THE KANSAS CITY STAR.

1729 Grand Boulevard
Kansas City, Missouri 64108
Phone (816) 234-4636

Nov. 4, 2002

NOV 5

Mr. Norman Latker
Browdy & Neimark
624 9th St. NW
Washington, D.C. 20001

Dear Mr. Latker,

Thanks for spending so much time with me on the phone today. Your insight helped me better frame the issues and the problem here.

Enclosed are the documents I mentioned; the notes are mostly mine. If you see anything worth mentioning, I am at 816-234-4423.

I'll be calling you again before we publish.

Sincerely,

Mike McGraw

Mike McGraw

›KNIGHT RIDDER›

DEWEY, BALLANTINE, BUSHBY, PALMER & WOOD
1775 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20006

TELEPHONE: (202) 862-1000
TELECOPIER: (202) 862-1093
TELEX: 897070
CABLE ALL OFFICES: DEWBALAW

JOSEPH A. CALIFANO, JR.
PHILIP W. BUCHEN
HARRY K. SCHWARTZ
D. MILE BELL
FENTON J. BURKE
ALAN WM. WOLFF
FELIX B. LAUGHLIN
CHARLES A. BOWERS, II
DAVID H. BROCKWAY*
LAWRENCE F. O'BRIEN, III
W. CLARK McFADDEN, II
[illegible]
HAMILTON P. FOX, III
JACK H. FEDER
JOHN J. SALMON

R. MICHAEL GADBAW
[illegible]
MICHAEL H. STEIN
MYLES V. LYNK
JOSEPH A. BOWLEY
KEVIN B. [illegible]*
THOMAS P. HOWELL
LORRAINE [illegible]
[illegible] BENNETT
MATT E. BAKER
[illegible] KERSHAW
[illegible]
DAVID C. GARLOCK
HOWARD J. ROSENSTOCK

OF COUNSEL
FREDERIC J. TRUSLOW

*ADMITTED NY ONLY

140 BROADWAY, NEW YORK, N.Y. 10005
101 PARK AVENUE, NEW YORK, N.Y. 10178
TELEPHONE: (212) 820-1100
TELEX: [illegible]
TELECOPIER: [illegible]

333 SOUTH HOPE STREET
LOS ANGELES, CALIFORNIA 90071
TELEPHONE: (213) 626-3399
TELECOPIER: (213) 625-0562

5355 TOWN CENTER ROAD
BOCA RATON, FLORIDA 33486
TELEPHONE: (407) 391-6390
TELECOPIER: (407) 39[illegible]-6794

December 13, 1989

Mr. Robert B. Lanman
Chief, NIH Branch
Office of General Counsel
Department of Health and Human Services
Rm. 2B-50 NIH Bldg. 31
9000 Rockville Pike
Bethesda, MD 20892

Dear Mr. Lanman:

On behalf of our client, Chiron Corporation, we are responding to your letter of November 30, 1989, and the draft licensing agreement which you enclosed.

Chiron continues to believe that this dispute can and should be resolved expeditiously, amicably and fairly, with a settlement that fully serves the nation's interest in both nonA nonB hepatitis research and private-public sector collaborative efforts. We believe, however, your proposal -- that Chiron assign the Centers for Disease Control ("CDC") a one-half undivided interest in Chiron's 5-1-1 patent, pay CDC three percent of net sales as royalties, and give CDC control of pricing -- does not fully account for the particular circumstances of the invention and development of the 5-1-1 clone. Unlike DDI, the invention and development of the 5-1-1 clone has not involved significant expenditures of federal money or effort and will result in an overall decrease in health care spending.

We think that it would be useful and further our mutual efforts to resolve this dispute to set out our view of the operative facts and law relating to CDC's claim. We believe any settlement must take these facts into account.

<u>First</u>, there is not now and has never been any agreement between CDC and Chiron that would provide

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CDC with any rights in any invention made by Chiron in the course of the collaboration.

Second, Chiron's patent counsel has conducted two separate investigations into the invention of the 5-1-1 clone and has found no basis for naming Dr. Bradley a co-inventor.

Third, in these circumstances, CDC's demands for ownership, royalties and price control are unprecedented and contrary to established federal policy in promoting private-public sector research collaboration. - no

Fourth, any alternative must recognize that Chiron has pre-existing fiduciary obligations to its shareholders to protect its assets and contractual obligations to licensees of the 5-1-1 clone.

Based upon our review, CDC's proposal does not address these points or litigation risks. Accordingly, we believe that CDC's proposal, which is tantamount to complete vindication at trial, is neither fair nor equitable. Moreover, we believe that CDC's persistence in pressing these demands will seriously jeopardize important efforts to encourage collaborative research among federal laboratories and private companies. - what going on

In order to provide CDC a more informed basis for further discussions, the remainder of this letter sets out in detail the legal and policy concerns we think should be addressed in, and used to evaluate, any settlement proposal.

I. CDC HAS NO CONTRACTUAL RIGHTS IN ANY INVENTION MADE BY CHIRON

At all times relevant to the invention of the 5-1-1 clone, Chiron retained all rights in any invention it might make. At no time did Chiron agree or contract with any party, including either CDC or Dr. Bradley, to share any such rights with other persons. Thus, CDC has no contractual rights whatsoever in Chiron's invention of the 5-1-1 clone.

The terms set out in Chiron's November 10, 1982 letter proposed that Chiron and CDC collaborate in certain research concerning nonA nonB virus. In return for certain material to be supplied to the project by CDC, Chiron proposed to provide the derivative reagents and testing results to Dr. Bradley under conditions that would explicitly protect

Chiron's proprietary interests. The conclusion that Chiron's rights to its intellectual property were not to be affected by the collaboration is underscored by the express caution in Chiron's letter of November 10, 1982 that its "proprietary information must be protected." Indeed, after Dr. Bradley and CDC failed to execute an acceptable confidentiality agreement to protect Chiron's interest, Chiron was unable to provide Dr. Bradley with certain data. This restriction on communications was accepted by Dr. Bradley, who advised Chiron's scientists not to communicate specific information to him under the circumstances.

It is established federal policy that patent rights to inventions made with federal assistance, whether through federally funded research contracts or cooperative agreements, belong to the recipient. This policy permitting contractors to retain rights in their inventions, notwithstanding federal assistance, is intended to maximize technological innovation and collaboration between federal laboratories and the private sector for the good of our citizenry.[1] Prior to 1980, federal patent policy required the government to retain all patent rights to any invention made in whole or in part with federal assistance, especially in areas affecting public health or safety. By 1980, however, Congress became concerned that the country was losing its technological edge, in part because federal patent policy discouraged commercial development of federally-funded research.

The University and Small Business Patent Procedure Act of 1980, Pub. L. 96-517, reversed prior policy by creating a presumption that patent rights belonged to the inventor unless the government expressly reserved such rights by contract in advance. Furthermore, any such reservation had to be justified in writing and approved in advance. Government interests are protected by contractual "march-in rights," which permit the federal government to take over the patent and grant sublicenses in certain circumstances, including where such action was necessary to meet health or safety needs not addressed by the patent owner. Originally limited to contracts with small businesses and non-profit organizations, the 1980 patent policy was extended to all businesses contracting with the federal government in early 1983 in order to encourage the private sector to invest more resources into research and to maintain our nation's edge in

[1] Government Statement of Patent Policy, 36 Fed. Reg. 16887 (August 26, 1971).

technology.[2] Subsequent statutory changes have reinforced and expanded the presumption that patent rights belong to the inventor regardless of federal assistance in the absence of an express reservation by the government in advance.[3]

In short, CDC's current position that Dr. Bradley's contribution of valuable chimpanzee materials to the project entitles CDC to rights in the 5-1-1 clone even if Dr. Bradley is not a co-inventor is directly contrary to well-established federal policy. Since CDC did not even retain "march-in" rights, Chiron is entitled to all rights in any invention it made during the course of the collaboration. In short, CDC is not legally entitled to anything unless it can prove Dr. Bradley's inventorship claims.

II. CHIRON'S INVESTIGATIONS DO NOT SUPPORT DR. BRADLEY'S CLAIM OF CO-INVENTORSHIP

In your letter of October 16, 1989, you offer two bases for CDC's claim that Dr. Bradley is a co-inventor of the 5-1-1 clone: the articulation of certain ideas alleged to be exclusively or initially attributable to Dr. Bradley and the supply of valuable material. Chiron has had outside patent counsel examine these claims. Patent counsel has informed Chiron that their investigations fail to support Dr. Bradley's claims. Their findings are briefly summarized below.

A. Intellectual Input

At the time Chiron embarked on the HCV project, there was intense international competition to clone the causative agent of nonA nonB hepatitis. Over the next several years, Chiron and others skilled in the art tried numerous approaches to isolating the nonA nonB virus without success. The breakthrough that enabled the subject matter claimed in the relevant patent applications was isolating the "5-1-1" clone; a cDNA from a small domain of the HCV genome. The

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[2] Statement of Government Patent Policy issued on February 18, 1983.

[3] See the Trademark Clarification Act of 1984, Pub. L. 98-620; the Federal Technology Transfer Act of 1986, Pub. L. 99-502; Executive Order No. 12591, April 10, 1987, 52 Fed. Reg. 13414, as amended by Exec. Ord. No. 12618, Dec. 22, 1987, 57 Fed. Reg. 48661.

invention is a product of molecular genetics, specifically gene cloning; all claims in the initial patent application define the invention in relation to the 5-1-1 clone.[4]

The 5-1-1 clone was obtained using a specific protocol designed by Chiron scientists, an accomplished team of individuals sophisticated in gene cloning that had already successfully cloned a great number of viruses and genes, including hepatitis A, hepatitis B, and hepatitis delta. Not surprisingly, Dr. Bradley did not contribute to the successful protocol; Dr. Bradley is not a molecular geneticist and had no practical experience in gene cloning at the time the invention was made. Indeed, Chiron trained two people from Dr. Bradley's lab in some of the basic techniques of molecular genetics and gene cloning.

Togavirus. At least as early as 1986, Dr. Bradley published his prediction that NANB was caused by a togavirus. At that time, flaviviruses were classified as one of only four types of togaviruses. Thus, Dr Bradley shared his prediction with the field, not just Chiron, including other groups who were not successful in cloning the virus. Furthermore, Chiron's scientists did not rely on this prediction in their designing the successful cloning protocols, as explained below.

Random Primers. Patent counsel has been unable to substantiate Dr. Bradley's claim to have first proposed the use of random primers. Since the mid-1970s, random primers had been used to prime DNA synthesis for cloning. There are only two choices for priming the transcription of unknown sequences: random primers (useful for any DNA or RNA target) and oligo dT primers (useful for only mRNA with poly A tails). Chiron's scientists did not believe that anyone had ruled out the possibility that the NANB agent was a DNA virus. Thus, they prepared libraries, including the one from which 5-1-1 was cloned, to include sequences made from both RNA and DNA. This decision dictated the use of random primers.

Pelleting Technique. Pelleting viruses by ultra-centrifugation has been known for decades. Chiron had used protocols published by Dr. Bradley in all the earlier unsuccessful attempts at cloning and well before the invention was made.

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[4] A copy of the claims that define the invention are attached to this letter.

Thus, there is no basis to argue that these techniques were the key to the finding of 5-1-1.

Immunological Screen. It is not clear what "specific" screen is referred to in your letter. Chiron scientists developed the screening protocols used by them. Chiron is not aware of Dr. Bradley making any specific input to these protocols.

Antibody Status. Chiron scientists were the first to demonstrate that anti-HCV antibodies existed by showing that such antibodies bound the recombinant protein made from the 5-1-1 clone. Chiron scientists were then the first to demonstrate the diagnostic importance of such antibodies. Clearly, many researchers in the field, including Dr. Bradley, had speculated that such antibodies existed. Nonetheless, prior to Chiron's invention of the 5-1-1 clone, these researchers had repeatedly failed to demonstrate the existence of such antibodies.

B. Supply of Materials

High-Titer Chimp Plasma. Dr. Bradley was not the only provider of material from which HCV could have been cloned, nor was Chiron the only party to whom Dr. Bradley provided these materials. Furthermore, there is nothing "proprietary" concerning the methods used to raise chimpanzees with NANB. As evidenced by Chiron's early failures and the failures of other laboratories, merely possessing the chimp material does not enable one to isolate the 5-1-1 clone. It is clear, therefore, that simple possession of the high-titer serum did not guarantee the cloning of the virus.

High-Titer Chimp Livers. One of the libraries prepared from chimp plasma was where the 5-1-1 clone was found. Thus, the liver samples are not relevant.

Chimp Serum Panel. The chimp serum panel was not used to identify the 5-1-1 clone. Human serum from others was used.

III. PROSECUTION OF PATENT LITIGATION WILL JEOPARDIZE PUBLIC-PRIVATE COLLABORATION

Chiron's efforts were undertaken at great risk. Chiron -- a small company with no other commercial products -- invested a substantial portion of its very limited financial and scientific resources into HCV research. The HCV patent

is the Company's most valuable asset. Given the relative contributions of the parties to the project, it is inequitable for CDC to demand control of the patent.

Moreover, your proposal contravenes and may well undermine well-established federal policy and a decade of legislative efforts directed to creating settled expectations over rights in inventions made with federal assistance. As discussed above, federal policy since 1980 has consistently been to foster technological innovation and commercial development of such inventions through the vesting of patent rights in the inventor. These initiatives have been crucial to the development of several leading edge technology industries, including the biotechnology industry. Buoyed in part by the success of biotechnology, the Technology Transfer Act of 1986 further loosened restrictions on government control of patents in an effort to increase such research collaborations between federal laboratories and private enterprises.

CDC's continuing assertion of joint inventorship of the 5-1-1 clone threatens to undo the substantial progress made pursuant to these initiatives. If private enterprises are to commit substantial resources to cooperative arrangements with federal laboratories, they require assurance that the government will fulfill its commitments. Such expectations are difficult to reconcile with CDC's prosecution of a weak co-inventorship claim in order to leverage itself into control of Chiron's HCV patent and pricing. In the long run, the assertion of such a marginal claim is not in the best interests of the United States or CDC.

We are also concerned that the draft licensing agreement enclosed with your letter is virtually identical to that recently signed by Bristol Myers Squibb in connection with DDI. The HCV clone is not DDI; CDC's disputed claim to co-inventorship is not NIH's uncontested title to DDI. The HCV clone was the result of years of efforts that, while utilizing some assistance from CDC, was primarily pursued at Chiron by Chiron scientists using Chiron financial and scientific resources. Moreover, unlike DDI, the anticipated cost of the HCV diagnostic products and any vaccine will not impose any significant financial burden on patients or the health care financing system. To the contrary, the diagnostics and vaccine derived from this invention will prevent disease and have among the highest benefit-cost ratios of any products in health care. Indisputably, these products will lead to substantial decreases in overall health care costs.

Conclusion

Chiron looks forward to discussing these issues with you on December 14 and exploring other alternatives for resolving this matter.

Very truly yours,

Joseph A. Califano, Jr.

Enclosure

DEPARTMENT HEALTH & HUMAN SERVICES

Office of the Secretary
Office of the General Counsel

Public Health Division
Room 2B-60, NIH Bldg. 31
9000 Rockville Pike
Bethesda, Maryland 20892
(301) 496-4108

February 7, 1990

Kevin G. McAnaney, Esquire
Dewey, Ballantine, Bushby,
Palmer & Wood
1775 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

Re: Chiron/CDC Matter

Dear Mr. McAnaney:

Enclosed is our mark-up of the draft Settlement Agreement which you forwarded on January 24. Our explanation of the significant changes follows:

1. Section 2.2.

The changes in this paragraph are necessitated by the fact that Dr. Bradley is named as a co-inventor on a patent application filed by Genelabs. We discussed this matter in our conference call of today and agreed to explore the availability of pertinent information prior to discussing it further.

2. Section 3.1(b).

We have added a specific reference to the authority for the direct payments to Dr. Bradley.

3. Section 3.2.

We prefer to state a specific date for the payments, rather than referring to an unspecified date in the CRADA.

4. Section 3.3.

We have made this request in previous negotiations. CDC would be willing to sign a materials transfer agreement limiting its use of the materials to research purposes.

5. Section 4.1.

We view this as a clarifying change.

EXHIBIT
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6. Section 4.1(b).

We feel your language would unduly and unfairly limit CDC's march-in rights. Our language responds to your concerns without unduly limiting the march-in rights.

7. Section 4.2(f).

This paragraph is rewritten to state:

> "In any action to enforce the obligations under Article IV of this Agreement there shall be a rebuttable presumption that in any field of use where at least two entities, which have no agreement or arrangement with each other, are licensed and marketing products that meet the requirements of applicable Federal, State and local law in quantities that reasonably meet demand, that grounds for the exercise of march-in rights under subparagraphs 4.1(a)-(c) do not exist."

Our rewrite describes in detail the circumstances in which we could comfortably conclude that the conditions for march-in are not present. We eliminated the second presumption, because it is inconsistent with the requirement for a commercially reasonably license in section 4.2, would make it impossible for CDC to question the terms of a license no matter how unreasonable and could substantially restrict CDC's exercise of its march-in rights.

8. Section 4.4.

These changes reflect the practicalities involved in the handling of confidential information.

We look forward to your response. We will be glad to meet with you to discuss these matters if you believe that is necessary.

Sincerely,

Robert B. Lanman
Legal Advisor, NIH

Enclosure

cc:
Mr. Blackburn
Mr. Matthews
Ms. Hendricks

Mr. Matthews
Ms. Hendricks

(b) any United States patent application owned by CHIRON that is a divisional, continuation or continuation-in-part of the United States patent applications listed in Exhibit 1.1 of this Agreement; and

(c) any United States letters patent issuing on a patent application included under subparagraphs 1.1(a) or 1.1(b), above.

1.2 For purposes of this Agreement, NORTH AMERICA shall mean the United States and Canada, as well as the territories and possessions of each.

ARTICLE II

2.1 CDC on behalf of itself, the United States and any agency or instrumentality thereof, and DR. BRADLEY hereby forever release, discharge and assign to CHIRON their entire right, title and interest in and to, any and all claims, actions and the like based in law or equity known or unknown, now existing or which might arise hereafter, (a) against CHIRON or CHIRON's employees (past or present) CHIRON's directors (past or present) or licensees arising from actions occurring prior to the date of this Agreement and related to any collaboration among DR. BRADLEY, CDC and CHIRON; or (b) regarding the inventorship, ownership or control of CHIRON PATENTS or foreign counterparts thereof.

2.2 CDC and DR. BRADLEY warrant that no patent application ~~has been or will be filed~~ will be maintained naming DR. BRADLEY as an inventor or

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coinventor that claims or is amended to claim the sequences ~~subject matter~~ ~~according with the subject matter~~ claimed in CHIRON PATENTS.

ARTICLE III

3.1 Chiron agrees to pay the total sum of two million two hundred fifty thousand dollars ($2,250,000) as follows:

(a) five equal annual payments of $382,500.00 payable to CDC to fund a Cooperative Research and Development Agreement (CRADA) in the area of HCV vaccines and tissue culture. Chiron and CDC agree to enter into such CRADA on substantially the terms set forth in the draft CRADA attached as Exhibit 3.1. The scope of the research subject to the CRADA shall be agreed to by CDC and CHIRON and shall be within the scope of the work, materials and financial resources set forth in the Research Plan as defined in the draft CRADA of Exhibit 3.1, and such agreement shall not be unreasonably withheld.

(b) five equal annual payments of $67,500.00 payable to DR. BRADLEY in ~~recognition of his contribution to the field of HAND research and~~ lieu of royalties he might otherwise have received under the Federal Technology Transfer Act as a result of the collaboration with CHIRON.

3.2 The first payments under (a) and (b) above shall be due ~~upon the date specified in the CRADA~~ within 10 days of the signing of this agreement. Subsequent payments shall be due on the anniversary date of the initial payments.

ARTICLE IV

4.1 CHIRON agrees that with respect to any field of use covered by the CHIRON PATENTS, CDC has the right in accordance with the procedures in paragraph 4.2 to require CHIRON, an

a mutually agreeable materials transfer agreement

3.3 Chiron agrees to provide to CDC for research purposes the sequence of the entire HCV genome and any variants, clones covering the entire genome (including the structural region) and expressed antigens from these clones. These materials

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3.3 Chiron agrees to provide to CDC for research purposes the sequence of the entire HCV genome and any variants, clones covering the entire genome (including the structural region) and expressed antigens from these clones. These materials

assignee or an exclusive licensee of CHIRON to grant a non-exclusive license for NORTH AMERICA in such field of use upon terms that are commercially reasonable, to a responsible applicant that ~~can satisfy the conditions of subparagraphs 4.2(a) 4.2(c)~~ will take action to alleviate the conditions that led to CDC's assertion of march-in rights if:

(a) CHIRON, its assignee or licensee is not using or expected to use its reasonable best efforts within a reasonable time to achieve practical application in such field of use;

(b) Such action is necessary to alleviate a substantial unmet health or safety need which is not reasonably satisfied or expected to be reasonably satisfied within a reasonable time by CHIRON, its assignee or licensee, provided, however, that the lack of a product shall not constitute "a substantial unmet health or safety need" in a specific field of use unless ~~a responsible applicant has itself achieved~~ a practical application in such field of use exists at such time or there is a reasonable likelihood that a responsible applicant can facilitate a response to the unmet need; or

(c) Such action is necessary to meet requirements for public use pursuant to federal regulations which are not reasonably satisfied by CHIRON, its assignee or licensee.

4.2 The following procedures shall apply to the exercise of march-in rights.

(a) Whenever CDC receives information that it believes may warrant the exercise of march-in rights, it shall notify CHIRON of such information.

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(b) CHIRON must within 60 days after receipt of notice under subparagraph 4.2(a) confer with CDC and present evidence to CDC that grounds for the exercise of march-in rights do not exist.

(c) At the end of such 60 day period specified in subparagraph 4.2(b), the Assistant Secretary for Health may request in writing such further information from CHIRON related to the grounds for exercise of march-in rights as the Assistant Secretary finds necessary. CHIRON shall have 30 days to respond to such request. If CHIRON refuses to respond to the Assistant Secretary's request, the CDC may immediately initiate an action in any jurisdiction to enforce its march-in rights pursuant to subparagraph 4.2(e).

(d) At the end of the 60 day period specified in subparagraph 4.2(b), or the additional 30 day period specified in subparagraph 4.2(c), ~~in the event of a request for further information,~~ whichever is later, if the Assistant Secretary for Health finds by a preponderance of the evidence that (1) grounds for the exercise of march-in rights exist pursuant to subparagraphs 4.1(a) (b) or (c), and (2) the public interest requires the exercise of march-in rights, CHIRON will have 90 days from the receipt of notice of the findings, to remove, mitigate or cure such grounds or initiate action to that end to the satisfaction of the Assistant Secretary, in which event CHIRON shall have an additional 90 days to substantially complete such actions.

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(e) At the end of the period provided in subparagraph 4.2(d), if the Assistant Secretary determines that grounds pursuant to subparagraphs 4.1(a), (b) or (c) for the exercise of march-in rights still exist, CDC may initiate an action in any federal district court having jurisdiction over the parties. CDC shall have the burden of proving that grounds exist for the exercise of march-in rights in a trial de novo.

(f) In any action to enforce the obligations under Article IV of this Agreement, there shall be a rebuttable presumption that in any field of use where at least two entities, that meet the requirements of applicable Federal, State and local law, which have no agreement or arrangement with each other, in quantities that reasonably meet demand, are licensed authorized and marketing developing products, that grounds for the exercise of march-in rights under subparagraphs 4.1(a)-(c) do not exist. ~~There shall be a further presumption that where any entity is licensed, that the terms of such license are commercially reasonable.~~

4.3 In any action arising from or under Article IV, or a breach thereof, the sole and exclusive remedy available to CDC is specific performance of the provisions of such Article, including the obligation to grant a non-exclusive license provided for in subparagraph 4.1

4.4 All data obtained by a party which the disclosing party wishes to be maintained in confidence shall be marked "confidential." When data is so marked, the recipient of the data shall not disclose the data to anyone other than the recipient, except as may be required by law. For purposes of this paragraph, the "recipient" for the Government is the U.S. Department of Health and Human Services (DHHS) the parent agency of CDC. Confidential information will be disclosed to employees of DHHS only on a need to know basis.

recipient" for the Government is the U.S. Department of Health and Human Services (DHHS) the parent agency of CDC. Confidential information will be disclosed to employees of DHHS only on a need to know basis.
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TOTAL P.32

AGREEMENT OF SETTLEMENT

THIS AGREEMENT entered into the 3rd day of April, 1990, by Chiron Corporation (CHIRON), a Delaware corporation, Centers for Disease Control (CDC) of the U.S. Department of Health and Human Services (HHS), and Dr. Daniel W. Bradley (DR. BRADLEY), an employee of CDC.

WITNESSETH:

WHEREAS, CHIRON is seeking patents in the names of several CHIRON scientists for certain inventions relating to a causative agent of Non-A Non-B Hepatitis (NANBH) based on the cloning of the Hepatitis C Virus (HCV);

WHEREAS, CDC, DR. BRADLEY and CHIRON, parties to this Agreement, have collaborated in research on NANBH beginning in 1982;

WHEREAS, CDC and DR. BRADLEY have expressed their belief on the information available to them that DR. BRADLEY is an inventor of the aforesaid inventions;

WHEREAS, CHIRON has concluded on the basis of its investigation and the information available to it that DR. BRADLEY is not an inventor of the aforesaid inventions;

WHEREAS, the parties wish to avoid litigation arising from any disputes related to rights and obligations arising under that collaboration; and

WHEREAS, the parties wish to cooperate in the expeditious development of the inventions and ensure access to the inventions for the benefit of the public health.

for the benefit of the public health.

EXHIBIT
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NOW, THEREFORE, for and in consideration of the promises hereinafter contained, the parties hereto agree as follows:

ARTICLE I

1.1 For purposes of this Agreement, CHIRON PATENTS shall mean:

(a) the United States patent applications listed in Exhibit 1.1 of this Agreement;

(b) any United States patent application owned by CHIRON that is a divisional, continuation or continuation-in-part of the United States patent applications listed in Exhibit 1.1 of this Agreement; and

(c) any United States letters patent issuing on a patent application included under subparagraphs 1.1(a) or 1.1(b), above.

1.2 For purposes of this Agreement, NORTH AMERICA shall mean the United States and Canada, as well as the territories and possessions of each.

ARTICLE II

2.1 CDC on behalf of itself, the United States and any agency or instrumentality thereof, and DR. BRADLEY hereby forever release, discharge and assign to CHIRON their entire right, title and interest in and to, any and all claims, actions and the like based in law or equity known or unknown, now existing or which might arise hereafter, (a) against CHIRON or CHIRON's employees

might arise hereafter, (a) against CHIRON or CHIRON's employees

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(past or present) CHIRON's directors (past or present) or licensees arising from actions occurring prior to the date of this Agreement and related to any collaboration among DR. BRADLEY, CDC and CHIRON; or (b) regarding the inventorship, ownership or control of CHIRON PATENTS or foreign counterparts thereof. CDC and DR. BRADLEY hereby assign to CHIRON any and all right title and interest in or to CHIRON PATENTS and the inventions claimed therein.

77% of issued patents only Pat apps in the U.S.

2.2 CDC and DR. BRADLEY warrant that no patent application will be maintained naming DR. BRADLEY as an inventor or coinventor that now claims or is later amended to claim subject matter interfering with the subject matter claimed in CHIRON PATENTS as filed and as set forth in confidential Exhibit 2.2.

2.3 After the effective date of this Agreement, CDC and DR. BRADLEY will make DR. BRADLEY and any supporting documents promptly and reasonably available to CHIRON for the sole purpose of evaluating his claim to inventorship. After concluding such evaluation, CHIRON may, at its discretion, (i) add DR. BRADLEY to one or more CHIRON PATENTS as an inventor if in CHIRON's opinion DR. BRADLEY is an inventor or (ii) submit any material information regarding ~~the question of DR. BRADLEY's~~ inventorship to the U.S. Patent and Trademark Office. If DR. BRADLEY is added as an inventor to one or more CHIRON PATENTS, whether by CHIRON or by any tribunal of competent jurisdiction, CDC and DR. BRADLEY will cooperate fully with and without charge to CHIRON, and execute any and all necessary and proper documents related to CHIRON PATENTS and the assignment contained in paragraph 2.1.

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ARTICLE III

3.1 Chiron agrees to pay the total sum of two million two hundred fifty thousand dollars ($2,250,000) as follows:

(a) five equal annual payments of $382,500.00 payable to CDC to fund a Cooperative Research and Development Agreement (CRADA) in the area of HCV vaccines and tissue culture. Chiron and CDC agree to enter into such CRADA on substantially the terms set forth in the draft CRADA attached as Exhibit 3.1. The scope of the research subject to the CRADA shall be agreed to by CDC and CHIRON and shall be within the scope of the work, materials and financial resources set forth in the Research Plan as defined in the draft CRADA of Exhibit 3.1, and such agreement shall not be unreasonably withheld.

(b) five equal annual payments of $67,500.00 payable to DR. BRADLEY in lieu of royalties he might otherwise have received under the Federal Technology Transfer Act as a result of the collaboration with CHIRON.

3.2 The first payments under (a) and (b) above shall be due within 30 days of the signing of this Agreement. Subsequent payments shall be due on the anniversary date of the initial payments.

3.3 CHIRON agrees to provide to CDC and DR. BRADLEY under the terms of the letter agreement attached hereto as Exhibit 3.3 (1) clones encompassing what CHIRON believes is substantially all of the translated sequence from the genome of the HCV isolate

of the translated sequence from the genome of the HCV isolate

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derived from the CDC chimpanzee known as "Rodney", and (2) other clones and sequences for HCV isolates currently available to CHIRON. The latter clones and sequences will be provided to CDC only if (i) a U.S. patent application disclosing the sequence of such clones has been filed, and (ii) CHIRON does not have any obligation of confidentiality to a third party with respect to such clones or sequence. HCV antigens and additional HCV sequences will be made available to CDC and DR. BRADLEY pursuant to the CRADA specified in paragraph 3.1(a).

ARTICLE IV

4.1 CHIRON agrees that with respect to any field of use covered by the CHIRON PATENTS, CDC has the right in accordance with the procedures in paragraph 4.2 to require CHIRON, or any successor in interest, an assignee or an exclusive licensee of CHIRON to grant a non-exclusive license for NORTH AMERICA in such field of use upon terms that are commercially reasonable, to a responsible applicant that will take prompt action to alleviate the conditions (paragraphs (a) through (c) below) that led to CDC's assertion of march-in rights, if:

(a) CHIRON, its assignee or licensee is not using or expected to use its reasonable best efforts within a reasonable time to achieve practical application in such field of use;

(b) Such action is necessary to alleviate a substantial unmet health or safety need which is not reasonably satisfied or expected to be reasonably satisfied within a

tial unmet health or safety need which is not reasonably satisfied or expected to be reasonably satisfied within a

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reasonable time by CHIRON, its assignee or licensee, provided, however, that the lack of a product shall not constitute "a substantial unmet health or safety need" in a specific field of use unless a practical application in such field of use exists or is imminent; or

(c) Such action is necessary to meet requirements for public use pursuant to federal regulations which are not reasonably satisfied by CHIRON, its assignee or licensee.

4.2 The following procedures shall apply to the exercise of march-in rights.

(a) Whenever CDC receives information that it believes may warrant the exercise of march-in rights, it shall notify CHIRON of such information.

(b) CHIRON must within 60 days after receipt of notice under subparagraph 4.2(a) confer with CDC and present evidence to CDC that grounds for the exercise of march-in rights do not exist.

(c) At the end of such 60 day period specified in subparagraph 4.2(b), the Assistant Secretary for Health may request in writing such further information from CHIRON related to the grounds for exercise of march-in rights as the Assistant Secretary finds necessary. CHIRON shall have 30 days to respond to such request. If CHIRON refuses to respond to the Assistant Secretary's request, CDC may immediately initiate an action in any jurisdiction to enforce its march-in rights pursuant to subparagraph 4.2(e).

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02/28/1990 12:28 FROM DEWEY/BALLANTINE

(d) At the end of the 60 day period specified in subparagraph 4.2(b), or the additional 30 day period specified in subparagraph 4.2(c) , whichever is later, if the Assistant Secretary for Health finds by a preponderance of the evidence that (1) grounds for the exercise of march-in rights exist pursuant to subparagraphs 4.1(a), (b) or (c), and (2) the public interest requires the exercise of march-in rights, CHIRON will have 90 days from the receipt of notice of the findings, to remove, mitigate or cure such grounds or initiate action to that end to the satisfaction of the Assistant Secretary, in which event CHIRON shall have an additional 90 days to substantially complete such actions.

(e) At the end of the period provided in subparagraph 4.2(d), if the Assistant Secretary determines that grounds pursuant to subparagraphs 4.1(a), (b) or (c) for the exercise of march-in rights still exist, CDC may initiate an action in any federal district court having jurisdiction over the parties. CDC shall have the burden of proving that grounds exist for the exercise of march-in rights in a trial de novo.

(f) In any action to enforce the obligations under Article IV of this Agreement, there shall be a rebuttable presumption that in any field of use where at least two entities are marketing products that meet the requirements of applicable Federal, state and local law, in quantities

of applicable Federal, state and local law, in quantities

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that reasonably meet demand, that grounds for the exercise of march-in rights under subparagraphs 4.1(a)-(c) do not exist. There shall be a further rebuttable presumption that where CHIRON has licensed an entity in an arms-length agreement, that the terms of such license are commercially reasonable. This presumption does not apply to the issue of whether the licensee has taken or will take prompt action to allaviate the conditions that led to CDC's assertion of march-in rights.

4.3 In any action arising from or under Article IV, or a breach thereof, the sole and exclusive remedy available to CDC is specific performance of the provisions of such Article, including the obligation to grant a non-exclusive license provided for in subparagraph 4.1

4.4 All data obtained by a party under Article 4 or Section 2.2 of this Agreement which the disclosing party wishes to be maintained in confidence shall be marked "confidential." When data is so marked, the recipient of the data shall not disclose the data to anyone other than the recipient (and its legal counsel) except as may be required by law or as necessary to exercise march-in rights. Recipient will immediately notify the disclosing party of a proposed disclosure of information under the preceding sentence and the circumstances justifying such disclosure. The recipient may make no disclosure of such confidential information until the close of the seventh business day following such notice. The disclosing party may take such

day following such notice. The disclosing party may take such

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02-28-1990 12:29 FROM DELEY/BRILANTINE TO 6439449140463932296 P.10

steps as it deems necessary, including seeking a protective order, to preserve the confidentiality of such information. For purposes of this paragraph, the "recipient" for the Government is the U.S. Department of Health and Human Services (DHHS) the parent agency of CDC. Confidential information will be disclosed to employees of DHHS only on a need to know basis.

ARTICLE V

5.1 Neither party by agreeing to this compromise and settlement in any way admit any liability of any kind to the other party.

5.2 This Agreement contains the entire agreement and understanding among the parties hereto and shall be deemed to supersede and cancel all other agreements and understandings, written or oral, entered into prior to the date hereof relating to the subject matter hereof.

5.3 Each party hereto represents and warrants that it has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder and that, in the case of each corporate party hereto, this Agreement has been duly executed and delivered by such party.

5.4 This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

9

02/28/1990 12:25 FROM DELEY/BALLANTINE TO 6459449142463932296 P.11

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on this day and year first above written.

CHIRON CORPORATION

By _____ 4/3/90

Edward E. Penhoet, Ph.D. (Date)
Vice Chairman and
Chief Executive Officer

Left msg - William Roper emailed UNC, edu
919-966-3815
919-962-6108
Dean School Pub Health
U.N.C

CENTERS FOR DISEASE CONTROL Mar 15th began - nonetheless

By William L. Roper 12 Mar 90

William L. Roper, M.D. (date)
Assistant Surgeon General
Director

3-12-90

Walter R. Dowdle, Ph.D. (date)
Deputy Director

DR. DANIEL W. BRADLEY

Daniel W. Bradley 3/12/90

Daniel W. Bradley, Ph.D. (date)

From: <jallen@nttc.edu>
To: <kofaley@venable.com>, <user21@browdyneimark.com>, <hwbremer@facstaff.wisc.edu>
Date: Thu, Oct 31, 2002 4:28 PM
Subject: AUTM Directors' Forum Presentation

I'm doing a presentation for AUTM's Director's Forum next month on the passage of Bayh/Dole. I finally (after 22 years) pulled out my old Senate folder to pull something together for my 15 minutes of fame. I thought you might be interested in some of the old stuff I found that you were all involved in. However, since those who were not there might find looking at viewgraphs lifted from old Dear Colleague letters, News from Birch Bayh, and associated old clippings rather boring, I asked our production folks to build it around the theme of the Rocky and Bullwinkle cartoon show. See what you think. (The first viewgraph of Jefferson and Hamilton is because our approach was decentralized v. the Carter Admin. "industrial policy" approach).
Let me know what you think.

----- Forwarded by Joe Allen/NTTC on 10/31/2002 04:06 PM -----

Bonnie Funkhouser
10/31/2002 11:46 AM

To: Joe Allen/NTTC@NTTC
cc:
Subject: AUTM Directors' Forum Presentation

(See attached file: AUTM Directors' Forum - December 5, 2002.ppt)

From: Robert Kuntz <cef@innercite.com>
To: "Latker, Norman J." <njl@browdyneimark.com>
Date: Tue, Nov 5, 2002 5:13 PM
Subject: Norm Latker, IEEE IPC, Preassignment of Intellectual Prop.

Hi Norm:

It was great catching up to you and reminiscing after so many years. Let me know how to contact Joe Alan.

I did find my article on the IEEE Web site. It is titled, "What you Need to Know About Preassignment Agreements to Protect your Intellectual Property. It is a Feature article in the August, 2002, issue of the INSTITUTE. Try the following URL:

<http://www.spectrum.ieee.org/INST/aug02/fintel.html>

If that works, then look for the Feature Article which is in beige where the other listed articles are in blue. If this URL does not work, then work your way in through www.ieee.org, click on publications, then on INSTITUTE, then on archives, then on 2000, then on August, then on the article.

There was a side bar to the article in the INSTITUTE suggesting that interested readers respond. I took their responses verbatim and created the summary document attached.

As I mentioned on the phone, I am Chairman of the Subcommittee on employee inventors of the Intellectual Property Committee of IEEE. I created a "manifesto," and the first tasks is to determine if there is a "constituency" interested in the subject. The INSTITUTE article was a means for testing the waters in IEEE. We have developed a contact list of about 30 people.

When I was in Washington, September 17 through 21, 2002, I had a three hour meeting with the President of IEEE USA. She if very interested in the employee inventor challenges. However, her term of office ends in about two months. The IEEE IPC committee is loaded with patent attorneys who have corporate clients. One member flatly states that he wants to help the "engineers" but has a major conflict of interest with his clients who want to expand their ownership of intellectual property. At least this person states his position up front while others try to justify the total preassignment of intellectual property rights as just and morale.

My IEEE activities are external to my real responsibilities as President, California Engineering Foundation (CEF). If you want to get a feeling about CEF, check out our Web site which is need of up dating, <www.innercite.com/~cef/>. My focused efforts are with one of our projects called, MISSION AEROSPACE, which is dedicated to revitalizing the aerospace/defense industry. We have had a long history looking at this industrial sector. On the near term, we have inputted into the President's Commission on the Future of American Aerospace/defense industry.

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conference. The recommendations were condensed into a Briefing Paper to President Bush. Three areas were on the agenda: Research & Development, the Wall Street Paradigm (investment community), and Intellectual Capital. We are focusing on the latter and are applying a quarter of a century of work in this field and are promoting the establishment of a standardized system for defining intellectual (human) capital skills, knowledge and functional capabilities. Attached is the Briefing Paper. Our focus is to implement Recommendation 4 on page 4 of the Intellectual Capital section, and we have had a breakthrough in developing the unique CEF Skills Interactive Information System (SIIS). Most of my efforts in Washington were focused on securing funding to complete the development and initiate deployment. I had 16 appointments. If you have any ideas where there may be fundings, support, in-kind services, etc., let me know.

There is much more to tell if I have not already saturated your synapse.

I hope that we can stay in touch. Perhaps you can speak to the IEEE IPC at the next meeting in Washington. Would you like to be a member of my subcommittee?

I will look forward to receiving your article on preassignment agreements. If you would like to revisit the Moss Bill, I have it scanned in my computer.

Bob

Dr. Robert J. Kuntz, P.E., President
CEF
2700 Zinfandel Drive
Rancho Cordova, CA 95670-4827
Ph: 916-853-1914
Fx: 916-853-1821
<cef@innercite.com>
<wwe.innercite.com/~cef/>

IEEE INTELLECTUAL PROPERTY COMMITTEE
Subcommittee on Employee Inventors
And
Preinvention Assignment Agreements

Introduction

Authored by Dr. Robert J. Kuntz, P.E. an article appeared in the August, 2002, issue of the Institute discussing preinvention assignment agreements. Bill Williams, IEEE Staff created a "side bar" to the article soliciting response from readers. This document compiles responses received.

I have been the victim of the "unfair labor practice" of "Pre-Assignment Agreements". It is an impediment of creativity. It should be abolished, but there is no chance for this until the unconstitutional influence of money in our "democratic" system would be eliminated.

Now, being a "Life Senior", my problem is different. Since I "retired", I am far more productive than I ever was (due to my computer). I created new solutions to my old problems capable to save energy on a billion dollar scale, but I receive no response to my Web site and letters from US companies. The NIH syndrome prevails.

My question is the following:
Can IEEE provide any assistance to members to find cooperating partners for objective evaluation of innovations, and for introduction into production?

Thirty years ago, I have asked the same question. I received no answer. I assumed, there is no assistance available. If this still is the case, don't you think it would be high time to get organized and provide it before the Pre-assignment Agreements will be abolished?

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I had a chance to read your article in the August issue of the Institute, and was very surprised realizing that an employer can hold such broad rights to an employee's invention. The employer's can argue that employee's work environment and access to the company know how helped the invention to happen, but without the employee's intellectual capacity it could not have happened. So, my suggestion is to amend the corresponding laws as follows:

1- If the invention is related to the employee's current or past 4 years work with the employer, the employee and employee will share the rights, based on a formula yet to be mutually agreed upon.

2- If the invention is not related to the employee's current or past 4 years work with the employer, then the employer will have no right to the invention.

My previous company (Ithaco Space Systems)was bought by Goodrich Aerospace. Their IP agreement was so tight they would own a children's story I wrote at home. After asking two lawyers I sent a request to Goodrich to clarify one paragraph of the agreement. The severance package contained wording that could demand my time (at no compensation and for an indeterminate period of time if any severance was to be paid. I was told it was a take it or leave it offer. I strongly believe that engineers (Exempt from the guaranteed fair play that non-Exempt people enjoy) are the new class of indentured servants. We either need a real UNION, or changes in the law that let us keep what is truly ours.

I agree with the IEEE position paper "Invention Rights for Employees". I have had several ideas in the past years which I had to let go and not develop. The company was

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uninterested because they were not part of the "core" business. If I had done the work at home, I would not have been able to get any of the benefits.

The present situation stifles invention, as employees receive no reward, and it is also bad for the employer. It seems that the attorneys for corporations erroneously think they are acting in the employers interest, but as a result often neither the employer nor the employee gets anything.

I have just been self employed for 3 1/2 years, and submitted patent applications on five inventions. Now, I am working for a company, and will try to commercialize those inventions, but not invent anything else. This is crazy!

I previously worked for Rockwell on radar scattering computations. On my own I discovered a better trailer hitch design, which prevented swaying of the car/trailer combination. I later found that my idea had already been patented. Then I asked the on site patent attorney at Rockwell about, what if this had not been patented before. He said Rockwell would own it. It was unrelated to any work that had ever been done at the Rockwell Science Center, I did it on my won, etc. He said that he believed that somewhere there was a division of Rockwell that made automotive products, even though he wasn't sure offhand what state it would be in. Therefore, this was related to the business of my employer, so Rockwell would own it. I learned to turn off my thoughts on inventions until I was self employed years later.

Other agreements have ridiculous provisions. Boeing's says that they own any invention made within six months after leaving Boeing. That would directly contradict an agreement anyone would sign at a new job.

I am working now somewhere where they put in the agreement that you have to list all previous inventions. If you forget, the agreement says they own it.

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3

This is a monopoly gone awry, and legislators have encouraged it.

This country would greatly benefit if the law were changed. Certainly, inventions not related to employment should remain with the inventor.

For example, I am writing a self help book, totally unrelated to my work on radar scattering. But, an agreement such as Boeing's gives them the copyright on anything you write, regardless of field. From that viewpoint, it is good that I am not working at Boeing!

There needs to be some level of employee incentives besides a $1 and a handshake.

Before being employed by Motorola I was required to sign a waiver of intellectual properties for anything I was it develop. this was to remain in effect for 5 years after I left the company.

Previously, I worked in an aerospace/defense company and became personally involved in this issue. I believe that both inventors and employers must be protected in a manner similar to the DOD approach. My recommendation is that for an employer to have any rights to an invention after disclosure by the inventor, that employer must be actively involved in productization of the invention. If not, all rights must be assigned to the inventor. The inventor also has productization responsibilities. If these are not fulfilled, the invention is abandoned.

My major concern with pre-assignment agreements is their scope. It seems that every NDA/pre-assignment agreement I am confronted with contains language that states that the company owns anything I develop whether it's during business hours or not, or using company property or not. I consider this unbelievable arrogance on the part of the company (or at least the company's lawyers) to think that they are entitled to things that I do on my own time, with my own property. The company pays me a salary for a job

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that I do, and that doesn't extend to my free time.

Every time I see one of these, I strike out the offending portion of the agreement and rewrite the language to exclude things done on my own time with my own property. It seems like only California has language in their labor laws that restricts this type of thing from pre-assignment agreements.

If the employee's invention resulted from technical/commercial activities under the employer, and assuming the employee could not have made the invention not knowing the employer's 'product' - then the invention should be the employer's asset. The employee should be recognized and rewarded for such an invention. Any other invention, unusable by the employer and foreign to employer's line of product(s) remains employees property, for him to do as he wishes.

My company has used pre-assignment to suppress salary competition by making it very difficult to change jobs within our industry. There are agreements between companies in our industry which require company A to notify company B if A makes an offer to B's employees. B has the right to veto the deal - putting the employee in jeopardy.

The pre-assignment agreement prevents us from changing jobs for a period of 1 or 2 years. One poorly-worded version of the agreement even required us to document every idea we had (without defining meaning of "idea"). Use of this version stopped, but some are still in effect. The agreements are supposed to protect IP, which is a reasonable purpose, but they have been extended to prevent salary competition and control the workforce. This alternate use is unfortunate.

I prefer to stay anonymous, but the industry is oil well service. Companies include Haliburton, Schlumberger, and Baker Hughes. Others are involved, but to a lesser extent - mainly due to bullying tactics from the big cos.

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with interest, as I signed one myself in May for a patent application.

Companies hire engineers and scientist for the express purpose of creating inventions. Those companies would be pretty foolish not to insist on exclusive rights to the inventions they have paid for.

However, companies should only get rights, through pre-assignment agreements, to those inventions which can be shown to be reasonably related to the job function for which the engineer/scientist was paid.

My employer required assignment of every waking thought I had. The employer has the right to sit on any ideas indefinitely, and has been known to do so. This effectively prevents employees from obtaining timely permission (which is supposed to be possible) to pursue any concepts that are outside the employer's business activities.

Perhaps as a separate topic, my employer has a monetary award policy for intellectual property. If the employee does not aggressively pursue obtaining the monetary award, it will not be provided. This includes the patent assignment agreement required for filing with the USPTO. The "one dollar and other considerations" just does not materialize more often than not. I am currently awaiting payment of over $3000 after a two year lapse in an extensive email effort to obtain payment.

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I very much appreciate Dr. Robert J. Kuntz' article on the pre-assignment agreements for the following reasons:

(1) First, I do not have much knowledge about how intellectual property works in USA. When I was employed, I signed that pre-assignment agreement after asking some more experienced employees.

(2) I myself consider it highly necessary to protect employee's IP right. For now, their are 2 items in my mind:

(a) When a person is hired as an employee, it is his/her working DUTY is hired, but NOT his/her whole physical or intellectual capability. For example, when a person with 10 year's education(from BS to Ph.D.) is hired, I don't think the employer owns all of his/her knowledge and skills that he/she acquired from all the previous education. For a physically strong person, if hired for a physical labor, the employer only owns this person's

example, when a person with 10 year's education(from BS to Ph.D.) is hired, I don't think the employer owns all of his/her knowledge and skills that he/she acquired from all the previous education. For a physically strong person, if hired for a physical labor, the employer only owns this person's

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service(duty) during time period, but not the physical ability itself. Instead, the physical strength comes from his previous nurturing and caring he has received during physical growth and training.

(b) When a person is hired as an employee, it is his/her working DUTY is hired, but NOT his/her whole time --- 24 hours/day. Employer owns the working duty of the employees, but not the employee's life; on the other hand, the employee is hired/paid because of the job duty, not of being owned by the employee.

(3) In result, if the employee has invented something outside the employment, using his/her own time, own expense, and not taking advantage the of current or previous employer, then the IP should be protected as his/her own.

(4) Here comes the concept of EMPLOYMENT. What does it mean by "employment"? What is an employee? what is an employer? All these concepts are very vague to me if think about carefully.

I am an IEEE Member and I perform applied research in computer science for a Defense contractor. Additionally, I "moonlight" as a software consultant. As is commonplace, I was required to sign a pre-assignment agreement. It is unreasonably vague as it covers not just inventions made with Company time or resources, but also anything in the Company's lines of business.

I have found that organizations do not innovate, people do. Yet I have found that corporations often neglect inventions, even while preventing their utilization by the inventor. Unfortunately, I do not believe there is much of a choice other than self-employment.

I encourage you to advocate for legislation that distinguishes between "service inventions" and "free inventions", and prohibits employers from requiring pre-assignment of free inventions, even if said invention competes with an employer's product(s).

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competes with an employer's product(s).

The current Pre-Assignment Employment Agreements deprives the incentives from the employed inventors. In short terms, it protects the existing companies. But in long run, it limits the invention and will finally harm the whole industry.

The National Association of Television Arts and Science awards Emmys each year for engineering achievements.
I applied for the Monitor Alignment Color Bars that I invented in 1975 during my employment at CBS Technology Center.
The NATAS Awards Committee gave an award for the bars but the CBS representative insisted that it belonged to CBS and not to me.
CBS had put the invention into the public domain for general use by the industry. I insist that CBS (previously Viacom that bought the company). cannot claim ownership because the invention was not treated as a trade secret, submitted for patents, nor copyrighted;
instead it was given to the industry. I am protesting NATAS's award only to CBS instead of to me, the true inventor.

I think preassignment agreements discourage innovation. Where I work a (a "top five" defense company) we have over 1,000 engineers. Suprisingly, not a single "electronics" or even related patent has been filed in over ten years. Since, I have not been with the company for ten years, I asked my cohorts about this situation. The general reply was "why"?

It seems our company's pre-assignment agreement has literally taken all the reward (including recognition) out of engineering. Boy, that makes me get excited about working here.

Since invention/discoveries pre-assignment is a mandatory condition of employment, the engineer has no option if he/she wishes to be employed. As a consequence, the advantages are heavily weighted toward the employer. This situation must be balanced in some way by the law. Recognition is not sufficient.

If the law permits this type of pre-assignment of invention etc. to the

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employer, some compensation along with the recognition is required. A royalty, a percentage of the revenue collected on for the licensing of the invention etc. to arms length organizations, appears like an equitable solution. The exact percentage must be negotiated but should not fall below 10%.

The above compensation would encourage innovation within companies and discourage the common practice of withholding invention ideas etc. for the start of spinoff organizations.

In the August issue of the Institute, there is a brief discussion on pre-assignment of intellectual property. One omission is that in some states, such as Illinois, require the employer to grant rights with certain limitations to inventions made by employees in fields of use unrelated to the business of the employer. There are certain restrictions such as the employers' equipment and facilities are not used. The employees rights to such inventions are usually spelled out in the pre-assignment agreement. If not inquiry should be made.

Before signing a pre-assignment agreement, the employee should inquire as to what benefits might be expected when the employee presents an invention disclosure, when the disclosure is patented and if the patent is used by the employer or is licensed to others. These are usually spelled out in company policies, but don't be afraid to get a copy of these before signing

If the employer is a government contractor, such as non-profit, according to Code of Federal Regulation CFR 37 paragraphs 401.9 and 401.10allows employee to retain rights to certain inventions. There is more to this area and I suggest that the IEEE provide a complete summary of the Bahy Dole act and its impact on both the prospective employee but also for engineering management, especially if subcontracts are involved with small businesses or non-profits.

To avoid potential ethical traps, the employee should retain all copies of invention disclosures and patents, so that he can append non-confidential excerpts from these to any pre-assignment. If the applicant has pending disclosures or patents, he may be required to help his former employer to

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10

respond to any action by the patent office action. This is a rare event, but should be discussed.

My employer required assignment of every waking thought I had. The employer has the right to sit on any ideas indefinitely, and has been known to do so. This effectively prevents employees from obtaining timely permission (which is supposed to be possible) to pursue any concepts that are outside the employer's business activities.

Perhaps as a separate topic, my employer has a monetary award policy for intellectual property. If the employee does not aggressively pursue obtaining the monetary award, it will not be provided. This includes the patent assignment agreement required for filing with the USPTO. The "one dollar and other considerations" just does not materialize more often than not. I am currently awaiting payment of over $3000 after a two year lapse in an extensive email effort to obtain payment.

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I am sending this as plain text, not html, so hopefully you will not have any problems with it.

So, do you know, or know someone who could tell me, whether capital gains treatment is currently available to me? If it is not, I would certainly be interested in campaigning to change that.

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gains treatment is currently available to me? If it is not, I would certainly be interested in campaigning to change that.

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As the Twin Cities PACE Chairman, I've become aware of an abiding interest in engineering employment especially with respect to engineers interested in consulting. In polling the technical chapters, I've become aware of a real interest in intellectual property because that seems to be the only thing engineers can take with them if they are down sized or fired and thrown into the open market. Furthermore, it is the only leverage available to an individual engineer and a corporation that wants everything. The IEEE needs to make clear to these engineers what rights they have on a federal level as opposed to a local, corporate, and state level.

I am a computer programmer and am interested in exploring the technicalities between individual IP and employee's pre-assignment agreements.

Interested in IP issues. Feel that it is not fair that companies can sit on ideas for years with no intention of filing a patent and yet the inventor can not use this or more on it if the company is not.

About those inventor employee rights – now might be a good time to press this with inventor employees fired while the inventions they created are sold as valuable remnants on the bankruptcy table due to the failures of others. No doubt we cold find some excellent stories if the membership were asked.

One reason I've hesitated to get a "a job" during the past decade, even during periods when my business was not going well, is that I would have to sign over my numerous copyrights and who knows what else. To me a company who demands IP not developed on company time or with company resources or knowledge is simply leeching off the hard work of their employees.

I was made to sign my first Pre-Assignment employment agreement more than 25 years ago. After signing I made a promise not to develop anything that will benefit my employer.

I was made to sign about a month ago in the middle of my employment. I still feel

my employer.

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the same way. "Why should I spend time and effort to develop something that can be taken away by the resourceful employer" I am afraid I may be sued by them if I do not go their way. I know employees have been sued by GM and some other companies. Currently I am so much frustrated that if I find some suitable employment out of engineering I will take it. I will keep trying anyway.

I have many ideas for automating processes that can save a lot of time and money and the companies can compete with cheap overseas markets.

Dr. Robert Kuntz was right in his article that just came out in the Institute.

Re: Pre-Assignment Agreements - a possible solution

I was deeply impressed with a citation I have read at the Thomas Jefferson Memorial in Washington D.C. : "Let's give the power of government to the people. And, if someone will object because they are not educated enough to govern - then let's educate them" .

[Off the record: If the IEEE desires to make any use of my letter, my condition is that you verify the above citation and correct it to quote the precise citation, so as not to embarrass me - or was it Lincoln's Memorial?]

If you apply this indisputable principle to the present debate, it all becomes crystal-clear:
Possible reasonable solutions are available, for example Congressman John E. Moss's as mentioned in your article. And why no such solution has been pursued? Because there was no public pressure - politicians are very sensitive to public opinion, they saw the public is indifferent to the issue, so they said "Why bother..." .
In the course of my work as a patent agent, I try to educate people on the importance of patents and of their innovative ideas as their personal asset.
I found that usually people underestimate their ideas, are not familiar with the patent system and are easily intimidated by the impressive, large firm into signing their "standard form" , "just like everybody" .

with the patent system and are easily intimidated by the impressive, large firm into signing their "standard form" , "just like everybody" .

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A criminal is entitled to a police warning before interrogation; a smoker is
entitled to a warning from the cigarette manufacturer; why an engineer should not be entitled to a warning from a prospective employer, such as:

"You are required to sign this form, to renounce your constitutional rights to all your innovations while on our service and ... months thereafter. Whereas other employers may only demand rights to your service inventions or in the line of their products (Agreement A), we demand rights to all your
innovations, even those in your own time, and unrelated to your work with us (Agreement B).
If you don't agree, these options are open to you: You may demand to sign only the Agreement A and to receive less pay; you may require not to work in
R&D and not to sign any such form; you may file a petition on Form X;... "

IEEE is in an excellent position to educate engineers on the worth of their innovations and on practical ways to benefit from their ideas.

When the people become educated in this respect and start demanding their rights in their inventions, I believe the politicians will quickly respond, and a fair and reasonable solution will be found.

I would like to encourage the IEE-USA to vigorously pursue the protection of the invention rights of employees, as outlined in the position statements below. I had a former employer who demanded that all employees sign over the rights to all "developments" made during their employment, even if their were made on the employee's own time, without use of the corporations resources or proprietary information, and were unrelated to the employees work assignments. Development was defined so broadly as to include software, publications, even music that the employee might compose. This is not only blatantly unfair, but it stifles creativity and innovation. I would encourage the IEE-USA not only to lobby for legislation to prohibit such practices, but establish a hot-line where such "agreements" could be reported anonymously to USA-IEE and evaluated. The IEE-USA should then contact companies that violate these principles and inform them of that fact. Those that refuse to comply with fair standards

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should not be allowed to use and IEEE assets, such as advertisements in our publications, and the most egregious cases should be publicized.
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BRIEFING PAPER

For

President George W. Bush

January 2001

By

The MISSION AEROSPACE Task Force

Revitalizing the Aerospace/Defense Industry

2700 Zinfandel Drive
Rancho Cordova, CA 95670-4827
Ph: 916-853-1914; Fx: 916-853-1921
<cef@innercite.com>; <www.innercite.com/~cef/

Ph: 916-853-1914; Fx: 916-853-1921
<cef@innercite.com>; <www.innercite.com/~cef/

BRIEFING PAPER
for
President George W. Bush
January 2001
The MISSION AEROSPACE Task Force

REVITALIZING THE AEROSPACE/DEFENSE INDUSTRY

INTRODUCTION

A major challenge your Administration faces is revitalizing the aerospace/defense industry in order to effectively address national security, advance the state-of-the-art in aeronautics and astronautics, and ensure leadership in the global economy. America has not had a strategic policy for space and defense since the end of the Cold War. This void adversely affects private and public capital investment in research and development as well as the preparation, utilization and retention of the critical intellectual capital required to ensure core competencies in industry, government, and military services.

This Brief presents some specific federal policy recommendations that resulted from CEF studies and investigations. Included are the conclusions drawn from the November 29-30, 2000, MISSION AEROSPACE National Working Conference on Revitalizing the Aerospace/Defense Industry.

BACKGROUND

AEROSPACE/DEFENSE – *An Economic Stealth Industry*

The aerospace/defense industry has evolved over the past four decades as a direct result of the Cold War. The national defense policy was predicated upon advancing the state-of-the-art in science and technology with one fundamental assumption – leadership in space technologies and national defense was sacrosanct. Second best was not a rational strategy.

Future historians will debate whether the nation's investment in advanced technology for more than 40 years precipitated the break-up of the Soviet Union and the end of the Cold War. However, there will be a consensus that this focused effort resulted in a quantum leap of innovations greater than any technological development in all prior recorded history – innovations that now permeate and affect the global economy. A snapshot of these technologies would include: digital computers, transistors, integrated circuits, fiber optics, lasers, composite materials, advanced manufacturing techniques, computational science and engineering, instrumentation, ultrasound for non-intrusive medical examinations, remote sensing, navigation, geo-positioning systems, mathematical modeling, worldwide and personal communications, jet travel, and exploration of the universe.

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THE PEACE DIVIDEND

With the breakup of the Soviet Union and the end of the Cold War came the so called "peace dividend." Congress immediately reexamined space and defense outlays to reduce a U.S. budget deficit that was increasing by nearly a third of a trillion dollars each year. Base closures ensued and drastic cuts were made to budgets for research and development (R&D) and the procurement of new weapon and defense systems. The Department of Defense suggested the consolidation of the aerospace/defense industry to deal with the reality of these reductions. The industry *did* consolidate, and the effects of mergers, acquisitions, downsizing, and corporate restructuring continues today.

Some strategists assumed that the aerospace/defense industry would maintain viability under a new paradigm characterized by the conversion, diversification, dual use, and commercialization driven by "normal free market forces." Changes have occurred in the industry under the pragmatics of the new paradigm and the influence of federal contract procedures, accounting practices, and procurement policy. Serious concerns now exist as to the ability of the industry to satisfy national security and defense requirements.

RECOMMENDATIONS

CAPITAL FLOW – *Change the Investment Community Paradigm*

The corporate world has options and execution paths that allow it to respond quickly to any paradigm by which the investment community forms "shareholder value" decisions. Characteristically, these include: growth, return-on-investment, return-on-assets, market stability, market share (internationally), and managed risk. Investment managers tend to have a very short-range focus on net profit and projected growth, whereas the focus of the aerospace/defense industry is more long range and subject to decisions made by Congress and the Department of Defense.

The aerospace/defense industry is valued by investment portfolio managers using the same performance metrics employed to assess other industry and marketing sectors. In an investment environment that values high return-on-assets, the aerospace/defense industry falls short. Asset investment is high, but margins are low. Strategic investment in the industry requires a strategically-minded and motivated customer.

Normal free market forces influence the commercial and general aviation markets, whereas the defense industry (and a portion of the space market) deal with a single customer – the federal government ("monopsony"). Procurements are determined through authorizations and appropriations by Congress. Strategic defense and space policies, short-term political decisions, and a high degree of uncertainty created by shifting "customer" requirements greatly affect the flow of private capital into the industry. The MISSION AEROSPACE objective is to create an aerospace/defense industry paradigm shift through new federal policy to attract individual and institutional investors and to ensure the viability of future industry.

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This shift would be enabled by:

1. The Congress and Administration developing a strategic aerospace/defense policy based upon the fundamental assumption that America shall lead in matters of national security, world peace, and the advancement of technology in the global marketplace.

2. Congress and the Administration establishing tax, regulatory, and investment policy to create a positive, long-term market for the aerospace/defense industry, and thereby foster the perception among investors that the industry is positioned for growth in shareholder value, positive returns on assets, and investment security. Specific actions affecting acquisition strategy would be:

    - Avoid super-large-scale "winner-takes-all" procurements
    - Increase multi-year funding for programs which would increase purchasing efficiencies
    - Provide more contracts which are smaller, simpler, shorter-term
    - Reward companies which have delivered technological excellence

3. The Departments of State, Commerce and Defense updating and expediting export control criteria and approval processes to ensure that the U.S. aerospace/defense industry competes in the global marketplace and expands a positive impact on the balance of trade.

INTELLECTUAL CAPITAL – ***Focus on the Human Asset***

The aerospace/defense industry's greatest asset is its intellectual capital – the knowledge and skills of individuals. Thus, the most critical challenge faced by industry is education, training, acquisition, maintenance, and the retention of core competencies in a market environment that treats intellectual capital as a disposable commodity. This requires comprehensive career education for K-12 students, an industry-wide standardized means for defining curricular relevancy in post-secondary institutions, market competitiveness (remuneration) to acquire personnel, creative and exciting working environments, professional recognition, and stable employment. These are primary considerations in maintaining knowledge management for all pertinent sectors – military, government, academia, and private/corporate.

College placement offices and students once considered the aerospace/defense industry as the best opportunity for careers in engineering and science. The pay was highly competitive and usually set the scale for many technical disciplines in other market sectors. State-of-the-art technical projects, space exploration, and a commitment to national purpose were some of the incentives and opportunities for professional growth.

The industry also enjoyed a high degree of public respect, which promoted a dedicated, positive esprit de corps among its professional and technical staff. Now, to attract intellectual capital, the industry finds itself struggling to compete with new growth sectors such as services, software, and hardware. The reliance on a single federal customer – which is driven

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by fickle political considerations and the lack of an obvious strategic national security threat – has led to a widespread perception that the industry is incapable of providing a stable, secure, and intellectually stimulating career. This, together with the investment community's short-term focus and thirst for economy, leads prospective aerospace/defense employees to conclude that they are merely a consumable and disposable commodity rather than a priceless asset.

It is recommended that:

1. The DoD and NASA continually assess and maintain critical technical intellectual capital core competencies in spite of an aerospace/defense-downsizing environment.

2. Congress authorize and appropriate specific grants to facilitate industrially developed, comprehensive, career education materials for use in K-12 and post-secondary educational institutions. This will allow students to make informed decisions concerning scientific and technical careers, and increase the technology literacy of students entering college.

3. Congress establish, and the Administration implement, a uniform federal policy for the ownership, use, and disposition of intellectual property developed under federal contracts.

4. Congress fund the implementation of an industry-wide, standardized system to monitor the intellectual capital required for national aerospace/defense. As a matter of policy, intellectual capital needs would be included in authorization and appropriation of funds for federally sponsored programs.

5. NASA and the Department of Defense identify and maintain intellectual capital core competency teams of resource specialists to retain critical skills.

RESEARCH AND DEVELOPMENT – ***Re-Sharpen the Cutting Edge***

The end of the "Cold War" brought with it significant reductions in both federal R&D investments and new defense/weapon system acquisitions, resulting in a declining market for the industry. Industry investment in R&D, lacking "customer" interest, negatively affects near-term "shareholder value." Thus, private sector investment in R&D is not a viable alternative to federal investment.

In the absence of a visible world conflict and potential adversary, the general public's interest in space and defense wanes. Representative government has become more sensitive to social concerns than to national security risk aversion; thus government investment follows the "polls." Investment in R&D is driven by policy, and the void of strategic policy creates a highly uncertain market. Not only is R&D absolutely vital to advancing the state-of-the-art in defense, weapon systems, and space technology, it creates an exciting environment necessary to nurture and retain intellectual capital – the type of talent that used to permeate the industry during the Cold War – as well as technological infrastructure in both the government and

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private sectors. Severe limitation of R&D investment will inevitably be disadvantageous to future U.S. competitive postures both commercially and in national defense.

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It is recommended that:

1. Congress and the Administration establish a long-range defense and space policy upon which R&D programs can be built and carried through prototype completion. These programs should include advanced manufacturing techniques and studies of support concepts.

2. The Department of Defense increase and stabilize the budgets for R&D, and Congress provide the authorization and appropriation of funds, to implement the recently-released DoD 5000 series of acquisition guidance documents. These provide for a shorter development and acquisition cycle for DoD systems, including the provision to bring R&D and advanced technology concept demonstration systems into an engineering development and production cycle much sooner than in the past (assuming the technology appears viable and is needed). This scenario places much higher emphasis on R&D programs, but is only possible if the level and content of DoD-funded R&D is maintained at a reasonably stable and productive level.

3. Congress establish policy and provide funds for the Administration to implement a standardized taxonomy for technologies developed in all federal agencies and laboratories in order to facilitate federal technology transfer and knowledge management. This policy should take advantage of the work done in automating the U.S. Patent and Trademark Office.

4. The DOD sponsors inter-industry technology development to maximize public benefit from government-sponsored R&D investment.

5. A Congressional investigation be made of the existing Small Business Innovation Research (SBIR) program to determine its effectiveness for including very small firms and individual entrepreneurs in the conduct of R&D for aerospace/defense needs. A policy should be constructed, where needed, to mobilize this resource.

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CONCLUSIONS

When it comes to national defense and security, the general public places little or no monetary value on risk-aversion. Failure to acknowledge and address the realities of the new aerospace/defense industry has placed the U.S. and its primary aerospace/defense suppliers in a precarious position with regard to technology, infrastructure, and intellectual capital. The result of this failure will manifest itself in the diminished quality and superiority of America's fighting forces and weapon systems. Performance expectations are dictated by cost, and increased emphasis is placed on the use of existing hardware wherever possible, with schedule urgencies as barriers to any long-term development.

Government officials, Congress, and the industry will be motivated to form a strategy once these hazards are publicly recognized. Success will depend upon the joint development of a strategic consensus plan focused on national need and supported with resources. Our national purpose demands that the leadership in defense security and world commercial markets is heard, and, to this end, this document is respectfully submitted.

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MISSION AEROSPACE

MISSION AEROSPACE was created as a vehicle to revitalize the aerospace/defense industry by applying systems analysis and engineering to develop specific recommendations for change in industry, government, and academia. Of more than 30 challenges facing the aerospace/defense community, six were identified as fundamental priority challenges: intellectual capital; R&D and technological infrastructure; the investment community paradigm; national defense/space policy; international trade; and public perception and appreciation.

The MISSION AEROSPACE Task Force conducted research in all six challenge areas. The first three areas were agenda items in the National Working Conference held November 29-30, 2000, which focused on federal policy. This was but one component of a strategic plan for revitalizing the industry. The other three priority challenges will be included in the Phase II program, along with policy effected in the industry, states, and academia.

California Engineering Foundation (CEF)

Founded in 1974, located in California, and classified as an IRS 501 (c) 3 non-profit corporation, CEF addresses strategic socioeconomic challenges facing America affecting engineering, architecture, science, and technology. The focus includes policy, education, research, technology, and technology transfer in the private, public, and academic sectors. CEF is a sponsor of and the coordinating agent for MISSION AEROSPACE.

The MISSION AEROSPACE Task Force
c/o CEF
2700 Zinfandel Drive
Rancho Cordova, CA 95670-4827
Phone: 916-853-1914
cef@innercite.com
www.innercite.com/~cef/

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CEF LOGO

The logo graphically represents the mission of CEF. The blank circle depicts fire; the circle with the horizontal line depicts water; the circle with the cross depicts land; and the circle with the dot represents air.

These historical symbols were used by early peoples to describe the four elements perceived to control life on earth. Although modern humankind is now aware that their lives and environs are much more complex and interrelated, the ancient challenge remains the same: how to exist within the framework of the elements; how to live, prosper, and have perpetuity on planet earth in light of the growing knowledge of technology and the burgeoning demands now made on limited resources and the environment.

The quest of science has always been to unlock the secrets of the natural world and to understand the principles which govern the physical environment. The future mission of engineering and technology will be the application of these principles in such a way that interaction of the earth's people with their environment is benign.

CEF EDITORIAL POLICY

The material presented in this Briefing Paper represents the product of research conducted by the California Engineering Foundation (CEF), the MISSION AEROPSACE Task Force, and findings and recommendations from the MISSION AEROSPACE Working Conference on Revitalizing the Aerospace Industry, convened November 29 – 30, 2000. These findings and recommendations do not necessarily represent the endorsement of CEF, MISSION AEROSPACE Task Force, cosponsors, individuals, and their organizations.

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PARTICIPANT LIST
MISSION AEROSPACE WORKING CONFERENCE
November 29 – 30, 2000
CEF

Buzz Aldrin, Astronaut; Chairman, Starcraft Boosters, Inc.

William Breen, CEF Board Chairman

Roger Crane, Edwards Air Force Base 412 TW/CA, CA

Sharon Denny, Director, Business Development Analysis, Raytheon

John Gaines, Manager, Special Business Initiatives, LMCO, El Segundo, CA

Robert Goetz, Vice President, Engineering LMCO Skunk Works (retired) Palmdale, CA

Kenneth Harwell, Basic Research , DDR&E, Pentagon, Washington, DC

Raymond Haynes, Director/Chief Engineers Office, TRW Redondo Beach, CA; Professor, Engineering-Management, Cal Poly University, San Luis Obispo

Chris Hernandez, Vice President and Program Manager, MP-RTIP, Northrop Grumman, El Segundo, CA

Ernest Hutchinson, Board of Directors/Treasurer, Western Commercial Space Center

Patricia Jones, B-2 Engineering, System and Structures, IPT Leader, Northrop Grumman

Karl D. Kuhlke, Chief, Engineering Operations and Support, Wright Patterson AFB

Robert Kuntz, President/CEO PERC; President, CEF, Rancho Cordova, Sacramento. , CA

Robert Large, Sr. Strategic Planner, TYBRIN, FTC, Edwards Air Force Base, CA

Russ Lefevre, IEEE Aerospace and Electronic Systems Society

Jim MacLachian, Vice President, Deloitte Consulting, San Francisco, CA

Siva Mangalam, CEO, Tau Systems, Inc. Williamsburg, VA

Egils Milbergs, Executive Vice President, National Coalition for Advanced Manufacturing

Paul Pencikowski, Advanced Projects Manager, Northrop Grumman

Robert Rassa, Raytheon, El Segundo, CA

Thaddeus Sandford, Vice President, Space and Communications, Boeing, Seal Beach, CA

Wayne Sebera, Consultant, Electronic Systems, Woodland Hills, CA

Erik Simonsen, Communications, Boeing, Seal Beach, CA

Wanda Thompson, Project Manager, Boeing, Seal Beach, CA

Stanley Weiss, Professor Aero/Astro, U.C. Davis; LAI MIT, Los Altos, CA

11

Subject: Fw: Your help is needed on Bill 33-02
Date: Sun, 17 Nov 2002 05:08:17 +0000
From: theelms@att.net
To: WilliamRDodge@aol.com (Bill Dodge), CaumontLuisi@aol.com (Claire Luisi), Carolmast@aol.com (Carol Beach), PIPeebles@aol.com (Paul Peebles), fezra@ezraco.com (Fred Ezra), w.english2@verizon.net (Bill English), leonard.schaitman@usdoj.gov (Leonard Schaitman), nleopold@hers.com (Nancy Leopold), latkerc@bellatlantic.net (Norm Latker), pmh@hpm.com (Paul Hyman), ahc@ari.net (Anne Harrison-Clark), Metrolots@aol.com (John Freeman), espaul@erols.com (Stan Paul), citypol@msn.com (Mike Brown), Yaffes4@aol.com (Tracy Yaffe), esanne@comcast.net (Eric Sanne), rtripp@erols.com (Ron Tripp), memiles@xpi.net (Enid Miles), mr228@umail.umd.edu (M. Rivkin)

---------- Forwarded Message: ----------
From: "sarah gilligan" <sarahgil@sysnet.net>
To: "Norman G. Knopf" <knopf@knopf-brown.com>, <m.wilkerson@wap.org>, <Hotyakke
Cc: <tains@erols.com>, <theelms@att.net>, "Cary Lamari" <carylamari@yahoo.com>,
Subject: Fw: Your help is needed on Bill 33-02
Date: Sat, 16 Nov 2002 20:52:54 -0500

Please read the message below
----- Original Message -----
From: sarah gilligan
To: Ralph Schofer ; Richard N. Krents ; s constantine ; almyers@starpower.net ; Harriet Finkelstein ; Sarah Gilligan ; Bridget Stump ; Laura Eisen ; roger morier ; a & k watkins ; the kuzioras ; barbara krueger ; r.a. meck ; mike bopf & karen chamberlain ; william bolger & karen liese ; the mckluskys ; Makio ; bartman ; hugh ; deandreis ; alice ; Ron & Nancy ; ed stern ; Frieda Shama ; sw zander ; Devries ; charles mcgee ; diana temple ; the nolls ; paula wheland ; the brennans ; the leshans ; the pierces ; akalovsky ; paul hamosh ; helen lever ; rita kopin ; kelly joyce ; Lnagy@worldbank.org ; Janet Maalouf ; Foldi, Paul S ; Barbara Hilberg ; Melanie Killen ; Alfredo D. Echeverria, AIA ; tycko@helix.nih.gov ; paul slagle
Sent: Saturday, November 16, 2002 8:44 PM
Subject: Your help is needed on Bill 33-02

The Commitee on Planning, Housing, and Economic Development will meet on Tuesday, N presence at this meeting will demonstrate our community's concern about this bill and its potential ramifications.

Also, please write letters to the members of the County Council about Bill 33-02. The Montgomery County Civic Federation has recommended that a task force be appointed to study the issues surrounding Bill 33-02. A task force is a wise choice because:

1. This type of radical change in the way zoning is implemented in the county should have full hearing in front of and full input from all members of the Planning Board.

2. Why is this Bill being put forth in such a rush? It appears that it is being done to accomodate one developer who is in need of approval for one project. This is no basis upon which to make county-wide policy.

3. The minimum unit numbers suggested by the staff report don't seem to be based in any data about future development trends in the county.

4. Bill 33-02 comes with the expectation that communities need to accept

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changes in the way their neighoborhoods are zoned, and yet the developers don't have to make any changes in the way they do business.

5. If we really want more affordable housing, then we must raise the $21,000 buyout fee.

6. If we want more affordable housing, then we need to put together a legislative package that fully addresses the need for specific site plan rules on small projects.

7. There has been no comment from urban design experts on the ramifications of the bill.

Please make sure all the members of the County Council hear your opinion on Bill 33-02 Contact information for each of them is listed below. Please attend the PHED meeting on Tuesday, November 19, at 9:00 am.
COUNTY COUNCIL phone =240-777-7900.

Howard Denis - 240-777-7964 Donell Peterman - 240-777-7967

Blair Ewing - 240-777-7966 Nancy Dacek - 24

Marilyn Praisner - 240-777-7968 Phil Andrews - 240-777-7906

Steve Silverman - 240-777-7960 Isiah Leggett - 240-777-7965

Michael Subin - 240-777-7828

Letters to the Council - Montgomery County Council

Legislative Information Services

100 Maryland Avenue

Rockville, MD 20850

FAX - 240-777-7989 E MAIL -county.council@co.mo.md.us

Please ask other residents of Montgomery County to write to the council members about this.

They need to make their voice heard by the Council.

Please read the message below
—— Original Message ——
From: sarah gilligan
To: Ralph Schofer ; Richard N. Krents ; s constantine ; almyers@starpower.net ; Harriet Finkelstein ; Sarah Gilligan

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—— Original Message ——
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To: Ralph Schofer ; Richard N. Krents ; s constantine ; almyers@starpower.net ; Harriet Finkelstein ; Sarah Gilligan

; Bridget Stump ; Laura Eisen ; roger morier ; a & k watkins ; the kuzioras ; barbara krueger ; r.a. meck ; mike bopf & karen chamberlain ; william bolger & karen liese ; the mckluskys ; Makio ; bartman ; hugh ; deandreis ; alice ; Ron & Nancy ; ed stern ; Frieda Shama ; sw zander ; Devries ; charles mcgee ; diana temple ; the nolls ; paula wheland ; the brennans ; the leshans ; the pierces ; akalovsky ; paul hamosh ; helen lever ; rita kopin ; kelly joyce ; Lnagy@worldbank.org ; Janet Maalouf ; Foldi, Paul S ; Barbara Hilberg ; Melanie Killen ; Alfredo D. Echeverria, AIA ; tycko@helix.nih.gov ; paul slagle
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<?xml:namespace prefix = o ns = "urn:schemas-microsoft-com:office:office" />

Howard Denis -	240-777-7964	Donell Peterman -	240-777-7967
Blair Ewing -	240-777-7966	Nancy Dacek -	240-777-7811
Marilyn Praisner -	240-777-7968	Phil Andrews -	240-777-7906
Steve Silverman -	240-777-7960	Isiah Leggett -	240-777-7965
Michael Subin -	240-777-7828		

Blair Ewing -	240-777-7966	Nancy Dacek -	240-777-7811
Marilyn Praisner -	240-777-7968	Phil Andrews -	240-777-7906
Steve Silverman -	240-777-7960	Isiah Leggett -	240-777-7965
Michael Subin -	240-777-7828		

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Letters to the Council – Montgomery County Council

Legislative Information Services

100 Maryland Avenue

Rockville, MD 20850

FAX - **240-777-7989** E MAIL - county.council@co.mo.md.us

Please ask other residents of Montgomery County to write to the council members about this.

They need to make their voice heard by the Council.

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