Patents, Data & Copyrights
& Related Matters

Effective July 13, 1977

41 CFR Part 9-9
& Related Parts

Energy Research & Development Administration
Washington, D.C. 20545

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FEDERAL REGISTER

Wednesday, July 13, 1977
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Title 41—Public Contracts and Property Management

CHAPTER 9—ENERGY RESEARCH AND DEVELOPMENT ADMINISTRATION

PATENTS, DATA AND COPYRIGHTS

Final Regulations

AGENCY: Energy Research and Development Administration.

ACTION: Final regulations.

SUMMARY: The Energy Research and Development Administration (ERDA) finalizes its regulations on Patents, Data, and Copyrights and related matters. These regulations revise those inherited from the Atomic Energy Commission (AEC) and the temporary regulations issued early in the period of transition from AEC to ERDA. Consequently, there is now provided for ERDA a unified body of final regulations for Patents, Data, and Copyrights.

DATE: Effective date, July 13, 1977

ADDRESS: Albert Sopp (Office of the Assistant General Counsel for Patents, U.S. Energy Research and Development Administration, Washington, D.C. 20545)

FOR FURTHER INFORMATION CONTACT:

Albert Sopp, 301–353–4970.

SUPPLEMENTARY INFORMATION: These regulations revise the following issuances which are hereby revoked: ERDA Temporary Regulation No. 9 (Immediate Action Directive 9100–1) published on April 15, 1975 (40 FR 16848); ERDA Procurement Regulations, Part 9–9, published on October 7, 1975 (40 FR 46802); and proposed regulations for Patents, Data and Copyrights published for permissive use and public comment on October 15, 1975 (40 FR 48363). Other sections of Chapter 9 as identified below are hereby amended or revised as indicated to conform with these regulations. When ERDA was formed on January 19, 1975, only the patent, data and copyright regulations applicable to the Atomic Act were available. In April 1975, ERDA issued Temporary Regulation No. 9 providing interim guidance to ERDA's contracting officers concerning ERDA's two statutory provisions, the Atomic Energy Act of 1954, as amended, and the Federal Nonnuclear Energy Act of 1974. After the ERDA Procurement Regulations were published on October 7, 1975, ERDA published proposed regulations governing patent, data, and copyright matters on October 15, 1975, for public comment and permissive use. The proposed regulations sought to harmonize the patent and data policies controlling invention and data rights in ERDA contracts involving either nuclear or nonnuclear activities. Comments received from the public on the proposed regulations were summarized in ERDA's Report to the President and Congress of the United States, ERDA 76–16 published January 1976 (For sale by the U.S. Government Printing Office, Washington, D.C. 20402. Price, $4).

Based on the comments received and ERDA's operating experience under the proposed regulations for the past 18 months, the proposed regulations for Patents, Data and Copyrights have been revised to form the final regulations set forth below.

Because the Patent, Data and Copyright Regulations of Part 9–9 set forth below impact on and are referred to in other parts of Chapter 9, amendments have been made to the affected sections of those other parts and are included herein following the text of revised Part 9–9. In addition, §§ 9–3.150 to 9–3.150–5 entitled "Treatment of Proposal Information" set forth in the ERDA Procurement Regulations published on October 7, 1975 have been revised and, as now finalized, incorporate material concerning proposal information formerly appearing in § 9–9.202–3(d) of the proposed regulation on "Patents, Data and Copyrights" published on October 15, 1975. With this revision the provisions concerning treatment of proposal information appear in one place, § 9–3.150 et. seq., in Chapter 9.

A considerable number of changes of a significant nature which have been incorporated in the Patent, Data and Copyright regulations are the result of the many constructive suggestions received from interested members of the public. In several situations ERDA's operating experience over the past 18 months has confirmed the appropriateness of these suggestions, while in other instances agency experience gained through negotiation of contract patent and data clauses has shown some suggestions as not being feasible, suitable, or acceptable. Among policy and procedural changes have been the establishment in § 9–9.109–6(h) of new policy and procedures for granting patent waivers to nonprofit educational institutions on the basis of their technology transfer programs and capabilities similar to the guidelines prepared for the Federal Procurement Regulations, and the identification of small business as a typical waiver situation.

The following table sets forth other revisions and amendments to the patent and data clauses of ERDA PR, Part 9–9, Patents, Data and Copyrights, published on October 15, 1975. For the most part the changes are technical and procedural and are the combined result of public suggestions and agency experience. The portion of Part 9–9 covering policy and procedures has been revised, amplified or clarified as appropriate to explain and provide instructions and guidelines for the clause changes which are briefly described below.

§ 9–9.102–1, 2. Provides that the Authorization and Consent clauses in contracts for research, development or demonstration, or for supply, are flowed down to subcontractors.

§ 9–9.107–5(a). Patent Rights (long form) clause has been amended to clarify contracting officer's status as focal point for contractor except in situations peculiar solely to processing of patent matters.

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tracts for research, development or demonstration, or for supply, are flowed down to subcontractors.

§ 9–9.107–5(a). Patent Rights (long form) clause has been amended to clarify contracting officer's status as focal point for contractor except in situations peculiar solely to processing of patent matters.

Subparagraph (b)(2). Simplifies time period calculation for requesting "greater rights".

Paragraph (c). Conforms contractor sublicensing rights with FPR.

Paragraph (i). Limits application of withholding of payment provisions to prime contractors.

Subparagraph (k)(4). Broadens conditions not requiring contractor licensing of background patents.

Paragraph (m). Adds provision placing specific limits on patent rights obtained by Government in conformance with FPR.

§ *9–9.107–5*(e). Provides an optional subparagraph (c)(1) for Patent Rights clause in which the license right reserved to contractor upon request is not necessarily royalty free where contractor has access to Restricted Data.

§ *9–9.107–5*(g) (1), (2). Provides optional paragraphs for use in Patent Rights (long form) clause permitting contractors having revocable or irrevocable licenses to grant sublicenses beyond sublicensing obligations existing at time of contracting.

§ *9–9.107–5*(h). Provides paragraph for use in Patent Rights (long form) clause in contracts for operation of Government owned facilities requiring grant to Government of paid-up license in inventions integrated into facility.

§ *9–9.107–6*. Permits use of Patent Rights (short form) clause for certain consultant contracts.

§ *9–9.107–6*(g). Provides paragraph in Patent Rights (short form) clause enabling streamlined publication review for patent clearance.

§ *9–9.202–3*(c). Provides new Additional Technical Data Requirements clause in which Government has the right to order contract data "first produced or specifically used in the performance of the contract" unless data specifically used are proprietary.

§ *9–9.202–3*(e)(2). Revises Rights in Technical Data (long form) clause; incorporates new definition of "proprietary data" and new term "contract data" (replacing 'subject data').

Subparagraph (b)(2)(*ii*): Provides in Rights in Technical Data (long form) clause that contractor has right to privately use contract data if data requirements of contract are met and has obligation to treat data received from external sources in accordance with

abling streamlined publication review for patent clearance.

§ *9–9.202–3*(c). Provides new Additional Technical Data Requirements clause in which Government has the right to order contract data "first produced or specifically used in the performance of the contract" unless data specifically used are proprietary.

§ *9–9.202–3*(e)(2). Revises Rights in Technical Data (long form) clause; incorporates new definition of "proprietary data" and new term "contract data" (replacing 'subject data').

Subparagraph (b)(2)(*ii*): Provides in Rights in Technical Data (long form) clause that contractor has right to privately use contract data if data requirements of contract are met and has obligation to treat data received from external sources in accordance with restrictions thereon.

Paragraph (d). Establishes new provision in Rights in Technical Data (long form) clause obligating contractor to acquire data and rights [illegible] contractors licensing obligations regarding contract data.

§ *9–9.202–3*(f). Establishes new Rights in Data—Special Works clause for books, motion pictures, etc., to be produced under contract and provides for Government ownership of such works.

§ *9–9.202–3*(g). New Rights in Technical Data (short form) clause is provided for use in contracts generally parallel with use of Patent Rights (short form) clause unless proprietary data is involved.

§ *9–9.202–4* (a), (b), (c). A basic Rights in Technical Data (facility) clause is provided for use in operating contracts and subcontracts for special production plants, facilities, or equipment therefor. Clause provides Government ownership in technical data first produced under contract and unlimited rights and facilities license in Government for technical data specifically used unless proprietary. Clause obligates operating contractor to employ rights in technical data (long form) clause in subcontracts in accordance with policy and procedures of this subpart.

Although these regulations are effective July 13, 1977, the submission of comments and suggestions from interested persons to Mr. Albert Sopp at the above address is encouraged.

(Section 105 of the Energy Reorganization Act of 1974 (Pub. L. 93–438).)

Dated: June 28, 1977.

ROBERT W. FRI,
Acting Administrator.

1. Revisions or amendments to Parts of Chapter 9 are to be made as set forth below:

PART 9–1—GENERAL

§ 9–1.109–2 [Amended]

2. In § 9–1.109–2(b), second line, after "Headquarters,", insert

"or the Assistant General Counsel for Patents, as appropriate,";

3. In § 9–1.5408, redesignate paragraphs (a) and (b)(1) as paragraph (a), redesignate paragraphs (b) (2), (3), (4) and (c) as (b), (c), (d) and (e) respectively, and revise the heading for § 9–1.5408 and new paragraph (a) as follows:

§ 9–1.5408 Protection and private use of information and data by contractors.

1. Revisions or amendments to Parts of Chapter 9 are to be made as set forth below:

PART 9–1—GENERAL

§ 9–1.109–2 [Amended]

2. In § 9–1.109–2(b), second line, after "Headquarters,", insert

"or the Assistant General Counsel for Patents, as appropriate,";

3. In § 9–1.5408, redesignate paragraphs (a) and (b)(1) as paragraph (a), redesignate paragraphs (b) (2), (3), (4) and (c) as (b), (c), (d) and (e) respectively, and revise the heading for § 9–1.5408 and new paragraph (a) as follows:

§ 9–1.5408 Protection and private use of information and data by contractors.

(a) The contractor's obligations for protection of information and data received from ERDA and other contractors or subcontractors, and for the contractor's private use of contract data first

necessary that a "Final Report" be submitted in order to privately use data if all required progress and interim reports and other technical data then due have been delivered. Paragraph (b)(2) further provides that technical or other data received by the contractor in the performance of the contract must be held in confidence by the contractor in accordance with restrictions accompanying the data.

* * * * *

PART 9–3—PROCUREMENT BY NEGOTIATION

4. Revise §§ 9–3.150, 9–3.150–1, 9–3.150–2, 9–3.150–3, 9–3.150–4, 9–3.151, 9–3.151–1, 9–3.151–2, 9–3.151–3, 9–3.152 to read as follows:

§ 9–3.150 Proposal information.

§ 9–3.150–1 General.

It is the policy of ERDA to use information contained in proposals only for evaluation purposes except to the extent such information is generally available to the public, is already the property of the Government or the Government already has unrestricted use rights, or is or has been made available to the Government from any source, including the proposer or offeror, without restriction. The term proposals as used in this section includes responses to Program Opportunity Notices (PONs), Program Research and Development Announcements (PRDAs), and solicitations of a similar nature in addition to Requests For Proposals (RFPs). As a practical matter, ERDA cannot assume any responsibility for disclosure or use of any such information unless it is identified by the proposer or offeror in accordance with this section. Unless a solicitation specifies otherwise, ERDA will not refuse to consider a solicited proposal or an unsolicited proposal merely because the proposal is restrictively marked. (See also Subparts 9–4.51, 9–4.52, 9–4.57, 9–4.58 and 10 CFR Part 709.)

§ 9–3.150–2 Treatment of proposal information.

(a) A proposal may include technical data and other data, including trade secrets and/or privileged or confidential commercial or financial information, which the proposer does not want disclosed to the public or used by the Government for any purpose other than proposal evaluation. To protect such data the proposer should specifically identify each page including each line or paragraph thereof containing the data to be protected and mark the cover sheet of the proposal with the following notice.

NOTICE

The data contained in pages ____ of this proposal have been submitted in confidence and contain trade secrets and/or privileged or confidential commercial or financial information, and such data shall be used or disclosed only for evaluation purposes, provided that if a contract is awarded to this proposer as a result of or in connection with the submission of this proposal, the Government shall have the right to use or disclose the data herein to the extent provided in the contract. This restriction does not limit the Government's right to use or disclose data obtained without restriction from any source, including the proposer.

References to the above notice on the cover sheet should be placed on each page to which the notice applies. Data, or abstracts of data, marked with this notice will be retained in confidence and used by ERDA or its designated representative(s), including Government contractors and consultants, as set forth in § 9–3.150–4 below, solely for the purpose of evaluating the proposal. The data so marked will not otherwise be disclosed or used without the proposer's prior written permission except to the extent provided in any resulting contract, or to the extent required by law. Proposers should be aware of the provisions of § 9–3.150–4 below if they desire to modify the above notice or otherwise seek to limit the evaluation to the Government only. The restriction contained in the notice does not limit the Government's right to use or disclose any data contained in the proposal if it is obtainable from any source, including the proposer, without restriction. Although it is ERDA's policy to treat all proposals as confidential, the Government assumes no liability for disclosure or use of unmarked data and may use or disclose such data for any purpose. See FPR 1–3.103(b) regarding disclosure to other offerors.

(b) Should a contract be awarded based on a proposal, it is ERDA policy, in consideration of the award, to obtain unlimited rights for the Government in the technical data contained in the proposal unless the prospective contractor marks those portions of the technical information which he asserts as "proprietary data", or specifies those portions of such technical data which are not directly related to or will not be utilized in the work to be funded under the contract. "Proprietary data" is defined in § 9–9.201(b) of these Regulations as technical data which embody a trade secret developed at private expense, such as design procedures or techniques, chemical composition of materials or manufacturing methods, processes or treatments, including minor modifications thereof, provided that such data: (1) Are not generally known or available from other sources without obligation concerning their confidentiality, (2) have not been made available by the owner to others without obligation concerning their confidentiality, and (3) are not already available to the Government without obligation concerning their confidentiality. A proposer who receives a contract award shall mark the data identified as proprietary by specifying the appropriate proposal page numbers to be inserted in the "Rights to Proposal Data" clause of paragraph (c) of this section, which clause shall be included in the contract. Subject to the concurrence of the contracting officer, information unrelated to the contract may be deleted from the proposal by the contractor. The responsibility, however, of identifying technical data as proprietary

NOTICE

The data contained in pages ____ of this proposal have been submitted in confidence and contain trade secrets and/or privileged or confidential commercial or financial information, and such data shall be used or disclosed only for evaluation purposes, provided that if a contract is awarded to this proposer as a result of or in connection with the submission of this proposal, the Government shall have the right to use or disclose the data herein to the extent provided in the

to be inserted in the "Rights to Proposal Data" clause of paragraph (c) of this section, which clause shall be included in the contract. Subject to the concurrence of the contracting officer, information unrelated to the contract may be deleted from the proposal by the contractor. The responsibility, however, of identifying technical data as proprietary

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or deleting it as unrelated rests with the prospective contractor.

(c) Pursuant to paragraph (b) of this section, the following clause shall be included in any contract based on a proposal. This clause is intended to apply only to technical data and not to other data such as priviliged or confidential commercial or financial information.

RIGHTS TO PROPOSAL DATA

Except for technical data contained on pages ____ of the contractors' proposal dated ---------- which are asserted by the contractor as being proprietary data, it is agreed that as a condition of the award of this contract, and notwithstanding the provisions of any notice appearing on the proposal, the Government shall have the right to use, duplicate, and disclose and have others do so for any purpose whatsoever, the technical data contained in the proposal upon which this contract is based.

§ 9–3.150–3 Handling notice.

In order that proposals may be handled in confidence consistent with the policies set forth in this section, the following notice shall be affixed to a cover sheet attached to each proposal upon receipt by ERDA. Use of the following notice neither alters any obligation of the Government, nor diminishes any rights in the Government to use or disclose data or information.

NOTICE FOR HANDLING PROPOSALS

This proposal shall be used or duplicated only for ERDA evaluation purposes, and this notice shall be affixed to any reproduction or abstract thereof. Disclosure of this proposal outside the Government for ERDA evaluation purposes shall not be made unless the provisions of § 9–3.150–4 are followed. The restrictions contained in this notice do not apply to any data or commercial or financial information contained in this proposal if it is already generally available to the public, is already available to the Government on an unrestricted basis or is the property of the Government, or is or becomes available from any source, including the proposer, without restriction.

§ 9–3.150–4 Disclosure outside Government.

(a) *Policy.* It is the policy of ERDA to have proposals evaluated by the most competent persons available in Government. In addition, ERDA frequently meets its evaluation needs by having proposals reviewed by evaluators outside the Government, such as, by consultants, grantees, contractors, and contractor organizations operating or managing Government-owned facilities. Such latter outside evaluations may be made provided the requirements in (b) and (c) of this section are met. A decision to employ outside evaluation shall take into consideration expressly indicates that only Government evaluation is authorized and evaluation outside the Government is nevertheless desired, the proposer should be advised that ERDA may be unable to give full consideration to the proposal unless the proposer consents in writing to having the proposal evaluated outside the Government.

(c) *Agreement with evaluator.* Where it is determined to evaluate a proposal outside the Government, such as, by consultants, grantees and contractors including those who operate or manage government owned facilities, the following agreement or an equivalent arrangement for the treatment of the proposal shall be obtained from the outside evaluator before ERDA furnishes a copy of the proposal to such person. In addition, care should be taken that the notice required by § 9–3.150–3 is affixed to a cover sheet attached to the proposal before it is disclosed to the evaluator.

CONDITIONS FOR EVALUATING PROPOSALS

Whenever ERDA furnishes a proposal for evaluation, the recipient agrees to use the information contained in the proposal only for ERDA evaluation purposes and to treat the information obtained in confidence. This requirement does not apply to information obtainable from any source, including the proposer, without restriction. Any notice or restriction placed on the proposal by either ERDA or the originator of the proposal shall be conspicuously affixed to any reproduction or abstract thereof and its provisions strictly complied with. Upon completion of the evaluation, the recipient shall return all copies of the proposal and abstracts, if any, to the ERDA office which initially furnished the proposal for evaluation. Unless authorized by the ERDA initiating office, the recipient shall not contact the originator of the proposal concerning any aspect of its contents.

§ 9–3.151 Identification of proprietary data in proposals.

§ 9–3.151–1 Solicited proposals (including PONs and PRDAs).

Even though the statement of work contained in a solicitation sets forth the known requirements for technical data, i.e., technical data which will be specified to be delivered, there is no assurance that the contractor will deliver all of this data because paragraph (e) of the Rights in Technical Data (long form) clause of § 9–9.202–3(e)(2) of these regulations permits the contractor to withhold proprietary data from delivery. In order to ascertain the technical data each proposer intends to actually withhold as proprietary data, and as an aid in determining whether to include the provision for limited rights in proprietary data set forth in optional

provisions of § 9–3.150–4 are followed. The restrictions contained in this notice do not apply to any data or commercial or financial information contained in this proposal if it is already generally available to the public, is already available to the Government on an unrestricted basis or is the property of the Government, or is or becomes available from any source, including the proposer, without restriction.

§ 9–3.150–4 Disclosure outside Government.

(a) Policy. It is the policy of ERDA to have proposals evaluated by the most competent persons available in Government. In addition, ERDA frequently meets its evaluation needs by having proposals reviewed by evaluators outside the Government, such as, by consultants, grantees, contractors, and contractor organizations operating or managing Government-owned facilities. Such latter outside evaluations may be made provided the requirements in (b) and (c) of this section are met. A decision to employ outside evaluation shall take into consideration

ERDA office which initially furnished the proposal for evaluation. Unless authorized by the ERDA initiating office, the recipient shall not contact the originator of the proposal concerning any aspect of its contents.

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mission of such list does not constitute a stipulation or determination by the Government that the data identified therein are in fact proprietary. In addition, the provision to be included in the solicitation refers to the Additional Technical Data Requirements clause, § 9–9.202–3(c) of these regulations, as being included in the proposed contract where, due to programmatic considerations, it is contemplated that all of the requirements for technical data will not be known at the time of contracting. When a proposer specifically identifies the proprietary data to be withheld, the contracting officer shall, as advised by the appropriate program manager, determine whether: (a) The Government needs limited rights in the proprietary data, in which case the optional paragraph (g) will be included in the Rights in Technical Data (long form) clause, (b) The Government needs the right to require contractor licensing of proprietary data to the Government and responsible third parties, in which case optional paragraph (h) will be included in the Rights in Technical Data (long form) clause, and (c) The Government needs unlimited rights in the proprietary data, in which case negotiations may be held to purchase or obtain a suitable license in the proprietary data.

§ 9–3.151–2 Solicitations.

The following provision shall normally be included in solicitations which may result in contracts calling for research, development or demonstration work or contracts for supplies in which delivery of required technical data are contemplated.

The section of this solicitation which describes the work to be performed also sets forth ERDA's known requirements for technical data. The Additional Technical Data Requirements clause if included in this solicitation, provides the Government with the option to order additional technical data, the requirements for which are not known at the time of contracting. There is, however, a built-in limitation on the kind of technical data which may be required. This limitation is found in paragraph (e) of the Rights in Technical Data clause which provides that the contractor may withhold delivery of proprietary data.

Accordingly, it is necessary that your proposal state that the work to be performed and the known requirements for technical data as set forth in the solicitation have been reviewed, and either state that to the best of your knowledge, no data will be withheld, or submit a list identifying the proprietary data which to the best of your knowledge will likely be used in the contract performance and will be withheld.

§ 9–3.151–3 Unsolicited proposals.

The contracting officer shall during contract negotiations identify technical data which will be required to be furnished under the contract. In such instance the proposer shall be required as part of the negotiation record to submit a list identifying to the best of his knowledge which of this data will be withheld as proprietary under paragraph (e) of the Rights in Technical Data (long form) clause, or state that no technical data will be withheld. The contracting officer shall then make the determinations, in the same manner as set forth in § 9–3.151–1 above for solicited proposals, pertaining to the proprietary data identified to be withheld.

§ 9–3.152 Required notice of right to request patent waiver.

As set forth in § 9–9.107–4(a)(6) of these regulations, offerors and prospective contractors are to be provided with notice of and the right to request, in advance of or within 30 days after the effective date of contracting, a waiver of all or any part of the rights of the United States with respect to subject inventions. In no event will the fact that an offeror has requested such a waiver be a consideration in the evaluation of his offer or the determination of his acceptability. Accordingly, the following notice will be given to all prospective contractors and will be inserted in all solicitations which may result in contracts calling for research, development or demonstration work:

Offerors and prospective contractors in accordance with applicable statutes and ERDA Regulations (41 CFR 9–9.109–6) have the right to request in advance of or within 30 days after the effective date of contracting a waiver of all or any part of the rights of the United States in subject inventions —;

PART 9–4—SPECIAL TYPES AND METHODS OF PROCUREMENT

§ 9–4.5110–1 [Amended]

5. In § 9–4.5110–1, last line, delete portion in parenthesis;

§ 9–4.5110–2 [Amended]

§ 9–4.5110–2, revise paragraph (b) by changing the last sentence and parenthetical statement as follows:

The contractor or principal investigator may publish contract data if approved by ERDA in accordance with the provisions of the Patent Rights clause, § 9–9.107–5(a) (long form) or § 9–9.107–6 (short form). —;

§ 9–4.5112–8 [Reserved]

6. In § 9–4.5112–8, delete in entirety and change to—(Reserved)—.

§ 9–4.5603 [Amended]

§ 9–4.5603(c) is revised as follows:

(c) The level at which a participant cost shares is a factor considered pursuant to grant of waiver of patent rights under § 9–9.109–6. —;

PART 9–7—CONTRACT CLAUSES

§ 9–7.5006–7 [Amended]

7. Section 9–7.5006–7 is revised as follows:

See paragraph (c) of the following clauses: § 9–9.202–3(e)(2), Rights in technical data (long form); § 9–9.202–3(g)(2), Rights in technical data (short form), and § 9–9.202–4(c)(2), Rights in technical data (facility). —;

8. Section 9–7.5006–8 is revised as follows:

The contracting officer shall during contract negotiations identify technical data which will be required to be furnished under the contract. In such instance the proposer shall be required as part of the negotiation record to submit a list identifying to the best of his knowledge which of this data will be withheld as proprietary under paragraph (e) of the Rights in Technical Data (long form) clause, or state that no technical data will be withheld. The con-

lows:

See paragraph (c) of the following clauses: § 9–9.202–3(e)(2), Rights in technical data (long form); § 9–9.202–3(g)(2), Rights in technical data (short form), and § 9–9.202–4(c)(2), Rights in technical data (facility). —;

8. Section 9–7.5006–8 is revised as follows:

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§ 9–7.5006–8 Copyright (Special works).

See § 9–9.202–3(f)(2) which provides for ownership by Government of data first produced or composed in the performance of the contract. —;

§ 9–7.5006–10 [Amended]

9. Section 9–7.5006–10(d)(7) is revised as follows:

(7) Royalty payments and patent costs:

(i) Royalties and other costs for use of patents in accordance with FPR 1–15.205–36.

(ii) Patent costs in accordance with FPR 1–15.205–26 —;

§ 9–7.5006–12 [Amended]

10. In § 9–7.5006–12(d)(7) is revised as follows:

(7) Royalty payments and patent costs:

(i) Royalties and other costs for use of patents in accordance with FPR 1–15.205–36.

(ii) Patent costs in accordance with the FPR 1–15.205–26 —;

11. In § 9–7.5006–13 is revised as follows:

§ 9–7.5006–13 Rights in technical data.

(a) Clauses affecting the Government's acquisition and rights in technical data are set forth in Subpart 9–9.2 and are to be used as indicated in the following situations.

(1) For contracts with commercial organizations, see § 9–9.202–3(c) and § 9–9.202–3(e)(2);

(2) For contracts with nonprofit or educational institutions or consultants, where no proprietary data is involved, see § 9–9.202–3(g)(2);

(3) For facilities contracts, see § 9–9.202–4(c)(2);

(4) For contracts calling for production of books, motion picture or television recordings or scripts, and the like, see § 9–9.202–3(f)(2).

12. Revise § 9–7.5006–16 to 9–7.5006–22 inclusive as follows:

§ 9–7.5006–16 Authorization and consent.

See § 9–9.102–1 (supply or service contracts) and § 9–9.102–2 (research, development or demonstration contracts).

§ 9–7.5006–17 Patent indemnification.

See § 9–9.103–1 (formally advertised contracts) and § 9–9.103–3 (negotiated contracts).

§ 9–7.5006–22 Patents—reporting of royalties.

See § 9–9.110 —:

13. In § 9–7.5006–59, revise the text appearing under the heading "Private use of contract information and data" as follows:

§ 9–7.5006–59 Private use of contract information and data.

Use of contract information or data by the contractor for private purposes is governed by subparagraph (b)(2) of each Rights in Technical Data clause in Subpart 9–9.2 —;

PART 9–59—ADMINISTRATION OF COST-TYPE CONTRACTOR PROCUREMENT ACTIVITIES

§ 9–59.004 [Amended]

14. In § 9–59.004, revise the item appearing in the 20th line under the subheading "Subject" as follows:

Patents, Data and Copyrights —;

§ 9–59.004 [Amended]

15. In § 9–59.004, revise the item appearing in the 20th line under the subheading "Reference" as follows:

Parts 9–9 —;

16. In the Appendix to 41 CFR Chapter 9, in Temporary Regulation No. 16, published in March, 1976 (41 FR 10606), in § 9–4.5804–4(b), change the reference to "§ 9–3.150–4" to "§ 9–3.150–3".

NOTE.—Revision of Part 9–16, "Procurement Forms" to the extent necessary to be compatible with revised Part 9–9, "Patents, Data and Copyrights" is still under consideration for revision at a later date. Accordingly, in the event of any conflict found to exist between Part 9–16 and revised Part 9–9, the provisions of Part 9–9 shall govern.

17. ERDA Temporary Regulation No. 9 in the Appendix to 41 CFR Chapter 9 is revoked.

18. Part 9–9 in 41 CFR Chapter 9 is revised to read as follows:

Part 9–9 Patents, Data, and Copyrights

Sec.

9–9.000 Scope of part.

Subpart 9–9.1—Patents

9–9.100 Scope of subpart.
9–9.101 [Reserved]
9–9.102 Authorization and consent.
9–9.102–1 Authorization and consent for supplies or services.
9–9.102–2 Authorization and consent in contracts for research and development or demonstration.
9–9.103 Patent indemnification of Government by contractor.
9–9.103–1 Patent

§ 9–9.000 [Amended]

15. In § 9–59.004, revise the item appearing in the 20th line under the subheading "Reference" as follows:

Parts 9–9 —;

16. In the Appendix to 41 CFR Chapter 9, in Temporary Regulation No. 16, published in March, 1976 (41 FR 10606), in § 9–4.5804–4(b), change the reference to "§ 9–3.150–4" to "§ 9–3.150–3".

NOTE.—Revision of Part 9–16, "Procurement Forms" to the extent necessary to be compatible with revised Part 9–9, "Patents, Data and Copyrights" is still under consideration for revision at a later date. Accordingly, in the event of any conflict found to exist between Part 9–16 and revised Part 9–9, the provisions of Part 9–9 shall govern.

17. ERDA Temporary Regulation No. 9 in the Appendix to 41 CFR Chapter 9 is revoked.

18. Part 9–9 in 41 CFR Chapter 9 is revised to read as follows:

Part 9–9 Patents, Data, and Copyrights

Sec.

9–9.000 Scope of part.

Subpart 9–9.1—Patents

9–9.100 Scope of subpart.
9–9.101 [Reserved]
9–9.102 Authorization and consent.
9–9.102–1 Authorization and consent for supplies or services.
9–9.102–2 Authorization and consent in contracts for research and development or demonstration.
9–9.103 Patent indemnification of Government by contractor.

Sec.
9–9.107–2 [Reserved]
9–9.107–3 Policy.
9–9.107–4 Procedures.
9–9.107–5 Clause for contracts (long form).
9–9.107–6 Clause for contracts (short form).
9–9.107–7 Foreign contracts.
9–9.108 [Reserved]
9–9.109 Administration of patent clauses.
9–9.109–1 Patent rights follow-up.
9–9.109–2 Follow-up by contractor.
9–9.109–3 Follow-up by Government.
9–9.109–4 Remedies.
9–9.109–5 Conveyance of invention rights acquired by the Government.
9–9.109–6 Waivers.
9–9.110 Reporting of royalties.

Subpart 9–9.2—Technical Data and Copyrights

9–9.200 Scope of subpart.
9–9.201 Definitions.
9–9.202 Acquisition and use of technical data.
9–9.202–1 General.
9–9.202–2 Policy.
9–9.202–3 Procedures.
9–9.202–4 Procedures (Government-owned, contractor operated facilities).
9–9.202–5 Negotiations and deviations.

AUTHORITY: Sec. 105 of the Energy Reorganization Act of 1974 (Pub. L. 93–438).

§ 9–9.000 Scope of part.

This part sets forth policies, instructions, and contract clauses pertaining to patents, data, and copyrights in connection with the procurement of supplies and services.

Subpart 9–9.1—Patents

§ 9–9.100 Scope of subpart.

(a) This subpart sets forth policies, procedures, and contract clauses with respect to inventions made, conceived, or utilized in the course of or under any contracts, grants, agreements, understandings, or other arrangements entered into with or for the benefit of ERDA. ERDA's primary mission requires the use of its procurement process to insure the conduct of research, development and demonstration leading to the ultimate commercial utilization of all efficient sources of energy. Accordingly, ERDA's mission is not oriented toward reprocurement for Government use, except where procurements are involved with special classified programs or the construction or improvement of Government-owned facilities. To accomplish its mission, ERDA must work in cooperation with industry in the development of new energy sources and in achieving the ultimate goal of widespread commercial use. To this end, Congress has provided ERDA with an array of incentives to secure the adoption of the new technology developed for ERDA. An important incentive in commercializing technology is that provided by the patent system. As set forth in these Regulations, patent incentives, including ERDA's authority to waive the Government's patent rights to the extent provided for by statute, will be utilized in appropriate situations at the time of contracting to encourage industrial participation, foster commercial utilization and competition and make the benefits of ERDA's activities widely available to the public. In addition to considering the waiver of patent rights at the time of contracting, ERDA will also consider the incentive of a waiver of patent rights upon the reporting of an identified invention when requested by the contractor or the employee-inventor with the permission of the contractor. These requests can be made whether or not a waiver request was made at the time of contracting. Waivers for identified inventions will be provided where it is determined that the patent waiver will be a real incentive to achieving the development and ultimate commercial utilization of inventions. Where a waiver of the Government patent rights is granted, either at the time of contracting or upon request or after an invention is made, certain safeguards will be required by ERDA to protect the public interest.

(b) Another major ERDA mission is to manage the nation's uranium enrichment and other classified programs, where R&D procurements are directed toward processes and equipment not available to the public. To accomplish ERDA's programs for bringing private industry into these and other special programs to the maximum extent permitted by national security and policy considerations, it is desirable that the technology developed in these programs be made available on a selected basis for use in the particular fields of interest and under controlled conditions by properly cleared industrial and scientific research institutions. To insure such availability and control, the grant of waivers in these programs may necessarily be more limited than in other ERDA programs.

§ 9–9.101 [Reserved]

§ 9–9.102 Authorization and consent.

(a) Under 28 U.S.C. 1498, any suit for unauthorized use of a United States patent based on the manufacture or use by or for the United States of an invention described in and covered by a patent of the United States by a contractor or by a subcontractor (at any tier) can be maintained only against the Government in the Court of Claims, and not against the contractor or subcontractor, in those cases where the Government has authorized or consented to the manufacture or use of the patented invention. Accordingly, to insure that work by a contractor or subcontractor under a Government contract may not be enjoined by reason of patent infringement, authorization and consent shall be given in the prime contract and shall apply to all subcontracts thereunder as provided below. The liability of the Government for damages in such suit against it may, however, ultimately be borne by a contractor or subcontractor in accordance with the terms of any patent indemnity clause also included in the contract or subcontract, and an authorization and consent clause does not detract from any patent indemnification commitment by a contractor or a subcontractor. Therefore, both a patent indemnity clause and an authorization and consent clause may be included in the same contract or subcontract.

centives, including ERDA's authority to waive the Government's patent rights to the extent provided for by statute, will be utilized in appropriate situations at the time of contracting to encourage industrial participation, foster commercial utilization and competition and make the benefits of ERDA's activities widely available to the public. In addition to considering the waiver of patent rights

subcontract, and an authorization and consent clause does not detract from any patent indemnification commitment by a contractor or a subcontractor. Therefore, both a patent indemnity clause and an authorization and consent clause may be included in the same contract or subcontract.

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(b) In certain contracting situations, such as those involving demonstration projects, consideration should be given to the impact of third party-owned patents covering technology that may be incorporated in the project which may ulimately affect widespread commercial use of the project results. In such situations, patent counsel should be consulted to determine what modifications, if any, should be made to the utilization of the Authorization and Consent and Patent Indemnity provisions or what other action might be deemed appropriate.

(c) An Authorization and Consent clause shall not be used in contracts where both complete performance and delivery are to be outside the United States, its possessions or Puerto Rico.

§ 9–9.102–1 Authorization and consent in contracts for supplies or services.

The following contract clause shall be included in all contracts for supplies or services except when prohibited by § 9–9.102(c) or in contracts for research, development, or demonstration work and in subcontracts thereunder in which the clause in § 9–9.102–2 is required.

AUTHORIZATION AND CONSENT

The Government hereby gives its authorization and consent (without prejudice to any rights of indemnification) for all use and manufacture, in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including any lower-tier subcontract) of any invention described in and covered by a patent of the United States (a) embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract or (b) utilized in the machinery, tools or methods the use of which necessarily results from compliance by the Contractor or the using subcontractor with (i) specifications or written provisions now or hereafter forming a part of this contract, or (ii) specific written instructions given by the Contracting Officer directing the manner of performance. The entire liability to the Government for infringement of a patent of the United States shall be determined solely by the provisions of the indemnity clauses, if any, included in this contract or any subcontract hereunder (including all lower-tier subcontracts), and the Government assumes liability for all other infringement to the extent of the authorization and consent hereinabove granted.

§ 9–9.102–2 Authorization and consent in contracts for research, development or demonstration.

Greater latitude in the use of patented inventions may be necessary in a contract for research, development, or demonstration work than in a contract for supplies. Unless prohibited by § 9–9.102(c), the following clause shall be in-

any article the delivery of which is accepted by the Government under this contract or (b) utilized in the machinery, tools or methods the use of which necessarily results from compliance by the Contractor or the using subcontractor with (i) specifications or written provisions now or hereafter forming a part of this contract, or (ii) specific written instructions given by the Contracting Officer directing the manner of performance. The entire liability to the Government for infringement of a patent of the United States shall be determined solely by the provisions of the indemnity clauses, if any, included in this contract or any subcontract hereunder (including all lower-tier subcontracts), and the Government assumes liability for all other infringement to the extent of the authorization and consent hereinabove granted.

§ 9–9.102–2 Authorization and consent in contracts for research, development or demonstration.

Greater latitude in the use of patented inventions may be necessary in a contract for research, development, or demonstration work than in a contract for supplies. Unless prohibited by § 9–9.102(c), the following clause in § 9–9.102–1 shall not be included.

AUTHORIZATION AND CONSENT

The Government hereby gives its authorization and consent for all use and manufacture of any invention described in and covered by a patent of the United States in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including all lower-tier subcontracts).

§ 9–9.103 Patent indemnification of Government by contractor.

In order that the Government may be reimbursed for liability for patent infringement arising out of or resulting from the performance of construction contracts or contracts for supplies, including standard parts and components which normally are or have been sold or offered for sale to the public in the commercial open market, or which are the same as such supplies with a relatively minor modification thereof, a clause providing for indemnification of the Government shall be included in such contracts as well as in subcontracts, as appropriate, in accordance with the instructions set forth below. However, a Patent Indemnity clause normally shall not be used in contracts or subcontracts:

(a) When the Authorization and Consent clause in § 9–9.102–2 applicable to research, development, or demonstration contracts is authorized, except that in contracts calling also for supplies of the kind described above, or for supplying standard parts or components, the Patent Indemnity clause in § 9–9.103–3(b) may be used with respect to such supplies; in subcontracts thereunder, the Patent Indemnity clause of § 9–9.103–1 or 9–9.103–3 (b) shall be used as appropriate.

(b) When the contract is for supplies which clearly are not, or have not been, sold or offered for sale to the public in the commercial open market;

(c) When both performance and delivery are to be outside the United States, its possessions, or Puerto Rico, unless the contract indicates that the supplies are ultimately to be shipped into the United States, its possessions or Puerto Rico, in which case the instructions of § 9–9.103–1 or § 9–9.103–3 are applicable; or

(d) When the contract is for an amount of $10,000 or less (as a matter of administrative convenience, however, the clause need not be deleted [illegible]

be used with respect to such supplies; in subcontracts thereunder, the Patent Indemnity clause of § 9–9.103–1 or 9–9.103–3 (b) shall be used as appropriate.

(b) When the contract is for supplies which clearly are not, or have not been, sold or offered for sale to the public in the commercial open market;

(c) When both performance and delivery are to be outside the United States, its possessions, or Puerto Rico, unless the contract indicates that the supplies are ultimately to be shipped into the United States, its possessions or Puerto Rico, in which case the instructions of § 9–9.103–1 or § 9–9.103–3 are applicable; or

(d) When the contract is for an amount of $10,000 or less (as a matter of administrative convenience, however, the clause need not be deleted where it is a part of a standard form being used for such contracts, since it is self-deleting).

§ 9–9.103–1 Patent indemnification in formally advertised contracts—com-

PATENT INDEMNITY

If the amount of this contract is in excess of $10,000, the Contractor shall indemnify the Government and its officers, agents, and employees against liability, including costs, for infringement of any United States letters patent (except U.S. letters patent issued upon an application which is now or may hereafter be kept secret or otherwise withheld from issue by order of the Government) arising out of the manufacture or delivery of supplies or out of construction, alteration, modification, or repair of real property (hereinafter referred to as "construction work") under this contract, or out of the use or disposal by or for the account of the Government of such supplies or construction work. The foregoing indemnity shall not apply unless the Contractor shall have been informed as soon as practicable by the Government of the suit or action alleging such infringement, and shall have been given such opportunity as is afforded by applicable laws, rules, or regulations to participate in the defense thereof; and further, such indemnity shall not apply to: (a) An infringement resulting from compliance with specific written instructions of the Contracting Officer directing a change in the supplies to be delivered or in the materials or equipment to be used, or directing a manner of performance of the contract not normally used by the Contractor; (b) an infringement resulting from addition to, or change in, such supplies or components furnished or construction work performed which addition or change was made subsequent to delivery or performance by the Contractor; or (c) a claimed infringement which is settled without the consent of the Contractor, unless required by final decree of a court of competent jurisdiction.

§ 9–9.103–2 [Reserved]

§ 9–9.103–3 Patent indemnification in negotiated contracts.

The fact that a contract is negotiated does not preclude inclusion of a Patent Indemnity clause in such a contract, and such clause may be included in negotiated construction contracts and in contracts for supplies when such supplies normally are or have been sold or offered for sale to the public in the commercial open market, or are such supplies with relatively minor modifications made thereto, or in contracts for supplying standard parts or components.

(a) Subject to the foregoing and to the prohibitions in § 9–9.103, the clause in § 9–9.103–1 is approved for use in negotiated contracts for construction work or supplies.

(b) Except as prohibited by § 9–9.103, the following clause is appropriate in research, development, or demonstration contracts when it has been determined by ERDA in any particular contracting situation that the contract will require standard supplies sold or offered for sale to the public on the commercial open market or utilize the contractor's practices or methods which normally are or have been used in providing goods and services on the commercial open market.

PATENT INDEMNITY

The Contractor shall indemnify the Government and its officers, agents, and employees against liability, including costs, for infringement of U.S. Letters Patent (except U.S. Letters Patent issued upon an application which is now or may hereafter be kept secret or otherwise withheld from issue by order of the Government) resulting from the Contractor's: (a) Furnishing or supplying standard parts or components which have been sold or offered for sale to the public on the commercial open market; or (b) utilizing its normal practices or methods which normally are or have been used in providing goods and services in the commercial open market, in the performance of the contract; or (c) utilizing any parts, components, practices, or methods to the extent to which the Contractor has secured indemnification from liability. The foregoing indemnity shall not apply unless the Contractor shall have been informed as soon as practicable by the Government of the suit or action alleging such infringement, and shall have been given such opportunity as is afforded by applicable laws, rules, or regulations to participate in the defense thereof; and further, such indemnity shall not apply to a claimed infringement which is settled without the consent of the Contractor, unless required by final decree of a court of competent jurisdiction or to an infringement resulting from addition to or change in such supplies or components furnished or construction work performed which addition or change was made subsequent to delivery or performance by the Contractor.

§ 9–9.103–4 Waiver of indemnity by the Government.

If it is desired to exempt one or more specified United States patents from the Patent Indemnity clause in § 9–9.103–1 and § 9–9.103–3(b), concurrence for such exemption shall be obtained from the patent counsel assisting the procuring activity, and the following clause shall be included in the contract, in addition to the Patent Indemnity clause.

WAIVER OF INDEMNITY

Any provision of this contract to the contrary notwithstanding, the Government hereby authorizes and consents to the use and manufacture, solely in the performance of this contract, of any invention covered by the United States patents identified as listed below, and waives indemnification by the Contractor with respect to such patents: (Identify the patents by number or by other means if more appropriate).

§ 9–9.104 Notice and assistance.

The Government should be notified by the contractor of all claims of infringement in connection with the performance of a Government contract which come to the contractor's attention. The contractor should also assist the Government, to the extent of evidence and information in the possession of the contractor, in connection with any suit against the Government, or any claims against the Government made before suit has been instituted, on account of any alleged patent or copyright infringement arising out of or resulting from the performance of the contract. Accordingly, the following clause shall be included in all contracts in excess of $10,000 for supplies, services, construction, research, development, or demonstration work. However, the clause shall not be included in contracts:

(a) Where both performance and delivery are to be outside the United States, its possessions, or Puerto Rico, unless the contract indicates that the supplies are ultimately to be shipped into the United States, its possessions, or Puerto Rico; or

market or utilize the contractor's practices or methods which normally are or have been used in providing goods and services on the commercial open market.

PATENT INDEMNITY

The Contractor shall indemnify the Government and its officers, agents, and employees against liability, including costs, for infringement of U.S. Letters Patent (except U.S. Letters Patent issued upon an application which is now or may hereafter be kept

in excess of $10,000 for supplies, services, construction, research, development, or demonstration work. However, the clause shall not be included in contracts:

(a) Where both performance and delivery are to be outside the United States, its possessions, or Puerto Rico, unless the contract indicates that the supplies are ultimately to be shipped into the United States, its possessions, or Puerto Rico; or

(b) Of $10,000 or less (as a matter of administrative convenience, however, the clause need not be deleted when it is part of a standard form being used for such contracts since it is self-deleting).

NOTICE AND ASSISTANCE REGARDING PATENT AND COPYRIGHT INFRINGEMENT

The Provisions of this clause shall be applicable only if the amount of this contract exceeds $10,000.

(a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this contract of which the Contractor has knowledge.

(b) In the event of any claim or suit against the Government on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed hereunder, the Contractor shall furnish to the government when requested by the Contracting Officer, all evidence and information in possession of the Contractor pertaining to such suit or claim. Such evidence and information shall be furnished at the expense of the Government except where the Contractor has agreed to indemnify the Government.

(c) This clause shall be included in all subcontracts.

§ 9–9.105 [Reserved]

§ 9–9.106 Classified inventions.

Unauthorized disclosure of classified subject matter, whether in a patent application or resulting from the issuance of a patent, may be a violation of not only the Atomic Energy Act of 1954, as amended, and other laws relating to espionage and national security, but also provisions pertaining to disclosure of information incorporated in the contract. Accordingly, the following clause shall be included in every contract which covers or is likely to cover classified subject matter.

CLASSIFIED INVENTIONS

(a) The Contractor shall not file or cause to be filed on any invention or discovery conceived or first actually reduced to practice in the course of or under this contract in any country other than the United States, an application or registration for a patent without first obtaining written approval of the Contracting Officer.

(b) When filing a patent application in the United States on an invention or discovery conceived or first actually reduced to practice in the course of or under this contract the subject matter of which is classified for reasons of security, the Contractor shall observe all applicable security regulations covering the transmission of classified subject matter. When transmitting the patent application to the United States Patent and Trademark Office, the Contractor shall by separate letter identify by agency and number the contract or contracts which require security classi-

provisions pertaining to disclosure of information incorporated in the contract. Accordingly, the following clause shall be included in every contract which covers or is likely to cover classified subject matter.

CLASSIFIED INVENTIONS

(a) The Contractor shall not file or cause to be filed on any invention or discovery conceived or first actually reduced to practice in the course of or under this contract in any country other than the United States, an application or registration for a patent without first obtaining written approval of the Contracting Officer.

(b) When filing a patent application in the United States on an invention or discovery conceived or first actually reduced to practice in the course of or under this contract the subject matter of which is classified for reasons of security, the Contractor shall observe all applicable security regulations covering the transmission of classified subject matter. When transmitting the patent application to the United States Patent and Trademark Office, the Contractor shall by separate letter identify by agency and number the contract or contracts which require

connection with inventions, patents, and related matters based upon the Atomic Energy Act of 1954, as amended (42 USC 2182), and the Federal Nonnuclear Energy Research and Development Act of 1974 (42 USC 5908); and, to the extent not inconsistent with the foregoing statutes, the revised Presidential Memorandum and Statement of Government Patent Policy, August 23, 1971 (36 R.R. 16887–16892). Section 152 of the Atomic Energy Act provides that the title to inventions useful in the nuclear energy field made or conceived in the course of or under a contract, subcontract, or arrangement entered into for the benefit of the Commission (now ERDA) shall be vested in the Government. Government rights in such an invention may be waived consistent with the policy of Section 152. In a similar manner, Section 9 of the Federal Nonnuclear Energy Research and Development Act provides that title to inventions made or conceived in the course of or under ERDA contracts other than in the nuclear energy field shall vest in the Government and that all or part of the rights of the Government in such inventions may be waived if it is determined, in conformity with the provisions of Section 9, that the interests of the United States and the general public will best be served by such waiver.

§ 9–9.107–2 [Reserved]

§ 9–9.107–3 Policy.

(a) Whenever any invention is made or conceived in the course of or under any contract of ERDA, title to such invention shall vest in the United States unless the Administrator or his designee waives all or any part of the rights of the United States. While waivers are to be granted only in conformity with the specific minimum considerations and under the carefully delineated conditions set forth in § 9–9.109–6, it is recognized that waivers comprise a necessary part of the commercialization incentives available to ERDA. It is intended, therefore, that waivers will be provided in appropriate situations to encourage industrial participation and foster rapid commercial utilization in the overall best interest of the United States and the general public. With regard to any waivers granted under this Part 9–9, ERDA shall maintain a publicly available, periodically updated record of such waiver determinations.

(b) In contracts having as a purpose unless the Administrator or his designee waives all or any part of the rights of the United States. While waivers are to be granted only in conformity with the specific minimum considerations and under the carefully delineated conditions set forth in § 9–9.109–6, it is recognized that waivers comprise a necessary part of the commercialization incentives available to ERDA. It is intended, therefore, that waivers will be provided in appropriate situations to encourage industrial participation and foster rapid commercial utilization in the overall best interest of the United States and the general public. With regard to any waivers granted under this Part 9–9, ERDA shall maintain a publicly available, periodically updated record of such waiver determinations.

(b) In contracts having as a purpose the conduct of research, development or demonstration work and in other special contracts, the Government shall normally acquire title in and to any invention or discovery conceived or first ac-

the grant of an exclusive license in the invention.

(c) In contracts having as a purpose the conduct of research, development or demonstration work and in other special contracts the Government may have to acquire the right to require licensing of background patent rights by the contractor to insure reasonable public availability and accessibility necessary to practice the subject of the contract in the fields of technology specifically contemplated in the contract effort. The need for background patent rights and the particular rights that should be obtained for either the Government or the public will depend upon the type, purpose, and scope of the contract effort, and the cost to the Government of obtaining such rights. Accordingly, the background patent rights provision which will be appropriate for many contract situations is included in the Patent Rights clause.

(d) Nothing in this Part 9–9 shall be deemed to convey to any individual, corporation or other business organization immunity from civil or criminal liability, or to create defenses to actions under the antitrust laws.

§ 9–9.107–4 Procedures.

(a) *Selection of Patent Rights clause.*—(1) Whenever a contract, subcontract or other arrangement has as a purpose the conduct of research, development or demonstration work, the operation of a Government-owned research or production facility, the furnishing of architect-engineer, design or other special services, or the coordination and direction of the work of others, the contracting officer shall include in the proposed contract either the Patent Rights clause of § 9–9.107–5(a), or the clause of § 9–9.107–6. The clause set forth in § 9–9.107–6 may be used only in contracts calling for basic or applied research work with non-profit or educational institutions or in certain consultant contracts as set forth in paragraph (a)(5) of this section.

(2) The Patent Rights clauses of § 9–9.107–5(a) and § 9–9.107–6 provide that the Government shall acquire title to each invention made (i.e., conceived or first actually reduced to practice) in the course of or under the contract. However, the contractor shall retain in such invention a nonexclusive, revocable license, and subject to ERDA security requirements and regulations, may file and retain title in any foreign country in which the Government does not elect to secure patent rights. The contractor or the inventor may also retain greater rights than these after an invention has been identified and reported to ERDA if the Administrator or his designee determines that the interests of the United States and the general public will best be served by a waiver of such rights, utilizing the considerations set forth in § 9–9.109–6.

(3) The Patent Rights clauses shall normally include the provisions set forth in paragraph (l) of the clause in § 9–9.107–5(a) and paragraph (f) of the clause in § 9–9.107–6. If the contracting officer determines that the work to be performed under the contract would not be useful in the production or utilization of special nuclear material or atomic energy, paragraphs (l) or (f) may be omitted.

(4) The primary missions of ERDA may require that certain rights in the contractor's privately developed background patents be acquired for the Government's future production, research, development and demonstration projects. Similar rights may also be required to enable private parties to utilize a subject of the contract in the fields of technology specifically contemplated in the contract effort. To this end, subject to specified exceptions and negotiations, the Patent Rights clause in contracts over $250,000 shall normally include provisions obtaining rights of the type specified in § 9–9.107–5 to such background patents. It is recognized that the precise rights to be acquired will depend upon the facts of each situation and are a matter for determination by ERDA and for negotiation with the contractor. General guidelines for use by contracting officers and contract negotiators are provided in § 9–9.107–5(b).

(5) The short form Patent Rights clause in § 9–9.107–6 may be used in contracts calling for basic or applied research where the contractor is a nonprofit or educational institution, and in special situations such as consultant contracts. However, this clause will not be used in contracts calling for the operation of Government-owned facilities, contracts in which an advance waiver or greater rights has been granted, in certain consultant contracts as explained in § 9–9.107–6, or in other special contracts.

(6) Solicitations and proposed contracts shall provide offerors and prospective contractors with notice of and the right to request, in advance of or within 30 days after the effective date of contracting, a waiver of all or any part of the rights of the United States with respect to subject inventions. In no event will the fact that an offeror has requested such a waiver be a consideration in the evaluation of his offer or the determination of his acceptability. If an advance waiver is granted, the Patent Rights clause of § 9–9.107–5(a) shall be utilized and appropriately modified in accordance with the terms of such waiver. To provide adequate notice to prospective contractors or offerors, the following provision will be inserted in all solicitations which may result in contracts calling for research, development or demonstration:

> Offerors and prospective contractors in accordance with applicable statutes and ERDA Regulations (41 CFR 9–9.109–6) have the right to request in advance of or within 30 days after the effective date of contracting a waiver of all or any part of the rights of the United States in subject inventions.

(7) Under its Access Permit Program, ERDA may make Restricted Data applicable to civil uses of atomic energy available to persons requiring such data for use in their business, trade or profession. Under such programs, the special terms

the Administrator or his designee determines that the interests of the United States and the general public will best be served by a waiver of such rights, utilizing the considerations set forth in § 9–9.109–6.

(3) The Patent Rights clauses shall normally include the provisions set forth in paragraph (l) of the clause in § 9–9.107–5(a) and paragraph (f) of the clause in § 9–9.107–6. If the contracting officer determines that the work to be performed under the contract would not be useful in the production or utilization of special nuclear material or atomic energy, paragraphs (l) or (f) may be omitted.

(4) The primary missions of ERDA may require that certain rights in the contractor's privately developed background patents be acquired for the Government's future production, research, development and demonstration projects. Similar rights may also be required to enable private parties to utilize a subject of the contract in the fields of technology specifically contemplated in the contract effort. To this end, subject to specified exceptions and negotiations, the Patent Rights clause in contracts over $250,000 shall normally include provisions obtaining rights of the type specified in § 9–9.107–5 to such background patents. It is recognized that the precise rights to be acquired will depend upon the facts of each situation and are a matter for determination by ERDA and for negotiation with the contractor. General guidelines for use by contracting officers and contract negotiators are provided in § 9–9.107–5(b).

(5) The short form Patent Rights clause in § 9–9.107–6 may be used in contracts calling for basic or applied research where the contractor is a nonprofit or educational institution, and in special situations such as consultant contracts. However, this clause will not be used in contracts calling for the operation of Government-owned facilities, contracts in which an advance waiver or greater rights has been granted, in certain consultant contracts as explained in § 9–9.107–6, or in other special contracts.

(6) Solicitations and proposed contracts shall provide offerors and prospective contractors with notice of and the right to request, in advance of or within 30 days after the effective date of contracting, a waiver of all or any part of the rights of the United States with respect to subject inventions. In no event will the fact that an offeror has requested such a waiver be a consideration in the evaluation of his offer or the determination of his acceptability. If an advance waiver is granted, the Patent Rights clause of § 9–9.107–5(a) shall be utilized and appropriately modified in accordance with the terms of such waiver. To provide adequate notice to prospective contractors or offerors, the following provision will be inserted in all solicitations which may result in contracts calling for research, development or demonstration:

> Offerors and prospective contractors in accordance with applicable statutes and ERDA Regulations (41 CFR 9–9.109–6) have the right to request in advance of or within 30 days after the effective date of contracting a waiver of all or any part of the rights of the United States in subject inventions.

(7) Under its Access Permit Program, ERDA may make Restricted Data applicable to civil uses of atomic energy available to persons requiring such data for use in their business, trade or profession. Under such programs, the special terms

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and conditions of the type set forth in 10 CFR 725.23 (b) and (d) should be used instead of the provisions set forth in this Part.

(b) *License for the Government, States and domestic municipal governments.* When a waiver is granted or foreign rights are retained by either the contractor or the inventor, the Government shall retain for the United States, States, and domestic municipal governments at least a paid-up, nonexclusive, irrevocable license in all applicable inventions unless the Administrator or his designee determines that it would not be in the public interest to acquire such rights for the States and domestic municipal governments. Requests by contractors for such determinations, together with a justification therefor, shall be submitted to the contracting officer. The contracting officer shall refer such requests to the patent counsel assisting the procuring activity for forwarding the request, along with appropriate comments and recommendations, to the Assistant General Counsel for Patents to serve as a basis for a determination by the Administrator or his designee.

(c) *Right to sublicense foreign Governments.* The Patent Rights clause does not provide the Government with the right to grant sublicenses to a foreign government pursuant to any treaty or agreement in subject inventions to which the contractor has been granted greater or foreign rights. The Administrator or his designee may determine at the time of contracting that it would be in the national interest to acquire this right, or he may reserve the right to make this determination after the invention is identified. When such a determination is made or such right is reserved, the Patent Rights clause should be amended as set forth in § 9–9.107–5(d).

(d) *License rights (upon request) to the contractor.* Paragraph (c) of the Patent Rights (long form) clause of § 9–9.107–5(a) specifies the license rights retained by the contractor in inventions made in the course of or under the contract. In appropriate circumstances, such as in contracts for the operation of Government-owned facilities or special long term, cost reimbursement Government-funded research, development or demonstration work, this provision shall be modified to provide a revocable, nonexclusive, royalty-free license in inventions only upon request by the contractor for reservation of such license. To [illegible] determination after the invention is identified. When such a determination is made or such right is reserved, the Patent Rights clause should be amended as set forth in § 9–9.107–5(d).

(d) *License rights (upon request) to the contractor.* Paragraph (c) of the Patent Rights (long form) clause of § 9–9.107–5(a) specifies the license rights retained by the contractor in inventions made in the course of or under the contract. In appropriate circumstances, such as in contracts for the operation of Government-owned facilities or special long term, cost reimbursement Government-funded research, development or demonstration work, this provision shall be modified to provide a revocable, nonexclusive, royalty-free license in inventions only upon request by the contractor for reservation of such license. In such situations, the paragraph set forth in § 9–9.107–5(e) shall be substituted for paragraph (c)(1) of the Patent Rights (long form) clause. However, in programs of the type discussed in § 9–9.107–4(a)(7) or in [illegible]

the contractor in such inventions are revocable. In special circumstances the license may be irrevocable, in which case the paragraph (c)(1) set forth in § 9–9.107–5(f) shall be substituted for paragraphs (c)(1), (c)(2) and (c)(3) of the Patents Rights (long form) clause. Since granting irrevocable licenses may interfere with ERDA's licensing program which is intended to promote the commercial utilization of inventions resulting from its research, development, or demonstration programs, contractors desiring irrevocable licenses shall submit a written request with a justification to the contracting officer. The contracting officer shall refer such requests to the patent counsel assisting the procuring activity for forwarding the request, along with appropriate comments and recommendations to the Assistant General Counsel for Patents to serve as a basis for approval by the Administrator or his designee.

(f) *Contractor sublicensing.* The right of a contractor having a license as set forth in paragraphs (d) and (e) of this section to grant a revocable license to one or more sublicensees may be considered appropriate by the Administrator or his designee in certain circumstances, such as, for example, where the contractor is cost sharing; where the contractor's control or involvement in the technology which is the subject of the contract is substantial; where the reservation of licensing rights in the contractor would best promote commercialization or utilization of the technology, or where substantial segments of the user population already have licenses or would otherwise be licensed. In such situations, the paragraph in § 9–9.107–5(g)(1) may be substituted for paragraph (c)(1) of § 9–9.107–5(a), or the paragraphs in § 9–9.107–5(g)(2) may be substituted for paragraphs (c)(1), (c)(2), and (c)(3) of § 9–9.107–5(a), as appropriate.

(g) *Facilities license.* Whenever a contract has as a purpose the design, construction or operation of a Government-owned research, development, demonstration, or production facility, it is necessary that the Government be accorded certain rights with respect to further use of the facility by or on behalf of the Government upon termination of the contract, including the right to make, use, transfer, or otherwise dispose of all articles substantial segments of

the user population already have licenses or would otherwise be licensed. In such situations, the paragraph in § 9–9.107–5(g)(1) may be substituted for paragraph (c)(1) of § 9–9.107–5(a), or the paragraphs in § 9–9.107–5(g)(2) may be substituted for paragraphs (c)(1), (c)(2), and (c)(3) of § 9–9.107–5(a), as appropriate.

(g) *Facilities license.* Whenever a contract has as a purpose the design, construction or operation of a Government-owned research, development, demonstration, or production facility, it is necessary that the Government be accorded certain rights with respect to further use of the facility by or on behalf of the Government upon termination of the contract, including the right to make, use, transfer, or otherwise dispose of all articles, materials, products, or processes embodying inventions or discoveries used or embodied in the facility regardless of whether or not conceived or actually reduced to practice under or in the course of

work. However, the Patent Rights clause contained in the prime contract is not to be deemed automatically appropriate for subcontracts. For example, it would not be appropriate to the extent that waivers have been granted the prime contractor at the time of contracting. A separate waiver, if any, must be obtained by subcontractors. Further, the withholding of payment provision of the prime contract will not normally be included in a subcontract except upon request of the contracting officer and except for subcontracts awarded by contractors who operate Government-owned facilities and for other special contracting situations in which cases the withholding of payment provision may be flowed down to the first tier subcontractor only. Whenever either the prime contractor or a proposed subcontractor considers the inclusion of the Patent Rights clause of § 9–9.107–5(a) or § 9–9.107–6 to be inappropriate, or the subcontractor refuses to accept such a clause in its subcontract, the matter shall be referred prior to award of the subcontract to the contracting officer for resolution in accordance with § 9–9.107–4(k). Upon such referral, the same considerations and procedures followed in selecting the appropriate Patent Rights clause included in the prime contract shall be used in selecting the subcontract clause.

(2) Contractors shall not use their ability to award subcontracts as economic leverage to acquire rights for themselves in the inventions resulting from subcontracts, and a waiver granted to a prime contractor is not normally applicable to inventions of subcontractors. However, in appropriate circumstances the prime contractor's waiver may be made applicable to the inventions of any or all subcontractors, such as, for example, where there are pre-existing special research and development arrangements between the prime contractor and subcontractor, or where the prime contractor and subcontractor are partners in a cooperative effort. In addition, in such circumstances the prime contractor may be permitted to acquire nonexclusive licenses in the subcontractor's inventions when a waiver for subcontractor inventions is not applicable.

(i) *Record of decisions.* Patent Counsel assisting the procuring activity shall record the basis for the following actions: (1) Waivers at the time of contracting; (2) Waivers granted on identified inventions; (3) Determinations that no license need be obtained for States or domestic municipal governments; (4) Determinations that the right to sublicense foreign governments should be obtained; and (5) The grant of irrevocable licenses.

(j) *Publication of invention disclosures.* The Patent Rights clauses specify that the Government may duplicate and disclose invention disclosures reported under the contract, although it is not ERDA's practice to publish invention disclosures. Since public disclosure before the filing of a U.S. patent application may create a bar to filing certain foreign applications, the clauses also require that patent approval for release or publication of information relating to the contract work be secured from patent counsel prior to any such release or publication. When the contractor has requested or obtained a waiver, or has advised of its interest in obtaining certain filing rights, provision is made for ERDA to use its best efforts to withhold release or publication of such information for a specified time period in accordance with paragraph (d)(1) of the clause in § 9–9.107–5(a) to permit the timely filing of a U.S. patent application by the contractor.

(k) *Negotiations and deviations.* Contracting officers shall contact the field patent counsel assisting their activity or the Assistant General Counsel for Patents, for assistance to the contracting officer in selecting, negotiating or approving appropriate patent, copyright, and data clauses. It should be noted that such clauses may be involved in and affected by the negotiations for a patent waiver. In the case of field activities, patent counsel will coordinate such review and assistance with the Chief Counsel in accordance with established local procedures. Any intended departures or deviations from the policy, procedures, or the clauses specified in this Part 9–9 which shall constitute a deviation from these regulations or from the Federal Procurement Regulations shall be referred by the Contracting Officer to the Assistant General Counsel for Patents for review and concurrence prior to obtaining approval in accordance with § 9–1.109–2. A deviation amounting to a class deviation to the FPR or the ERDA–PR shall be forwarded through the Assistant General Counsel for Patents to the Director of Procurement as provided in § 9–1.109–2(b).

§ 9–9.107–5 Clause for contracts (long form).

(a) *Patent rights clause.* When the contracting officer has determined that a contract falls within § 9–9.107–4(a)(1), except where the clause of § 9–9.107–6 is applicable, the following clause shall be included in the contract.

PATENT RIGHTS

(a) *Definitions.* (1) "Subject Invention" means any invention or discovery of the contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plants, whether patented or unpatented under the Patent Laws of the United States of America or any foreign country.

(2) "Contract" means any contract, grant, agreement, understanding, or other arrangement, which includes research, development, or demonstration work, and includes any assignment or substitution of parties.

(3) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(4) "Government agency" includes an executive department, independent commission, board, office, agency, administration,

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tained; and (5) The grant of irrevocable licenses.

(j) *Publication of invention disclosures.* The Patent Rights clauses specify that the Government may duplicate and disclose invention disclosures reported under the contract, although it is not ERDA's practice to publish invention disclosures. Since public disclosure before the filing of a U.S. patent application may create a bar to filing certain foreign

or demonstration ...
signment or substitution of parties.

(3) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(4) "Government agency" includes an executive department, independent commission, board, office, agency, administration,

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authority, Government corporation, or other Government establishment of the Executive Branch of the Government of the United States of America.

(5) "To the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(6) "Patent Counsel" means the ERDA Patent Counsel assisting the procuring activity.

(b) *Allocation of principal rights.*—(1) *Assignment to the Government.* The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are retained by the Contractor under paragraphs (b)(2) and (c) of this clause.

(2) *Greater rights determinations.* The Contractor or the employee-inventor with authorization of the Contractor may request greater rights than the nonexclusive license and the foreign patent rights provided in paragraph (c) of this clause on identified inventions in accordance with 41 CFR 9-9.109-6. Such requests must be submitted to Patent Counsel (with notification by Patent Counsel to the Contracting Officer) at the time of the first disclosure pursuant to paragraph (e)(2) of this clause, or not later than 9 months after conception or first actual reduction to practice, whichever occurs first, or such longer period as may be authorized by Patent Counsel (with notification by Patent Counsel to the Contracting Officer) for good cause shown in writing by the Contractor.

(c) *Minimum rights to the contractor.*—(1) *Contractor license.* The Contractor reserves a revocable, nonexclusive, paid-up license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be transferable only with approval of ERDA except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(2) *Revocation limitations.* The Contractor's nonexclusive license retained pursuant to paragraph (c)(1) of this clause and sublicenses granted thereunder may be revoked or modified by ERDA, either in whole or in part, only to the extent necessary to achieve expeditious practical application of the Subject Invention under ERDA's published licensing regulations (10 CFR 781), and only to the extent an exclusive license is actually granted. This license shall not be revoked in that field of use and/or the geographical areas in which the Contractor, or its sublicensee, has brought the invention to the point of practical application

the Contractor, after such notice to show cause why the license or any sublicense should not be modified or revoked. The Contractor shall have the right to appeal, in accordance with 10 CFR 781, any decision concerning the modification or revocation of his license or any sublicense.

(4) *Foreign patent rights.* Upon written request to Patent Counsel (with notification by Patent Counsel to the Contracting Officer), in accordance with paragraph (e)(2)(i) of this clause, and subject to ERDA security regulations and requirements, there shall be reserved to the Contractor, or the employee-inventor with authorization of the Contractor, the patent rights to a Subject Invention in any foreign country where the Government has elected not to secure such rights provided:

(i) The recipient of such rights, when specifically requested by ERDA and three years after issuance of a foreign patent disclosing said Subject Invention, shall furnish ERDA a report setting forth:

(A) The commercial use that is being made, or is intended to be made, of said invention, and

(B) The steps taken to bring the invention to the point of practical application or to make the invention available for licensing.

(ii) The Government shall retain at least an irrevocable, nonexclusive, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government (including any Government agency) and States and domestic municipal governments, unless the Administrator or his designee determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments.

(iii) Subject to the rights granted in (c)(1), (2) and (3) of this clause, the Administrator or his designee shall have the right to terminate the foreign patent rights granted in this paragraph (c)(4) in whole or in part unless the recipient of such rights demonstrates to the satisfaction of the Administrator or his designee that effective steps necessary to accomplish substantial utilization of the invention have been taken or within a reasonable time will be taken.

(iv) Subject to the rights granted in (c)(1), (2), and (3) of this clause, the Administrator or his designee shall have the right, commencing four years after foreign patent rights are accorded under this paragraph (c)(4), to require the granting of a nonexclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances and in appropriate circumstances to terminate said foreign patent rights in whole or in part, following a hearing upon notice thereof to the public, upon a petition by an interested person justifying such hearing:

(A) If the Administrator or his designee determines, upon review of such material

in this paragraph (c)(4) in whole or in part unless the recipient of such rights demonstrates to the satisfaction of the Administrator or his designee that effective steps necessary to accomplish substantial utilization of the invention have been taken or within a reasonable time will be taken.

(iv) Subject to the rights granted in (c)(1), (2), and (3) of this clause, the Administrator or his designee shall have the right, commencing four years after foreign patent rights are accorded under this paragraph (c)(4), to require the granting of a nonexclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances and in appropriate circumstances to terminate said foreign patent rights in whole or in part, following a hearing upon notice thereof to the public, upon a petition by an interested person justifying such hearing:

(A) If the Administrator or his designee determines, upon review of such material as he deems relevant, and after the recipient of such rights, or other interested person, has had the opportunity to provide such relevant and material information as the Administrator or his designee may require, that such

graph (c)(4) of this clause, a request may also be made for the right to file and prosecute the U.S. application on behalf of the U.S. Government. If such request is granted, the Contractor or inventor shall file a domestic patent application on the invention within 6 months after the request for foreign patent rights is granted, or such longer period of time as may be approved by the Patent Counsel for good cause shown in writing by the requester. With respect to the invention, the requester shall promptly notify the Patent Counsel (with notification by Patent Counsel to the Contracting Officer) of any decision not to file an application.

(2) For each Subject Invention on which a domestic patent application is filed by the Contractor or inventor, the Contractor or inventor shall:

(i) Within 2 months after the filing or within 2 months after submission of the invention disclosure if the patent application previously has been filed, deliver to the Patent Counsel a copy of the application as filed including the filing date and serial number;

(ii) Within 6 months after filing the application or within 6 months after submitting the invention disclosure if the application has been filed previously, deliver to the Patent Counsel a duly executed and approved Assignment to the Government, on a form specified by the Government;

(iii) Provide the Patent Counsel with the original patent grant promptly after a patent is issued on the application; and

(iv) Not less than 30 days before the expiration of the response period for any action required by the Patent and Trademark Office, notify the Patent Counsel of any decision not to continue prosecution of the application.

(3) With respect to each Subject Invention in which the Contractor or inventor has requested foreign patent rights, the Contractor or inventor shall file a patent application on the invention in each foreign country in which such request is granted in accordance with applicable statutes and regulations and within one of the following periods:

(i) Eight months from the date of filing a corresponding United States application, or if such an application is not filed, six months from the date the request was granted;

(ii) Six months from the date a license is granted by the Commissioner of Patents and Trademarks to file the foreign patent application where such filing has been prohibited by security reasons; or

(iii) Such longer periods as may be approved by the Patent Counsel for good cause shown in writing by the Contractor or inventor.

(4) Subject to the license specified in paragraphs (c) (1), (2) and (3) of this clause, the Contractor or inventor agrees to convey to the Government, upon request, the entire right, title, and interest in any foreign country in which the Contractor or inventor fails to have a patent application filed in accordance with paragraph (d)(3) of this clause, or decides not to continue prosecution or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent the Contractor or inventor shall, not less than 60 days before the expiration period for any action required by any Patent Office, notify the Patent Counsel of such failure or decision, and deliver to the Patent Counsel the executed instruments necessary for the conveyance specified in this paragraph.

(e) *Invention identification, disclosures, and reports.* (1) The Contractor shall establish and maintain active and effective procedures to ensure that Subject Inventions are promptly identified and timely disclosed. These procedures shall include the maintenance of laboratory notebooks or equivalent records and any other records that are reasonably necessary to doucment the conception and/or the first actual reduction to practice of Subject Inventions, and records which show that the procedures for identifying and disclosing the inventions are followed. Upon requests, the Contractor shall furnish the Contracting Officer a description of these procedures so that he may evaluate and determine their effectiveness.

(2) The Contractor shall furnish the Patent Counsel (with notification by Patent Counsel to the Contracting Officer) on an ERDA-approved form:

(i) A written report containing full and complete technical information concerning each Subject Invention within 6 months after conception or first actual reduction to practice whichever occurs first in the course of or under this contract, but in any event prior to any on sale, public use or public disclosure of such invention known to the Contractor. The report shall identify the contract and inventor and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention. The report should also include any request for foreign patent rights under paragraph (c)(4) of this clause and any request to file a domestic patent application under (d)(1) of this clause. However, such requests shall be made within the period set forth in paragraph (b)(2) of this clause. When an invention is reported under this paragraph (e)(2)(i), it shall be presumed to have been made in the manner specified in Section 9(a) (1) and (2) of 42 U.S.C. 5908 unless the Contractor contends it was not so made in accordance with paragraph (g)(2)(ii) of this clause.

(ii) Upon request, but not more than annually, interim reports on an ERDA-approved form listing Subject Inventions and subcontracts awarded containing a Patent Rights clause for that period and certifying that:

(A) The Contractor's procedures for identifying and disclosing Subject Inventions as required by this paragraph (e) have been followed throughout the reporting period;

(B) All Subject Inventions have been disclosed or that there are no such inventions;

(C) All subcontracts containing a Patent Rights clause have been reported or that no such subcontracts have been awarded; and

(iii) A final report on an ERDA-approved form within three months after completion of the contract work listing all Subject Inventions and all subcontracts awarded containing a Patent Rights clause and certifying that:

(A) All Subject Inventions have been disclosed or that there were no such inventions; and

(B) All subcontracts containing a Patent Rights clause have been reported or that no such subcontracts have been awarded.

(3) The Contractor shall obtain patent agreements to effectuate the provisions of this clause from all persons in its employ who perform any part of the work under this contract except nontechnical personnel, such as clerical employees and manual laborers.

(4) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause. If the Contractor is to file a foreign patent application on a Subject Invention, the Government agrees, upon written request, to use its best efforts to withhold publication of such invention disclosures until the expiration of the time period specified in paragraph (d)(1)

piration period for any action ... any Patent Office, notify the Patent Counsel of such failure or decision, and deliver to the Patent Counsel the executed instruments necessary for the conveyance specified in this paragraph.

(e) *Invention identification, disclosures, and reports.* (1) The Contractor shall establish and maintain active and effective procedures to ensure that Subject Inventions are promptly identified and timely disclosed. These procedures shall include the maintenance of laboratory notebooks or equivalent records and any other records that are

as clerical employees and ...

(4) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause. If the Contractor is to file a foreign patent application on a Subject Invention, the Government agrees, upon written request, to use its best efforts to withhold publication of such invention disclosures until the expiration of the time period specified in paragraph (d)(1)

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of this clause, but in no event shall the Government or its employees be liable for any publication thereof.

(f) *Publication.* It is recognized that during the course of the work under this contract, the Contractor or its employees may from time to time desire to release or publish information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract. In order that public disclosure of such information will not adversely affect the patent interests of ERDA or the Contractor, patent approval for release or publication shall be secured from Patent Counsel prior to any such release or publication.

(g) *Forfeiture of rights in unreported Subject Inventions.* (1) The Contractor shall forfeit to the Government, at the request of the Administrator or his designee, all rights in any Subject Invention which the contractor fails to report to Patent Counsel (with notification by Patent Counsel to the Contracting Officer) within 6 months after the time the Contractor:

(i) Files or causes to be filed a United States or foreign patent application thereon; or

(ii) Submits the final report required by paragraph (e)(2)(iii) of this clause, whichever is later.

(2) However, the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in (1)(i) or (1)(iii) of this paragraph (g), the Contractor:

(i) Prepared a written decision based upon a review of the record that the invention was either conceived nor first actually reduced to practice in the course of or under the contract and delivers the same to Patent Counsel (with notification by Patent Counsel to the Contracting Officer); or

(ii) Contending that the invention is not a Subject Invention the Contractor nevertheless discloses the invention and all facts pertinent to this contention to the Patent Counsel (with notification by Patent Counsel to the Contracting Officer); or

(iii) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent applications and patents on a Subject Invention determined by the Administrator or his designee to be forfeited (such determination to be a final decision under the Disputes Clause of this contract), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph (g) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to Subject Inventions.

(h) *Examination of records relating to inventions.* (1) The Contracting Officer or his authorized representative, until the expiration of 3 years after final payment under this contract, shall have the right to examine any books (including laboratory notebooks), records, documents, and other supporting data of the Contractor which the Contracting Officer or his

(ii) Submits the final report required by paragraph (e)(2)(iii) of this clause, whichever is later.

(2) However, the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in (1)(i) or (1)(iii) of this paragraph (g), the Contractor:

(i) Prepared a written decision based upon a review of the record that the invention was either conceived nor first actually reduced to practice in the course of or under the contract and delivers the same to Patent Counsel (with notification by Patent Counsel to the Contracting Officer); or

(ii) Contending that the invention is not a Subject Invention the Contractor nevertheless discloses the invention and all facts pertinent to this contention to the Patent Counsel (with notification by Patent Counsel to the Contracting Officer); or

(iii) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent applications and patents on a Subject Invention determined by the Administrator or his designee to be forfeited (such determination to be a final decision under the Disputes Clause of this contract), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph (g) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to Subject Inventions.

(h) *Examination of records relating to inventions.* (1) The Contracting Officer or his authorized representative, until the expiration of 3 years after final payment under this contract, shall have the right to examine any books (including laboratory notebooks), records, documents, and other supporting data of the Contractor which the Contracting Officer or his

(i) Establish the procedures of paragraph (e)(1) of this clause; or

(ii) Maintain and follow such procedures; or

(iii) Correct or eliminate any material deficiency in the procedures within thirty (30) days after the Contracting Officer notifies the Contractor of such a deficiency.

(i) *Withholding of payment (Not applicable to subcontracts).* (1) Any time before final payment of the amount of this contract, the Contracting Officer may, if he deems such action warranted, withhold payment until a reserve not exceeding $50,000 or 5 percent of the amount of this contract, whichever is less, shall have been set aside if in his opinion the Contractor fails to:

(i) Establish, maintain and follow effective procedures for identifying and disclosing Subject Inventions pursuant to paragraph (e)(1) of this clause; or

(ii) Disclose any Subject Invention pursuant to paragraph (e)(2)(i) of this clause; or

(iii) Deliver the interim reports pursuant to paragraph (e)(2)(ii) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (j)(5) of this clause; or

(v) Convey to the Government in an ERDA approved form the title and/or rights of the Government in each Subject Invention as required by this clause.

(2) The reserve or balance shall be withheld until the Contracting Officer has determined that the Contractor has rectified whatever deficiencies exist and has delivered all reports, disclosures, and other information required by this clause.

(3) Final payment under this contract shall not be made by the Contracting Officer before the Contractor delivers to Patent Counsel all disclosures of Subject Inventions and other information required by (e)(2)(i) of this clause, the final report required by (e)(2)(iii) of this clause, and Patent Counsel has issued a patent clearance certification to the Contracting Officer.

(4) The Contracting Officer may, in his discretion, decrease or increase the sums withheld up to the maximum authorized above. If the Contractor is a nonprofit organization, the maximum amount that may be withheld under this paragraph shall not exceed $50,000 or 1 percent of the amount of this contract, whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to the Government under this contract.

(j) *Subcontracts.* (1) For the purpose of this paragraph the term "Contractor" means the party awarding a subcontract and the term "Subcontractor" means the party being awarded a subcontract required by (e)(2)(i) of this clause, the final report required by (e)(2)(iii) of this clause, and Patent Counsel has issued a patent clearance certification to the Contracting Officer.

(4) The Contracting Officer may, in his discretion, decrease or increase the sums withheld up to the maximum authorized above. If the Contractor is a nonprofit organization, the maximum amount that may be withheld under this paragraph shall not exceed $50,000 or 1 percent of the amount of this contract, whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to the Government under this contract.

(j) *Subcontracts.* (1) For the purpose of this paragraph the term "Contractor" means the party awarding a subcontract and the term "Subcontractor" means the party being awarded a subcontract, regardless of tier.

(2) Unless otherwise authorized or directed by the Contracting Officer, the Contractor shall include the Patent Rights clause of 41 CFR 9-9.107-5(a) or 41 CFR 9-9.107-6 as appropriate, modified to identify the parties in any subcontract

(3) Except as may be otherwise provided in this clause, the Contractor shall not, in any subcontract or by using a subcontract as consideration therefor, acquire any rights in its Subcontractor's Subject Invention for the Contractor's own use (as distinguished from such rights as may be required solely to fulfill the Contractor's contract obligations to the Government in the performance of this contract).

(4) All invention disclosures, reports, instruments, and other information required to be furnished by the Subcontractor to ERDA, under the provisions of a Patent Rights clause in any subcontract hereunder may, in the discretion of the Contracting Officer, be furnished to the Contractor for transmission to ERDA.

(5) The Contractor shall promptly notify the Contracting Officer in writing upon the award of any subcontract containing a Patent Rights clause by identifying the Subcontractor, the work to be performed under the subcontract, and the dates of award, and estimated completion. Upon the request of the Contracting Officer the Contractor shall furnish him a copy of the subcontract.

(6) The Contractor shall identify all Subject Inventions of the Subcontractor of which it acquires knowledge in the performance of this contract and shall notify the Patent Counsel (with notification by Patent Counsel to the Contracting Officer) promptly upon the identification of the inventions.

(7) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Contractor hereby assigns to the Government all rights that the Contractor would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government regarding Subject Inventions.

(k) *Background Patents.* (1) "Background Patent" means a domestic patent covering an invention or discovery which is not a Subject Invention and which is owned or controlled by the Contractor at any time through the completion of this contract:

(i) Which the Contractor, but not the Government, has the right to license to others without obligation to pay royalties thereon, and

(ii) Infringement of which cannot reasonably be avoided upon the practice of any specific process, method, machine, manufacture or composition of matter (including relatively minor modifications thereof) which is a subject of the research, development, or demonstration work performed under this contract.

(2) The Contractor agrees to and does hereby grant to the Government a royalty-free, nonexclusive, license under any Background Patent for purposes of practicing a subject of this contract by or for the Government in research, development, and demonstration work only.

(3) The Contractor also agrees that upon written application by the ERDA, it will grant to responsible parties for purposes of practicing a subject of this contract, nonexclusive licenses under any Background Patent on terms that are reasonable under the circumstances. If, however, the Contractor believes that exclusive or partially exclusive rights are necessary to achieve expeditious commercial development or utilization, then a request may be made to ERDA for ERDA approval of such licensing by the Contractor.

(4) Notwithstanding the foregoing paragraph (k)(3), the Contractor shall not be obligated to license any Background Patent if the Contractor demonstrates to the satisfaction of the Administrator or his designee that:

(i) a competitive alternative to the subject matter covered by said Background Patent is commercially available or readily introducible from one or more other sources; or

(ii) the Contractor or its licensees are supplying the subject matter covered by said Background Patent in sufficient quantity and at reasonable prices to satisfy market needs, or have taken effective steps or within a reasonable time are expected to take effective steps to so supply the subject matter.

(l) *Atomic energy.* (1) No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, shall be asserted by the Contractor or its employees with respect to any invention or discovery made or conceived in the course of or under this contract.

(2) Except as otherwise authorized in writing by the Contracting Officer, the Contractor will obtain patent agreements to effectuate the provisions of paragraph (l)(1) of this clause from all persons who perform any part of the work under this contract, except nontechnical personnel, such as clerical employees and manual laborers.

(m) *Limitation of rights.* Nothing contained in this patent rights clause shall be deemed to give the Government any rights with respect to any invention other than a subject invention except as set forth in the Patent Rights clause of this contract with respect to Background Patents and the Facilities License.

(b) *Licenses in contractor Background Patents.* (1) It will normally be the case that a contractor qualified to perform work under an ERDA contract will have developed a degree of expertise in the general field of activity to which the contract relates. Accordingly, it will not be unusual for a prospective contractor to have an established patent position relating to the general fields of work to be performed under an ERDA contract and to have ongoing research and development programs in that general field which could result in patentable inventions. Since the contractor is obligated to apply its best efforts to accomplishing the objectives of the contract work, it is to be expected that inventions owned or controlled by the contractor at any time during the contract period may be utilized in connection with the work performed under the contract. If such inventions are or become the subject of a patent, such patented inventions may control a subject of the contract.

(2) It is usually the case that at the time an ERDA contract is negotiated, such inventions, if any, of the contractor are not known to the Government and may not be known to the contractor either. Use by the contractor of such inventions in connection with the contract work does not necessarily result in a need for rights in those inventions by the Government or others. However, failure of ERDA to obtain limited rights on behalf of the Government and/or third parties in a narrow class of those inventions, defined as "Background Patents", could frustrate the objectives of ERDA to promptly make the benefits of its programs widely available to the public and to promote the commercial utilization of the technology developed or demonstrated under ERDA programs. There-

practicing a subject of this contract, nonexclusive licenses under any Background Patent on terms that are reasonable under the circumstances. If, however, the Contractor believes that exclusive or partially exclusive rights are necessary to achieve expeditious commercial development or utilization, then a request may be made to ERDA for ERDA approval of such licensing by the Contractor.

(4) Notwithstanding the foregoing paragraph (k)(3), the Contractor shall not be obligated to license any Background Patent if the Contractor demonstrates to the satisfaction of the Administrator or his designee that:

(i) a competitive alternative to the subject matter covered by said Background Patent is commercially available or readily introducible from one or more other sources; or

(ii) the Contractor or its licensees are supplying the subject matter covered by said Background Patent in sufficient quantity and at reasonable prices to satisfy market needs, or have taken effective steps or within a reasonable time are expected to take effective steps to so supply the subject matter.

(l) *Atomic energy.* (1) No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, shall be asserted by the Contractor or its employees with respect to any invention or discovery made or conceived in the course of or under this contract.

(2) Except as otherwise authorized in writing by the Contracting Officer, the Contractor will obtain patent agreements to effectuate the provisions of paragraph (l)(1) of this clause from all persons who perform any part of the work under this contract, except nontechnical personnel, such as clerical employees and manual laborers.

(m) *Limitation of rights.* Nothing contained in this patent rights clause shall be deemed to give the Government any rights with respect to any invention other than a subject invention except as set forth in the Patent Rights clause of this contract with respect to Background Patents and the Facilities License.

(b) *Licenses in contractor Background Patents.* (1) It will normally be the case that a contractor qualified to perform work under an ERDA contract will have developed a degree of expertise in the general field of activity to which the contract relates. Accordingly, it will not be unusual for a prospective contractor to have an established patent position relating to the general fields of work to be performed under an ERDA contract and to have ongoing research and development programs in that general field which could result in patentable inventions. Since the contractor is obligated to apply its best efforts to accomplishing the objectives of the contract work, it is to be expected that inventions owned or controlled by the contractor at any time during the contract period may be utilized in connection with the work performed under the contract. If such inventions are or become the subject of a patent, such patented inventions may control a subject of the contract.

(2) It is usually the case that at the time an ERDA contract is negotiated, such inventions, if any, of the contractor are not known to the Government and may not be known to the contractor either. Use by the contractor of such inventions in connection with the contract work does not necessarily result in a need for rights in those inventions by the Government or others. However, failure of ERDA to obtain limited rights on behalf of the Government and/or third parties in a narrow class of those inventions, defined as "Background Patents", could frustrate the objectives of ERDA to promptly make the benefits of its programs widely available to the public and to promote the commercial utilization of the technology developed or demonstrated under ERDA programs. There-

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fore, it is ERDA's policy to obtain limited license rights in Background Patents on a basis that is reasonable under the circumstances of the particular contract and takes into account the relative equities of the contractor, the Government and the general public.

(3) Paragraph (k) of the Patent Rights clause of § 9-9.107-5(a) sets out the background patent provisions that will be appropriate for many ERDA contracting situations by balancing the needs of ERDA programs with the equities of the contractor. This clause obtains a paid-up, nonexclusive license for the Government for research, development and demonstration work only and thus includes any use of the background patents under ERDA programs where research, development or demonstration work is being conducted. The clause also requires the contractor to license responsible parties on reasonable terms at the request of ERDA in the field of technology specifically contemplated in the contract effort. The background provisions, however, are only applicable insofar as infringement of the patents cannot reasonably be avoided in order to utilize the results of the contract work for these purposes. Additionally, the clause is not effective if the contractor can demonstrate to the satisfaction of the Administrator or his designee that commercial alternatives are available or readily introduceable from one or more sources, or that the contractor or its licensees are supplying the market in sufficient quantities and at reasonable prices or have taken effective steps or within a reasonable time are expected to take effective steps to so supply the market. In determining whether to request such licensing, ERDA will recognize the need, where appropriate, to limit licensing to preserve the commercialization incentives provided by the patent, and also to meet the needs of the public for early availability of the technology.

(4) Subparagraph (k)(1) defines those inventions which will fall within the definition of what constitutes a background patent, while subparagraphs (k)(2) and (k)(3) define the scope or field of use of any license granted. Although ERDA as stated in subparagraph (3) of this paragraph (b) controls the requesting of licenses to responsible parties, the final resolution of questions regarding the scope of such licenses, the terms thereof including reasonable

reasonable time are expected to take effective steps to so supply the market. In determining whether to request such licensing, ERDA will recognize the need, where appropriate, to limit licensing to preserve the commercialization incentives provided by the patent, and also to meet the needs of the public for early availability of the technology.

(4) Subparagraph (k)(1) defines those inventions which will fall within the definition of what constitutes a background patent, while subparagraphs (k)(2) and (k)(3) define the scope or field of use of any license granted. Although ERDA as stated in subparagraph (3) of this paragraph (b) controls the requesting of licenses to responsible parties, the final resolution of questions regarding the scope of such licenses, the terms thereof including reasonable royalties are then left to the negotiation of the parties with final resolution of the issues being made by a court of competent jurisdiction if necessary. In subparagraph (k)(4), the decision not to

normally be deleted for contracts under $250,000 and may not be appropriate in certain types of study contracts, planning contracts, contracts with educational institutions, and contracts for specialized equipment for in-house use by ERDA or not intended for further procurement by the Government or for use by the public. Except for the deletion of paragraph (k) in contracts under $250,000 as permitted in this paragraph (5), deletions or modifications of paragraph (k) set forth in this section are to be made with the advice of patent counsel.

(6) On the other hand, there will be situations where the equities between the Government and the contractor, or anticipated Government needs, would require that rights be obtained for either the Government or for the public greater than those set forth in paragraph (k). For example, where (i) The contribution of the Government towards the development and/or commercialization of the Background Patent is substantially greater than that of the contractor, (ii) It is expected that the Government may be involved in special long-term projects, or (iii) The Government may require substantial production, procurement or utilization for purposes outside of research, development, and demonstration, it may be necessary to obtain greater rights. In such situations, consideration should be given to extending the Government's rights beyond research, development, and demonstration work, or to adjust royalties that may be due by the Government to reflect the Government's contribution. Such adjustment could take the form of credit to be given the Government based upon its contribution through the contract, or a royalty based upon the relative contributions of the contractor and the Government. Consideration could also be given to utilizing the relative contributions in determining reasonable royalties to be charged to others.

(7) Similarly, it may be necessary to obtain greater rights for the public in the contractor's background patents where, for example, the contractor's background patents cover the basic technology intended to be developed under the contract effort, rather than components or products or processes which are ancillary thereto. In such cases, subparagraph (4) of paragraph (k) should

due by the Government to reflect the Government's contribution. Such adjustment could take the form of credit to be given the Government based upon its contribution through the contract, or a royalty based upon the relative contributions of the contractor and the Government. Consideration could also be given to utilizing the relative contributions in determining reasonable royalties to be charged to others.

(7) Similarly, it may be necessary to obtain greater rights for the public in the contractor's background patents where, for example, the contractor's background patents cover the basic technology intended to be developed under the contract effort, rather than components or products or processes which are ancillary thereto. In such cases, subparagraph (4) of paragraph (k) should be deleted or modified as to the contract as a whole or a portion thereof. Deletion or modification of subparagraph (4) might also be appropriate where the future market for the subject of the con-

modified. The modification may be made applicable to the fields of technology, inventions, or other aspects of the contract. Concomitant with such modification, the licensing obligations for subject inventions should also be modified to be compatible therewith. In such cases, the definition of "Background Patent" should be broadened to include all patents useful in the practice of a subject of the contract, and subparagraph (k)(4) should be deleted or appropriately modified.

(9) The application of paragraph (k) is limited to the practice of any specific process, method, or machine, manufacture or composition of matter which is a subject of the research, development or demonstration work performed under the contract, otherwise referred to as "a subject of this contract" in subparagraphs (2) and (3). The expression "a subject of this contract" is intended to limit the licensing required in paragraph (k) to the fields of technology specifically contemplated in the contract effort. During negotiations, when the subject matter of the contract is known, a more specific statement of the fields of technology intended to be covered may be substituted for the expression "subject of this contract". For example, the application of paragraph (k) may be limited to the generation of electric power utilizing coal derived fuels, to high temperature gas cooled reactors, or other specified fields of technology of interest to ERDA programs.

(10) The considerations and statements in the foregoing subparagraphs (1)–(9) of this paragraph also apply to the negotiation, application and inclusion of background patent rights provisions in subcontracts.

(c) *License for the States and domestic municipal governments.* When the Administrator or his designee determines at the time of contracting that it would not be in the public interest to acquire a paid-up license in subject inventions for States and domestic municipal governments, paragraph (c)(4)(ii) of the Patent Rights clause in § 9-9.107-5(a) shall be replaced with the following paragraph (c)(4)(ii):

(ii) The Government shall retain at least an irrevocable, nonexclusive, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency).

(d) *Right to sublicense foreign governments.* (1) When the Administrator or his designee determines at the time of contracting that it would be in the national interest to acquire the right to sublicense foreign governments pursuant to any treaty or agreement, a sentence shall be added to the end of paragraph (c)(4)(ii) of the Patent Rights clause in § 9-9.107-5(a) as follows:

This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement with such foreign governments.

(2) When the Administrator or his designee wishes to reserve the right to make the determination to sublicense foreign governments pursuant to any treaty or agreement until after the invention has been identified, a sentence shall be added to the end of paragraph (c)(4)(ii) of the Patent Rights clause in § 9-9.107-5(a) as follows:

This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement with such foreign governments if the Administrator or his designee determines after the invention has been identified that it would be in the national interest to acquire this right.

(e) *License rights (upon request) to contractor (revocable).* When the Administrator or his designee determines that the contractor may, subject to the provisions of § 9-9.107-4(a)(7) involving access to Restricted Data, reserve a revocable, nonexclusive, paid-up license in Subject Inventions, only upon a request by the contractor for the retention of such a license, paragraph (c)(1) of the clause in § 9-9.107-5(a) shall be replaced with the following paragraph (c)(1):

(c)(1) The Contractor may reserve upon request a revocable, nonexclusive, paid-up license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires the title. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be transferable only with approval of ERDA except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(f) *License rights to contractor (irrevocable).* When the Administrator or his designee determines that the contractor may reserve an irrevocable, nonexclusive, paid-up license in the inventions resulting from the contract, paragraph (c)(1) of the Patent Rights clause of § 9-9.107-5(a) shall be replaced with the following paragraph (c)(1), and paragraphs (c)(2) and (c)(3) of § 9-9.107-5(a) and references thereto shall be cancelled:

(c)(1) The Contractor reserves an irrevocable, nonexclusive, paid-up license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. The License shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be transferable only with approval of ERDA except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(g) *Contractor sublicenses (revocable).* (1) When the Administrator or his designee determines at the time of contracting that, as indicated in § 9-9.107-4(f), it would be in the interests of the Government to permit a contractor having the right to retain a revocable

any treaty or agreement, a sentence shall be added to the end of paragraph (c)(4)(ii) of the Patent Rights clause in § 9-9.107-5(a) as follows:

This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement with such foreign governments.

(2) When the Administrator or his designee wishes to reserve the right to

that part of the Contractor's business to which the invention pertains.

(g) *Contractor sublicenses (revocable).* (1) When the Administrator or his designee determines at the time of contracting that, as indicated in § 9-9.107-4(f), it would be in the interests of the Government to permit a contractor having the right to retain a revocable

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nonexclusive license in a subject invention to have the further right to grant to one or more sublicensees a revocable license of the same scope, the following paragraph may be substituted for paragraph (c)(1) of the Patent Rights clause in § 9–9.107–5(a):

(c)(1) The Contractor reserves a revocable, nonexclusive, paid-up license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant revocable, nonexclusive sublicenses of the same scope. The license shall be transferable only with approval of ERDA except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(2) Where the Contractor has been granted the right to retain a nonexclusive, irrevocable license in a subject invention, and it is determined as in (g)(1) of this section to leave in the contractor the right to grant one or more revocable sublicenses thereunder, the following three paragraphs will be substituted for paragraphs (c)(1), (c)(2), and (c)(3) of the Patent Rights clause in § 9–9.107–5(a):

(c)(1) *Contractor license.* The Contractor reserves an irrevocable, nonexclusive, paid-up license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and shall include the right to grant revocable, nonexclusive sublicenses which are revocable under the same terms and conditions as set forth in paragraphs (c)(2) and (3) of this clause. The license shall be transferable only with approval of ERDA except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(c)(2) *Revocation limitations.* Any sublicense granted by the Contractor may be revoked or modified by ERDA, either in whole or in part, only to the extent necessary to achieve expeditious practical application of the Subject Invention under ERDA's published licensing regulations (10 CFR 781), and only to the extent an exclusive license is actually granted. This sublicense shall not be revoked in that field of use and/or the geographical areas in which the Contractor, or its sublicensee, has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public, or is expected to do so within a reasonable time.

(c)(3) *Revocation procedures.* Before modification or revocation of any sublicense pursuant to paragraph (c)(2) of this clause, ERDA shall furnish the Contractor and the sublicensee written notice of its intention [illegible] include the right to grant revocable, nonexclusive sublicenses which are revocable under the same terms and conditions as set forth in paragraphs (c)(2) and (3) of this clause. The license shall be transferable only with approval of ERDA except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(c)(2) *Revocation limitations.* Any sublicense granted by the Contractor may be revoked or modified by ERDA, either in whole or in part, only to the extent necessary to achieve expeditious practical application of the Subject Invention under ERDA's published licensing regulations (10 CFR 781), and only to the extent an exclusive license is actually granted. This sublicense shall not be revoked in that field of use and/or the geographical areas in which the Contractor, or its sublicensee, has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public, or is expected to do so within a reasonable time.

(c)(3) *Revocation procedures.* Before modification or revocation of any sublicense pursuant to paragraph (c)(2) of this clause, ERDA shall furnish the Contractor and the sublicensee written notice of its intention [illegible]

(h) *Facilities license.* The following paragraph will be included as paragraph (n) of the Patent Rights (long form) clause in each contract having as a purpose the design, construction, or operation of a Government-owned research, development, demonstration or production facility. The scope of the license in the following paragraph may, in appropriate situations, be expanded to cover similar facilities.

(n) *Facilities license.* In addition to the rights of the parties with respect to inventions or discoveries conceived or first actually reduced to practice in the course of or under this contract, the Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive paid-up license in and to any inventions or discoveries regardless of when conceived or actually reduced to practice or acquired by the Contractor, which are owned or controlled by the Contractor at any time through completion of this contract and which are incorporated or embodied in the construction of the facility or which are utilized in the operation of the facility or which cover articles, materials, or products manufactured at the facility (1) to practice or to have practiced by or for the Government at the facility, and (2) to transfer such license with the transfer of that facility. The acceptance or exercise by the Government of the aforesaid rights and license shall not prevent the Government at any time from contesting the enforceability, validity or scope of, or title to, any rights or patents herein licensed.

§ 9–9.107–6 Clause for contracts (short form).

The following clause may be used instead of the clause of § 9–9.107–5(a) in contracts for basic or applied research where the contractor is a nonprofit or educational institution and in special situations including consultant contracts. This clause shall not be used in long term consultancy arrangements for work in ERDA programs covered by ERDA Manual Chapter 7604. In such instances the clauses in ERDAM 7604 shall be used. Also this clause is not to be used in contracts calling for the operation of Government-owned facilities, or contracts in which an advance waiver has been granted, or other special contracts such as those for the conduct of major long-term continuing programs or basic agreements providing for the assignments of new tasks from time to time by mutual agreement.

PATENT RIGHTS (SHORT FORM)

(a) *Definitions.* (1) "Subject Invention" [illegible] contracts for basic or applied research where the contractor is a nonprofit or educational institution and in special situations including consultant contracts. This clause shall not be used in long term consultancy arrangements for work in ERDA programs covered by ERDA Manual Chapter 7604. In such instances the clauses in ERDAM 7604 shall be used. Also this clause is not to be used in contracts calling for the operation of Government-owned facilities, or contracts in which an advance waiver has been granted, or other special contracts such as those for the conduct of major long-term continuing programs or basic agreements providing for the assignments of new tasks from time to time by mutual agreement.

PATENT RIGHTS (SHORT FORM)

(a) *Definitions.* (1) "Subject Invention" means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any [illegible]

after conception or first actual reduction to practice whichever occurs first in the course of or under this contract, but in any event prior to any on sale, public use, or public disclosure of such invention known to the Contractor. The report shall identify the contract and inventor and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

(ii) Upon request, but not more than annually, interim reports on an ERDA-approved form listing Subject Inventions for that period and certifying that all Subject Inventions have been disclosed or that there were no such inventions; and

(iii) A final report on an ERDA-approved form within 3 months after completion of the contract work listing all Subject Inventions and certifying that all Subject Inventions have been disclosed or that there were no such inventions.

(2) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers furnished or required to be furnished pursuant to the contract.

(c) *Allocation of principal rights.*—(1) *Assignment to the Government.*

The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are retained by the Contractor under paragraphs (c) (2) and (d) of this clause.

(2) *Greater rights determinations.* The Contractor, or the employee-inventor with authorization of the Contractor, may request greater rights than the nonexclusive license and the foreign patent rights provided in paragraph (d) of this clause on identified inventions in accordance with the procedure and criteria of 41 CFR 9–9.109–6. A request for a determination of whether the Contractor or the employee-inventor is entitled to retain such greater rights must be submitted to the Patent Counsel (with notification by Patent Counsel to the Contracting Officer) at the time of the first disclosure of the invention pursuant to paragraph (b) (1) of this clause or not later than 9 months after conception or first actual reduction to practice, whichever occurs first, or such longer period as may be authorized by the Patent Counsel (with notification by Patent Counsel to the Contracting Officer) for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 9–9.109–6(e).

(d) *Minimum rights to the contractor.* The Contractor reserves a revocable, nonexclusive, paid-up license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. Revocation shall be in accordance with the procedure of paragraphs (c) (2) and (3) of the clause in 41 CFR 9–9.107–5(a). The Contractor also has the right to request foreign rights in accordance with the procedures of paragraph (c) (4) of the clause in 41 CFR 9–9.107–5(a).

(e) *Employee and subcontractor agreements.* Unless otherwise authorized in writing by the Contracting Officer, the Contractor shall:

(1) Obtain patent agreements to effectuate the provisions of the Patent Rights clause from all persons who perform any part of the work under this contract except nontechnical personnel, such as clerical employees and manual laborers.

(2) Unless otherwise authorized or directed by the Contracting Officer, the Contractor shall include the Patent Rights clause of 41 CFR 9–9.107–5(a) or 41 CFR 9–9.107–6, as appropriate, modified to identify the parties in any subcontract hereunder having as a purpose the conduct of research, development or demonstration work; and

(3) Promptly notify the Contracting Officer in writing upon the award of any subcontract containing a Patent Rights clause by identifying the subcontractor, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon the request of the Contracting Officer the Contractor shall furnish a copy of the subcontract to such requester.

(f) *Atomic energy.* (1) No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, shall be asserted by the Contractor or its employees with respect to any invention or discovery made or conceived in the course of or under this contract.

(2) Except as otherwise authorized in writing by the Contracting Officer, the Contractor will obtain patent agreements to effectuate the provisions of paragraph (f)(1) of this clause from all persons who perform any part of the work under this contract, except nontechnical personnel such as clerical employees and manual laborers.

(g) *Publication.* In order that information concerning scientific or technical developments conceived or first actually reduced to practice in the course of or under the contract is not prematurely published so as to adversely affect patent interest of ERDA, the Contractor agrees to submit to the Patent Counsel for patent review a copy of each paper 60 days prior to its intended publication date. The Contractor may publish such information after expiration of a 60-day period following such submission or prior thereto if specifically approved by Patent Counsel, unless the Contractor is informed that in order to protect patentable subject matter, publication must be further delayed.

§ 9–9.107–7 Foreign contracts.

The clauses authorized for contracts in § 9–9.107–5(a) and § 9–9.107–6 may be modified by the contracting officer in consultation with patent counsel to meet the requirements peculiar to foreign procurement.

§ 9–9.108 [Reserved]

§ 9–9.109 Administration of patent clauses.

§ 9–9.109–1 Patent Rights follow-up.

It is important that the Government and the contractor know and exercise their rights in inventions conceived or first actually reduced to practice in the course of or under Government contracts in order to ensure their expeditious availability to the public, to enable the Government, the contractor, and the public to avoid unnecessary payment of royalties and to defend themselves against claims and suits for patent infringement. To attain these ends, contracts having Patent Rights clauses should be so administered that:

(a) Inventions are identified, disclosed, and reported as required by the contract clauses;

(b) The rights of the Government in such inventions are established;

(c) When appropriate, patent applications are timely filed and prosecuted by the contractor, the inventor, or by the Government as appropriate;

(c) (4) of the clause in 41 CFR 9–9.107–5(a).

(e) *Employee and subcontractor agreements.* Unless otherwise authorized in writing by the Contracting Officer, the Contractor shall:

(1) Obtain patent agreements to effectuate the provisions of the Patent Rights clause from all persons who perform any part of the work under this contract except nontechnical personnel, such as clerical employees and manual laborers.

(a) Inventions are identified, disclosed, and reported as required by the contract clauses;

(b) The rights of the Government in such inventions are established;

(c) When appropriate, patent applications are timely filed and prosecuted by the contractor, the inventor, or by the Government as appropriate;

(d) The filing of patent applications is documented by formal instruments such as licenses or assignments; and

(e) Expeditious commercial utilization of such inventions is achieved.

§ 9–9.109–2 Follow-up by contractor.

(a) The Patent Rights clause requires contractors to establish and maintain effective procedures to ensure that inventions made under the contract are identified, disclosed, and when appropriate, patent applications filed, and that the Government's rights therein are established and protected. When it is determined after the award of a contract that the contractor or subcontractor may not have a clear understanding of the rights and obligations of the parties under a Patent Rights clause, a post-award orientation conference or letter should be used by ERDA to explain these rights and obligations. When reviewing a contractor's procedures, particular attention shall be given to ascertaining their effectiveness for identifying and disclosing inventions.

(b) A qualified representative of the contractor shall furnish to the patent counsel (with notification by patent counsel to the contracting officer) interim reports upon request, and, upon completion of the contract work, a final report setting forth:

(1) A list of all subject inventions made during the reporting period;

(2) A certification that all subject inventions have been disclosed or that there were no such inventions, and that the contractor's procedures for identifying and disclosing inventions have been followed throughout the period;

(3) A list of all subcontracts entered into during the reporting period which contain a Patent Rights clause, together with copies of such subcontracts (if not earlier furnished to ERDA), or a statement that there were no such subcontracts.

(c) Ordinarily, inventions and discoveries will be reported on Form ERDA 213 (copies of which shall be made available by patent counsel) or on such other form that has been approved by patent counsel. Reporting of inventions promptly and before the completion of the work under the respective contracts will aid patent clearance. Submission of annual interim reports, where contracts cover an extended period, will also facilitate the disposition of patent matters and expedite the issuance of final patent clearance.

§ 9–9.109–3 Follow-up by Government.

(a) With respect to each contract, subcontract, or other agreement under their

and procedural rights required by section 152 of the Atomic Energy Act of 1954, as amended, or section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974, are obtained;

(2) For transmitting the information requested on the Patent Information Sheet, Form ERDA 242, to the Assistant General Counsel for Patents;

(3) For reviewing, in consultation with the contractor, subcontractor, or vendor, arrangements for obtaining adequate patent agreements from employees and others performing work under any contract, subcontract, or other agreements containing patent provisions in favor of the Government. (The form of such patent agreement actually in use or proposed for use shall be forwarded for approval to the patent counsel assisting the procuring activity.);

(4) For forwarding a notice of completion or termination of the work and a request for patent clearance to the Assistant General Counsel for Patents for each contract, subcontract, or other agreement containing patent provisions giving rise to rights in the Government; and

(5) For withholding payments due to contractors in accordance with paragraph (i) of the Patent Rights clause of § 9–9.107–5(a) until, in the case of interim reports, a determination has been made in consultation with patent counsel that existing deficiencies have been corrected or that delivery of all reports, disclosures, and other information have been made, or, in the case of final reports, receipt of written patent clearance certification from the Assistant General Counsel for Patents.

(b) The Assistant General Counsel for Patents, upon receipt of the Patent Information Sheet, Form ERDA 242, will assign the patent responsibility and notify the person who transmits the Information Sheet of the patent counsel assigned to conduct the patent surveillance of the reported contract, subcontract, or other agreement. Upon receipt of the notice of completion or termination as provided in paragraph (a)(4) of this section, a notice of patent clearance will be issued by the Assistant General Counsel for Patents when there has been to his best knowledge and belief compliance with the patent provisions.

(c) The patent counsel assigned to assist the procuring activity will assist [illegible] receipt of written patent clearance certification from the Assistant General Counsel for Patents.

(b) The Assistant General Counsel for Patents, upon receipt of the Patent Information Sheet, Form ERDA 242, will assign the patent responsibility and notify the person who transmits the Information Sheet of the patent counsel assigned to conduct the patent surveillance of the reported contract, subcontract, or other agreement. Upon receipt of the notice of completion or termination as provided in paragraph (a)(4) of this section, a notice of patent clearance will be issued by the Assistant General Counsel for Patents when there has been to his best knowledge and belief compliance with the patent provisions.

(c) The patent counsel assigned to assist the procuring activity will assist contracting officers in selecting and negotiating patent provisions, and in the case of field activities, will coordinate such assistance with the Chief Counsel in accordance with established local procedures. Patent

patent and copyright infringement; the preparation of certificates to initiate patent clearance; and the handling of other patent matters.

(d) *Patent application filing and determination of rights to inventions and discoveries.* The Assistant General Counsel for Patents or his designee shall:

(1) Make the determination specified in Section 9, (a) (1) and (2) of 42 U.S.C. 5908 concerning inventors;

(2) Determine whether and where patent protection will be obtained on inventions;

(3) Represent ERDA before domestic and foreign patent offices;

(4) Accept assignments and instruments confirmatory of the Government's rights to inventions; and

(5) Represent ERDA in patent matters not specifically reserved to the Administrator or his designee under these Regulations.

§ 9-9.109-4 Remedies

If a contractor operating under a Patent Rights clause fails to establish, maintain, or follow effective procedures for identifying and disclosing inventions as required by the Patent Rights clause or fails to correct any deficiency after notice thereof, the contracting officer may require the contractor to make available for examination books, records, and documents relating to inventions in the same field of technology as the contract to enable an agency determination of whether there are such inventions, and may invoke the withholding of payments provision. Further, the contracting officer may invoke the withholding of payments provision if a contractor fails to disclose an invention deemed by ERDA to be a subject invention.

§ 9-9.109-5 Conveyance of invention rights acquired by the Government.

Whenever the Government acquires the entire right, title, and interest in an invention pursuant to a contract or by operation of law, assignments shall be obtained from the inventor to the Government with the consent of the contractor, to perfect or confirm the Government's rights. The form of conveyance of title from the inventor to the contractor must be legally sufficient to convey the rights the contractor is required to convey to the Government.

§ 9-9.109-6 Waivers.

(a) *General.* The Administrator or his designee may waive all or any part of the rights of the United States (other than certain rights prescribed in paragraph (i) of this section) with respect to any invention or class of inventions made or which may be made by any person or class of persons in the course of or under any contract of ERDA, if it is determined that the interests of the United States and the general public as set forth in the Atomic Energy Act of 1954, as amended (42 U.S.C. 2182), and the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908), will best be served by such waivers. In making such determinations, the Administrator or his designee shall have the following objectives:

(1) Making the benefits of the energy research, development, and demonstration program widely available to the public in the shortest practicable time;

(2) Promoting the commercial utilization of such inventions;

(3) Encouraging participation by private persons in ERDA's energy research, development, and demonstration program; and

(4) Fostering competition and preventing undue market concentration or the creation or maintenance of other situations inconsistent with the antitrust laws.

If it is not possible to attain each of these objectives immediately and simultaneously for any one waiver determination, the Administrator or his designee will seek to reconcile these objectives in light of the overall purposes of the patent policy sections of the Atomic Energy Act of 1954, as amended, and of the Federal Nonnuclear Energy Research and Development Act of 1974. Over time, however, the application of this waiver policy is expected to attain each of these objectives. In addition to the patent policies provided by legislation, and where not inconsistent therewith, the waiver determinations will also be guided by the revised Presidential Memorandum and Statement of Government Patent Policy issued August 23, 1971 (36 FR 16887-16892).

(b) *Advance waiver.* In determining whether a waiver to the contractor at the time of contracting will best serve the interests of the United States and the general public, the Administrator or his designee shall, as a minimum, specifically include as considerations the following:

(1) The extent to which the participation of the contractor will expedite the attainment of the purposes of the program;

(2) The extent to which a waiver of all or any part of such rights in any or all fields of technology is needed to secure the participation of the particular contractor;

(3) The extent to which the work to be performed under the contract is useful in the production or utilization of special nuclear material or atomic energy;

(4) The extent to which the contractor's commercial position may expedite utilization of the research, development, and demonstration program results;

(5) The extent to which the Government has contributed to the field of technology to be funded under the contract;

(6) The purpose and nature of the contract, including the intended use of the results developed thereunder;

(7) The extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

(8) The extent to which the field of technology to be funded under the con-

son or class of persons in the course of or under any contract of ERDA, if it is determined that the interests of the United States and the general public as set forth in the Atomic Energy Act of 1954, as amended (42 U.S.C. 2182), and the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908), will best be served by such waivers. In making such determinations, the Ad-

(7) The extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the work to be performed under the contract;

(8) The extent to which the field of technology to be funded under the con-

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tract has been developed at the contractor's private expense;

(9) The extent to which the Government intends to further develop to the point of commercial utilization the results of the contract effort;

(10) The extent to which the contract objectives are concerned with the public health, public safety, or public welfare;

(11) The likely effect of the waiver on competition and market concentration;

(12) In the case of a nonprofit educational institution, the extent to which such institution has a technology transfer capability and program approved by the Administrator or his designee as being consistent with the applicable policies of this section; and

(13) The small business status of the contractor.

(c) *Waiver of identified inventions.* In determining whether a waiver to the contractor or inventor of rights to an identified invention will best serve the interests of the United States and the general public, the Administrator or his designee shall, as a minimum, specifically include as considerations the following:

(1) The extent to which such waiver is a reasonable and necessary incentive to call forth private risk capital for the development and commercialization of the invention;

(2) The extent to which the plans, intentions, and ability of the contractor or inventor will obtain expeditious commercialization of such invention;

(3) The extent to which the invention is useful in the production or utilization of special nuclear material or atomic energy;

(4) The extent to which the Government has contributed to the field of technology of the invention;

(5) The purpose and nature of the invention, including the anticipated use thereof;

(6) The extent to which the contractor has made or will make substantial investment of financial resources or technology developed at the contractor's private expense which will directly benefit the commercialization of the invention;

(7) The extent to which the field of technology of the invention has been developed at the contractor's expense;

(8) The extent to which Government intends to further develop the invention to the point of commercial utilization;

(9) The extent to which the invention is concerned with the public health, public safety, or public welfare;

(10) The likely effect of the waiver on competition and market concentration;

(11) In the case of a nonprofit educational institution, the extent to [illegible]

the case of requests for an advance waiver and by contractors or employee-inventors in the case of requests for waiver for identified inventions. A request for an advance waiver may also be made for an identified invention which has already been conceived and which reasonably may be first actually reduced to practice in the course of or under an ERDA contract. Such waiver requests must include a copy of the patent or patent application covering the identified invention.

(2) A request for an advance waiver shall be submitted to the contracting officer or to contractors for their subcontractors at anytime prior to execution of the contract or within thirty (30) days thereafter, but should normally be submitted as part of the contract proposal. Advance waivers may also be requested where the purpose or scope of work of an existing contract is to be substantially altered. When advance waivers are granted, the rights set forth in paragraphs (b), (c) and (d) of the clause of § 9-9.107-5(a) should be modified to conform to the waiver granted.

(3) A request for waiver (other than advance waivers) for an identified invention shall be submitted to the patent counsel (with notification by patent counsel to the contracting officer) at the time the invention is reported to ERDA, or not later than nine (9) months after conception or first actual reduction to practice, whichever occurs first, or such longer period as may be authorized by the patent counsel (with notification by patent counsel to the contracting officer) for good cause shown in writing by the contractor or inventor.

(4) All requests for waiver received by ERDA or its contractors will be forwarded promptly to the patent counsel assisting the procuring activity, together with any reference or supporting documents provided by the requestor and any documents or comments provided by the staff of the activity. If the request for waiver appears to contain insufficient information, the patent counsel may seek additional information from the requestor to supplement the request and may also seek additional information from other sources. The patent counsel will thoroughly analyze the request in view of each of the objectives and considerations set forth in this § 9-9.109-6 and shall also consider the

patent counsel to the contracting officer) for good cause shown in writing by the contractor or inventor.

(4) All requests for waiver received by ERDA or its contractors will be forwarded promptly to the patent counsel assisting the procuring activity, together with any reference or supporting documents provided by the requestor and any documents or comments provided by the staff of the activity. If the request for waiver appears to contain insufficient information, the patent counsel may seek additional information from the requestor to supplement the request and may also seek additional information from other sources. The patent counsel will thoroughly analyze the request in view of each of the objectives and considerations set forth in this § 9-9.109-6 and shall also consider the overall rights obtained by the Government in the patent, copyright, and data clauses of the contract. Where it appears that a lesser part of the rights of the United States than requested

that raise significant issues and those that are decisive, and it will explain the basis for the recommended determination. There may be occasions when the application of the various considerations in (b) or (c) of this section to a particular case could cause conflicting results, and in those instances the differences will be reconciled giving due regard to the overall policies set forth in this § 9–9.109–6. Field patent counsel will coordinate actions on advance waivers with the Chief Counsel of the field office concerned as required by local procedures.

(6) The Statement shall be forwarded to the Assistant General Counsel for Patents to serve as a recommended basis for the waiver determination. The Assistant General Counsel for Patents will also obtain comments from the appropriate ERDA program division to assist the Administrator or his designee in the waiver determination. In situations where time does not permit a delay in contract negotiations for the preparation and mailing of a full written Statement, field patent counsel may submit a recommendation on the waiver verbally to the Assistant General Counsel for Patents and request a verbal determination from the Administrator or his designee. Such action shall be promptly confirmed in writing.

(7) In making waiver determinations, the Administrator or his designee shall objectively review all requests for waiver in view of the objectives and considerations set forth in this § 9–9.109–6. If this determination and the rationale therefor is not accurately reflected in the recommended Statement of Considerations, a new Statement shall be prepared.

(8) Where the request for advance waiver has not been approved prior to the effective date of the contract and the terms and conditions of the waiver have thus not been made a part of the contract, the contracting officer shall promptly notify the requestor by letter of the determination of the Administrator or his designee, and the basis therefor. If the advance waiver is approved, the letter shall state the scope, terms, and conditions of such waiver. Where the terms and conditions of an approved advance waiver have not been made a part of the contract, the letter shall inform the requestor that the advance waiver shall be effective (i) As of the effective date of the contract for an advance waiver of inventions identified, i.e., conceived prior to the effective date of the contract, or (ii) As of the date the invention is reported with an election by the contractor to retain rights therein, i.e., for an invention conceived or first actually reduced to practice after the effective date of the contract; provided a copy of the letter is signed and returned to the contracting officer by the requestor acknowledging the acceptance of the scope, terms, and conditions of the advance waiver. After the acceptance by the contractor of an advance waiver, the contracting officer shall cause a unilateral no-cost modification to be made to the contract incorporating the terms and conditions of the waiver in lieu of previous patent provisions. Whenever a requested determination has been denied, the requestor may, within thrity (30) days, request reconsideration. Such a request shall include any additional facts and rationale not previously submitted which support the request. Requests for reconsideration shall be submitted and processed in accordance with the procedures set forth in paragraph (d) of this section.

(e) *Content of waiver requests.* (1) All requests for waiver shall include the following information:

(i) The requestor's identification, business address, and, if represented by counsel, the counsel's name and address;

(ii) An identification of the pertinent contract or proposed contract and a copy of the contract statement of work or a non-proprietary statement which fully describes the proposed work to be performed;

(iii) The nature and extent of waiver requested;

(iv) A full and detailed statement of facts, to the extent known by or available to the requestor, directed to each of the considerations set forth in paragraph (b) or (c) of this section, as applicable, and a statement applying such facts and considerations to the policies set forth in paragraph (a) of this section. It is important that this submission be tailored to the unique aspects of each request for waiver, and be as complete as feasible; and

(v) The signature of the requestor or his authorized representative with the following statement:

> The facts set forth in this request for waiver are within the knowledge of the requestor and are submitted with the intention that the Administrator or his designee rely on them in reaching the waiver determination.

(2) Requests for waiver for identified inventions shall, in addition to items (1) (i)–(v) above, include:

(i) The full names of all inventors;

(ii) A statement of whether a patent application has been filed on the invention, together with a copy of such application if filed, or, if not filed, a complete description of the invention;

(iii) If a patent application has not been filed, any information which may indicate a potential statutory bar to the patenting of the invention under 35 U.S.C. 102 or a statement that no such bar is known to exist; and

(iv) Where the requestor is the inventor, written authorization from the applicable contractor or subcontractor permitting the inventor to request a waiver.

(3) Subject to ERDA regulations, requirements, and restrictions on the treatment of proprietary and classified information, all material submitted in requests for waiver or in support thereof will be made available to the public after a determination on the waiver request has been made, regardless of whether a waiver is granted. Accordingly, requests for waiver should not contain information or data that the requestor is not willing to have made public. If proprietary or classified in-

the effective date of the contract, provided a copy of the letter is signed and returned to the contracting officer by the requestor acknowledging the acceptance of the scope, terms, and conditions of the advance waiver. After the acceptance by the contractor of an advance waiver, the contracting officer shall cause a unilateral no-cost modification to be made to the contract incorporating the terms and conditions of the waiver in

information, all material submitted in requests for waiver or in support thereof will be made available to the public after a determination on the waiver request has been made, regardless of whether a waiver is granted. Accordingly, requests for waiver should not contain information or data that the requestor is not willing to have made public. If proprietary or classified in-

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formation is needed to make the waiver determination, such information shall not be submitted unless specifically requested by the patent counsel:

(f) *Record of waiver determinations.* The Assistant General Counsel for Patents shall maintain and periodically update a publicly available record of waiver determinations.

(g) *Waiver situations and types of waivers.* (1) The various factual situations which are appropriate for waivers cannot be categorized precisely inasmuch as the appropriateness of a waiver will depend upon the manner in which the considerations set forth in paragraph (b) or paragraph (c) of this section relate to the facts and circumstances surrounding the particular contracting situation or the particular invention in order to best achieve the objectives set forth in paragraph (a) of this section. However, some examples where waivers might be appropriate are the following:

(i) Cost sharing contracts;

(ii) Situations in which ERDA is providing increased funding to a specific ongoing privately sponsored research development, or demonstration project;

(iii) Situations involving the private use of Government facilities and the contractor is funding all or a part of such costs;

(iv) Situations in which the equities of the contractor are so substantial in relation of that of the Government that the waiver is necessary to obtain the participation of the contractor; and

(v) Situations involving contracts with small businesses concerning their privately developed technology.

(2) As stated in paragraph (a) of this section, waivers may be granted as to all or any part of the rights of the United States to an invention except for certain rights set forth in paragraph (i) in this section. Accordingly, the waiver of all patent rights that are inherent to an invention, rather than part of the rights, will not necessarily be appropriate. The scope of the waiver will depend upon the relationship of the contractual situation or identified invention to the considerations set forth in paragraph (b) or (c) in order to best achieve the objectives set forth in paragraph (a) of this section. For example, waivers may be restricted to a particular field of use in which the contractor has substantial equities or a commercial position, or restricted to those uses that are not the primary object of the contract effort. Waivers may also be limited to particular geographical locations, may be made effective only for a specified duration, and

(v) Situations involving contracts with small businesses concerning their privately developed technology.

(2) As stated in paragraph (a) of this section, waivers may be granted as to all or any part of the rights of the United States to an invention except for certain rights set forth in paragraph (i) in this section. Accordingly, the waiver of all patent rights that are inherent to an invention, rather than part of the rights, will not necessarily be appropriate. The scope of the waiver will depend upon the relationship of the contractual situation or identified invention to the considerations set forth in paragraph (b) or (c) in order to best achieve the objectives set forth in paragraph (a) of this section. For example, waivers may be restricted to a particular field of use in which the contractor has substantial equities or a commercial position, or restricted to those uses that are not the primary object of the contract effort. Waivers may also be limited to particular geographical locations, may be made effective only

actually reduced to practice prior to the time of contracting or would be reduced to practice under the contract. A purpose of such waivers is to clarify and definitize the rights of the parties to such inventions when the facts surrounding the first actual reduction to practice prior to or during the contract are or will be difficult to establish.

(h) *Waivers to educational institutions.* (1) Except to the extent that a nonprofit educational institution may be engaged as a contractor operating a Government-owned facility or undertaking other special contracts, the following considerations apply to the granting of advance and identified waivers to educational institutions having an approved technology transfer program and capability. To obtain approval of its technology transfer program, educational institutions shall forward their requests to ERDA as provided in paragraph (2) below.

(2) A nonprofit educational institution desiring to obtain approval of its technology transfer program and capability shall provide the agency with the following information:

(i) General information concerning the institution, including:

(A) A copy of its Articles of Incorporation;

(B) A statement of the institution's purpose and aims; and

(C) A statement indicating the source of the institution's funds;

(ii) A copy of the institution's established patent policy, together with the date and manner of its adoption;

(iii) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the institution's patent management capabilities;

(iv) A description of the institution's procedures for identifying and reporting inventions and a description of the procedures for evaluation of such inventions for inclusion in the institution's promotional program;

(v) A copy of the agreement signed by employees engaged in research and development, indicating their obligation in regard to inventions conceived or first actually reduced to practice in the course of their assigned duties;

(vi) A copy of the invention report form or outline utilized for preparation of invention reports;

(vii) A statement of whether the institution has an agreement with any patent management organizations or con-

(A) Number of inventions reported to the institution during each of the past ten (10) years;

(B) Number of patent applications filed during each of the past ten (10) years;

(C) Number of patents obtained during each of the past ten (10) years;

(D) Number of exclusive licenses issued during each of the past ten (10) years;

(E) Number of nonexclusive licenses, other than those to sponsoring Government agencies, issued during each of the past ten (10) years;

(F) Gross royalty income during each of the past ten (10) years; and

(G) A general description of royalties charged, including minimum and maximum royalty rates;

(x) A list of subsidiary or affiliate institutions which would be covered by an agreement signed by the institution;

(xi) If the institution is a subsidiary or affiliate organization, the name of the other related organization and a description of the relationship;

(xii) The amount of Government support for research and development activities currently being administered by the institution, giving Government agency and breakdown;

(xiii) A statement of the institution's policies with respect to the sharing of royalties with employees; and

(xiv) A description of the uses made of any net income generated by the institution's patent management program.

(3) Before an institution's technology transfer program and capabilities are approved, the institution shall have a technology transfer program which, as a minimum shall include the five (5) criteria listed below. In addition to these criteria, consideration will be given to whether or not other Government agencies have approved an Institutional Patent Agreement with the requesting institution. The five criteria are:

(i) An established patent policy which is consistent with the four policy objectives in § 9–9.109–6(a) and is administered on a continuous basis by an officer or organization responsible to the institution;

(ii) Agreements with employees requiring them to assign to the institution or its designee or the Government any invention conceived or first actually reduced to practice by them in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government-supported research and development projects;

(iii) Procedures for insuring that inventions are promptly identified and timely disclosed to the officer or organization administering the patent policy of the institution;

(iv) Procedures for insuring that inventions disclosed to the institution are evaluated for inclusion in the institution's promotional program; and

(v) An active and effective promotional program for the licensing and marketing of inventions.

(4) In considering approval of technology transfer programs and capabilities in connection with requests for advance waivers, such approval shall be considered in lieu of commercial, manufacturing, and marketing capabilities which normally reside in industry. Such approval shall not be considered sufficient in and of itself as justifying the granting of an advance waiver to an institution. Approval of the grant of advance waiver must be viewed in light of the considerations of § 9–9.109–6(b) above and the four objectives set forth in § 9–9.109–6(a) above.

(5) In requests for identified waivers, however, the fact that an institution with an approved technology transfer program and capabilities has identified an invention and has expressed a desire to commercialize it through a request for a waiver therefor shall normally be presumed to have met the criteria of § 9–9.109–6(c) unless it is indicated that under one or more of the criteria the presumption is inapplicable.

(i) *Terms and conditions of waivers.* Each waiver shall contain, as a minimum, provisions covering each of the following:

(1) Advance waivers shall apply only to inventions reported in accordance with paragraph (e)(2)(i) of the clause of § 9–9.107–5(a) and with which is included an election as to whether the contractor will retain the rights waived in the invention, and specifying those countries in which rights will be retained.

(2) Subject to the rights granted in paragraphs (c) (1), (2) and (3) of the Patent Rights clause of § 9–9.107–5(a), the contractor or inventor shall agree to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the contractor or inventor as appropriate:

(i) Does not elect, in accordance with (i)(1) of this section to retain such rights; or

(ii) Fails to have a United States patent application filed on the invention in accordance with paragraph (i)(5) of this section, or decides not to continue prosecution of such application; or

(iii) At any time, no longer desires to retain title.

(3) Subject to the rights granted in paragraph (c) (1), (2) and (3) of the Patent Rights clause of § 9–9.107–5(a), the contractor or inventor shall agree to convey to the Government, upon request, the entire rights, title and interest in any Subject Invention in any foreign country if the contractor or inventor, as appropriate:

(i) Does not elect, in accordance with paragraph (i)(1) of this section, to retain such rights in the country; or

(ii) Fails to have a patent application filed in the country on the invention in accordance with paragraph (i)(6) of this section, or decides not to continue prosecution or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the contractor or inventor shall notify the patent counsel not less than 60 days before the expiration period for any

zation administering the patent policy of the institution;

(iv) Procedures for insuring that inventions disclosed to the institution are evaluated for inclusion in the institution's promotional program; and

(v) An active and effective promotional program for the licensing and marketing of inventions.

accordance with paragraph (i)(6) of this section, or decides not to continue prosecution or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the contractor or inventor shall notify the patent counsel not less than 60 days before the expiration period for any

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action required by the foreign patent office.

(4) Conveyances requested pursuant to paragraph (i) (2) or (3) of this section shall be made by delivering to the patent counsel duly executed instruments and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest in the invention to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of the invention.

(5) (i) With respect to each invention in which the contractor has an advance waiver and elects to retain domestic rights pursuant to paragraph (i) (1) of this section, the contractor shall have a domestic patent application filed within 6 months after submission of the invention disclosure pursuant to paragraph (e) (2) (i) of the clause of § 9–9.107–5(a) or such longer period as may be approved by the patent counsel for good cause shown in writing by the contractor or inventor. For identified inventions waived to the contractor or inventor, the contractor or inventor shall have a domestic patent application filed within 6 months after the waiver has become effective. With respect to such inventions, the contractor or inventor shall promptly notify the patent counsel of any decision not to file an application.

(ii) For each subject invention on which a patent application is filed by the contractor or inventor, the contractor or inventor shall:

(A) Within 2 months after the filing or within 2 months after submission of the invention disclosure if the patent application previously has been filed, deliver to patent counsel a copy of the application as filed including the filing date and serial number;

(B) Include the following statement in the second paragraph of the specification of the application and any patents issued on a Subject Invention, "The Government has rights in this invention pursuant to Contract No. _____ (or Grant No. _____) awarded by the U.S. Energy Research and Development Administration.";

(C) Within 6 months after filing the application or within 6 months after submitting the invention disclosure if the application has been filed previously, deliver to the patent counsel a duly ex-

(A) Within 2 months after the filing or within 2 months after submission of the invention disclosure if the patent application previously has been filed, deliver to patent counsel a copy of the application as filed including the filing date and serial number;

(B) Include the following statement in the second paragraph of the specification of the application and any patents issued on a Subject Invention, "The Government has rights in this invention pursuant to Contract No. _____ (or Grant No. _____) awarded by the U.S. Energy Research and Development Administration.";

(C) Within 6 months after filing the application or within 6 months after submitting the invention disclosure if the application has been filed previously, deliver to the patent counsel a duly executed and approved instrument fully confirmatory of all rights to which the Government is entitled, and provide ERDA an irrevocable power to inspect and make copies of the patent applica-

granting the Government a power of attorney.

(iii) For each invention in which the contractor initially elects pursuant to (i) (1) of this section not to retain the rights waived, the contractor shall inform the patent counsel promptly in writing of the date and identity of any on sale, public use, or public disclosure of the invention which may constitute a statutory bar under 35 U.S.C. 102, which was authorized by or known to the contractor, or any contemplated action of this nature.

(6) (i) With respect to each Invention in which the contractor elects pursuant to (i) (1) of this section to retain the rights waived in a foreign country, or in which the contractor or inventor has obtained a waiver of foreign rights on an identified invention, the contractor or inventor shall have a patent application filed on the invention in that country, in accordance with applicable statutes and regulations, and within one or the following periods:

(A) Eight (8) months from the date of a corresponding United States application filed by the contractor or inventor, or if such an application is not filed, 6 months from the date the invention is submitted in a disclosure pursuant to paragraph (e) (2) (i) of the clause of § 9–9.107–5(a);

(B) Six (6) months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications where such filing has been prohibited by security reasons; or

(C) Such longer period as may be approved by the patent counsel.

(ii) The contractor or inventor shall notify the patent counsel promptly of each foreign application filed and upon written request shall furnish an English version of the application without additional compensation.

(7) The contractor or inventor shall, three years after a waiver is effective as to an invention, and at three-year intervals thereafter, and when specifically requested by the patent counsel, furnish patent counsel a report setting forth:

(i) The commercial use that is being made, or is intended to be made, of said invention, and

(ii) The steps taken to bring the invention to the point of practical application or to make the invention available for licensing;

(8) The Government's retention of at least an irrevocable, nonexclusive, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government (including any Government agency) and States and