

**Department of Energy**

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(Amend 2)

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Administrative Update to the Class Waiver W(A)-82-017, "Use of DOE Facilities and Facility Contractors by or for Third Party Sponsors."

I. The above class waiver provides that the waiver is automatic, and granted without a request or petition by the Sponsor, upon certification by the local DOE Patent Counsel that it has been determined that:

- (1) The work to be performed under the use agreement is not covered by another contract or arrangement falling under DOE's statutory patent policy, and is not of sufficient interest to the DOE programmatic mission responsibility to justify DOE supporting the work in whole or in part with direct program funding;
- (2) The Sponsor is providing appropriate cost reimbursement for the services performed and/or facilities used as set forth in this class waiver; and
- (3) The terms and conditions for the agreement with the Sponsor comply with this waiver and instructions for its implementation as issued by the Assistant General Counsel for Technology Transfer and Intellectual Property.

Based on the years of experience that we have in utilizing this waiver, it is clear that these three determinations are made based upon information supplied by the facility Contractor and for the most part are straightforward. Therefore, except as provided in II below, DOE Patent Counsel, at your discretion and in accordance with procedures you approve in writing, may authorize the facility Contractor to make the certification and apply the class waiver for the benefit of the Sponsor without prior review by DOE Patent Counsel.

II. Dear 970.5204-40 requires that a facility contract having a technology transfer

clause include the following language:

- (ii) "Where the Contractor believes that the transfer of technology to the U.S. domestic economy will benefit from, or other equity considerations dictate, an arrangement other than the Class Waiver of patent rights to Sponsor in WFO and UFAs, a request may be made to the Contracting Officer for an exception to the Class Waivers.
- (iii) Rights to inventions made under agreements other than funding agreements with third parties shall be governed by the appropriate provisions incorporated, with DOE approval, in such agreements, and the provisions in such agreements take precedence over any disposition of rights contained in this Contract. Disposition of rights under any such agreement shall be in accordance with any DOE class waiver (including Work for Others and User Class Waivers) or individually negotiated waiver which applies to the agreement."

These provisions do not spell out either the circumstances when the class waiver should not apply or the action to be taken when the waiver does not apply. The circumstances when the waiver does not apply are either because the Sponsor declines the waiver or because the Department, acting through the Contracting Officer based on the determination of Patent Counsel, finds in a particular WFO transaction that it is not in the best interests of the United States and the general public to allow the Non-Federal Sponsor to retain title to inventions of the facility Contractor. Where the Sponsor declines the waiver, the facility Contractor is to be permitted to take title to its employees' inventions to the extent permitted and in accordance with their contract with DOE for the operation of the facility.

To date, DOE has reached consensus on three fact patterns where the class waiver need not apply even when the Sponsor might desire the full waiver. They are:

- (a) When 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.
- (b) When the Sponsor is either foreign or owned or controlled by a foreign organization. The Class Waiver may apply to a Work for Others Agreement with a foreign Sponsor with approval by the field Patent Counsel and with the concurrence of the cognizant Operations Office or Headquarters programs official.
- (c) When the Sponsor's interest is in fewer 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.

Of course, there may be other fact patterns where special facts exist and the situation is such that it is not in the best interests of the United States or the general public to grant the waiver to the Sponsor.

In providing advice to the Contracting Officer, the field Patent Counsel is the final determiner that an exception to the class waiver should apply. With concurrence of Patent Counsel, the Contracting Officer may delegate to the facility Contractor the authority to make the determinations that the fact patterns (a) and (c) exist independently of Patent Counsel, but under guidelines approved by Patent Counsel. Whenever fact pattern (b) is believed to exist, Patent Counsel must approve the disposition of patent rights. The determinations (a) and (c) are not mandatory and are a judgement call. If one or more of the above exceptions applies to the particular proposed Work for Non-Federal Sponsors activity, the Patent Counsel should also determine whether or not the facility Contractor may take title to any inventions made by its employees in performing work under a Work for Others Agreement and whether the Sponsor shall obtain a royalty-free nonexclusive license for its own activities in any such facility Contractor inventions. Determinations that an exception to Sponsor ownership made by DOE Patent Counsel or delegations of the determination of exceptions (a) and (c) to the facility Contractor should specify an appropriate disposition of rights to inventions in facility Contractor employee inventions. Normally title should go to the facility Contractor. Where only exception (c) applies, the Sponsor must be granted a royalty-free exclusive license in a predetermined field of use or fields of use corresponding to the Sponsor's interest as mutually agreed to by the Sponsor and facility Contractor.

Where the class waiver does not apply, and if the Work for Non-Federal Sponsors agreement is to be performed in the course of or under the Prime Contract for the operation of the facility, then the terms and conditions of the prime contract governing the right of the facility Contractor to elect title to inventions shall govern. Where the class waiver does not apply, and if the agreement is not to be performed in the course of or under the prime contract, then the agreement should provide that the government takes title. An individual waiver or class waivers giving the facility Contractor title in any WFO agreement would also be available.



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