

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

*Last revised: September 29, 1999*

**Clause H.23 - Other Patent Related Matters****(a) Transfer of Patent Rights to a Successor Contractor.**

At the termination or expiration of this contract, the following terms and conditions shall apply to subject inventions which were elected and prosecuted under privately funded technology transfer, licenses and royalties generated therefrom:

- (1) For any license executed prior to termination or expiration of this contract for a subject invention, the distribution of net royalties or income therefrom shall remain as prior to contract termination or expiration and shall continue for the duration of such license. The percentage of such royalties or income being used at the Facility shall go to the successor Contractor at the Facility for use at the Facility pursuant to its contract or, in the absence of a successor Contractor, to such other entity designated by the Government.
- (2) For any assignment executed to a party other than an affiliate of the Contractor prior to termination or expiration of this contract for a subject invention, the distribution of net royalties or income therefrom shall remain as prior to contract termination or expiration and shall continue for the duration of such assignment. The percentage of such royalties or income being used at the Facility shall go to the successor Contractor at the Facility for use at the Facility pursuant to its contract or, in the absence of a successor Contractor, to such other entity designated by the Government.
- (3) Where title to a subject invention has been retained by the Contractor or an affiliate of the Contractor, the Contractor and Government shall enter negotiations prior to such termination or expiration with respect to retention of title to the invention by the Contractor or its affiliate or transfer of such title to DOE or the successor Contractor operator of the Facility. Such negotiations shall consider the equities of the Parties with respect to each subject invention and shall take into consideration the presence of private investment, potential commercial use, assumption of patent related liabilities, effective technology transfer and the need to market the technology. Regardless of whether such negotiations are completed, the Government shall have the right to require the transfer of any such title to any subject invention to which title has been retained by the Contractor or an affiliate and the Parties shall thereafter complete negotiations regarding appropriate compensation.
- (4) Where title to a subject invention is to be retained by the Contractor or its affiliate subsequent to termination or expiration of the contract, the Contractor and the

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Government shall enter negotiations prior to such termination or expiration with respect to net royalties or income generated from assignments or licenses of such inventions effected subsequent to termination or expiration of the contract and the distribution thereof between the Contractor and successor Contractor at the Facility for use at the Facility pursuant to its contract, or, in the absence of a successor Contractor, to such other entity designated by the Government. Such negotiations shall consider the equities of the Parties and other conditions as set forth in paragraph (3) above. However, the net royalty or income distribution to the Facility for use by a successor Contractor or other Government designated entity shall in no event be less than twenty-five percent (25%) of such net royalties or income.

(b) Costs

- (1) Except as otherwise specified in clause I.96 -Technology Transfer Mission - Alternate I, as allowable costs for conducting activities pursuant to the provisions of that Clause, no costs are allowable as direct or indirect costs for the preparation, filing or prosecution of patent applications or the payment of maintenance fees or licensing and marketing costs, including costs relating to litigation or other adverse claims, where the Contractor elects to retain title.
- (2) To the extent that the Contractor utilizes private Contractor funds for invention costs set forth in the clause H.21 - P.L. 98-620 Patent Rights, paragraph (k)(3), the annualized net royalties or income being returned to the Facility for use at the Facility, resulting from licensing inventions for which all invention costs were covered by private Contractor funds, being returned to the Facility for use at the Facility shall in no event be less than fifty-one percent (51%) of the balance of royalties or income earned.

(c) Liability of the Government

In situations involving privately funded technology transfer activities, the Contractor shall include in all license agreements and in any assignment the following clause unless otherwise approved or directed by the Contracting Officer following consultation with DOE Patent Counsel:

"This license (assignment) is entered into by the Licensor, independent from its prime contract with the Department of Energy. The Licensor is acting independently from the Government and in its own private capacity and is not acting on behalf of the U.S. Government, nor as its Contractor nor its agent. Correspondingly, it is understood and agreed that the U.S. Government is not a party to this license and in no manner

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whatsoever shall be liable for nor assume any responsibility or obligation for any claim, cost or damage arising out of or resulting from this license agreement, the subject matter licensed, or any action or lack thereof by the Licensor or Licensee with respect thereto."

Further, the Contractor shall not include in any license agreement or assignment any guarantee or requirement which would obligate the Government to pay any costs or create any liability on behalf of the Government.