

Department of the Interior Departmental Manual

Effective Date: 5/16/14

Series: Research and Development

Part 761: Technology Transfer

Chapter 1: Policy and Procedures

Originating Office: Office of Policy Analysis

1.1 **Purpose.** This chapter establishes Departmental policy and standards, requirements, and procedures for conducting Technology Transfer activities by the Department as provided for in the Federal Technology Transfer Act of 1986 (FTTA), 15 U.S.C. § 3701 et seq., as amended, and Executive Order (E.O.) 12591, Facilitating Access to Science and Technology.

1.2 **Scope.** This chapter:

A. Applies to all bureaus and offices engaged in the performance of research, development, engineering, or other technical investigations, including bureaus and offices whose resources or facilities may be used by others to conduct research, development, engineering, or other scientific and technical investigations;

B. Is limited to Technology Transfer and related licensing activities as authorized under 15 U.S.C. § 3701 et seq., as amended, and Executive Order 12591; it does not limit a bureau or office's ability to engage in Technology Transfer activities authorized by other authorities or programs;

C. Does not apply to procurement contracts, grants, or cooperative agreements that are governed by 31 U.S.C. §§ 6303, 6304, and 6305; and

D. Does not apply to publications, or exchange of broad scientific and technical information as specified in 471 DM 4, that addresses the production and dissemination of technical/scientific publications.

1.3 **Authorities.**

A. The Stevenson Wydler Technology Innovation Act of 1980 and the FTTA, as amended, codified in 15 U.S.C. § 3701 et seq.

B. Executive Order 12591, Facilitating Access to Science and Technology.

1.4 **Definitions.**

5/16/14 #3987

New

- A. Confidentiality Agreement or Non-Disclosure Agreement. A written agreement between two or more parties providing that Confidential Information will not be disclosed to third parties.
- B. Confidential Information. Trade secrets, commercial information, or financial information that is privileged or confidential under the meaning of 5 U.S.C. § 552(b)(4), 35 U.S.C. § 205, and 18 U.S.C. § 1905.
- C. Federal Laboratory. The term “Federal Laboratory” may encompass an entire Federal agency, a facility, or group of facilities owned, leased, or otherwise used by a Federal agency, a substantial purpose of which is the performance of research, development, or engineering by employees of the Federal Government.
- D. Non-Federal Entity or Party. Any entity that is not a part of the Federal Government, which may include private sector industrial organizations, state and local agencies, universities, non-profit organizations, or individuals other than Federal employees.
- E. Subject Invention. Any invention made in the performance of work as defined in the Statement of Work (SOW) for a Technology Transfer Agreement.
- F. Non-Subject Invention. Any invention developed outside the SOW and owned either by the Government or the non-federal party.
- G. Technology Transfer. The process of disseminating scientific and technical information, and knowledge and associated technology, so that they are available for use.
- H. Technology Transfer Agreements. Agreements authorized by Federal legislation that enable agencies to jointly work with other Federal and non-federal entities, including industrial for-profit organizations, in ways that can protect new knowledge and scientific/technical information from public disclosure, including the intellectual property interests of collaborating parties. The legislation authorizes Federal agencies to share, exchange, transfer, obtain and/or use, as appropriate under the statute, information, expertise, facilities, and/or materials with other entities. Such agreements include Cooperative Research and Development Agreements.
- I. Cooperative Research and Development Agreement (CRADA). The term “Cooperative Research and Development Agreement” encompasses any formal written agreement between one or more Federal laboratories and one or more non-federal parties under which the Government, through its laboratories, provides personnel, services, facilities, equipment, intellectual property, or other resources, but with no funds provided by the Federal laboratories to the non-federal parties. The non-federal parties provide funds, personnel, services, facilities, equipment, intellectual property, or other resources toward the conduct of specified research or development efforts that are consistent with the mission of the bureau or office. Any property and equipment provided under technology transfer mechanisms is provided

in accordance with established property management policies and procedures. Types of CRADAs used by the Department include:

(1) Facility Use/Service Agreement (FUSA). The FUSA is a short-term agreement that allows collaborators to use, with or without reimbursement, specialized facilities, equipment, and/or capabilities that are not readily available from the private sector.

(2) Material Transfer Agreement (MTA). The MTA is an agreement under which a quantity of a unique, specialized, or experimental material (natural or synthetic) may be transferred between the Federal laboratory and another party for commercial evaluation, testing, or other uses with or without reimbursement, pursuant to 15 U.S.C. § 3710a(b)(3)(A) and other applicable authorities.

(3) Technical Assistance Agreement (TAA). The TAA is a short-term agreement that allows a Federal laboratory and its researchers to provide technical, research, or other non-monetary resources to a non-federal party, with or without reimbursement, pursuant to 15 U.S.C. § 3710a(b)(3)(A). Typically, the development of intellectual property is not anticipated. The collaboration must have a mission value to the Federal laboratory. A TAA can also be collaboration by both parties providing technical or scientific expertise to accomplish a mutual objective.

(4) License Agreement (LA). A LA is a legal contract between two parties, known as a licensor and licensee, specifying the terms and conditions under which the licensee has the right to produce, sell, or otherwise use intellectual property owned by the licensor.

1.5 Policy. It is the policy of the Department to encourage the use of Technology Transfer as an integral part of research, development, and other scientific and technical activities, and to promote the utilization and commercialization of inventions that arise from such activities. Federal agencies and laboratories possess substantial information, knowledge, and expertise that can help stimulate innovation in the wider economy. Technology Transfer is a means of spreading such information, knowledge, and expertise to the broader society in order to accelerate innovation; advance the Nation's economic, social, and environmental well-being; and increase its economic competitiveness. The Department will conduct Technology Transfer activities consistent with applicable laws, regulations, and policies.

1.6 Standards, Requirements, and Procedures.

A. Technology Transfer Agreements.

(1) Bureaus and offices may enter into Technology Transfer Agreements with any entity, including other Federal agencies, units of state and local government; industrial organizations (e.g., corporations, partnerships, limited partnerships, and industrial development organizations); public and private foundations; nonprofit organizations (including universities); other persons (including licensees of inventions owned by the Federal agency); and appropriate foreign entities.

(2) Bureaus and offices may use one or a combination of a variety of Technology Transfer Agreements defined above, such as: CRADAs (including TAAs, FUSAs, MTAs, and LAs).

B. Principles. Technology Transfer Agreements must:

- (1) Support the mission, objectives, and programs of the bureau or office.
- (2) Serve the public interest.
- (3) Offer the bureau or office an opportunity to draw upon or expand its technical capabilities and understanding as a result of the exchange with the collaborator.
- (4) Comply with applicable laws, regulations, and policies.
- (5) Be consistent with the scientific integrity policy (305 DM 3).
- (6) Be supported by funding and other resources that are sufficient to complete the identified activities.
- (7) Avoid substantial competition with the private sector, consistent with 15 U.S.C. § 3710(c)(5).
- (8) Ensure that Confidential Information is protected to the extent required by law.

C. Ethics and Conflict of Interest.

(1) Federal employee inventors, where practicable and consistent with ethics laws and regulations, may be allowed to participate in further development of their inventions toward commercialization.

(2) Federal employee inventors may not make determinations, or recommendations that individually or specifically relate to their own Technology Transfer payments from the Government. Nor may Federal employee inventors make determinations, requests, or recommendations that individually or specifically relate to or affect Technology Transfer payments made to any other person or organization specified in 18 U.S.C. § 208, such as the inventor's spouse, minor child, or general partner.

D. Technology Transfer Agreements with Foreign Entities. Bureaus and offices may enter into Technology Transfer Agreements with foreign persons, industrial organizations, or other non-government foreign entities, in consultation with the United States Trade Representative, and the appropriate International Affairs office.

E. Exchange of Resources and Funds under Technology Transfer Agreements.

(1) Bureaus and offices may accept, retain, and use funds, personnel, services, and property, including intellectual property, and other resources from a collaborating party and provide personnel, services, and property to a collaborating party, in accordance with 15 U.S.C. § 3710a.

(2) No funds may be provided by bureaus or offices to non-Federal parties under the Technology Transfer Agreements described in this chapter.

F. Government Rights to a Subject Invention Owned by a Non-Federal Party. If a subject invention is made in the performance of work under the Technology Transfer Agreement, the non-federal party must provide a royalty-free, non-exclusive, worldwide, irrevocable, non-transferable license to the Government for any non-federal party-owned Subject Invention. The purpose of this license shall be to practice the Subject Invention or have it practiced, by or on behalf of the Federal Government.

G. Option for a Federal Party to Negotiate Licenses for Government-Owned Subject Property. The non-federal party may be granted an option to negotiate an exclusive license in each Subject Invention owned by the Government for one or more field(s) of use encompassed by the scope of the Technology Transfer Agreement. This license must be consistent with the requirements of 35 U.S.C. § 209(a), 209(b), and 209(f) and 35 C.F.R. § 404, and other such terms and conditions as may be reasonable under the circumstances, as agreed upon through good faith negotiations between the Government and the non-federal party.

H. Government March-In Rights to Require a Non-Federal Party to Issue a License to a Responsible Applicant in Case of Non-Performance by a Non-Federal Party. If a bureau or office assigns title or grants an exclusive license to a subject invention, the bureau or office shall retain the march-in rights outlined at 15 U.S.C. § 3710a(b)(1)(B) and may only exercise those rights under exceptional circumstances, consistent with 15 U.S.C. § 3710a(b)(1)(C).

I. Management of Confidential Information. Confidential information under, or pertaining to, Technology Transfer Agreements must be managed in accordance with 15 U.S.C. § 3710a, 18 U.S.C. § 1905, and any other applicable laws.

(1) Confidentiality Agreements or Non-Disclosure Agreements with Non-Federal Parties may be entered into only by the bureau or office head or his/her authorized representatives.

(2) Heads of bureaus or offices or their authorized representatives, absent other specific authorities, may provide appropriate protections against the dissemination (including limited exemption from Freedom of Information Act (FOIA) rules), for up to five (5) years, for any information developed under a Technology Transfer Agreement if that information would be a trade secret or commercial or financial information that is privileged or confidential had the

information been obtained from a non-federal party participating in the Technology Transfer Agreement.

J. Licensing of Intellectual Property.

(1) Licenses may be exclusive, co-exclusive, exclusive by field of use or territory, or non-exclusive.

(2) Heads of bureaus or offices or their authorized representatives may issue royalty-free licenses for research purposes (e.g., when material is exchanged or transferred with the intent of conducting research).

(3) Prior to the granting of any license, a potential licensee must provide the bureau or office director or authorized representative with a license plan for development and marketing of the invention in accordance with 37 C.F.R. § 404.8. Consistent with 35 U.S.C. § 209(f), the license plan shall be considered as Confidential Information and not subject to disclosure under the FOIA, 5 U.S.C. § 552.

(4) The licensing of federally-owned inventions must be done in accordance with the terms, conditions, and procedures prescribed under the regulations at 15 U.S.C. § 3710a and 35 U.S.C. § 201 et seq., and the delegation of authority to negotiate licenses and other agreements for intellectual property to heads of bureaus or offices or their authorized representatives under 207 DM 8.

K. Distribution of Invention Income between Bureaus/Offices and Inventor Employees. Revenue from patent royalties and license fees shall be distributed to bureaus/offices and inventors in accordance with “Distribution of Royalties Received by Federal Agencies” (15 U.S.C. § 3710c).

1.7 **Responsibilities.**

A. Assistant Secretary – Policy, Management and Budget is responsible for coordinating and submitting the annual agency report on utilization required by U.S.C. § 3710(f).

B. Heads of Bureaus and Offices are responsible for implementing the Technology Transfer activities within their organizations, in accordance with 15 U.S.C. § 3710, including:

(1) Cooperating with the Department to prepare reports as required by 15 U.S.C. § 3710(f)(1), and per OMB Circular A-11.

(2) Implementing the policies specified by law consistent with this chapter.

(3) Developing, as appropriate, bureau or office-specific policies consistent with laws and this chapter.

(4) Giving high priority to and encouraging Technology Transfer activities, including providing incentives for Technology Transfer accomplishments within their organizations.

(5) Ensuring that scientists, engineers, and other personnel who may be involved in Technology Transfer, have education and training in Technology Transfer, including the management of Confidential Information.

(6) Developing and updating websites with links to examples of best practices pertaining to Technology Transfer, including templates for different Technology Transfer Agreements, and other relevant information.

(7) Ensuring that Technology Transfer efforts are included, where appropriate, in job descriptions, employee promotion policies, and performance evaluations of scientists, engineers, and other technical personnel employed within the bureau or office.

(8) Implementing appropriate outreach activities, including the professional exchange of information in technical publications, collaborating with local and regional partnerships, and intermediaries affiliated with state and local governments, using consultants and contractors, and using innovative communication technologies.

(9) Taking measures to prevent premature disclosure of information developed under a Technology Transfer Agreement if that information would be a trade secret or commercial or financial information that is privileged or confidential had the information been obtained from a non-federal party participating in the Technology Transfer Agreement, for example, to safeguard the Government's ability to obtain patent protection of Government inventions.

C. Science, Technical, and Engineering Professionals covered by this chapter are responsible for identifying opportunities for and facilitating Technology Transfer, as appropriate, consistent with mission responsibilities.

D. Authorized Representatives of Heads of Bureaus or Offices are responsible for managing Technology Transfer programs, in accordance with the delegated authority and bureau guidelines, including:

(1) Negotiating and executing any CRADAs, licenses, and other Technology Transfer Agreements, in consultation with their servicing ethics official and the Office of the Solicitor, as appropriate.

(2) Preparing and submitting to the Office of the Solicitor any requests to contract with outside legal counsel for legal work in association with Technology Transfer activities that cannot be supported by the Office of the Solicitor, in accordance with 456 DM 1.

E. The Office of the Solicitor is responsible for legal support of Technology Transfer programs.

(1) The Associate Solicitor for the Division of General Law shall review and approve requests for outside legal counsel in accordance with 456 DM 1.

(2) The Division of General Law is responsible for:

(a) Reviewing CRADAs, licenses, and other Technology Transfer Agreements for legal sufficiency when requested or appropriate.

(b) Providing assistance to negotiate CRADAs, licenses, and other Technology Transfer Agreements and serving as primary negotiator when requested or appropriate.

(c) Serving as a liaison between the Department and outside legal counsel and serving as the Contracting Officer's Representative when appropriate.

F. Ethics Officials.

(1) The Departmental Ethics Office, in accordance with 15 U.S.C. § 3710a(c), shall review standards of conduct for the Department's employees for resolving potential conflicts of interest to make sure that the standards adequately address situations that are likely to arise through the use of the Department's authority under 15 U.S.C. § 3710a(a) to enter into cooperative research and development agreements and to negotiate licensing agreements. Such review may include but may not be limited to cases where current or former employees or their partners negotiate licenses or assignments of titles to inventions or negotiate cooperative research and development agreements with Federal agencies (including the agency with which the employee involved is currently or was previously employed).

(2) Bureau/Office Ethics Officials shall provide advice and counsel in response to requests from bureau/office employees.

1.8 **Authorities Not Affected by this Chapter.** The program responsibilities in this chapter do not affect or diminish the authority of the Solicitor to engage in all legal work for the Department under 209 DM 3 and the policy in 505 DM 2 related to procurement contracts, grants, and cooperative agreements.