

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 with the Laboratory's Share of Royalties or Other Income under Clause I 96(h)(1) 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)-99-002, CH-1008

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 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 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.

15 U.S.C. 3710a and 35 U.S.C. 202 authorize the use of royalties accruing to the laboratory from privately funded technology transfer activities for scientific research and development consistent with the R & D mission and objectives of the laboratory. The Technology Transfer Mission clause of the contract, I-96(h), (48 CFR 970.5204-40), provides that any inventions arising out of the research and development activities conducted with the laboratory's share of royalties or other income are considered subject inventions under the contract. The majority of M&O facilities governed by this contract clause consider an election of title to this class of inventions to be warranted; however the University of Chicago's position is that the contract language does not allow such an election absent a waiver of government rights. That is, the University's position with respect to this class of inventions is that they do not arise under a funding agreement as defined in 35 U.S.C. 202, and therefore, the University does not have the right to elect title to this class of inventions. 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 with the laboratory's share of royalties or other income, 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 set forth herein.

The scope of this Class Waiver is directed to the class of identified inventions which comprise subject inventions made by employees of Argonne arising out of the research and development activities conducted with the laboratory's share of royalties or other income as set forth in Clause I 96(h)(1), and in conformance with such clause, any such inventions shall be deemed to be "Subject Inventions" under and subject to the terms of the contract. 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.

A Class Waiver of the Government's rights in the identified inventions as set forth herein will create sufficient exclusive rights in these inventions to bring forth private risk capital to expeditiously promote and move the technology into the commercial marketplace and thereby make the benefits of DOE's programs widely available to the public in the shortest practicable time. The grant of this Class Waiver will provide Argonne with the certainty of title to all subject inventions which will permit early discussions and negotiations with industry with respect to intellectual property rights, thereby expediting licensing arrangements and other interactions with industry. The contract authorizes Argonne to establish a licensing program whereby waived inventions and copyrighted software could be moved in an expeditious manner into the commercial marketplace by means of appropriate licensing agreements. The grant of the waiver will greatly assist Argonne in implementing this licensing program.

Furthermore, the grant of a Class Waiver of identified inventions as set forth herein will enable DOE to take advantage of the technology transfer capabilities of the University. Permitting the University to retain title to a broad range of important energy-related inventions, except those imbued with the national interest, should further enhance the technology transfer initiatives of the Department.

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 is not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in-right 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 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
Assistant Chief Counsel
Office of Intellectual Property Law
Date: 9-20-99

Based on the foregoing Statement of Considerations, it is determined that the interest of the United States and the general public will best be 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:


Director, Laboratory Policy
& Infrastructure Management
Office of Laboratory Policy
Date: 9/24/99

Approved:


Paul A. Gottlieb
Assistant General Counsel for
Intellectual Property and
Technology Transfer
Date: 9-24-99