



RECOF

04-30-2002



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PATENTS ONLY

S-84381

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

New 4-16-02

Resubmission (Non-Recordation)  
Document ID#

Correction of PTO Error  
Reel #  Frame #

Corrective Document  
Reel #  Frame #

Conveyance Type

Assignment  Security Agreement

License  Change of Name

Merger  Other

U.S. Government  
(For Use ONLY by U.S. Government Agencies)

Departmental File  Secret File

Conveying Party(ies)

Mark if additional names of conveying parties attached

Name	Execution Date		
	Month	Day	Year
Name (line 1) <input type="text" value="BATTELLE MEMORIAL INSTITUTE, PACIFIC NORTHWEST LABORATORIES"/>	3	3	1997
Name (line 2) <input type="text"/>			

Second Party

Name	Execution Date		
	Month	Day	Year
Name (line 1) <input type="text"/>			
Name (line 2) <input type="text"/>			

Receiving Party

Mark if additional names of receiving parties attached

Name (line 1)

Name (line 2)

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. (Designation must be a separate document from Assignment.)

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

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**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages** Enter the total number of pages of the attached conveyance document including any attachments. #

**Application Number(s) or Patent Number(s)**  Mark if additional numbers attached

Enter either the Patent Application Number or the Patent Number (DO NOT ENTER BOTH numbers for the same property).

Patent Application Number(s)

Patent Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="5,977,013"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

If this document is being filed together with a new Patent Application, enter the date the patent application was  Month Day Year

**Patent Cooperation Treaty (PCT)**  
Enter PCT application number only if a U.S. Application Number has not been assigned.  
PCT  PCT  PCT   
PCT  PCT  PCT

**Number of Properties** Enter the total number of properties involved. #

**Fee Amount** Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed  Deposit Account

Deposit Account (Enter for payment by deposit account or if additional fees can be charged to the account.)  
Deposit Account Number: #

Authorization to charge additional fees: Yes  No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Brenda K. Banks		
Name of Person Signing	Signature	Date



08/780,094  
now Pat: 5,977,013

CONFIRMATORY LICENSE

(Nonprofit Organizations or Small Business Firms)

Title:	Catalysts and Method for Aqueous Phase Reactions;		
Inventor(s):	DC Elliott, TR Hart		
Serial No.:	08/780,094	Filing Date (U.S.):	12/19/96
Contractor:	Battelle Memorial Institute, PNL	DOE Case No.:	S-84,381
DOE Contract No.:	DE-AC06-76RLO 1830	Patent Rights Clause No.:	I-90

The Contractor, having the right to retain title to subject inventions as a result of Public Law 96-517, has reported the above-identified invention as a subject invention to DOE with its election to retain title thereto.

Accordingly, this document is confirmatory of the nonexclusive, nontransferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States, required by the Public Law and the above-identified contract, in this invention and of all other rights acquired by the Government by the above-identified patent rights clause, a copy of which is attached hereto and incorporated by reference herein. The undersigned certifies the attached copy to be a true copy of said clause. It is understood and agreed that this license does not preclude the Government from asserting rights under the provisions of said contract or of any other agreement between the Government and the Contractor, or from asserting any other rights of the Government with respect to the above-identified invention.

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this 3<sup>rd</sup> day of March, 1997.

BATTELLE MEMORIAL INSTITUTE, PACIFIC NORTHWEST LABORATORIES  
(Contractor)

By:   
Douglas E. McKinley Jr., Contracting Officer

P.O. Box 999, Richland, Washington 99352  
(Business Address)

1-90 PATENT RIGHTS FACILITY

ARTICLE I, PATENT RIGHTS

(a) Definitions

- (1) "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code (USC), or any novel variety of plant which is or may be protected under the Plant Variety Protection Act (7 USC 2321 et seq.).
- (2) "Subject Invention" means any invention of the Contractor conceived or first actually reduced to practice in the performance of work under this Contract, provided that in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act, 7 USC 2401(d)) must also occur during the period of the contract performance.
- (3) "Practical Application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.
- (4) "Made" when used in relation to any invention means the conception or first actual reduction-to practice of such invention.
- (5) "Small Business Firm" means a small business concern as defined at Section 2 of Public Law 85-536 (15 USC 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this Clause, the size standard for small business concerns involved in Government procurement and subcontracting at 13 CFR 121.3-8, and in 13 CFR 121.3-12, respectively will be used.
- (6) "Nonprofit Organization" means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 USC 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 USC 501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.
- (7) "Patent Counsel" means the Department of Energy (DOE) patent counsel assisting the DOE contracting activity.
- (8) "Exceptional Circumstance Subject Invention" means any Subject Invention for which the DOE provides the exceptional circumstance finding and analysis in writing under Section 35 USC 202(a)(ii) and the procedures of 37 CFR 401.3(e).
- (9) "Affiliate of the Contractor" means any concern which either directly or indirectly controls or is controlled by the Contractor or by a third party which controls or has the power to control both.
- (10) "Facility" means buildings, laboratories, and equipment owned or leased by the Government or by the Contractor and used by the Contractor in work performed under this Contract.

- (11) "Contract" means the funding agreement between the Contractor and DOE identified as Contract DE-AC06-76RL01830 or as that contract may be otherwise identified in the future.
- (12) "Royalties and Other Income" means payments to the Contractor pursuant to a license, sale, or other agreement for transfer of rights in a Subject Invention, excepting, however, that payments made to the Contractor in consideration for research and development or other services related to the invention shall not constitute such royalties or other income.

(b) Allocation of Principal Rights

- (1) The Contractor may retain the entire right, title, and interest throughout the world to each Subject Invention except an Exceptional Circumstance Subject Invention subject to the provisions of this Clause and 35 USC 203. With respect to any Subject Invention in which the Contractor retains title, the Federal Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the Subject Invention throughout the world. The right of the Contractor to elect title to Subject Inventions is subject to the invention rights disposition in the following identified treaties or international agreements identified in Appendix I which is incorporated by reference and made a part of this Contract.
- (2) The DOE reserves the right to unilaterally amend this Contract to identify specific treaties or international agreements entered into or to be entered into by the Government after the effective date of this Contract modification and effectuate those license or other rights which are necessary for the Government to meet its obligations to foreign governments, their national and international organizations under such treaties or international agreements with respect to Subject Inventions made after the date of the amendment.
- (3) The Contractor agrees to assign to the Government, the entire right, title and interest thereto, throughout the world in and to any Exceptional Circumstance Subject Invention except to the extent that rights are retained by the Contractor through a greater rights determination. The Contractor or an employee-inventor with the Contractor's approval, may submit a request for greater rights at the time the invention is disclosed to DOE or within 8 months after conception or first actual reduction to practice whichever occurs first. At this time, the technical fields determined by DOE to be exceptional circumstances are uranium enrichment technology, the storage and disposal of civilian high-level nuclear waste and spent fuel technology, and those national security technologies which are classified, or sensitive under Section 148 of the Atomic Energy Act (42 USC 2168). DOE reserves the right to unilaterally amend this Contract to identify any new technical fields which may be determined to be exceptional circumstances pursuant to 35 USC 202(a)(ii) with respect to Subject Inventions made after the date of this amendment. Battelle agrees to comply with applicable laws and U.S. Government regulations pertaining to export of technical information.

(c) Invention Disclosure, Election of Title and Filing of Patent Application by Contractor.

- (1) (i) The Contractor will disclose each Subject Invention to the Patent Counsel within two months after the inventor discloses it in writing to Contractor personnel responsible for patent matters. The disclosure to the Patent Counsel shall be in the form of a written report and shall identify the contract under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding to the extent known at the time of the disclosure of the nature, purpose, operation, and physical, chemical,

biological, or electrical characteristics of the invention. The disclosure shall also identify any publication, on sale, or public use of the invention and whether a manuscript describing the invention has been submitted for publication at the time of disclosure. In addition, after disclosure to the Patent Counsel, the Contractor will promptly notify the Patent Counsel of the acceptance of any manuscript describing the invention for publication or any on sale or public use planned by the Contractor. The Contractor shall obtain approval from Patent Counsel prior to any release or publication of information regarding an Exceptional Circumstance Subject Invention or a Subject Invention related to a treaty or international agreement.

- (ii) The disclosure shall include a written statement as to whether the invention is an Exceptional Circumstance Subject Invention or related to national security. DOE will make a determination and advise the Contractor within 30 days of receipt of an invention disclosure as to whether the invention is an Exceptional Circumstance Subject Invention or related to national security.
  - (iii) For Subject Inventions related to national security, the Contractor may elect to retain title to such a Subject Invention under paragraph (b)(1) hereof if the invention is not Classified by DOE or another Government Agency within six months of the date it is reported to Patent Counsel or if within the same time period DOE does not, as authorized by regulation, law or Executive Order or implementing regulations thereto, prohibit unauthorized dissemination of the invention. The invention shall be considered an Exceptional Circumstance Subject Invention for either of these situations.
- (2) Except as provided in paragraph (b)(3) of this Article I, the Contractor will elect in writing whether or not to retain title to any Subject Invention by notifying the Patent Counsel within two years of disclosure to the Patent Counsel. However, any case where publication, on sale, or public use has initiated the one year statutory period wherein valid patent protection can still be obtained in the United States, the period for election of title may be shortened by the Patent Counsel to a date that is no more than 60 days prior to the end of the statutory period.
- (3) The Contractor will file its initial patent application on a Subject Invention to which it elects to retain title within one year after election of title or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The Contractor will file patent applications in additional countries or international patent offices within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by Secrecy Order.
- (4) Requests for extension of the time for disclosure, election, and filing under paragraphs (c)(1), (c)(2) and (c)(3) above may be granted at the discretion of the Patent Counsel.
- (d) **Conditions When The Government May Obtain Title**
- (1) The Contractor will convey to the DOE, upon written request, title to any Subject Invention:
    - (i) If the Contractor fails to disclose or elect title to the Subject Invention within the times specified in paragraph (c), above, or elects not to retain title; provided that

the DOE may only request title within 60 days after learning of the failure of the Contractor to disclose or elect within the specified times.

- (ii) In those countries in which the Contractor fails to file patent applications within the times specified in paragraph (c) above; provided, however that if the Contractor has filed a patent application in a country after the times specified in paragraph (c) above, but prior to its receipt of the written request of the DOE, the Contractor shall continue to retain title in that country.
- (iii) In any country in which the Contractor decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in a reexamination or opposition proceeding on, a patent on a Subject Invention.

(e) Minimum Rights to Contractor

- (1) The Contractor may request from the Contracting Officer the right to reserve a revocable, nonexclusive, royalty-free license throughout the world in each Subject Invention to which the Government obtains title, except if the Contractor fails to disclose the invention within the time specified in paragraph (c) above. If granted, the Contractor's license provisions will be in accordance with the Contracting Officer's approval, or, if granted but not specifically stated to be a worldwide license, it would extend only to its domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and includes 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 is transferable only with the approval of DOE except when transferred to the successor of that part of the Contractor's business to which the invention pertains.
- (2) The Contractor's domestic license may be revoked or modified by the DOE to the extent necessary to achieve expeditious practical application of the Subject Invention pursuant to an application for exclusive license submitted in accordance with applicable provisions at 37 CFR part 404 and DOE licensing regulations (if any). This license will not be revoked in that field of use or the geographical areas in which the Contractor has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of the DOE to the extent the Contractor, its licensees, or the domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.
- (3) Before revocation or modification of the license, the DOE will furnish the Contractor a written notice of its intention to revoke or modify the license, and the Contractor will be allowed thirty days (or such other time as may be authorized by the DOE for good cause shown by the Contractor) after the notice to show cause why the license should not be revoked or modified. The Contractor has the right to appeal, in accordance with applicable regulations in 37 CFR part 404 and DOE regulations (if any) concerning the licensing of Government owned inventions, any decision concerning the revocation or modification of the license.

(f) **Contractor Action to Protect Government's Interest**

- (1) **The Contractor agrees to execute or to have executed and promptly deliver to the Patent Counsel all instruments necessary to:**
  - (i) **Establish or confirm the rights the Government has throughout the world in those Subject Inventions to which the Contractor elects to retain title, and**
  - (ii) **Convey title to the DOE when requested under paragraphs (b)(3) or (d) above and to enable the Government to obtain patent protection throughout the world in the Subject Invention.**
- (2) **The Contractor agrees to require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the Contractor each Subject Invention made under this Contract in order that the Contractor can comply with the disclosure provisions of paragraph (c) above and to execute all papers necessary to file patent applications on Subject Inventions and to establish the Government's rights in the Subject Inventions. This disclosure format should require, as a minimum, the information required by paragraph (c)(1) above. The Contractor shall instruct such employees through employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to United States or foreign statutory bars.**
- (3) **The Contractor will notify the Patent Counsel of any decision not to continue prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than thirty days before the expiration of the response period required by the relevant patent office.**
- (4) **The Contractor agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a Subject Invention, the following statement, "This invention was made with Government support under Contract DE-AC06-76RL01830 awarded by the U.S. Department of Energy. The Government has certain rights in the invention."**
- (5) **The Contractor shall establish and maintain active and effective procedures to ensure that Subject Inventions are promptly identified and timely disclosed and shall submit a description of the procedures to the Contracting Officer so that the Contracting Officer may evaluate and determine their effectiveness**
- (6) **The Contractor shall provide upon request, the filing date, serial number, and title; a copy of the patent application; and patent number and issue date for any Subject Invention in any country in which the Contractor has applied for patents.**
- (7) **The Contractor shall furnish the Patent Counsel on a DOE approved form, upon request, but not more than annually, interim reports listing Subject Inventions disclosed to DOE and subcontracts awarded containing a patent clause for that period or stating that there were none.**
- (8) **Upon request and prior to closeout of the Contract, the Contractor shall provide a report to Patent Counsel listing all Subject Inventions or stating that there were none.**



(g) Subcontracts

- (1) The Contractor will include the Clause set forth in 37 CFR 401.14(a) suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental, or research work to be performed by small business firm or domestic nonprofit organization except subcontracts which are subject to exceptional circumstances. The subcontractor will retain all rights provided for the Contractor in this Clause, and the Contractor will not, as part of the consideration for awarding any subcontract, obtain rights in the subcontractor's Subject Inventions.
- (2) The Contractor will include in all other subcontracts, regardless of tier, for experimental, developmental, or research work the patent rights clause required by 41 CFR 9-9.107-5(a) and such clause as modified for such subcontracts which are subject to exceptional circumstances.
- (3) In the case of subcontracts, at any tier, when the prime award with DOE was a contract (but not a grant or cooperative agreement), the DOE, subcontractor, and the Contractor agree that the mutual obligations of the parties created by this Clause constitute a contract between the subcontractor and the DOE with respect to those matters covered by the Clause; provided, however, that nothing in this paragraph is intended to confer any jurisdiction under the Contract Disputes Act in connection with proceedings under paragraph (j) below.

(h) Reporting on Utilization of Subject Inventions

The Contractor agrees to submit on request periodic reports no more frequently than annually on the utilization of Subject Inventions or on efforts at obtaining such utilization that are being made by the Contractor or its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received by the Contractor, and such other data and information as DOE may reasonably specify. The Contractor also agrees to provide additional reports as may be requested by DOE in connection with any march-in proceeding undertaken by DOE in accordance with paragraph (j) below. As required by 35 USC 202(c)(5), the DOE agrees it will not disclose such information to persons outside the Government without permission of the Contractor.

(i) Preference for United States Industry

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

(j) March-in Rights

The Contractor agrees that with respect to any Subject Invention in which it has retained title, DOE has the right in accordance with procedures in 37 CFR 401.6 and any supplemental regulations of the DOE to request the Contractor, an assignee or exclusive licensee of a Subject Invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reasonable under the

circumstances, and if the Contractor, assignee, or exclusive licensee refuses such a request, DOE has the right to grant such a license itself if DOE determines that:

- (1) Such action is necessary because the Contractor assignee or exclusive licensee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the Subject Invention in such field of use;
- (2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the Contractor, assignee, or their licensees;
- (3) Such action is necessary to meet requirements for public use specified by federal regulations and such requirements are not reasonably satisfied by the Contractor, assignee, or licensees; or
- (4) Such action is necessary because the agreement required by paragraph (i) above has not been obtained or waived or because a licensee of the exclusive right to use or sell any Subject Invention in the United States is in breach of such agreement.

(k) Special Provisions for Contracts with Nonprofit Organizations

The Contractor agrees that:

- (1) Rights to a Subject Invention in the United States may not be assigned without the approval of DOE, except where such assignment is made to an organization which has as one of its primary functions the management of inventions, provided that such assignee will be subject to the same provisions as the Contractor.
- (2) The Contractor will make payments from royalty and other income collected on a Subject Invention to the inventor(s) and selected innovator(s), including Federal employee co-inventors (when the agency deems it appropriate) if the Subject Invention is assigned in accordance with 35 USC 202(e) and 37 CFR 401.10.
- (3) After payment of patenting costs, licensing costs, payments as described in paragraph (k)(2) above, and other expenses incidental to the administration of Subject Inventions, the balance of any royalties or other income earned and retained by the Contractor during any fiscal year on all Subject Inventions under this or any successor contract containing the same requirement, up to an amount equal to five percent of the budget of the Facility for that fiscal year, shall be used by the Contractor for scientific research, development, and education consistent with the mission and objectives of the Facility, including activities that increase the licensing potential of other inventions of the Facility with a percentage as determined by Article II, paragraph (b)(3), but not less than fifty-one percent (51%) of the balance of such royalties or other income earned and retained by the Contractor being used at the Facility. If the balance exceeds five percent, 75 percent of the excess above five percent shall be paid by the Contractor to the Treasury of the United States and the remaining 25 percent shall be used by the Contractor only for the same purposes as described above. To the extent it provides the most effective technology transfer, the licensing of Subject Inventions shall be administered by Contractor employees on location at the Facility.
- (4) It will make efforts that are reasonable under the circumstances to attract licensees of Subject Inventions that are small business firms and it will give a preference to a small business firm when licensing a Subject Invention if the Contractor determines that the small business firm has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to practical application as any plans

or proposals from applicants that are not small business firms; provided, that the Contractor is also satisfied that the small business firm has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the Contractor. However, the Contractor agrees that the Secretary of Commerce may review the Contractor's licensing program and decisions regarding small business applicants, and the Contractor will negotiate changes to its licensing policies, procedures, or practices with the Secretary when the Secretary's review discloses that the Contractor could take reasonable steps to implement more effectively the requirements of this paragraph (k)(4).

(l) Communication

The DOE central point of contact for communications on matters relating to this Clause is the Patent Counsel.

(m) 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 (m)(1) above from all persons who perform any part of the work under this Contract, except nontechnical personnel, such as clerical employees and manual laborers.

(n) Examination of Records

The Contracting Officer or his authorized representative, until expiration of three 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 authorized representative reasonably deems pertinent to the discovery or identification of Exceptional Circumstance Subject Inventions or to determine compliance with the requirements of this Clause.

(o) 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, non-exclusive, 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 Government-owned portion of the Facility or which are utilized in the operation of the Government-owned portion of the Facility or which cover articles, materials, or products manufactured at the Government-owned portion of the Facility (1) to practice or to have practiced by or for the Government at the Government-owned portion of the Facility, and (2) to transfer such license with the transfer of the Government-owned portion of the 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.

(p) Patent Functions.

The Contractor upon written request of the Patent Counsel will use reasonable efforts to support the Patent Counsel in carrying out patent-related functions for work arising out of the contract, which functions include but are not limited to preparation, filing, and prosecution of patent applications where the Government obtains title and determination of questions of patentability and inventorship.

ARTICLE II. OTHER PATENT RELATED MATTERS

(a) Transfer of Patent Rights to a Successor Contractor

At the termination or expiration of this Contract, the following terms and conditions shall apply to Subject Inventions, licenses, and royalties generated therefrom:

- (1) For any license executed prior to termination or expiration of this Contract for a Subject Invention, the distribution of net royalties or income therefrom shall remain as prior to contract termination or expiration and shall continue for the duration of such license. The percentage of such royalties or income being used at the Facility shall go to the successor contractor at the Facility for use at the Facility pursuant to its contract or, in the absence of a successor contractor, to such other entity designated by the Government.
- (2) For any assignment executed to a party other than an affiliate of the Contractor prior to termination or expiration of this Contract for a Subject Invention, the distribution of net royalties or income therefrom shall remain as prior to contract termination or expiration and shall continue for the duration of such assignment. The percentage of such royalties or income being used at the Facility shall go to the successor contractor at the Facility for use at the Facility pursuant to its contract or, in the absence of a successor contractor, to such other entity designated by the Government.
- (3) Where title to a Subject Invention has been retained by the Contractor or an affiliate of the Contractor, the Contractor and Government shall enter negotiations prior to such termination or expiration with respect to retention of the title to the invention by the Contractor or its affiliate or transfer of such title to DOE or the successor contractor operator of the Facility. Such negotiations shall consider the equities of the parties with respect to each Subject Invention and shall take into consideration the presence of private investment, potential commercial use, assumption of patent related liabilities, effective technology transfer, and the need to market the technology.
- (4) Where title to a Subject Invention is to be retained by the Contractor or its affiliate subsequent to termination or expiration of the contract, the Contractor and the Government shall enter negotiations prior to such termination or expiration, with respect to net royalties or income generated from assignments or licenses of such inventions effected subsequent to termination or expiration of the contract and the distribution thereof between the Contractor and a successor contractor at the Facility for use at the Facility pursuant to its contract or, in the absence of a successor contractor then to such other entity designated by the Government. Such negotiations shall consider the equities of the parties and other conditions as set forth in this Article II, paragraph (a)(3) above. However, the net royalty or income distribution to the Facility for use by a successor contractor or other Government designated entity shall in no event be less than twenty-five percent (25%) of such net royalties or income.

(b) Costs

- (1) Except as otherwise specified in this paragraph or in Clause I-64, "Allowable Costs and Fixed Fee," no costs are allowable as direct or indirect costs for the preparation, filing, or prosecution of patent applications or the payment of maintenance fees or licensing and marketing costs after the Contractor elects to retain title. Should the Contractor elect title after allowable costs have been incurred with respect to the patenting, licensing, or marketing of a particular invention (i.e., under Article I, paragraph (p)), such costs shall be repaid in accordance with paragraphs (b)(3) and (b)(4) below, as if such costs had originally been incurred through the expenditure of indirect cost monies pursuant to subparagraph (b)(2) below.
- (2) For a four-year period, an amount not to exceed \$200,000/year shall be allowable as an indirect cost for activities such as the preparation, filing, or prosecution of patent applications or the payment of maintenance fees or licensing and marketing costs.
- (3) To the extent that the Contractor utilizes indirect cost monies pursuant to paragraph (b)(2) above, the annualized balance of royalties or income (net) being returned to and used at the Facility shall be in the ratio of expenditure of allowable funds pursuant to paragraph (b)(2) above to the sum of such expended allowable funds plus any private contractor funds for invention costs set forth in Article I, paragraph (k)(3). However, the annualized net royalties or income being returned to the Facility for use at the Facility shall in no event be less than fifty-one percent (51%) of the balance of royalties or income earned.
- (4) To the extent that the Contractor utilizes indirect cost monies pursuant to this Article II, paragraph (b)(2) above, it shall provide reimbursement thereof to the general operating fund of the Facility when royalties or income from all invention activities set forth in Article I, paragraph (k)(3) become self sustaining. Such reimbursement shall be on an annualized basis and shall be equal to twenty percent (20%) of the balance of net royalties or income prior to distribution to the Contractor.

Further, where the Contractor assigns or conveys title to an invention to other than an affiliate of the Contractor, the Contractor shall reimburse the general operating fund of the Facility for any indirect cost monies utilized with respect to such invention pursuant to paragraph (b)(2) above. Such reimbursement shall be made out of any net royalties or income from Subject Inventions (whether or not from the Subject Invention conveyed) before such royalties are used for any other purpose.

(c) Royalty Use at the Facility

Royalties or other income received by the Contractor which are required to be used at the Facility pursuant to Article I, paragraph (k)(3) of this Contract shall be used for scientific research, development, and educational purposes as follows:

The Contractor shall include as a part of its annual Facility Institutional Plan or other annual document an auditable detailed plan setting out those uses to which such royalty funds will be applied at the Facility and, at the end of the year, a separate accounting for and detailed statement of how the funds were actually used. Such uses shall be consistent with the mission and objectives of the Facility and shall be subject to prior DOE approval. The funds may be utilized to support cooperative ventures under the authority of Section 646(a) of the DOE Organization Act and may also be utilized to supplement the Facility Director's discretionary funds. However, under no circumstances shall the royalties be used for the

augmentation of general DOE program funds. The Contractor's use of the royalties shall be evaluated as part of the annual appraisal process.

In the event of termination or expiration of this Contract, any unexpended balance of net royalties received for use at the Facility shall be transferred, at DOE's request to a successor Contractor, or in the absence of a successor contractor, to such other entity designated by the Government.

(d) Royalty Payments

The Contractor shall establish, subject to the approval of the Contracting Officer, a policy for rewarding inventors and innovators.

Whenever any annual aggregate reward to an inventor or innovator exceeds ten percent (10%) of the inventor's or innovator's annual base salary, the Contractor shall:

- (1) Identify all such inventors and innovators to the Contracting Officer.
- (2) Provide an accounting of time spent by each such inventor and innovator on private consultations, Work-for Others projects, and DOE mission work.

(e) Conflicts of Interest

The Contractor shall establish, in the area of intellectual property administration, procedures to avoid actual or apparent conflicts of interest. Such administrative procedures shall be subject to the approval of the Contracting Officer, and shall embody, as a minimum, those guidelines which have been agreed to by the Contractor and DOE. Any changes to such procedures shall be subject to the approval of the Contracting Officer. The Contracting Officer may request a report not more than annually with respect to such procedures.

(f) Liability of the Government

- (1) It is understood that the activities of the Contractor under this Clause are activities under the Contract and subject to Clause I-80, "Litigation and Claims."
- (2) The Contractor shall not include in any license agreement or assignment any guarantee or requirement which would obligate the Government to pay any costs or create any liability on behalf of the Government.
- (3) The Contractor shall include in all licensing agreements and in any assignment of title the following clauses unless otherwise approved or directed by the Contracting Officer following consultation with DOE Patent Counsel:
  - (a) "This agreement is entered into by Battelle Memorial Institute (BMI) in its private capacity. It is understood and agreed that the U.S. Government is not a party to this agreement and in no manner whatsoever shall be liable for nor assume any responsibility or obligation for any claim, cost or damages arising out of or resulting from this agreement or the subject matter licensed assigned)."
  - (b) "Nothing in this Agreement shall be deemed to be a representation or warranty by BMI or the U.S. Government of the validity of any of the patents or the accuracy, safety, or usefulness for any purpose, of any TECHNICAL INFORMATION, techniques, or practices at any time made available by BMI. Neither the U.S. Government nor BMI nor any affiliated company of BMI shall have any liability

whatsoever to LICENSEE or any other person for or on account of any injury, loss, or damage of any kind or nature sustained by, or any damage assessed or asserted against, or any other liability incurred by or imposed upon LICENSEE or any other person, arising out of or in connection with or resulting from (i) the production, use, or sale of any apparatus or product, or the practice of the INVENTIONS; (ii) the use of any TECHNICAL INFORMATION, techniques, or practices disclosed by BMI; or (iii) any advertising or other promotional activities with respect to any of the foregoing, and LICENSEE shall hold the U.S. Government, BMI, and any affiliated company of BMI harmless in the event the U.S. Government, BMI, or any affiliated company of BMI is held liable.

BMI represents that it has the right to grant all of the rights granted herein, except as to such rights as the Government of the United States of America may have or may assert."

(g) Educational Awards Subject to 35 USC 212

The Contractor shall notify the Contracting Officer prior to the placement of any person subject to 35 USC 212 in an area of technology related to an Exceptional Circumstance technology, or who is subject to treaties or international agreements as set forth in Article I, paragraphs (b)(1), (b)(2), and (b)(3) of this Contract or agreements other than funding agreements. The Contracting Officer shall have the right to disapprove such placement.

(h) Waiver Requested Inventions

The provisions of this Clause shall apply to all Subject Inventions made before the effective date of this Contract but after the effective date of Public Law 98-620 for which timely filed waiver requests have been made by the Contractor as set forth in Appendix II which is incorporated by reference and made a part of this Contract, and which may be modified by mutual agreement without a formal modification of this Contract.

(i) Rights Governed by Other Agreements

Rights to inventions made under agreements, other than funding agreements, with third parties shall be governed by the appropriate provisions incorporated, with DOE approval, in such agreements, notwithstanding any disposition of rights contained in this Contract and take precedence thereover. Disposition of rights under any such agreement shall be in accordance with any DOE class waiver (including Work for Others and User class waivers) or individually negotiated waiver which applies to this agreement.

Betty A. Winchester  
Office of the Assistant General Counsel  
for Technology Transfer  
and Intellectual Property  
United States Department of Energy  
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