

Statement of Considerations

CLASS WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN PATENT RIGHTS IN CERTAIN IDENTIFIED INVENTIONS AND COPYRIGHTS MADE OR AUTHORED BY PERFORMING ENTITY SUBCONTRACTORS DURING THE COURSE OF OR UNDER SUBCONTRACTS AND CRADAs UNDER MANAGEMENT AND OPERATING CONTRACT DE-AC09-96SR18500 BETWEEN THE DEPARTMENT OF ENERGY (DOE) AND WESTINGHOUSE SAVANNAH RIVER COMPANY (WSRC) W(C)-2004-003 [ORO-788]

The purpose of this class waiver is to waive subject inventions and copyrights made or authored by employees of Performing Entity Subcontractors in the course of or under subcontracts and Cooperative Research and Development Agreements (CRADAs) under Contract No. DE-AC09-96SR18500 (hereinafter the 18500 Contract) to WSRC. This class waiver is in addition to two existing class waivers previously granted to WSRC and described in greater detail below. The term of the 18500 Contract is through September 2006 with the possibility of extension until December 2006.

This waiver does not apply to small business or non-profit organization subcontractors covered by Public Law 96-517, as amended, regardless of the tier of subcontracting. Nor does this waiver apply to any subcontractor who is not part of the Performing Entity as defined in H.36 of the 18500 Contract.

Background

In 1993, pursuant to 42 U.S.C. 2182 and 42 U.S.C. 5908, DOE granted two class patent waivers to WSRC:

(1) A class waiver of the Government's U.S. and foreign patent rights in inventions made in the performance of CRADAs entered into by WSRC under M&O Contract No. DE-AC09-89SR18035 (W(C)-93-009); and

(2) A class waiver of the Government's U.S. and foreign patent rights in certain identified inventions made in the course of or under M&O Contract No. DE-AC09-89SR18035 (W(C)-93-010).

In 1996, the 18500 Contract was negotiated between DOE and WSRC. At that time, DOE determined that the above class waivers were applicable to the 18500 Contract due to the carry-over from the earlier contract of substantially identical technology transfer, patent and data provisions to the new contract. However, these class waivers specifically excluded inventions of subcontractors under the 18500 Contract.

The 18500 Contract was awarded to WSRC as the "Contractor", however, the 18500 Contract acknowledges the concept of the Performing Entity. Article H.36 entitled "Recognition of Performing Entity" states:

- (a) The Contractor and the Government recognize that the parties named below form the performing entity on which the award of this contract was based.

Westinghouse Savannah River Company
Bechtel Savannah River, Inc.
BWXT Savannah River Company
BNFL Savannah River Corporation

Not included in this list are two additional parties recently added to the Performing Entity, CH2 Savannah River Company and Polestar SRC. A modification of the 18500 Contract to include these parties is expected. These parties, in addition to those listed above (with the exception of WSRC) operate as part of the Performing Entity under subcontracts with WSRC and will be referred to for the purposes of this class waiver as the Performing Entity Subcontractors. At this time, only Polestar SRC qualifies for treatment as a small business or nonprofit organization under P.L. 96-517 and is therefore exempt from this class waiver.

WSRC serves as the integrating agent on behalf of the Performing Entity for all technology transfer activities under the 18500 Contract. Therefore, a class waiver of subject inventions and copyrights made or authored by the Performing Entity Subcontractors under subcontracts and CRADAs to WSRC is desired in order for WSRC to effectively administer and implement the Technology Transfer Mission provided for in the 18500 Contract at the Savannah River Site (SRS).

Class Waiver of Performing Entity Subcontractors' Inventions to WSRC

The waiver of Performing Entity Subcontractors' inventions to WSRC is consistent with 10 CFR 784.11(c) which provides that a waiver given to a prime contractor may be made applicable to the waivable inventions of the subcontractor where the prime contractor and subcontractor are partners in a cooperative effort. As stated above, since WSRC acts as the integrating agent for technology transfer for the Performing Entity, clearly a cooperative effort is present under the 18500 Contract. Also, in view of the likelihood of co-inventorship between WSRC employees and Performing Entity Subcontractor employees under the 18500 Contract or during the course of a CRADA, this class waiver serves to prevent a possible fragmentation of title to technology which would result in an impediment to successful technology transfer and licensing of inventions by WSRC.

In addition, paragraph (b)(4) of article H.36 of the 18500 Contract states that the Performing Entity shall operate under a single set of policies and procedures and that WSRC's managerial personnel shall "ensure that all employees of the performing entity are treated fairly, equitably and in a consistent manner." Therefore, this class waiver will achieve uniformity in the technology transfer policies and procedures at SRS. Inventions subject to this waiver will be treated the same as subject inventions made under the 18500 Contract in all aspects, including election and reporting requirements and retention of the Government license. It should be noted also that WSRC has determined, and DOE agrees, that it will treat Performing Entity Subcontractor inventors as if such inventors were WSRC employees for royalty-sharing purposes. In addition, WSRC agrees to distribute a portion of the royalty revenue derived from licensed Performing Entity Subcontractor inventions to the organization or division from which the invention arose. Finally, the Performing Entity Subcontractor inventors, like the WSRC employee-inventors, will have the option to request rights to the subject invention from DOE in the event WSRC does not elect to retain right.

Although each of the Performing Entity Subcontractors has the right to request an advance waiver in their own subcontracts or a waiver of an identified invention on a case-by-case basis, WSRC has obtained written agreement from each Performing Entity Subcontractor to implement this class waiver (see attached letters). This class waiver is conditioned upon such written agreement.

Excluded from the scope of this expansion of the above class waivers are Performing Entity Subcontractor inventions which: (1) fall within DOE's weapons programs, which inventions principally relate to weapons or inherently disclose or suggest a weapons application, where such disclosure or suggestion would be detrimental to national security, or relate to naval nuclear propulsion; (2) fall within or are covered by any exceptional circumstance determination issued by DOE; (3) relate to subject matter that is classified or sensitive under Section 148 of the Atomic Energy Act of 1954, as amended; (4) come within the ambit of international agreements or treaties in existence at the time of execution of the contract modification effecting these Class Waivers in the 18500 Contract, or future international agreements or treaties, provided WSRC is formally advised in writing of the existence of such agreements; prior to the reporting of the inventions to DOE by WSRC; (5) are subject inventions covered by existing or future Class Waivers granted to third parties by DOE, such as Work for Others, Metals Initiative, etc., or (6) fall within any further exceptions that may, in the national interest, be designated by the Secretary and are added by unilateral amendment by DOE to the 18500 Contract. As stated earlier, this waiver also specifically excludes inventions made by subcontractors who are not part of the Performing Entity.

This waiver of the Government's rights in inventions as set forth herein is subject to the Government's retention of: (1) a non-exclusive, non-transferable, irrevocable, world-wide, paid-up license to practice or to have practiced for or on behalf of the United States the waived invention, and (2) the standard Government march-in rights of 35 USC 203.

Transfer of Performing Entity Subcontractor Copyrights to WSRC

In addition to the class waiver described above, approval of the transfer of rights to copyrighted works authored by the Performing Entity Subcontractors to WSRC in view of similar considerations noted above is also recommended. It is expected that some copyrighted software may also be patentable and therefore, title to both should vest with one entity. Moreover, as with co-inventorship, there is also the likelihood of co-authorship on copyrighted works between WSRC and Performing Entity Subcontractors. As with inventions, WSRC agrees to treat the Performing Entity Subcontractor authors the same as WSRC authors for purposes of royalty-sharing. By providing WSRC the rights to such copyrights, the ability of WSRC to effectively disseminate copyrighted materials by means of commercialization and licensing as the integrating agent, is enhanced, thereby enhancing the overall technology transfer mission of SRS.

In order for WSRC to obtain the Performing Entity Subcontractor's rights, the Performing Entity Subcontractor will request approval from DOE to assert copyright. DOE's approval of such request will be contingent on the Performing Entity Subcontractor assigning its rights to WSRC. Furthermore, the Performing Entity Subcontractor agrees to grant to the Government and others acting of its behalf a paid-up, nonexclusive, irrevocable worldwide license in such copyrighted work to reproduce, prepare derivative works and perform publicly and display publicly, by or on behalf of the Government for a five-year period beginning from the date when copyright is

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asserted. Once assigned, the copyrighted work will be governed by the data provisions of the 18500 Contract.

Conclusion/Recommendation

This class waiver is implemented in conjunction with the implementation of technology transfer as a mission under the 18500 Contract. Therefore, this class waiver is effective as of the effective date of the 18500 Contract and shall apply to any subject inventions reported to DOE by the Performing Entity Subcontractors which may have been subject inventions under predecessor contracts for management and operation of the SRS.

Accordingly, in view of the statutory objectives and the factors to be considered under DOE's statutory waiver policy, all of which have been considered, it is believed that a waiver of inventions of the class identified above and transfer of copyrights to WSRC will best serve the interests of the United States and the general public. It is therefore recommended that the class waiver be granted to WSRC.


Emily G. Schnelder
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Intellectual Property

3/3/04
Date


Based on the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will best be served by waiver of United States and foreign patent rights as set forth herein and, therefore, the waiver is granted. This waiver shall not affect any waiver previously granted.

CONCURRENCE:


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Date: 8/12/04

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Date: 8-23-04