

OAK RIDGE NATIONAL LABORATORY

MANAGED BY UT-BATTELLE FOR THE DEPARTMENT OF ENERGY

Post Office Box 2008
1 Bethel Valley Road
Oak Ridge, Tennessee 37831-6255
Telephone: (865) 576-2900
Facsimile: (865) 241-2967
E-mail: masont@ornl.gov

March 13, 2009

Mr. Paul A. Gottlieb
Assistant General Counsel for Technology Transfer and Intellectual Property
Department of Energy
ATTN: Technology Transfer Questions
1000 Independence Avenue, SW
Washington, DC 20585

Dear Mr. Gottlieb:

Federal Register Announcement for Input on Ways to Improve Technology Transfer Practices of the Department of Energy (DOE) Laboratories

I am pleased to respond on behalf of UT-Battelle, LLC, the management and operating contractor for the Oak Ridge National Laboratory (ORNL), to your November announcement in the *Federal Register* for input on ways to improve the technology transfer practices of the Department of Energy (DOE) laboratories.

As DOE's largest science and energy laboratory, we have benefited significantly in the past decade from major investments that the Department has made in our research capabilities. We operate the world's most powerful pulsed neutron source, the world's fastest computer for fundamental research, an upgraded High Flux Isotope Reactor (HFIR), and one of three DOE bioenergy science centers. These tools position us to conduct world leading science but, as you know, we must also ensure that the results of our research work find their way into the commercial marketplace. This is why your request for comments on technology transfer practices at DOE laboratories is so important.

From our perspective, the most critical input will come from those with whom we are trying to interact – the external customers. What are their suggestions for improvements in terms of engaging our National User Facilities, executing Work for Others (WFO) and Cooperative Research and Development Agreements (CRADA), and licensing our technologies? ORNL has done a reasonably good job of licensing technologies over the years, but our new set of tools presents significant opportunities to accelerate our licensing, sponsored research and user programs if we have a more robust set of "customer friendly" rules and regulations. The suggestions for improvements that I will outline below represent the collective perspectives of those from throughout ORNL who have interacted over the years with users, WFO Sponsors, CRADA Participants, and licensees.

1. **Existing and Other Agreements:** If the goal is to improve the business practices to increase opportunities for interaction and execute agreements faster, we believe it is important that there be a consistency in the usage of contracting mechanisms (i.e., WFOs and CRADAs) across all DOE laboratories. External customers need to understand that the policies, procedures and interpretations are consistent, regardless of the laboratory, and, perhaps most important from DOE's perspective, an external organization cannot "forum shop" from one laboratory to another. We believe that consistency in deciding between the use of a CRADA or WFO should be coupled with the development of an expanded set of terms and alternative clauses that would offer new ways to partner with industry. These could be particularly critical to the Department at this time with major stimulus dollars anticipated. Could we, for example, consider something like a "90-day CRADA" in terms of processing time to ensure that we quickly engage industry partners in our activities? Also, could the Department explore creation of a modular WFO along the lines of the modular CRADA? In terms of WFO, the advance payment requirement is particularly burdensome for some customers, so expansion of the existing options should be considered. Finally, would DOE consider modifying its rules to permit laboratory contractors to partner on a non-exclusive basis with industry and academic institutions in responding to federal agency competitions when the laboratory has unique capabilities or technologies critical to the non-federal partner's success and vital to the agency's evaluation of potential solutions? All of these suggestions should accelerate the technology transfer success of all DOE laboratories.

2. **Best Practices:** The Department has shown great leadership recently with new and innovative activities like the Technology Commercialization Fund, Loan Guarantee Program and Entrepreneur in Residence effort, all in the Energy Efficiency and Renewable Energy area, and the Privately-funded Technology Transfer program. More activities like this are needed in the future that link industry, laboratories and possibly other federal agencies in collaborations to accelerate deployment. These initiatives must recognize the diversity of the external customer base – entrepreneurs starting their first company, serial entrepreneurs, small companies and large industries.

3. **U.S. Competitiveness:** In the South, we have experienced firsthand the evolving global economy, specifically in the automotive industry over the past 25 years since Nissan opened in Smyrna, Tennessee. About seven months ago, Volkswagen (VW) announced that it planned to open its first manufacturing facility in the U.S. in two decades in Chattanooga, Tennessee, less than 90 minutes from ORNL. The plant will produce a car designed for the U.S. market and sold exclusively here. Volkswagen has also publicly stated on numerous occasions that it hopes to do collaborative Research and Development with ORNL. While substantive discussions with VW are not yet underway, we can anticipate that DOE's stricter rules on competitiveness relative to other federal agencies could become an impediment. We think it would be important for DOE to carefully examine the current landscape and consider modifying its requirements to recognize the global nature of today's economy.

4. **Intellectual Property Rights Disposition in WFOs:** We believe that the current practice of normally applying the Class Patent Waiver for WFO and allowing the Sponsor to obtain title to laboratory inventions is supported by our Sponsors, works well, and allows us to get into WFOs with a minimum of negotiation. The 1996 Administrative Update from you provides us flexibility in requesting the denial of the Class Patent Waiver in three specific circumstances – where we are developing a research tool, where the Sponsor is foreign, and where the Sponsor really does not need title, but simply a license in a limited field of use. This third circumstance provides flexibility and we think it could be used more. DOE may want to consider adding a fourth circumstance when the Class Patent Waiver may be denied – when the laboratory already has a substantial patent portfolio in the technology area in which the work of a specific WFO is being undertaken. This will allow more efficient licensing of laboratory technology and make it commercial use by the private sector more likely. We look forward to working with DOE in its efforts to make other aspects of the WFO process and agreement acceptable to our private Sponsors.

5. **Negotiable or Non-Negotiable User Agreements:** ORNL's world-leading capabilities (i.e., Spallation Neutron Source, Center for Nanophase Materials Sciences, upgraded HFIR and National Leadership Computing Facility) are accelerating the annual volume of users, particularly academic-based, so we strongly support efforts to streamline the agreement process. The diversity of our users, however, suggests that a non-negotiable position is not possible. We regularly are required to modify standard user agreement language because of state-specific laws on indemnification that preclude state agencies and public universities from accepting those terms. All of us need to work to streamline the agreement process, but we must not make it impossible for a customer group to work with us.

6. **Other Technology Transfer Issues:** We believe that laboratory contractors should be given more authority to approve and execute agreements with DOE oversight coming through periodic review of contractor systems rather than approval of each agreement. For example, would the Department consider giving contractors the authority to approve CRADA agreements under \$250,000? Improvements such as these will be particularly important as contractors work to expeditiously execute agreements related to stimulus funding. We also encourage DOE to consider developing a master agreement to use with other federal agencies to streamline the reimbursable interagency agreement process. Both of these actions should expedite the execution of certain agreements. In addition, we believe that DOE should allow the laboratories to participate or lead teams submitting proposals in response to Federal Agency Request For Proposals (RFP) on a non-exclusive basis. The current DOE interpretation of the restriction against Federally Funded Research and Development Centers (FFRDC) competing with the private sector means that Federal agencies cannot consider the capabilities at the DOE National Laboratories when making awards. This inhibits our ability to partner with industry and leverage the Federal dollars invested in science to meet the Government's needs. After award, of course, industry can come to us under a WFO, but they cannot propose to use us during the competition phase.

Mr. Paul Gottlieb

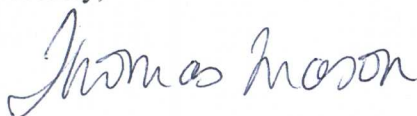
Page 4

March 13, 2009

Thank you for the opportunity to offer input. UT-Battelle, LLC is vitally interested in working with the Department to effectively and efficiently increase the volume of individuals or organizations that use our National User Facilities, license our technologies, and engage our scientists through WFOs and CRADAs. In fact, this goal is so important to us that we just completed a year-long effort where representatives from every relevant area of ORNL participated on a Process Improvement Team to significantly enhance our user program.

If you should have any questions or comments, please contact Mr. Tom Ballard at 865/241-1948.

Sincerely,

A handwritten signature in blue ink that reads "Thomas E. Mason". The signature is written in a cursive, flowing style.

Thomas E. Mason
Director

TEM:jrl

c: T. B. Ballard
J. R. Hightower
N. E. Porter
File - RC