

## STATEMENT OF CONSIDERATIONS

CLASS WAIVER OF THE GOVERNMENT'S U.S. AND FOREIGN PATENT RIGHTS IN INVENTIONS MADE BY CONTRACTORS AND PARTICIPANTS IN THE PERFORMANCE OF CONTRACTS AND OTHER AGREEMENTS FOR RESEARCH AND DEVELOPMENT ENTERED INTO BY THE BUREAU OF MINES (BOM) OF THE DEPARTMENT OF INTERIOR (DOI) AND TRANSFERRED TO THE U.S. DEPARTMENT OF ENERGY (DOE)- CH-0897 - W(C)96-002

Congress, in PL - 104-99, 110 STAT. 26, has directed the transfer of certain functions of the Bureau of Mines; Department of Interior to the Department of Energy. Inasmuch as a substantial part of these functions is expected to be transferred to another agency at or near to the end of Fiscal year 1996, it would be burdensome to introduce and implement DOE regulations and procedures in these programs within this short period. In addition, this transfer of functions includes executed contracts with data and patent provisions which may be inconsistent with DOE policies. In particular, DOI ordinarily grants to all contractors, regardless of size, the right to take title to inventions consistent with the Presidential Memorandum of February 18, 1983, and Executive Order 12591.

In order to expedite these transfers, the DOE Procurement Executive (HR-5) has been requested to waive the Department of Energy Acquisition Regulations (DEARS) for these functions until the end of Fiscal Year 1996 (or until such time as these functions are transferred to another agency or incorporated into DOE's ordinary procurement practices). Also, General Counsel is considering a class deviation from the DOE acquisition regulations and 10 CFR part 600. Notwithstanding waiver of, or a class deviation from the regulations, inventions made or conceived under research and development contracts with the DOE may vest in the United States unless waived under section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974, 42 USC §5908. This Class Waiver is directed to any such inventions and is intended to apply to contracts, financial assistance agreements, and Cooperative Research and Development Agreements under 15 USC Section 3710a (CRADAs) to permit a continuation of DOI policies during this transition period.

This Class Waiver is to be coextensive in time and function with the Procurement Executive's waiver of, or the General Counsel's deviation from the Regulations and any extensions thereof. It is expected that such waiver or deviation will be effective for the remainder of Fiscal year 1996 and will extend to the following functions transferred to the DOE from the U.S. Bureau of Mines as directed by the Office of Management and Budget in its Determination Concerning Transfer (March , 1996). The total cost of these functions including the cost of operating the facilities and providing salaries and benefits to over 500 government employees is about \$40 million.

The functions pertaining to the promotion of health and safety in mines and the mineral industry through research vested by law in the Secretary of the Interior or the U.S. Bureau of Mines at its Pittsburgh Research Center in Pennsylvania, and at its Spokane Research Center in Washington.

The functions pertaining to the conduct of inquiries, technological investigations and research concerning the extraction, processing, use and disposal of mineral substances vested by law in the Secretary of the Interior or the U.S. Bureau of Mines under the minerals and materials science programs at its Pittsburgh Research Center in Pennsylvania, and at its Albany Research Center in Oregon.

The functions pertaining to mineral reclamation industries and the development of methods for the disposal, control, prevention, and reclamation of mineral waste products vested by law in the Secretary of the Interior or the U.S. Bureau of Mines at its Pittsburgh Research Center in Pennsylvania.

This Class Waiver is applicable to existing agreements and to new procurement in the above-named functions. This Class Waiver acts to confirm the contractor's right to elect to retain title to subject inventions under existing agreements awarded by the BOM or the DOI and transferred to DOE. In addition, this Class Waiver shall extend to new procurement for research and development in the above-named functions awarded by Contracting Officers transferred to DOE but acting under the continuation of authority delegated by BOM or DOI.

This waiver of the Government's rights in inventions as set forth herein is subject to the Government's retention of the government license, reporting requirements, march-in rights and preference for U.S. industry set forth in 35 U.S.C. §§ 202, 203 and 204 for research and development agreements other than CRADAs. In CRADAs, the provisions of 15 USC §3710a as implemented by existing BOM and DOI procedures shall apply. Cognizant Contracting Officers will be advised to consult DOE Patent Counsel regarding application of the Class Waiver and appropriate patent rights provisions in new funding agreements for research and development with large businesses and other entities to which 35 USC §§200 et. seq. do not otherwise apply.

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 under funding agreements to require periodic reports on the utilization or the efforts at obtaining utilization that are being made for the waived inventions. If a contractor has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of 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, 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.

[Redacted Signature]

Hugh W. Glenn, Office of  
Intellectual Property Law Department

Date 3/12/96

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 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:

[Redacted Signature]

Charles J. Roy  
Project and Financial Systems  
Officer for Transferred Functions  
FE-1 4G-064/FORS

Date 4/1/96

APPROVAL:

[Redacted Signature]

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

Date 4-2-96

[Redacted Signature]

Sun W. Chun, PETC  
Director of Contracting Activity  
for Transferred Functions

Date 3/25/96

# ***WAIVER ACTION - ABSTRACT***

*W(A)-96-002 - CH-0879*

REQUESTOR

Bureau of Mines,  
DOI and DOE,  
Fossil Energy

CONTRACT SCOPE OF WORK

To permit a continuation of DOI  
policies during transition period.

RATIONALE FOR DECISION

Expedite transition of functions  
to DOE and then to another  
Agency after FY 1996.

DISPOSITION