STATEMENT OF CONSIDERATIONS

CLASS ADVANCE WAIVER OF U.S. AND FOREIGN RIGHTS FOR INVENTIONS MADE BY PARTICULAR INDIVIDUALS AT DOE NATIONAL LABORATORIES, W(C)-90-014

Public Law 98-620 amended Chapter 18, Title 35 of the United States Code, to permit small businesses and nonprofit organizations to elect to retain title to inventions their employees make under funding agreements for the operation of Government facilities. In accordance with Executive Order 12591 and 42 USC 2182 and 5908 this policy has been substantially extended to large business government-owned contractor-operated (GOCO) facility contractors as well. Additionally, in accordance with the National Competitiveness Technology Transfer Act of 1989 (NCTTA) the Department provided each of its GOCO laboratory contractors with a technology transfer contract clause making technology transfer a mission of the laboratory and describing the respective obligations and responsibilities of the parties. One aspect of the technology transfer clause is to enhance the transfer of the technology and inventions of facility employees into the private sector. It is to be noted that the right to elect and, hence, commercially license extends only to inventions of employees of the GOCO operator.

Because of their position as national centers of technical expertise and their conduct of research on the cutting edge of technology, the Department's GOCOs are host to a large number of persons whose presence at the facility is usually for an extended period of time during which they work alongside the regular facility employees performing research under the guidance of the facility operator on facility programs. Although they are not employees of the GOCO and consequently are not subject to GOCO employee benefits, workers compensation and the like, the nature of their work may be viewed as employee-like and that characterization will be used for the purposes of this waiver.

Examples of employee-like persons include long-term visitors, consultants working at the facility under the direction of GOCO personnel, guest scientists, no-pay appointees, post doctorals, industrial exchange participants, academic sabbaticals, rehired contractor retirees, foreign exchange participants not subject to an international agreement, and technical employees of job-shop subcontractors to the facility who are working at the facility on a temporary basis. Each of these persons performs employee-like research work at the facility on the programs of the facility. In each case neither these 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 each case, however, these persons are admitted as non-employees and would normally be required to execute an agreement assigning rights to the Government. The Government normally takes title to the inventions made or conceived by these persons in the course of or under their work at the facility under the Federal Non-Nuclear

Energy Research and Development Act of 1974 (42 USC 5908) and the Atomic Energy Act of 1954, as amended (42 USC 2182). It is appropriate to note here that although job-shop subcontracts and similar type agreements may require the subcontractor to supply scientists, engineers, or technical employees who may perform experimental, developmental, or research work, the subcontracts themselves do not require the job shop subcontractor to perform such experimental, developmental, or research work. Therefore, these subcontracts are not funding agreements covered by P.L. 96-517 and P.L. 98-620. However, inventions made under these subcontracts are covered by the broader language of 42 USC 5908 and/or 42 USC 2182, and title to inventions made by these subcontractor employees would vest in the Government pursuant to these statutory sections even if the job-shop subcontract were with a small business.

It is appreciated that a successful technology transfer program and invention licensing program requires control of the technology being commercialized. The fragmentation of title to technology between different owners is an impediment to successful technology transfer and licensing of inventions. Thus, where multiple parties having different rights of ownership to inventions work at a facility in a single program area, the potential diversity of ownership rights in the programmatic technology may be an impediment to its commercialization by the contractor under the technology transfer clause.

It is therefore a purpose of this class waiver to provide, at those facilities operating under an accepted NCTTA technology transfer clause, for common ownership of inventions conceived or made by facility employees or employee-like persons during their work at the facility. Pursuant to this waiver, the facility operator will be provided with the right to elect, or, in the case of a large business GOCO, request a waiver of, title to inventions conceived or made by employee-like persons working at the facility, thereby making the licensing and commercialization of the technology more viable. The GOCO shall treat such persons the same as their own employees for purposes of distribution of royalties from inventions they make.

It is believed that consolidation of ownership of the inventions in the facility operator is in the best interest of the facility operator, the Department and the public because it should encourage the interchange of technologies between industry, academia and the Department's laboratories. One of the vital missions of the GOCO facilities is to act as a national scientific teaching resource and encourage the interchange of ideas between the laboratory, academia and industry. Diverse and inconsistent disposition of intellectual property rights may inhibit the interchange of persons by which such teaching and idea interchanges are effected. This is because facilities will naturally be reluctant to expose a potentially highly-commercial technology program to the fragmentation of invention ownership by admitting employee-like persons to work in such a program. The

consolidation of title in the facility operator by the present waiver will obviate this area of concern.

Job shops and other similar individuals or organizations providing temporary technical help to the Department's facilities generally do not have any established commercialization capabilities for inventions they or their employees may conceive or make during their association with the facility. Also, the facility has a natural reluctance to utilize needed temporary technical help if to do so would potentially inhibit the ability to commercialize or transfer the technology of a program. Thus, this potential division of intellectual property rights may adversely affect the Department's programs.

The present waiver acts to waive title to the inventions of employee-like persons and the inventions of technical employees of job-shop subcontractors working at the facility to the facility operator.

This waiver, therefore, acts to consolidate title to inventions conceived or made by employee-like persons while working at a facility and those of the employees of the facility in the facility operator. It is not applicable to consultants who are independent contractors, are hired to solve specific problems, and are not employee-like persons. Nor is it applicable to individuals under an international agreement such as visiting scientists. The waiver applies only to an agreement which does not on its face require the performance of research, development, or demonstration work by the contractor.

This waiver does not affect the rights to inventions of employee-like persons whose presence at a facility is pursuant to an existing contractual arrangement with the Government. The rights to inventions set forth in the contractual arrangement remain in effect for inventions of such employee-like persons conceived or made while at the facility. However, to the extent that such agreements provide for title to be acquired by the Government, then such rights are waived to the facility operator subject to rights retained by parties to the agreement. This waiver does not apply to persons at a facility whose rights to inventions are pursuant to 35 USC 212.

For facilities subject to P.L. 98-620, wherein Congress expressed a preference that the right to elect inventions of its employees shall reside with the facility operator, inventions subject to this waiver shall be treated as subject inventions under the clauses of the facility operator's GOCO contract applicable to inventions. For facilities not subject to P.L. 98-620 (large business operators), the inventions subject to this waiver shall be treated as subject inventions under the clauses of the facility operator's GOCO contract applicable to inventions.

The DOE field patent counsel assisting the facility will determine the applicability of this class waiver to persons

entering a facility. Further, to avoid potential or real conflicts of interests, persons potentially subject to this waiver shall be notified prior to their entry to a facility of the applicability of this waiver and the terms thereof made clearly available to them.

This waiver is consistent with the policies expressed by Congress in P.L. 96-517 and P.L. 98-620 (35 USC 201 et seq.), 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 between GOCO facilities, academia and industry.

Accordingly, in view of the statutory objectives to be obtained 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 those GOCO contractors who have agreed to a NCTTA technology transfer clause, on its equivalent as determined by Patent Counsel, and under the situations described above, will best serve the interest of the United States and the public. It is therefore recommended that the class waiver be granted to GOCO's who have agreed to such a technology transfer clause.

[redacted]

Richard A. Lambert
Office of the Assistant
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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.

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