

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 AT ROCKY FLATS PLANT
PURSUANT TO THE DEPARTMENT OF EG&G ROCKY FLATS,
INC., PERFORMANCE-BASED MANAGEMENT CONTRACT NO.
DE-AC34-90RF62349 - W(C)95-004

EG&G ROCKY FLATS, INC., (Contractor), manages and operates the Rocky Flats Plant for the Department of Energy (DOE) under Prime Contract No. DE-AC34-90RF62349. Contractor is organized as a large, for-profit corporation.

The Rocky Flats Plant is a Government-owned, Contractor-operated facility located near Golden, Colorado and is a part of the DOE nuclear weapons complex. The recent modification of Section 91 of the Atomic Energy Act, coupled with the National Competitiveness Technology Transfer Act of 1989 (NCTTA)(P.L. 101-189), clarified that technology transfer is a mission of Defense Programs consistent with the national security mission. All parts of the Defense Program (DP) complex including laboratories, test sites, and production facilities participate in the DOE technology transfer mission, consistent with statutory authority, their capabilities and program mission responsibilities.

The nuclear weapons production plants possess an abundance of technology that would be useful to the private sector to enhance U.S. Competitiveness. This technology, although developed as part of DOE's national security mission for the most part, has non-weapons applications which can be transferred to the private sector without any compromise of national security.

Until recently, nuclear weapons production plants did not have the authority to enter directly into Cooperative Research and Development Agreements (CRADAs). Recently, however, under Section 3160 of the National Defense Authorization Act for Fiscal Year 1994 (P.L. 103-160), the DOE has been authorized to permit nuclear production plants to negotiate and participate in CRADAs with one or more non-Federal parties (hereinafter "Participant"). Part of the Rocky Flats Plant operation is funded by DP, and under the recent statutory changes it is authorized to enter into CRADAs. An existing Class Waiver, W(C)93-007, is currently in place which describes procedures whereby

Contractor may elect title to identified inventions. Contractor may also, using the procedures described in W(C)93-007, elect title to identified inventions which are subject inventions made by employees of Contractor as set out in the Performance Based Management Contract in the performance of work under a CRADA.

Class Advance Waiver to Participants' Inventions

The scope of this Class Waiver is directed to an advance waiver to the Participant of inventions made by employees of, or persons acting on behalf of Participants under the class of CRADAs entered into by Participants with Contractor under the M&O Contract pursuant to the Act. Since CRADAs do not fall within the definition of "funding agreements" of Public Law 96-517, the patent policy set forth therein as applicable to small businesses and non-profit organizations does not apply. Hence, inventions made by any small business, non-profit organization or for-profit large business Participants to the CRADA are intended to be covered by this Class Waiver.

With respect to the advance Class Waiver to the class of CRADAs under the Act, it is expected that Contractor will negotiate agreements that provide for a 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 Contractor and the CRADA Participant, as appropriate, being able to offer, for commercialization purposes, waived invention with other related inventions and intellectual property.

Implementation of the advance Class Waiver is to be by execution of the AL 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), Contractor 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 Contractor or the Participant should hold title

to all of the inventions made under the CRADA. Where this occurs from good faith negotiation of the commercialization rights, a disposition of rights set forth in the CRADA of waived inventions other than each party owning its own inventions provided for in the advance Class waiver will not be a basis for disapproval by DOE of the submitted CRADA.

The scope of this Class Waiver to the identified inventions of Participants under CRADAs entered into under the Act does not include 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;
- (2) Relate to the Naval Nuclear Propulsion Program;
- (3) Relate to the Uranium Enrichment (including Isotope Separation) Program;
- (4) Are classified or sensitive under Section 148 of the Atomic Energy Act of 1954, as amended;
- (5) Are included in international agreements or treaties;
- (6) Are covered by existing or future Class Waivers granted to third parties by DOE, such as "Work for Others;" or
- (7) Fall within any further exceptions which may, in the national interest, be unilaterally designated by the Secretary.

This waiver of the Government's rights in inventions to Participant 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 invention throughout the world, and (2) march-in rights comparable to those set out in 35 U.S.C. 203.

The grant of this Class Waiver should not result in adverse effects on competition or market concentration. 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 rights 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, the objectives of Section 3160 of the National Defense Authorization Act for Fiscal Year 1994 (P.L. 103-160), all of which 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:

Roger Lewis
Director, Office of Technology
Utilization

Date _____

[REDACTED]

Victor H. Reis
Assistant Secretary for Defense
Programs

Date 6/8/95

APPROVED:

Paul Gottlieb, Assistant General Counsel
for Intellectual Property and Technology Transfer

Date _____