

# UNIVERSITY OF CALIFORNIA

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February 1, 1994

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SUBJECT: Advanced Technology Program (ATP)

Dear Wayne:

On January 6, 1994, the National Institute of Standards and Technology (NIST) issued final rules for the Advanced Technology Program (ATP) which 1) conflict with the usual intellectual property rights universities are entitled to under the government-wide policy set out by the Bayh-Dole Act and 2) impose restrictions that interfere with the freedom of publication at the University. Although the university community led by the Council on Governmental Relations (COGR) had vehemently protested the draft regulations issued August 2, 1993, NIST issued these final rules without change.

## Legislative Background

The American Technology Preeminence Act of 1991 changed the ATP legislation at 15 CFR Part 295 in a number of ways, most significantly by requiring that:

- joint research and development ventures be industry-led;
- title to any intellectual property shall vest in a company or companies incorporated in the United States; and
- funding be provided to United States businesses (i.e. authority to provide direct funding to independent research organizations, such as universities, was repealed.)

During 1993, COGR and sister universities attempted through numerous contacts to impress upon NIST personnel and the Commerce Department the

V. Wayne Kennedy  
Sr. VP - Business & Finance  
February 1, 1994  
Page 2

significant concerns raised by this legislation. The university community presented language to clarify the term "company" as either a for-profit or nonprofit organization, so that universities could retain their usual Bayh-Dole rights under Federal law. NIST was unreceptive to these discussions and issued draft regulations in the August 2, 1993 Federal Register for public comments.

Although a number of universities submitted comments in response to the Federal Register notice objecting to the intellectual property and publication restrictions, NIST issued the final rules without any change on these issues. For your information, attached are responses to the draft regulations submitted by COGR on August 25, 1993 and the University's Office of Technology Transfer on August 31, 1993. The Berkeley campus and the Los Alamos National Laboratory also submitted comments directly to NIST emphasizing the same points.

#### Ownership of Intellectual Property

Ownership of intellectual property and the freedom to publish are fundamental principles of the University.

The final regulations (copy attached) specifically state that title to inventions made under ATP funding must reside with for-profit companies incorporated in the United States. Therefore, universities participating in ATP joint ventures cannot retain title to inventions they develop.

It is well established that the technology transfer activities under the Bayh-Dole approach are successful and contribute to the commercialization of many new technological advances, as attested to at recent government hearings. Universities are an important component of the nation's research community, historically developing technologies through basic research which are later transferred to the commercial sector through licensing. Meanwhile, the University remains free to conduct further research, generating other commercial opportunities and licensing other fields of use to other commercial entities, thus maximizing public use of the Federally-funded invention. If the ATP final rules are not changed, universities will lose their legal right to Federally-funded inventions and lose valuable technology transfer opportunities.

The university community is trying to amend the ATP legislation to clarify that "company" can be either a for-profit or nonprofit organization, but it is uncertain if and when such amendment will be adopted.

. Wayne Kennedy  
Sr. VP - Business & Finance  
February 1, 1994  
Page 3

### Dissemination of Research Results

Under the new rules, direct funding to universities in the joint venture is no longer allowed, and the decision on whether or not to publish research results will be made by the funding recipient(s). The final rules state that subcontractors, such as universities, are also considered funding recipients and "the decision to publish shall be made by negotiated agreement of the funding recipients."

Under these rules, universities will have to negotiate with their industrial partners to determine if and when they will be allowed to publish research results developed under ATP funding.

### Recommendation

These regulations establish a dangerous precedence that may stimulate other Federal agencies or Federally-funded programs to adopt similar approaches. Already the ATP is receiving substantial attention. In addition to the anticipated increases in ATP funding over the next seven years, there have been discussions to link the ATP with ARPA's Technology Reinvestment Project (TRP). Should the intellectual property and publication restrictions in the ATP regulations not be repealed, significant research funding opportunities through the ATP, and possibly the TRP, would be tainted by these undesirable provisions.

I recommend that you raise this issue with the COGR Board at your upcoming February 1994 meeting and that President Peltason address this situation with the Association of American Universities (AAU). It is essential to the integrity of the academic environment for the university community to unite and take a firm stand in fighting the Commerce Department's position. Either COGR or AAU should lead the charge in reaffirming university rights under Federally-funded programs.

The university community could possibly seek some relief through a legal technicality. The Bayh-Dole Act at 35 USC 210, Precedence of chapter, states that:

"This chapter shall take precedence over any other Act which would require a disposition of rights in subject inventions of ... nonprofit organizations contractors in a manner that is inconsistent with this chapter ... The Act creating this chapter shall be construed to take precedence over any future Act unless that Act specifically cites this Act and provides that it shall take precedence over this Act."

V. Wayne Kennedy  
Sr. VP - Business & Finance  
February 1, 1994  
Page 4

Because the American Technology Preeminence Act of 1991 does not specifically state such, these final regulations essentially violate the law at 35 USC 200 et seq. (Bayh-Dole Act.)

While the university community, at a higher level, is organizing to oppose NIST's position, the Office of Technology Transfer will continue to work with campus Patent Coordinators and Contracts and Grants Officers to handle any potential ATP funding in a manner with the least possible impact on the University's technology transfer objectives. We intend to provide an update on ATP at next week's Patent Coordinator's meeting and will keep campus representatives informed of progress during this debate.

Sincerely,



Carl B. Wootten  
Director

Attachments

cc: J. Acanfora (w/o Attachments)  
D. Mears (w/o Attachments)

V. Wayne Kennedy  
Sr. VP - Business & Finance  
February 1, 1994  
Page 5

#### ATTACHMENTS

- Attachment A - COGR letter dated August 25, 1993 in response to draft regulations
- Attachment B - OTT letter dated August 31, 1993 in response to draft regulations
- Attachment C - Final rules issued January 6, 1994 in the Federal Register

