TRANSPARENCIES FOR UNIT 19

TECHNOLOGY TRANSFER INCENTIVES

INCENTIVES FOR AGENCIES

- CREATION OF PUBLIC GOODS
- CONGRESSIONAL APPROVAL
- INCREASED PRESTIGE
- STRONGER LABORATORIES

gsri

DIRECT INCENTIVES FOR LABORATORY MANAGEMENT

- CREATION OF PUBLIC GOODS
- CONGRESSIONAL AUTHORITY FOR TECHNOLOGY TRANSFER
- ROYALTIES
- BUDGETARY SUPPORT THROUGH COOPERATIVE R&D

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INDIRECT INCENTIVES FOR LABORATORY MANAGEMENT

- INCREASED PRESTIGE
- INCREASED EMPLOYEE PRODUCTIVITY
- MANAGEMENT FLEXIBILITY
- ABILITY TO RETAIN PROGRAMS
- ABILITY TO RETAIN EMPLOYEES

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INCENTIVES FOR SCIENTISTS AND ENGINEERS

- LEGISLATION PROVIDING AUTHORITY
- CREATION OF PUBLIC GOODS
- DIRECT INCENTIVES
- INDIRECT INCENTIVES

gsri

LEGISLATION

"...TECHNOLOGY TRANSFER ...IS A RESPONSIBILITY OF EACH LABORATORY SCIENCE AND ENGINEERING PROFESSIONAL..."

Federal Technology Transfer Act of 1986, Section 10

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CREATION OF PUBLIC GOODS

TECHNOLOGY TRANSFER LEADS TO:

- INCREASED PRODUCTIVITY
- INCREASED INDUSTRIAL INNOVATION
- ENHANCED U. S. INDUSTRIAL COMPETITIVENESS
- JOB CREATION
- IMPROVED PUBLIC SERVICES
- LOWER COST PUBLIC SERVICES

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DIRECT INCENTIVES FOR SCIENTISTS AND ENGINEERS

- **FINANCIAL REWARDS**
- **INVENTOR OWNERSHIP**
- **ABILITY TO WORK WITH PEERS IN INDUSTRY AND UNIVERSITIES THROUGH**
  - **Personnel exchanges**
  - **Cooperative R&D agreements**
- **ABILITY TO ASSIST COMMERCIALIZATION**

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INDIRECT INCENTIVES FOR BENCH SCIENTISTS AND ENGINEERS

- ABILITY TO SEE IDEAS MATERIALIZE
- INCREASED EXPERTISE
- INCREASED PRESTIGE
- INCREASED JOB SECURITY
- INCREASED CREATIVITY
- INCREASED PROBABILITY OF PROMOTION
- DIVERSIFICATION OF RESEARCH ACTIVITY
- ACCESS TO OUTSIDE EQUIPMENT
- NEW CONTEXT FOR PUBLICATION
- PERKS
- ENTREPRENEURIAL SPIRIT

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TECHNOLOGY TRANSFER INCENTIVES SERVE THE PUBLIC INTEREST

- PURPOSE OF FINANCIAL INCENTIVES
- PARTICIPATION IN TECHNOLOGY TRANSFER ACTIVITIES IS A PUBLIC GOOD

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HANDOUT FOR UNIT 19

SPECIFIC AUTHORITIES: INCENTIVES

Legislative Authorities and Actions	Government-Operated Laboratories	Nonprofit Contractor-Operated Laboratories[1]	Agencies
General			
Royalties and other income received on technologies developed at government-operated laboratories will be retained and distributed by the agency whose laboratory produced the invention.	FTT		FTT
Royalties and other income received on technologies developed at contractor-operated laboratories will be retained and used by the laboratory that produced the invention.		TC	TC
For purposes of distribution of royalties or other income, if inventions are assigned to a Federal agency by a contractor, grantee, participant in a cooperative agreement, or employee of the agency who was not working in the laboratory at the time of the invention, the agency unit involved in the assignment will be considered to be a laboratory.			FTT
Royalty Sharing With Inventors			
Nonprofit contractors must share royalties with the inventor.		BD,TC	BD
At least 15 percent of the royalties and other income from an invention must go to the inventor(s) if the inventor(s) was an employee of the agency when the invention was made.	FTT		FTT
All royalty payments to employees must be in addition to regular compensation and other awards.	FTT		FTT
Payments to the inventor must continue after the employee leaves the laboratory or agency.	FTT		FTT
Payments must not exceed $100,000 a year per employee, unless the President approves a larger reward. Any amount over $100,000 is considered a Presidential award.	FTT		FTT

HANDOUT 19-1

Legislative Authorities and Actions	Government-Operated Laboratories	Nonprofit Contractor-Operated Laboratories	Agencies
Other Uses of Royalties			
After inventors, patent and licensing costs, and other administrative expenses are paid, nonprofit contractor-operated laboratories must use the remaining royalties and other income for scientific research, development, and education consistent with the R&D mission and objectives of the facility, including activities that increase the licensing potential of other laboratory technologies. If, after payments to inventors and patenting and licensing expenses, royalty and other income exceeds 5 percent of the facility's annual budget, 75 percent of the excess must be transferred to the U.S. Treasury.		TC	
After royalties are paid to inventors, remaining royalty and other income must be transferred to the agency's government-operated laboratories, with the majority of the funds going to the laboratory where the invention occurred.	FTT		FTT
Royalty and other income must be used or obligated by the laboratories during the same fiscal year they are received or the next fiscal year, or they will go to the U.S. Treasury.	FTT		FTT
Royalty and other income must be used by the government-operated laboratories:			
(1) to cover expenses associated with the administration and licensing of the laboratory's inventions. These expenses may include fees or costs for services of other agencies, persons, or organizations that provide invention management and licensing services;	FTT		FTT
(2) to reward employees of the laboratory (in addition to the required royalty payments);	FTT		FTT

Legislative Authorities and Actions	Government-Operated Laboratories	Nonprofit Contractor-Operated Laboratories[1]	Agencies
(3) to assist scientific exchange among the government-operated laboratories;	FTT		FTT
(4) for education and training of employees; and	FTT		FTT
(5) for other activities that increase the licensing potential of the laboratories.	FTT		FTT
If after payments to inventors, the royalties received by an agency in any fiscal year are greater than five percent of the budget for all the agency's government-operated laboratories for that year, 75 percent of the excess must be paid to the U.S. Treasury. The remaining 25 percent of the excess must be used in the manner described above.			FTT
Other Incentives			
For each agency that spends over $50 million per fiscal year for R&D in all its government-operated laboratories, the agency must develop and implement a cash awards program for those laboratories.	FTT		FTT
The inventor will be allowed to retain title to the invention if the nonprofit contractor[2] or Federal agency does not choose to retain title.	FTT	BD,TC	BD,TC,FTT
A program to promote personnel exchanges among academia, industry, and Federal laboratories allows laboratory scientists and engineers to work with people from industry and universities with similar areas of interest and expertise.	SW	SW	SW

Legislative Authorities and Actions	Government-Operated Laboratories	Nonprofit Contractor-Operated Laboratories[1]	Agencies
Employees are permitted to work with the private sector through cooperative research and development agreements.	FTT		FTT
Employees are permitted to participate in efforts to commercialize the invention (e.g., work with the licensee).	FTT		FTT

NOTE: BD = Bayh-Dole Act (1980), Public Law 96-517
SW = Stevenson-Wydler Act (1980), Public Law 96-480
TC = Trademark Clarification Act (1984), Public Law 98-620
FTT = Federal Technology Transfer Act (1986), Public Law 99-502
EO = Executive Order No. 12591, "Facilitating Access to Science and Technology (1987)

[1]The Department of Energy normally retains rights to inventions made as a part of that agency's naval nuclear propulsion and weapons programs.
[2]Contractor can ask the agency to allow the inventor to own an invention.

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