COGR
an organization of research universities

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January 26, 2009

Office of the Assistant General Counsel
for Technology Transfer and Intellectual Property
U.S. Department of Energy
1000 Independence Ave., SW
Washington, D.C. 20585

ATTN: TECHNOLOGY TRANSFER QUESTIONS (73 FR 72036)

The Council on Governmental Relations (COGR) is an association of more than 175 research universities and their affiliated academic medical centers and research institutes. COGR concerns itself with the influence of federal regulations, policies and practices on the performance of research and other sponsored activities conducted at its member institutions.

We appreciate the opportunity to discuss technology partnering issues related to Department of Energy (DOE) laboratories and facilities. COGR member institutions value their relationships with DOE. We offer these comments in the spirit of mutually seeking to identify ways to further improve and enhance the partnership.

The ability to partner with DOE laboratories is an important priority for many of our member institutions. However, challenges in these relationships are of significant concern to the university community. We believe that both DOE and universities would benefit by simplifying current procedures and practices.

We have organized our comments according to the questions posed by DOE in the Federal Register notice.

Question 1: Existing and Other Agreements

As a general comment, we appreciate the flexibility provided by DOE to modify terms of standard agreements for individual contract purposes. The Work for Non-Federal Sponsors Manual (DOE M 481.1-1A) provides that the Standard Agreement "is intended to be the starting point for all reimbursable work discussions with non-Federal parties…." We understand from COGR member institutions, however, that DOE components vary widely in their willingness to modify the terms of agreement. Because some of the terms and conditions of the Standard Agreement are problematic for institutions, as discussed below, burdensome and protracted negotiations ensue, which may result in significant loss of scientific progress. The "take it or leave it" attitude of some DOE facilities does not lead to the productive type of relationship that is in our mutual interests. It would be helpful for DOE to remind its facilities that DOE guidance provides needed flexibility. Discussions of some particular issues follow.

Work for Others Agreements (WFOs)

The ability to access the unique resources of the DOE laboratories is of great benefit to university researchers and to the general public as a whole. Where institutions desire access to DOE facilities and/or the expertise of DOE collaborators (often to perform work under a federal or nonfederal award), the DOE access policy allows avenues of inquiry that would not otherwise be available. However, the DOE mandate to utilize WFOs creates an unnecessary diversion from universities' normal practice of issuing subawards for a collaborator's portion of the work. COGR institutions report that recently DOE has dramatically improved the intellectual property (IP) terms by allowing universities to elect invention rights (Article XIV). However, in COGR members' view, this allowance comes with substantial strings attached, in the form of federal march-in rights and multiple indemnities, including indemnity for infringement.

1. Indemnity Provisions. The indemnities are numerous and are all one-way in favor of the laboratory. This is in sharp contrast to the common practice among academic institutions to expect that the entity performing the work will assume liability for activities arising from its performance. The DOE provisions are a serious disincentive and may prevent institutions, particularly public institutions, from participating in collaborative activities with DOE laboratories. Merely adding the optional language "to the extent allowable by state law" provided in Article XII is generally unacceptable for state institutions, as they believe this language still could compromise their sovereign immunity. Private institutions also will not typically agree to indemnify a subcontractor, as required by the Standard Agreement.

2. Patent Rights. DOE currently allows the university "sponsor" to retain title to an invention, but gives the government the right to take title if the institution elects not to, regardless of the source of funds. There may be instances where a university may not want to follow the lengthy and expensive process of filing a patent application, but would rather utilize the invention in other ways. Alternatively, the source of funds to the institution may mandate the handling of inventions otherwise. In such cases, the institution should not be forced to pay the costs of patent application or forfeit invention rights as a matter of course.

3. Subawards. WFOs are commonly used by COGR member institutions in situations where DOE laboratories are functioning as subcontractors under federally funded research projects. Many of the DOE WFO terms are inconsistent with the federal terms, such as the reserved federal right to inspect and audit the subcontractor's books and records. The standard WFO agreement does not provide for such access. Further, the federal funds being flowed through often have additional terms and conditions that attach as a condition of the award, including mandatory flow down requirements. Universities report that the "take it or leave it" response from the DOE laboratory may prevent them from collaborating with the laboratory to avoid non-compliance with the federal terms. This countermands the DOE goal of enhancing partnerships.

4. Advance Funding Requirements. In addition to the mandatory flow down terms of many awards, the WFO (Article IV) requires the institution to pay the DOE facilities in advance. Generally, universities are not permitted to obtain advances from standard federal research grants. To accommodate this requirement, the institution must advance the payment using their own internal funds, causing delays in the work while it seeks to find internal funding sources. If an exception is made by the federal sponsor to pay an advance, the funds must be

invested in an interest bearing account and the recipient of those advanced funds must account for any interest. However, DOE facilities generally are unwilling to assume this burden and refuse to change the WFO to incorporate this requirement.

5. Government Rights. The reserved government rights (Article XIV.3.B) are not required by statute and serve only to discourage industrial participation. DOE should consider removing the government use license, US industry preference and march-in rights. Beyond being a disincentive for technology transfer to industry, they are rarely (or never) exercised, nor is DOE in a position to monitor compliance.

CRADA Agreements

The DOE Cooperative Research and Development Agreements (CRADAs) are designed to facilitate the efficient and expeditious development, transfer and exploitation of federal technology to non-DOE entities for the public benefit and also to enhance DOE's mission. However, many of the problems described above are also encountered by institutions when seeking to work with DOE under a CRADA, including the advance payment requirement, assignment of liability, and indemnity provisions. The standard DOE CRADA includes some thirty clauses, which is longer than most federally funded agreements. The need for institutions to review and familiarize themselves with such a lengthy document itself creates unnecessary delays and burdens. Specific clauses cited as troublesome include:

1. Intellectual Property.
    a. Patents. Many of the same concerns discussed in the WFO discussion apply to the CRADAs, including the government use license and march-in rights. In addition, there is a requirement to report on the efforts to utilize the intellectual property for an unprescribed period of time which is left to the discretion of the government negotiator.
    b. Rights in Data. The government reserves an unlimited right in the institution's generated intellectual property. Further, it operates on the outdated presumption that one must assert claim to copyright in order to retain ownership.
    c. Software. The handling of software is anomalous in the treatment of federally funded software. The CRADA requires delivery of source and object code to the DOE with the unlimited right to use, copy, distribute, etc. (not limited to "government purpose") regardless of who paid or developed the software. It further reserves the government's ability to require the institution to license to others and has march-in rights if the government determines satisfactory progress towards commercialization has not taken place. Some of these requirements appear to be a vestige of the former DOE "contract rights in data" clauses once used in DOE contracts. While we understand DOE seeks to ensure that software developed using DOE facilities benefits the general public, there are mechanisms to accomplish this other than requiring commercialization. For instance, universities may dedicate to the public domain software developed in an effort to gain the broadest use of the software. Emphasis should be placed in the CRADA terms on ensuring the widest distribution which can be attained by the partner who has created the technology rather than focusing on outmoded concepts of rights in data.

2. Export Controls. Many institutions do not accept export controlled materials. Therefore, universities must obtain agreement that DOE will not furnish export controlled information without their explicit prior permission.

3. Publication Approval. The default language in the CRADA includes approval language for release of information. There is complex alternate language that can be negotiated but leaves much discretion to DOE and still amounts to an approval requirement. For most COGR institutions, publication approval is a "walk away" issue. We must retain our ability to disseminate the information generated by research, and we cannot risk destroying the Fundamental Research Exclusion from the export control regulations, which may be compromised by accepting such approval requirements.

User Agreements

While DOE has simplified the User Agreement by standardization, the agreement is still a long, wordy document which requires legal review by the institution. We understand that other agencies may have shorter, simpler User Agreements. We encourage DOE to consider other agency user agreements as a model for its standard agreement. The purpose of the DOE user program is to have rapid access to DOE's unique facilities. A simpler agreement would better accomplish this purpose.

Recommendations for New Agreement Types

When collaborating with a university, it is highly recommended that DOE adopt the Federal Demonstration Partnership's (FDP) Research Subaward Agreement. DOE has participated in FDP, and has therefore endorsed the use of this template as being fully compliant with federal requirements. With over 100 institutional members, using the FDP Research Subaward Agreement would eliminate the need for individual negotiations and could facilitate more timely conduct of the projects.

Question 2: Best Practices

As stated above, one recommended best practice is to accept the FDP Research Subaward Agreement. Because the FDP members routinely accept this boilerplate, inter-university interactions have been greatly simplified. Universities would welcome the ability to use these agreements rather than to engage in the lengthy negotiations that often result from the forced use of the DOE model agreements.

In addition to adopting widely used standard template agreements, when partnering with universities, COGR strongly encourages DOE to consider the core values and suggestions reflected in the document entitled "In the Public Interest: Nine Points to Consider in Licensing University Technology" (http://www.autm.net/AM/Template.cfm?Section=Nine_Points_to_Consider). COGR has endorsed this document because it highlights best practices for assuring the transfer and deployment of technology into the marketplace.

Question 3: U.S. Competitiveness

DOE may wish to review other government CRADAs and reassess the need for provisions regarding U.S. Competitiveness. As discussed in the Notice, the strict requirements are not statutorily required, and we are not aware of their use in CRADAs issued by other agencies. The alternatives discussed in the Notice do not appear to fundamentally change the current requirements.

Question 4: WFO IP Rights Disposition

Most COGR institutions do not normally take title to inventions made by a flow through organization under a federal award, but would reserve only those license rights required to meet the obligations to the prime sponsor. This approach is consistent with Bayh-Dole and has proven to be an effective partnering mechanism for technology transfer. When working with companies, the normal practice of research institutions is to retain title to their own inventions and to offer a first option to the company to negotiate a license. We think this practice also would work well for the DOE laboratories, and be consistent with responsible federal stewardship of inventions made by laboratory employees to assure public benefit.

Question 5: User Agreements

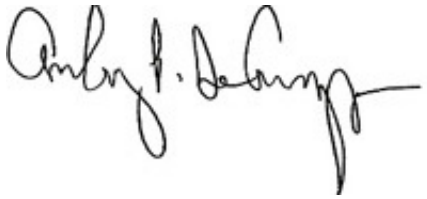
We have discussed User Agreements above.

Question 6: Other Issues

At times, WFO agreements have required the peculiar acknowledgement of the university that they are not working on the same work scope as the laboratory, which conflicts with the collaborative nature of the research. While we understand that the requirement not to compete imposes particular obligations on DOE, such a provision is absurd on its face. DOE should consider alternative language to satisfy the requirement.

We are pleased that DOE is seeking advice and suggestions with regard to technology transfer practices at DOE laboratories. We believe that it is on our mutual interest, as well as the national interest, to develop mechanisms to further enhance the partnership and ability to collaborate between U.S. universities and DOE. We appreciate the opportunity to help identify the current challenges in relationships and possible solutions, and hope DOE will consider our suggestions.

Sincerely,



Anthony DeCrappeo
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