

Statement of Considerations

Class Waiver of the Government's Patent Rights in the New Independent States (NIS) of the Former Soviet Union for Inventions made by NIS institutes' employees in the course of or under agreements entered into pursuant to the Fiscal Year 1994 Foreign Operations Appropriations Act (P.L. 103-87). W(C) 94-001

Background

The dissolution of the Soviet Union and the drastic reductions in defense spending by the NIS have created an extremely difficult situation for the scientists and engineers who are responsible for the former Soviet Union's defense technology base. It is estimated that there are several tens of thousands of such scientists and engineers; they possess critical technical knowledge about weapons of mass destruction and are underemployed and undercompensated, and consequently, could contribute to weapons proliferation.

Consequently, President Clinton signed the Fiscal Year 1994 Foreign Operations Appropriations Act hereinafter the "Act" (P.L. 103-87) on September 30, 1993. Section 575 of the Act contains provisions to establish a "program of cooperation between scientific and engineering institutes in the New Independent States of the Former Soviet Union and national laboratories and other qualified academic institutes in the United States. . . ." The Act appropriates \$35M for partnerships involving U.S. industry, universities, DOE National Laboratories and key NIS institutes "designed to stabilize the technology base in the cooperating states" and "that prevent and reduce proliferation of weapons of mass destruction."

The Act divides the \$35M into three distinct elements - stabilization, partnering, and academic support. This waiver only applies to the stabilization activities. The goal of the stabilization element is to have DOE National Laboratories enter into subcontracts with NIS institutes as quickly as possible to encourage the transition from defense to commercial activities at the NIS institutes. Recent and current interactions between the DOE National Laboratories and the NIS institutes have identified many opportunities for productive, mutually beneficial cooperations. The stabilization subcontractual projects, which can be initiated immediately, will also identify further projects to be pursued through the cost-shared industrial partnering element of the Act.

The benefits of this proposed program to the U.S. are a reduction in the threat of weapons proliferation and enhancement of U.S. industrial competitiveness. Employing weapons scientists and

industrial competitiveness. Employing weapons scientists and engineers in commercial R&D activities reduces the threat of weapons proliferation. U.S. competitiveness is enhanced by access to new technology and by opening new markets to U.S. industry. NIS institutes' technology provides U.S. industry opportunities for product enhancement, product development, and production process improvement. Implementation of this waiver will help stabilize the deterioration of the NIS scientific community, reduce concerns about proliferation of technologies related to weapons, and encourage U.S. commercial relationships with NIS institutes.

Advance Class Waiver of NIS Employees' Inventions

Section 152 of the Atomic Energy Act of 1954, as amended (42 USC 2182) and Section 9 of the Federal Non-nuclear Energy Research and Development Act of 1974 (42 USC 5908) generally require that the Government take title to subject inventions, unless a waiver is granted. In one particular, it is the purpose of this class waiver to provide a waiver either to the NIS employee who makes an invention under this proposed program, or to the NIS institute whose employees make inventions under this proposed program, of the Government's foreign patent rights in the NIS under the authority of 42 USC 2182 and 5908, and implementing regulations.¹ In this instance, the scope of this class waiver is directed to subject inventions of the NIS institutes' employees in the NIS countries.

In another particular, it is the purpose of this waiver to provide a waiver to the DOE National Laboratory involved in the subcontractual relationship of the Government's patent rights in the U.S. and third countries, excluding NIS, to NIS employees' subject inventions.

In both particulars, this waiver of the Government's rights in inventions as set forth herein is subject to the Government's usual retention of a royalty-free, non-exclusive, non-transferrable, irrevocable license to practice or to have practiced for or on behalf of the Government the waived inventions throughout the world.

A class waiver of the scope described herein would promote the commercial utilization of NIS institutes' employees subject inventions, arising under the stabilization subcontractual projects in accordance with the Act, by waiving the invention rights from the Government in the first instance to the interested NIS institutes or to the NIS inventing employee, and in the second instance to the involved DOE National Laboratory, which makes the benefits of the stabilization subcontractual

¹ The decision whether to waive patent rights to a subject invention to the NIS employee who made the invention or to the NIS institute whose employee makes the invention is to be decided by the NIS.

projects widely available in the shortest practicable time. The class waiver also encourages participation in the stabilization subcontractual projects by providing assurance that statutory Government ownership of inventions would not inhibit commercialization plans. Also, a major purpose of the Act is to accelerate the transition of defense related institutes to commercial applications institutes, and grant of this class waiver should serve to facilitate the intended commercial use of the subject inventions by leaving NIS institutes' employees subject invention rights in the NIS with either the institutes or the employees. Thus, the statutory objectives of DOE's patent waiver policy are being met.

Conclusions/Recommendations

Grant of this class waiver should not result in adverse effects on competition or market concentration since the Act is directed to a multiplicity of projects, each of which is genereally directed to facilitating commercial development of new technologies. Invention rights granted by this class waiver should serve to enhance competition by encouraging development of new or improved technologies, rather than serving to concentrate markets.

Accordingly, in view of the statutory objectives of DOE waiver policy, and the objectives of the Foreign Operations Appropriations Act, and in view of the factors to be considered under DOE's statutory patent waiver policy, all of which have been considered, it is recommended that this 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 foreign patent rights of NIS institutes' employees in the NIS as set forth herein and, therefore, the waiver is granted. This waiver shall not affect any waiver previously granted.

CONCURRENCE:

[REDACTED]
Everet Beckner
Principal Deputy Assistant
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Date: 2/23/84

APPROVED: [REDACTED]

Richard E. Constant
Assistant General Counsel
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Date: 2/28/94