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

OCT 29 1986

Honorable William R. Graham
Director, Office of Science
and Technology Policy
Room 358, Old Executive Office Building
Washington, D.C. 20506

Dear Bill,

President Reagan has just signed the Federal Technology Transfer Act of 1986 (P.L. 99-502). We have been working with the Republican leadership in both houses of Congress for over two years to bring this about. This Act applies to Government-operated laboratories and almost completes the broad legal framework necessary for U.S. industry to have effective access to all the unclassified technology produced by the Government or with Government funding. The Act allows agencies to delegate significant authorities to their laboratories for collaborating with industry on projects of mutual interest, and to manage the results to benefit both the Government and the economy.

This Act is the most recent in a chain of steps we have taken with Jay Keyworth's support and assistance to move the commercialization of technology out of agency headquarters, where results have been less than optimum, down to the level where technology is created and best understood. This means ownership of inventions by contractors, decentralized authorities for Government laboratories to manage the commercialization of their inventions, and realistic incentives for inventors and managers.

Two years ago, legislation extended these principles to most Government-owned laboratories operated by nonprofit contractors. We have just issued the regulations implementing this Act after long discussions with DOE. We are working to extend the principles of decentralized technology management to the few remaining Federal laboratories operated by for-profit contractors.

Now that the policy development task of obtaining adequate authorities for nearly all Government laboratories is completed, we face the equally difficult task of implementation. Luckily, we have some relevant experience. The universities have blazed a trail through the thicket of concerns about public/private sector collaboration and found most of the problems manageable. In addition, some of the Federal laboratories have moved aggressively to get ready for the new authorities.

The next step is to explain to the laboratory directors what can be available to them and to build enthusiasm for the new opportunities they can use. At the same time, we must assist agency headquarters staffs to recognize how any necessary centralized control they need for mission accomplishment can be compatible with decentralized authorities for commercialization.

Accordingly, I would like to request that you invite the directors of representative Federal laboratories to a meeting in Washington to discuss the new authorities and how they can be used. Agencies should also be invited to send headquarters staff, but the meeting would be primarily for the directors. My staff will be happy to assist yours in arranging the meeting and developing its program. We have many ideas for the program. It could include laboratory directors already engaged in collaborative projects with industry and those who have made extensive preparations for them. We could also have university and industry spokesmen describe the types of collaboration they are finding fruitful.

If you agree with this meeting, we ought to announce it soon. From the Administration's standpoint, proper implementation of these authorities can lead to major political dividends. It seems like a particularly strong way to inject OSTP into an area that is within your charter, but where the Office's influence has not been felt strongly in the past.

I believe we should meet as soon as possible to discuss this idea and other issues related to Federal laboratories that I am sure will interest you.

Sincerely,

(Bruce)
Bruce Merrifield

D. Bruce Merrifield