

TRANSPARENCIES FOR UNIT 19

TECHNOLOGY TRANSFERS INCENTIVES

I N C E N T I V E S F O R A G E N C I E S

- **CREATION OF PUBLIC GOODS**
- **CONGRESSIONAL APPROVAL**
- **INCREASED PRESTIGE**
- **STRONGER LABORATORIES**

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DIRECT INCENTIVES FOR LABORATORY MANAGEMENT

- **CREATION OF PUBLIC GOODS**
- **CONGRESSIONAL AUTHORITY FOR TECHNOLOGY TRANSFER**
- **ROYALTIES**
- **BUDGETARY SUPPORT THROUGH COOPERATIVE R&D**

INDIRECT INCENTIVES FOR LABORATORY MANAGEMENT

- **INCREASED PRESTIGE**
- **INCREASED EMPLOYEE
PRODUCTIVITY**
- **MANAGEMENT FLEXIBILITY**
- **ABILITY TO RETAIN
PROGRAMS**
- **ABILITY TO RETAIN
EMPLOYEES**

gsri

I N C E N T I V E S F O R S C I E N T I S T S A N D E N G I N E E R S

- **LEGISLATION PROVIDING AUTHORITY**
- **CREATION OF PUBLIC GOODS**
- **DIRECT INCENTIVES**
- **INDIRECT INCENTIVES**

LEGISLATION

**“... TECHNOLOGY TRANSFER
... IS A RESPONSIBILITY OF
EACH LABORATORY SCIENCE
AND ENGINEERING
PROFESSIONAL...”**

**Federal Technology
Transfer Act
of 1986, Section 10**

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CREATION OF PUBLIC GOODS

TECHNOLOGY TRANSFER LEADS TO:

- **INCREASED PRODUCTIVITY**
- **INCREASED INDUSTRIAL
INNOVATION**
- **ENHANCED U. S.
INDUSTRIAL
COMPETITIVENESS**
- **JOB CREATION**
- **IMPROVED PUBLIC
SERVICES**
- **LOWER COST PUBLIC
SERVICES**

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DIRECT INCENTIVES FOR SCIENTISTS AND ENGINEERS

- **FINANCIAL REWARDS**
- **INVENTOR OWNERSHIP**
- **ABILITY TO WORK WITH PEERS IN INDUSTRY AND UNIVERSITIES THROUGH**
 - **Personnel exchanges**
 - **Cooperative R&D agreements**
- **ABILITY TO ASSIST COMMERCIALIZATION**

qeri

INDIRECT INCENTIVES FOR BENCH SCIENTISTS AND ENGINEERS

- **ABILITY TO SEE IDEAS MATERIALIZE**
- **INCREASED EXPERTISE**
- **INCREASED PRESTIGE**
- **INCREASED JOB SECURITY**
- **INCREASED CREATIVITY**
- **INCREASED PROBABILITY OF PROMOTION**
- **DIVERSIFICATION OF RESEARCH ACTIVITY**
- **ACCESS TO OUTSIDE EQUIPMENT**
- **NEW CONTEXT FOR PUBLICATION**
- **PERKS**
- **ENTREPRENEURIAL SPIRIT**

TECHNOLOGY TRANSFER INCENTIVES SERVE THE PUBLIC INTEREST

- **PURPOSE OF FINANCIAL INCENTIVES**
- **PARTICIPATION IN TECHNOLOGY TRANSFER
ACTIVITIES IS A PUBLIC GOOD**

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HANDOUT FOR UNIT 19

SPECIFIC AUTHORITIES: INCENTIVES

Legislative Authorities and Actions	Government-Operated Laboratories	Nonprofit Contractor-Operated Laboratories	Agencies
<u>General</u>			
Royalties and other income received on technologies developed at government-operated laboratories will be retained and distributed by the <u>agency</u> whose laboratory produced the invention.	FTT		FTT
Royalties and other income received on technologies developed at contractor-operated laboratories will be retained and used by the <u>laboratory</u> that produced the invention.		TC	TC
For purposes of distribution of royalties or other income, if inventions are assigned to a Federal agency by a contractor, grantee, participant in a cooperative agreement, or employee of the agency who was not working in the laboratory at the time of the invention, the agency unit involved in the assignment will be considered to be a laboratory.			FTT
<u>Royalty Sharing With Inventors</u>			
Nonprofit contractors must share royalties with the inventor.		BD,TC	BD
At least 15 percent of the royalties and other income from an invention must go to the inventor(s) if the inventor(s) was an employee of the agency when the invention was made.	FTT		FTT
All royalty payments to employees must be in addition to regular compensation and other awards.	FTT		FTT
Payments to the inventor must continue after the employee leaves the laboratory or agency.	FTT		FTT
Payments must not exceed \$100,000 a year per employee, unless the President approves a larger reward. Any amount over \$100,000 is considered a Presidential award.	FTT		FTT

Legislative Authorities and Actions	Government-Operated Laboratories	Nonprofit Contractor-Operated Laboratories	Agencies
<u>Other Uses of Royalties</u>			
<p>After inventors, patent and licensing costs, and other administrative expenses are paid, nonprofit contractor-operated laboratories must use the remaining royalties and other income for scientific research, development, and education consistent with the R&D mission and objectives of the facility, including activities that increase the licensing potential of other laboratory technologies. If, after payments to inventors and patenting and licensing expenses, royalty and other income exceeds 5 percent of the facility's annual budget, 75 percent of the excess must be transferred to the U.S. Treasury.</p>		TC	
<p>After royalties are paid to inventors, remaining royalty and other income must be transferred to the agency's government-operated laboratories, with the majority of the funds going to the laboratory where the invention occurred.</p>	FTT		FTT
<p>Royalty and other income must be used or obligated by the laboratories during the same fiscal year they are received or the next fiscal year, or they will go to the U.S. Treasury.</p>	FTT		FTT
<p>Royalty and other income must be used by the government-operated laboratories:</p>			
<p>(1) to cover expenses associated with the administration and licensing of the laboratory's inventions. These expenses may include fees or costs for services of other agencies, persons, or organizations that provide invention management and licensing services;</p>	FTT		FTT
<p>(2) to reward employees of the laboratory (in addition to the required royalty payments);</p>	FTT		FTT

Legislative Authorities and Actions	Government-Operated Laboratories	Nonprofit Contractor-Operated Laboratories	Agencies
(3) to assist scientific exchange among the government-operated laboratories;	FTT		FTT
(4) for education and training of employees; and	FTT		FTT
(5) for other activities that increase the licensing potential of the laboratories.	FTT		FTT
If after payments to inventors, the royalties received by an agency in any fiscal year are greater than five percent of the budget for all the agency's government-operated laboratories for that year, 75 percent of the excess must be paid to the U.S. Treasury. The remaining 25 percent of the excess must be used in the manner described above.			FTT
<u>Other Incentives</u>			
For each agency that spends over \$50 million per fiscal year for R&D in all its government-operated laboratories, the agency must develop and implement a cash awards program for those laboratories.	FTT		FTT
The inventor will be allowed to retain title to the invention if the nonprofit contractor or Federal agency does not choose to retain title.	FTT	BD,TC	BD,TC,FTT
A program to promote personnel exchanges among academia, industry, and Federal laboratories allows laboratory scientists and engineers to work with people from industry and universities with similar areas of interest and expertise.	SW	SW	SW

Legislative Authorities and Actions	Government-Operated Laboratories	Nonprofit Contractor-Operated Laboratories	Agencies
Employees are permitted to work with the private sector through cooperative research and development agreements.	FTT		FTT
Employees are permitted to participate in efforts to commercialize the invention (e.g., work with the licensee).	FTT		FTT

NOTE: BD = Bayh-Dole Act (1980), Public Law 96-517
 SW = Stevenson-Wydler Act (1980), Public Law 96-480
 TC = Trademark Clarification Act (1984), Public Law 98-620
 FTT = Federal Technology Transfer Act (1986), Public Law 99-502
 EO = Executive Order No. 12591, "Facilitating Access to Science and Technology (1987)

¹The Department of Energy normally retains rights to inventions made as a part of that agency's naval nuclear propulsion and weapons programs.
²Contractor can ask the agency to allow the inventor to own an invention.

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