

### Statement of Considerations

Class Waiver of the Government's U.S. and Foreign  
Patent Rights in Inventions made in the course of or  
under arrangements entered into under the Department of  
Energy's Technology Research Project (TRP) Program  
W(C)-93-015

The Department of Energy (DOE) is one of a number of Federal agencies collaborating with the Advanced Research Projects Agency (ARPA) in the Technology Reinvestment Project (TRP).

The TRP is a federal effort to develop "dual-use" technologies with both military and commercial applications, and to help small defense firms make the transition to commercial markets. It is anticipated to be a multi-year funding program and has been funded at approximately \$472M in FY'93. The TRP is a key part of the President's Defense Reinvestment and Conversion Initiative.

The TRP consists of eight statutory programs established under the Defense Conversion Reinvestment and Transition Assistance Act of 1992. The project will award matching federal funds, on a competitive basis, to three types of activities: 1) industry-led consortia to develop technologies with the potential for commercialization within five years; 2) state-based manufacturing extension programs and other innovative mechanisms to deploy existing technology and best practices to small firms; and 3) college and university programs to educate and train manufacturing engineers and technicians.

The TRP has been jointly planned and is being executed by six federal agencies: the Defense Department's ARPA (lead), together with the Departments of Energy, Commerce and Transportation, NASA, and the National Science Foundation. The TRP, through support for "dual use" technologies that are critical both to defense and commercial applications, will link commercial defense and industry needs, while accelerating diversification of heavily defense-dependent firms and regions.

As currently contemplated, the TRP's involving DOE will generally consist of DOE-managed financial assistance cooperative agreement awards spanning all TRP activity areas.

Where the cooperative agreement participant, or any partner, consortium member or subcontractor is a small business or non-profit organization, Public Law 96-517, as amended, entitles such party, with certain exceptions, to have election rights to subject inventions arising from the agreement, pursuant to the

terms of that law and implementing regulations 37 CFR 401. Thus, small business entities and nonprofit organizations already have a statutory right to elect to file on any of these inventions made in the course of any funding agreement which they enter into under the TRP program. However, where the respective party is not a small business or non-profit organization, 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.

It is the purpose of this class waiver to provide a waiver of the Government's patent rights under the authority of the aforementioned 42 USC 2182 and 5908, and implementing regulations. Most other agencies involved in the TRP program are not subject to DOE-like Government patent ownership statutes. These agencies are generally in a position to have large business participants obtain invention rights in a manner like small businesses and non-profits, pursuant to E.O. 12591. Grant of this class waiver would serve to place DOE TRP participants in approximately similar circumstances regarding invention ownership as in the case for other agency's TRP participants.

In particular, the scope of this class waiver is directed to subject inventions of large business, cooperative agreement participants, consortium members, and/or subcontractors, as the case may be, (hereinafter "team members") in the TRP program. It is DOE's intent that, as a result of this class waiver, patent rights to subject inventions of large business TRP team members be initially retained by the respective cooperative agreement participant that signs the particular agreement. This waiver is subject to the Government's usual retention of a royalty-free right to practice any subject invention by or on behalf of the Government, and march-in rights and a U.S. preference provision comparable to those set forth in 35 U.S.C. 203 and 204. It is expected, and is a condition of this class waiver, that the large business team members in a particular project enter into a mutually satisfactory agreement for further disposition and/or licensing of invention rights. Any small business or non-profit subcontractors, would, of course, be entitled to rely on statutory rights to elect title to their subject inventions.

All large business team members participating in a particular TRP project shall give DOE written notice of their acceptance of the terms and conditions of this class waiver prior to entering into any agreement under the TRP program.


A class waiver of the scope described herein would promote the commercial utilization of inventions arising from the TRP program

by facilitating transfer of invention rights from the Government to the interested private sector participants and subcontractors, thereby making the benefits of the TRP program widely available to the public in the shortest practicable time. The class waiver in addition serves to encourage private participation in the TRP program by providing assurance that statutory Government ownership of inventions would not inhibit commercialization plans. Thus, statutory objectives of DOE's patent waiver policy are being met.

Regarding statutory patent waiver considerations, since a major purpose of the TRP program is to accelerate diversification of defense-related firms to commercial applications, grant of this class waiver should serve to foster the intended commercial use of the results of the program by leaving invention rights with the private sector. Since the TRP program involves substantial cost-sharing by participants, will generally involve projects closely or directly related to technology developed at private expense and on which there is, or is expected to be, a private commercial position by participant, DOE's statutory waiver considerations are being substantially met.

Grant of this class waiver should not result in adverse effects on competition or market concentration since the TRP program is directed to a multiplicity of projects, each of which is generally directed to fostering commercial development of new technologies. In many cases, license rights may be dispersed among teams of participating parties, or retained by one firm with a unique interest in developing a particular technology to a point of commercialization. On balance, invention rights dispositions fostered 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 for the Technology Reinvestment Project 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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Robert J. Marchick  
Assistant for Licensing  
Office of the Assistant General  
Counsel for Intellectual Property

Based on the forgoing Statement of Considerations, it is determined that the interest of the United States and the general public will best be served by waiver of United States and foreign patent rights, and therefore the waiver is granted. This waiver shall not affect any patent waiver previously granted.

CONCURRENCE

APPROVAL



Office of Deputy Science  
and Technology Advisor



Richard E. Constant  
Assistant General Counsel  
for Intellectual Property

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