



UNITED STATES DEPARTMENT OF COMMERCE
National Bureau of Standards
Gaithersburg, Maryland 20899

December 15, 1987

MEMORANDUM FOR MOU Directors

From: David Edgerly *D Edgerly*
Director, ORTA

Subject: Cooperative Research and Development Agreements

NBS is close to reaching agreement with the Department on the delegation of authority to enter into cooperative research and development agreements as called for in the Technology Transfer Act of 1986 (PL99-502). Before informing the Department of our plans, I wanted to give you the opportunity to review what is being proposed and to recommend changes you consider appropriate. The matter will also be discussed in a future Executive Board meeting.

There has been a lot of confusion and misinformation among agencies as regards what is necessary to comply with the Act. Part of this stems from a lack of experience by many agencies in working closely with industry. In the Bureau's case, where we have a lot of industrial experience, I am seeking a way to demonstrate compliance that will draw upon the experience and the procedures we already have in place for dealing cooperatively with industry. Listed below are the steps that I am recommending:

1. Include under the definition of Cooperative Research and Development Agreements:
 - (a) Memorandums of Understanding or other forms of agreements between NBS and non-Federal parties (including industry consortia, universities, industry and trade associations) to do cooperative research
 - (b) Research Associate agreements
2. Exclude from the definition of Cooperative Research and Development Agreements:
 - (a) Procurement contracts
 - (b) Visiting scientist (guest worker) agreements
 - (c) Cooperative agreements with other Federal Agencies/Departments
 - (d) Proprietary research agreements (*100% Awarded?*)
 - (e) Cost sharing agreements with non-Federal parties as outlined in sections 6303, 6304, and 6305 of Title 31 USC (sections of Federal Acquisition regulations)
 - (f) Grants

(g) Agreements (cost sharing) with other agencies including etc.

3. Adopt the following principles as NBS policy by amending appropriate parts of the Administrative Manual:

- Also per Mr. H. J. ?*
- (a) MOU Directors delegated authority to enter into agreements. It will be up to the MOU Directors to decide redelegations of authority below MOU level.
 - (b) Delegates can grant licenses or assignments to collaborating parties, and waive right of ownership to inventions subject to the Government retaining non-exclusive license to practice the patent.
 - (c) Employees and former employees permitted to participate in commercialization of inventions they made and have the right of ownership to an invention for which NBS does not intend to file a patent.
 - (d) In negotiating agreements, consideration will be given to small business and consortia involving small business firms, and preference will be given to business units located in the U.S. which agree that products embodying inventions made under agreements will be manufactured substantially in the U.S.
 - (e) NBS inventors will receive 15% of invention royalties.

The Act requires that each agency maintain a record of all agreements, and permits the NBS Director the option of requiring that each provide for a 30 day period within which he can modify or disapprove the agreement. At present, my office reviews Research Associate agreements and maintains a record of them. I recommend that the same procedure be followed for all cooperative research and development agreements.

I believe that in taking the above steps, NBS will be in conformance with the Act without damaging the flexibility that characterizes our current programs for interacting with industry.

I will be in touch soon to get your comments, and am willing to meet with you at your convenience.

cc: Mr. Kammer
~~Dr. Johnson~~
Dr. Heydemann
Dr. Smith