file

June 23, 1983

To: Jim Wolbarsht

From: Tip Parker TP

Subject: Computer Order

Thanks for your note on the computer order. In addition to the two Kaypro machines and printer that you have recorded for us, we need one twelve inch monitor for the secretary. The Kaypro screen is too small for extensive editing work.

In addition, after reviewing the manual for the Kaypro word processor, Perfect Writer, I am convinced that Word Star would be a better package. Word Star has three levels of help built into the software package, the greatest level of help constantly occupies about half of the screen, and allows the operator to get advice on how to perform functions without affecting the text. The lowest level of help uses no screen space at all during normal operations. Since operator training and turnover are factors, I'm sure that the built-in help feature will be important. Will you please procure a Word Star package with the equipment.

The Reagan Administration has consistently supported the concept of contractor ownership of inventions made with Federal support and endorsed legislation to achieve it. When the Schmitt Bill (S. 1657) became stalled in the last session of Congress, the Department of Commerce initiated the February 18, 1983 Presidential Memorandum on Government Patent Policy. The Memorandum directs agencies, to the extent permitted by law, to allow nearly all R&D contractors to own inventions under policies that are the same or substantially the same as those applied to the small business and nonprofit organizations under P.L. 96-517. Implementation of the Memorandum, as intended, is being frustrated by the patent staffs at DOD, NASA, and Energy through their control of Part 27, Patent, Data and Copyrights of the new Government-wide Federal Acquisition Regulation (FAR). FAR is scheduled to replace all existing patent regulations on September 30, 1983 and would thereby be the only vehicle implementing the President's Memorandum. Notwithstanding the President's Memorandum, the FAR regulations have been drafted to allow contractor ownership but under policies substantially different than those extended to small businesses and nonprofit organizations under P.L. 96-517. Incredibly, the clear ownership under the current practices of some agencies would be severely clouded by conditions included in the proposed FAR. For instance under FAR, contractors must report an invention within 6 months from its conception (which

is undefined), and elect rights and file a patent application within 6 months thereafter or be subject to loss of ownership if the prescribed actions are not taken within the allotted periods. The spector of loss of ownership as a penalty for late reporting, electing or filing has no precedent in present regulations. Small business and universities were able to eliminate a similar provision in the development of regulations implementing P.L. 96-517 through vigorous opposition. A number of similar conditions in which performers other than small business and universities are treated in a more restrictive manner are discussed in the attached comments on FAR. Without an indication of private sector concern, no organized process for objective review of the regulations can emerge to force corrective action.

In addition to the problems in the patent section, Part 27 of FAR includes a first attempt to prescribe a government-wide policy on ownership of technical data made or submitted in performance of government contracts. In most part, the section on technical data implements the policies of DOD, NASA and DOE to retain government ownership of technical data generated in the performance of such contracts. Since this policy is now being extended to all other agencies for the first time, and in light of the February 18, 1983 Presidential Memorandum endorsing contractor ownership of inventions, it appears that this is the correct time to raise the appropriateness of a

general principle of government ownership of technical data. Consistency with the February 18, 1983 Presidential Memorandum suggests a reversal of such presumption of ownership in technical data.

This could be accomplished by protecting the government's interest as it is under the new patent policy, by negotiating the rights agencies need to perform their mission at the time of contracting.

Contractor ownership of technical data (subject to appropriate license rights in the agency) could serve at least the following purposes:

a. It would place control of the data in the hands of U.S. companies to the exclusion of foreign competition. Clearly this is a better choice than permitting foreign competition the free access they have under present policy.

b. It would dampen the flow of sensitive but unclassified data to the extent it had an identifiable commercial potential.

P.L. 97-219 which establishes a Small Business Innovation Research program (SBIR) in all agencies having research programs over a designated amount provides for just such ownership in small businesses functioning under this Act. It would be well to begin discussion on extending this concept to other contract performers.

Also attached is a short presentation which supports the concept of contractor ownership of government funding inventions as an important aspect of meeting foreign competition.

Attachments

U.S. DEPARTMENT OF COMMERCE
Office of Strategic Resources

June 15, 1983

To: Joe Clark

From: Norm Latker

This is what we would like you to discuss with the NASA people. If you have questions, call me.

Washington, D.C. 20230
(202) 377-1984

June 14, 1983

MEMORANDUM FOR: D. Bruce Merrifield
Assistant Secretary
Productivity, Technology and Innovation

FROM: Norman J. Latker(S)
Director
Office of Federal Technology Management Policy

THROUGH: Egils Milbergs
Director
Office of Productivity, Technology and Innovation

SUBJECT: Draft System Plan for Managing Technology in Federal Agencies

We would like to discuss the status of our draft systems plan (copy attached).

It seems to us that implementation of a system plan similar to ours would be a timely and appropriate response to OSTP's Packard Report and the Business-Higher Education Report recommendations to expand government laboratory collaboration with industry. The main aspect of our plan is the establishment of focal points at laboratories with the authority to make "deals" with industry to fund the continued development of new products and processes they have evaluated under constraint analyses to have commercial potential. The laboratory authorities would include at least the ability to initiate RDLP's, seek venture capital, enter into collaborative research projects, share royalties with inventors and grant patent licenses or assign invention ownership rights as a quid pro quo for private sector guarantees to develop, participate in or contribute resources to further development. Organizations with technology transfer experience are supporting our continued development and implementation of the plan but are asking how it will be done. One of the strong messages we have also been getting is that laboratory technology transfer offices are being severely hampered in making "deals" by headquarters clearance procedures. We think this is the "micro-management" problem addressed in the Packard and the Energy Research Advisory Board Reports.

While the government in general has some of the authorities to make a "deal" an identified body of laboratory people with an assignment to management simply does not exist. We have been proceeding on the assumption that the focus would emerge by persuading patent operations to coordinate with the new

laboratory technology transfer offices designated under Stevenson-Wydler. It seems clear that Commerce does not have either the assignment or authority to make this happen. This is being complicated by resistance from some patent operations. Further, there is no, or vague, authority in the government to initiate RDLP's, seek venture capital, share royalties with inventors or enter into laboratory-industry joint ventures. So given even that coordination between these offices could be accomplished, we would still need to clarify their tools of operation.

We would like to discuss various approaches and resources, necessary to speed implementation of a finally devised systems plan. Clearly we would want to touch on:

a) Involving OSTP on our side including use of the FCCSFT Committee.
b) Gaining an appropriate assignment or authority from the Cabinet Council.
c) Necessary legislative and/or administrative initiatives.
d) Additional staff resources.
e) Resistance from patent operations.
f) Training new personnel for focus positions.
g) Appropriate involvement of NTIS licensing program in the final systems plan.
h) The Research Corporation proposal as it touches on laboratories.

We would appreciate some time on your calendar in the near future.

cc: Jack Williams
Lanse Felker

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

Chron

June 14, 1983

MEMORANDUM FOR: D. Bruce Merrifield
Assistant Secretary
Productivity, Technology and Innovation

FROM: Norman J. Latker (S)
Director
Office of Federal Technology Management Policy

THROUGH: Egils Milbergs
Director
Office of Productivity, Technology and Innovation

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f) Training new personnel for focus positions.
g) Appropriate involvement of NTIS licensing program in the final systems plan.
h) The Research Corporation proposal as it touches on laboratories.

We would appreciate some time on your calendar in the near future.

cc: Jack Williams
Lanse Felker

U.S. DEPARTMENT OF COMMERCE

June 10, 1983

To : D. Bruce Merrifield

THRU: Egils Milbergs

From: Norm Latker

SUBJECT: Question posed by the Japanese to ITA (attached)

Here it is! All the evidence we will ever need on why we need to vigorously implement the President's memo.

Clearly the Japanese question to ITA, on the appropriateness of our patent policy is prompted by their fear of being cut off from their free ride on technology.

We need to move on to doing the same with our membership technical data in the FAR.

Attachment

cc: J. Williams
N. Latker
T. Parker
R. Ellert

TRANSMITTAL FORM CD-52A (10-67)
PRESCRIBED BY OAO 214-6

USCOMM-DC 1832-P67
GPO : 1976 O - 216-459

GOJ Part II

Question No. 3 (Concerning title to the results obtained through Government-subsidized research and development):

"All the technological results based on research and development, commissioned by our country's Government, belong to the State, and as their implementation is without discrimination, within or outside the country, and it is non-monopolistic, they can be implemented by a plural number of persons.

(1) As can be seen in the Memorandum, 'Government Patent Policy,' which President Reagan announced in February of this year, the U.S. is moving in the direction or recognizing the commissioned enterprises' ownership of patents, based on Government-subsidized research and development. How does the U.S. Government intend to coordinate this with the State's public role? Are there no criticisms from other enterprises, which did not receive the commission?"

6/10/83

INCREASE THE RATE OF PRIVATE SECTOR COMMERCIALIZATION OF INVENTIONS GENERATED BY FEDERAL LABORATORIES AND CONTRACTORS

ISSUES

1. Describe the system that has been designed to increase the number of licensed patents. How is it being marketed to other agencies?

The system we have developed has these major features:

- Coordination of agency technology transfer offices established under the Stevenson-Wydler Act, and agency Patent Staffs through the full invention-evaluation-protection-transfer cycle. In most agencies transfer offices are not involved until after patenting decisions are made, and have no responsibility for the final transaction of a transfer if it includes patent licensing.

- A two or more stage evaluation process to economically identify inventions with significant commercial potential prior to decisions on the degree of protection needed. In most agencies today, commercial potential is not considered in the protection decision. This has severely diluted the attractiveness of the Government's patent portfolio to industry.

- Lowest cost protection of the Government's procurement interest in inventions where there is not commercial potential.

- More equitable treatment for inventors, including a significant share of royalties as an incentive to keep the employee involved in the process.

The system is not being marketed so much as it is being tested by asking informed people at all levels of the agencies for their evaluations. An objective of the system is opening up all evaluations and decisions to broader management views, information, and interests than the patent attorneys who dominate the process.

The ultimate goal of the system is to create identifiable focuses at laboratories who can "deal" conclusively with industry on continuing private development of laboratory ideas and inventions determined to have a commercial potential.

We believe that implementation of the systems plan would go a long way toward resolving a number of problems identified in the Packard Report. Consideration should be given to implementation of the plan through the Federal Coordinating Council on Science, Engineering and Technology, the Cabinet Council or possibly the son of Schmitt-Ertel.

2. What is the nature of OMB concerns with the draft regulations? What is the outlook for ultimate approval? What additional support is needed to obtain approval?

At the senior levels of OMB, there appears to be little concern--that is the problem. Within the Office of Federal Procurement Policy (an OMB component) there is no understanding of the economic or international trade issues involved. Our proposals are resisted by the patent counsels of DOD, NASA, and Energy--the parties that P.L. 96-517, OMB Circular A-124, and the President's Memorandum were designed to direct. These patent counsels are being allowed to determine their agencies' position on patent issues without senior policy level review. Since OFPP's primary concern is to produce the new Federal Acquisition Regulation, they need agency support, and they tend to view the patent policy issue as a dispute with three major procurement agencies on one side, and an agency with little procurement activity on the other. If the decisions are made at this level, we will lose. We are requesting a meeting with Acting Deputy Secretary Mossinghoff to discuss and decide on the best alternatives to get the decision made at the appropriate policy level.

3. Briefly discuss the major findings of the recently completed analysis of federal agency patent practices.

The rules, regulations, and procedures of the agencies with the most significant R&D budgets were reviewed to see how they had implemented P.L. 96-517 and OMB Circular A-124. We found that Agriculture, Commerce, Energy, HHS, HUD, Interior, Trnasportation, EPA, NASA, and NSF all took timely and appropriate action to implement the statute and circular.

DOD implemented the preliminary OMB guidance which surfaced a great deal of adverse comment from universities and small business, especially directed to the reporting requirement designed by DOD. They have not yet implemented the Circular which was issued on February 10, 1983 and responses to recommendations made by the public.

4. Discuss major provisions of the new legislation and outlook for introduction and enactment.

The Senate Committee on Commerce, Science and Transportation with technical assistance being provided by OPTI is moving as requested, toward re-introduction of S. 1657 as it was passed out of Committee in the last session with only the following changes being considered:

a. The drafting of implementing regulations being assigned to DOC rather than OFPP.

b. The addition of changes negotiated with other committees during the last session, and

c. An assignment to Commerce to issue guidelines on criteria and methods for protection of Government-owned inventions.

The climate in the Senate is good and improving. The House is questionable because of Congressman Kastenmeier's traditional opposition to contractor-ownership legislation. However, the Science and Technology Committee has clearly recognized the problems of the Ertel bill and now appears to be following the Senate lead in developing their bill.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

June 8, 1983

MEMORANDUM FOR: D. Bruce Merrifield
Assistant Secretary
Productivity, Technology and Innovation

FROM: Norman J. Latker NJL
Director
Office of Federal Technology Management Policy

THROUGH: Egils Milbergs
Director
Office of Productivity, Technology and Innovation

SUBJECT: Agency compliance with Public Law 96-517 and OMB Circular A-124

OMB Circular A-124 instructs Commerce to monitor agency regulations and procedures for consistency with P.L. 96-517 and the Circular. On September 16, 1982, we requested the agencies to send us copies of their implementing instructions. Attached is our review of the information they provided.

All of the agencies primarily affected by the Act and Circular took adequate and timely actions, except the Department of Defense which did not respond to our request. We have since learned that the Defense Acquisition Regulation (DAR) was updated to include the interim small business and nonprofit invention ownership policies of OMB Bulletin 81-22. DOD staff reports that the standard clause will be incorporated in the DAR. The timing is not clear but the DOD staff indicates that the changes have been approved. The verbal report is that when changed, the DAR will be identical to OMB Circular A-124. We will review the documents for you when they are available.

The attached report summarizes what each agency has done. The report completes action on one of our milestones--Milestone d in the OPTI book and Milestone 5 in the Departmental SPO system. We have been asked by Don Sowle to send a report of our activities to OFPP, and I propose to include the attached as part of that report.

cc: J. Williams

ANALYSIS OF AGENCY IMPLEMENTATION OF OMB CIRCULAR A-124

Prepared by:
Office of Government Patent Policy
U.S. Department of Commerce
May 27, 1983

OMB Circular A-124 establishes Government-wide policies and procedures for implementing Public Law 96-517, which allows small business and nonprofit organizations to own inventions that result from Federally funded research and development. The Circular directs the Department of Commerce to monitor agency regulations and procedures for consistency with the Act and the Circular.

On September 16, 1982, this office sent a letter to each of the agencies with significant research and development programs, requesting copies of their implementing regulations, instructions, and patent clauses. This report is a compilation of the information provided in response to our letter.

DEPARTMENT OF AGRICULTURE

Department Notice 5000-18, dated December 1, 1982, transmitted A-124 to component agencies.

DEPARTMENT OF COMMERCE

Contract Information Notice (CIN) No. 82-3, dated March 15, 1982, transmitted A-124 to component agenices. It also included a standard clause, based on the A-124 clause, but including the appropriate Commerce specific modifications, as allowed by A-124.

DEPARTMENT OF ENERGY

For procurement contracts, DOE PR 9-9.1, dated March 31, 1982, transmitted a DOE developed clause to all component agencies. The clause is nearly the same as the one specified by A-124, but gives contractors 6 months to make an initial invention report, instead of the standard 2 months.

For assistance awards, DOE Financial Assistance Rules, 10 CFR Part 600, published in the Federal Register on October 5, 1982, conveys a DOE revised standard clause to all components and the public. This clause, has the standard 2 month reporting requirement.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

For procurement contracts, a letter to all procurement officials, dated April 19, 1982, conveyed a copy of A-124 and the standard clause. It also conveyed a clause with appropriate HHS specific modificatons, as allowed by A-124.

For assistance, there were several notices and memoranda within NIH that called attention to A-124, and changed the terms of the Institutional Patent Agreements to conform with A-124.

On July 15, 1982, A Federal Register notice extended 96-517 to all HHS funded inventions made after July 1, 1981.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office Instruction 82-11, dated December 10, 1982, conveyed A-124 to all assistance and procurement officials, and included a patent clause modified to meet specific HUD requirements, as allowed by A-124.

DEPARTMENT OF THE INTERIOR

Interior Procurement Memorandum (IPM-11), dated March 11, 1982, conveyed A-124 and the standard clause, with instructions for modifying it to meet specific DOI needs, as allowed by the Circular. The memorandum applies to both procurement and assistance awards.

DEPARTMENT OF TRANSPORTATION

Informal communication during the first week of March, instructed all DOT procurement offices to incorporate the standard clause in A-124.

ENVIRONMENTAL PROTECTION AGENCY

Procurement Information Notice 82-36, dated May 28, 1982, incorporated A-124 by reference, and conveyed a clause modified to meet EPA specific requirements, as allowed by the Circular.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Procurement Regulation Directive No. 82-3, dated June 25, 1982, incorporated the provisions of A-124 and a NASA specific patent clause into the basic agency procurement regulations.

NATIONAL SCIENCE FOUNDATION

45 CFR Part 650, published in the Federal Register on August 30, 1982, applies the policies and clause, with suitable modifications, to both assistance and procurement activities.

RESPONSE NOT RECEIVED FROM

DEPARTMENT OF DEFENSE

While the Department of Defense did not respond to our request, it is known that the Defense Acquisition Regulation (DAR) included the provisions of the OMB Bulletin 81-22, which contained preliminary guidance to the agencies for implementing the Act. The DAR was not updated to reflect the final policies and clause based on A-124 by the spring of 1983.

Further, our office received indications in 1983 that in at least one major case, the Navy was not complying with the intent of the Act.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

June 6, 1983

Dr. Jerome Smith
Technical Director
Office of Naval Research
800 N. Quincy St., Room 907
Arlington, VA 22217

Dear Dr. Smith

We enjoyed our meeting on May 17 and would like to continue the exchange of ideas.

We have long maintained that the promise of invention ownership would create in government contractors the incentives necessary for timely protection of all inventions of importance to both the contractor and the government. If our premise is correct, penalties for untimely reporting that threaten the contractor's ownership seem unnecessarily adversarial, particularly if based on something so unverifiable as "conception."

You challenged this on the basis that the incentive of contractor ownership may not be sufficient to assure reporting where the invention has only a potential for military use. You suggested that in such a situation the contractor has little need to report since it would not bear any responsibility for infringement losses if a later government purchase was successfully challenged by a third party patentholder. Further, you suggested that the contractor-inventor also has little incentive to disclose.

Clearly both you and we should be interested in the protection of only those inventions having potential for government and/or public use. At the time of invention the market for an invention cannot be conclusively predicted. However, even in those few instances where a contractor might judge an invention to only have a potential U.S. government market, we believe it will have as strong an interest in establishing a patent position to cut-off potential claims against the government as the government itself. This is in addition to the fact that the contractor has contractually agreed to report such an invention. This interest is fueled by at least:

- The possibility that the government will require the contractor to identify the government for patent infringement losses in any future contract it enters into for supply of the invention to the government. (As noted, it would be rare that a contractor could conclusively

determine the extent of a potential market at the time of invention).

- o Recovery of costs it incurs for reporting and filing patent applications on the invention.

- o The desirability of establishing itself as the inventing organization in the eyes of the government for the purpose of future procurement.

- o The possibility the invention can be sold for foreign military application or might later find a commercial use.

While contractor incentives to protect potentially useful military inventions seem strong, after talking with you, we are less certain about the contractor-inventor's incentive to report in a purely defensive situation. Given this uncertainty, we suggest as one possibility a cash payment to the inventor on the filing of a patent application similar to the payments used in some Navy laboratories to stimulate reporting. The proposed FAR provision 27.301-2(d)(1) of threatening the contractor with loss of ownership if its inventor does not report within an arbitarily determined time period is not in our view a substitute for a properly designed incentive system. Further we believe that this provision will be viewed as a contradiction of your goal of a cooperative contractor-government program for identifying potentially useful military inventions.

Under any circumstances the FAR provision is not an appropriate government-wide policy as it is clearly designed to respond to your belief that contractor ownership is not sufficient to trigger reporting of inventions that have only military application and no likelihood of commercial use. Much R&D funded by the civil agencies is to produce technologies for private sector use, where certainty of title is necessary to achieve the objective.

Sincerely,

Norman J. Latker
Director
Office of Federal Technology
Management Policy

bcc: Milbergs
Ellert
Parker
Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

June 6, 1983

Memorandum for: Dr. David T. Mowry
Program Manager
Center for the Utilization of
Federal Technology

From: Norman J. Latker
Director
Office of Federal Technology
Management Policy

Subject: Department of Commerce Biennial Report

Jack asked me to respond to your Memorandum of May 24, 1983. We concur that the responsibility for clearances and development of policy guidance in the final report under Section 11 (e) and 5 (d) of P.L. 96-480 is in the Office of Federal Technology Management Policy, OPTI with the further understanding that editing of the report submitted by Marge King will be completed by NTIS. I understand that it is not clear if the compilation forwarded to my office will be on disk or xeroxed directly from Ms. King's report. If on disk, we will plan to either input corrections and policy statements into your system or have you transfer the disk to a compatable system here.

I would appreciate knowing the scheduled due dates of materials from Ms. King and anticipated completion date of editing and transferral to my office.

Thank you for the assistance.

cc: B. Merrifield
E. Milbergs
J. Williams
J. Caponio

UNITED STATES DEPARTMENT OF COMMERCE
National Technical Information Service
5285 Port Royal Road
Springfield, Virginia 22161

May 24, 1983

MEMORANDUM TO: Dr. Jack Williams
Director
Office of Productivity, Technology
and Innovation

SUBJECT: Department of Commerce Biennial Report

In reviewing some files, I noted the attached memo of November 19, 1982 from Bruce Merrifield to Joe Caponio regarding implementation of the Department's responsibilities under Section 11 (e) and 5 (d) of P.L. 96-480 and our response.

I see that we should have sent you a copy of the Commerce compilation for your files. This is attached.

The 5 (d) report is due to PTI on October 1 and Marge King, under contract with NTIS, is working on a draft which is now scheduled for completion about the end of June. We had planned to coordinate on policy guidance with you as directed, and get an edited final version to Bruce Merrifield as scheduled by October 1. However, Norm Latker has indicated orally that his office, rather than NTIS, should assume responsibility for editing, clearances and preparing the final report for the Secretary's transmittal to the President and the Congress.

If this change meets your approval, and that of Bruce and Egils, we will phase out our activity in July at the end of the information gathering draft stage.

David T. Mowry
Program Manager
Center for the Utilization
of Federal Technology

Attachments

cc: B. Merrifield
E. Milbergs
N. Latker
J. Caponio

UNITED STATES DEPARTMENT OF COMMERCE
National Technical Information Service
5285 Port Royal Road
Springfield, Virginia 22161
OFFICE OF THE DIRECTOR

DEC 3 1982

MEMORANDUM FOR: D. Bruce Merrifield
Assistant Secretary for Productivity,
Technology, and Innovation

SUBJECT: Implementation of the Department's Responsibilities for Reports Under Sections 11(e) and 5(d) of P.L. 96-480

We are pleased to comply with the request in your memorandum of November 19 that NTIS accept the responsibility for two reports under P.L. 96-480: (a) the integrated Department of Commerce report to be addressed to you, and (b) the inter-agency summary to be submitted by the Secretary to the President and the Congress.

The due date in P.L. 96-480 for report (a) was November 1, 1982 and we have received timely input from only one Commerce bureau (NOAA). We will make a final call for missing Commerce bureau reports immediately and propose January 15 as a target for the integrated DoC report to you.

The October 1, 1983 deadline for report (b) should present no difficulty on schedule. Since the request from Secretary Baldrige to other Cabinet officers and agency heads suggested agency submission to your office by November 1, 1982, we request that these be forwarded to NTIS promptly so that we can follow up on any deficiencies.

I have asked Dave Mowry, Program Manager, Applied Technology and Patents, who is managing the CUFT program, to be responsible for these reports. He will ask Jack Williams for copies of pertinent background files and assistance with any policy and procedures clearance required by OPTI and the Office of the Secretary. His telephone number is 487-4838.

Joseph F. Caponio

Joseph F. Caponio
Acting Director

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

NOV 19 1982

MEMORANDUM FOR Joseph F. Caponio
Acting Director
National Technical Information Service

From: D. Bruce Merrifield
Assistant Secretary for
Productivity, Technology and Innovation

Subject: Implementation of the Department's Responsibilities for Reports Under Sections 11(e) and 5(d) of P.L. 96-480

This memorandum requests that NTIS assume responsibility under the Stevenson-Wydler Technology Innovation Act of 1980 for preparation of (1) DoC's biennial report under Section 11(e) and (2) the report to the President and Congress required by Section 5(d).

> Section 11(e) "Agency Reporting -- Each Federal agency which operates or directs one or more Federal laboratories shall prepare biennially a report summarizing the activities performed by that agency and its Federal laboratories pursuant to the provisions of this section . . ."

With respect to Section 11(e) NTIS should gather information from all relevant DoC units and prepare the combined DoC report for submission to me by December 1, 1982 (see attachment for report outline), if possible. That report should include the technology transfer activities of NBS, NOAA, NTIA, NTIS, and MBDA, and the activities of any other appropriate DoC units. Additionally, NTIS should be prepared to assist my office in responding to GAO and other requests for information on DoC implementation of Section 11 activities. Finally, NTIS should maintain a file of copies of all biennial reports submitted to DoC by other Federal agencies.

> Section 5(d) "Report -- The Secretary shall prepare and submit to the President and Congress, within 3 years after the date of enactment of this Act, a report on the progress, findings and conclusions of activities conducted pursuant to Sections 5, 6, 8, 11, 12, and 13 of this Act and recommendations for possible modifications thereof."

92-928

With respect to Section 5(d) NTIS should assume responsibility for preparing the required report. That report should be submitted to me by October 1, 1983, and should include the relevant activities of other Federal agencies.

I have asked Jack Williams, Director of OPTI's Technology and Innovation Division, to provide any policy guidance that you may request in preparing the above cited reports. His telephone number is 377-1091.

Attachment

U.S. DEPARTMENT OF COMMERCE

June 2, 1983

To: Robert G. Dederick
Knick Knickerbocker
D. Bruce Merrifield

To : Egils Milbergs
Jack Williams
Tip Parker

From: Norm Latker

The attached is a timely article which characterizes the turf fight between the DOD and OFPP on the responsibility for drafting the Federal Acquisition Regulation (FAR). We are clearly caught in the middle. Our position has been that the Department of Commerce should lay the ground rules in formulating Part 27 on patents, copyrights and technical data. I think that we are now being forced into a position of justifying that role. That justification can be supported by the cross cut roles given to the Department of Labor for the Davis-Bacon provisions of contracts and the Department of Justice for the civil rights portion of contracts, etc.

Attachment

TRANSMITTAL FORM CD-82A (10-67)
PRESCRIBED BY DAO 214-2

USCOMM-DC 1838-P67
GPO : 1976 O - 216-459

Brooks views the bill as a "restatement" of the OFPP's primary mission, to press for competitive bidding on contracts whenever possible. At a hearing before his committee, GAO officials said that in recent years "a significant number of DOD and civil agency contracts were unnecessarily awarded on a sole-source basis because of ineffective procurement planning, failure to do sufficient market research and a general lack of commitment to competition on the part of key agency personnel."

William E. Mathis, principal associate administrator of the OFPP for procurement, said giving the office regulatory authority "doesn't mean we'll start writing regs. It just gives us a stronger bargaining chip." Mathis acknowledged that most of the work being done on uniform procurement standards is being done by Defense employes.

"We only have 14 professional staffers," he said.

But a Brooks aide responded, "Fourteen competent people with the right authority can do wonders in this town if they choose to. One person with the proper clout could do it, too."

Although Sen. William S. Cohen (R-Maine) has introduced a Senate version of the OFPP reauthorization bill that is closer to the administration's position, an aide said that could change.

Susan M. Collins, staff director of Cohen's Senate Governmental Affairs subcommittee on government management, said Cohen "likely" will amend his bill to give the OFPP a regulatory role.

Contract Office Could Get Dose Of Extra Clout

Pentagon, OMB Oppose Bill To Authorize Rule-Writing

By Myron Struck
Washington Post Staff Writer

Despite opposition from the Defense Department and the Office of Management and Budget, Congress is moving to give the OMB's Office of Federal Procurement Policy the clout some members feel is necessary to develop a uniform federal contracting policy.

On a voice vote, the House yesterday agreed to reauthorize the quasi-independent office for five years and reinstate the authority it had in the late 1970s to write government-wide procurement regulations.

The OFPP is supposed to guide the spending of more than $110 billion worth of federal procurement funds annually. But over the past few years, it has failed to achieve its two primary goals: getting the Defense Department, the General Services Administration and NASA to draw up a single set of federal procurement regulations and streamline them to spur competition.

OMB Deputy Director Joseph R. Wright Jr. told Congress that the administration does not want to increase the office's authority "because we believe we can function effectively without it." He said the change "could cause unnecessary tension" between procurement agencies.

The Defense Department, which opposed the creation of the office in 1974, still views it as an intrusion into departmental affairs. Deputy Defense Secretary Paul Thayer, in a letter designed to coax the White House into the fray, wrote, "Certain aspects of the proposal just do not seem to be in line with how I believe government agencies should be organized or operated."

GSA officials agree. "Adding another layer is not going to help the procurement system," said Allan Beres, assistant GSA administrator for acquisition policy. "When something goes wrong, there's just going be another agency to blame—OFPP—in addition to DOD or GSA, or whoever is using a bad approach."

But groups ranging from the U.S. Chamber of Commerce to the Computer and Communication Industry Association support a larger role for the office, saying they believe it will spur competition.

House Government Operations Committee Chairman Jack Brooks (D-Tex.) has sought to make the office more powerful since he became convinced that Defense was blocking its efforts to reform contracting policies.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

May 18, 1983

Honorable Alvin W. Trivelpiece
Director
Office of Energy Research
U.S. Department of Energy
Washington, D.C. 20585

Dear Dr. Trivelpiece:

The combination of advanced technology and haste resulted in an unfortunate error recently. You received a letter from our Office referring to the Department of Transportation. The infamous computer needed more human attention than it received. We, the humans involved, apologize.

Marge King was identified as the person to contact with additional information. Her telephone number is 840-1311.

Thank you for your assistance in providing useful information to the Executive Office and the Congress on implementation of the Stevenson-Wydler Bill.

Sincerely,

Tip Parker

T. J. Parker, III

cc: Dave Mowry, CUFT

Dr. Leo Young
Director for Research and Technical
Information
Office of the Under Secretary of Defense
Research and Engineering
U.S. Department of Defense
Washington, D.C. 20301

Dr. Alexander J. Morin
Director of Research Initiation
and Improvement
National Science Foundation
1800 G Street, N.W.
Washington, D.C. 20550

Honorable Alvin W. Trivelpiece
Director
Office of Energy Research
U.S. Department of Energy
Washington, D.C. 20585

Ms. Margaret E. Courain
Chairman
NOAA Technology Innovation Working Group
Environmental Data and Information Service
U.S. Department of Commerce
Washington, D.C. 20235

Mr. R. Max Peterson
Chief
U.S. Forest Service
U.S. Department of Agriculture
Washington, D.C. 20013

Mr. Robert F. Allnutt
Acting Associate Administrator for
External Relations
National Aeronautics and Space Administration
Washington, D.C. 20546

Mr. Richard N. Smith
Associate Director
Fish and Wildlife Service
U.S. Department of the Interior
Washington, D.C. 20240

Mr. Alfonso B. Linhares
Director
Office of Technology and Planning
Assistance
U.S. Department of Transportation
Washington, D.C. 20590

Honorable Robert C. Horton
Director
Bureau of Mines
U.S. Department of the Interior
2401 E Street, N.W.
Washington, D.C. 20241

Dr. Courtney Riordan
Acting Assistant Administrator
for Research and Development
U.S. Environmental Protection Agency
Washington, D.C. 20460

Honorable E. S. Savas
Assistant Secretary for Policy
Development and Research
Department of Housing and Urban
Development
Washington, D.C. 20410

Dr. Terrence B. Kinney, Jr.
Administrator
Agricultural Research Service
U.S. Department of Agriculture
302A Administration Building
Washington, D.C. 20250

file

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

May 18, 1983

MEMORANDUM FOR: Robert G. Dederick
Under Secretary for Economic Affairs

FROM: Egils Milbergs
Director
Office of Productivity Technology and Innovation

THROUGH: Bruce Merrifield /s/
Assistant Secretary
Productivity, Technology and Innovation

SUBJECT: Meeting with Jay Keyworth

Bruce, Norm Latker and I had a very fruitful meeting with Jay Keyworth, the President's Science Advisor today.

In part, Jay Keyworth indicated that:

- The White House will be establishing a commission on industrial competitiveness soon.
- He is willing to testify at the June 29 Mathias hearing on antitrust. We will inform the Hill of that fact through Barry Beringer.
- He wants DOC to prepare issue decision memos for the Cabinet Council on:
  1) Cooperative Research Ventures
  2) LRDP's
  3) Rationalization of declining industries.
- The White House strongly supports re-introduction of contractor ownership legislation and they will call Senator Slade Gorton advising him that such legislation is a high Administration priority.
- That organizational and employee/inventor incentives need to be created to trigger industry-government laboratory cooperation.

We left a copy of our proposed system for managing and transferring patentable technology from government laboratories with Dr. Keyworth and explained that it attempts to address the incentive question.

PTI:NLatker:vt:5/18/83
cc: Merrifield
Milbergs
Latker
Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

May 17, 1983

Memorandum for: Egils Milbergs

From: Norm Latker

Subject: Weekly Activity Report for Week Ending May 11

1. Attended the American Patent Law Association Conference and met with the Government Patent Law University-Industry Relations and Executive Committees. Briefed them on our progress with the implementation of the President's memorandum and reintroduction of contractor-ownership legislation. The Executive Committee promised the Association's active support.

2. The Federal Laboratory Consortium Spring Symposium was held in White River Junction, Vermont, May 10-12. The theme was "Technology Transfer: A National Asset". Interaction with ORTA representatives and Agency level people concerned with technology transfer confirmed a general interest in the role of patent licensing in Federal Laboratory Technology Transfer. Dr. Thomas Kramer, Staff Director of the House Science and Technology Subcommittee on Science, Research and Technology stressed the need to marry patent licensing to technology transfer efforts in his Keynote Speech. He also indicated that a uniform patent policy across Federal agencies granting title to contractors is a desirable goal and anticipates legislation from the Science and Technology Committee this session of Congress. Dr. Kramer expressed skepticism on how enthusiastically the Stevenson/Wydler Act is being implemented. We have discussed our activities at length with him and members of his staff on other occasions. His remarks on patent licensing and overall technology management reflect our interaction and he noted OPTI's activities in his comments. ORTA and Agency level representatives expressed an interest in continued discussion of the draft Proposed System for Managing and Transferring Patentable Technology developed by this Office.

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAY 16 1983

MEMORANDUM FOR David A. Stockman, Director
Office of Management and Budget

SUBJECT: Government Patent Policy and the Federal Acquisition Regulation (FAR)

Implementation of the President's February 18 memorandum permitting nearly all contractors to own inventions that result from Federal R&D funding is being frustrated by the patent attorneys of DOD, NASA, and DOE. These individuals have controlled the drafting of implementing regulations to the exclusion of all other interested agencies. The pending publication of the new Federal Acquisition Regulation (FAR) has brought this issue to a head.

We have tried to work with OFPP staff to avoid this situation, but without success. We belatedly were able to review FAR Part 27 (which deals with patents) through intervention by GSA. Our review makes clear that the situation is serious.

The President's memorandum directed agencies to extend, to the degree permitted by law, the same or substantially the same policies of invention ownership to all contractors that Pub. L. No. 96-517 provides to small businesses and nonprofit organizations. OMB Circular A-124 is the policy statement for implementation of the law, and Commerce is assigned lead agency responsibility for guiding its implementation.

Commerce requested the Presidential Memorandum in an attempt to redirect the drafting of Part 27. As of May 6, the provisions of Part 27, in the proposed new FAR, which apply to large and intermediate size businesses are so different from those applied to small businesses that there will be legitimate charges of unjustified discrimination. No attempt has been made to make all terms the same or substantially the same as those in OMB Circular A-124. Rather, Part 27 as drafted, perpetuates the adversarial and counter productive patent practices of some of the Federal agencies that the President's memorandum was intended to correct.

Incredibly, the clear ownership retained by contractors under the current practices of some agencies would be severely clouded by conditions included in the proposed FAR. Further, provisions applicable to small businesses and nonprofit organizations under OMB Circular A-124 have been adversely altered.

Just after the Presidential memorandum was signed, we provided OFPP with our recommendations for supplementing A-124 and correcting the FAR. After a period of inaction, by OFPP, Guy Fiske sent our proposals to Joe Wright on April 7 (Attachment B). We are now told that OFPP is considering a Federal Register notice separate from the FAR publication requesting public comment on our proposals for supplementing A-124 and on the position taken by the DOD, NASA, and DOE patent attorneys. Since the FAR is intended to govern agency actions and contract terms after it is published, we do not believe the patent portion should be released until the policy issues are resolved.

I recommend that you take three actions:

1. Delete the patent portion of Part 27 before the FAR is published in the next few weeks.

2. Circulate to the Federal agencies the Commerce drafted supplement to A-124 for policy level review. This is designed to surface all legitimate reasons for treating large and intermediate size firms differently from small businesses and nonprofit organizations. Only by using A-124 as the base, can there be assurance that all contractors are treated as similarly as possible.

3. Sign the attached memorandum to the agencies confirming DoC's lead agency role (Attachment A). We can then do a proper job of serving OMB. In return, we will provide you with balanced evaluations of the comments on the draft A-124 supplement as well as evaluations of other proposed agency regulations relating to patents.

Please advise me of how we can be of help.

Signed

(acting) Secretary of Commerce

U.S. DEPARTMENT OF COMMERCE

May 16, 1983

To : Egils/Bruce

From: Norm Latker

As you may recall, we commented on this case to HHS. The reference to me was unsolicited.

TRANSMITTAL FORM CD-82A (10-67)
PRESCRIBED BY DAO 214-2

USCOMM-DC 1833-P67
GPO : 1976 O - 216-459

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 16 1983

Mr. Allan Beres
Assistant Administrator for
Acquisition Policy
General Services Administration
Washington, D.C. 20405

Dear Mr. Beres:

On April 5, GSA issued Federal Procurement Regulations Temporary Regulation 69, to implement President Reagan's February 18 Memorandum on Government Patent Policy. The Memorandum directed agencies to extend, to the degree permitted by law, the same or substantially the same policies of invention ownership to all contractors that Pub. L. 96-517 provides to small businesses and nonprofit organizations.

OMB Circular A-124 is the policy statement for implementing Pub. L. 96-517. Thus, the President's statement requires agencies to extend the same, or substantially the same standard patent clause specified in A-124 to all contractors.

Unfortunately, Temporary Regulation 69 does not mention this clause or allow agencies to use it. Rather, it requires agencies to use an old clause with provisions the President's memorandum was intended to discontinue. The old clause requires contractors to report inventions and make ownership elections within six months after conception. This is in direct contradiction of Pub. L. 96-517. The Senate report on the Act states:

> "The committee is concerned that standard Federal Procurement Regulations and Defense Acquisition Regulations provisions may force premature decisions, and may literally require the reporting of inventions within times that are not consistent with normal operational practices and capabilities. For example, current requirements to report invention, within six months after they are 'made' could lead to forfeiture of rights in numerous inventions if literally applied. Many inventions are not actually recognized as useful inventions for long periods after their technical 'conception'."

There are other major features of the clause required by the Temporary Regulation that are directly counter to the policies the President endorsed. I strongly request that you either:

1. Rescind Temporary Regulation 69 and work with Commerce and the other agencies bound by the Federal Procurement Regulations to create a suitable replacement, or

2. Amend the Temporary Regulation to at least allow use of a clause based on the one provided in A-124.

My preference, of course, is for the first. If you accept it, the needs of agencies involved should not be dominated by Defense, Energy, and NASA--agencies that have their own policies and statutes that relate to patent ownership.

We need prompt action. The Secretary of Commerce has already instructed Departmental units to use a single standard clause, based on A-124, in all R&D funding actions. NSF has done the same, and other agencies are taking similar actions. Allowing the Temporary Regulation to remain as it is will create an embarrassment to the Administration.

Sincerely,

D. Bruce Merrifield

OPTI:TP:vt:5/12/83
cc: Merrifield
Milbergs
Latker
Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

May 12, 1983

Ms. Marlinda Menashe
Research Associate
Center for Urban Economic Development
University of Illinois at Chicago Circle
Box 4348
Chicago, Illinois 60680

Dear Marlinda,

Thank you for a good meeting on Monday. It would probably be helpful to you if I confirm three statements I made at the meeting.

1. If you can find out what happened as a result of the Frye meetings and maybe one or two other brokering or intermediary efforts, that will meet the requirement for a technique.

2. While we are concerned about transferring technology to small businesses and other levels of government, that is a subset of the major question of transferring out of the labs to U.S. users. If there is a conflict between the major question and the subset, go with the major question.

3. The question of financing new startups and other innovators is an important one, but it can absorb a great deal of your time. Many others are looking at tax policy, direct assistance, and other schemes, but few are looking at the basic questions of transfer. I'd concentrate on the things where you have something special to offer.

For what they may be worth, here are a few more ideas, some of which I mentioned yesterday.

1. I have found it useful to differentiate between what I call "hard" technology transfers that involve protected property rights from "soft" transfers that include information, technical assistance, contacts, advice, etc. You may find the list of transfer problems is more managable if you make the division. For example, the issue of Federal evaluation of new ideas will probably apply more to hard technology, while the cases where a broker can be most useful for soft transfers.

2. There is not much general understanding of the kind of transfers that are of direct use to State and local governments. If your notes can be used to provide a clearer idea of what this is, you would be providing a true service. Do they want advice on buying computers and snowplows, do they want ideas of use to local industries of economic devlopment planning, do they still want grafetti removers and pothole patches, or what do they find useful? Are the labs a good source because of unique capabilities, is there more trust of the labs than consultants, or is it that for free, the price is right?

3. The question of different types and steps of evaluation techniques is probably the most important single question you can consider. Bob Levi's explanation of how the Battelle and ITRI evaluations differed bedcause they were looking for different things was interesting. If you can come up with any wild ideas, toss them in. For example, if it is true that some products require as much imagination after the original invention as the invention itself required, would it make any sense to consider an incentive system that rewards evaluators for their really good ideas on how to use an invention?

4. Try not to trip youselves with the word "system." In the sense that there is a free enterprise system or an intergovernmental system, there can be said to be a technology transfer system. But technology transfer will never be anything analogous to what Ma Bell built, with a finite number of system nodes and controlled interfaces. The problem can come when you discuss the idea of brokers. Some can react as Dick Ivins did, thinking that you are striving for a truly designed system--which I don't think you mean.

5. The concept of brokers is valuable. I see them as line concentrators with acceptance and trust of the groups they serve, who can reduce vague desires to concise questions for the ORTAs. The brokers may be particularly helpful in soft technology transfers, but might also uncover useful patents in a lab. The brokers, as non-Feds, could have agreements of confidentiality with their constituents. They might, for example, search the world of adhesives for a number of firms or users, who would remain unnamed until a match with a lab is found. The brokers might be able to get over the strange dog act sooner than is now done. The brokers could also keep records to show that there were no anti-trust violations resulting from their operations.

Your April 21 invitation letter came on May 5. If you include "Room 4816", mail may get to me a little faster. This one probably went to the Patent Office in Virginia first. Thanks again for a good meeting. Let me know if there is any way I can be of help.

Sincerely,

Tip Parker

Thornton Parker
Office of Federal Technology Policy

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

May 12, 1983

Memorandum for: Egils Milbergs

From: Tip Parker

Subject: Meeting with the University of Illinois Grantee

On May 2, I attended a meeting with the University of Illinois team working on the OPYI/EDA technology transfer grant. The meeting was also attended by the project Resource Committee (list attached). At about the mid-point in the project, the purpose of the meeting was to review what has been done, and get advice on what to do.

The meeting was well run. They have developed a list of technology transfer problems that can restrict the flow from Federal labs to the private sector. Some of the problems, like the financing of new ventures and management skills of new businesses, are beyond the scope of the grant, and will not be studied.

As we had hoped, they have identified the problem of identifying the potential commercial value of new technology as a key problem. They plan to learn more and report on techniques that can be used for the evaluation step.

They also have identified a role of need broker, that could be played by trade associations, state and local government interest groups, and other non-Federal organizations. Serving as line concentrators, these brokers would help small businesses, governmental units, or others clarify what sort of technological information or assistance they need, and then approach the Federal labs in an efficient search for specific things. This would ease the problem of the labs in the time consuming chore of helping people figure out what they are rally looking for.

At the meeting, I talked with Sherman Dudly of Georgia Tech--our other grantee. He said that one result of that project is a concensus among the technology centers that they need a form or coordination and communication that is not

funded or operated by the Feds. This is a major shift. It is also consistent with our hopes of finding a way to communicate OPTI information and ideas to the centers and the public, without controlling an organization or instrument to do it.

At this stage, it looks as if both grants are going to do just about what was hoped for them. Attached is a copy of my letter to the Illinois team about the meeting.

Attachment

cc: Jerry Duskin
Norm Latker
Elizabeth Robertson

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

3 MAY 1983

Mr. Lawrence J. Udell
National Congress of Inventor Organizations
United Engineering Center
345 East 47 Street
New York, New York 10017

Dear Mr. Udell:

Thank you for your letter regarding Mr. Joseph Allen.

The Office of Productivity, Technology and Innovation has begun the process of hiring Mr. Allen. There are certain statutory requirements that must be met. Our Office of Personnel has been asked to expedite the process as much as possible.

Sincerely,

Guy W. Fiske

Guy W. Fiske

333526s
cc: ES,D/S,SEC,HR,ADMIN

Retyped ExSec/4/29/83/dv

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

May 3, 1983

Memorandum for: D. Bruce Merrifield

Thru: Egils Milbergs

From: Norm Latker NL

Subject: Proposed System for Managing Patented Technology and the Five Year Plan

The memo that Camponio sent to you is the second round of comments from NTIS/CUFT on our evolving draft of a plan to improve the management of inventions that come primarily from Federal employees working in Government labs. Developing this draft was one of our SPOs. We are now testing it with the agencies and others. So far, virtually all comments have been positive and helpful. We hear that the Department of Energy is at least considering adopting it in some form.

If Commerce wants to continue with this effort, it should surely be part of the five year plan. It will take several years of hard effort to develop some of the components, like Government-wide incentives for inventors and labs, a workable scheme for evaluating the commercial potential of inventions and proper coordination between agency patent staffs and technology transfer offices.

The outcome of the May 18 meeting between you and Keyworth will have a lot to do with how we proceed. I suggest that we defer decisions on how to represent the project in the five year plan until there is agreement with OSTP on the role we can or should play.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Dr. J. Richard Crout
Director
Office of Medical Applications of
Research
National Institutes of Health
Department of Health and Human Services
Bethesda, Maryland 20205

Dear Dr. Crout:

We understand that your biennial report summarizing the Department of Health and Human Services technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), is nearly complete. Margery H. King is in the process of preparing the aggregate interagency report which the Secretary of Commerce will submit to the Congress. Section 5(d) of this law requires that by October 1, 1983, a report be submitted detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

The purpose of this letter is to apprise you of the report development schedule and the fact that King may contact you, or a designated representative, to discuss your submission to update information on Section 11 and collect information for any activities that may relate to Sections 6, 9, and 13. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Dr. Alexander J. Morin
Director of Research Initiation
and Improvement
National Science Foundation
1800 G Street, N.W.
Washington, D.C. 20550

Dear Dr. Morin:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Dr. Leo Young
Director for Research and Technical Information
Office of the Under Secretary of Defense
Research and Engineering
U.S. Department of Defense
Washington, D.C. 20301

Dear Dr. Young:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

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I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Ms. Margaret E. Courain
Chairman
NOAA Technology Innovation Working Group
Environmental Data and Information Service
U.S. Department of Commerce
Washington, D.C. 20235

Dear Ms. Courain:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

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I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Mr. Robert F. Allnutt
Acting Associate Administrator for
External Relations
National Aeronautics and Space Administration
Washington, D.C. 20546

Dear Mr. Allnut:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Tarne

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Mr. Richard N. Smith
Associate Director
Fish and Wildlife Service
U.S. Department of the Interior
Washington, D.C. 20240

Dear Mr. Smith:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Mr. Alfonso B. Linhares
Director
Office of Technology and Planning
Assistance
U.S. Department of Transportation
Washington, D.C. 20590

Dear Mr. Linhares:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP) ✓
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Dr. Courtney Riordan
Acting Assistant Administrator
for Research and Development
U.S. Environmental Protection Agency
Washington, D.C. 20460

Dear Dr. Riordan:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/ 25/83

cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Dr. Terrence B. Kinney, Jr.
Administrator
Agricultural Research Service
U.S. Department of Agriculture
302A Administration Building
Washington, D.C. 20250

Dear Dr. Kinney:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

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I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP) ✓
Subject (PP)
bcc: Dr. Michael J. Pallansch
Research Technology Applications Coordinator
Agricultural Research Service, Room 27, Bldg 005, BARC West
Beltsville, MD. 20705

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Mr. R. Max Peterson
Chief
U.S. Forest Service
U.S. Department of Agriculture
Washington, D.C. 20013

Dear Mr. Peterson:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)
bcc: Mr. Hal Marx
U.S. Forest Service
Room 4206 South Building
14th & Constitution Ave., NW
Washington, D.C. 20250

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230

(202) 377-1984

MAY 3 1983

Honorable E. S. Savas
Assistant Secretary for Policy
Development and Research
Department of Housing and Urban
Development
Washington, D.C. 20410

Dear Dr. Savas:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Honorable Robert C. Horton
Director
Bureau of Mines
U.S. Department of the Interior
2401 E Street, N.W.
Washington, D.C. 20241

Dear Mr. Horton:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP)

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAY 3 1983

Honorable Alvin W. Trivelpiece
Director
Office of Energy Research
U.S. Department of Energy
Washington, D.C. 20585

Dear Dr. Trivelpiece:

Your biennial report summarizing the Department of Transportation's technology transfer activities under Section 11 of the Technology Innovation Act of 1980 (P.L. 96-480), transmitted on November 15, 1982, has been received. Section 5 (d) of this law requires that by October 1, 1983, a report be submitted by the Department of Commerce detailing the status of implementation of Sections 5, 6, 8, 11, 12, and 13 of the Act.

Marge King may contact you to discuss your submission to update information on Section 11. If you have information for any activities that may relate to Sections 6, 9, and 13 please advise her at that time. The draft report is scheduled for completion by July 1. It will be reviewed by the Department of Commerce and all source agencies by September 1.

I appreciate your assistance in this effort.

Sincerely,

D. Bruce Merrifield

DBracken:vt:4/25/83
cc: Merrifield
Milbergs
Chron (PP)
Subject (PP) ✓

pls return to V. Turner

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

May 3, 1983

Professor Benjamin M. Friedman
Littauer Center 127
Harvard University
Cambridge, Mass. 02138

Dear Professor Friedman:

Here is the next step in my quest for an explanation of the relationship between total debt outstanding and the GNP. Your criticism of the previous version was most helpful and I would appreciate any comments you care to make on this.

Sincerely,

Tim Parker

T. J. Parker
Office of Federal Technology Policy

Attachment

Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington D.C. 20230
(202) 377-1984

May 2, 1983

MEMORANDUM FOR: Egils Milbergs

From: Norm Latker NJL

Subject: Weekly Activity Report for Federal Technology Policy for the Week of April 25 - April 28

1. On April 15, GSA published interim instructions to the agencies for implementing the President's memorandum on patent ownership. The instructions were not coordinated with us. We believe them to be inconsistent with the President's memorandum. The announcement solicits comments by May 15 for consideration in developing final regulations. We are preparing comments for a Departmental response.

2. The Secretary signed letters of appreciation to Bruce Merrifield and six others responsible for obtaining the Presidential Memorandum.

3. Parker has completed another version of his paper on debt. It gives a better explanation of how the relationship of interest rates on long and short term Treasury obligations works as a leading indicator.

4. Spoke at the Aerospace Industry Association's Annual Meeting. Discussed Commerce's position on the implementation of the President's Memorandum and on applying the concept of contractor ownership to the ideas depicted in technical data generated at federal expense.

5. Met with Don Gandner, the Patent Counsel for the Department of the Interior. He is very anxious to work with Commerce toward the commercialization of Interior inventions. He needs our help in making commercialization a priority issue at Interior. We have volunteered to do whatever we can.

6. Met with a core group of agency technology transfer officers to determine what needs to be done to enhance technology transfer out of their agencies. The most important message seemed to be the need to come up with

common principles for technology transfer that all agencies will adhere to. It was also clear that the patent operations of most agencies were not well integrated with their agency technology transfer offices. We are revising technology management paper on the basis of some of the discussion at the meeting.

7. Met with Steve Metallis of the new Senate Subcommittee on Patents, Copyrights and Trademarks. Most of the discussion involved responding to positions that the patent counsel from DOE has publicly taken on the implementation of the President's Memorandum.

8. Met with Bill McCluskey of the Senate Committee on Commerce, Science and Transportation. He is urging the Committee to reintroduce a Schmitt-like bill in this session. There appears to be some need to convince Senator Gorton, the Chairman of the Subcommittee having jurisdiction that this is a high priority in the Administration. A number of associations have advised him of their support in reintroducing the bill.

9. Met with Deputy Secretary Fiske in order to smooth the way for some actions that the Department needs to take. He agreed to the following:

   a. Preparation of a letter from the Secretary to OMB asking that all regulations implementing the President's February 18 memo be coordinated with Commerce. This authority is necessary if we are to have a meaningful lead-agency role.

   b. That we initiate a White House call to Senator Slade Gorton, of Washington asking for reintroduction of the contractor ownership legislation that died in the last session.

   c. We start clearance through the executive agencies of the same bill as an Administration initiative.

   d. That the Deputy Secretary follow-up his April 15 letter to Joe Wright with a telephone call emphasizing the importance of extending the OMB Circular A-124 to all contract performers.

Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

May 2, 1983

Memorandum for: Egils Milbergs

From: Norm Latker NTL

Subject: GSA Implementation of the President's Memorandum on Patent Policy

We need you to call Chris DeMuth as soon as possible to aid us in withdrawing or amending a Federal Procurement Regulation issued by GSA on April 15. The points that you need to make to DeMuth are as follows:

- We are the office responsible for initiation of the President's Memorandum on patent policy.
- The regulation was neither cleared by us or any other policy office in the civilian agencies.
- The regulation deviates from the intent and wording of the President's Memorandum.
- It was issued by Phil Read as one of his last actions before being assigned to other duties.
- Read indicated that it was drafted by the patent counsels of NASA and DOE. They have both publicly opposed implementation of the President's Memorandum as intended.
- The regulation establishes a number of unnecessary burdens on contractors that are inconsistent with normal business practices. This acts as a disincentive to commercialization as well as raising the cost of administration.
- Leaving the regulation in place confuses our ability to implement the President's Memorandum on a uniform basis and undermines the appearance that we are the lead agency and in control.

cc: J. Williams

April 29, 1983

Forecast of OPTI Activities
May 1 through June 15

I. Productivity, Technology and Innovation

A. Policy environment: Develop a long-term policy framework to support productivity improvement and technological innovation by removing barriers and creating private sector incentives.

Key Events

- May 10-12 - International Productivity Symposium in Tokyo, Japan. This is a "world class" event under the auspices of the Japanese Government and the patronage of the OECD (Egils Milbergs plans to attent).
- June 1-3 - European Association of National Productivity Centers (EANPC) meeting on Quality of Working Life, in Dusseldorf, Germany (DOL representative may attend).
- June 14-16 - White House Conference on Productivity (WHCP) pre-conference meeting on Capital Investment, in Durham, North Carolina.
- Early June - Technical Advisory Committee (members represent the National Alliance of Business, Private Sector Initiatives Council, Human Resources Development Council, and OPTI) meeting on "Job Search Clubs" project.

B. Research, Development, and Technological Innovation: Develop and provide techniques to facilitate innovative research ventures among private firms, universities, and government agencies.

Key Events

- May 13 - Conference on the New Climate for Joint Research.

C. Communication and education: Increase business awareness of productivity improvement opportunities through dissemination of technical analyses, best practice know-how, and information on government policies and incentives.

Key Events

- June 1, 2, 3 - National Advisory Council on Continuing Education meeting in Omaha, Nebraska (Egils Milbergs, Presidential Appointee to the Council will attend).

D. Technology transfer: Increase business use of government funded technology and technical information developed in government laboratories and through support of universities, nonprofit organizations, small businesses and other private sector entities.

Policy Issues

- GSA has issued interim instructions to the civil agencies for implementing the President's Patent Policy Memorandum that we believe is inconsistent with the memorandum.

Key Events

- May 2 - Meeting of the Resource Committee for the University of Illinois's grant on technology transfer. Parker will attend in Chicago.

- May 10-12 - Federal Laboratory Consortium meeting in Vermont. Bracken will attend to brief FLC on our proposed system for managing Government-owned technology.

- May 11-13 - American Patent Law Association conference in San Francisco. Latker will attend to brief subcommittee on contractor ownership and new legislation.

- May 18 - Merrifield meeting with Keyworth on strengthening authorities for technology transfer focuses at Federal laboratories.

- During the period, we will have one or more meeting with DOD to devise a new Government policy on technical data.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

Memorandum for: Bruce Merrifield

From: Norm Latker

Subject: Patent Policy Meeting with Guy Fiske, April 29

Here are the major points we want to cover during the 3:00 PM meeting with Guy Fiske on Friday, April 29.

- Explain the linkage between foreign competition, innovation, and Government invention.

- Explain how the major parts of our SPO fit into a cohesive strategy, with the first step being contractor ownership.

- The policies we are promoting (including the President's memorandum) involve major chances for some agencies. We are meeting strong resistance from the agencies with the largest staffs of patent attorneys.

- We lack the authority to impose the changes, and access to an objective, policy level forum to explain the issues.

- The DOD tactic is similar to the one they used to control the strategic resources program. The solution may also be moving the issue to a forum they don't control.

- We want:

  - An open, policy level review of our posed A-124 Supplement.

  - An open, policy level review of any proposed Federal Acquisition Regulation provision on patents and data.

  - White House involvement in supporting contractor aownership legislation.

- We are asking for:

  - An indication of how hard Commerce wants to push the issue and is willing to support us.

- A call from Fiske to Joe Wright, enforcing the need to act on our recommendation to circulate our draft A-124 Supplement, with us to consolidate the comments.

- A high level call to Slade Gorton, asking for legislation to be reintroducted.

- An agreement on how we can reduce communication time to Fiske in the few cases when we may need rapid support.

- A possible call to GSA to expedite changing the March 15, 1983 FPR issuance on the implementation of the President's memo.

We do not expect Mossinghoff to attend. If he does, we may need your assistance in keeping the meeting on the agenda.

cc: E. Milbergs

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 28, 1983

Memorandum for: D. Bruce Merrifield

From: Norm Latker NL

Subject: Patent Policy Legislation

As you will recall, we were requested by Senator Gorton by the attached letter to aid his staff with some legislative initiatives. The request was based on the desire to introduce a revised S. 1657 in this session of Congress. (S. 1657 was the government patent policy bill that died in the last session).

I have been advised that the revised bill we handed to the committee staff (and to a few others in confidence) is being circulated widely. While I think the bill substantially reflects the Administration's position on S. 1657, those who opposed the bill in last session might raise problems about the informal manner in which the new bill was generated.

I don't think we should be embarrassed as we are clearly adhering to Administration policy as will be evident in a full review process.

Attachment

cc: Milbergs

Chron

BOB PACKWOOD, OREG., CHAIRMAN
BARRY GOLDWATER, ARIZ.
JOHN C. DANFORTH, MO.
NANCY LANDON KASSEBAUM, KANS.
LARRY PRESSLER, S. DAK.
SLADE GORTON, WASH.
TED STEVENS, ALASKA
[illegible]ASTEN, WIS.
[illegible]TRIBLE, JR., VA.
ERNEST F. HOLLINGS, S.C.
RUSSELL B. LONG, LA.
DANIEL K. INOUYE, HAWAII
WENDELL H. FORD, KY.
DONALD W. RIEGLE, JR., MICH.
J. JAMES EXON, NEBR.
HOWELL HEFLIN, ALA.
FRANK R. LAUTENBERG, N.J.
WILLIAM M. DIEFENDERFER, CHIEF COUNSEL
RALPH B. EVERETT, MINORITY CHIEF COUNSEL

United States Senate

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
WASHINGTON, D.C. 20510

February 24, 1983

Dr. Bruce Merrifield
Assistant Secretary for Productivity,
Technology and Innovation
Room 4824
Department of Commerce
Washington, D.C. 20230

Dear Dr. Merrifield:

As Chairman of the Subcommittee on Science, Technology and Space, I have directed my staff to produce specific legislative initiatives dealing with technological innovation. I would appreciate the assistance of your office in providing my staff with the technical assistance they require.

Thank you for your cooperation.

Sincerely,

SLADE GORTON
United States Senator

SG:bmj

cc: Egils
Barry Beringer
3/1 [illegible]

RECEIVED
MAR 1 1983
D. BRUCE MERRIFIELD

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAR 3 1983

Honorable Slade Gorton
Chairman, Subcommittee on Science,
Technology and Space
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman,

Thank you for your recent note; and please count on us to help you in any way we can. Needless to say, this area is the top priority of our office, and one of the top priorities of the Department of Commerce.

Also, I have attached some material you may find of interest.

Sincerely,

D. Bruce Merrifield

Enclosures

DARCA
Pl. File Rec'd with
S.1657
Norm

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 28, 1983

Executive Assistant to
the President
University of California
721 University Hall
2200 University Avenue
Berkeley, CA 94720

Dear Sir or Madam:

Our office would like very much to obtain a copy of the Report of the University-Industry Relations Project, dated October 1, 1982. If there is a charge for this report, please send the invoice with the report.

Thank you for your assistance.

Sincerely,

V. E. Turner
Office of Technology Policy

Copies of this report can be obtained from the Office of the Executive Assistant to the President, University of California, 721 University Hall, 2200 University Avenue, Berkeley, California 94720. Copies of the Executive Summary and the Summary of the University-Industry Survey are also available.

Report of the University - Industry Relations Project
October 1, 1982

Va. Please request —

P.M.

U.S. DEPARTMENT OF COMMERCE
Office of Strategic Resources

April 26, 1983

To: Dr. Jerry Smith
Technical Director

From: Norm Latker
Director, Federal Technology Policy

I think it might be to our mutual benefit to discuss the attached further. I will call in the next few days.

Attachment

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MEMORANDUM FOR: Jim Tozzi

From: Norman Latker

Subject: April 7, 1983 Meeting on Implementation of the President's February 18 Memorandum

The major issue of the April 7 meeting involved the time that a contractor must report an invention to the Government. DOD said they want to preserve their thirty year old rule that inventions must be reported within six months after conception. We don't think this is consistent with either the letter or the intent of the President's memorandum.

You agreed that it would result in forced reporting of concepts by contractors before the utility of ideas has been determined. We believe these kinds of reports are the feedstock for unnecessary patent applications filed by a few agencies. During FY 1970-76, DOD filed on 32 percent of these kinds of cases. This sort of filing contributed to a DOD portfolio of 17632 patents, of which only 1.6 percent had been licensed by 1976. In contrast, major universities, operating under A-124, are reported to be licensing 40 percent of their portfolios.

DOD contends that this kind of reporting and filing cuts off claims against the Government. The only true measure of avoided claims is the number of competing applications for an invention handled by the Patent Office. We understand the Patent Office data indicates that Federal agencies are involved in a miniscular number of such competitions.

DOD indicates they do not intend to use a forfeiture provision. We believe that a forfeiture provision is required by the President's statement as it is included in Pub. L. 96-517. Without it, a firm need not report an invention to protect its ownership, and the reporting requirement will not work as intended to protect the Government's interest unless other penalties are imposed. If some other penalty is imposed in conjunction with the six month rule, it will be used for the ridiculous purpose of prematurely collecting information about unevaluated ideas.

The method of enforcement that DOD would continue, involves investigation of contractors' records including lab notebooks,

and withholding payments. In principle, we can not disagree with this in cases where there is clear reason to suspect nonperformance. But we do not believe that such an adversarial technique should be used as a normal way of doing business. A principle of A-124 is to provide incentives to cause actions, rather than provide for audit-like investigations and the accompanying conflicts with the contractors whom we are trying to encourage to bring new inventions into the marketplace.

I did not want to make an issue of A-124 implementation at the meeting, but GAO is completing a survey of agency compliance, and has found that some components of DOD, particularly Navy, have not implemented the Circular. At least one university is considering legal action against the Navy on this issue.

We understand that most of the civil agencies other than NASA and Energy accept A-124 as the starting point for implementing the President's memorandum. They do not want unnecessary reporting to overburden their modest staffs, and they do not want avoidable disputes with their contractors.

Our basic objective is to allow firms to treat inventions developed with Government funding just as they would treat inventions they have funded. This means clear title and no hassles. The university experience has already shown that this approach is most likely to lead to commercial use.

One last point--DOD insists that the President's memo does not require the use of the clause from A-124 but only adherence to P.L. 96-517. This gives them the authority, so they say, to use the six month from conception test for reporting. They have failed to take into consideration the legislative history for P.L. 96-517 found on page 27 of Senate Report 96-480.

> "The committee is concerned that standard Federal Procurement Regulations and Defense Acqusition Regulations provisions may force premature decisions, and may literally require the reporting of inventions within times that are not consistent with normal operational practices and capabilities. For example, current requirements to report inventions, within six months after they are 'made' could lead to forfeiture of rights in numerous inventions if literally applied. Many inventions are not actually recognized as useful inventions for long periods after their technical 'conception'."

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

APR 2 1 1983

Mr. Jesse E. Lasken
Assistant to the General Counsel
National Science Foundation
1800 G Street, N.W.
Washington, D.C. 20550

Dear Mr. Lasken:

Thank you for your assistance in preparing President Reagan's February 18, 1983, Memorandum on Government Patent Policy. This statement constitutes a major step toward accelerating the private commercialization of Government supported inventions.

The President's statement has to be implemented throughout Government, and we will be counting on your help in this important endeavor.

Keep up the good work.

Sincerely,

Malcolm Baldrige

Secretary of Commerce

cc: Director, NSF
GC, NSF

PP subject

FORM CD-183
(REV 2-80)
FORMERLY SEC-350

U.S. DEPARTMENT OF COMMERCE

US DEPT OF COMMERCE
OFFICE OF THE
SECRETARY
EXECUTIVE SECRETARIAT
MAR 28 1 59 PM '83

ABSTRACT OF SECRETARIAL CORRESPONDENCE

TO:	X	The Secretary		The Deputy Secretary

Date: MAR 2 5 1983

DECISION MEMORANDUM

From: Under Secretary for Economic Affairs

Prepared by: Egils Milbergs/OPTI/377-1581

Subject: Presidential Memorandum on Government Patent Policy - Recognition of Employees

Outgoing: Letters of appreciation are to staff who developed and promoted a Presidential Memorandum which supports an SPO. The President signed the memorandum on February 18. Also, a memo of support to Assistant Secretary for Productivity, Technology and Innovation.

Background: Pub. L. 96-517 allows small businesses and nonprofit organizations including universities to own inventions that result from Federally funded R&D, so long as the Government retains free use rights. After the law was enacted, OMB developed Circular A-124 which tells agencies how the law is to be implemented. The Circular includes a standard patent clause for use in all R&D contracts, grants, and cooperative agreements with small businesses and nonprofits.

About a year ago, Commerce was assigned the job of leading the Government-wide implementation of the law and circular. We were also asked by OMB to help extend the policy of private sector ownership to all other R&D performers - most of whom are large or intermediate size contractors. When it became clear

APR 2 1 1983

Control No. 333217

Malcolm Baldrige

	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
SURNAME AND ORGANIZATION (Typed)	DBMerrifield AS/PTI	AGC/EA	Exec Sec		Ex Asst.	
INITIALS AND DATE	DBM 3/22/83	3/25/83	4/5	SH 4/8	JE 4/18	

Rec'd 4/11

USCOMM-DC 1030-P80

that the Administration-supported Schmitt Bill would not pass, we developed, and with OSTP and Office of Federal Procurement Policy help, promoted a Presidential Memorandum that goes as far toward the desired goal as can be done administratively. There are some NASA and Energy statutory restraints.

The Presidential Memorandum was signed on February 18 (copy attached). This was an important step toward more private commercialization of research and development. With the Government funding a large portion of the Nation's research to meet agency requirements, it is important that the public benefit as much as possible from such research results. A firm will be much more inclined to invest in the development, production, and marketing of an invention it owns than in an invention to which a Federal agency has taken title or where the title to the invention is uncertain.

The idea of the Presidential Memorandum and the perserverence to obtain it came from career staff. Four Commerce employees are largely responsible--Norm Latker, Robert Ellert, Joseph Clark, and Thornton Parker. They were assisted by Jesse Lasken of the NSF and Denis Prager of OSTP. Attached is a letter of appreciation for your signature and a list of addressees to whom it will go.

Outside of Commerce, there will be resistance to full implementation of the President's Statement. I am attaching a memo from you to Bruce Merrifield indicating your support. Frankly, our intent is to show the memo to officials in other Federal agencies to put some pressure on them for more support for this program.

I recommend that you sign the attached letters of recognition.

Approve B APR 21 1983 Disapprove_____

Approve with changes_____

THE WHITE HOUSE

WASHINGTON

February 18, 1983

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: GOVERNMENT PATENT POLICY

To the extent permitted by law, agency policy with respect to the disposition of any invention made in the performance of a federally-funded research and development contract, grant or cooperative agreement award shall be the same or substantially the same as applied to small business firms and nonprofit organizations under Chapter 38 of Title 35 of the United States Code.

In awards not subject to Chapter 38 of Title 35 of the United States Code, any of the rights of the Government or obligations of the performer described in 35 U.S.C. 202-204 may be waived or omitted if the agency determines (1) that the interests of the United States and the general public will be better served thereby as, for example, where this is necessary to obtain a uniquely or highly qualified performer; or (2) that the award involves co-sponsored, cost sharing, or joint venture research and development, and the performer, co-sponsor or joint venturer is making substantial contribution of funds, facilities or equipment to the work performed under the award.

In addition, agencies should protect the confidentiality of invention disclosure, patent applications and utilization reports required in performance or in consequence of awards to the extent permitted by 35 U.S.C. 205 or other applicable laws.

Ronald Reagan

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 18, 1983

FACT SHEET

President Reagan has today signed a Memorandum to the heads of executive departments and agencies directing, to the extent permitted by law, a revision of the current policy with respect to rights in inventions made during performance of Government research and development contracts, grants or cooperative agreements. This Memorandum directs the agencies to adopt and implement the same or substantially the same policies for all R&D contractors as those set forth in Public Law 96-517 (Chapter 38 of Title 35 of the United States Code) for small businesses and nonprofit organizations. It is intended to achieve more uniform and effective Government-wide policies.

Inventions developed under Government support constitute a valuable national resource. With appropriate incentives, many of these inventions will be further developed commercially by the private sector. The new products and processes that result will improve the productivity of the U.S. economy, create new jobs, and improve the position of the U.S. in world trade. The policy established by the Memorandum is designed to provide such incentives.

Experience has shown that, in most instances, allowing inventing organizations to retain title to inventions made with Federal support is the best incentive to obtain the risk capital necessary to develop technological innovations. The new policy provides that, with limited exceptions, the inventing organizations may retain title to the invention, subject to license rights in the Government which will enable the Government to use the invention in its own programs. The Government will also normally retain the right to "march-in" and require licensing when the inventing organization fails to pursue development of the invention. In addition, the Department of Justice will develop an appropriate safeguard against anticompetitive retentions of title by organizations not subject to Public Law 96-517.

To the extent permitted by law, this Memorandum is applicable to all statutory programs including those that provide that inventions be made available to the public. Those agencies, such as National Aeronautics and Space Administration and the Department of Energy, which continue to operate under statutes

which are inconsistent in respects with the Memorandum, are expected to make maximum use of the flexibility available to them to comply with the provisions and spirit of the Memorandum.

In order to promote uniformity, President Reagan has also asked the Director of the Office of Science and Technology Policy through the Federal Coordinating Council for Science, Engineering and Technology to evaluate the effectiveness of the implementation of the Memorandum and make recommendations for revision or modification of the Memorandum, OMB Circular A-124, the Federal Acquisition Regulation, or agency regulations, policies, or practices. The agencies will also provide the Council with data on the disposition and utilization of inventions resulting from their programs and on their use of patent rights clauses, exceptions and waiver authorities.

# # # # # # #

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

APR 2 1 1983

Honorable D. Bruce Merrifield
Assistant Secretary for Productivity
Technology and Innovation
Department of Commerce
Washington, D.C. 20230

Dear Bruce,

On February 18, 1983, the President issued his Memorandum on Government Patent Policy. This statement is a major step toward improving the conditions for the private commercialization of Government supported inventions. You and your staff had a big hand in the preparation and approval of the Memorandum. Well done.

In establishing a clear policy for the ownership of inventions by R&D performers, the President's statement aids in removing a long-standing barrier to the use of new technology. The policy is a simple but powerful incentive for translating inventions into new business opportunities and new jobs.

Steps are being taken to implement the President's Memorandum within Commerce, and I am counting on you to press for rapid and effective implementation Government-wide.

Sincerely,

Mac

Secretary of Commerce

Dr. Joseph E. Clark
Research and Development Administrator
Office of Productivity, Technology and Innovation
U.S. Department of Commerce
Washington, D.C. 20230

Addressees:

Dr. Joseph E. Clark
Senior Policy Analyst
Office of Science and Technology Policy
New Executive Office Building, Room 5011
~~Room 5011~~
Washington, D.C. 20500

Joe Clark has new title + moved to Commerce Dept. Office address list.

Dr. Denis J. Prager
Assistant Director
Office of Science and Technology Policy
New Executive Office Building, Room 5011
~~Room 5011~~
Washington, D.C. 20500

Mr. Jesse E. Lasken
Assistant to the General Counsel
National Science Foundation
~~Office of the General Counsel~~
1800 G Street, N.W.
Washington, D.C. 20550

Mr. Robert Ellert
Assistant General Counsel for
Economic Affairs
U.S. Department of Commerce
Room 4019
14th & Constitution Avenue, N.W.
Washington, D.C. 20230

Envelope only

Mr. Norman J. Latker
Director, Federal Technology Policy
Office of Productivity, Technology and Innovation
Department of Commerce
14th & Constitution Avenue, N.W.
Washington, D.C. 20230

Envelope only

Mr. Thornton J. Parker, III
Senior Management Analyst
Office of Productivity, Technology and Innovation
Department of Commerce
14th & Constitution Avenue, N.W.
Washington, D.C. 20230

Envelope only

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

APR 21 1983

Mr. Norman J. Latker
Director, Federal Technology Policy
Office of Productivity, Technology and Innovation
Department of Commerce
Washington, D.C. 20230

Dear Mr. Latker:

Thank you for your assistance in preparing President Reagan's February 18, 1983, Memorandum on Government Patent Policy. This statement constitutes a major step toward accelerating the private commercialization of Government supported inventions.

The President's statement has to be implemented throughout Government, and we will be counting on your help in this important endeavor.

Keep up the good work.

Sincerely,

Malcolm Baldrige

Secretary of Commerce

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 20, 1983

MEMORANDUM FOR: Bruce Merrifield

FROM: Norman Latker

SUBJECT: Presidential Memo on Government Patent Policy

The attached correspondence concurs in our recommendation that OPTI staff brief the Deputy Secretary on actions that need to be taken to implement the President's memorandum. This should be done as soon as possible to achieve what we need from OMB.

When the briefing is scheduled we need to advise the Deputy Secretary's Office who will attend. They have asked that either you or Egils attend the briefing as well as a representative from Mr. Dederick's office. I volunteered Fred Knickerbocker whom they accepted. Jack Williams also wants to attend.

Please advise of any changes or other participants and whether you or Egils will participate. If you attend, I will target the earliest date on your calendar for the briefing.

Attachment

FORM CD-183
(REV. 6-80)
FORMERLY SEC-339

U.S. DEPARTMENT OF COMMERCE

ABSTRACT OF SECRETARIAL CORRESPONDENCE

TO:		The Secretary	X	The Deputy Secretary

Date: [illegible]

DECISION MEMORANDUM

From: Under Secretary for Economic Affairs

Prepared by: Norman J. Latker/OPTI/377-0659

Subject: Presidential Memorandum on Government Patent Policy

Outgoing:

A memorandum from you to Joe Wright providing recommendations to OMB for implementing the OPTI developed memorandum on Government Patent Policy, signed by the President on February 18. The President's Memorandum directs agencies to allow all R&D contractors to own inventions developed with Federal funds.

Background:

We need Joe Wright's help in the patent area. OMB will have to act if there is to be proper implementation of the President's February 18 Memorandum on Patent Policy. That memorandum, prepared by OPTI, directs agencies to allow nearly all firms to own inventions that result from Federal R&D funding under the policies already applied to small businesses and universities.

The policy is designed to promote innovation and private sector use of the latest technologies. A team of procurement and patent specialists of DoD, NASA, GSA, and Energy is developing a new Federal Acquisition Regulation, which Office of Federal Procurement Policy tells us will serve as the implementation of the President's Memorandum. We understand that this team intends to add terms and conditions to procurement contracts that are different from those applied to small business and universities. The differences would create unnecessary burdens for contractors or reduce the certainty of ownership.

Control No. _____

SURNAME AND ORGANIZATION (Typed)	DBMerrifield AS/PTI	AGC/EA	Exec Sec			
INITIALS AND DATE		4/1/83				

GPO : 1982 O - 377-837

USCOMM-DC 1030-P80

The memorandum to Joe Wright transmits two recommendations:

1. A supplement to Circular A-124 that covers all contractors, which we feel should be circulated to the agencies for formal comment.

2. A draft memo from OMB to the agencies telling them how to implement the President's Memorandum quickly.

It should also be followed up by a phone call from you to Joe Wright, telling him that we are concerned about OFPP's reluctance to advise the agencies, including those involved with the Federal Acquisition Regulation exercise, that implementation of the President's memorandum should follow OMB Circular A-124. I would like an opportunity for the key staff members to brief you and explain what is involved.

Recommendation:

1. I recommend that you schedule a briefing by OPTI staff.

   Approve: MB Disapprove: ____ Approve with changes: ____

2. I recommend that you sign the attached memo to Joe Wright.

   Approve: MB Disapprove: ____ Approve with changes: ____

THE DEPUTY SECRETARY OF COMMERCE
Washington, D.C. 20230

13 APR 1983

MEMORANDUM FOR Joseph R. Wright
Deputy Director
Office of Management and Budget

Subject: Implementation of the Presidential Memorandum on Government Patent Policy

Implementation of the February 18 Presidential Memorandum on Patent Policy needs your attention (copy attached). We understand that a team of procurement and patent specialists drafting the new Federal Acquisition Regulation is trying to dilute the President's policy. The purpose of the policy is to provide incentives for commercial use of the newest Government funded technologies for the benefit of economy. The President's February 18 decision is an extension of the policy already applied to small businesses and non-profit organizations.

The policy reserves a free use license for the Government, so the concerns of the procurement community are provided for. The terms and conditions of contractor ownership, however, are issues for which Commerce is responsible, both by its mission and as the lead agency for OMB Circular A-124. The Circular establishes clear conditions for invention ownership by small businesses and nonprofit organizations. In spite of this, we find the Office of Federal Procurement Policy entertaining the notion that different and more severe conditions should apply to the contractors covered by the President's Memo.

Attached is a draft supplement to A-124. It tells agencies how to extend the Circular to all applicable contractors. I recommend that you have this draft circulated to all agencies for policy level review and comment as soon as possible. If you agree, Commerce will provide you with a balanced analysis of the comments and recommendations for supplementing A-124.

Since issuing the supplement will take time, we also enclose a draft memo for OMB to send to the agencies giving them three choices for speedy implementation of the President's Memorandun in the interim.

[illegible]

[illegible] Plank

Attachments

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

APR 19 1983

Honorable George A. Keyworth, II
Director
Office of Science and Technology Policy
Washington, D.C. 20500

Dear Jay,

Let's get together soon to discuss some proposals to improve the flow of technology from the Federal labs to the private sector. The contributions of the labs are being questioned from a number of sources, and we have some suggestions for improving the situation. The DOE labs are a primary concern.

Perhaps you will have your secretary check out a time with my secretary.

Sincerely,

D. Bruce Merrifield

NLatker:vt:4/13/83
bcc: Merrifield
Milbergs
Parker
Chron
Subject

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 19, 1983

MEMORANDUM FOR: Egils Milbergs

From: Norm Latker

Subject: Weekly Activity Report for Federal Technology Policy for the Week of April 11 - April 15

1. The Secretary signed a memo to Commerce components directing use of our standard patent clause in R&D contracts and grants. This makes the Department one of the first to implement the President's memorandum.

2. Guy Fiske signed the memo to Joe Wright (OMB) transmitting our recommendations for Government-wide implementation. Fiske also agreed to a briefing which we are arranging.

3. Lanse Felker and I spent two days with Research Corporation in Tucson, Arizona. The meeting was very rewarding to both groups. We have worked out an outline for a proposed cooperative agreement between the organizations aimed at enhancing the technology transfer capability of both universities and federal laboratories through an awareness program. While training in patent licensing will be undertaken, other techniques to facilitate transfer will also be stressed. These techniques will include increased use of start-ups involving government funded investigators, limited partnerships and private funding prior to the making of an invention.

4. We understand that a number of organizations have approached Senator Gorton about introducing a contractor ownership bill patterned after S. 1659 (Schmitt). There is no clear indication of his intention yet.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 19, 1983

Memorandum for: Jim Wolbarsht

From: Norm Latker NL

Subject: I&L Needs of _____ Division

As requested in your memo, our needs are itemized below:

1. Name. Since our responsibilities have expanded to include policies for the management of Federal technology, the name "Office of Government Patent Policy" is no longer appropriate. We have proposed "Federal Technology Policy Division," and Egils has approved, but Phil and Bruce have held it up.

2. Proper listing in classified section of DOC telephone book. The new name should be included in the telephone book that is to be printed in June. Our work involves many individuals outside of Commerce, so a proper listing in the book and with the information operators is essential.

3. Space. We need contiguous space for me, Tip, Darcia, and Virginia as soon as possible. The space should be expandable for Joe Allen and a sixth person.

4. Joe Allen. We need to expedite the employment process for Joe Allen in order to use his abilities to influence the course of legislation this summer.

5. Telephones. I want retain 0659 and Tip should retain 0660--neither on a rotary. Additional numbers are needed for Darcia and a fourth for Joe. All should be switchable to ring on our desks or Virginia's, and should be connected by intercom.

6. Selectric Typewriter. Virginia needs a working selectric typewriter without memory capability.

7. Computers. The office needs at least two personal computers. One must have a 45 cps printer, the second must be a portable. The two must have software and disc compatibility, and be able to produce discs for printing on another system with a letter quality printer.

8. Furniture. We need 2 executive desk chairs, an executive credenza and 3 matching bookcases.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 13, 1983

The purpose of this letter is to invite you to an informal meeting to discuss a number of topics of importance to the Offices of Research and Technology Assessment (ORTA's) established by the Stevenson-Wydler Act of 1980. The Administration must soon report to Congress on its implementation of Stevenson-Wydler. Further, it is possible that Congress may hold hearings to consider the need for legislation to strengthen technology transfer activities within agencies. You were recommended as a knowledgeable person who should participate in discussing the following items:

- o definition of technology transfer;
- o enhancement of ORTA responsibilities to expedite technology transfer (the attached draft systems plan could serve as the basis of discussion); and
- o use of limited partnerships by ORTA's.

We will meet on April 26 at 10:00 a.m. in Room B841, Department of Commerce, 14th and Constitution Avenue, N.W., Washington, D.C. Darcia Bracken will contact you to confirm your attendance.

Sincerely,

Jack Williams
Deputy Director
Office of Productivity,
Technology & Innovation

Attachment

DBracken:vt:3/13/83:Wang #1444B &1445B*
cc: Williams
Bracken
Subject
Chron
Parker

*Merged mailing list.

Wang # 1474B & 1475B

Ms. Margaret M. McNamara
Naval Underwater Systems Center
Code 0702, Bldg. 80T
New London, CT 06320

Mr. Clifford E. Lanham
Harry Diamond Laboratory
Code DELHD-TT
2800 Powder Mill Road
Adelphi, MD 20783

Mr. Donald Jared
Oak Ridge National Laboratory
TU/C
P.O. Box X
Oak Ridge, TN 37830

Mr. Ray Whitten
Chief, Terrestrial Applications Office
CODE LGT-1
400 Maryland Avenue, SW
Washington, D.C. 20546

Mr. Robert Steideman
Forest Products Laboratory
Planning & Applications
P.O. Box 5130
Madison, WI 53705

Mr. Jerome Bortman
Naval Air Development
Code 7012
Warminster, PA 18974

Mr. Eugene Stark
Los Alamos National Laboratory
Industry Liaison Officer
MS A-185
Los Alamos, NM 87545

Mr. Aubry D. Smith
Jet Propulson Laboratory
4800 Oak Grove Drive
JPL-Mail Stop 180-801
Pasadena, CA 91109

Mr. Jim Wyckoff
National Bureau of Standards
Room A402 Admin. Building
Washington, D.C. 20234

Mr. Howard Silverstein
Deputy Assistant General Counsel for Patents
Room 2328, South Building
Research and Operations Division
Office of General Counsel
U.S. Department of Agriculture
Washington, D.C. 20250

Mr. Howard Deeley
Patent Counsel
C-15
Department of Transportation
400 - 7th Street, S.W.
Washington, D.C. 20590

Mr. Theodore J. Maher
Program Leader
Local Government
Natural Resources and Rural Development
Washington, D.C. 20250

Dr. David Mowry
National Technical Information Serv
Room 8R
5285 Port Royal Road
Springfield, VA 22161

Pending
UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

signed 4/11/83

Honorable Edward N. Brandt, Jr.
Assistant Secretary for Health
Department of Health and Human Services
Washington, D.C. 20201

Dear Dr. Brandt:

Thank you for your letter of February 28 on the status of the NIH submission under Stevenson-Wydler. I was pleased with your statement of the longstanding commitment of the Department of Health and Human Services to technology transfer. Because of this experience I would particularly value your comments on the attached proposal for improving the transfer of technology from all government laboratories to the private sector.

If you have any questions about the proposal, Norman Latker of my staff will be happy to answer them. His telephone number is 377-0659.

Sincerely,

D. Bruce Merrifield

Attachment

OPTI:vt:3/31/82
bcc: Merrifield
Milbergs
Chron
Subject

Chron

FORM CD-183
(REV 2-80)
(FORMERLY SEC-350)

U.S. DEPARTMENT OF COMMERCE

ABSTRACT OF SECRETARIAL CORRESPONDENCE

TO:				
	X	The Secretary		The Deputy Secretary

Date: APR 11 1983

DECISION MEMORANDUM

From: Under Secretary for Economic Affairs RGD

Prepared by: Norman J. Latker/OPTI/377-0659

Subject: DoC Patent Policy

Outgoing: This memorandum for your signature provides interim guidelines for DoC components to follow in implementing a recent Presidential Memorandum leaving ownership of inventions with organizations receiving government R&D funding.

Background: On February 18, the President signed a memorandum (attached) to the agencies establishing a New Patent Policy which directs them to allow nearly all organizations receiving government R&D funding to own any resulting inventions. The memorandum was a Commerce initiative intended to maximize the benefits of Federal investment in research and development. We believe the Department should be among the first to implement it and we will urge other agencies to follow our example.

The Office of the General Counsel would prepare a complete update of Department Administrative Order 208-14, "Department of Commerce Patent Policy for Contracts and Grants" when formal guidance is received from OMB. Briefly, this DAO prescribes policies, procedures, and clauses relating to

Control No. 333171

	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
SURNAME AND ORGANIZATION (Typed)	DBMerrifield	AGC/EA	Exec Sec	Admin	GC	D/S
INITIALS AND DATE	APR 8 1983	[illegible] 11 APR 1983				

USCOMM-DC 1030-P80

inventions made in the course of or under a contract or subcontract entered into with or for the benefit of the government, where the purpose is the conduct of experimental, developmental, or research work.

The interim memo, which will be supereseded by the revised DAC, will assure immediate implementation of the New Patent Policy.

The attached interim Standard Patent Clause as required by P.L. 96-517, (patent amendments of 1980) provides that the licensing of patents acquired by small businesses and nonprofit organizations is restricted to firms that agree to manufacture any resulting products in the United States that will be sold in the U.S. The Standard Patent Clause, however, does not extend this restriction to non-small business and profit firms because it is not required by law and would dilute title to inventions, interfere with international cross-licensing agreements, and would be difficult to apply to U.S. firms with foreign subsidiaries.

APR 15 1983

Approve signed Disapprove_____ Approve with changes_____

Let's Discuss_____

THE SECRETARY OF COMMERCE
Washington, D.C. 20230

APR 15 1983

MEMORANDUM FOR Secretarial Officers
Heads of Operating Units

Subject: Presidential Memorandum on Government Patent Policy

On February 18, the President signed a memorandum that instructs agencies to allow nearly all recipients of Federal research and development funding to own the inventions they make. The memorandum, which extends statutory invention ownership rights of small businesses and non-profit organizations to all other grantees and contractors, is the direct result of a Commerce initiative.

The President's memorandum is expected to have a significant effect on the economic growth and international competitiveness of the country. Since the Federal Government is a principal source of R&D funds, it is vital that American industry has certainty of ownership to the resulting technologies that can be the basis for competitive products and new jobs.

I want Commerce to be the first agency to implement the President's memorandum. All procurement contracts, grants, and cooperative agreements that fund R&D activities awarded after the date of this memorandum will include the attached standard patent rights clause, except where a determination is approved by the Assistant Secretary for Administration that one or more of the following three conditions prevails:

(1) when the funding agreement is for the operation of a Government-owned research or production facility; or

(2) in exceptional circumstances when determined by the agency that restriction or elimination of the right to retain title to any subject invention will better promote the policy and objectives of Chapter 38 of Title 35 of the United States Code; or

(3) when determined by a Government authority, which is authorized by statute or executive order to conduct foreign intelligence or counterintelligence

activities, that the restriction or elimination of the right to retain title to any subject invention is necessary to protect the security of such activities.

This memorandum will be superseded upon issuance of the revised DAO 208-14.

Signed

Secretary of Commerce

Attachment: Standard Patent Clause

March 18, 1983

Patent Rights - Standard Clause

a. Definitions.

(1) "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code (USC).

(2) "Subject Invention" means any invention of the Contractor conceived or first actually reduced to practice in the performance of work under this contract.

(3) "Practical Application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

(4) "Made" when used in relation to any invention means the conception or first actual reduction to practice of such invention.

(5) "Small Business Firm" means a small business concern as defined in Section 2 of Public Law 85-536 (15 USC 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this clause, the size standards for small business concerns involved in Government procurement contained in 13 CFR 121.3-8, and in subcontracting contained in 13 CFR 121.3-12, will be used.

(6) "Nonprofit Organization" means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 USC 501 (c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 USC 501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.

b. Allocation of Principal Rights. The Contractor may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this

clause and 35 USC 203. With respect to any subject invention in which the Contractor retains title, the Federal Government shall have a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

c. Invention Disclosure, Election of Title and Filing of Patent Applications by Contractor.

(1) The Contractor will disclose each subject invention to the Federal agency within two months after the inventor discloses it in writing to Contractor personnel responsible for patent matters. The disclosure to the agency shall be in the form of a written report and shall identify the contract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, operation, and the physical, chemical, biological or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to the agency, the Contractor will promptly notify the agency of the acceptance of any manuscript describing the invention for publication or of any on sale or public use planned by the Contractor.

(2) The Contractor will elect in writing whether or not to retain title to any such invention by notifying the Federal agency within twelve months of disclosure of the Contractor; provided that in any case where publication, on sale or public use has initiated the one year statutory period wherein valid patent protection can still be obtained in the United States, the period for election of title may be shortened by the agency to a date that is no more than 60 days prior to the end of the statutory period.

(3) The Contractor will file its initial patent application on an elected invention within two years after election or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication,

on sale, or public use. The Contractor will file patent applications in additional countries within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

(4) Requests for extension of the time for disclosure to the agency, election, and filing may, at the discretion of the funding Federal agency, be granted.

d. Conditions when the Government May Obtain Title.

The Contractor will convey to the Federal agency, upon written request, title to any subject invention:

(1) If the Contractor fails to disclose or elect the subject invention within the times specified in c. above, or elects not to retain title.

(2) In those countries in which the Contractor fails to file patent applications within the times specified in c. above, provided, however, that if the Contractor has filed a patent application in a country after the times specified in c. above, but prior to its receipt of the written request of the Federal agency, the Contractor shall continue to retain title in that country.

(3) In any country in which the Contractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in a reexamination or opposition proceeding on, a patent on a subject invention.

e. Minimum Rights to Contractor.

(1) The Contractor will retain a non-exclusive, royalty-free license throughout the world in each subject invention to which the Government obtains title except if the Contractor fails to disclose the subject invention within the times specified in c. above. The Contractor's license extends to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and includes the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license is transferable only with the approval of the funding Federal agency except when transferred to the successor of the part of the Contractor's business to which the invention pertains.

(2) The Contractor's domestic license may be revoked or modified by the funding Federal agency to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions in 41 CFR Part 101-4. This license will not be revoked in that field of use or the geographical areas in which the Contractor has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of the funding Federal agency to the extent the contractor, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

(3) Before revocation or modification of the license, the funding Federal agency will furnish the Contractor a written notice of its intention to revoke or modify the license, and the Contractor will be allowed thirty days (or such other time as may be authorized by the funding Federal agency for good cause shown by the Contractor) after the notice to show cause why the license should not be revoked or modified. The Contractor has the right to appeal, in accordance with applicable regulations in the Federal regulations concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of its license.

f. Contractor Action to Protect the Government's Interest.

(1) The Contractor agrees to execute or to have executed and promptly deliver to the Federal agency all instruments necessary to:

(i) Establish or confirm the rights the Government has throughout the world in those subject inventions for which the Contractor elects to retain title, and

(ii) Convey title to the Federal agency when requested under d. above, and to enable the Government to obtain patent protection throughout the world in that subject invention.

(2) The Contractor agrees to require, by written agreement, its employees, other than clerical and non-technical employees, to disclose promptly in

writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Contractor each subject invention made under this contract in order that the Contractor can comply with the disclosure provisions of c. above, and to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. The disclosure format should require, as a minimum, the information required by subparagraph c. (1) above. The Contractor shall instruct such employees through the employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(3) The Contractor will notify the Federal agency of any decision not to continue prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than thirty days before the expiration of the response period required by the relevant patent office.

(4) The Contractor agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a subject invention the following statement, "This invention was made with Government support under (identify the contract) awarded by the (Federal agency). The Government has certain rights in this invention."

g. Subcontracts.

(1) The Contractor will include this clause, suitably modified to identify the parties, in all subcontracts, regardless of tier for experimental, developmental or research work. The subcontractor will retain all rights provided for the Contractor in this clause, and the Contractor will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions.

(2) In the case of subcontracts, at any tier, when the prime award with the Federal agency was a contract (but not a grant or cooperative agreement), the agency, subcontractor, and the Contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and the Federal agency with respect to those matters covered by this clause.

h. Reporting on Utilization of Subject Inventions. The Contractor agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the Contractor or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Contractor, and such other data and information as the agency may reasonably specify. The Contractor also agrees to provide additional reports as may be requested by the agency in connection with any march-in proceeding undertaken by the agency in accordance with paragraph j. of this clause. To the extent data or information supplied under this section is considered by the Contractor, its licensee or assignee to be privileged and confidential and is so marked, the agency agrees that, to the extent permitted by 35 USC 202(c)(5), it will not disclose such information to persons outside the Government.

i. Preference for United States Industry. Notwithstanding any other provision of this clause, the Contractor, if it is a small business firm or an nonprofit organization, agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by the Federal agency upon a showing by the Contractor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commerically feasible.

j. March-in Rights. The Contractor agrees that with respect to any subject invention in which it has acquired title, the Federal agency has the right in accordance with the procedures in OMB Circular A-124 (and agency regulations at) to require the Contractor, an assignee or exclusive licensee of a subject invention to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, and if the Contractor, assignee, or exclusive licensee refuses such a request, the Federal agency has the right to grant such a license itself if the Federal agency determines that:

(1) Such action is necessary because the Contractor or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use.

(2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Contractor, assignee, or their licensees;

(3) Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Contractor, assignee, or licensees; or

(4) Such action is necessary because the agreement required by paragraph i. of this clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

k. Special Provisions for Contracts with Nonprofit Organizations: If the Contractor is a nonprofit organization, it agrees that:

(1) Rights to a subject invention in the United States may not be assigned without the approval of the Federal agency, except where such assignment is made to an organization which has as one of its primary functions the management of inventions and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention (provided that such assignee will be subject to the same provisions as the Contractor);

(2) The Contractor may not grant exclusive licenses under United States patents or patent applications in subject inventions to persons other than small business firms for a period in excess of the earlier of:

(i) Five years from first commercial sale or use of the invention; or

(ii) Eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, unless on a case-by-case basis, the

Federal agency approves a longer exclusive license. If exclusive field of use licenses are granted, commercial sale or use in one field of use will not be deemed commercial sale or use as to other fields of use, and a first commercial sale or use with respect to a product of the invention will not be deemed to end the exclusive period to different subsequent products covered by the invention.

(3) The Contractor will share any royalties collected on a subject invention with the inventor; and

(4) The balance of any royalties or income earned by the Contractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, will be utilized for the support of scientific research or education.

1. Communications. On matters relating to this clause contact is Eugene J. Pawlikowski, Patent Counsel, Office of the General Counsel, Herbert C. Hoover Building, Washington, D.C. 20230.

EXSEC

FORM CD-183
(REV. 2-80)
FORMERLY SEC-350

U.S. DEPARTMENT OF COMMERCE

ABSTRACT OF SECRETARIAL CORRESPONDENCE

TO:		The Secretary	X	The Deputy Secretary

Date: APR 7 1983

DECISION MEMORANDUM

From: Under Secretary for Economic Affairs

Prepared by: Norman J. Latker/OPTI/377-0659

Subject: Presidential Memorandum on Government Patent Policy

Outgoing:

A memorandum from you to Joe Wright providing recommendations to OMB for implementing the OPTI developed memorandum on Government Patent Policy, signed by the President on February 18. The President's Memorandum directs agencies to allow all R&D contractors to own inventions developed with Federal funds.

Background:

We need Joe Wright's help in the patent area. OMB will have to act if there is to be proper implementation of the President's February 18 Memorandum on Patent Policy. That memorandum, prepared by OPTI, directs agencies to allow nearly all firms to own inventions that result from Federal R&D funding under the policies already applied to small businesses and universities.

The policy is designed to promote innovation and private sector use of the latest technologies. A team of procurement and patent specialists of DoD, NASA, GSA, and Energy is developing a new Federal Acquisition Regulation, which Office of Federal Procurement Policy tells us will serve as the implementation of the President's Memorandum. We understand that this team intends to add terms and conditions to procurement contracts that are different from those applied to small business and universities. The differences would create unnecessary burdens for contractors or reduce the certainty of ownership.

Control No. _____

	PREPARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY	CLEARED BY
SURNAME AND ORGANIZATION (Typed)	DBMerrifield AS/PTI	AGC/EA	Exec Sec			
INITIALS AND DATE		4/1/83				

GPO : 1982 0 - 377-337

The memorandum to Joe Wright transmits two recommendations:

1. A supplement to Circular A-124 that covers all contractors, which we feel should be circulated to the agencies for formal comment.

2. A draft memo from OMB to the agencies telling them how to implement the President's Memorandum quickly.

It should also be followed up by a phone call from you to Joe Wright, telling him that we are concerned about OFPP's reluctance to advise the agencies, including those involved with the Federal Acquisition Regulation exercise, that implementation of the President's memorandum should follow OMB Circular A-124. I would like an opportunity for the key staff members to brief you and explain what is involved.

Recommendation:

1. I recommend that you schedule a briefing by OPTI staff.

   Approve: MB Disapprove: ____ Approve with changes: ____

2. I recommend that you sign the attached memo to Joe Wright.

   Approve: MB Disapprove: ____ Approve with changes: ____

THE DEPUTY SECRETARY OF COMMERCE
Washington, D.C. 20230

13 APR 1983

MEMORANDUM FOR Joseph R. Wright
Deputy Director
Office of Management and Budget

Subject: Implementation of the Presidential Memorandum on Government Patent Policy

Implementation of the February 18 Presidential Memorandum on Patent Policy needs your attention (copy attached). We understand that a team of procurement and patent specialists drafting the new Federal Acquisition Regulation is trying to dilute the President's policy. The purpose of the policy is to provide incentives for commercial use of the newest Government funded technologies for the benefit of economy. The President's February 18 decision is an extension of the policy already applied to small businesses and non-profit organizations.

The policy reserves a free use license for the Government, so the concerns of the procurement community are provided for. The terms and conditions of contractor ownership, however, are issues for which Commerce is responsible, both by its mission and as the lead agency for OMB Circular A-124. The Circular establishes clear conditions for invention ownership by small businesses and nonprofit organizations. In spite of this, we find the Office of Federal Procurement Policy entertaining the notion that different and more severe conditions should apply to the contractors covered by the President's Memo.

Attached is a draft supplement to A-124. It tells agencies how to extend the Circular to all applicable contractors. I recommend that you have this draft circulated to all agencies for policy level review and comment as soon as possible. If you agree, Commerce will provide you with a balanced analysis of the comments and recommendations for supplementing A-124.

Since issuing the supplement will take time, we also enclose a draft memo for OMB to send to the agencies giving them three choices for speedy implementation of the President's Memorandun in the interim.

Guy W. Fiske

Guy W. Fiske

Attachments

THE WHITE HOUSE

WASHINGTON

ATTACHMENT A

February 18, 1983

MEMORANDUM TO THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: GOVERNMENT PATENT POLICY

To the extent permitted by law, agency policy with respect to the disposition of any invention made in the performance of a federally-funded research and development contract, grant or cooperative agreement award shall be the same or substantially the same as applied to small business firms and nonprofit organizations under Chapter 38 of Title 35 of the United States Code.

In awards not subject to Chapter 38 of Title 35 of the United States Code, any of the rights of the Government or obligations of the performer described in 35 U.S.C. 202-204 may be waived or omitted if the agency determines (1) that the interests of the United States and the general public will be better served thereby as, for example, where this is necessary to obtain a uniquely or highly qualified performer; or (2) that the award involves co-sponsored, cost sharing, or joint venture research and development, and the performer, co-sponsor or joint venturer is making substantial contribution of funds, facilities or equipment to the work performed under the award.

In addition, agencies should protect the confidentiality of invention disclosure, patent applications and utilization reports required in performance or in consequence of awards to the extent permitted by 35 U.S.C. 205 or other applicable laws.

Ronald Reagan

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release February 18, 1983

FACT SHEET

President Reagan has today signed a Memorandum to the heads of executive departments and agencies directing, to the extent permitted by law, a revision of the current policy with respect to rights in inventions made during performance of Government research and development contracts, grants or cooperative agreements. This Memorandum directs the agencies to adopt and implement the same or substantially the same policies for all R&D contractors as those set forth in Public Law 96-517 (Chapter 38 of Title 35 of the United States Code) for small businesses and nonprofit organizations. It is intended to achieve more uniform and effective Government-wide policies.

Inventions developed under Government support constitute a valuable national resource. With appropriate incentives, many of these inventions will be further developed commercially by the private sector. The new products and processes that result will improve the productivity of the U.S. economy, create new jobs, and improve the position of the U.S. in world trade. The policy established by the Memorandum is designed to provide such incentives.

Experience has shown that, in most instances, allowing inventing organizations to retain title to inventions made with Federal support is the best incentive to obtain the risk capital necessary to develop technological innovations. The new policy provides that, with limited exceptions, the inventing organizations may retain title to the invention, subject to license rights in the Government which will enable the Government to use the invention in its own programs. The Government will also normally retain the right to "march-in" and require licensing when the inventing organization fails to pursue development of the invention. In addition, the Department of Justice will develop an appropriate safeguard against anticompetitive retentions of title by organizations not subject to Public Law 96-517.

To the extent permitted by law, this Memorandum is applicable to all statutory programs including those that provide that inventions be made available to the public. Those agencies, such as National Aeronautics and Space Administration and the Department of Energy, which continue to operate under statutes

which are inconsistent in respects with the Memorandum, are expected to make maximum use of the flexibility available to them to comply with the provisions and spirit of the Memorandum.

In order to promote uniformity, President Reagan has also asked the Director of the Office of Science and Technology Policy through the Federal Coordinating Council for Science, Engineering and Technology to evaluate the effectiveness of the implementation of the Memorandum and make recommendations for revision or modification of the Memorandum, OMB Circular A-124, the Federal Acquisition Regulation, or agency regulations, policies, or practices. The agencies will also provide the Council with data on the disposition and utilization of inventions resulting from their programs and on their use of patent rights clauses, exceptions and waiver authorities.

# # # # # # #

ATTACHMENT B

DRAFT

OMB Memorandum to the Agencies

Subject: Ownership of Government Funded Inventions

On February 18, the President signed a memorandum that emphasizes the Administration's policy of allowing private sector organizations to own inventions that result from Government funded research and development. The policy is to use the incentives of the patent system to promote private sector use of new technologies for improved economic health and international competitiveness.

The Presidential Memorandum and accompanying Fact Sheet are attached. Together, they require agencies to extend as far as legally possible, the right of invention ownership to all contractors and grantees that P. L. 96-517 provides to small businesses and non-profit organizations.

OMB Circular No. A-124 provides policies to the agencies for implementing P.L. 96-517. The Circular will be supplemented to reflect the Presidential Memorandum, but it will take time for the necessary agency and public reviews. It is important that the benefits of the Presidential Memorandum begin to flow to the economy as soon as possible. In the interim, agencies should use the present A-124 standard patent clause or the title in the contractor clause of either the Federal Procurement Regulations or Defense Acquisition Regulation in all instruments that fund research and development activities in the private sector.

DRAFT

OBM Circular A-124, Transmittal Memorandum 1

To The Heads of Executive Departments and Establishments

SUBJECT: Extension of Circular A-124 Provisions to All Recipients of Federal Research and Development Funding

1. Purpose

This Transmittal Memorandum provides policies, procedures and guidelines for the extension of the Circular provisions to all recipients of Federal research and development grants, contracts, and cooperative agreements.

2. Background

Circular No. A-124 implements Chapter 38 of Title 35 of the U.S. Code (P.L. 96-517), an Act that gives small businesses and non-profit organizations the rignt to own inventions they produce while performing under Federal research and development funding. Early experience with the Act, particularly by universities, indicates that the goal of greater private sector development and use of these inventions is being achieved.

On February 18, 1983, the President issued a memorandum to the heads of agencies on Government Patent Policy. A copy of the memorandum and its accompanying Fact Sheet is attached. The memorandum requires agencies to apply the policies of 35 U.S.C. 38 to all other Federal R&D recipients, in addition to small businesses and non-profit organizations.

3. Policy and Scope

The Presidential Memorandum indicates:

> "To the extent permitted by law, agency policy with respect to the disposition of any invention made in the performance of a federally-funded research and development contract, grant, or cooperative agreement shall be the same or substantially the same as applied to small business firms and nonprofit organizations under Chapter 38 of Title 35 of the United States Code"

Except as noted below, agencies shall apply the provisions of this Circular, including the standard patent clause (Attachment A) to all research and development contracts, grants, and cooperative agreements awarded, extended, or renewed after _____. In addition, agencies are encouraged to extend the Circular provisions to current R&D performers.

Agencies are specifically advised that Chapter 38 and this Circular should be considered as consistent with statutes whose criteria for disposition of federally funded inventions is limited to a provision of the kind that requires inventions or patents to be made available to the public.

4. Exceptions

All provisions of the Circular which apply to both small business firms and nonprofit organizations shall apply to all other recipients of research and development contracts, grants, and cooperative agreements with the following exceptions:

a. The Circular specifies effective dates of July 1, 1981 and March 1, 1982 for application to small business firms and nonprofit organizations. This extension to all other classes of R&D recipients takes effect on and no earlier dates are relevant.

b. Any rights of the Government or obligations of the performer described in 35 U.S.C. 202-204 may be waived or omitted in awards to other than small business firms or nonprofit organizations if the agency determines (i) that the interests of the United States and the general public will be better served thereby as, for example, where this is necessary to obtain a uniquely or highly qualified performer, or (ii) that the award involves cosponsored, cost shared, or joint venture research and development and the performer, cosponsor or joint venturer is making a substantial contribution of funds, facilities or equipment to the work performed under the award.

c. The following exception, which shall apply to recipients other than small business firms and nonprofit organizations is added to Part 7a of the Circular:

(4) When a statute does not permit the terms and conditions of the standard clause, agencies shall make the minimum changes necessary to comply with the statutes, using whatever latitude or discretion allowed by the statute to achieve maximum possible consistency with the standard clause.

d. Part 7 b(1) of the Circular requires a copy of a justification for exceptional circumstance determinations to be sent to the Comptroller General and the Chief Counsel of Advocacy of the Small Business Administration. For awards to other than small business firms or nonprofit organizations, the determination is required, but copies need not be sent to the Comptroller General, or the Small Business Administration.

e. For organizations other than small business firms and nonprofit organizations the right of the Government described in 35 USC 202-204 will be supplemented by an appropriate safeguard to be developed by the Department of Justice against anti-competitive retentions of title. The safeguard to be developed is incorporated into this Transmittal Memorandum by reference and will exercised in accordance with the procedures established in Part 13 of the Circular.

f. Notwithstanding Part 17 of the Circular and Part b. of the standard patent clause (Attachment A), this Transmittal Memorandum does not take precedence over existing regulations, but agencies shall implement it by the effective date through appropriate administrative or regulatory actions.

g. Part i of the standard patent rights clause dealing with preference for United States industry does not apply to recipients other than small business firms and nonprofit organizations.

h. In applying the exceptional circumstances provision of Part 7 a(2) of the Circular, agencies should interpret the statutory objective at 35 U.S.C. 200 relating to the promotion of free competition as encompassing inventions of all recipients of Federal R&D funding.

5. In extending the provisions of the Circular for small business firms and nonprofit organizations to all other recipients of R&D funding, agencies shall obtain approval from the Administrator, Office of Federal Procurement Policy, before making additional exceptions. Requests for exception approvals should include the reason why an exception is requested, the language the agency proposes to substitute for language in the Circular or standard patent clause, and an explanation of what will happen if the exception is not made.

6. Lead Agency Designation

The designation of the Department of Commerce as lead agency to assist the Office of Federal Procurement Policy is extended to include this Transmittal Memorandum.

7. Inquiries

All questions or inquiries should be submitted to the Office of Management and Budget, Office of Federal Procurement Policy, telephone number (202) 395-6810.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 6, 1983

Memorandum for George A. Keyworth, II

Subject: Proposed FCCSET Committee on Intellectual Property for Innovation and Technology Transfer

I endorse Bruce Merrifield's March 24 memo to you asking for early approval of the proposed Committee. After considering other alternatives, we have concluded that the Committee is needed now to resolve a number of pressing government-wide issues. Bruce is the one to head it.

An immediate need is to oversee implementation of the President's Memorandum on patent policy. FCCSET's responsibilities in this area are clearly stated in the fact sheet accompanying the President's Memorandum. Only involvement by the policy level officials of the agencies responsible for implementing the President's program will bring into line all staff specialists in the agencies involved. Without the Committee, there is no efficient means of direct access to these policy officials.

But the real uses of the Committee are far broader. There are, for example, no government-wide policies on the rights of contractors to technical data or trade secrets. We need a forum of informed science policy officials to consider the need for such a policy and to recommend its content if a need exists. This issue will arise soon in relation to the new Federal Acquisition Regulation and should not be resolved solely by procurement specialists.

In addition, Commerce is working on ways to improve the transfer and commercialization of results that come from the Federal laboratories--an issue of immediate concern to OSTP. Bruce will shortly be contacting you about our proposals, and we need a forum for orderly consideration of them as well as alternatives.

As a measure of our concern, forming this Committee is one of Secretary Baldrige's priority objectives.

Guy W. Fiske

cc: Doug Pewitt

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington D.C. 20230
(202) 377-1984

MAR 24 1983

Memorandum for George A. Keyworth, II, Director,
Office of Science and Technology Policy

Subject: Charter of Committee on Intellectual Property
for Innovation and Technology Transfer

Some time ago, we provided your office with a draft charter for the new Committee on Intellectual Property (copy attached). The membership would be policy level officials from nineteen departments and agencies.

There appear to be some problems in implementing the President's February 18 memorandum on patent policy which you helped us obtain. As you know, the Fact Sheet that accompanies the memorandum asks you to evaluate the effectiveness of its implementation through the Federal Coordinating Council for Science, Engineering and Technology. I think we need the Committee now. Will you please approve the Charter as soon as possible or advise me of any delay.

D. Bruce Merrifield

Attachment

B... NL

OPTI:TP:vt:3/21/83
bcc: Merrifield w/attachment
Milbergs w/attachment
Chron w/o attachment
Subject w/attachment

CHARTER OF COMMITTEE ON INTELLECTUAL PROPERTY
FOR INNOVATION AND TECHNOLOGY TRANSFER

of the

FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING,
AND TECHNOLOGY

Establishment

Issues related to intellectual property, ranging from commercial utilization of the results of federally-funded R&D programs to federal policies affecting private sector R&D constitute a set of problems that cut across many Departments and agencies of the Executives Branch. To ensure that the economic, scientific, technological and administrative policies of the Executive Branch effectively address these issues, it is desirable to establish an interagency mechanism for the formulation of policy. Therefore, a Committee on Intellectual Property for Innovation and Technology Transfer is hereby established by the Federal Coordinating Council for Science, Engineering, and Technology (FCCSET). The Federal Coordinating Council for Science, Engineering, and Technology was established by 42 U.S.C. 6651. Under Reorganization Plan Number 1 of 1977, it has been established by the Executive Office of the President under the Chairmanship of the Director of the Office of Science and Technology Policy.

Purpose

This Committee is concerned with establishment, maintenance, licensing, disposal and infringement of intellectual property rights in ideas, writings, computer programs, inventions and technical data created in performance of or affected by government programs and policies. Intellectual property rights for the purpose of Committee consideration, include patents, copyrights, trademarks, trade secrets or other legal means of affording proprietorship in a person or the government.

The Committee addresses policy issues related to intellectual property and makes recommendations which will:

a) Stimulate private sector commercialization of ideas and inventions resulting from government programs while safeguarding the government's operational needs.

b) Provide for uniform, government-wide policies, regulations and practices based on continuing review of executive policies and legislation.

c) Encourage effective use of resources for the management of intellectual property matters and utilization of R&D results.

d) Aid the Department of Commerce in effectuating the implementation of government-wide intellectual property.

Members and Chairperson

The Chairperson of the Committee on Intellectual Property for Innovation and Technology Transfer shall be the Assistant Secretary of Commerce for Productivity Technology, and Innovation. The Executive Secretary shall be appointed by the Chairperson. Membership of the Committee shall be drawn from the subcabinet or other Senior Policy officials who are qualified to address intellectual property, innovation, and technology transfer issues from these agencies having significant research and development programs or private sector policy roles. Members shall be nominated by their respective agencies subject to approval by FCCSET. In addition, as deemed necessary by the Committee Chairperson and with the concurrence of the members of the FCCSET, or at the request of the Chairperson of the FCCSET, additional members or observers may be appointed to provide specific expertise. The Committee includes representation from:

Department of Agriculture

Department of Commerce

Department of Defense

Department of Education

Department of Energy

Department of Health and Human Services

Department of the Interior

Department of Justice

Department of State

Department of Transportation

Environmental Protection Agency

General Services Administration

National Aeronautics and Space Administration

National Science Foundation

Office of Federal Procurement Policy/OMB (Ex Officio)

Office of Science and Technology Policy (Ex Officio)

Patent and Trademark Office

Small Business Administration

Veterans Administration

Administrative Provisions

a) The Committee will report to the FCCSET through the Chairperson of that body.

b) Meetings of the Committee shall be called as deemed appropriate by the Committee Chairperson or at the request of the FCCSET. At least two meetings of the full Committee should be held each year to serve as a forum for the identification of problem areas and for the discussion and exchange of relevant program information and for the evaluation of the programs undertaken by the Committee.

c) Special studies, analyses and recommendations may be initiated by the Committee. As necessary, ad hoc subcommittees or working groups with participation not restricted to Committee members may be formed to assist the Committee in its work.

d) Staff support shall be obtained in the same manner as specified in Section 3 above. Committee members will assign such working staff as requested by the Committee Chairperson and as is necessary and feasible for the conduct of Committee activities and the achievement of its purpose. The agencies shall pay for direct and incidental costs arising from the participation of their members and staff in Committee activities.

Reporting

The Committee will submit a report on its activities annually as indicated above after the first 12 months of its existence. These reports will be reviewed and assessed by the FCCSET.

Compensation

All members will be full-time Federal employees who are allowed reimbursement for travel expenses by their agencies plus per diem for subsistence while serving away from their duty stations in accordance with Standard Government Travel Regulations.

Duration

The Committee shall continue as described herein unless disestablished by FCCSET.

Determination

I hereby determine that the formation of the Committee on Intellectual Property for Innovation and Technology Transfer is in the public interest in connection with the performance of duties imposed on the Executive Branch by law, and that such duties can best be performed through the advice and counsel of such a group.

Date: _____ Approved: _____

George A. Keyworth II
Chairman, Federal Coordinating
Council for Science, Engineering
and Technology

U.S. DEPARTMENT OF COMMERCE

MAR 31 1983

To : Mike Bayer
Associate Deputy Secretary

From: Robert G. Dederick RGD
Under Secretary for Economic Affairs

In response to your March 28 note here is a recommended letter. Bruce Merrifield has also signed off.

cc: Dr. Merrifield
Mr. Milbergs
Mr. Latker 4816

IMMEDIATE ATTENTION

TRANSMITTAL FORM CD-82A (10-67)
PRESCRIBED BY DAO 214-2

USCOMM-DC 1828-P67
GPO : 1976 O - 216-459

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 11, 1983

MEMORANDUM FOR: Jim Tozzi

From: Norman Latker NL

Subject: April 7, 1983 Meeting on Implementation of the President's February 18 Memorandum

The major issue of the April 7 meeting involved the time that a contractor must report an invention to the Government. DOD said they want to preserve their thirty year old rule that inventions must be reported within six months after conception. We don't think this is consistent with either the letter or the intent of the President's memorandum.

You agreed that it would result in forced reporting of concepts by contractors before the utility of ideas has been determined. We believe these kinds of reports are the feedstock for unnecessary patent applications filed by a few agencies. During FY 1970-76, DOD filed on 32 percent of these kinds of cases. This sort of filing contributed to a DOD portfolio of 17632 patents, of which only 1.6 percent had been licensed by 1976. In contrast, major universities, operating under A-124, are reported to be licensing 40 percent of their portfolios.

DOD contends that this kind of reporting and filing cuts off claims against the Government. The only true measure of avoided claims is the number of competing applications for an invention handled by the Patent Office. We understand the Patent Office data indicates that Federal agencies are involved in a miniscular number of such competitions.

DOD indicates they do not intend to use a forfeiture provision. We believe that a forfeiture provision is required by the President's statement as it is included in Pub. L. 96-517. Without it, a firm need not report an invention to protect its ownership, and the reporting requirement will not work as intended to protect the Government's interest unless other penalties are imposed. If some other penalty is imposed in conjunction with the six month rule, it will be used for the ridiculous purpose of prematurely collecting information about unevaluated ideas.

The method of enforcement that DOD would continue, involves investigation of contractors' records including lab notebooks,

and withholding payments. In principle, we can not disagree with this in cases where there is clear reason to suspect nonperformance. But we do not believe that such an adversarial technique should be used as a normal way of doing business. A principle of A-124 is to provide incentives to cause actions, rather than provide for audit-like investigations and the accompanying conflicts with the contractors whom we are trying to encourage to bring new inventions into the marketplace.

I did not want to make an issue of A-124 implementation at the meeting, but GAO is completing a survey of agency compliance, and has found that some components of DOD, particularly Navy, have not implemented the Circular. At least one university is considering legal action against the Navy on this issue.

We understand that most of the civil agencies other than NASA and Energy accept A-124 as the starting point for implementing the President's memorandum. They do not want unnecessary reporting to overburden their modest staffs, and they do not want avoidable disputes with their contractors.

Our basic objective is to allow firms to treat inventions developed with Government funding just as they would treat inventions they have funded. This means clear title and no hassles. The university experience has already shown that this approach is most likely to lead to commercial use.

One last point--DOD insists that the President's memo does not require the use of the clause from A-124 but only adherence to P.L. 96-517. This gives them the authority, so they say, to use the six month from conception test for reporting. They have failed to take into consideration the legislative history for P.L. 96-517 found on page 27 of Senate Report 96-480.

> "The committee is concerned that standard Federal Procurement Regulations and Defense Acqusition Regulations provisions may force premature decisions, and may literally require the reporting of inventions within times that are not consistent with normal operational practices and capabilities. For example, current requirements to report inventions, within six months after they are 'made' could lead to forfeiture of rights in numerous inventions if literally applied. Many inventions are not actually recognized as useful inventions for long periods after their technical 'conception'."

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 13, 1983

MEMORANDUM FOR: Egils Milbergs

From: Norm Latker FOR

Subject: Weekly Activity Report for Federal Technology Policy for the Week of April 4 - April 8

1. Resolved questions about the Standard Patent Clause we are proposing for use by Commerce for all R&D contractors and grantees with Kim White of the General Counsel's office.

2. Fiske signed memo to Keyworth, supporting Mr. Merrifield's request for approval of the Intellectual Property Committee charter. This is the first of four packages for action by the Secretary/Deputy to be signed. It did not go through ExSec.

3. Merit pay appraisal plans were completed for Latker, Parker, and Bracken.

4. A first draft of the OPTI strategic objectives for FY 1985 was prepared.

5. Met with executive group of Small Business Association (NCII) on a number of problems that they are concerned with.

6. Met with Steve Fluger, Senate Commerce Committee, on the legislative history of Section 6 of the Stevenson-Wydler Act. He agrees that one of the section's primary objectives is the establishment of technology transfer capabilities of universities.

7. Met with two Eisenhower Fellows from the Phillipines and Egypt on technology transfer problems.

8. Met with Jim Tozzi, OMB and representatives from DOD and NASA on the implementation of the President's February 18 memo. DOD and NASA are moving toward implementing the memo in a direction clearly not intended. We are taking a number of actions to intervene.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 6, 1983

MEMORANDUM FOR: Egils Milbergs

From: for Norm Latker J.P.

Subject: Weekly Activity Report for Federal Technology Policy for the Week of March 28-April 1

1. Continued to herd our flock of patent policy memos through the system. We hope that some may be signed by the Secretary/Deputy Secretary this week.

2. Discussed with Bill Batt (Labor) coordination between their grantee at Georgia State and the OPTI grantee at Georgia Tech.

3. Met with Jim Tozzi, Information and Regulatory Affairs, OMB on the implementation of the President's memorandum of patent policy. He agreed to help with reluctant agencies.

4. Met with Marge King, the contractor for initial preparation of the Secretary's report to Congress on the Stevenson-Wydler Act. Advised her of our policy objectives.

5. Prepared a letter for Deputy Secretary Fiske to Jay Keyworth asking that the OSTP Committee on Patents and Innovation be activated as soon as possible. It recommends that Dr. Merrifield chair the committee.

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

April 1, 1983

Mr. Michael W. Bloomer
Executive Director
American Patent Law Association, Inc.
Suite 203
2001 Jefferson Davis Highway
Arlington, VA 22202

Dear Mike,

Pursuant to our recent conversation, I want to extend whatever assistance my office can provide in the APLA's consideration of collaborative university and private sector relationships. This is an area of primary concern to us as the lead agency for implementation of P.L. 96-517. We, of course, are advocates of continuing and improving university and private sector relations.

I believe your recently formed University/Industry Committee is an excellent step and would like to be considered for membership on the Committee.

Enclosed is a copy of the Science article you discussed with Darcia.

Best Regards,

(S)

Norm Latker
Director
Federal Technology Policy

Enclosure

OPTI:DB:vt:4/1/83
cc: Subject
Chron

Forecast of OPTI Activities
April 1 through May 15

A. Policy environment: Develop a long-term policy framework to support productivity improvement and technological innovation by removing barriers and creating private sector incentives.

- o Key Events
  - Conference Board meeting on R&D issues, including priorities and the Government role, April 19-20.
  - Milbergs and Johnson site visit to Interfirm Productivity Measurement Site in Trenton, N.J., April 20.
  - DOC Productivity Steering Group meeting, April 28.
  - First meeting in Washington of participants in WBSI Teleconference project, April 28-29.
- o Important Upcoming Issues
  - April 25 BLS Report on Productivity for the first quarter of 1983 (we expect continued issues).
  - Several important policy issues related to contractor ownership of patents and OPTI's role in resolving them will emerge for decision.

B. Research, Development, and Technological Innovation: Develop and provide techniques to facilitate innovative research ventures among private firms, universities, and government agencies.

- o Key Events
  - Complete and submit ITP Project Plan--SPO #2.
  - Complete and submit Outreach Plan (Public Affairs) --SPO #3.
  - Negotiate revised Policy SPO (#5) with the Office of Program Planning.
  - Assist EDA in awarding a grant for 4 regional conferences.

- Hold conference on Joint Research, May 13.

C. Communication and Education: Increase business awareness of productivity improvement opportunities through dissemination of technical analyses, best practice know-how, and information on government policies and incentives.

o Key Events

- Ninth Annual American Metric Council meeting, Arlington, Virginia, co-sponsored by Commerce. Guy Fiske will be the keynote speaker, April 25-26.

- Further metric meetings include:

April 7	National Machine Tool Builders Association
April 12	Edison Electric Institute
April 27	Aerospace Sector Committee
May 17	Transport of Radiation Materials

- A permanent OMP Director is projected to arrive during this period.

- National Metric Week is May 8-14.

- The revised Federal Standard 376A, Preferred Metric Units for General Use by the Federal Government, will be issued.

- National Association of Business Conference, Pittsburg, Milbergs seminar leader, April 4-6.

- New Jersey Board of Industry and Trade, Milbergs to lead seminar, April 21.

D. Technology transfer: Increase business use of government funded technology and technical information developed in government laboratories and through support of universities, nonprofit organizations, small businesses and other private sector entities.

- Continued efforts to implement Presidential Memorandum on Patent Policy, government-wide and within Commerce.

E. Strategic information and analysis: Develop a comprehensive data base and system of analysis to support competitive assessment, policy analysis, and Industrial Technology Partnership efforts.

- Assist EDA in awarding a grant or cooperative agreement for data acquisition.

Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAR 2 9 1983

Honorable Edward N. Brandt, Jr.
Assistant Secretary for Health
Department of Health and Human Services
Washington, D.C. 20201

Dear Dr. Brandt:

On February 4, 1983, you published a notice in the Federal Register entitled "Request for Exclusive License." (48 Fed. Reg. 5313) The notice asked for public comment on whether the public interest would be served by extending the exclusive license that Bristol-Myers currently has to further develop an invention discovered under a National Cancer Institute grant. A petition to extend this license has been filed by Research Corporation.

While I have no opinion on or knowledge of the merits of Research Corporation's petition, I urge you in deciding this matter to consider the Administration's efforts to provide incentives for the development of government-funded inventions by domestic industry. On February 18, the President issued a Memorandum in furtherance of this policy. This Memorandum, which applies to new inventions, establishes more uniform and effective government-wide policies for disposition of rights to government-funded inventions. The policy which the Memorandum establishes is explained in part by the following statement from the Fact Sheet accompanying the Memorandum:

> "Inventions developed under government support constitute a valuable national resource. With appropriate incentives, many of these inventions will be further developed commercially by the private sector. The new products and processes that result will improve the productivity of the U.S. economy, create new jobs, and improve the position of the U.S. in world trade. The policy established by the Memorandum is designed to provide such incentives.
>
> "Experience has shown that, in most instances, allowing inventing organizations to retain title to inventions made with federal support is the best incentive to obtain the risk capital necessary to develop technological innovations."

I understand that the policies of the Public Health Service and the National Institutes of Health have long recognized the importance of exclusive licenses in furthering the public health and in assuring the development of government-funded inventions. The concerns that led to your policies and the President's February 18 Memorandum have important economic consequences. It is critical to our efforts that federal patent policy be administered in such a way as to promote, rather than hinder, further research and development by the private sector, thus freeing government funds for other purposes.

If I or my staff can be of any assistance to you in deciding this matter, please contact me.

Sincerely,

D. Bruce Merrifield

OPTI:NL:vt:3/25/83

cc: Merrifield
Milbergs
Subject
Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

March 28, 1983

MEMORANDUM FOR: Egils Milbergs

From: Norm Latker

Subject: Weekly Activity Report for Federal Technology Policy for the Week of March 21-25

1. Met with Dr. Merrifield, Dave Mowry, Phil Goodman and yourself on enhancing the quality of the reports to CUFT. It was agreed that we will continue to develop an evaluation system in conjunction to the technology management system we have devised for the federal laboratories. In addition, it was agreed that Dr. Merrifield should begin advocating the management system at appropriate opportunities.

2. Met with Dr. Merrifield on status of division assignments.

3. Met with Ralph Segman, Department of Agriculture on technology transfer problems. Advised him of division activities.

4. Completed series of letters intended to promote implementation of the President's patent policy as understood by Commerce.

5. Virginia Turner moved from a temporary assignment in the Office of Strategic Resources to become our secretary.

6. Met with Project Leader of the University of Illinois grant on improving technology transfer from government laboratories.

OPTI:TP:vt:3/28/83
cc: Latker
Parker
Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

MAR 24 1983

Memorandum for George A. Keyworth, II, Director,
Office of Science and Technology Policy

Subject: Charter of Committee on Intellectual Property for Innovation and Technology Transfer

Some time ago, we provided your office with a draft charter for the new Committee on Intellectual Property (copy attached). The membership would be policy level officials from nineteen departments and agencies.

There appear to be some problems in implementing the President's February 18 memorandum on patent policy which you helped us obtain. As you know, the Fact Sheet that accompanies the memorandum asks you to evaluate the effectiveness of its implementation through the Federal Coordinating Council for Science, Engineering and Technology. I think we need the Committee now. Will you please approve the Charter as soon as possible or advise me of any delay.

D. Bruce Merrifield

Attachment Bruce

OPTI:TP;vt:3/21/83
bcc: Merrifield w/attachment
Milbergs w/attachment
Chron w/o attachment
Subject w/attachment

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity,
Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

March 21, 1983

MEMORANDUM FOR: Egils Milbergs

From: Norm Latker

Subject: Weekly Activity Report for Federal Technology Policy for the Week of March 14-18

1. Met with the Patent Counsels for the Department of Transportation and the Department of Agriculture. Commerce has assumed their support in using the patent clause of OMB Circular A-124 as the starting point for implementing the President's Memo on Patent Policy. They also were supportive of an interagency committee of patent counsels from non-mission agencies for the purpose of simplifying procedures and optimizing technology transfer.

2. Met with Jack Williams, Lanse Falker and Ted Maher from the Department of Agriculture on technology transfer and limited partnership problems. Ted will be looking into setting up a group who would serve as the core for interagency advocacy of limited partnerships and technology transfers.

3. Spoke to George Stadler, Research Corp. We are both enthusiastic about the prospect of Research Corp. acting as a focus for selected limited partnerships and as an instructor of technology transfer officers at universities and national laboratories.

4. Met with Marilyn Wagner, Assistant General Counsel for Administration on expediting implementation of the President's memo at Commerce. She indicated her full support for speedy implementation of our proposed patent clause.

5. Completed a series of letters and memos aimed at implementation of the President's memo.

   a. Citation memo to Secretary declares victory. Includes, for his signature:

      - Letters of recognition to six staff members in Commerce, OSTP, and NSF.

- Memo to Merrifield showing support for continued efforts Government-wide. This to be circulated outside with request to support implementation.

b. Internal memo from Secretary to Commerce components directing them to implement the President's Memorandum quickly, while the formal Departmental Order is being revised to convey a new Standard Patent Clause for use in all R&D contracts, grants, and cooperative agreements.

c. Memo from Fiske to Joe Wright (OMB)--(SBO). Conveys:

- Memo from OMB to the agencies telling them how to implement the President's Memorandum quickly.

- Draft supplement to OMB Circular A-124, which would extend the present patent clause for small businesses and nonprofit organizations, to all contractors with very few exceptions. Expands DoC lead agency responsibility. (Resistence is anticipated on both counts).

d. Memo from Merrifield to Keyworth re-transmiting the draft charter for the Committee, and asks for speedy approval. (SBO)

6. At the request of the Senate Committee on Science and Technology, completed the first draft of a bill to allow all recipients of Federal R&D funding to own any resulting inventions. This is a replacement of the Schmitt Bill which died in the last session.

OPTI:TP:vt:3/21/83
cc: Latker
Parker
Chron

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

March 21, 1983

Memorandum for: David T. Mowry, Program Manager
Center for the Utilization of Federal Technology

From: Norman Latker

Subject: Your Comments on our Technology Management System Proposal

Thank you for the thoughtful comments on our proposed system. The background material and statistics are particularly valuable. I am pleased that you agree with the general direction that we are trying to go.

The employee ownership issue is a knotty one as you observe. We only intend for employees to take title to inventions that the Government decides not to protect for commercial reasons. If the inventors do not try to find commercial uses for these inventions, nobody will. Further, if employees know that their agencies will not just cream the most valuable inventions off, and destroy the value of the rest, they will have a stronger incentive to report. We need to get more views on this, but we feel that inventors are often treated less than fairly by some agencies. Since the system must start with them, we feel that they deserve more attention than they have received in the past. I agree with you about increasing their share of the royalties.

TP:vt:3/21/83
cc: Milbergs
Chron
Subject

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Productivity, Technology and Innovation
Washington, D.C. 20230
(202) 377-1984

March 21, 1983

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TP:vt:3/21/83
cc: Milbergs
Chron
Subject

UNITED STATES DEPARTMENT OF COMMERCE
National Technical Information Service
5285 Port Royal Road
Springfield, Virginia 22161

March 11, 1983

MEMORANDUM TO: Norman Latker
Director, Office of Patent Policy
Office of Productivity, Technology
and Innovation

SUBJECT: Proposed System for Managing and
Transferring Patentable Technology

We appreciate the opportunity to review and comment on the subject draft. You and Tip Parker have come up with a very thought provoking plan. We certainly support the effort to achieve greater interagency uniformity, greater licensing effectiveness and lower overall cost. We have some general comments in several areas which you may want to consider while fine tuning the proposed system.

1. For procurement oriented agencies (DOD and NASA) total patenting costs are a small fraction of 1% of the R&D budget and management justifies the few millions they spend on defensive filing by projected avoidance of royalties they could incur if they did not have either title or a free license. Going to the Commissioner's unexamined mini-patent idea might be a good idea even if it saves the PTO and the agencies only a million or two annually and this seems to be acceptable to DOD.

   We feel the major problem in these agencies is one of omission. Since commercial potential per se is not a justification for filing, many employee inventions are not selected for filing, and the chance to offer industry the incentive of exclusive licensing is lost. Concurrently, the Government loses the opportunity of documenting commercial payout based on its R&D.

2. For the industry/commerce oriented agencies (USDA, Interior, HHS, Commerce, DOT, etc.). The main problem appears to be dwindling budgets, a shift away from applied research that produces the most patents, a declining number of good inventions filed (now less than 130 annually for this group) and a lack of a large enough critical mass to justify an aggressive and professional patent management effort. DOE with 120 applications a year may feel they have adequate inventory for an effective independent program.

   For this group of agencies we feel greater centralization of invention management at NTIS plus greater involvement of the agency technology transfer people in disclosure selection (as you have suggested) is the best approach. A centralized self-funding group is the logical place to develop an NRDC type operation if this is later decided to be desirable. Some of the reasons follow:

There is need for critical mass and patient money lead time in a licensing program. I attach a February 9, 1981 New York Times write-up about the Research Corporation (RC) program and a comparison of their program and ours for three recent years. It took some 30 years for RC to reach a sustainable level of operations in the black. The NRDC patent licensing royalties in England did not reach breakeven for 17 years at the $2.5 million level, but then grew to $35 million in the next ten years.

University Patents which spun off from the University of Illinois in 1971 were still in the red on licensing in 1980 ($437,000 revenues against $923,198 expenses with 10 employees) despite virtual subsidies through IBM advance royalties in recent years.

We have very few hard numbers on independent university programs and would welcome any data you have or can get. The 1978 SUPA survey did not address costs. With the exception of WARF, MIT, Stanford and a few others we get the impression that 80% have expenses greater than revenues, probably because they have not yet hit the lucky 1-in-100 success that supports all profitable licensing programs. NTIS has reached breakeven in seven years, but only because one of ninety licenses granted became a winner in less than six years. A more diverse support base is still needed for stability.

Since agency budget officers and OMB are not noted for patient money over such long lead times, we strongly recommend more concentration of promotion and licensing rather than fragmenting the effort.

3. Invention disclosure evaluation is not inexpensive, but we certainly agree that it does need to be done professionally, and on the basis of commercial potential, not just on the basis of patentability. Since employee disclosures are usually filed prior to comparative tests against commercial products on a performance/cost or efficacy/safety basis, evaluation at this stage is extremely difficult. The RC costs appear to average about $1,000 per disclosure. Our costs over the years for patent application evaluations by contractors such as IITRI were in the $250-1,000 range, depending on depth of evaluation. At NBS, the Office of Energy Related Inventions (OERI) has screened over 18,000 invention disclosures over a seven year period. The end result is to recommend about 2% for R&D funding by DOE. In a typical recent year, about 2,000 disclosures are received and 1,000 immediately rejected as trivial, illiterate, or nonsensical proposals of perpetual motion, antigravity machines and the like. One thousand enter a technical screening performed by hundreds of expert consultants under contract at costs averaging $460. Eighty disclosures survive screening and go to an in-depth technical plus commercial evaluation averaging $2,400. These costs include both in-house and contract expense.

In 1970-76 Government employee disclosures averaged 2,628 annually, and contractor disclosure averaged 6,150. Title to two thirds of contractor inventions was neither requested by the contractor because of lack of commercial interest nor filed by the Government because of lack of evaluation. Assuming disclosures in 1983 would be only half of this level, it is still a $4 million expense, whether done by contract or in-house. In industry these judgements are made by sales and development people in constant contact with the pertinent marketplace. Segmented up-to-date commercial expertise is only rarely available inside the Government.

Experiments in evaluation quality conducted by NTIS involving various contractors (Battelle, IITRI, etc.) showed very poor correlation in blind tests when rating the same group of applications. Because of this we went to a direct mail and direct contact system getting the application rated by prospective industry licensees who will do this only if it is on a non-confidential basis and after the patent application is filed. We frequently have a licensee signed up before we make expensive foreign filing decisions. This is the best way to evaluate but of course cannot be used to evaluate disclosures prior to filing. For this the OERI group could be used for employee disclosure evaluation. NTIS would like to consider evaluating and limited filing from other agencies in 1984 and thereafter to the extent it can be funded by royalty income.

4. For invention management, our past experience in NTIS and CUFT with technology transfer people in various agencies, indicates their commercial judgement capability and competence is quite uneven. It would range from poor (or non-existent) at HHS, to fair at USDA and Interior, to good (or at least extensive) at NASA. They would need to learn or acquire skills in intellectual property evaluation and management. To get experienced help they would have to rely on contractors or on hiring from industry, which GS pay scales limit to young, relatively inexperienced types or retirees with pensions.

5. Employee inventor ownership of patents may seem attractive, but R&D management will consider that it creates an intolerable conflict of interest and loss of productivity in achieving their mission of solving technical problems. Small business and independent inventors would resist this subsidized competition. To our knowledge, few if any private sector organizations, including non-profits, permit this and with large scale grants and funding it has been getting rarer in universities. Most inventions are now developed by team efforts requiring massive capital investments. Loner inventors preserve secrecy and decrease communications, morale, and cooperation with coworkers. We favor greater rewards, e.g. higher than our 15% and $25,000 limits, and this seems to be the trend in institutes, universities, and, in Europe, even in private companies. Moreover, OPM would certainly have to approve any compensation to Government employees, direct or indirect. Patent rights to inventors may be more a question of R&D and employee compensation policy than patent policy.

In summary, we think your concept of bringing the technology transfer and patent licensing departments closer together throughout the Government is excellent. It is right in line with the Energy Research Advisory Board report issued a few months ago (summary attached). This faults DOE patent policy as being too restrictive for effective technology transfer to industry. We believe an exclusive license is the best incentive we can offer to industry and would like to maximize the number of good employee inventions available for licensing.

Dave Mowry

David T. Mowry
Program Manager
Center for the Utilization
of Federal Technology

Attachments

cc: E. Milbergs, OPTI
J. Williams, OPTI
T. Parker, OPTI
J. Caponio, NTIS
G. Kudravetz, NTIS
D. Campion, NTIS

COMPARISON OF PATENT LICENSING PROGRAMS

Research Corporation

Invention Administration Staff	1981	1980	1979
Management & Administration	5	4	2
Evaluation	4	5	6
Licensing	5	5	5
Clerical Support	NA	NA	NA
Operating Costs	$2.0M	$1.8M	$1.0M
Royalties Received a/	$6.6M	$5.1M	$4.0M
Disclosures Screened b/	355	374	384
U.S. Patent Applications Filed	30	36	27
Patent Licenses Granted	18	21	NA

a/ Royalties in 1976 to 1978 period ranged from $1.3 to $2.0 million.
b/ From 80 to 100 colleges and universities submit disclosures annually.

NTIS Office of Government Inventions & Patents

Staff	1982	1981	1980
Professional	2.5	3	3
Clerical	2	3	3
Program Funding a/	$300K	$540K	$700K
Royalties Received d/	$156K	$69K	$22K
Applications Screened b/	130	150	167
Inventions Foreign Filed	25	11	17
Patent Licenses Granted c/	27	20	10

a/ 1983 funding is $500K with $865 planned for 1984.
b/ Excludes Army and Air Force.
c/ About 50% involved foreign rights.
d/ Royalties estimated at $700 for 1983.

ERAB report criticizes Energy Department management of labs

The report issued late last year by the Energy Research Advisory Board, although only moderate in its praise of the laboratories, did urge that they be preserved as important centers of research on national problems. What the panel is critical of, however, is the floundering system of support, management, and oversight by the Department of Energy.

DOE's management practices regarding the laboratories, it states, "are not consistent with their long-range future well-being and deny to the nation the full benefits of this national research and development asset." It goes on to say that although the Reagan Administration wants to decrease the types of federal R&D programs that private industry can do, there are potential innovations that industry will not work on. It says the laboratories could fill a legitimate slot in the national R&D picture with industry and the universities.

The question, of course, is how to achieve this systematic sleight of hand with DOE's reluctance to establish any overall management information principles. This is the summary of the report's findings and recommendations:

Direct functions. The laboratories should keep doing what they do best: research in high energy and nuclear physics, nuclear medicine, generic energy research, and fields of research such as ecology and radiobiology that some of the laboratories established to study the effects of radiation. Universities and industry should increase their participation in that activity.

Support functions. The laboratories act as agents to manage both complex projects and work they contract out to industry and universities. They give technical assistance to other agencies, to governments, and to industry. They are used to train students and faculty in the associated universities. They counsel and advise DOE on ongoing and emergency problems.

Technical capabilities. The panel calls them "impressive" but says DOE is inefficient in making best use of them. It says that funding policies are obstacles and the labs labor under much budgetary uncertainty. "Layering and fractionation of managerial and research and development responsibilities in DOE," it adds, "require labs to interact with DOE on an excessive number of horizontal and vertical levels and with heavy reliance on negotiation." There is need for a "coordination and resolution officer at DOE" at the deputy undersecretary level to decide where work is to be done and where it fits into the overall energy policy. The labs should be given two-year appropriations by Congress. Relations between labs and DOE regional operations offices should be at arm's length in policy and program development. The offices are too closely involved in the programs at the labs. Lab directors should be given more flexibility to reprogram resources or start new programs at no less than 5% but no more than 10% of lab budgets.

DOE policies and procedures. The labs are burdened with too much paperwork. Still, research quality at the labs needs improving. Current DOE patent policy is too restrictive for effective technology transfer to industry. A paperwork audit should be done by an outside consultant to improve efficiency of operations. Technical audits of lab research programs also should be done by outside groups. Labs should be allowed to do more work for outsiders.

Lab involvement in DOE energy objectives. DOE has a vision of how labs could be used for research policy leadership. Lab staffs are not used in department planning. Lead mission assignments are ineffective and given reluctantly; DOE has no commitment to them. More training programs with universities are needed. Research and development at labs is not done enough with needs of end-user in mind. Technology transfer activities need a lot of improvement.

Other strategies for making best use of labs. Minimum funding will deteriorate the quality of research at the labs. If cuts have to continue, the best programs should be preserved. So options would be to give labs some work by other agency labs, narrow the missions of the labs, shut some down, or merge them with others.



The New York Times/Fred Hamerman

James Stacy Coles, left, president, and Willard Marcy at Research Corporation with a molecular model of vitamin B1

Selling Academics' Patents

By BARNABY J. FEDER

As American companies accelerate their efforts to acquire and develop new technology, academic research is drawing increasing attention.

That trend has meant a new era at the Research Corporation, the small, unobtrusive nonprofit foundation that has been trying to market the work of academics to industry for almost seven decades.

The foundation, called the "granddaddy in the field" by one of its competitors, patents inventions presented to it by researchers at more than 280 universities and nonprofit laboratories. It then tries to license them, usually to large companies, for further development and commercialization.

Based in New York, the foundation, which says it has seldom publicized its transactions because it does not want a "high profile among attic inventors," administers some 500 inventions and 200 licenses.

"We try to persuade people in the industrial community that we have a new idea that is going to die aborning if they do not invest," said James S. Coles, who left the presidency of Bowdoin College to become head of the foundation in 1968.

Those companies signing licensing agreements in recent months with the foundation include the Warner-Lambert Company, for a new cancer detection technique; Hoechst of West Germany, for two sex hormone-based attractants for moths, and ITT Rayonier, for water treatment technology.

What attracts these companies is not so much the chance to save a new idea as the knowledge that the products of academic research occasionally pay off handsomely in the marketplace if properly nurtured. Core memories for computers, basic laser technology, synthetic penicillin and gene splicing technology all sprang from basic research at universities and nonprofit institutions.

"All commercial companies have to be conscious of what is going on in academic research today," said Dr. Zola Horovitz, vice president in charge of biological and pharmaceutical research and development at E. R. Squibb and Sons Inc. "We can no longer do it all ourselves."

Growth Expected

Although most major companies have minimal stakes in academic research today — 3 percent of Squibb's current development work is based on academic research — Dr. Horovitz expects the figures to grow.

The major reason is that regulations controlling government-supported research have been altered in recent years to encourage commercialization. In addition, academic awareness of the

Continued on Page D5

Selling Academics' Patents

Continued From First Business Page

commercial potential of research is growing.

The Research Corporation, which tries to market medical and chemical products as well as an assortment of electronic and mechanical inventions, is not alone in its niche of the technology development world. Several universities, including such major research-oriented institutions as the Massachusetts Institute of Technology and the California Institute of Technology, operate their own patent and licensing offices.

And University Patents Inc., a publicly traded offshoot of the patenting program at the Urbana-Champaign campus of the University of Illinois, exclusively represents 10 universities, as well as the AMC Cancer Research Center and Hospital of Lakewood, Colo., from its offices in Norwalk, Conn.

The Research Corporation was created in 1912 by a University of California chemist, Frederick Gardner Cottrell, inventor of the electrostatic precipitator. He established the foundation to develop the precipitator after he had been unsuccessful in efforts to donate the patent for the air pollution control device to any institution that would commercialize it and use the proceeds to support research.

Within a decade, the precipitator business was supporting a research grant program. A change in tax laws in 1954 forced the foundation to divest itself of the precipitator business, but the sell-off provided the foundation with a $50 million endowment. (The divested business, Research-Cottrell Inc., today produces a variety of pollution control equipment.)

That endowment was supplemented by earnings from the administration of other donated patents, such as those covering the synthesis of vitamin B1, and more recently by royalties shared with inventors and its client universities when one of the inventions submitted to it is successfully patented, licensed, and marketed.

It is not an arrangement that leaves the foundation with money to burn. Although the foundation has donated $68 million to nearly 4,000 academic and nonprofit research projects over the decades, including $2.9 million in the year ending last Oct. 31, it has been eating into its endowment during the last decade.

The financial picture became especially bleak after 1976 because few commercially valuable patents came in during the late 1950's, and older patents lapsed (patents run 17 years). As a result, the invention administration program has not only failed to produce grant money since then, but has not paid for itself.

Critics say such problems stem from the foundation's low-key operating style. Willard Marcy, a former research executive at the Amstar Corporation, who is the foundation's vice president in charge of invention administration, conceded that the foundation may not have been aggressive enough in marketing itself and its wares during the 1950's, but he contends that the situation was rectified during the following decade.

Citing increased royalties, and projections that the invention administration program will move back into the black this year, he said: "What you are seeing today is the result of a more aggressive approach. The upgrade is just beginning."

Whatever the operating style, marrying academic research and business needs is difficult. Like the Research Corporation, University Patents and most university programs are currently earning less from it than they are spending.

The most common problem is that academic researchers are frequently oblivious to the potential commercial value of their work, patent administrators say. Intent on publishing their results in academic journals, they often fail to develop and file patent applications first.

What many do not realize, it is said, is that publication in any publicly available document, no matter how obscure, eliminates the chance of obtaining overseas patent protection and starts a one-year clock running on the period in which they may claim United States rights.

Without a patent, an invention is difficult to license because it can easily be copied if it turns out to be profitable.

Some Inventions the Research Corporation Has Marketed

Year	Description	Invented By:	Research Corp.'s Share of Royalties
1949	A process for growing seed corn that does not require hand detasseling of corn plants	Connecticut Agricultural Research Station	$1,348,800
1951	The maser-laser concept	Columbia University	$1,000,000
1960	Tetrahedral anvil press used to make industrial diamonds	Brigham Young University	$65,700
1965	Animal feed supplements (quinoxaline-di-N-oxides)	American University of Beirut	$2,182,400
1968	Burn ointment	Columbia University	$500,000
1969	Platinum anticancer compounds	Michgan State University	$1,171,000
1973	Skelotal imaging agents (radiopharmaceuticals) for diagnosing bone cancer	SUNY Upstate Medical Center	$372,200
1974	Converter for applying cold liquid ammonia as fertilizer	Penn State University	$45,600
1974	Cardiac pacemakers that feature telemetry, rechargeable batteries and other improvements	Milton S. Hershey Medical Center, Hershey, Pa.	$43,900

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