

STATEMENT OF CONSIDERATIONS

ADVANCE CLASS WAIVER OF PATENT RIGHTS FOR TECHNOLOGY
DEVELOPED UNDER DOE FUNDING AGREEMENTS RELATING TO
INNOVATION FOR INCREASING CYBERSECURITY FOR ENERGY
DELIVERY SYSTEMS; DOE FUNDING OPPORTUNITY ANNOUNCEMENT
DE-F0A-0001441; W(C)-2016-001; CH-1763

The Department of Energy Office of Electricity Delivery and Energy Reliability (OE) anticipates providing federal assistance in the form of cooperative agreements to conduct research, development and demonstrations leading to next generation tools and technologies that will become widely adopted to enhance and accelerate deployment of cybersecurity capabilities for the U.S energy infrastructure, including cyber secure integration of smart grid technologies.

The objective of this FOA is to perform research, development and demonstrations of tools and technologies that will enhance the cybersecurity of energy delivery control systems in the US. This includes electricity generation, transmission and distribution as well as the production, refining, storage and distribution of oil and gas in accordance with DOE's energy infrastructure role defined in Homeland Security Presidential Directive (HSPD) 7. This also includes tools and technologies to assist in the compliance with North American Electric Reliability Corporation-Critical Infrastructure Protection (NERC-CIP) requirements for cybersecurity. Solutions should be interoperable, scalable, cost-effective advanced tools and technologies that do not impede critical energy delivery functions, that are innovative and that implement common methods and best practices. The focus of this Announcement is to perform RD&D that will lead to improvements in the cyber security of control systems for the energy sector, including electricity, oil, and natural gas. The Energy Sector's Roadmap vision for CEDS RD&D is that energy delivery systems are designed, installed, operated, and maintained to survive a cyber-incident while sustaining critical functions. All project activities under the CEDS Program align with the goals of the Energy Sector's Roadmap. The Energy Sector's Roadmap is scheduled to be updated in FY 2016 to keep ahead of the evolving cyber-threat landscape and continue advancing the cyber resilience of both energy subsectors, oil and natural gas, as well as electricity delivery. The updates to the Roadmap

will identify technology gaps, which will be used as input for the development of the Areas of Interest (AOI) for this Announcement

DOE expects to make up to 12 awards, in the form of cooperative agreements, under this announcement. The cost share must be at least 20% of the total allowable costs for research and development phase of the project and 50% of the total allowable costs for demonstration phase of the project. All cost share must come from non-Federal sources. These cost share percentages of the total allowable costs include sub-awardees and Federally Funded Research and Development Center (FFRDC) costs, if applicable, even if funded under a separate procurement vehicle (e.g., Field Work Proposal). It is expected that approximately 90% of the total allowable costs will be allocated to R&D and 10% to demonstration.

A National Laboratory or FFRDC is not eligible for an award under this announcement, but may be proposed as a team member as a sub-recipient subject to the following: The National Laboratory(ies) or FFRDCs effort, in aggregate, shall not exceed 10% of the total estimated cost of the project.

Considering the above, it is the purpose of this class waiver to vest title in new inventions made under this program by large business awardees and subcontractors in a fashion enabling them to expediently commercialize the various technologies. Accordingly, DOE will waive the Government's title to subject inventions, other than inventions made by Bayh-Dole participants pursuant to P.L. 96-517, as amended, or National Laboratories, to the above identified large business entities. Since cost sharing is at least 20%, it is expected that patent rights will be allocated among the participants on the basis of cost.

This advance class waiver of the Government's rights in inventions is subject to the usual advance patent waiver and background data licensing provisions. The terms of the advance patent waiver include the usual Government license, march-in rights, and preference for U.S. industry provisions comparable to those set out in 35 U.S.C. §§ 202-204. This advance patent waiver also includes the attached U.S. Competitiveness clause which requires that products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant

can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor will further agree to make this condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE. The Contractor also agrees to submit copies of issued U.S. Patents resulting from waived inventions, and to submit annual reports on the utilization of a waived invention or on efforts at obtaining such utilization that are being made by the Contractor or any of its licensees or assignees.

The grant of this class waiver is not expected to result in adverse effects on competition or market concentration. Rather the waiver should enhance competition and growth in the coal power industry of the United States.

This advance class waiver shall apply to grants made to large business entities who meet the minimum cost-sharing requirement as set forth and who have provided written notice to DOE of their acceptance of the terms and conditions of this class waiver. The waiver will remain in effect as long as such cost sharing is maintained, in aggregate, over the term of the agreement. No separate waiver petition is required to be submitted.

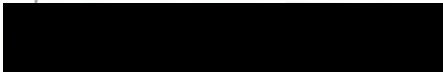
Considering the foregoing, and in view of the statutory objectives to be obtained and the factors to be considered under DOE's waiver regulation, 10 C.F.R. 784, all of which have been considered, it has been determined that this class waiver as set forth above will best serve the interest of the United States and the general public. It is recommended that the waiver be granted.


Brian J. Lally
Deputy Chief Counsel
Intellectual Property Law Division

Date: January 15, 2016


Based on the foregoing Statement of Considerations, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE:


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Date: 4/19/2016

APPROVAL:


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(t) U. S. Competitiveness

The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless the Contractor can show to the satisfaction of the DOE that it is not commercially feasible to do so. In the event the DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., recoupment of the Government's investment, etc. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by the DOE.