STATEMENT OF CONSIDERATIONS

Waiver For Certain Proprietary Users of the Advanced Photon Source at Argonne National Laboratory , Contract Number W-31-109-ENG-38; CH1049, W(A)-C-00-006

This class waiver is intended to apply to certain proprietary users of the Advanced Photon Source (APS) at Argonne National Laboratory. Specifically, the waiver is targeted to industrial concerns desiring access to the APS, but because of particular considerations, do not have the technical capabilities and means to gain direct access to the APS. A previous class waiver entitled "Class Waiver for Proprietary Users of Energy Research Designated User Facilities" ((C)-91-005), was granted in 1991 to private organizations, using in a proprietary mode, certain designated user facilities of the Department of Energy, including the APS. There now exists a certain class of organizations who desire access to the APS but lack financial and technical means and capabilities to do so themselves. Argonne National Laboratory, in cooperation with the State of Illinois, has developed a dedicated commercial beamline at the APS, the COM-CAT. COM-CAT is directed at enhancing access to the facility's unique capabilities by this class of users. However, and for reasons explained below, because of the nature of the work and the manner in which it will be conducted, these users would not be able to claim the benefits of the prior class waiver. An inequity in the treatment of the COM-CAT users with respect to Intellectual Property would result.

Background

In addition to those beamlines operated and managed by Argonne National Laboratory itself, the beamlines at the APS are managed by Collaborative Access Teams (CATs), which are made up of scientists from universities, industry, and research laboratories. The primary means for access to the APS is through membership in one of these CATs. If an interested user desires to conduct research on the APS and his or her home institution is already affiliated with a CAT whose beamline is suitable for the intended research, then this person may be able to conduct such work at the facility as a CAT member.

If the person's institution is not represented in one of the CATs (or that CAT's beamline is not appropriate), it is also possible to use the APS as an Independent Investigator or CAT collaborator. Independent Investigators are qualified researchers who would like to use APS beamlines for either non-proprietary or proprietary research and who are not members of the Collaborative Access Teams (CATs) that own and operate the beamline(s) of interest. They may be from industrial firms, universities, or research institutions. However, this type of use requires a CAT that is accepting experiment proposals from Independent Investigators, and is somewhat fortuitous with respect to outside entities desiring access to the APS since it requires a correlation between the proposals being sought and the research desired to be done by the Independent Investigator.

Many Illinois firms are effectively prevented from having regular access to the APS because they cannot afford to participate in the CATs of industry, government and

university scientists at the facility. This is because the relatively large investment required to construct and operate a beamline may be beyond the means of these businesses. In addition, these firms do not have the personnel on staff with the expertise required to conduct experiments on the APS on their own behalf, even if they could otherwise gain access as a user.

In 1997, the Civic Committee of the Commercial Club of Chicago and the Illinois Coalition pursued a joint initiative to derive local economic benefit from the $800 million federal research and development investment at Argonne's Advanced Photon Source. The initiative resulted in the development of a commercial beamline at the APS aimed at enhancing access to the facility's unique capabilities by technology-driven businesses in Illinois.

It is therefore the intent of the COM-CAT to provide the means to perform analytical service work on behalf of commercial clients who require rapid access, fee-for-service analyses on technically challenging materials that require synchrotron radiation for their study, enabling these firms to have conducted research important to their competitiveness. To this end, a contractor of the APS will provide synchrotron radiation based analytical services on behalf of commercial clients in a variety of industrial sectors such as energy, chemical, manufacturing, high-technology, pharmaceutical, and environmental. These commercial clients will be proprietary users who will fully fund their own experiments and provide full cost recovery.

Through a subcontract under the University of Chicago's prime contract with DOE, this contractor will have technical, business, and safety responsibilities for the COM-CAT line. The contractor's technical responsibilities will include: consultation with potential clients and recommendation of appropriate experimental approaches; setting up and performing experiments; analyzing and interpretation of data; maintenance of the beamline and associated instrumentation and facilities; upgrading the beamline as appropriate to maintain state-of-the-art capabilities. In addition to these technical responsibilities, the contractor's business responsibilities include: hire and manage staff required to carry out the above tasks; reimburse the APS for beam time at a full-cost recovery rate calculated at least annually by the APS; reimburse the APS for a contractually established number of hours of beam time per year, regardless of revenues deriving from COMCAT (this number will increase each year according to a contractually established schedule, reaching 4000 hours per year in the "full-operations" phase); fully fund COMCAT beamline operations, estimated at $2.4M per year (including the above beam time cost) in the full-operations phase; set rates for services to clients, commensurate with the above costs; select clients based on objective, fair criteria and without consideration of possible competition between the business interests of the client and those of the contractor or other clients. In addition, this Contractor is prohibited from selling/"passing through" beam time for direct use by clients.

Of particular relevance to this waiver, the COM-CAT contractor will be contractually prohibited from taking title to any intellectual property arising out of the research conducted on the COM-CAT beam line.

Discussion

In the prior class waiver (C) 91-005, it was noted that proprietary users are different from work for others sponsors because the work for others sponsor is taking advantage of the expertise of the personnel of the facility as well as equipment at the facility. The knowledge and skills of the personnel are intimately connected to the ongoing government research program at the laboratory. As such, a private sponsor's work under a WFO may impact ongoing DOE programs. The proprietary users who are the subject of the Class Waiver (C) 91-005, are not using the personnel, expertise, and scientific base of the laboratory. And as such, they do not draw upon an existing research base developed by the government, but rather, use a machine that is a designated user facility intended for outside purposes.

In contrast, the research being conducted by COM-CAT on behalf of this class of users does not fall within the scope of C-91-005 because the client sponsors, via the COM-CAT contractor, are, in essence, using the personnel, expertise and scientific base of the laboratory's contractor. Thus these activities of the contractor on behalf of the COM-CAT client appear to describe routine research and development activities which would fall within the ambit of Section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974, as they constitute a contract, grant, agreement, understanding, or other arrangement, which includes research. There is a similar provision of Section 152 of the Atomic Energy Act. Thus this work appears to be a Work for Others conducted by a laboratory subcontractor, for which the terms of the waiver (C) 91-005 specifically do not apply.

Yet, the work being performed by the COM-CAT contractor on behalf of the proprietary client is not a true work for others arrangement either. The COM-CAT contractor stands ready to perform R&D only on behalf of the COM-CAT client and is not intimately connected to the ongoing government research program at the laboratory.

In all other respects, the work being done on the COM-CAT beam line is the same as that done by any proprietary user of the APS in which the Government has previously determined the use of special intellectual property terms are justified. Absent a waiver, the Government (or the laboratory) could take title in some circumstances even though the contractor is providing full cost recovery. But for the relationship between the COM-CAT contractor and the laboratory, and that between a client sponsor and the COM-CAT contractor, the nature and scope of the intended experimental work would be indistinguishable from the work that falls within the ambit of the C-91-005 waiver.

The purpose of this class waiver, as with the previous class waivers, is to utilize the flexibility of the Atomic Energy and Nonnuclear Energy Acts, the statutory intent of subsequent laws and the guidance of the President's Memorandum on Government Patent Policy of 1983 in order to provide a balanced and equitable patent policy that will continue to encourage, and particularly with respect to this waiver, provide the means to obtain access to, as well as the utilization of, the specific DOE user facility, the Advanced Photon Source at Argonne National Laboratory , by proprietary users.

As in the C-91-005 class waiver, the same considerations relating to proprietary user agreements justifying the use of special intellectual property terms and conditions apply equally to proprietary users of the APS' COM-CAT beam line. That is, there are no statutory or regulatory requirements that user agreements include a Government license, march-in rights or U.S. preference provisions for subject inventions. Public Law 96-517 repealed the government license and march-in rights specified in Paragraph (h) of section 9 of P.L. 93-577. Public Law 98-620, directing the use of Government license, march-in-rights, and U.S. preference provisions, is limited to funding agreements. The Presidential Memorandum on Government Patent Policy of February 18, 1983, which made the policies of P.L. 96-517 applicable to all other organizations to the extent permitted by the law, also applies to funding agreements. Proprietary user agreements between the facility operator's subcontractor and the sponsor are not funding agreements.

It is also the case that unless the Department or another agency of the U.S. Government has provided direct funding to the user or the user is participating in a project with others who are under direct government funding, the research being performed by the user is that of the user, and not the government. If the government has provided direct funding to the user, the terms of the agreement under which the government provided the funding provides appropriate government rights. If the user is not supported by the government, but is participating in a government sponsored research project, the provisions of the earlier mentioned existing waiver are appropriate protection of the government interests. And as in the case described in the C-91-005 waiver, the proprietary user, as a user fully funding and conducting its own experiments and providing full cost recovery, is not using any of the expertise provided in the laboratory, as in a work for others situation. Since the proprietary user is simply using a unique piece of machinery, the ongoing research of the Department at the APS is not affected by the private research effort.

Since the conditions under which this waiver will apply are virtually identical to the C-91-005 waiver, the rights of the government should be the same as in that waiver. Namely, the government should obtain minimum rights in inventions made under a proprietary user agreement between the user facility-contractor and a proprietary user of the APS COM-CAT beam line. The U.S. Government license and march-in rights provisions are not be included in proprietary user agreements subject to this class waiver. In view of DOE's interest in increasing U.S. competitiveness, the U.S. preference provision of 35 U.S.C. 204 is to still be included in such agreements. Since the proprietary user agreements are still subject to Section 9 of DOE's Nonnuclear Act of 1974, a patent clause requiring the reporting of subject inventions and a facility license is still appropriate and shall be included.

The technical data rights clause used in proprietary user agreements will be applicable here. DOE need only to obtain a non-proprietary report describing the research and results obtained by the proprietary user and any data (whether or not such discloses proprietary data) related to health and safety of personnel at the facility or which is necessary to operate the facility. If the Government is directly funding the user,

the direct funding instrument will specify appropriate government rights in data generated.

In summary, this waiver applies to any proprietary user of the COM-CAT Beam Line at the Advanced Photon Source at Argonne National Laboratory. This proprietary user provides full cost recovery for a project certified by DOE not to be of sufficient interest to DOE to justify DOE funding. In continued recognition of the interest in promoting U.S. Competitiveness, this waiver does not apply to any foreign entity. Rather, the Assistant General Counsel for Technology Transfer and Intellectual Property, in consultation with the Office of Science, (SC) shall determine the applicability of this waiver for such foreign entities on a case by case basis. Application of this waiver to a particular proprietary user shall be by approval of cognizant DOE Patent Counsel for the particular user facility.

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.

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Mark P. Dvorscak
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Office of Intellectual Property Law

Date NOV. 13, 2000

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights and consent to assignment of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE:

[redacted]

Antionette Joseph, SC
Director, Office of Laboratory Policy
Office of Science

Date 1/30/00

APPROVAL:

[redacted]

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Date 1-31-01