MEMORANDUM FOR: KAY BULOW

SUBJECT: Transfer of Government Employee Invention Program

PTO and OPTI agreed last year to transfer the Government Employee Invention Program from PTO to OPTI. (See attached Quigg memo to Williams, 12/5/85.) However, the process ~~was~~ stopped ~~by your~~ office in March because ~~you believed it to be counter~~ of to the Administration's proposal to phase OPTI out of the FY 87 budget. (See Bulow memo to Merrifield, 3/14/86.)

at your

As you know, the funding issue has been resolved, and OPTI is now included in the Administration's FY 88 budget.

In addition, the Technology Transfer Act of 1986 recently signed by the President assigns new responsibilities to OPTI with regard to the encouragement of cooperative research programs and the promotion of technology transfer initiatives, including employee inventions. As noted in the attached decision memorandum (Merrifield to Jones, 2/4/86), serious policy implementation problems will result if all aspects of Federal employee inventions are not consolidated in one Commerce office.

Because of these developments, I ~~urge you~~ would like to proceed at once with the transfer of the Government Employee Invention Program and its budgeted funds from PTO to OPTI.

D. Bruce Merrifield

Interior

Bulow

S/d we wait for delegations?

MEMORANDUM FOR: KAY BULOW

SUBJECT: Transfer of Government Employee Invention Program

PTO and OPTI agreed last year to transfer the Government Employee Invention Program from PTO to OPTI. (See attached Quigg memo to Williams, 12/5/85.) However, the process was stopped by your office in March because you believed it to be counter to the Administration's proposal to phase OPTI out of the FY 87 budget. (See Bulow memo to Merrifield, 3/14/86.)

As you know, the funding issue has been resolved, and OPTI is now included in the Administration's FY 88 budget.

In addition, the Technology Transfer Act of 1986 recently signed by the President assigns new responsibilities to OPTI with regard to the promotion of technology transfer initiatives and the encouragement of cooperative research programs. Those responsibilities relate closely to the functions of the Government Employee Invention Program, the transfer of which should be effected as soon as possible in order to permit the Department to consolidate its patent policy functions and enable it to provide stronger support for the Administration's policy objective of increasing commercial sector use of Federal laboratory inventions.

Because of these developments, I urge you to proceed at once with the transfer of the Government Employee Invention Program and its budgeted funds from PTO to OPTI.

D. Bruce Merrifield

including employee inventions

UNITED STATES DEPARTMENT [illegible]
The Assistant Secretary for Administration
Washington, D.C. 20230

MAR [illegible] 1987

MEMORANDUM FOR: Bruce Merrifield
Acting Under Secretary for
Economic Affairs

FROM: Kay Bulow
Assistant Secretary
for Administration

SUBJECT: Transfer of Government Employee Inventions Program

This is in response to your memo concerning the transfer of the Government Employee Inventions Program from PTO to OPTI. I don't think that now is the time to transfer additional programs to OPTI. This action could be perceived by Congress as being counter to our 1987 budget proposal to terminate OPTI programs. But I do think that it is important for you to coordinate with PTO to ensure that their operations are consistent with Federal technology management policies and legislative developments in this area. Please let me know if you need assistance in these efforts.

cc: A/S Quigg

RECEIVED

D. BRUCE MERRIFIELD

[illegible] proposal to terminate OPTI programs.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office

Address COMMISSIONER OF PATENTS AND TRADEMARKS
Washington, D C 20231

John O'Brien

December 5, 1985

MEMORANDUM

TO: John C. Williams, Ph.D., Director
Office of Productivity, Technology,
and Innovation

FROM: Assistant Secretary and
Commissioner of Patents
and Trademarks

SUBJECT: Transfer of function and funds for the
Government Employee Invention Program

This is a response to Mr. Merrifield's memorandum of November 19, 1985. PTO agrees with the proposal to transfer the Government employee invention determination program to OPTI.

In transferring the program to OPTI, PTO agrees that only the function and limited funds (specifically, $49,425) will be transferred and that no FTE will be transferred.

PTO has also reviewed certain proposed documents recently received under separate cover:

1. A proposed abstract of secretarial correspondence.

2. A proposed amendment to DOO 10-1 (proposed amendment 2).

3. A proposed amendment to DOO 10-14 (proposed amendment 2).

4. A proposed amendment to DOO 30-3 (proposed amendment 2).

5. A proposed amendment to DOO 35-9 (proposed amendment 1).

PTO believes that the abstract of secretarial correspondence should be changed to reflect our agreement that no FTE will be transferred to OPTI. Inasmuch as no FTE will be transferred, it is not necessary to refer in the abstract to any "associated personnel . . . adjustments." Moreover, PTO believes the abstract should make clear that PTO and OPTI have agreed there is no personnel adjustment necessary.

PTO also believes that each of the proposed amendments to DOO 10-1, 10-14, 30-3, and 35-9 should be changed to make clear that the transfer of the delegation of authority to decide Government employee invention matters from the Commissioner to the Assistant Secretary for OPTI will apply to all cases after the effective date of the transfer except in connection with requests for determinations received prior to the effective date. Moreover, we believe each DOO should make clear that the Commissioner shall continue to decide the ownership of patents and rights to inventions made by Government employees, as provided by Executive Order 10096, as amended, for requests for determinations and appeals received prior to the effective date of the proposed amendment as well as any request for reconsideration thereof.

Copies of a corrected abstract and corrected DOO's which PTO believes would be proper are enclosed. You may contact Deputy Solicitor Fred E. McKelvey (557-4035) to discuss PTO's proposed change.

PTO believes that the effective date of the proposed DOO's should be February 1, 1986.

If you concur with PTO's proposed changes to the abstract and DOO's, please have the changes made and the appropriate documents cleared by Mr. Ingram and OPTI. Thereafter, I would be pleased to also clear amended documents.

Donald J. Quigg

Enclosures

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: SEP 11 1985

**DECISION MEMORANDUM**

From: Sidney L. Jones
Under Secretary for Economic Affairs

Prepared by: D. Bruce Merrifield, AS/PTI, 377-1984

**SUBJECT**

Reassignment of the Government Employee Inventions program.

**STATEMENT OF THE ISSUE**

Executive Order 10096 of 1950 establishes the policies on ownership and assignment of rights to inventions made by all Federal employees. Under Departmental Organization Orders, oversight of this Executive Order for consistency with other Administration policies is assigned to the Office of the Assistant Secretary for Productivity, Technology, and Innovation (PTI) as part of its interagency patent policy responsibilities, while operating functions are assigned to the Commissioner, Patent and Trademark Office (PTO). This memorandum proposes consolidation of the Department's responsibilities under the Executive Order to provide stronger support for the Administration's policy objective of increasing commercial sector use of Federal laboratory inventions.

**BACKGROUND**

The current objective of government patent policy is to provide for maximium private sector use of inventions made with Federal funds, while protecting the government's right to use these inventions. This includes establishing the rights of inventors, not only in Federal laboratories, but in universities where inventions arising from Federally funded research must be transferred to industry before they can be used commercially. S. 65 (introduced by Senator Dole) reflects this objective by providing authorities and incentives for Federal laboratories and their employees to cooperate with the private sector in commercializing employee inventions.

A/S PTO OG 9/17 See memo Tab A

518725

| SURNAME AND ORGANIZATION (Typed) | PREPARED BY | CLEARED BY | CLEARED BY | CLEARED BY | CLEARED BY | CLEARED BY |
|---|---|---|---|---|---|---|
| | DBMerrifield A/S PTI | AGC | ~~KEDullow, A/S~~ Administration | ES | GC | ADMIN |
| INITIALS AND DATE | DBM 9/10/85 | 9/11/85 | | | RHB 9/17 | non-concur should resolve at DS level. See Note |
| | | | Spec. Asst. | Ex. Asst. | Read 9/17 | |

Executive Order 10096 provides that the government will normally own work-related inventions produced by Federal employees, while employees will own their inventions that are not work-related. Further, it permits agencies to let employees own their work-related inventions that are not of interest to these agencies. The Commerce authority under the Order to review these situations and resolve ownership disputes between employees and their agencies was delegated to the PTO Solicitor by Departmental Organization Order 30-3. At present, an experienced GM-15 attorney manages this operation at PTO. This includes a case-by-case review of approximately 240 agency determinations of ownership and employee appeals of these determinations.

S. 65 is intended to eliminate the types of disputes that led to E.O. 10096 by creating incentives for both laboratory managers and inventors that give them both an interest in private sector commercialization of inventions. If S. 65 passes, there could be serious policy implementation issues if all aspects of Federal employee inventions are not consolidated in one Commerce office. For example, both the Executive Order and the review of agency actions may have to be modified to accommodate the special invention ownership terms that might be included in laboratory/ industry collaborative agreements. If S. 65 is not enacted, the Executive Order should be modified to the extent possible to accomplish the policy objectives administratively.

The delegation of the Commerce review authority to PTO was based on expediency when the old Government Patents Board was disbanded by Executive Order 10930 over ten years ago. The program of reviewing ownership rights decisions involving Federal employees has no relationship to PTO's primary function of examining applications and issuing patents. Although PTI has recently emerged as the lead agency for Government patent policy, it now lacks both the authority to review the PTO operational decisions to ensure consistency with policy objectives and the coordination mechanisms necessary for effective revision of the Executive Order. Further, prior to the 1981 reorganization which split out PTO, these functions were consolidated under the AS/PTI.

Assistant Secretary Merrifield asked Commissioner Quigg to transfer this function to PTI. Commissioner Quigg declined, indicating that he plans to downgrade the function and have the present performer retire. We understand that the Commissioner has already approached the Department Personnel Office to initiate the downgrading. This action would send the wrong signal to the agencies and Congress at a time when interest in proper management of Federal laboratory inventions is increasing.

Commerce should transfer the Government Employee Inventions program to PTI, so that legislation (e.g. S. 65), administrative policy (e.g. Executive Order 10096), and operational changes can be coordinated as they were prior to 1981. Ideally, the transfer should include the staff position, budget, and the current PTO staffer involved.

RECOMMENDATION

I recommend that you request the Assistant Secretary, Administration to form a working group composed of representatives from PTI and PTO and such other department officials, as appropriate, to make recommendations to you on the delegation to A/S, PTI of the functions in Executive Orders 10096 and 10930 now delegated to the A/S, PTO. Any personnel actions initiated by the PTO in connection with this function will be held in abeyance pending your action on the recommendation of the working group.

DECISION

Approve _____ Disapprove _____ Let's Discuss _____

**UNITED STATES DEPARTMENT OF COMMERCE**
**The Under Secretary for Economic Affairs**
Washington, D.C. 20230

MEMORANDUM FOR Katherine M. Bulow
Assistant Secretary for Administration

FROM: Robert Ortner
Under Secretary for Economic Affairs

SUBJECT: Establishment of the Office of Federal Technology Management

The enactment of the Federal Technology Transfer Act of 1986 coupled with the issuance of Executive Order 12591 on April 10, 1987 places this Department in a lead role on the private sector commercialization of technology resulting from federally-funded research. We are already receiving inquiries from both the Congress and the Administration on the steps the Secretary of Commerce has taken to implement the Department's responsibilities in this area.

It is important for the public and the Executive Branch to understand that the Department fully supports commercialization of Federal technology. To demonstrate our dedication to implement the Federal Technology Transfer Act of 1986 and Executive Order 12591, we should establish an Office of Federal Technology Management within the Office of the Assistant Secretary for Productivity, Technology and Innovation (PTI). I am attaching an order which sets out the function and authority for this Office.

I would appreciate it if your staff would take the necessary steps to publish the order establishing the Office of Federal Technology Management.

Attachment

Ch.C/EA/Robert Ellert 9/25/87
bc: Dr. Ortner Dr. Merrifield
Robert Ellert
Chron
Read

# OFFICE OF FEDERAL TECHNOLOGY MANAGEMENT

## SECTION 1. PURPOSE

This Order prescribes the organization and the functions of the Office of Federal Technology Management.

## SECTION 2. STATUS AND LINE OF AUTHORITY

The Office of Federal Technology Management, a constituent operating unit of the Department, shall be headed by a Director who shall report to and be responsible to the Assistant Secretary for Productivity, Technology and Innovation (PTI).

## SECTION 3. FUNCTIONS

The Office of Federal Technology Management shall be the principal unit in the Department on issues and policies relating to technology developed in Federal laboratories, developed with Federal funding, or utilized by Federal programs and activities. In carrying out these responsibilities, the Office shall:

a. Assist the Assistant Secretary for PTI to advise the Under Secretary for Economic Affairs and other Department officials on important policy questions and problems relating to private sector use of Federal technology.

b. Enhance the flow of Federally funded technologies to the private sector and minimize adverse effects of Federal programs on Federal technology developed by the private sector.

c. Assist the Assistant Secretary for PTI to advise the Under Secretary for Economic Affairs in performing the lead agency functions delegated by the Secretary, concerning Federal technology management policy under Public Laws 96-480, 96-517, 98-620, 98-622, and 99-502, Executive Orders 10096 and 12591, and the President's Patent Policy Memorandum of February 18, 1983. The lead agency functions include coordinating, monitoring, gathering relevant data, evaluating relevant programs and activities, developing uniform Government-wide standards for implementing Federal patent policy, preparing reports, disseminating information, making recommendations, and taking other actions necessary to assure maximium private sector opportunity for commercializing technology resulting from projects performed by Federal agencies or financed with Federal Government funds. Specific responsibilities include the following:

(1) Provide advice and assistance as requested by other Federal agencies on model agreements and cooperative research and development projects as authorized by paragraph 10(g)(1) of P.L. 99-502.

(2) Develop the biennial report to the President and Congress required by subparagraph 10(g)(2) of P.L. 99-502 on Government-wide use of the authorities provided in the Act.

(3) Issue, interpret, and maintain regulations under P.L. 96-517 and 98-620 on ownership of Government funded inventions (37 CFR Part 401) and licensing of Government-owned inventions (37 CFR Ch.IV).

(4) Serve as Government spokesperson, in consultation with the Department of State and other agencies, in the disposition of rights to ownership of Federal technology under the intellectual property clauses of science and technology agreements with foreign countries.

(5) Interpret and administer the Government Employee Inventor Program under E.O. 10096, including recommendations for changing the Order if necessary to conform with new legislation.

(6) Interpret and administer Sections 1, 5 and 7 of Executive Order 12591 on the transfer of Federally funded technology to the private sector.

(7) Work with agencies to help take advantage of the Statutory Invention Recording process authorized by P.L. 98-622 and develop the required annual report.

(8) Analyze, review and propose new legislation or other policies including Government-wide regulations on Federal agency management of technology developed by the Government or with Government funding.

(9) Prepare the report from the Secretary to the President and Congress on copyright and other barriers to the transfer of Federally-funded computer software and the feasibility of maintaining an inventory of Federally-funded training software as required in P.L. 99-502.

d. Serve as Executive Director to the Chairman of the Federal Coordinating Council on Science, Engineering, and Technology Committee on Intellectual Property for Technology Transfer.

e. Develop a Government-wide policy on technical data used or developed at Government expense.

f. Develop training materials and programs for helping Federal laboratories or Federally-funded laboratories improve their technology transfer capabilities.

g. Chair the Commerce Committee for Implementing the Federal Technology Transfer Act, whose purpose is to coordinate implementation of authorities delegated to DOC laboratories under subsection 11(a) of P. L. 99-502, the awards program authorized by section 12 of the same Act, and the distribution of royalties under Section 13 of the same Act.

h. Draft Commerce regulations as may be necessary to comply with subsection 11(c) of P.L. 99-502 on cooperative research and development agreements.

i. Develop and administer policies for distributing royalty income within the Department of Commerce in accordance with subsection 13(a) of P.L. 99-502.

j. Chair the executive subcommittee and provide staff to the Interagency Committee for Federal Laboratory Technology Transfer to coordinate implementation authorities delegated to DOC under subsection 10(g) of P.L. 99-502.

k. In carrying out these functions the office will coordinate its activities with the other constituent units of the office of the Assistant Secretary for PTI.

.M SEC-20
(REV. 6-85)

**CLEARANCE SHEET**

U.S. DEPARTMENT OF COMMERCE
OFFICE OF MANAGEMENT
ANALYSIS AND CONTROL

(DOO or DAO Number)
DOO 35-10

TITLE

OFFICE OF FEDERAL TECHNOLOGY MANAGEMENT

PURPOSE

SUBJECT

New DOO 35-10, "Office of Federal Technology Management."

STATEMENT OF THE ISSUE

The Under Secretary for Economic Affairs proposes the establishment of a new Office of Federal Technology Management.

ANALYSIS

Enactment of the Federal Technology Transfer Act of 1986, and issuance of Executive Order 12591 on April 10, 1987, placed the Department is a lead role in the private sector commercialization of technology resulting from Federally-funded research. The assigned responsibilities are technically and politically significant; and a specialized organizational unit is required to support top-level Department management decisions and actions in carrying out those responsibilities.

The attached DOO 35-10 establishes the Office of Federal Technology Management within the Office of the Assistant Secretary for Productivity, Technology and Innovation. The Office will be the principal unit in the Department for analysis, planning, coordination, reporting, and general oversight during the performance of the responsibilities under the Act and Executive Order 12591.

The attached DOO 35-10 will not affect current budgetary or staffing requirements of the Office of the Under Secretary for Economic Affairs.

RECOMMENDATION

I recommend that you sign the attached DOO 35-10.

Attachment

cc: General Counsel

Please return to room 5317 after each clearance.

| | PREPARED BY | CLEARED BY | CLEARED BY | CLEARED BY | CLEARED BY | CLEARED BY |
|---|---|---|---|---|---|---|
| SURNAME AND ORGANIZATION *(Typed)* | R. Ingram OMO/MAD | R. Ortner US/EA | | | | |
| INITALS AND DATE | RI 10-23-87 | 10/30/87 | | | | |
| DATE | TO: Assistant Secretary for Administration | | | | | |
| | *Based on above concurrences your approval of the subject order is recommended.* | | | | | |

Director Office of Management and Organization

USCOMM-DC 85-9003

TRANSMITTAL _____

| United States of America<br>DEPARTMENT OF COMMERCE | DEPARTMENT<br>ORGANIZATION ORDER 35-10 | |
|---|---|---|
| **DEPARTMENT ORGANIZATION ORDER SERIES** | DATE OF ISSUANCE | EFFECTIVE DATE |

SUBJECT

OFFICE OF FEDERAL TECHNOLOGY MANAGEMENT

SECTION 1. PURPOSE.

This Order establishes and prescribes the functions of the Office of Federal Technology Management.

SECTION 2. STATUS AND LINE OF AUTHORITY.

The Office of Federal Technology Management, a constituent operating unit of the Department of Commerce, shall be headed by a Director who shall report and be responsible to the Assistant Secretary for Productivity, Technology and Innovation (the "Assistant Secretary").

SECTION 3. FUNCTIONS.

The Office of Federal Technology Management shall be the principal unit in the Department providing analysis, planning, coordination, reporting, and general oversight of responsibilities under the Federal Technology Transfer Act of 1986 and Executive Order 12591 of April 10, 1987. The Office shall support top-level management decisions and actions on issues, policies, legislation, regulations, and technical considerations regarding technology developed in Federal laboratories, developed with Federal funding, or used by Federal programs and activities. In carrying out these responsibilities, the Office shall:

a. Assist the Assistant Secretary in advising the Under Secretary for Economic Affairs (the "Under Secretary") and other Department officials on important policy questions and problems regarding private sector use of Federal technology.

b. Improve the flow of Federally funded technologies to the private sector, and minimize adverse effects of Federal programs on Federal technology developed by the private sector.

c. Assist the Assistant Secretary in advising the Under Secretary on the performance of lead-agency functions regarding Federal technology management policy in accordance with specific delegations of authority from the Secretary and associated laws, directives, and regulations. The Office shall:

1. Provide advice and assistance, as requested by other Federal agencies, on model agreements and cooperative research and development projects authorized by P.L. 99-502;

2. Develop the biennial report to the President and Congress required by P.L. 99-502 on Governmentwide use of the authorities provided in the Act;

management decisions and actions on issues, policies, legislation, regulations, and

3. Issue, interpret, and maintain regulations under P.L. 96-517 and 98-620, consonant with the provisions of DOO 10-6, as amended, on the ownership of Government funded inventions, and licensing of Government-owned inventions;

4. Serve as Government spokesperson, in consultation with the Department of State and other agencies, in the disposition of rights to ownership of Federal technology under the intellectual property clauses of science and technology agreements with foreign governments;

5. Interpret and administer the Government Employee Inventor Program under Executive Order 10096, including recommendations to change the Order if necessary to conform with new legislation;

6. Interpret and administer Sections 1, 5, and 7 of Executive Order 12591 on the transfer of Federally funded technology to the private sector;

7. Work with other Government agencies to take advantage of the Statutory Invention Recording process authorized by P.L. 98-622, and develop the required annual report;

8. Analyze, review, and propose new legislation or policies, including Governmentwide regulations on Federal agency management of technology developed by the Government or with Government funding; and

9. Prepare the report from the Secretary to the President and Congress on copyright and other barriers to the transfer of Federally-funded computer software and the feasibility of maintaining an inventory of Federally-funded training software as required in P.L. 99-502.

d. Serve as Executive Director to the Chairman of the Federal Coordinating Council on Science, Engineering, and Technology Committee on Intellectual Property for Technology Transfer.

e. Develop a Governmentwide policy on technical data used or developed at Government expense.

f. Develop training materials and programs to help Federal laboratories or Federally-funded laboratories improve their technology transfer capabilities.

g. Chair the Commerce Committee for Implementing the Federal Technology Transfer Act, whose purpose is to coordinate the implementation of authorities assigned to the Department under P.L. 99-502.

h. Draft Department regulations to comply with subsection 11(c) of P.L. 99-502 on cooperative research and development agreements.

i. Develop and administer policies for distributing royalty income within the Department in accordance with subsection 13(a) of P.L. 99-502.

j. Chair the executive subcommittee and provide staff to the Interagency Committee for Federal Laboratory Technology Transfer to coordinate implementation of authorities under subsection 10(g) of P.L. 99-502.

k. In carrying out these functions, the Office shall coordinate with other units in the Office of the Assistant Secretary and, as appropriate, with other affected operating units of the Department.

Robert Ortner by BCB

Under Secretary for Economic Affairs

Approved:

Assistant Secretary for Administration