

STATEMENT OF CONSIDERATIONS

CLASS WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN PATENT RIGHTS IN INVENTIONS MADE IN THE PERFORMANCE OF COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS ENTERED INTO BY THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY UNDER MANAGEMENT AND OPERATING CONTRACT NO. DE-AC03-76SF00515 BETWEEN THE DEPARTMENT OF ENERGY AND THE BOARD OF TRUSTEES OF THE LELAND STANFORD JUNIOR UNIVERSITY; W(C)-96-001.

Background

Stanford Linear Accelerator Center (SLAC) is owned by the U.S. Government and operated by the Board of Trustees of the Leland Stanford Junior University (hereinafter Stanford) under contract with the Department of Energy (DOE).

DOE considers its Government-Owned, Contractor-Operated (GOCO) laboratories, such as SLAC, national resources capable of providing significant contribution to the development of new products and processes, creation of jobs, enhancement of the skill level of the U.S. labor force, and improvement of the U.S. competitiveness.

Congress, recognizing this unique aspect of GOCO laboratories, enacted the National Competitiveness Technology Transfer Act of 1989, hereinafter "Act," (Public Law 101-189). The purpose of this Act was to promote technology transfer among universities, the private sector, and the GOCO laboratories in order to foster the development of technologies in areas of significant economic potential.

The Act amended the Stevenson-Wydler Technology Innovation Act of 1980 (Public Law 96-480), as amended, in a number of major aspects. First, the Act extended to GOCO laboratories, upon agency approval, the authority earlier specified in Section 12 of Stevenson-Wydler for Government-Operated Federal Laboratories (the GOGO laboratories) to enter into Cooperative Research and Development Agreements (CRADAs) on behalf of the agency with one or more non-Federal parties (hereinafter "Participant").

Second, the Act required that the agency formalize an agreement with the operating contractors to establish technology transfer, including CRADAs, as a mission for the laboratories and to describe the respective obligations and responsibilities of the agency and the laboratories with respect thereto.

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The Act defined a CRADA as:

Any agreement between one or more Federal laboratories and one or more non-Federal parties under which the Government, through its laboratories, provides personnel, services, facilities, equipment, intellectual property, or other resources with or without reimbursement (but not funds to non-Federal parties) and the non-Federal parties provide funds, personnel, services, facilities, equipment, intellectual property, or other resources toward the conduct of specified research or development efforts which are consistent with the missions of the laboratory.

Excluded from this type of agreement are procurement contracts, grants, or cooperative agreements as these terms are used in Sections 6303, 6304, and 6305 of Title 31 U.S.C.

The term "Laboratory" as set forth in the Act includes, for purposes of this Class Waiver, all facilities managed and operated by Stanford under DOE Contract No. DE-AC03-76SF00515.

Advance Class Waiver to Participants' Inventions

The scope of this Class Waiver is directed to an advance waiver to the participants of inventions made by employees of, or persons acting on behalf of, participants under the class of CRADAs entered into by participants with SLAC under the SLAC M&O Contract pursuant to the Act. Since CRADAs do not fall within the definition of "funding agreements" of Public Law 96-517, as amended, the patent policy set forth therein as applicable to small businesses and non-profit organizations does not apply to CRADA participants. However, since the M&O contractor (GOCO laboratory) enters into the CRADA on behalf of the agency, the CRADA amounts to "an arrangement" within the meaning of the Atomic Energy Act of 1954 as amended (42 U.S.C. 2182) and the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908). Hence, inventions made by any small business, non-profit organization or for-profit large business participants to a CRADA with SLAC are intended to be covered by this Class Waiver. SLAC, on the other hand, subject to its M&O contract, may elect title to inventions of its employees.

With respect to the advance Class Waiver to the class of joint research arrangements identified as CRADAs under the Act, it is expected that SLAC will negotiate agreements that provide for substantial cost sharing of the joint research effort by the participants, thereby achieving a leveraging of the Government-funded portion of the joint work. In so doing, this advance Class Waiver is seen to be an extension of existing DOE patent

waiver policy which recognizes that substantial cost sharing by participants is an indication of commitment by the participants to advance the technology and effect commercial utilization. Additionally, the work being performed under CRADAs will typically be driven by participants' needs and will most likely be of near term commercial value; hence, it is believed that the granting of the advance Class Waiver of inventions made by participants under CRADAs will also make the benefits of the CRADA research widely available to the public in the shortest practicable time and promote the commercial utilization of the waived inventions.

Further, it is believed that technology transfer will be enhanced by both SLAC and the CRADA participant, as appropriate, being able to offer, for commercialization purposes, a package of technology including waived inventions and other related inventions and intellectual property.

Implementation of the advance Class Waiver is to be by execution of the DOE Oakland Operations Office (OAK) approved CRADA. Participants' cost of filing and maintaining any patent application(s) or patent(s) on their inventions will be at private expense.

It is expected that in negotiating the commercialization rights to the waived inventions (including background inventions owned by the parties, if any), SLAC and the participant will be guided by the respective equities of the parties, the small business status of the participant, if applicable, and the overall objective of attempting to secure the most expeditious commercialization route for moving the technology from the research stage to the marketplace. Hence, it is recognized that the parties may conclude, in order to achieve the above objectives, that either SLAC or the participant should hold title to all of the inventions made under a CRADA. Where this occurs and results from good faith negotiation between the parties of invention commercialization rights, a disposition in the CRADA of rights to waived inventions, other than each party owning its own inventions as provided for in this advance Class Waiver, will not be a basis for DOE disapproval of the submitted CRADA.

Exclusions from Class Waiver

The scope of the Class Waiver does not include inventions which:

1. Relate to subject matter that is classified or sensitive under Section 148 of the Atomic Energy Act of 1954, as amended, or which falls within DOE's weapons programs, wherein such inventions inherently disclose or suggest a weapons application where such disclosure or suggestion would be detrimental to national security;

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2. Arise out of DOE's naval nuclear propulsion program or are derived from the conduct of foreign intelligence or counter-intelligence activities;
3. Involve a non-domestic CRADA participant without a place of business in the United States or who is subject to the control of a foreign government;
4. Come within the ambit of international agreements or treaties in existence at the time of execution of the CRADA; or
5. Are covered by an exceptional circumstance determinations declared by DOE pursuant to 35 U.S.C. 202(a)(ii). The following is a partial listing of such DOE designated exceptional circumstance technologies:
 - a) Subject Inventions relating to storage and disposal of civilian high level nuclear waste or spent nuclear fuel;
 - b) Subject Inventions arising under the U.S. Advanced Battery Consortium research and development; and
 - c) Subject Inventions arising out of DOE's steel initiative program.

This waiver of the Government's rights in inventions to participants, as set forth herein is subject to the Government's retention of (1) a non-exclusive, non-transferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States the waived inventions throughout the world, and (2) march-in rights comparable to those set out in 35 U.S.C. 203.

Conclusion/Recommendation

The grant of this Class Waiver should not result in adverse effects on competition or market concentration. Waived inventions will be subject to a royalty-free license to the Government and DOE has the right to require periodic reports on the utilization or the efforts at obtaining utilization that are being made for the waived inventions. If participant is not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in right and require licensing of the invention.

Accordingly, in view of the statutory objectives to be obtained and the factors to be considered under DOE's statutory waiver policy, and the objectives of Section 3160 of the National Defense Authorization Act for Fiscal Year 1994 (P.L. 103-160), all of which

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have been considered, it is submitted that the Class Waiver as set forth above will best serve the interest of the United States and the general public. It is therefore recommended that the waiver be granted.


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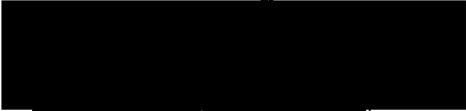
Based on the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will best be served by waiver of the United States and foreign patent rights as set forth herein and, therefore, the waiver is granted. This waiver shall not affect any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

CONCURRENCE:


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Date 1/15/97

APPROVED:


Paul A. Gottlieb
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Date 1/16/97