DOE F 1325.8

United States Government

Department of Energy

memorandum

Albuquerque Operations Office

DATE: AUG 0 4 2000

REPLY TO ATTN OF: LPD/OCC:DGK

SUBJECT: Work for Others (WFO) Non-Federal Sponsors (NFS) Patent Class Waiver

TO: Ken Bauer, KCAO
Patrick Currier, KCAO
Vince Zebrowski, AAO
Kevin Murphy, MS-1380, SNL/NM
Tim Stanley, MS-0161, SNL/NM
Donna Smith, MS-C334, LANL
Bill Eklund, LANL

This memorandum modifies the March 21, 1997 Albuquerque Operations Office (AL) guidance (titled "Guidance to Contractors, Work for Others Agreement with Non-Federal Sponsors") to AL's Management and Operating Contractors on the use of exceptions to the Class Waiver in Work for Others, Non-Federal Sponsors Agreements (WFO/NFS agreements). **The guidance set out in this memorandum is effective immediately.**

After recent review of the use of the Class Waiver since the 1997 guidance, this office has determined that it is in the best interest of the Department of Energy, the United States Government, and the public to adopt procedures ensuring strict adherence to the DOE Headquarters' September 24, 1996 Administrative Update to the Class Waiver W(A)-82-017, "Use of DOE Facilities and Facility Contractors by or for Third Party Sponsors."

The Class Waiver of patent rights to the Sponsor of the WFO/NFS agreement is automatic. This means that, in dealing with the Sponsor on the disposition of patent rights, the "going-in" position, i.e. the default, is that the Sponsor is granted title to Contractor inventions that occur during the performance of the WFO/NFS agreement. It is imperative that the Sponsor be treated fairly in its dealings and negotiations with the Contractor and DOE. Sponsors must be informed in all general guidance documents, information letters, and home page information pertaining to patent rights, that (1) there is a Class Waiver allowing a Sponsor to take title to Contractor inventions, and (2) there are limited exceptions where the Contractor may retain patent rights (the exceptions must be fully described). For every Sponsor with a proposed WFO/NFS agreement, this information must be provided at the inception of the negotiations for the agreement and documented in writing.

The only exceptions to the Class Waiver default are described below:

A. Where the Sponsor declines the Class Waiver.

B. Where one of three fact patterns applies, listed as follows:

Printed on recycled paper

1. When any invention that might arise from the WFO/NFS agreement would be a research tool, (e.g., a transgenic animal or a DNA sequence), and there is a Departmental and public interest in having the tool available to many potential research and commercial organizations.

2. When the Sponsor is either foreign or owned or controlled by a foreign organization. The Class Waiver may apply to a WFO/NFS agreement with a foreign Sponsor only with approval by the field Patent Counsel and with the concurrence of the cognizant Operations Office or Headquarters program official.

3. When the Sponsor's interest is in one or more narrow fields of use, and utilization of the facility or commercialization of the underlying technology can be maximized by limiting the Sponsor's exclusivity in any inventions to a particular field of use. **In using this exception, the Sponsor must be granted a royalty-free, exclusive license in the predetermined field of use or fields of use corresponding to the Sponsor's interests, as <u>mutually</u> agreed by the Sponsor and the Contractor.**

C. **Other fact patterns where special facts exist.** On a case-by-case basis, where the situation is such that it is not in the best interests of the United States or the public to grant the waiver to the Sponsor, field Patent Counsel will consider approving an exception to the required Class Waiver. **In these circumstances, documentation required for supporting the Contractor's request will be determined by field Patent Counsel upon the receipt of the request. In no case, should a template or "canned language" be provided to support a request based on special fact patterns.** Additionally, in these circumstances, field Patent Counsel will determine not only whether an exception to the Class Waiver may be made, but also the rights in Intellectual Property that the Contractor and the Sponsor may receive respectively.

Minimum documentation required for exceptions.

Exception A: (1) documentation that the Sponsor has received from the Contractor (at the beginning of its negotiations with the Contractor) an explanation of the terms and conditions of the Class Waiver and understands its right to take title to inventions developed under the WFO/NFS agreement, including information as to when the Sponsor was told of the existence of the Class Waiver and by whom; and **(2)** documentation in which the Sponsor **expressly** declines the Class Waiver. Acknowledgement Form A is provided as a tool to facilitate your meeting the supporting documentation requirement for Exception A.

Exceptions B1, B2, B3 and C: (1) documentation that the Sponsor has received from the Contractor (at the beginning of its negotiations with the Contractor) an explanation of the terms and conditions of the Class Waiver and understands its right to take title to inventions developed under the WFO/NFS agreement, including information as to when the Sponsor was told of the existence of the Class Waiver and by whom; and **(2)** documentation explaining why the Contractor is not providing the Sponsor the Class Waiver. Acknowledgement Form B and the Class Waiver (CW) Exceptions Form are provided as tools to facilitate your meeting the supporting documentation requirement for Exceptions B and C.

This office, as the Field Patent Counsel, makes the final determination that an exception to the class waiver may be made. In no case is it acceptable that the WFO/NFS agreement be signed and the funds advanced where an exception to the Class Waiver is being requested and approval by Field Patent Counsel has not been obtained.

Please call if you have questions.

Dickson G. Kehl
Patent Counsel
Office of Chief Counsel

Attachments (3)

cc w/attachments:
Paul Gottlieb, GC-62,DOE/HQ
Scott Geary, HR-62, DOE/HQ
Andy Millunzi, DP-162, DOE/HQ
David Katz, LPD, AL
Jim Welland, KCP
Martin Willhite, PTX

ACKNOWLEDGEMENT FORM A
INTELLECTUAL PROPERTY RIGHTS IN A WORK FOR OTHERS, NON FEDERAL SPONSOR AGREEMENT

Under a Department of Energy ("DOE") Class Waiver, the U. S. Sponsor of a Work for Others, Non Federal Sponsor ("WFO/NFS") agreement automatically has the right to retain title to inventions that arise from the work conducted under the WFO/NFS agreement. Along with the right to retain title to inventions arising under the WFO/NFS agreement, the Sponsor incurs responsibilities and obligations associated with those rights, e.g., timely reporting to DOE and the DOE Contractor, filing and prosecuting patent applications for those inventions, and providing to DOE and the DOE Contractor the proper documentation that will protect other rights in the inventions. Associated costs for these activities are borne by the Sponsor.

DOE allows its Contractors certain exceptions where the "Class Waiver" does not apply and DOE Contractors retain title to inventions arising from WFO/NFS agreements. The Sponsor may decline to accept the Class Waiver or may, alternatively, negotiate with the DOE Contractor to accept instead a, royalty-free exclusive license in a narrow field-of-use, or, may accept from the DOE Contractor a royalty-free nonexclusive license in a broad field of use. Where a DOE Contractor retains title to the inventions, the costs of patent filings and patent maintenance are borne by the DOE Contractor and not the Sponsor.

If you have any questions regarding this information please contact _____ at _____.
<point of contact> <phone number>

Provided to Sponsor by _____ cn _____.
<DOE CONTRACTOR REPRESENTATIVE> <DATE>

Sponsor Acknowledgement

I understand that there is a Class Waiver and its terms and conditions have been explained to me, including the rights of the Sponsor to DOE Contractor inventions under the Waiver and the responsibilities that accompany those rights. Possible exceptions to the Class Waiver have also been explained. Based on my understanding, _____ does not want the Class Waiver. Instead, _____ is negotiating with the Contractor for a license to any inventions conceived or developed under the present WFO/NFS agreement.
<SPONSOR> <SPONSOR>

_____ _____
<Representative Name, Company Name> <DATE>
Agreement No. <XXXXXXXXXXX>

ACKNOWLEDGEMENT FORM B
INTELLECTUAL PROPERTY RIGHTS IN A WORK FOR OTHERS, NON FEDERAL SPONSOR AGREEMENT

Under a Department of Energy ("DOE") Class Waiver, the U. S. Sponsor of a Work for Others, Non Federal Sponsor ("WFO/NFS") agreement automatically has the right to retain title to inventions that arise from the work conducted under the WFO/NFS agreement. Along with the right to retain title to inventions arising under the WFO/NFS agreement, the Sponsor incurs responsibilities and obligations associated with those rights, e.g., timely reporting to DOE and the DOE Contractor, filing and prosecuting patent applications for those inventions, and providing to DOE and the DOE Contractor the proper documentation that will protect other rights in the inventions. Associated costs for these activities are borne by the Sponsor.

DOE allows its Contractors certain exceptions where the "Class Waiver" does not apply and DOE Contractors retain title to inventions arising from WFO/NFS agreements. The Sponsor may decline to accept the Class Waiver or may, alternatively, negotiate with the DOE Contractor to accept instead a, royalty-free exclusive license in a narrow field-of-use, or, may accept from the DOE Contractor a royalty-free nonexclusive license in a broad field of use. Where a DOE Contractor retains title to the inventions, the costs of patent filings and patent maintenance are borne by the DOE Contractor and not the Sponsor.

If you have any questions regarding this information please contact _____ at _____.
<point of contact> <phone number>

Provided to Sponsor by _____ on _____.
<DOE CONTRACTOR REPRESENTATIVE> <DATE>

Sponsor Acknowledgement

I understand that there is a Class Waiver and its terms and conditions have been explained to me, including the rights of the Sponsor to DOE Contractor inventions under the Waiver and the responsibilities that accompany those rights. Possible exceptions to the Class Waiver have also been explained.

_____ _____
<Representative Name, Company Name> <DATE>
Agreement No. <XXXXXXXXXX>

Work for Others, Non Federal Sponsors
Class Waiver (CW) Exceptions Form

Guidance:

E-mail the following documents to R. Davidson (rdavidson@doeal.gov) and F. Fejer (ffejer@doeal.gov): Exception Form w/justification; WFO/NFS Agreement; SOW.

*For **any** exception, documentation is required that the Sponsor knows (and has known from the beginning) that it is entitled to receive title to Intellectual Property (IP) developed in the course of the WFO/NFS Agreement, as a default, with some exceptions (and an explanation of those exceptions).*

☐ 1. **RESEARCH TOOL**

Any invention that might be made would be a research tool, (e.g., a transgenic animal or a DNA sequence), and there is a Departmental and public interest in having the tool available to many potential research and commercial organizations.

☐ 2. **FOREIGN, FOREIGN- OWNED, OR FOREIGN-CONTROLLED SPONSOR**

☐ 3. **NARROW FIELD OF USE**

Sponsor's interest is in one or more narrow fields of use, and utilization of the facility or commercialization of the underlying technology can be maximized by limiting the Sponsor's exclusivity in any inventions to a particular field of use. In this case the Contractor must provide the Sponsor at a minimum a royalty-free, **exclusive** license in the negotiated field of use.

☐ 4. **OTHER FACT PATTERNS**

In negotiating WFO/NFS Agreements, in exceptional situations and on a case-by-case basis, special fact patterns may exist in connection with a particular Sponsor, where it would not be in the best interest of the **United States** or **the general public** to grant the waiver to the Sponsor. For each "other fact pattern", field Patent Counsel will determine the specific documentation needed to support approving an exception to the Class Waiver default.

Guidance:

Explain what will the lab offer Sponsor instead of title and why. If the Sponsor is not receiving an exclusive license, explain why the lab is not giving the sponsor at least a royalty-free exclusive license in a narrow field of use.

Explain what is Sponsor's business focus (e.g., products manufactured by the Sponsor, the Sponsor's patents, the Sponsor's plans to use the technology derived from the WFO/NFS Agreement) and why, from a technical or business standpoint, the Contractor wants to retain rights in the inventions.