March 6, 2009

Mr. Paul A. Gottlieb
U.S. Department of Energy,
Office of the Assistant General Counsel
for Technology Transfer and Intellectual Property
GC-62
1000 Independence Ave., SW.
Washington, DC 20585

18 MAR '09 AM7:03

Dear Mr. Gottlieb:

Subject: Response from National Renewable Energy Laboratory on the Technology Transfer Questions in Federal Register dated November 26, 2008

The Alliance for Sustainable Energy (Alliance), as DOE's managing and operating contractor for the National Renewable Energy Laboratory (NREL), is pleased to respond to the Technology Transfer questions in the Federal Register dated November 26, 2008.

My responses correspond to the questions in the order that they are shown in the Federal Register notice.

Existing and Other Agreements

NREL has been quite successful in implementing each of the agreement types currently authorized for use by DOE laboratories. However, it is apparent to us that both DOE and the national laboratories desire to streamline the total transaction time between industry and the national laboratories in order to further facilitate the commercialization and deployment of technologies into the marketplace for the benefit of the US economy. It is NREL's belief, which is shared by many of our industrial partners, as well as other DOE laboratories that there are a number of contract clauses in these standard agreement types which are often the subject of protracted negotiations and are considered by industry to be major impediments to a successful conclusion of a proposed partnership arrangement. In addition, our experience has shown that the use of certain clauses or their DOE authorized alternatives have become so sacrosanct that DOE will not approve any arrangement that does not include such provisions, thereby resulting in either (i) the loss of a prospective partnership or (ii) the laboratory having to assume the risk, e.g., providing the requisite advance funding, in order to consummate the transaction. Both these situations prolong the transaction time and detract from the industry partner's experience of interacting with a national laboratory. Some examples of these clauses include the requirement for advanced payment (as previously noted), U.S. Competitiveness, Indemnification and Venue. The development of an expanded set of terms or alternative clauses could offer new avenues to partner with industry. In considering such new alternative clauses, it is important that they be implemented on a consistent basis across the various DOE laboratories and the cognizant DOE field and site offices responsible for approving these transactions.

On a more strategic level, Alliance encourages DOE to consider new contract mechanisms that will enable the national laboratories to leverage private sector involvement in technology

development and deployment to a much greater extent than is currently possible. Most industry partners want to conduct efficient contract negotiations, which require some flexibility in contract provisions. Similarly, industry partners expect accountability when paying for performance at a laboratory, and a set of payment terms that follow commercial standards. A new mechanism and/or modifications to existing agreements, with attributes that balance risks and rewards on a basis that is closer to the commercial marketplace, would make partnership more attractive to industry and potentially enhance their willingness to make the investment necessary to further develop technology from the national laboratories and apply it to their unique business situations. Such new mechanisms will not only enable more productive industry interactions and transactions with the laboratories, but will also enhance DOE's image as an innovator in technology transfer, as well as providing additional tools which should facilitate the laboratories ability to facilitate the commercialization and deployment of laboratory-generated intellectual property into the marketplace.

Alliance believes that the availability of these new mechanisms would have a dramatic impact on NREL's ability to attract and accommodate the non-federal partners necessary to achieve the speed and scale of commercial deployment of new technologies that is desired by DOE. With these new mechanisms in place, potential risk to laboratory contractors would be reduced and Alliance would potentially be willing to assume additional calculated risk in bridging the gap between business practices that exist today between government and non-government entities thereby encouraging private investment and resulting in a new generation of effective public/private partnership tools.

Best Practices

NREL is fully supportive of the new EERE Technology Commercialization Fund and the Entrepreneur in Residence Program. These programs represent thought leadership by DOE in implementing the intent of the Energy Policy Act of 2005 and provide tangible evidence of DOE's investment in technology maturation and the introduction of private sector finance approaches into laboratory culture.

Other specific programs/practices that may open new avenues for industry, academia and other partners to work with the national laboratories include:

- MIT Industrial Liaison Program
- Expanded technology maturation programs
- Entrepreneurial/Incubation/Accelerator Programs
- PFTT-like programs for joint investment
- Expansion of technical assistance programs offered by some labs

Implementation of these programs will place the labs and DOE in a better position to compete globally, to develop world-class technologies and to attract the best and brightest staff.

U.S. Competitiveness

Alliance generally supports the modification of the DOE implementation of the US competitiveness requirements as outlined in the Federal Register notice. That is, NREL would

forego a legally binding commitment from any partner that has a "substantial presence" in the U.S. as described in the notice. While this is perhaps not the highest priority issue which needs to be fixed if DOE contract mechanisms are to be seen as more "user friendly," it is true that other agencies treat US competitiveness less stringently than DOE, and a modified position would enhance DOE's position to attract contract work relative to other agencies by having a position that is more aligned with the nature of the evolving global economy.

Intellectual Property Rights Disposition in Work for Others Agreements

Even though a Work for Others (WFO) client may be paying the immediate costs of engaging the resources of the lab in a WFO project, there is a vast array of equipment, facilities, background capabilities and expertise that is brought to bear by the laboratory staff in executing the program. The current WFO policy, established before lab contractors were authorized to take title to inventions under Bayh Dole, is out of step with the practice of other agencies and with university research institutions and suboptimizes the value of the results of the R&D to the taxpayer.

The default practice of contractor as IP owner allows the creative talent of staff at the DOE national laboratories to benefit through widespread recognition for each invention they make. This builds the reputation of world-class technical groups, enhances the technical stature of the scientific teams and labs in which they reside, and enhances the value that labs can bring to US industry.

Elimination of the difference in treatment of IP rights between CRADA and WFO agreements could also simplify the selection of the appropriate agreement to use, depending on the circumstance at hand rather than IP ownership issues.

Alliance supports the offered solution; that is, that the labs retain title to inventions but grant the sponsor a non-exclusive, royalty-free, non-transferrable, non-sub-licensable, worldwide license in a specified field of use with no requirements concerning US manufacturing and government use rights. Alliance does not support the foregoing of march-in rights, as this right enables the government to ensure that the intellectual property created under the contract is in fact put to use in the marketplace. If the sponsor of the work has the opportunity to negotiate an exclusive license, the arrangement would satisfy the needs of the vast majority of lab WFO customers. The labs could be given the latitude to negotiate deviations from the default position if warranted by the circumstances.

There are issues at times with the government rights retained in inventions funded under the WFO program, especially in those situations where the WFO client may intend to sell its commercial products to federal government customers or contractors. However, the compromise solution identified by DOE offers benefit to both the DOE lab and WFO customer.

Negotiable or Non-negotiable User Agreements

Recognizing that NREL has no DOE-supported "user facilities", Alliance supports the use of non-negotiable user agreements to streamline the time to place the agreements, since the facilities in question are government-owned and operated at taxpayer expense.

Other Technology Transfer Issues

Provide the Lab contractor with more authority to approve and execute transactions with DOE providing oversight through periodic reviews of contractor systems. This step would speed transaction time and lower the cost of administering this program without increasing risk. We are specifically suggesting that in those instances where the laboratory is utilizing DOE-approved terms and conditions, or DOE-authorized alternatives clauses, for example with respect to CRADAs, that no further DOE approval is required. Furthermore, in such cases, no additional DOE authorization is needed to start the work so long as any necessary advance funding has been placed in the Special Financial Institution Account by the Contractor. Similarly, where a non-standard provision has been negotiated into the CRADA, DOE approval of the CRADA should obviate any further need for DOE to specifically authorize the Contractor to initiate the work. This change should significantly reduce total transaction time for the negotiation of a CRADA to initiation of the work by the laboratory.

Sincerely,

Dan E. Arvizu
President

cc: Steven Chalk
Rita Wells
Christine Phoebe
Casey Porto
Steven Silbergleid