

### Statement of Considerations

Class Waiver of the Government's Patent Rights in Inventions Made by Employees of Institutes and Other Entities of the Newly Independent States of the Former Soviet Union in the Course of or under Agreements Entered into with Management and Operating Contractors of the Department of Energy:  
W(C) 95-008

The dissolution of the Former Soviet Union (FSU) and the resulting economic dislocation in the Newly Independent States (NIS) have created an extremely challenging situation for the scientists and engineers who were responsible for establishing and maintaining the FSU's technology base. One result of the FSU's dissolution has been to allow NIS institutes that previously had little to no interaction outside the Soviet Union to cooperate with the laboratories and other facilities of the U.S. Department of Energy (DOE), which are operated by management and operating (M&O) contractors. These opportunities allow DOE to engage in cooperative research with world-class facilities in the NIS, many of which are assisted through this cooperation in making a transition from weapon to civilian activities.

In an attempt to contribute to nonproliferation goals and establish new cooperation in the NIS, DOE's laboratories and facilities, which are operated by management and operating (M&O) contractors, are increasing their collaboration with the institutes and other entities within the NIS<sup>1</sup>, resulting in many new agreements between the collaborating organizations. One example of this expanding cooperation is the program known as the Industrial Partnering Program (IPP) authorized by Section 575 of the Fiscal Year 1994 Foreign Operations Appropriations Act (P.L. 103-87) signed into law on September 30, 1993. Under the IPP Program, DOE laboratories enter into subcontracts with NIS institutes to further develop promising technologies which can be commercialized with the assistance of U.S. industry.

Because of the different practices among the DOE laboratories in negotiating and entering into subcontract agreements, the agreements with the NIS institutes have set out inconsistent and

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<sup>1</sup> The term "institutes and other entities within the NIS" includes all the NIS entities, such as institutes, universities, and other types of organizations, with which the DOE laboratories and facilities enter into contracts for research and development work. For simplicity, the term "NIS institutes" will be used throughout the remaining part of the class waiver to refer to these entities collectively. Also, the term "DOE laboratories" will be used to refer to all the DOE facilities, including laboratories and facilities, that enter into such contracts with the NIS institutes.

perhaps inequitable treatment of rights to inventions of NIS inventors. Many of these subcontract agreements are of the type that would normally be implemented under agency-to-agency international agreements, i.e., agreements between an agency of one country and an agency of another country, if such international agreements were in existence. However, even though there is an umbrella Science and Technology (S&T) agreement between the U.S. and Russia that was signed on December 16, 1993 (U.S.-Russia S&T Agreement), there are currently only a few agreements between DOE and other governmental agencies in the NIS countries which specifically authorize DOE's laboratories to conduct collaborative activities.

#### Class Advance Waiver to Inventions of NIS Inventors

DOE has determined to grant a class advance waiver for inventions made in the course of or under agreements between DOE laboratories and the NIS institutes that involve research and development entered into within the time period between January 1, 1995, and ending two years from the effective date of this waiver. The purpose of the waiver is to provide consistent and equitable treatment for inventions made by employees of NIS institutes under agreements with DOE's laboratories.

During the effective period of this waiver, DOE expects to negotiate and enter into agency-to-agency agreements with appropriate governmental agencies within the NIS countries to conduct collaborative activities in technology areas of mutual interest. It is anticipated that such agreements will address the protection and disposition of intellectual property rights in a manner similar to the U.S.-Russia S&T Agreement.<sup>2</sup> As these agency-to-agency agreements are made, subsequent agreements between DOE's laboratories and NIS institutes will be made subject to one of the agency-to-agency agreements, to the extent such agency-to-agency agreements cover the area of technology for which work is contemplated. It is anticipated that the majority of DOE laboratory and NIS institute agreements entered into more than two years after the effective date of this waiver will be subject to an agency-to-agency agreement. In those rare cases where a particular agreement cannot be made subject to an agency-to-agency agreement, DOE will consider requests for waiver of invention rights on a case-by-case basis in accordance with current DOE practice.

Under this class advance waiver, DOE waives title in the U.S. to inventions made by employees of NIS institutes to the DOE

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<sup>2</sup> Under the U.S.-Russia S&T Agreement, rights in Russia to inventions made by Russian institutes are owned by Russia, rights in the U.S. to such inventions are owned by the U.S., and rights in third countries are negotiated between the two parties.

laboratory that is a party to the agreement with the particular NIS institute. DOE waives title to such inventions in the NIS countries to employees of the NIS institute who make the inventions or to the NIS institute whose employees make the inventions.<sup>3</sup> In all other countries, DOE waives title to such inventions to either party as determined by the parties through negotiation and as provided by the parties in the agreement. DOE expects that the parties will negotiate the allocation of invention rights in these other countries with due recognition of 1) the relative contributions to the agreement by the parties and 2) the likelihood that the party obtaining those rights will actively seek patent protection and commercialize the inventions in these other countries.

DOE anticipates that, for the next two years, the class advance waiver will provide consistent and equitable treatment of invention rights under agreements between DOE laboratories and NIS institutes and will make these agreements easier to negotiate and execute. Notably, the allocation of rights in inventions of NIS inventors under this class waiver parallels the allocation of such rights under the U.S.-Russia S&T Agreement. Therefore, DOE believes that, after the two-year term of the class waiver, it will be easier for the NIS institutes to make a transition to working under agreements with DOE's laboratories that are subject to agency-to-agency agreements.

This class advance waiver does not cover or address rights to inventions made by employees of DOE laboratories. Rights to those inventions and any conditions relating thereto will be determined in accordance with the existing prime contracts between the M&O contractors and DOE and any pertinent patent waivers that DOE has granted covering inventions made by DOE's M&O contractor employees.

Although this waiver does not cover inventions of the DOE laboratories, the DOE laboratories are urged to address their inventions in their agreements with the NIS institutes in a manner similar to the intellectual property provisions of the U.S.-Russia S&T Agreement. That is, the DOE laboratories would keep rights in the U.S. to their inventions, the NIS institutes would obtain rights in the NIS to such inventions and the laboratories and NIS institutes would negotiate the rights in third countries.

The scope of this class advance waiver also does not include inventions which:

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<sup>3</sup> The decision as to whether the NIS employee who makes the invention or the NIS institute whose employee makes the invention obtains the invention rights is left to the NIS institute.

- (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 subject to international agreements or treaties;
- (6) Are covered by the existing class waiver granted on September 21, 1994, for the class of inventions made by employees of the NIS institutes under subcontracts with DOE's National Laboratories under the Industrial Partnering Program; 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 domestic and foreign rights in inventions to the NIS institutes and to the DOE laboratories as set forth herein is subject to the Government's retention of (1) a nonexclusive, nontransferable, 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 set out in 35 U.S.C. 203.


This waiver of the Government's rights in inventions of the NIS institutes to the DOE laboratories is also conditioned on the DOE laboratories and facilities treating such inventions in accordance with any technology transfer clauses or other applicable clauses in their management and operating contracts with DOE.

Grant of this class waiver should not result in adverse effects on competition or market concentration since the agreements covered will be numerous, relatively small in dollar value, and will involve many different parties and technologies. Grant of invention rights under this class waiver should enhance competition by encouraging development of new or improved technologies, rather than serving to concentrate markets.

Grant of this class waiver should result in an overall economic benefit to the U.S. economy as a result of the access to technology in the NIS countries obtained by the DOE laboratories

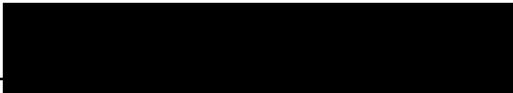
and facilities and the resulting licensing of U.S. industry by those laboratories and facilities.

Accordingly, in view of the objectives and considerations set forth in 41 CFR 9-9.109.6, 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.

  
Mason R. Hightower  
Deputy Assistant General  
Counsel for Technology  
Transfer and Intellectual  
Property

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.


CONCURRENCE:

  
Susan F. Herby  
Assistant Secretary  
for Policy

Date

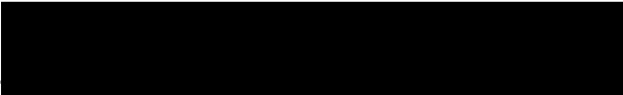
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APPROVED:

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

Based on the foregoing Statement of Considerations, and the Statement of Considerations which became effective on June 14, 1995, it is determined that the interests of the United States and the general public will best be served by extension of the waiver of the United States and foreign patent rights as set forth in the original Statement of Considerations and, therefore, the extension is granted.

**CONCURRENCE:**

  
Marc Chupka  
Assistant Secretary for Policy and  
International Affairs (Acting), PO-1

Date 6/13/97

**APPROVED:**

  
Paul A. Gottlieb  
Assistant General Counsel for Technology Transfer  
and Intellectual Property


Date 6/13/97

## **STATEMENT OF CONSIDERATIONS**

**Extension of Class Waiver W(C)95-008 of the Government's Patent Rights in Inventions  
Made by Employees of Institutes and Other Entities of the Newly  
Independent States of the Former Soviet Union in the Course  
of or under Agreements Entered into with Management and Operating  
Contractors of the Department of Energy**

Class waiver W(C)95-008, effective from January 1, 1995 through June 14, 1997, is hereby extended through June 14, 1999. This extension is necessary because the agency-to-agency international agreements contemplated in the waiver for the conduct of collaborative activities in technology areas of mutual interest have not yet been consummated. During the additional two-year period provided by this extension for concluding the agency-to-agency agreements, it is desirable to have continuity in the disposition of ownership of invention rights. Therefore, the terms of this extension are exactly the same as in the original waiver, all of the provisions of which are hereby incorporated by reference.

Accordingly, in view of the objectives and considerations set forth in 10 CFR 784 (formerly 41 CFR 9-9.109-6), all of which have been considered, it is submitted that the Class Waiver as set forth in the original Statement of Considerations, and as extended as set forth above, will best serve the interest of the United States and the general public. It is therefore recommended that the period of applicability of the waiver be extended for two additional years.




**Judson R. Hightower**  
Deputy Assistant General Counsel  
for Technology Transfer and  
Intellectual Property

## STATEMENT OF CONSIDERATIONS


Extension of Class Waiver W(C)95-008 of the Government's Patent Rights  
in Inventions Made by Employees of Institutes and Other Entities of  
the Newly Independent States of the Former Soviet Union  
in the Course of or under Agreements Entered into with Management  
and Operating Contractors of the Department of Energy

Class Waiver W(C)95-008, effective from January 1, 1995, through June 14, 1997, was extended for an additional two years until June 14, 1999, by an extension approved on June 13, 1997. The original waiver and extension were only for two-year periods because it was anticipated that the Department would enter into international agreements with Russian Federation agencies under which collaborative activities in technology areas of mutual interest would be conducted. In that event, the international agreements would contain provisions governing the protection and allocation of intellectual property. In order to continue the disposition of intellectual property provided by the waiver until such international agreements are consummated, this extension applies retroactively from June 14, 1997 and will continue indefinitely. The terms and conditions of this extension are exactly the same as in the original waiver, all of which are incorporated by reference.

Accordingly, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is submitted that the Class Waiver as set forth in the original Statement of Considerations, and as extended as set forth above, will best serve the interest of the United States and the general public. It is therefore recommended that the period of applicability of the waiver be extended indefinitely.


  
Hudson K. Nightower  
Assistant Chief Counsel  
Intellectual Property Law Division  
Oakland Operations Office

Concurrence:

  
Assistant Secretary for  
International Affairs

Date: 9/14/00

Approved:

  
Paul A. Gottlieb  
Assistant General Counsel for Technology  
Transfer and Intellectual Property

Date: 9-14-00