

08-06-2003



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

Submission Type

8.4.03

Conveyance Type

New

Resubmission (Non-Recordation)
Document ID#

Correction of PTO Error
Reel # Frame #

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Assignment Security Agreement

License Change of Name

Merger Other

U.S. Government
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Departmental File Secret File

Conveying Party(ies)

Mark if additional names of conveying parties attached

Name (line 1) Execution Date Month Day Year

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Second Party

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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.)

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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" value="10/368,122"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
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If this document is being filed together with a new Patent Application, enter the date the patent application was

Patent Cooperation Treaty (PCT)

Enter PCT application number only if a U.S. Application Number has not been assigned.

PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>
PCT <input type="text"/>	PCT <input type="text"/>	PCT <input type="text"/>

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

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.

Brain J. Lally
Name of Person Signing


Signature

7-23-03
Date

CONFIRMATORY LICENSE

(Large Business - Advanced Waiver)

Title : *Extended Core for Motor/Generator*
Inventor(s) : *Boris A. Shoykhet*
Serial No. : *10/368,122* Filing Date: *February 18, 2003*
Contractor : *Rockwell Automation, Inc.*
Contract No. : *DE-FC36-93CH10580*
Waiver No. : *W(A) 93-028 (CH-0786)*
DOE Case No. : *S-102,482 - (Disclosure No. 03RE065)*

Foreign Applications filed in or intended to be filed at Contractor's expense in (countries):

An advanced waiver of Government rights having been granted by the U.S. Department of Energy (DOE) to the Contractor, and the above-identified invention having been reported as a subject invention to DOE by the contractor with his election to file a domestic patent application thereon, the effective date of said waiver for the above invention is April 10, 2003.

Accordingly, this document is confirmatory of the paid-up, worldwide, license required to be granted to the Government under 10 CFR Part 784 and this contract in this invention, patent application and any resulting patent as well as any continuation, divisional, reissue, supplemental or continuation-in-part thereof, and of all rights acquired by the Government by the referenced 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 any other agreement between the Government and the Contractor, or 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 10th day of June 20 03

(SEAL)

Rockwell Automation
(Contractor)
By: James P. O'Shanahan Vice-President
(Contractor's Official & Title)
1201 South Second Street, Milwaukee WI 53204
(Business Address)

W(A) 93-028
CH-0786

Attachment 1 to
Cooperative Agreement DE-FC~~02~~-93CH10580,
Amendment No. A001

ARTICLE 4. PATENT RIGHTS

(a) Definitions.

- (1) "Subject Invention" means any invention or discovery of the Grantee conceived or first actually reduced to practice in the course of or under this subcontract 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) "Subcontract" means any subcontract, grant, agreement, understanding, or other arrangement, which includes research, development, or demonstration work, and includes any assignment or substitution of parties.
- (3) "Government agency" includes an executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the Executive Branch of the Government of the United States of America.
- (4) "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.
- (5) "Patent Counsel" means the DOE Patent Counsel assisting the procuring activity.

(b) Allocation of principal rights.

- (1) Assignment to the Government. The Grantee 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 waived to and retained by the Grantee under paragraphs (b)(2) and (c) of this clause.
- (2) Greater rights determinations. The Grantee or the employee-inventor with authorization of the Grantee may request greater rights than the domestic and 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 nine (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 Grantee.

(c) Rights to the Grantee.

(1) Minimum Grantee license. Notwithstanding anything in this Patent Rights Clause to the contrary, the Grantee 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 Grantee's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Grantee is a part and shall include the right to grant sublicenses of the same scope to the extent the Grantee was legally obligated to do so at the time the subcontract was awarded. The license shall be transferable only with approval of DOE except when transferred to the successor of that part of the Grantee's business to which the invention pertains.

(2) Election to retain waived rights.

(i) Subject to the provisions of paragraph (c)(3) and paragraph (d) of this clause, with respect only to a Subject Invention reported in accordance with paragraph (e)(2)(i) of this clause and with the written report of which is included an election as to whether the Grantee will retain the rights in the invention waived therein, the Grantee reserves the entire domestic rights, title and interest in any United States patent application on the Subject Invention filed and any resulting United States patent secured by the Grantee.

(ii) Subject to the provisions of paragraph (c)(3) and paragraph (d) of this clause, with respect only to a Subject Invention reported in accordance with paragraph (e)(2)(i) of this clause and with the written report of which is included an election as to whether the Grantee will retain the rights in the invention waived herein and a statement specifying those foreign countries in which such rights will be retained, and subject to DOE security regulations and requirements, the Grantee reserves the entire right, title and interest in any foreign patent application on the Subject Invention filed and any resulting foreign patent secured by the Grantee in those foreign countries specified.

(3) Terms and Conditions of Waived Rights.

(i) Subject to the rights granted in paragraph (c)(1) of this clause, the Grantee agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Grantee:

- (A) Does not elect pursuant to paragraph (c)(2)(i) of this clause to retain such rights;
 - (B) Fails to have a United States patent application filed on the invention in accordance with paragraph (d)(1) of this clause, or decides not to continue prosecution of such application; or
 - (C) At any time, no longer desires to retain title.
- (ii) Subject to the rights granted in paragraph (c)(1) of this clause, the subcontractor agrees to convey to the Government, upon request, the entire right, title, and interest in any Subject Invention in any foreign country if the Grantee:
- (A) Does not elect pursuant to paragraph (c)(2)(ii) of this clause to retain such rights in the country; or
 - (B) Fails to have a patent application filed in the country on the Subject Invention 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 Grantee shall notify the Patent Counsel not less than sixty (60) days before the expiration period for any action required by the foreign Patent Office.
- (iii) Conveyance requested pursuant to paragraphs (c)(3)(i) and (c)(3)(ii) of this clause 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.
- (iv) For each invention in which the Grantee initially elects pursuant to (c)(2)(i) or (c)(2)(ii) of this clause not to retain the rights waived, the Grantee 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 USC 102, which was authorized by or known to the Grantee or any contemplated action of this nature.

(v) Government License

With respect to any Subject Invention in which the Grantee 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.

(vi) Reporting on Utilization of Subject Inventions

The Grantee agrees to submit on request periodic reports no more frequently than annually on the utilization of a Subject Invention or on efforts at obtaining such utilization that are being made by the Grantee 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 Grantee and such other data and information as DOE may reasonably specify. The Grantee 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 (c)(3)(viii) of this clause. To the extent data or information supplied under this paragraph is considered by the Grantee, its licensee or assignee to be privileged and confidential and is so marked, DOE agrees that, to the extent permitted by 35 USC 202(c)(5), it will not disclose such information to persons outside the Government.

(vii) Preference for United States Industry

Notwithstanding any other provision of this clause, the Grantee agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any Subject Invention in the United States unless such person agrees that any products embodying the Subject Invention or produced through the use of the Subject Invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by the Grantee 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.

(viii) March-in Rights

The Grantee agrees that with respect to any Subject Invention in which it has acquired title, DOE has the right in accordance with the procedures in 37 CFR 401.6 and any supplemental regulations of DOE to require the Grantee, 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 Grantee, 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 Grantee or assignee 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 Grantee, 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 Grantee, assignee, or licensees; or
- (4) Such action is necessary because the agreement required by paragraph (c)(3)(vii) of this clause 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.

(ix) U.S. COMPETITIVENESS

The Contractor (waiver recipient) agrees that any products sold by Contractor and embodying any waived invention or produced through the use of any waived invention will be manufactured substantially (1) in the U.S. if such product is rated at 5000 horsepower or less; or (2) in the U.S. or Canada if such product is rated greater than 5000 horsepower; unless the Contractor (waiver recipient) can show to the reasonable satisfaction of the Contracting Officer that it is not commercially feasible to do so. Contractor further agrees that any increase in production capacity (defined as an increase in both square feet of production space and employment at a facility) attributable to the commercialization of superconducting motors will be made in the United States unless the Contractor (waiver recipient) can show to the reasonable satisfaction of the Contracting Officer that it is not commercially feasible to do so. In the event the Contracting Officer agrees to forego the requirements set forth in the preceding sentence, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner (e.g., through a reasonable royalty payable on

products sold by Contractor and embodying a waived invention and not manufactured substantially in the U.S. or Canada). The Contractor (waiver recipient) agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. The Contractor (waiver recipient) further agrees that in the event a controlling interest is to be acquired by a foreign entity in the Contractor (waiver recipient) in any assignees or licensee of a waived invention, then in that case any rights in the waived invention to be acquired by the foreign entity will be subject to the written approval of the Contracting Officer. The Contractor's obligations (including but not limited to the obligations to pay royalties) under this clause shall terminate ten (10) years after the final payment to Contractor under this Agreement.

(4) Terminations.

- (i) Any waiver or retention of rights by the Grantee under paragraphs (b)(2), (c)(1), or (c)(2) of this clause may be terminated at the discretion of the Secretary or his designee, in whole or in part, if the request for waiver or retention of rights by the Grantee is found to contain false material statements or nondisclosure of material facts, and such were specifically relied upon in reaching the waiver determination or the agreement to the retention of rights by the Grantee.
- (ii) Any waiver of the rights retained in accordance with paragraph (c)(2), as applied to particular inventions, may be terminated at the discretion of the Secretary or his designee, in whole or in part, if the Grantee fails to comply with the provisions set forth in paragraph (c)(3) and paragraph (d) of this clause, and such failure is determined by the Secretary or his designee to be material and detrimental to the interests of the United States and the general public.
- (iii) Prior to terminating any waiver of rights under paragraph (c)(4)(i) or (c)(4)(ii) of this clause, the Grantee will be given written notice of the intention to terminate the waiver of rights, the extent of such proposed termination and the reasons therefor, and a period of thirty (30) days, or such longer period as the Secretary or his designee shall determine for good cause shown in writing, to show cause why the waiver of rights should not be so terminated.
- (iv) All terminations of waivers of rights under paragraph (c)(4)(ii) shall be subject to the rights granted in paragraph (c)(1) of this clause, and termination shall normally be partial in nature, requiring the Grantee to grant nonexclusive or partially exclusive licenses to responsible applicants upon terms reasonable under the circumstances.

(5) Effective Date of Waivers.

The waiver of rights in a Subject Invention shall be effective on the following dates:

- (i) For advance waivers of identified inventions, i.e., inventions conceived prior to the effective date of the subcontract, on the effective date of the subcontract even though the advance waiver may have been requested after that date;
- (ii) For identified inventions under advance waivers, i.e., inventions conceived or first actually reduced to practice after the effective date of the subcontract, on the date the invention is reported with the election to retain the waived rights in that invention; and
- (iii) For waivers of identified inventions (other than under an advance waiver), on the date of the letter notifying the requestor that the waiver has been granted.

(d) Filing of patent applications.

- (1) With respect to each Subject Invention in which the Grantee elects to retain domestic rights pursuant to paragraph (c)(2)(i) of this clause, the Grantee shall have a domestic patent application filed on the invention within six (6) months after submission of the invention disclosure pursuant to paragraph (e)(2)(i) of this clause, or such longer period of time as may be approved by the Patent Counsel for good cause shown in writing by the Grantee. For each identified invention, the rights in which are waived to the Grantee, the Grantee shall have a domestic patent application filed on the invention within six (6) months after the waiver has become effective. With respect to the invention, the Grantee shall promptly notify the Patent Counsel of any decision not to file an application.
- (2) For each Subject Invention on which a domestic patent application is filed by the Grantee, the Grantee shall:
 - (i) Within two (2) months after the filing or within two (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;
 - (ii) Within six (6) months after filing the application or within six (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 DOE an irrevocable power to inspect and make copies of the patent application filed;

- (iii) Provide the Patent Counsel with a copy of the patent within two (2) months after a patent is issued on the application;
 - (iv) Not less than thirty (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 and deliver to the Patent Counsel executed instruments granting the Government a power of attorney; and
 - (v) Include the following statement in the second paragraph of the specification of the application and any patents issued on a Subject Invention, "The Government of the United States of America has rights in this invention pursuant to Contract No. _____ (or Grant No. _____) awarded by the U.S. Department of Energy".
- (3) With respect to each Subject Invention in which the Grantee has elected pursuant to paragraph (c)(2)(ii) of this clause to retain the patent rights waived in specified foreign countries, or in which the Grantee has obtained a waiver of foreign rights on an identified invention:
- (i) The Grantee shall file a patent application on the invention in each specified foreign country in accordance with applicable statutes and regulations and within one of the following periods:
 - (A) Eight (8) months from the date of filing a corresponding United States application, or if such an application is not filed, six (6) months from the date the invention is submitted in a disclosure pursuant to paragraph (e)(2)(i) of this clause;
 - (B) Six (6) 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
 - (C) Such longer period as may be approved by the Patent Counsel for good cause shown in writing by the Grantee.
 - (ii) The Grantee 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.

(e) Invention identification, disclosures, and reports.

- (1) The Grantee shall establish and maintain active and effective procedures to ensure that Subject Inventions are promptly identified and timely disclosed. Those procedures shall include the maintenance of laboratory notebooks or equivalent records and any other records that are reasonably necessary to document 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 request, the Grantee shall furnish the Contracting Officer a description of these procedures so that he may evaluate and determine their effectiveness.
- (2) The Grantee shall furnish the Patent Counsel (with notification by Patent Counsel to the Contracting Office) on a DOE-approved form:
 - (i) A written report containing full and complete technical information concerning each Subject Invention within six (6) months after conception or first actual reduction to practice whichever occurs first in the course of or under this subcontract, but in any event prior to any on sale, public use or public disclosure of such inventions known to the Grantee. The report shall identify the subcontract 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 election of foreign patent rights under paragraph (c)(2)(ii) of this clause and any election of rights under paragraph (c)(2)(i) of this clause. Any requests for greater rights 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 (a)(1) and (2) of 42 USC 5908 unless the Grantee 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 a DOE-approved form listing Subject Inventions and subcontracts awarded containing a Patent Rights clause for that period and certifying that:
 - (A) The Grantee'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 a DOE-approved form within three (3) 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 Grantee 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 subcontract except nontechnical personnel, such as clerical employees and manual laborers.

(4) The Grantee 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 Grantee 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) 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 subcontract, the Grantee 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 DOE, patent approval for release or publication shall be secured from Patent Counsel prior to any such release or publication disclosing a nonelected Subject Invention.

(g) Forfeiture of rights in unreported Subject Inventions.

(1) The Grantee shall forfeit to the Government, at the request of the Secretary or his designee, all rights in any Subject Invention which the Grantee fails to report to Patent Counsel (with notification by Patent Counsel to the Contracting Officer) within six (6) months after the time the Grantee:

- (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 Grantee shall not forfeit rights in a Subject Invention if, within the time specified in (1)(i) or (1)(ii) of this paragraph (g), the Grantee:

- (i) Prepared a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the subcontract 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 Grantee 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 Grantee's fault or negligence.

(3) Pending written assignment of the patent applications and patents on a Subject Invention determined by the Secretary or his designee to be forfeited (such determination to be a final decision under the Disputes Clause of this contract), the Grantee 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 Invention.

(h) Examination of records relating to inventions.

- (1) The Contracting Officer or his authorized representative, until the expiration of three (3) years after final payment under this subcontract, shall have the right to examine any books (including laboratory notebooks), records, documents, and other supporting data of the Grantee which the Contracting Officer or his authorized representative reasonably deem pertinent to the discovery or identification of Subject Inventions or to determine compliance with the requirements of this clause.
- (2) The Contracting Officer or his authorized representative shall have the right to examine all books (including laboratory notebooks), records and documents of the Grantee relating to the conception or first actual reduction to practice of

inventions in the same field of technology as the work under this subcontract to determine whether any such inventions are Subject Inventions, if the Grantee refuses or fails to:

- (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 Grantee of such a deficiency.

(i) Withholding of payment (not applicable to subcontracts).

- (1) Any time before final payment of the amount of this subcontract, the Contracting Officer may, if he deems such action warranted, withhold payment until a reserve not exceeding \$50,000 or five percent of the amount of this contract, whichever is less, shall have been set aside if in his opinion the Grantee 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 a DOE-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 Grantee has rectified whatever deficiencies exist and has delivered all reports, disclosures, and other information required by this clause.
- (3) Final payment under this subcontract shall not be made by the Contracting Officer before the Grantee 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 direction, decrease or increase the sums withheld up to the maximum authorized above. If the Grantee is a nonprofit organization, the maximum amount that may be withheld under this paragraph shall not exceed \$50,000 or one percent of the amount of this subcontract, 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 subcontract. 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) Lower-tier Subcontracts.

- (1) For the purpose of this paragraph the term "Contractor" means the party awarding a subcontract and the term "Grantee" means the party being awarded a subcontract, regardless of tier.
- (2) The Contractor will include the Patent Rights clause of DEAR 952.227-71 (a copy of which is attached hereto as Attachment I) suitably modified to identify the parties in all subcontracts, regardless of tier, for experimental, developmental or research work to be performed by a small business or a domestic nonprofit organization. In all other subcontracts, regardless of tier, for experimental, developmental demonstration, or research work, the Contractor shall include the Patent Rights article of 41 CFR 9-9.107-5(a) or 41 CFR 9-9.107-6 as appropriate, modified to identify the parties. In the event of refusal by a subcontractor to accept this clause, or if in the opinion of the contractor this clause is inconsistent with patent policies, the contractor:
 - (i) Shall promptly submit written notice to DOE setting forth reasons for the subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and
 - (ii) Shall not proceed with the subcontract without the written authorization of DOE.
- (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 DOE, 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 DOE.

- (5) The Contractor shall promptly notify DOE 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 DOE the Contractor shall furnish him a copy of the subcontract.
- (6) The Contractor shall identify all Subject Inventions of the Grantee 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 Grantee 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 Grantee at any time through the completion of this subcontract:
 - (i) Which the Grantee, 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 subcontract.

Notwithstanding anything in the foregoing to the contrary, Background Patent shall not include the claims in any patent (1) in applications other than superconducting electric motors, and (2) infringement of which is not specifically necessary to the operation of the super-conducting portions of the high temperature superconducting motor or motors developed pursuant to this Agreement.

- (2) The Grantee agrees to and does hereby grant to the Government a royalty-free, nonexclusive license under any Background Patent for purposes of practicing high temperature superconducting motors of 100 horsepower or greater by or for the Government in research, development, and demonstration work only.

(3) The Grantee also agrees that upon written application by DOE and only if considering the experimental and developmental nature of this Agreement, Grantee or assignee has not taken, or does not expect to take within a reasonable time, effective steps to achieve practical application of the subject matter of this Agreement, it will grant to responsible parties for purpose of practicing high temperature superconducting motors of 100 horsepower or greater nonexclusive licenses under any Background Patent on terms that are reasonable under the circumstances. If, however, the Grantee believes that exclusive or partially exclusive rights are necessary to achieve expeditious commercial development or utilization, then a request may be made to DOE for DOE approval of such licensing by the Grantee. Grantee will have no obligation to grant a license on any Background Patent to any person or entity if such entity is not organized under the laws of a U.S. state or territory, a U.S. citizen and U.S. controlled.

(4) Notwithstanding the foregoing paragraph (k)(3), the Grantee shall not be obligated to license any Background Patent if the Grantee demonstrates to the reasonable satisfaction of the Secretary 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 Grantee 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) Reserved.

(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 subcontract with respect to Background Patents and the Facilities License.

ARTICLE 5. ADDITIONAL TECHNICAL DATA REQUIREMENTS

(a) In addition to the technical data specified elsewhere in this grant to be delivered, the Contracting Officer may at any time during the grant performance or within one year after final payment call for the Grantee to deliver any technical data first produced or specifically used in the performance of this grant except technical data pertaining to items of standard commercial design.

- (b) The provisions of the "Rights in Technical Data" article included in this grant are applicable to all technical data called for under this "Additional Technical Data Requirement"s article. Accordingly, nothing contained in this clause shall require the Grantee to actually deliver any technical data, the delivery of which is excused by paragraph (e) of the "Rights in Technical Data" article.
- (c) When technical data are to be delivered under this article, the Grantee will be compensated for appropriate costs for converting such data into the prescribed form, for reproduction, and for delivery.

ARTICLE 6. RIGHTS IN TECHNICAL DATA - (LONG FORM)

(a) Definitions.

- (1) "Technical Data" means recorded information regardless of form or characteristic, of a scientific or technical nature. It may, for example, document research, experimental, developmental, or demonstration, or engineering work, or be usable or used to define a design or process, or to procure, produce, support, maintain, or operate material. The data may be graphic or pictorial delineations in media such as drawings or photographs, text in specifications or related performance or design type documents or computer software (including computer programs, computer software data bases, and computer software documentation). Examples of technical data include research and engineering data, engineering drawings and associated lists, specifications, standards, process sheets, manuals, technical reports, catalog item identification, and related information. Technical data as used herein does not include financial reports, cost analyses, and other information incidental to contract administration.
- (2) "Proprietary Data" means technical data which embody trade secrets 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:
 - (i) Are not generally known or available from other sources without obligation concerning this confidentiality;
 - (ii) Have not been made available by the owner to others without obligation concerning their confidentiality; and
 - (iii) Are not already available to the Government without obligation concerning their confidentiality.
- (3) "Grant Data" means technical data first produced in the performance of the grant, technical data which are specified to be delivered in the grant, technical data that

may be called for under the "Additional Technical Data Requirements" article of the grant, if any, or technical data actually delivered in connection with the grant.

- (4) "Unlimited Rights" means rights to use, duplicate, or disclose technical data, in whole or in part, in any manner and for any purpose whatsoever, and to permit others to do so.
- (5) "Protected Data" means technical data or commercial or financial data first produced in the performance of this Agreement which, if it had been obtained from and first produced by a non-Federal party, would be a trade secret or commercial or financial information that is privileged or confidential under the meaning of 5 U.S.C. 552(b)(4), and which is marked as being Protected Data by a party to this Agreement.

(b) Allocation of rights.

(1) The Government shall have:

- (i) Unlimited rights in grant data except as otherwise provided below with respect to proprietary data.
- (ii) The right to remove, cancel, correct or ignore any markings not authorized by the terms of this grant on any technical data furnished hereunder, if in response to a written inquiry by DOE concerning the propriety of the markings, the Grantee fails to respond thereto within sixty (60) days or fails to substantiate the propriety of the markings. In either case DOE will notify the Grantee of the action taken.
- (iii) No rights under this grant in any technical data which are not grant data.

(2) The Grantee shall have:

- (i) The right to withhold proprietary data in accordance with the Provisions of this article,
- (ii) The right to use for its private purposes, subject to patent, security or other provisions of this grant, grant data it first produces in the performance of this grant provided the data requirements of this grant have been met as of the date of the Private use of such data. The Grantee agrees that to the extent it receives or is given access to proprietary data or other technical, business or financial data in the form of recorded information from DOE or a DOE grant, contract or subcontractor, the Grantee shall treat such data in accordance with any restrictive legend

contained thereon, unless use is specifically authorized by prior written approval of the Contracting Officer.

- (3) Nothing contained in this "Rights in Technical Data" article shall imply a license to the Government under any patent or be construed as affecting the scope of any licenses or other rights otherwise granted to the Government under any patent.

(c) Copyrighted material.

- (1) The Grantee shall not, without prior written authorization of the Contracting Officer, establish a claim to statutory copyright in any grant data first produced in the performance of the grant. To the extent such authorization is granted, the Government reserves for itself and others acting on its behalf a royalty-free, nonexclusive, irrevocable, worldwide license for Governmental purposes to publish, distribute, translate duplicate, exhibit and perform any such data copyrighted by the Grantee.
- (2) The Grantee agrees not to include in the technical data delivered under the grant any material copyrighted by the Grantee and not to knowingly include any material copyrighted by others without first granting or obtaining at no cost a license therein for the benefit of the Government of the same scope as set forth in paragraph (c)(1) above. If such royalty-free license is unavailable and the Grantee nevertheless determines that such copyrighted material must be included in the technical data to be delivered, rather than merely incorporated therein by reference, the Grantee shall request the written authorization of the Grants Officer to include such copyrighted material in the technical data without a license.

(d) Contracting Under this Grant

It is the responsibility of the Grantee to obtain from its Contractors hereunder technical data and rights therein, on behalf of the Government, necessary to fulfill the Grantee's obligations to the Government with respect to such data. In the event of refusal by a Contractor hereunder to accept an article affording the Government such rights, the Grantee shall:

- (1) Promptly submit written notice to the Contracting Officer setting forth reasons for said Contractor refusal and other pertinent information which may expedite disposition of the matter; and
- (2) Not proceed with said Contract without the written authorization of the Contracting Officer.

(e) Withholding of proprietary data.

Notwithstanding the inclusion of the "Additional Technical Data Requirements" article in this grant or any provision of this grant specifying the delivery of technical data, the Grantee may withhold proprietary data from delivery, provided that the Grantee furnishes in lieu of any such proprietary data so withheld technical data disclosing the source, size, configuration, mating and attachment characteristics, functional characteristics and performance requirements ("Form, Fit and Function" data, e.g., specification control drawings, catalog sheets, envelope drawings, etc.) or a general description of such proprietary data where "Form, Fit and Function" data are not applicable. The Government shall acquire no rights to any proprietary data so withheld except that such data shall be subject to the "inspection rights" Provisions of paragraph (f), and, if included, the "Limited rights in proprietary data" provisions of paragraph (g) and the "Grantee licensing" provisions of paragraph (h).

(f) Inspection rights.

Except as may be otherwise specified in this grant for specific items of Proprietary data which are not subject to this paragraph, the Contracting Officer's representatives, at all reasonable times up to three (3) years after final payment under this grant, may inspect at the Grantee's facility any proprietary data withheld under paragraph (a) and not furnished under paragraph (g), if included, for the purposes of verifying that such data properly fell within the withholding provision of paragraph (e), or for evaluating work performance.

(g) Limited rights in proprietary data - (July, 1977)

Except as may be otherwise specified in this Contract as technical data which are not subject to this Paragraph, the Contractor shall, upon written request from the Contracting Officer at any time prior to three (3) years after final payment under this contract, promptly deliver to the Government any "proprietary data" withheld pursuant to paragraph (e) of the "Rights in Technical Data" clause of this contract. The following legend and no other is authorized to be affixed on any "proprietary data" delivered pursuant to this provision, provided the "proprietary data" meets the conditions for initial withholding under paragraph (e) of the "Rights in Technical Data" clause. The Government will thereafter treat the "proprietary data" in accordance with such legend.

LIMITED RIGHTS LEGEND

This "proprietary data", furnished under Contract No. _____ with the United States Department of Energy (and purchase order No. _____ if applicable) may be duplicated and used by the Government with the express limitations that the "proprietary data" may not be disclosed outside the Government or be used for purposes of manufacture without prior permission of the Contractor, except that further disclosure or use may be made solely for the following purposes:

This "proprietary data" may be disclosed to such employees of DOE National Laboratories and Support Service Contractors who are not competitors of Grantee only as necessary to evaluate Contractor's performance under the above referenced contract under the restriction that the "proprietary data" be retained in confidence and not be further disclosed;

This legend shall be marked on any reproduction of this data in whole or in part.

(h) Contractor Licensing.

Except as may be otherwise specified in this agreement as technical data not subject to this paragraph, the recipient agrees that upon written application by DOE and only if, considering the experimental and developmental nature of this Agreement, Recipient or assignee has not taken, or does not expect to take within a reasonable time, effective steps to achieve practical application of the subject matter of this Agreement, it will grant to the Government and responsible third parties, for purposes of practicing superconducting motors of 100 horsepower or greater, a nonexclusive license in any agreement data which are Proprietary Data or Protected Data, on terms and conditions reasonable under the circumstances including appropriate provisions for confidentiality; provided, however, the recipient shall not be obligated to license any such data if the recipient demonstrates to the reasonable satisfaction of the Head of the Agency or designee that:

- (1) Such data are not essential to the manufacture or practice of the superconducting portion of the hardware designed or fabricated, or processes developed, under this agreement;
- (2) Such data, in the form of results obtained by their use, have a commercially competitive alternative available or readily introducible from one or more other sources;
- (3) Such data, in the form of results obtained by their use, are being supplied by the recipient or its licensees in sufficient quantity and at reasonable prices to satisfy market needs, or the recipient or its licensees have taken effective steps or within a reasonable time are expected to take effective steps to so supply such data in the form of results obtained by its use;
- (4) Such data, in the form of results obtained by their use, can be furnished by another firm skilled in the art of manufacturing items or performing processes of the same general type and character necessary to achieve the agreement results; or

- (5) It is commercially feasible under the circumstances for DOE or third parties to reverse engineer such data from the deliverables produced by recipient under the Agreement.

Notwithstanding anything in this paragraph to the contrary, Recipient shall have no obligation to license the Protected Data to any person or entity if such entity is not organized under the laws of a U.S. state or territory, a U.S. citizen and U.S. controlled. For the purposes of this paragraph (h), Proprietary Data shall include only such data which are specifically necessary to the design, manufacture, or use of the superconducting portions of the motor or motors developed pursuant to this agreement.

(i) Information Available to the Public

- a. Contractor agrees that the following types of technical data and commercial or financial information are not considered to be proprietary and shall be provided to the Government when requested without any claim that the information is to be protected as Protected Data. DOE and Contractor agree that it is necessary for this type of information to be publicly available.

Simplified schematics of project
General information of project
Project progress/status
General economic analysis results
Generic results of testing
Results of final project status

- b. The parties agree, however, that notwithstanding the foregoing list of the types of information to be publicly available, nothing precludes the Government from seeking delivery of additional technical data and information in accordance with this agreement or from making publicly available additional non-proprietary or non-protected technical data and information, nor does the foregoing list constitute any admission by the Government that technical data or information not on the list is proprietary.

(j) Protected Data Information

- a. Except for items of information subject to paragraph (i) of this clause, Contractor may claim as Protected Data any information first produced in the performance of this Cooperative Agreement which meets the definition set forth in paragraph a(5) of this clause.
- b. With the agreement of the Contracting Officer Contractor shall mark any such Protected Data delivered to the Government with

the following legend and such other legends, restrictions or limitations on use or disclosure as may be applicable or appropriate. Any such claimed Protected Data delivered to the Government with the proper marking will be treated as such, and except as otherwise provided herein, will not be published, disseminated, or disclosed to others outside the Government by the Government for a period of five (5) years after completion of the individual project without the prior written authorization of the Contractor.

"PROTECTED DATA INFORMATION"

"This Protected Data Information was produced under Cooperative Agreement No. _____ with the U.S. Department of Energy and may not be published, disseminated or disclosed to others by the Government unless otherwise authorized in the Cooperative Agreement until five (5) years from the date the data is produced unless express written authorization is obtained from Contractor. Upon expiration of the period of protection set forth in this legend, the Government shall have unlimited rights to this data. This legend shall be marked on any reproduction of this data, in whole or in part."

- c. Any such marked Protected Data Information may be disclosed by the Government under obligations of confidentiality for the following purposes:
 - (i) This Protected Data Information may be disclosed to such employees of DOE National Laboratories and to such Support Service Contractors of DOE which are not competitors of Grantee only as necessary to evaluate Contractor's performance under this Cooperative Agreement under the restriction that such data be retained in confidence and not be further disclosed;
- d. Contractor shall have the right to license such Protected Data Information or include such Protected Data Information in a license with other technology developed under this agreement and, in accordance with paragraph (h) of this clause, agrees to license such Protected Data Information to responsible third parties. Such licenses shall include terms and conditions that are reasonable under the circumstances, including obligations of confidentiality.
- e. The obligations of confidentiality and restrictions on use, publication and dissemination shall end for any Protected Data Information:
 - (i) At the end of the protected period, as indicated in the legend unless otherwise protected by law;

- (ii) If the information becomes publicly known or available from other sources without a breach of the obligations or confidentiality by the Government with respect to the Protected Data Information;
- (iii) If the same information is independently developed by someone who does not have access to the Protected Data Information and such independently developed data is made available without obligations of confidentiality; or
- (iv) If Contractor disseminates or authorizes another to disseminate such information without obligations of confidentiality.

ARTICLE 7. RIGHTS TO PROPOSAL DATA

It is agreed that as a condition of the award of this grant or modification thereto, and notwithstanding the provisions of any notice appearing on the proposal(s), the Government shall have the right to use, duplicate, and disclose and have others to do so for any purpose whatsoever, the technical data contained in the proposal(s) upon which this grant or modification is based.

ARTICLE 8. ASSIGNMENT

Any intellectual property right accruing to Grantee in this Agreement (including but not limited to rights in Subject Inventions, Waived Inventions, Technical Data, Grant Data, and Protected Data) may be assigned, licensed, disclosed or otherwise transferred by Grantee subject to any restrictions on the exercise of such rights to the Grantee's domestic subsidiaries and affiliates within the corporate structure of which the Grantee is a part and shall include the right to grant sublicenses of the same scope to the extent the Grantee was legally obligated to do so at the time the subcontract was awarded.

ATTACHMENT I

PATENT RIGHTS - SMALL BUSINESS FIRMS OR NONPROFIT ORGANIZATIONS
(OTHER THAN GOCO'S)

(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 (U.S.C.) or any novel variety of plant which is or may be protected under the Plant Variety Protection Act (7 U.S.C. 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 44(d) of the Plant Variety Protection Act, 7 U.S.C. 2401(d)) must also occur during the period of 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 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 P.L. 85-536 (15 U.S.C. 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 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 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 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.

(b) Allocation of principal rights.

(1) The contractor may retain the entire right, title and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 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.

(2) (Reserved.)

(c) Invention disclosure, election of title and filing of patent application by contractor.

(1) 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 the 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 and, if so, whether it has been accepted 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 of any on sale or public use planned by the contractor.

(2) The contractor will elect in writing whether or not to retain title to any such invention by notifying the Patent Counsel within two years of disclosure to the Patent Counsel. However, in 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 Patent Counsel to a date that is no more than sixty 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 a Secrecy Order.

(4) Requests for extension of the time for disclosure to the Patent Counsel, election, and filing, under subparagraphs (1), (2) and (3) may, at the discretion of the Patent Counsel be granted.

(d) Conditions when the Government may obtain title.

The contractor will convey to the DOE, upon written request, title to any subject invention:

(1) If the contractor fails to disclose or elect title to the subject invention within the times specified in (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;

(2) In those countries in which the contractor fails to file patent applications within the time specified in (c) above; provided, however, that if the contractor has filed a patent application in a country after the time specified in (c) above, but prior to its receipt of the written request of the Patent Counsel, the contractor shall continue to retain title in that country; or

(3) 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 and protection of the contractor right to file.

(1) The contractor will retain a 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 subject invention within the times specified in (c) above. The contractor's license extends 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 the part of the contractor's business to which the invention pertains.

(2) The contractor's domestic license may be revoked or modified by DOE to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions at 37 CFR 404 and 10 CFR 781. 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 DOE to the extent the contractor, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

(3) Before revocation or modification of the license, 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 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 37 CFR 404 and 10 CFR Part 781, any decision concerning the revocation or modification of its license.

(f) Contractor action to protect the 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 DOE when requested under (d) above and to enable the Government to obtain patent protection throughout the world in that 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 (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. The disclosure format should require, as a minimum, the information required by (c)(1) above. The contractor shall instruct such employees through the 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 applications and any patent issuing thereon covering a subject invention, the following statement "This invention was made with Government support under (identify the contract) awarded by the Department of Energy. The Government has certain rights in the invention."

(5) The contractor agrees to:

(i) Upon request, provide a report prior to the close-out of the contract listing all subject inventions or stating that there were none;

(ii) Provide, upon request, a copy of the patent application, filing date, serial number and title, patent number and issue date for any subject invention in any country in which the contractor has applied for a patent; and

(iii) Provide, upon request, but not more than annually, listings of all subject inventions which were disclosed to DOE during the applicable reporting period.

(g) Subcontracts.

(1) The contractor will include this clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental or research work to be performed by a small business firm or a domestic nonprofit organization. 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 the subcontract, obtain rights in the subcontractor's subject inventions.

(2) The contractor will include in all other subcontracts, regardless of tier, for experimental, developmental, demonstration or research work the patent rights clause of 41 CFR 9-9.107-5(a) or 9-9.107-6 as appropriate, modified to identify the parties.

(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) DOE, the subcontractor, and the contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and DOE with respect to those matters covered by this 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) of this clause.

(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 a subject invention 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) of this clause. As required by 35 U.S.C. 202(c)(5), 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 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 acquired title, DOE has the right in accordance with the procedures in 37 CFR 401.6 and any supplemental regulations of DOE to require 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 or assignee 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) of this clause 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.

If the contractor is a nonprofit organization it 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 share royalties collected on a subject invention with the inventor, including Federal employee co-inventors (when DOE deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;

(3) The balance of any royalties or income earned by the contractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to

the administration of subject inventions, will be utilized for the support of scientific research or education; and

(4) It will make efforts that are reasonable under the circumstances to attract licensees of subject inventions that are small business firms and that 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 of Commerce when the Secretary of Commerce's review discloses that the contractor could take reasonable steps to implement more effectively the requirements of this paragraph (k)(4).

(l) Communications.

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