

## STATEMENT OF CONSIDERATIONS

### **CLASS ADVANCE WAIVER OF U.S. AND FOREIGN RIGHTS FOR INVENTIONS MADE BY FACULTY MEMBERS OF HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND OTHER MINORITY EDUCATIONAL INSTITUTIONS UNDER RESEARCH APPOINTMENTS AT OAK RIDGE NATIONAL LABORATORY UNDER UT-BATTELLE PRIME CONTRACT NO. DE-AC05-00OR22725; W(C)-01-002 [ORO-761]**

Oak Ridge Associated Universities (ORAU), the operator of the Oak Ridge Institute for Science and Education (ORISE), under Contract No. DE-AC05-00OR22750, and UT-Battelle, LLC (UT-Battelle), the manager and operator of the Oak Ridge National Laboratory (ORNL), under Contract No. DE-AC05-00OR22725, are co-sponsoring a program whereby faculty of Historically Black Colleges and Universities (HBCUs) and other Minority Educational Institutions (MEIs) are appointed to perform short term research assignments at ORNL. The objective of the program, which is to be administered by ORAU under its Research Participant's Program, is to increase the number of research collaborations and foster long-term relationships between the respective staff members of ORNL, HBCUs and MEIs. Successful applicants will serve appointments for two months or longer and will actively participate in research activities with ORNL's research staff in designated projects.

The program is open to full-time faculty at institutions of higher learning that are designated by the Federal Government as HBCUs and other MEIs. The program will pay each research participant a monthly stipend, as well as other limited transportation expenses and relocation allowances. Each research participant will come to ORNL as an individual, not as a small business or under an agreement with his/her institution, and will execute a DOE-approved entrance agreement with ORNL in his or her individual capacity.

DOE earlier granted a Class Advance Waiver (W(C)-90-014) of U.S. and foreign rights for inventions made by "employee-like" persons performing research at its national laboratories. It was noted therein that P.L. 98-620 permitted small businesses and nonprofit organizations, such as UT-Battelle, to elect to retain title to inventions made by their employees under funding agreements for the operation of Government laboratories. It is further noted that in accordance with the National Competitiveness Technology Transfer Act of 1989 (NCTTA), DOE provided each of its Government-Owned Contractor-Operated (GOCO) laboratory contractors with a contract clause making technology transfer a mission of the laboratory, one aspect of such mission being to enhance the transfer of technology and inventions of laboratory employees to the private sector.

The earlier waiver also recognized that DOE's national laboratories, as centers of technical expertise and cutting edge technology, are host to a large number of persons whose presence at the laboratory is usually for an extended period of time. While there, these persons work alongside the regular laboratory employees performing research under the guidance of laboratory staff on laboratory programs. Due to the nature of their work, many of these persons are viewed as "employee-like". DOE determined that, in many cases, neither these "employee-like" persons nor their respective employers have executed research and development agreements with DOE of the type covered by P.L. 96-517 and P.L. 98-620. In the absence of such agreements, persons entering ORNL are normally ~~be~~ required to execute an entrance agreement assigning rights to the Government. The Government would take title to inventions made or conceived by these employee-like persons in the performance of their work at the laboratory under the Federal Non-Nuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908) and the Atomic Energy Act of 1954, as amended (42 U.S.C. 2182).

One of the purposes of the earlier class waiver was to provide national laboratories, operating under an accepted NCTTA technology transfer clause, with ownership of inventions conceived or made by and employee-like persons during their work at the laboratory. It was recognized that a successful technology transfer program, which included invention licensing, required control of the technology being commercialized, including ownership of inventions made by employee-like persons performing research at the laboratories. In the absence of the earlier waiver, the possible fragmentation of title to technology arising out of work by employees and employee-like persons in a single program area was considered to be an impediment to successful technology transfer and licensing of inventions by the laboratory.

While faculty members of HBCUs and MEIs were not, except for those on academic sabbaticals, included in the enumerated class of employee-like persons covered in the earlier waiver, their relationship to ORNL is considered to be similar to those employee-like persons who are covered by that waiver. The faculty members will work alongside the ORNL researchers, performing research under the guidance of ORNL researchers on laboratory programs.

It is therefore a purpose of this class waiver to provide for sole UT-Battelle ownership of inventions conceived or made by HBCU and MEI faculty members at ORNL. Pursuant to this waiver, UT-Battelle will be provided with the right to elect title to inventions made or conceived by HBCU and MEI faculty members while performing research at ORNL, thereby making the licensing and commercialization of the technology more amenable to commercialization by UT-Battelle. UT-Battelle has determined, and DOE agrees, that it will treat faculty member research participants as it does its own employees for royalty sharing purposes.

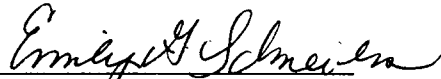
It is believed that ownership of the faculty member inventions by UT-Battelle is in the best interests of ORNL, DOE and the general public because it should encourage the

participation of faculty members in ORNL research projects with benefits flowing both to ORNL and the faculty members. One of the vital missions of DOE laboratories is to act as a national scientific teaching resource and encourage the interchange of ideas between the laboratory and academia. Furthermore, faculty member research participants can be provided with meaningful and important research assignments without placing UT-Battelle's ownership of resulting inventions and discoveries in jeopardy. The faculty members benefit from doing meaningful research and will ultimately be financially rewarded if they invent and UT-Battelle commercializes the inventions. Also, UT-Battelle, with a recognized staff of technology transfer professionals, in the best position to commercialize their invention, thereby benefitting the public, the faculty member inventors, and ORNL itself.

The present waiver acts to waive title to the inventions of HBCU/MEI faculty members working under ORAU's Research Participant's Program at ORNL to UT-Battelle. This waiver does not affect the rights to inventions of HBCU/MEI faculty members whose presence at ORNL is pursuant to an existing contractual arrangement between their employers and UT-Battelle. Since UT-Battelle is subject to P.L. 98-620, wherein Congress expressed a preference that the right to elect inventions of its employees shall reside with the laboratory contractor, inventions subject to this waiver shall be treated as Subject Inventions under the UT-Battelle prime contract, with UT-Battelle's right to elect such inventions being of the same scope as that specified in the prime contract. Furthermore, the faculty member inventor will have the option to request to retain rights to the invention from DOE in the event that UT-Battelle does not elect to retain rights.

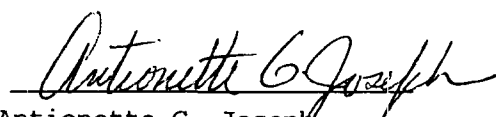
This waiver is consistent with the policies expressed by Congress in P.L. 96-517 and P.L. 98-620, by DOE's waiver regulations, and by Executive Order 12591 and promotes the utilization and commercialization of inventions arising from federally supported research and development while promoting collaboration among DOE national laboratories, academia, and industry.

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 to UT-Battelle will best serve the interests of the United States and the general public. It is therefore recommended that the class waiver be granted to UT-Battelle.

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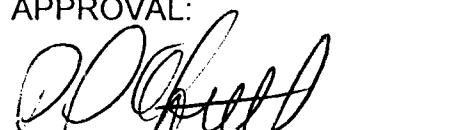
Based on the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will best be served by waiver of United States and foreign patent rights as set forth herein and, therefore, the waiver is granted. This waiver shall not affect any waiver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

CONCURRENCE:



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APPROVAL:



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Date: 8/1/01

Date: 8-7-01