

United States Government

Department of Energy

Albuquerque Operations Office

Memorandum

DATE: March 8, 2000
REPLY TO: LPD:TPB:RED
SUBJECT: Work for Others (WFO) Non-Federal Sponsors (NFS), Preference for U.S. Industry Article

TO: Ken Bauer, KCAO
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DOE M 481.1-1, Reimbursable Work for Non-Federal Sponsors Process Manual, Attachment 2, Patent Rights - Use of Facilities (Class Waiver), paragraph B, Terms and Conditions of Waived Rights (5) addresses preference for U.S. industry when the sponsor grants an exclusive license to another entity.

"Preference for U.S. Industry. Notwithstanding any other provision of this article, the Sponsor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any Subject Invention in the United States unless such person agrees that any products embodying the Subject Invention or produced through the use of the Subject Invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by the Sponsor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible."

Subsequent to the HQ issued DOE M 481.1-1, AL provided its Management and Operating Contractors a March 21, 1997, memorandum titled "Guidance to Contractors, Work for Others Agreement with Non-Federal Sponsors." This document approved the use of preferred and option articles that the Contractors may use in negotiating agreements with non-federal sponsors. The DOE M 481.1-1 article was modified by OCC/AL, with AL changes identified in bold type, and incorporated in this guidance document.

"Preference for U.S. Industry. Notwithstanding any other provision of this article, the Sponsor agrees that **any products or processes embodying the Subject Invention for use or sale in the United States shall be substantially manufactured in the United States and that** neither it nor any assignee will grant

Addressees

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to any person the exclusive right to use or sell any Subject Invention in the United States unless such person agrees that any products embodying the Subject Invention or produced through the use of the Subject Invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by the Sponsor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible."

Similar language is included in the Patent Rights Article that does not waive patent rights to the Sponsor.

Dickson Kehl, Chief Patent Attorney, OCC/AL, has concurred with our recommendation to use the HQ version rather than the AL version. Therefore, this guidance modifies instructions contained in the March 21, 1997, memorandum mentioned above, and the document provided in a December 17, 1999 e-mail titled:

"Work for Others, Non-Federal Sponsors
Guidance to Contractors
Department of Energy (DOE)
Albuquerque Operations Office (AL)
Laboratory Programs Division.

Please call me at 845-5342 or Bob Davidson at 845-4310 if you have any questions or require additional information.


David L. Katz, Chief
Technology Partnerships Branch
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cc:
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