

STATEMENT OF CONSIDERATIONS
W(C)-01-001

For the foregoing reasons, and in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver be granted for domestic first tier and second tier subcontracts, which meet the above requirements.



Date: May 7, 2001

Gary Drew
Counsel for Intellectual Property
DOE, Oakland Operations Office, CA

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 the United States' domestic and foreign patent rights as set forth herein, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the subcontracts where, through such modification or extension, the purpose, scope or cost of the subcontracts has been substantially altered. This waiver shall not affect any waiver previously granted.

CONCURRENCE:



Date: 5/23/01

Gerald E. Green
Director
For Office of Institutional & Joint Programs

APPROVED:



Date: 5-23-01

Paul Gottlieb
Assistant General Counsel
For Technology Transfer and Intellectual Property

STATEMENT OF CONSIDERATIONS

CLASS ADVANCE WAIVER OF THE GOVERNMENT'S DOMESTIC AND FOREIGN PATENT RIGHTS UNDER SUBCONTRACTS ISSUED BY LLNL FOR THE COHERENT COMMUNICATIONS, IMAGING AND TARGETING (CCIT) PROGRAM; DOE WAIVER NO. W(C)-01-001; SAN 678

The U.S. Department of Defense (DARPA) is developing a Coherent Communications, Imaging and Targeting (CCIT) system. The first stage of the project is to develop the best technology of spatial light modulator components. DARPA will be funding Lawrence Livermore National Laboratory (LLNL) to head a consortium to develop this technology. The members of the consortium will receive their funding from LLNL via subcontracts.

The CCIT Program

The purpose of the CCIT Program is to develop and demonstrate innovative concepts for aberration-free coherent communications, imaging and targeting at very long ranges, in excess of 1,000 km. The technical approach is based on holographic phase conjugation to be used in imaging/targeting applications such as very long range earth-to-space and space-to-space 3D imaging/targeting. DARPA has selected several U.S. companies and universities to work in a consortium to develop prototype MEMS SLM devices using several techniques. After Phase I, the consortium will determine which technique is best to fulfill DARPA's requirements.

The Allocation of Patent Rights

A small business or non-profit organization will retain the patent rights to their subject inventions under the standard clause FAR 52.227-11 (Patent Rights—Retention by the Contractor (Short Form)). Under DARPA regulations, a for-profit organization can receive the same rights as a small business by inserting a standard DFAR clause. However, under DOE regulations, a subcontract with a for-profit organization would usually contain the standard clause FAR 52.227-13 (Patent Rights—Acquisition by the Government.) Therefore, the for-profit organization would need to petition the Government to obtain title of their subject inventions by submitting either requests for each individual subject invention or a request for an advance waiver.

This CCIT project is fully funded by DARPA and there will not be any cost-sharing by the consortium members (subcontractors). DARPA has requested that DOE grant this Class Advance Waiver of Government's Patent Rights (WAIVER) such that a for-profit organization can elect title to their subject inventions. See Appendix A, the DARPA Letter. If this WAIVER is approved, the for-profit organization's patent rights will be subject to the following: retained government-use license, march-in rights, reporting requirements, DOE approval of assignments and 35 U.S.C. 204.

In paragraph (k) of the Patent Waiver Regulations (10 CFR 784.12 Patent Rights – Waiver), a contractor agrees to grant a royalty-free license in their Background Patents to the Government

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for purposes of practicing a subject of the contract by or for the Government in research, development, and demonstration work only. Also, the Contractor agrees to grant to third parties a non-exclusive license to the Contractor's Background Patents so that the third parties can practice a subject of this contract. However, DARPA regulations do not require these licenses in a contractor's Background Patents. Both DARPA program and DARPA legal do not object to removing this provision from awards selected by DARPA. However, DOE needs to comply with its own regulations whenever possible. Therefore, any Contractor that qualifies for this Class Advance Waiver may request to remove this provision from their contract and DOE will make a final determination based on the Contractor's justification.

In addition to the U.S. Preference provision in the Patent Waiver Regulation, DOE's policy is to add a U.S. Competitiveness provision that requires the Contractor to substantially manufacture in the United States. See Appendix B, U.S. Competitiveness provision. This version has been slightly modified to allow non-exclusive cross-licensing by limiting the requirements to exclusive licenses and assignments. However, the Contractor must comply with the strict U.S. Competitiveness standard. In contrast, DARPA regulations do not require any U.S. Competitiveness provision because DARPA uses FAR 52.227-11 (which only contains the U.S. Preference provision) for all of its contractors. Both DARPA program and DARPA legal do not object to removing DOE's U.S. Competitiveness provision. However, DOE needs to comply with its own regulations whenever possible. Therefore, this U.S. Competitiveness provision will be included in any contract in which a Contractor qualifies for this Class Advance Waiver. If a Contractor cannot comply with this provision, the Contractor may submit a plan for providing a net benefit to the U.S. economy that must be approved by DOE Program.

Finally, DARPA has indicated that all of the consortium members are U.S. entities. Each of the consortium members will execute a Memorandum of Agreement that contains an Export Control provision. See Appendix B, Article IX - Foreign Transfer of Technology provision. At present, DARPA and LLNL are not negotiating with any foreign entities to be consortium members. However, a subcontract may need to be issued to a foreign entity in the future. Before the provisions implementing this WAIVER can be inserted into the subcontract for a foreign entity, LLNL will seek prior written approval by DOE Patent Counsel before executing the subcontract.

Conclusion

The initially selected domestic subcontractors are U.S. companies, representing a combination of small and large entities. DARPA has made the selection to satisfy its programmatic needs. This Class Advance Waiver and the terms of the intellectual property clauses included within the subject subcontracts are meant to cover the scope of the work under the particular CCIT Project and shall not serve as precedent for any follow-on work to be negotiated separately with the subcontractors in the future.

APPENDIX B

U.S. COMPETITIVENESS

The waiver recipient agrees that any products manufactured embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the waiver recipient can show to the satisfaction of DOE that it is not commercially feasible to do so. Processes, services, and improvements thereof which are covered by any waived invention developed under this contract shall be incorporated into the contractor's manufacturing facilities in the United States either prior to or simultaneously with implementation outside the United States, and shall not result in reduction of the use of the same processes, services, or improvements in the United States. The waiver recipient further agrees to make conditions equivalent to the above conditions binding on any exclusive assignee or exclusive licensee or any entity otherwise acquiring exclusive rights to any waived invention, including subsequent assignees or licensees.