

## STATEMENT OF CONSIDERATIONS

### ADVANCE CLASS WAIVER OF PATENT RIGHTS FOR TECHNOLOGY DEVELOPED UNDER DOE FUNDING AGREEMENTS RELATING TO DOE'S NICE<sup>3</sup> PROGRAM.

The Pollution Prevention Act of 1990 ( the "Act") endorsed pollution prevention and established a hierarchy of preferred approaches to environmental protection. That hierarchy provided four conclusions: 1) Pollution should be prevented or reduced whenever feasible; 2) Pollution that cannot be prevented should be recycled in an environmentally safe manner; 3) Pollution that cannot be prevented should be treated in an environmentally safe manner; and 4) Disposal or release into the environment should be as a last resort and done in an environmentally safe manner. Accordingly, DOE, in conjunction with the Environmental Protection Agency (EPA), acting through its office of Industrial Programs under the Assistant Secretary for Energy Efficiency and Renewable Energy, has established and is now implementing a National Industrial Competitiveness through Energy, Environment, and Economics (NICE<sup>3</sup>) demonstration program.

The NICE<sup>3</sup> Program, in its fourth year, is a joint DOE and EPA cost sharing program to advance U.S. competitiveness through energy efficiency and cleaner production by providing financial assistance to and encouraging cooperation between states and industry. Under the NICE<sup>3</sup> Program DOE and the EPA allocate funding for the demonstration of technology that either employs energy conservation methods or decreases the amount of pollution generated by a particular industry. The grants are then awarded and administered by DOE. It is anticipated that up to \$3.25M will be made available under this program. All 50 states, the District of Columbia, the U.S. Virgin Islands, the Commonwealth of Puerto Rico, any territory or possession of the United States, and all federally-recognized Native American tribes are eligible for participation. The program requires the local state offices to identify businesses or industries within their jurisdictions to partner in the demonstration, and that only the state agencies may apply for funding on behalf of the industrial partner. The NICE<sup>3</sup> Program, in response to the pollution prevention policy and empirical evidence that pollution prevention is an effective strategy, gives preference to proposals which primarily use pollution prevention. However, the program recognizes that optimal solutions at the plant facilities level often require integrated pollution prevention and recycling approaches. Therefore, it is anticipated that the development of new processes and/or equipment that significantly conserve energy or reduce the generation of wastes in industry will lead to new strategies to overcome barriers that currently inhibit adoption of energy efficiency and cleaner production techniques in the United States. It has been identified that a barrier exists which currently prevents expansion of the program to a broader industrial base. Comments solicited and preaward negotiations indicate U.S. industry is impeded by the ownership of inventions which would arise out of the program. Toward that end, it is believed that a class waiver of the Government's patent rights as set forth in the following will promote the policies and objectives of Chapter 18, Title 35 of the U.S. Code.

Except as provided for non-profit institutions, and domestic small business under P.L. 96-517, as amended, 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) require that the Government take title to subject inventions, unless a waiver is granted. Therefore, it is the purpose of this class waiver to provide a waiver to the industrial partners whose employee's develop inventions under the program. Accordingly, DOE will waive the Government's title to subject inventions under each NICE<sup>3</sup> Project to that industrial partner. The Act requires that the industrial partner and state agency incur at least a fifty percent (50%) cost share of the total funding. The waiver will apply to all subject inventions under a project and shall be effective at such time as the Contracting Officer certifies that the total cost sharing is at least fifty percent (50%) in aggregate. This class waiver of the Government's rights in inventions is subject to the usual Government license and march-in rights and a U.S. preference provision comparable to those set out in 35 U.S.C. 202, 203 and 204. Additionally, products sold or used in the United States by the industrial partners which embody inventions under this waiver must be substantially manufactured in the United States, and further, any transfer of title, or exclusive license in a subject invention to third parties other than licensees or affiliates of the industrial partners, not identified at the time of the industrial partner's acceptance of the terms and conditions of this class waiver, must be approved by DOE prior to any such transfer or license.

The grant of this class waiver should not result in adverse effects on competition or market concentration. Rather, the waiver should enhance competition and growth of the industry in the United States, and in particular, broaden the competitive base of U.S. manufacturers. Moreover, 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 an industrial partner which has obtained title is not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in right and require licensing of the invention. In addition to the above, all industrial partners under the NICE<sup>3</sup> Program, other than partners which are domestic small businesses or non-profits under P.L. 96-517, as amended, 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 NICE<sup>3</sup> Program. Except as otherwise specifically approved by Field Patent Counsel, an industrial partner's acceptance of an agreement under the NICE<sup>3</sup> Program shall constitute that partner's acceptance of the terms and conditions of the class waiver.

Considering the foregoing, in view of the statutory objectives to be obtained and the factors to be considered under DOE's statutory waiver policy, all of which have been considered, it has been determined 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.

  
Tyrone Davis, Patent Attorney  
Office of Intellectual Property Law Division

Date: 4/22/94

Based upon the foregoing Statement of Considerations, it is determined that the interests 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. This waiver shall not affect any waiver previously granted.

**CONCURRENCE:**

**APPROVAL:**

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**Kurt D. Sisson (Acting)**  
**Director, Industrial**  
**Energy Efficiency Division**

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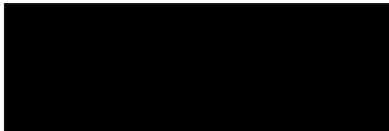
Robert M. Poteat  
Acting Assistant General Counsel  
for Technology Transfer  
and Intellectual Property

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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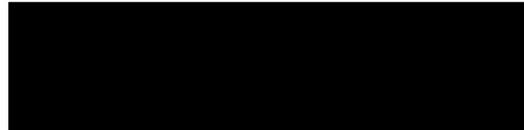
CONCURRENCE:



*Kurt D. Sisson* (Acting)  
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Date: 7/19/94

APPROVAL:



Robert M. Poteat  
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and Intellectual Property

Date: 7/26/94