

National Oceanic and Atmospheric Administration	NOAA Administrative Order <u>201-103</u>	
NOAA ADMINISTRATIVE ORDER SERIES	DATE OF ISSUANCE	EFFECTIVE DATE <b>DEC 23 2009</b>
<b>SUBJECT</b> Cooperative Research and Development and Patent Invention Licensing Agreements under the Federal Technology Transfer Act of 1986 (Public Law 99-502)		
<p><b>SECTION 1. PURPOSE.</b></p> <p>This NOAA Administrative Order sets forth NOAA policy for implementation of sections 2 and 7 of the Federal Technology Transfer Act of 1986 (Public Law 99-502), as amended, hereinafter referred to as the Act, and Executive Order 12591, on Facilitating Access to Science and Technology. This NOAA Order prescribes procedures to be used in NOAA for entering into cooperative research and development agreements (CRADAs) and licensing agreements as authorized by section 2 of the Act, and for the distribution of royalties received by NOAA from licenses on NOAA inventions as required by section 7 of the Act.</p> <p><b>SECTION 2. POLICY.</b></p> <p>The policy and goals of the United States Government are (1) to promote technology transfer and in particular commercial development of federally developed technology; and (2) to improve access to science and technology as set forth in the Act and Executive Order 12591. Therefore, it is NOAA policy that Laboratory Directors and research managers at all levels seek opportunities for collaborative research when such collaboration could lead to commercial exploitation of research results and contribute to NOAA's research mission. It is also NOAA policy that Laboratory Directors encourage their employees to promote commercial development of their inventions.</p> <p><b>SECTION 3. AUTHORITY.</b></p> <p>Section 2 of the Act provides authority for the Secretary of Commerce to permit the director of any Department of Commerce (DOC) operated laboratory to enter into CRADAs wherein the laboratory may: (1) accept, retain and use funds, personnel, services and property from collaborating parties (funds may be used to hire personnel to carry out the CRADA, who will not be subject to full-time-equivalent restrictions of the agency), and in exchange may provide personnel, services and property, but not funds, to the collaborative effort; (2) grant, in advance, licenses (including the option for an exclusive license for a pre-negotiated field of use) or assignments to collaborating parties for any invention made in whole or in part by a Federal employee under such agreements or grant a license in an invention for which an application was filed before the CRADA was signed falling directly within the scope of the work of the CRADA; and (3), also in advance, waive, in whole or in part, any right of ownership that the Federal Government may have to any invention made under the CRADA by a collaborating party or employee of the collaborating party subject to a nonexclusive, nontransferable, irrevocable paid-up license for the Government</p>		

#### **SECTION 4. DELEGATION OF AUTHORITY.**

The authorities contained in section 2 of the Act have been delegated by the Secretary of Commerce to the Under Secretary of Economic Affairs and redelegated through the Under Secretary for Oceans and Atmosphere to the NOAA Line Office Assistant Administrators. The authority delegated to the Line Office Assistant Administrators has been further redelegated to the NOAA Laboratory Directors.

#### **SECTION 5. DEFINITIONS.**

**.01 Approval Authority** - The approval authority for CRADA's shall be the Assistant Administrator to whom the Laboratory Director executing the agreement reports or, in the case of an agreement executed by an Assistant Administrator, the Deputy Undersecretary for Oceans and Atmosphere.

**.02 Laboratory** - For the purposes of sections 2 and 7 of the Act, a laboratory is defined as a room or building equipped for scientific study, tests, or research. The following organizations shall be considered "laboratories" and hereinafter are referred to as "NOAA laboratories".

- Office of Oceanic and Atmospheric Research, including all OAR Laboratories and Programs
- National Marine Fisheries Service and the
  - Northeast Fisheries Science Center
  - Southeast Fisheries Science Center
  - Northwest Fisheries Science Center
  - Southwest Fisheries Science Center
  - Alaska Fisheries Science Center
- National Weather Service
- National Ocean Service
- National Environmental Satellite, Data, and Information Service
- Office of Marine and Aviation Operations

**.03 CRADA** - A written agreement between a NOAA laboratory and one or more non-Federal parties under which the NOAA laboratory provides personnel, services, facilities, equipment, intellectual property or other resources with or without reimbursement (but not funds) and the non-Federal parties provide funds, personnel, services, facilities, equipment or other resources toward the conduct of specified research and development efforts consistent with the NOAA mission. (Appendix A provides a suggested model CRADA Agreement.)

The following are not CRADA's under this Administrative Order:

- a. Memoranda of Understanding or other forms of agreements between NOAA laboratories and other Federal agencies;
- b. Memoranda of Understanding or other forms of agreements between NOAA laboratories and non-Federal parties in which NOAA funds are provided to such parties;

c. Procurement contracts, grants, and cooperative agreements as those terms are used in sections 6303, 6304, and 6305 of Title 31 U.S.C.;

d. Visiting scientist (guest worker) agreements;

e. Agreements for use of approved NOAA facilities under contractual arrangements or the NOAA Proprietary Research Program.

**.04 Invention** - Any novel art, manufacture, design, or composition of matter, or any new and useful improvement thereof which is or may be patentable under Title 35 of the United States Code or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act (7 U.S.C. §§ 7321 *et. seq.*).

**.05 Invention Disclosure** - A written description of an invention and what it will do which is sufficiently full and clear to teach a person of ordinary skill in the field of the invention how to practice the invention. (Appendix B provides information on and procedures for submitting an Invention Disclosure.)

**.06 Made** - The term "made" when used in conjunction with any invention means the conception or first actual reduction to practice of such invention.

## **SECTION 6. RESPONSIBILITIES.**

**.01 The Assistant Administrator for the Office of Oceanic and Atmospheric Research** - The Assistant Administrator for the Office of Oceanic and Atmospheric Research, through the Office of Research and Technology Applications (ORTA), is responsible for providing overall coordination and monitoring of NOAA's implementation of the Act. The ORTA will provide information, data and reports as requested by NOAA laboratories and DOC. The ORTA will assist NOAA laboratories in preparing CRADAs, obtaining patents and licenses, and when requested, by serving as an intermediary with industry, State and local economic development organizations, and other external groups. The ORTA will also provide assistance in identifying opportunities and potential collaborators for cooperative research, in assessing the commercial applicability of NOAA research projects, and serve as a point of contact in linking external technology needs to specific NOAA resources. The ORTA shall represent NOAA in the Federal Laboratory Consortium for Technology Transfer and the Interagency Working Group on Technology Transfer.

**.02 Assistant Administrators/NOAA Laboratory Directors** - Assistant Administrators/NOAA Laboratory Directors are responsible for ensuring awareness throughout their organizations of the goals of the Act, responsibilities assigned by Executive Order 12591 and the opportunities and incentives they provide. They are responsible for ensuring that (1) procedures exist for the routine assessment of the potential for non-Federal applications of research and development projects, (2) their subordinate Laboratory Directors promote commercial development of research results, (3) proposed cooperative research is within their mission, and (4) that one or more individuals are assigned the responsibility as technology transfer coordinator to include participating in the Federal Laboratory Consortium, NOAA Tech Transfer Award process and the preparation of the Annual Technology Transfer Report. In addition, they shall ensure that efforts to transfer technology are considered positively in laboratory job descriptions, employee promotion policies, and evaluation of job performance of scientists and engineers in NOAA laboratories.

When developing a CRADA, NOAA Laboratory Directors (or their designees) are responsible for:

- a. notifying the appropriate office of NOAA General Counsel (*see* section 6.03) of potential agreements as early in the negotiating process as possible.
- b. ensuring that the proposed agreement is consistent with the purposes of the Act and develop a draft agreement in coordination with the NOAA General Counsel's office, ORTA, and other NOAA offices as appropriate.
- c. obtaining approval from the Approval Authority (*see* section 5.01) either:
  - i. prior to execution of the final agreement in which case a proposed final draft of the agreement shall be submitted to the Approval Authority at least 30 days prior to execution unless the Approval Authority, with the concurrence of the General Counsel's office and ORTA, agrees in writing to reduce the review period (but not to less than 5 working days); or
  - ii. following execution of the final agreement, in which case the agreement shall include the following clause:

This Agreement shall enter into force 30 days from the date of the last signature of the parties unless disapproved or modified in writing by the appropriate authority.
- d. obtaining the necessary signatures on the final agreement, which shall be executed in duplicate or more in the event of more than two parties to the agreement.
- e. distributing agreements and copies thereof as follows:
  - i. original - to master file of the NOAA laboratory.
  - ii. original signed copy - to the Collaborator(s) for their organizational records.
  - iii. reproduced copies - to the appropriate Assistant Administrator, to the ORTA, to the NOAA General Counsel and as appropriate to the concerned subordinate laboratories and collaborator(s).
- f. negotiating with the collaborator(s) for agreement modifications, extensions, or terminations, and prepare for the cooperators countersignature or letters confirming such actions and agreements.
- g. working with the ORTA in coordinating required reports relative to agreements.

**.03 NOAA General Counsel** - NOAA General Counsel (GC) is responsible for providing legal counsel to NOAA Laboratory Directors and the ORTA on all matters addressed by this NAO.

- a. Legal support to any NOAA laboratory developing or negotiating a CRADA shall be provided by the office within GC that is responsible for programmatic legal support to that laboratory. Specifically, the GC Office of Weather (GCW) shall provide such support to the National Weather Service, the National Environmental Satellite, Data, and Information Service, and the Office of Oceanic and Atmospheric Research; the GC Office of Ocean Services shall

provide such support to the National Ocean Service and Office of Marine and Aviation Operations; and the GC Office of Fisheries, including the appropriate Regional Attorney in the case of a Fisheries Science Center, shall provide such support to the National Marine Fisheries Service. Legal support to any NOAA laboratory choosing to negotiate a licensing agreement under section 9.02, including approval of such agreement, shall be provided by the same office.

b. The programmatic attorney providing legal support to any NOAA laboratory negotiating an agreement under the Act shall be responsible for coordinating with the DOC Assistant General Counsel for Administration on questions concerning conflicts of interests, with the DOC Chief Counsel for National Institute of Standards and Technology on questions concerning inventor's rights and patent applications, and with the NOAA General Counsel office assigned to providing counsel to ORTA.

c. GCW is responsible for providing legal counsel to ORTA.

## **SECTION 7. SPECIAL CONSIDERATIONS.**

.01 In negotiating CRADAs, NOAA laboratories shall give special consideration to small business firms and consortia involving small business firms; and shall give preference to business units located in the United States which agrees that products embodying inventions made under the agreement or produced through the use of such inventions will be manufactured substantially in the United States. While not required by the Act, NOAA laboratories are encouraged to announce the availability of CRADA opportunities in appropriate medium, such as the Federal Business Opportunities and professional journals. When requested, the ORTA shall assist NOAA laboratories in disseminating announcements.

.02 Agreements with industrial organizations or other persons subject to the control of a foreign country or government shall take into consideration whether or not such foreign government permits United States agencies, organizations, or other persons to enter into cooperative research and development agreements and licensing agreements. The ORTA will assist NOAA laboratories in obtaining information for these considerations.

## **SECTION 8. INVENTION MANAGEMENT AND LICENSING.**

### **.01 General**

a. Invention Ownership - The DOC Chief Counsel for the National Institute of Standards and Technology shall determine the Government's and inventor's rights in inventions made by NOAA employees based upon information provided by the inventor (*see Appendix B*). If it is determined that the Government has the right to own the invention, and DOC does not intend to file a patent application or otherwise promote commercialization of the invention, the Department shall allow the inventor to retain title to the invention subject to a paid-up license for the Government. Such inventors will be expected to provide information to the ORTA during the patenting and licensing of the invention. On occasion, the invention will be a joint invention with a university or small business firm, the rights to which may be transferred to or by the Government under 35 U.S.C. 202(e). An assignment by NOAA of the Government's undivided interest in the joint invention can be signed by those employees authorized to execute a CRADA or patent license. Similarly, such employees may transfer custody of NOAA inventions to other federal agencies.

b. **Income and Costs** - All royalty or other income received by NOAA from a license on a Government-owned invention shall be paid to NOAA inventors and laboratories in accordance with section .03 below. However, all costs associated with the production of such income (patent application process and fees for invention management services) shall be the responsibility of NOAA Laboratories.

#### **.02 Invention Licensing**

a. **NOAA Laboratory Licensing Authority** - The NOAA laboratory where an invention was made shall have the authority to negotiate licensing agreements on the invention. The procedures and requirements for the Government in granting licenses are described in 37 CFR Part 404.

b. **NOAA Employee Inventor(s)** - NOAA employee inventor(s) shall not participate in license negotiations on their own inventions. However, they may provide technical advice and make recommendations to the person or organizations representing the NOAA laboratory in such negotiations.

#### **.03 Distribution of Invention Income**

NOAA inventors shall be paid each year the first \$2,000 and 30% thereafter of all royalty income received on an annual basis. Royalty income is to be shared equally between co-inventors and may include non-NOAA employees if they assign their rights to the Government. In the event of the death of an inventor, the share of royalties shall go to the heir(s) of the inventor. There is an annual cap of \$150,000 for all royalties to an inventor. After payment to inventors, the laboratory may keep royalties up to 5% of its annual budget and 25% of the remainder over the 5%. The laboratories may use these royalties for five specified purposes as described below for up to 2 fiscal years after the royalties were received. Any funds remaining after this 2-year period must be paid into the U.S. Treasury.

There are five authorized uses of royalty income identified in 15 U.S.C. §3710c(a)(1) (B): (i) administrative licensing expenses; (ii) rewards to scientific, engineering and technical employees of labs; (iii) to further scientific exchange among the labs; (iv) for education or training of employees and other activities that increase the licensing potential for technology transfer by the lab; and (v) for scientific research and development.

#### **.04 Responsibilities**

a. **NOAA Inventors** - NOAA Inventors are responsible for preparing and forwarding invention disclosure statements and Inventions Rights Questionnaires (Form CD-240) to the appropriate NOAA Laboratory Director (or his/her designee) in accordance with Appendix B and any NOAA Line Office supplements to this Administrative Order.

b. **NOAA Laboratory Directors (or their designees)** - Laboratory Directors are responsible for forwarding the original invention disclosure statement and CD-240 to the ORTA. In addition, NOAA Laboratory Directors are responsible for preparing: (i) a recommendation on whether NOAA should or should not pursue a Government-owned patent, and (ii) a statement that indicates whether the laboratory will or will not exercise its rights to negotiate a license on the invention if an application for Government owned patent is filed by or on behalf of NOAA. The Laboratory Director's recommendation should include an estimate of the potential for commercial development of the invention. Laboratory Directors are also responsible for

forwarding the recommendation and statement to the ORTA along with the copies of the invention disclosure statement and the CD-240. If the Laboratory Director is also the inventor or a co-inventor, the appropriate supervisor is responsible for approving the use of laboratory funds for the patent application process. The laboratory is responsible for all costs associated with the patent including the payment of maintenance and attorney fees.

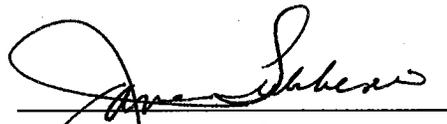
c. **NOAA ORTA** - The ORTA is responsible for reviewing the disclosure and, when complete, contacts the Laboratory Inventor prior to proceeding with the filing of a patent application. The ORTA is also responsible for initiating and managing the patenting process. The ORTA will notify the laboratory in advance of maintenance and attorney fees becoming due. The ORTA is responsible for maintaining a copy of all CRADA's, NOAA employee patents and patent licenses, custody transfers and patent assignments, appropriate data and information and recommendations of NOAA Laboratory Directors regarding decisions on whether or not to pursue patents and licenses.

#### **SECTION 9. EFFECT ON OTHER ISSUANCES.**

This Order supersedes NAO 201-103, Cooperative Research and Development and Patent Invention Licensing Agreements Under the Federal Technology Transfer Act of 1986 (Public Law 99-502) issued January 23, 1992.

An electronic copy of this Order will be posted in place of the superseded Order on the NOAA Office of the Chief Administrative Office's website under the NOAA Administrative Issuances Section.

<http://www.corporateservices.noaa.gov/~ocao/index.html>



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Under Secretary of Commerce  
for Oceans and Atmosphere

Office of Primary Interest:  
Office of Oceanic and Atmospheric Research  
Office of Research and Technology Applications