

STATEMENT OF CONSIDERATIONS

CLASS WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN PATENT RIGHTS IN INVENTIONS ARISING OUT OF THE RESEARCH AND DEVELOPMENT ACTIVITIES CONDUCTED UNDER CLAUSE H 28, JOINT RESEARCH PROJECTS, UNDER MANAGEMENT AND OPERATING CONTRACT NO. W-31-109-ENG-38 BETWEEN THE DEPARTMENT OF ENERGY AND THE UNIVERSITY OF CHICAGO, AS OPERATOR OF ARGONNE NATIONAL LABORATORY; W(C)-02-001, CH-1098

The University of Chicago (University), a nonprofit educational organization, manages and operates the Government-owned facilities of the Department of Energy's (DOE) Argonne National Laboratory (Laboratory) in Argonne, Illinois under Prime Contract W-31-109-ENG-38 (the Contract). Currently, the University has the right to retain title to inventions made in the performance of the prime contract with DOE pursuant to Title 35 U.S.C. § 202 (Public Law 96-517, as amended by Public Law 98-620), other than those inventions specifically excluded by Section 202(a)(ii-iv). Section 202 pertains to "subject inventions", those inventions of the contractor made in the performance of a funding agreement. A funding agreement is defined as:

"any contract, grant or cooperative agreement entered into between any Federal agency, other than the Tennessee Valley Authority, and any contractor for the performance of experimental, developmental, or research work funded in whole or in part by the Federal Government. Such term includes any assignment, substitution of parties, or subcontract of any type entered into for the performance of experimental, developmental, or research work under a funding agreement as herein defined." 35 U.S.C. 201(b).

Clause H 28 of the Contract, Joint Research Projects, provides incentive and a formal mechanism to encourage research activities and collaboration between the University itself and the Laboratory. Specifically, the clause provides that

- (a) The Parties hereto have agreed that enhanced research activities and collaboration between University and Laboratory researchers would be beneficial and complementary to the mission of the Laboratory. Accordingly, \$375,000 of each year's performance fee earned by the Contractor (University) during FY 00-04 will be made available for expenditure on joint research projects involving University campus-based faculty and staff and Laboratory scientific and engineering staff. If in any year the funds are not utilized for a joint research project, the unused funds will be carried over to the succeeding year for joint research projects. The University will determine the projects to be supported according to a mechanism which includes participation by researchers from both the Laboratory and the University campus.
- (b) These joint research projects will be subject to appropriate terms and conditions as agreed to by the Parties. The Contractor shall maintain, at the Laboratory and University, records regarding the utilization of joint research funds. Such funds remain the private funds of the Contractor when utilized for such joint research projects at the Laboratory and the University.

Clause H 28 of the ANL prime contract with DOE thus provides for joint research between the ANL contractor, the University of Chicago, and ANL itself. The clause requires "appropriate terms and conditions." Since the clause H 28 provides that "such funds remain the private funds of the Contractor when utilized for such joint research projects at the Laboratory and the University, it would appear that a mechanism containing the appropriate terms and conditions would be a subcontract or

other arrangement under 42 U.S.C. § 2182, and § 5908 whereby title to any invention would vest in the Department of Energy unless waived.

Nevertheless, the research and development work leading to these inventions can be considered work done in conformance with and under the ambit of the prime contract. Although the University would have the right to file identified waiver petitions on each of these inventions made in the course of R&D activities conducted pursuant to clause H 28, this process imposes a substantial front end administrative burden, both on the Department and on the University, in preparing and processing such individual waiver petitions. In accordance with the authority of Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182) as amended, and Section 9 of the Federal Non-Nuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908), it is believed to be in the best interest of the United States and the general public to grant a Class Waiver to certain identified inventions made by The University of Chicago as Operator of Argonne National Laboratory under the prime contract, as well as to identified inventions made by the University of Chicago's campus based researchers under clause H.28 of the Contract, as set forth herein.

The scope of this Class Waiver is directed to the class of identified inventions which comprise subject inventions made solely by employees of Argonne, or solely by the employees of the University, or jointly by employees of Argonne and the University, arising out of the research and development activities conducted under clause H 28 of the prime contract. In conformance with such clause, any such inventions made solely by Argonne, or jointly between Argonne and the University, shall be deemed to be Subject Inventions under and subject to the terms of the prime contract. Any inventions made solely by the University will be treated as subject inventions under 35 U.S.C. § 201, and the University will have the right to elect title subject to 35 U.S.C. § 202. Implementation of this Class Waiver is to be by a simple procedure which requires the laboratory to follow the already established procedures for invention reporting and election of title as provided in paragraph (b) of the patent clause (H. 21-- P.L. 98-620 Patent Rights) of the Contract. Further, the waiver is subject to all the terms and conditions presently governing the university with respect to election of title to subject inventions provided under this clause of the contract. For inventions made solely by University employees, the University shall follow established procedures for invention reporting under 35 U.S.C. § 202. The waiver is also subject to all the terms and conditions provided under 35 U.S.C. § 200 et. seq. Disputes that may arise between the laboratory and the university with respect to inventorship on a particular invention which may be a subject invention under H.28 will be determined by DOE Intellectual Property Counsel.

In accordance with the authority of Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182) as amended, and Section 9 of the Federal Non-Nuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908), it is believed to be in the best interest of the United States and the general public to grant a Class Waiver as described herein.

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 the University or the Sponsor are not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in-right and require licensing of the invention.

In view of the statutory objectives to be obtained and the factors to be considered under DOE's statutory waiver policy and regulations, 10 CFR 784, the objectives of Public

Law 101-189, and Executive Order 12591, all of which have been considered, it is believed 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.

Mark P. Dvorscak

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Intellectual Property Law Division

Date: June 18, 2002

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

Concurrence:

Antoinette G. Joseph

Antoinette Joseph
Director, Laboratory Policy
& Infrastructure Management
Office of Laboratory Policy

Date: July 8, 2002

Approved:

Paul Gottlieb

Paul Gottlieb
Assistant General Counsel for
Intellectual Property and
Technology Transfer

Date: 7-9-02