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OFFICE OF
TECHNOLOGY LICENSING
ENCINA 6-930

July 13, 1976

Mr. Howard Bremer
Wisconsin Alumni Research Foundation
P.O. Box 2037
Madison, Wisconsin 53701

Dear Howard:

Enclosed are the following items:

1. A page from the WEMA Directory which has a listing for Atari. On the reverse side, you will find the address of WEMA for the purpose of ordering a directory.

2. The draft of a letter to John Raubitschek about NSF's university/industry policy. I talked to John this morning and read him the draft letter. John seemed to feel that the issue was moot because of the potential government-wide institutional patent agreement that appeared to be likely and because of the transition to a new general counsel with Chick Brown's retirement. John also has somewhat of an "ideological" commitment to maintain "controls," and I thus thought it unwise from Stanford's viewpoint to send the letter and so advised him I would not do so.

I look forward to hearing from you soon about that "other matter" we talked about. Give my regards to Marv.

Very truly yours,

Niels J. Reimers
Manager, Technology Licensing

Enclosures
NJR:sh

XXXXXXXXXXX
Encina Trailer

April 9, 1975

Howie
This letter was the only comment received about this rule change.
Phil

Mr. John H. Raubitschek
Assistant to the General Counsel
Office of the General Counsel
National Science Foundation
Washington, D. C. 20550

Dear John:

I just saw a brief note in the National Association of College and University Business Officers Newsletter that the NSF was contemplating regulations which, "when a grantee institution has been given principal rights in inventions, NSF funds, may not, unless specifically approved, be used for the performance of development, engineering, or design work directed toward a commercial embodiment of the invention".

The summary goes on to explain that "this would not, however, prevent the use of NSF funds for enhancing the utility of the invention in connection with scientific research conducted by the grantee".

It seems to me that the result of this new regulation will not be disastrous, but probably best defined as mischievous. It appears to reflect a suspicion that an NSF grantee will use Government funds to do commercial work. That suspicion in itself is disappointing. I would hope that NSF would make awards based upon their normal criteria and not have this red herring thrown in the evaluation process. From my point of view, the situation more or less takes care of itself because a University simply is normally not qualified to do the development, engineering or design work toward a commercial embodiment. That is industry's job. However, with this new regulation there will always be the suspicion, or rather the presumed assumption, that a University will do this type of work in the absence of a regulation prohibiting it. That seems to me to be absurd and discredits the NSF reviewing process.

Copy to Fleming 7/22/76

If there indeed has been documented abuses of the use of NSF research funds in this direction then perhaps such a regulation as this may be needed. However, it seems to me on the surface that it is a "perceived" danger and thus must be codified in the best bureaucratic tradition. You might as well codify the Ten Commandments and put them in the NSF regulations. It won't be long before NSF grant regulations become as long as ASPR.

In practice, if this change is implemented, I presume NSF grant and contract administrators will require institutions to make an investigation and then a statement that the future research of the faculty member which the grant award will support has nothing to do with any invention he has come up with previously, in spite of the caveat about "scientific research" in the proposed regulation. The distinctions will be fine and may discourage an investigator from further research in an area he knows best. The ratio of administrative to scientific work will again increase.

John, could you please send me a copy of the proposed regulations? Perhaps you could also forward my comments, if they are not too irrelevant in your opinion, to the appropriate source responsible at the NSF for receiving comments on the proposed new regulation.

I'm sorry that this letter is in the form of an "outburst", but with the ERDA legislation, Public Citizen cases, Salk-Justice case, petitions for invention rights, and so on I spend more time trying to prevent being legislated out of business and coping with existing and proposed regulations than doing what I'm supposed to do - marketing Stanford's technology to industry for public use and benefit and to derive income to reduce the cost of education. This is not an exaggeration!

Very truly yours,

Niels J. Reimers
Manager, Technology Licensing

NJR:jp

cc: W. F. Massy

NOT SENT

Mr. John H. Raubitschek
Assistant to the General Counsel
for Patent Matters
Office of the General Counsel
National Science Foundation
Washington, D.C. 20550

Dear John:

You will recall our interaction in connection with the program of research in acoustic microscopy of Professor C. F. Quate of Stanford. Your memo of May 18, 1976, to Mr. Martin Geary of the NSF, with a copy to Stanford, dealt with the specific issue of the acoustic microscopy grant but did not respond to the general questions raised in Stanford's letter of May 4, 1976, regarding NSF's patent policy on continuing funding of research where a university/industry interaction exists. An additional copy of the May 4 letter is enclosed for reference. I've also enclosed my April 9, 1975 letter to you for reference. No response was received to that letter.

It will be very helpful to us (and other universities) if we can understand more clearly the policy of the NSF in connection with research which might benefit a licensee who is bringing the initial invention forward to public use and benefit. By way of specific example, what is the basis for excluding certain grants from Institutional Patent Agreements? It would appear the public is amply protected by the march-in rights retained by the NSF, the NSF grant review process, and the very terms and conditions of the Institutional Patent Agreement which is granted to a university on the basis of its approved technology transfer program. By excluding a grant from the IPA, it simply means that an institution

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must go through the time-consuming petition and waiver process with uncertain outcome. It is the uncertainty of the process which poses the greatest difficulty in timely interaction with industry.

It should also be observed that the process of making an exception to a standard administrative procedure causes a ripple effect that increases many fold the bureaucratic tasks of adapting to that one lone exception--another line is added to a number of check lists, reminders are placed in appropriate files, etc. Are there actual abuses which have led to the policy, or is it simply the concern an abuse might occur?

I want to interject here a qualification to my April 9, 1975 letter. Engineering by definition is a synthesis of science to functional products or processes; thus grants directed to "development, engineering or design work" of an invention could be ideal for engineering student education, regardless of whether one or more companies might benefit. In fact, to see a commercial embodiment resulting from a student engineering project would have to be the ultimate ~~work~~ symbol of success. Who loses?

I'm sorry if this imposes a burden upon you, but the NSF is an important factor in a university's research and technology transfer activities, it is thus important to have a good, clear understanding of NSF's policy in this area.

cc: Clive Liston
Aller-NSF
Bremer-Wisconsin (w/copy of NSF 5/18 memo, NR 5/4 letter, NR 4/9/75 letter, NR letter of Dave Eden (7/1/76)