

Argonne National Laboratory Prime Contract**Part I. Section H. Special Contract Requirements**

Last revised: September 29, 1999

Clause H.21 - PL 98-620 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, 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 41 (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 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 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 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 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.

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- (8) "Exceptional Circumstance Subject Invention" means any subject invention in a technical field or task determined by DOE to be subject to an exceptional circumstance under Section 35 U.S.C. 202 (a) (ii).
 - (9) "Agency Licensing Regulations" and "Agency Regulations Concerning the Licensing of Government-Owned Inventions" mean the DOE Patent Licensing Regulations at 10 CFR Part 781.
- (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 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. 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 Part III, Attachment J.10, Appendix J.
 - (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 and effectuate those license or other rights which are necessary for the Government to meet its obligations to foreign governments, their nationals, 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 may submit a request for greater rights at the time the invention is disclosed to DOE or within eight (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 U.S.C. 2168). DOE has also made a determination of Exceptional Circumstances for DOE Funding

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Agreements Relating to the (i) U. S. Department of Energy Steel Initiative and Metals Initiative, (ii) Advanced Battery Consortium Program, and (iii) any funding agreements, or subcontracts thereunder, which are funded in part by the Electric Power Research Institute (EPRI) or the Gas Research Institute (GRI). 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 U.S.C 202 (a)(ii) with respect to subject inventions made after the date of the amendment.

(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) and all sources of funding by B&R code for the invention. 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. 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 falls within an exceptional circumstance field or task including national security. DOE will make a determination and advise the Contractor within thirty (30) days of receipt of an invention disclosure as to whether the invention is an exceptional circumstance subject invention in a technology or task unrelated to national security.
- (iii) For subject inventions related to national security, the Contractor may elect to retain title in such a subject invention under paragraph (b)(I)

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hereof if the invention is not classified by DOE or another Government agency within six (6) months of the date it is reported to Patent Counsel or 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 Clause, the Contractor will elect, in writing, whether or not to retain title to any such invention by notifying the Patent Counsel within two (2) 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 the Patent Counsel to a date that is no more than sixty (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 (10) months of the corresponding initial patent application or six (6) 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, 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
- (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 sixty (60) days after learning of the failure of the Contractor to disclose or elect within the specified times.

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- (ii) In those countries in which the Contractor fails to file patent applications within the times specified in paragraph (c) of this clause; provided, however, that if the Contractor has filed a patent application in a country after the times specified in paragraph (c) of this clause, 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 and Protection of the Contractor's Right to File
- (1) The Contractor may request the right to reserve a revocable, nonexclusive, royalty-free license throughout the world in each subject invention in which the Government acquires title, except if the Contractor fails to disclose the invention within the times specified in paragraph (c) of this clause. Where DOE approves such reservations, 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 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 an exclusive license submitted in accordance with applicable provisions at 37 CFR Part 404 and DOE licensing regulations. 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 (30) days (or such other time as may be

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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 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,
 - (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 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 paragraph (c) of this clause 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 requested by subparagraph (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 (30) 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,

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the following statement, "This invention was made with Government support under (identify the contract) awarded by the (identify the Federal agency). 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, the Contractor prior to closeout of the contract, shall provide a report to Patent Counsel listing all subject inventions or stating that there were none.
 - (9) The Contractor agrees that the Government may duplicate and disclose to third parties, with appropriate protections in place, Subject Invention disclosures and all other reports and papers furnished, or required to be furnished, pursuant to this clause; provided, however, that any such disclosure is subject to 35 U.S.C. 205.
- (g) Subcontracts.
- (1) Unless otherwise authorized or directed by the Contracting Officer, the Contractor will include the clause set forth in 48 CFR 952.227-11 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 domestic nonprofit organization except subcontracts which are subject to exceptional circumstance. (Note: The DOE has declared exceptional circumstances as indicated in paragraph (b)(3) of said clause.) The subcontractor will retain all rights provided for the Contractor in said clause, and the Contractor will not, as part of the consideration for awarding any subcontract, obtain rights in the subcontractors subject inventions.

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- (2) The Contractor will include in all other subcontracts regardless of tier, for experimental, developmental, or research work the Patent Rights clause required by 48 CFR 952.227-13, suitably modified to identify the Parties or such clause as modified for such subcontracts which are subject to an exceptional circumstance.
- (3) In the case of subcontracts, at any tier, when the prime award with the 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 the 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) 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 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 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 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.

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(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 the 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 non-profit 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 the agency deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10.

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- (3) After payment of patenting costs, licensing costs, payments to inventors, and other expenses incidental to the administration of subject inventions, the balance of any royalties or income earned and retained by the Contractor during any fiscal year on subject inventions under this or any successor contract containing the same requirement, up to any 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 research and development 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 the clause of the contract entitled, "Other Patent Related Matters, paragraph (b)(2), but not less than fifty-one percent (51%) of the balance of such royalties or income earned and retained by the Contractor being used at the Facility. If the balance exceeds five percent (5%) of the budget of the facility for that fiscal year, seventy-five percent (75%) 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 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 when the Secretary's review discloses that the Contractor could take reasonable steps to more effectively implement the requirements of this subparagraph (k) (4).

(l) Communications.

The Contractor shall direct any notification, disclosure, or request to DOE provided for in this clause to the DOE Patent Counsel assisting the DOE contracting activity.

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

(n) Examination of Records

The Contracting Officer or his authorized representative, until the expiration of three (3) years after final payment under this contract, shall have the right to examine any books (including laboratory notebooks), records, documents, and other supporting data of the Contractor which the Contracting Officer or his 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, nonexclusive, paid-up license in and to any inventions or discoveries regardless of when conceived or actually reduced to practice or acquired by the Contractor, which are owned or controlled by the Contractor, at any time through completion of this contract and which are incorporated or embodied in the construction of the Facility or which are utilized in the operation of the Facility or which cover articles, materials, or products manufactured at the Facility (1) to practice or to have practiced by or for the Government at the Facility, and (2) to transfer such license with the transfer of that Facility. The acceptance or exercise by the Government of the aforesaid rights and license shall not prevent the Government, at any time, from contesting the enforceability, validity or scope of, or title to, any rights or patents herein licensed.

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(p) Patent Functions

The Contractor, upon written request of the Contracting Officer or 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, prosecution of patent applications where the Government obtains title, determination of questions of novelty, patentability, prior art searches and inventorship.

(q) Educational Awards Subject to 35 U.S.C. 212

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

(r) Annual Appraisal

Patent Counsel may conduct an annual appraisal. The appraisal shall evaluate the Contractor's effectiveness in identifying and protecting, in accordance with DOE policy, intellectual property developed at the facility.