

Technology Transfer Agreements

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History

- Realization that Government agencies require explicit permission of Congress to transfer something of value.
 - All contracting authority must be based in law
 - Previously relied on regulatory authority
- Policy decision that general contractors should be responsible for all work
 - Direct funded work became harder to obtain.
 - Government owned Federal laboratories encouraged to operate like businesses.

Federal Fiscal Law Principles

- Funding must follow the appropriation
 - No deficiency (31 U.S.C. § 1341) – Can't spend money we don't have.
 - No augmentation (31 U.S.C. § 1301) – Can't spend more than given by Congress.
 - Miscellaneous receipts act (31 USC § 3302) – All miscellaneous receipts must be deposited into the Treasury within three days of receipt.
 - There are serious penalties for violating these laws.



Consequences

- Unlike private entities, we need statutory authority (Congressional permission) to receive or transfer funds
- We need to know the specific authority because each one has different powers and responsibilities.
- We need statutory authority to license or transfer intellectual property

Proper Approach

- Almost all agreements need a statement of work.
- What are the main goals of the agreement?
- How is money flowing between the parties?
- Will the parties be developing intellectual property?
- Should all of the intellectual property be under the agreement?

Types of Agreements

- Funding Agreements – These are Gov't contracts where the Gov't pays for a good, service or research
- Work for Others Agreements – These are contracts where a non-Gov't party pays the Gov't as a contractor.
- Cooperative Research and Development Agreements (CRADAs) – These are contracts for cooperative research with a Gov't laboratory.

Traditional Funding Agreements

- Contracts
 - Competition in Contracting Act (CICA) applies
 - Procurement regulations and Bayh-Dole apply
 - Federal lab can't receive money
- Grants and Cooperative Agreements
 - A Cooperative Agreement isn't a CRADA
 - Grant regulations apply
 - Can't be for direct Federal Government benefit.
 - Can receive funding under a Cooperative Agreement

These are the most common Gov't agreements, but they aren't a focus of this presentation.

Intellectual Property is often the Deciding Factor

- The Bayh-Dole Act (35 U.S.C. 201-209) provides the rules for funding agreements.
- The Work for Others statutes do not offer full coverage for inventions and proprietary data.
- Only CRADAs give full protection of inventions and data.

Tech Data

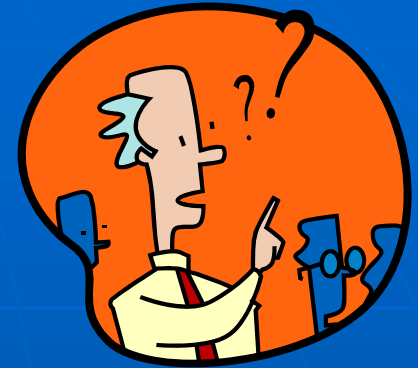
- All data developed by Government employees is subject to the Freedom of Information Act (FOIA) unless there is an explicit exception.
 - There are no Government trade secrets (FOIA, Exemption 4 does not apply to data created by Government employees. 35 U.S.C. 205 provides a FOIA exemption concerning inventions.)
 - There are security constraints (FOIA, Exemption 1)
 - Work for Others agreements have only limited protection from release under the Freedom of Information Act.
 - Cooperative Research and Development Agreements (CRADAs) have an explicit 5 year FOIA exemption.

Inventions



- Transfer of inventions requires authority.
 - Authority given by 35 USC 202 and Executive Order for contracts.
 - Authority given by 35 USC 209 for patent licenses.
- Work for Others laws do not allow explicit transfer of inventions
- No authority to negotiate licenses for inventions before they are “made” except in CRADA statute.

Basic Questions



- Goods or services?
- Cooperative interest?
- Related to procurement?
- Is the Gov't lab going to be competing with a private party? Are its services unique?
- How is the Gov't lab being funded?
- Will there be any intellectual property created under the agreement?

Different Authorities

- Authority depends on parties, funding, work being performed, intellectual property and delegation.
- Some authorities are used more than others. Common authorities are much faster than unusual authorities.
- Not every Gov't agency has every authority.

Cooperative Research and Development Agreements (CRADAs)

- Only applies to laboratories, but almost everyone is a laboratory under the CRADA statute.
- Significant local authority
 - Intent was to insure delegation
 - Agency has a veto power over laboratory agreements
 - Veto power is not commonly exercised
- Effort must be part of mission

Requirements

- Effort should be related to the lab's mission
- Effort should be research and development but no specific requirement.
- Both parties should be interested in outcome.
- No specific non-competition requirement
- Absence of these requirements could show ethical, fiscal or procurement problems.

Allowed Actions under a CRADA

- Can receive funds, goods, and labor from collaborator.
- Can provide labor and allow use of goods and facilities.
- Cannot provide funding or transfer ownership in property.
- Can negotiate invention rights before making of invention.
- Solid data handling language in standard CRADA – includes FOIA exemption

Work for Private Parties - Services

- Used for selling surplus resources as a contractor.
- Authority is 10 USC § 2563.
- Defense working capital funded activities only.
- Can sell articles and services that are not commercially available.
- Purchaser must indemnify but could seek damages for the Government's failure to perform.
- Military mission has precedence.
- Laboratory's delegation governs approval level.

Work for Private Parties - Testing

- Used primarily for selling surplus testing services on unique equipment
- Authority is 10 USC § 2539b.
- Defense working capital funded activities only.
- Can sell testing services based on unique facility.
- New section allows sale or loan of unique equipment and provision of services.
- Under governing regulation, purchaser must absolutely indemnify laboratory
- Military mission has precedence.
- Test results are protected from release; however, FOIA not specifically mentioned.
- Unique testing services have local level approval.

Patent License Agreements

- The Gov't can issue exclusive and non-exclusive licenses.
- License must be for practicing the invention.
- Labs are very willing to license their technologies.
- License agreements can be supported by CRADAs

Other Transactions 10 USC § 2371

- Once was unrestricted, but constraints placed on it after abuse.
- Research can't duplicate existing research
- Can receive funding and the statute establishes accounts. (Activity does not need to be a Defense Working Capital funded activity.)
- Must have cost matching or finding that "not feasible or appropriate"
- Has a five year FOIA exemption like a CRADA
- Can't grant invention rights.
- We haven't used extensively because of restrictions. Easier/quicker to use a CRADA.

Education Partnership Agreements

- Agreement between Laboratory and a non-profit, University or local school district.
- Authority is 10 USC § 2194
- No statement of work.
- Can accept and give services in support of math, science and engineering education.
- EPAs with local schools are useful for developing interest in science and engineering. (long term)
- EPAs with Universities for recruiting contacts and obtaining free research. (short term)
- Once had good provisions for equipment donation, but now can use 15 USC § 3710(i) which allows.

Other Authorities

- Range Use Agreements
- Specific Statute
- Permissions of the facility commander
 - License to use base resource such as a pier or campsite
 - Agreements apportion potential liability to licensee
 - Non-statutory, non-funded

No Formal Agreement Needed

- Two governmental parties when funds aren't being transferred. (Economy act order or MIPR is used to transfer funds.)
- Private party is working under contract for the same party that the laboratory is working for. (Resources are being used for the same purpose.)
- Nothing of legal consequence being exchanged.
 - Both parties are following normal course of business
 - Both understand there is no legally binding agreement
 - Better and safer to use a CRADA

Questions?

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