

ensure uniformity and consistency in the management of property under financial assistance awards, DOE believes more specificity is needed. Using the OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations" as a guide, the Department developed and incorporated into proposed section 600.323 a streamlined set of requirements. We believe that this set of requirements is the minimum necessary to ensure the proper stewardship of property under financial assistance awards.

Comments on Intellectual Property Matters

Comment: Paragraph (c)(1) of proposed section 600.325 would provide that if a recipient is a large business, the agreement must include the clause giving ownership of inventions to DOE, unless there is an advance waiver. DOE should relieve the parties of the burden of justifying an advance waiver on a case-by-case basis, and provide to large business recipients treatment similar to that provided to small business, *i.e.*, title waived but Government purpose license retained.

Response: DOE operates under statutory mandates to obtain title to subject inventions, unless a patent waiver is granted (42 U.S.C. 2182; 42 U.S.C. 5908(c)). Patent waivers are to be granted only upon consideration of a number of factors specified by statute. While DOE has granted "class waivers" where appropriate for specific programs, DOE does not believe it has authority to grant a "class waiver" for all assistance programs, as requested by the commenter. Nevertheless, DOE is considering mechanisms for "streamlining" the patent waiver process to minimize time and paperwork burdens on DOE and recipients. In addition, DOE is considering issuance of class waivers of broader scope than previously granted. It should be noted that using the case-by-case patent waiver process may allow a recipient to obtain greater rights, *e.g.*, rights to subcontractor inventions, than would normally be available under the Patent Rights (Small Business Firms and Nonprofit Organization) clause.

Comment: Paragraph (c)(3) of proposed section 600.325 states that background patent and data provisions will not normally be required. Background patent and data provisions should be included only in circumstances where there is an extraordinary risk that the intended technological advance would not be

commercialized, and only upon mutual agreement between recipient and the Contracting Officer.

Response: Proposed section 600.325, paragraph (c)(3) and the preamble of the proposed regulation stated that background rights to assure commercialization may be included, but only under special circumstances, for example, to provide heightened assurance of commercialization. It is expected that these "special circumstances" will be rare. Paragraph (c)(3) has been modified to expressly state that inclusion of background invention (and data) provisions to assure commercialization will be done only with the written concurrence of the DOE program official setting forth the need for heightened assurance of commercialization, and that the scope of any such background licensing provisions is subject to negotiation.

Comment: Paragraph (g) of proposed section 600.325 would make the inclusion of the "Authorization and Consent" clause an exception available only under fairly narrow circumstances. Inclusion of the "Authorization and Consent" clause should be reconsidered. The Contracting Officer should have increased flexibility to include the clause, or at the very least, the rule should be more specific regarding factors to be considered for inclusion of the "Authorization and Consent" clause (and the ancillary clauses such as "Notice and Assistance").

Response: The proposed rule stated that work performed by the recipient was not subject to authorization and consent to the use of a patented invention except in certain limited circumstances, such as a cooperative agreement for research related to homeland security or the clean up of a DOE facility. The intent was that DOE would assume no liability for patent infringement except in those special circumstances where DOE was a secondary beneficiary and could derive some use or benefit from the project. DOE generally awards cooperative agreements for such projects because DOE's substantial involvement in and contribution to the technical aspects of the effort are necessary to accomplish the objectives. The proposed rule invited the public to comment on whether an authorization and consent provision should be included routinely in assistance awards. As a result of our consideration of this comment, we have decided to be more specific regarding the use of this clause. The final rule includes a revised paragraph (g) to specify that the "Authorization and Consent" clause will not be included in

grants, but will be included in all cooperative agreements. DOE decided to include the "Authorization and Consent" clause in cooperative agreements because these awards are virtually always cost-shared, and inclusion of this clause serves as a necessary incentive to secure participant cost-sharing. A new paragraph (g)(3) has been added to this section. This paragraph establishes the policy and clauses for inclusion of "ancillary" matters such as patent indemnity and notice and assistance. These clauses, if included, must be consistent with those in 48 CFR part 927 for acquisition.

Comment: The "Rights in Data—General" clause in Appendix A to subpart D continues to give to the Government unlimited rights in "data first produced in the performance of the agreement". Further, paragraph (i), "Additional data requirements", of this clause exposes the recipient to a disclosure requirement for any data "first produced or specifically used in the performance of the agreement". DOE should have the right to receive only that data that the agreement specifies as the deliverable data, so that incidental developments such as basic proprietary process improvements, the development of which was not a requirement under the agreement, are not at risk.

Response: Both acquisitions, under the Federal Acquisition Regulation (FAR) and the Department of Energy Acquisition Regulation (DEAR), and financial assistance, under 10 CFR part 600, give DOE rights in data "first produced" under an award, *e.g.*, 10 CFR 600.136 gives DOE the right to "obtain, reproduce, publish or otherwise use 'the data first produced' under an award to an educational and other nonprofit organization". In addition DOE has statutory technical data dissemination obligations (*e.g.*, 42 U.S.C. 205(d); 42 U.S.C. 5817(e)). Data that is "specifically used," but not first produced in performance of an agreement, may be protected by the recipient's invoking of the withholding or marking provisions of paragraph (g) "Protection of limited rights data and restricted computer software" of the Rights in Data—General clause. Any delivery to the Government of limited rights data or restricted computer software is subject to negotiation. The fact that the Government has unlimited rights to data first produced or specifically used, which does not qualify as limited or restricted, does not mean that all data must be delivered. The amount of data to be delivered is determined by the program official and is subject to negotiation.