inventions

Inventions made by government employees may be patented overseas by the inventors themselves if the government agency opts not to do so under the 1986 Federal Technology Transfer Act. But a new rule issued by the Department of Commerce would restrict that right, requiring instead that agencies place conditions on employee/inventors seeking to commercialize their ideas on the foreign market.

An interim final rule issued by the Department's Undersecretary for Technology, Mary L. Good, removes a regulation dealing with the government's foreign rights in inventions made by government employees. In its place is a new rule that requires agencies to place three conditions on inventors in cases where agencies don't wish to pursue foreign rights themselves. The regulation was issued Aug. 7 as an interim final rule effective that date, but the office is soliciting comments on the proceeding and will consider changes based on them. Among points at issue is whether the department has authority under the FTTA to alter the employee/inventor rights landscape.

Instead of automatically granting foreign rights to government inventions to their inventors if the agency does not file a patent application, the rule says employees may request rights in a specific country beginning eight months after the government has filed a U.S. patent application and only under certain conditions:

- That a patent application be filed in the U.S. and/or abroad, if the government has determined that it might need to practice the invention.
- That the invention not be assigned to any foreign-owned or controlled corporation without written permission of the agency, and
- That any assignment or license of rights to use or sell the invention in the U.S. shall contain a requirement that any products embodying the invention or produced through the use of it be substantially manufactured in the U.S.



Mary Good, Commerce Department Undersecretary for Technology

The regulatory change, which also bears the authorship of Bruce Lehman, Commissioner of Patents and Trademarks, is being viewed as a housekeeping exercise by Department of Commerce officials. "This is regulatory cleanup," says John Raubitschek, patent counsel for the Undersecretary. "We revised regulations dealing with domestic rights several years ago and believe that foreign rights should conform with them." He says the government used to view the two differently, but with the increased emphasis on technology transfer, worldwide rights are now considered as important as domestic rights.

'Rather than just turning things over to the inventor and saying, "good luck," there are some responsibilities the inventor should be willing to assume.'

Raubitschek says several changes in the policy are likely to be made in response to comments from the Department of Energy and the Institute of Electrical and Electronics Engineers. A new provision is likely to be added so government inventors can file provisional patent applications, while the second and third conditions concerning foreign-owned corporations and U.S.-based manufacturing may be dropped. In addition, new language concerning rights for CRADAs may also be added, he says.

Raubitschek believes the new rule is consistent with the NTTA, which is silent on the issue of conditions. "We think this is an improvement. It means that rather than just turning things over to the inventor and saying, 'good luck,' there are some responsibilities the inventor should be willing to assume."

One person who questions that logic is Norman Latker, a Washington, D.C., patent attorney and former Capitol Hill staffer who authored the FTTA. "This is definitely not housekeeping. It's a radical change in procedures relating to inventors," he says. "Foreign and domestic rights have never been equal in the past, so why must they be now?"

Latker, with the firm of Browdy & Neimark, says the law was specifically written to grant inventors foreign rights automatically if the agency doesn't act within six months. "Attaching rights that the government does not want is certainly not the intent of the act," he says. By adopting new conditions, the department is removing incentives that encourage inventors to create, he believes.

Anyone wishing to file comments on the proceeding should contact Raubitschek at 202/482-8010. ■