PURDUE
UNIVERSITY

Sponsored Program Services

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

Attention: Technology Transfer Questions

Ladies and Gentlemen,

I am writing on behalf of Purdue University in response to the "Notice of Inquiry; Technology transfer practices at Department of Energy (DOE) laboratories" as published in 11/26/08 Federal Register. Our experience at Purdue has been with the WFO agreement and therefore my comments are focused on the questions regarding that agreement.

1) What improvements to the existing WFO agreement would you suggest that DOE consider?

The WFO has several clauses which are problematic for the University in subcontracting to DOE laboratories. I feel the best approach would be to not use the WFO agreement at all in these situations and will address my recommendation for the type of agreement that should be used later in my comments. In response to this question, the clauses that are problematic for Purdue University are as follows:

Article IV A. Advance Payment – The WFO agreement calls for an advance payment to the DOE laboratory without regard for the payment terms of the prime agreement awarded to the University. In many cases we are awarded cost reimbursement projects where requesting cash prior to the disbursement of funds is not allowed. Subcontracts issued under that award would be subject to the same terms as the prime agreement and therefore the WFO would be in direct conflict with the prime. In addition, if the University does obtain a federal award that allows for the advance of funds, OMB Circular A-110 provides that the "recipient maintain written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient. In our experience with previous WFO agreements the payment terms required by the DOE laboratory do not meet this A-110 requirement. The payment method must remain flexible depending upon the terms of the prime agreement. This is a standard practice with other subcontractors.

Article VII Publication Matters – It is unusual for a subcontractor to have the right to review and comment on proposed publications by the prime recipient. Such a review would slow publication significantly when both parties are trying to publish independently. It is not clear what the review would be intended to accomplish. If the concern is over release of confidential/proprietary information or to protect intellectual property, these issues should be addressed explicitly. I can see where this clause might be beneficial in cases where a DOE laboratory is working with a for-profit organization, but when working with a University, this requirement seems to require unnecessary delays to a primary purpose of the work (i.e. publication) when a University and DOE laboratory are collaborating.

Article X General Indemnity – This is a very unusual clause where the University indemnifies the laboratory for problems arising out of the performance of the agreement by the laboratory. The indemnification is the reverse of what typically occurs in other subcontracts. The University should not be required to indemnify the laboratory for the laboratory's performance under the agreement.

Article XII Intellectual Property Indemnity – Limited – Again, this is a very unusual indemnity to be granted to a subcontractor. The terms protect the laboratory from both intentional and unintentional infringement of patents,

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copyrights, or other intellectual property. This is an inappropriate indemnification for the University to be making to its subcontractor.

Article XIV C.1. Patent Rights – The laboratory should not have any rights to patents developed by the University unless laboratory personnel were joint inventors of the technology. In that case, joint ownership of the patent would be the most appropriate outcome. The laboratory should not be able to reach back to the University and obtain the entire right, title and interest in any country to a University invention regardless of the decisions the University has made for patent prosecution. The University is entitled to make decisions regarding its own IP and may even have obligations to the prime sponsor for licensing rights to that IP that would put the WFO agreement in conflict with the prime.

2) Are there other types of research agreements or mechanisms that should be offered at DOE labs?

I recommend that the Federal Demonstration Partnership (FDP) subaward forms be adopted for use as a standard form agreement by the DOE labs when working with Universities and other entities subject to A-110. Information about the FDP subaward agreement template is available at:

http://www.thefdp.org/Subawards_Forms.html

The FDP is a cooperative initiative among 9 federal agencies and 120 institutional recipients of federal funds. Its purpose is to reduce the administrative burdens associated with research grants and contracts. One very successful result of this groups work is the development of standard subaward agreement templates. The FDP subaward agreement may be used when subcontracting to any agency or institution covered by OMB Circular A-110. Federal agencies were a part of the task force that created and tested these forms.

3) How would such new agreement types or mechanisms be an improvement on or augment the existing agreements?

The WFO agreement contains several terms that are not acceptable to most Universities (as identified in response to question #1 above). When the WFO agreement is used, the start of the project work is delayed while the University and the lab negotiate the terms of the WFO. Use of the FDP subaward template would eliminate the need to negotiate terms associated with a subcontract between a University and a DOE lab. This will enable the work to get off to a quicker start and consequently a faster return on the project's objectives.

When the University and a DOE lab decide to collaborate on a project, it is just that, collaboration. The technical objectives of the project can best be accomplished when the two parties work together. The same should be true for getting a contract in place for the work. However, the use of the WFO agreement and a "take it or leave it" approach by the DOE lab negotiators does not support that collaborative intent. The FDP subaward agreement is a result of collaboration between federal agencies and universities. The use of this agreement could carry the collaborative nature of these arrangements to the administrative aspects of the work and further facilitate the real reason for the activity, to accomplish the goals of the project.

In conclusion, we strongly urge the DOE labs to discontinue the use of the WFO agreements when working with Universities and adopt the use of the FDP subaward templates. Thank you for the opportunity to provide comment.

Sincerely,

Michael R. Ludwig
Director of Sponsored Programs
Purdue University