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Anne Minister

AT?

A useful development JR

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PRIME MINISTER

DEFENCE TECHNOLOGY TRANSFER: CIVIL SPIN-OFF

I am glad to report that we have now reached agreement with the City team, led by Lazard Brothers, on the establishment of "Defence Technology Enterprises Ltd" (DTE).

2. This will be a private profit-motivated company whose function will be to ferret out, develop as necessary and market for exploitation innovative ideas and technology arising from the work of the Defence Research Establishments. DTE will start its operations in the New Year in the Royal Signals and Radar Establishment at Malvern and then move into the Royal Aircraft Establishment at Farnborough and the Admiralty Research Establishment at Portsmouth and Portland and will need a few months to work up its operating mechanisms and develop its data base before seeking wide associate membership from both large and small companies. An announcement about the launching of DTE will be made in the New Year once senior staff are in post.

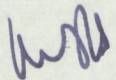
3. The net income from DTE's activities will be split between the company and MOD on a 75:25% ratio, reflecting the speculative nature of the enterprise and the MOD will also receive up-front payments for the granting of exclusive licences to DTE. DTE will have seven founder shareholders in addition to Lazards, including Barclays Bank, the British Technology Group, Prutec and Robert Fleming, who between them have put up £1M working capital. My Department will also be represented on the DTE Board. The co-operation of British industry will be important to the success of the scheme, and, to enlist its support, we have carried out full consultations with the CBI, SBAC, EEA and other Trade Associations.



4. The initial operation will be for five years at the end of which we and DTE will review its achievements and decide on the future.

h 5. It is an imaginative venture and I shall take a close personal interest in its fortunes.

6. I am copying this letter to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, whose officials have been consulted on the arrangements, and to Sir Robert Armstrong.


Ministry of Defence
12th December 1984

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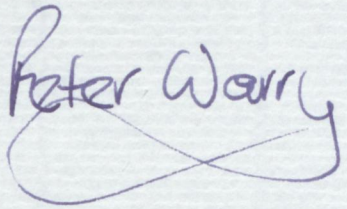
MR TURNBULL (Not for the box!)

14 December 1984

DEFENCE TECHNOLOGY ENTERPRISES

12 years ago when working for the Admiralty Research Establishment at Portland, (one of those identified to the scheme), I developed a fully operational CAD-CAM system for producing multi-layer printed circuit boards. This was several years before the term CAD-CAM was coined. The idea was patented and ultimately worked its way through to the NRDC (as it then was). This process took over a year, by which time I had left the MOD. The NRDC did not understand the potential of the system and there was no incentive for those at Portland to spend their time chasing the NRDC for no reward themselves.

I would therefore strongly encourage Michael Heseltine's proposal but suggest that the MOD's 25% share should go to the establishment that initiated the proposal and furthermore that there should be some much smaller share of the proceeds to the inventor or inventors.



PETER WARRY