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Subpart 970.27—Patents, Data, and Copyrights

Parent topic: PART 970—DOE MANAGEMENT AND OPERATING CONTRACTS

970.2701 General.

970.2701-1 Applicability.

This subpart applies to negotiation of patent rights, rights in technical data provisions and other related provisions for the Department of Energy contracts for the management and operation of DOE's major sites or facilities, including the conduct of research and development and nuclear weapons production, and contracts which involve major, long-term or continuing activities conducted at a DOE site, including decontamination and decommissioning activities.

970.2702 Patent and copyrights.

970.2702-70 Solicitation provision and contract clauses.

(a) *Authorization and consent.* Contracting officers must include the clause at 970.5227-4, Authorization and Consent, instead of the clause at FAR 52.227-1.

(b) *Notice and assistance regarding patent and copyright infringement.* Contracting Officers must include the clause at 970.5227-5, Notice and Assistance Regarding Patent and Copyright Infringement, instead of the clause at FAR 52.227-2.

(c) *Patent indemnity.*

(1) Contracting Officers must include the clause at 970.5227-6, Patent Indemnity-Subcontracts, to assure that subcontracts appropriately address patent indemnity.

(2) Normally, the clause at FAR 52.227-3 would not be appropriate for an M&O contract; however, if there is a question, such as when the mission of the contractor involves production, the Contracting Officer must consult with DOE patent counsel and use the clause where appropriate.

(d) *Rights to proposal data.* Contracting Officers must include the clause at FAR 52.227-23, Rights to Proposal Data (Technical), in all solicitations and contracts for the management and operation of DOE sites and facilities.

(e) *Notice of right to request patent waiver.* Contracting Officers must include the provision at 970.5227-9 in all solicitations for contracts for the management and operation of DOE sites or facilities.

(f) *Royalties.* Contracting Officers must include the solicitation provision at 970.5227-7, Royalty Information, and the clause at 970.5227-8, Refund of Royalties, instead of the provision at FAR 52.227-6 and the clause at FAR 52.227-9, respectively.

970.2703 Patent rights.

970.2703-1 Purposes of patent rights clauses.

(a) DOE sites and facilities are managed and operated on behalf of the Department of Energy by a contractor, pursuant to management and operating contracts that are generally awarded for a five (5) year term, with the possibility for renewal. Special provisions relating to patent rights are appropriately incorporated into an M&O contract because of the unique circumstances and responsibilities of managing and operating a Government-owned facility, as compared to other federally funded research and development contracts.

(b) Contracting officers must consult with DOE patent counsel assisting the contracting activity or the Assistant General Counsel for Technology Transfer and Intellectual Property for assistance in selecting for use in the solicitation, negotiating, or approving appropriate patent rights clauses for a M&O contract. It may be appropriate to include more than one patent rights clause in a solicitation if the successful contractor could, for instance, be either an educational or a large business. If a large business may be selected for performance of a contract that will include a technology transfer clause, the solicitation must include the clause at 970.5227-12 to reflect the waiver that will likely be granted. If the solicitation includes more than one patent clause, it must include an explanation of the circumstances under which the appropriate clause will be used. The final award must contain only one patent rights clause.

970.2703-2 Patent rights clause provisions for management and operating contractors.

(a) *Allocation of principal rights: Bayh-Dole provisions.*

(1) If the M&O contractor is a nonprofit organization or small business firm as defined by 35 U.S.C. 201, the clause at 970.5227-10 must be inserted into the M&O contract, except when the M&O contract is for the operation of a DOE facility primarily dedicated to naval nuclear propulsion or weapons related programs. The patent rights clause at 970.5227-10 allows the contractor to elect to retain title to inventions conceived or first actually reduced to practice in performance of work under the contract in accordance with 35 U.S.C. 200 *et seq.* (the Bayh-Dole Act).

(2) If the M&O contractor is conducting privately funded technology transfer activities, involving the use of private funds to conduct licensing and marketing activities related to inventions made under the contract in accordance with the Bayh-Dole Act, DOE may modify the clause at 970.5227-10 to address issues such as the disposition of royalties earned under the privately funded technology transfer program, the transfer of patent rights to a successor contractor, allowable cost restrictions concerning privately funded technology transfer activities, and the Government's freedom from any liability related to licensing under the contractor's privately funded technology transfer program.

(b) *Allocation of principal rights: Government title.*

(1) The clause at 970.5227-11 must be incorporated into the M&O contract:

(i) For any the M&O contractor that does not qualify as a nonprofit organization or small business firm as defined by 35 U.S.C. 201 and for which DOE has not granted a patent waiver pursuant to 10 CFR part 784; or

(ii) If, without regard to the type of contractor, the M&O contract is for the operation of a DOE facility primarily dedicated to naval nuclear propulsion or weapons related programs.

(2) The clause at 970.5227-11 requires the contractor to assign the Government title to inventions conceived or first actually reduced to practice in the course of or under an M&O contract in accordance with 42 U.S.C. 2182 and 5908 (the Atomic Energy of 1954 and the Federal Nonnuclear Energy Act of 1974).

(c) *Allocation of principal rights: Contractor right to elect title under a patent waiver.* DOE may grant a patent waiver for an M&O contractor that does not qualify as a nonprofit organization or a small business firm pursuant to 10 CFR part 784. The patent waiver would allow the contractor to elect to retain title to inventions made in the course of or under the M&O contract. When a patent waiver is granted that covers the M&O contractor, the clause at 970.5227-12 must be inserted into the M&O contract, instead of using the clause at 970.5227-11. The clause at 970.5227-12 may be modified by applicable patent. If the M&O contractor is conducting privately funded technology transfer activities, involving the use of private funds to conduct licensing and marketing activities related to inventions made under the contract, DOE may modify the patent rights clause to address issues such as the disposition of royalties earned under the privately funded technology transfer program, the transfer of patent rights to a successor contractor, allowable cost restrictions concerning privately funded technology transfer activities, and the Government's freedom from any liability related to licensing under the contractor's privately funded technology transfer program.

(d) *Extensions of time—DOE discretion.* The patent rights clauses for M&O contracts require the contractor to take certain actions within prescribed time periods to comply with the contract and preserve its rights in inventions. The M&O contractor may request extensions of time in which to take such actions by submitting written justification to DOE, and DOE may grant the contractor's requests, on a case-by-case basis. If the time period expired due to negligence by the contractor, DOE may grant a request for an extension of time upon a showing by the contractor that corrective procedures are in place to avoid such negligence in the future. If a contractor is requesting an extension of time in which to elect to retain title to an invention, DOE may grant the request if the extension allows the contractor to conduct further experimentation, market research, or other analysis helpful to determine contractor interest in electing title to the invention, among other considerations. Generally, the extensions of time are for periods of between six (6) months to one

(1) year.

(e) *Facilities license.* These include the rights to make, use, transfer, or otherwise dispose of all articles, materials, products, or processes embodying inventions or discoveries used or embodied in the facility regardless of whether or not conceived or first actually reduced to practice under or in the course of such a contract. The patent rights clauses, 970.5227-10, 970.5227-11, 970.5227-12, each contain a provision granting the Government this facilities license.

(f) *Deletion of classified inventions provision.* If DOE determines that the research, development, demonstration or production work to be performed during the course of a management and

operating contract most probably will not involve classified subject matter or result in any inventions that require security classification, DOE patent counsel may advise the contracting officer to delete the patent rights clause provision entitled, “Classified Inventions” from the M&O contract.

(g) *Alternate 1—Weapons Related Research or Production.* If DOE grants technology transfer authority to a DOE facility, pursuant to Public Law 101-189, section 3133(d), and the DOE owned facility is involved in weapons related research and development, or production, then Alternate 1 of the patent rights clauses must be inserted into the M&O contract. Alternate 1 defines weapons related subject inventions and restricts the contractor's rights with respect to such inventions.

(h) *Allocation of principal rights: Subcontractor rights to elect title under Bayh-Dole provisions.* When the M&O contractor is issuing a subcontract to a nonprofit organization or small business firm as defined by 35 U.S.C. 201, the subcontractor retains all rights provided in the patent rights clause at 37 CFR 401.3(a) and 401.14 and adding Alternate I of 48 CFR 952.227-11, Patent Rights-Retention by the Contractor, that includes the agency implementing regulations specific for DOE. If the S&E DEC, or any other related DEC to substantial U.S. manufacturing policy, is applicable, the Contractor shall include Alternate II of 48 CFR 952.227-11, Patent Rights-Retention by the Contractor. Alternate II modifies 37 CFR 401.14 to:

(1) Reflect DOE required subcontracting instructions pursuant to 37 CFR 401.5(a) as well as the deletion of the definition of contractor that does not apply based on the subcontracting instructions; and

(2) Include the U.S. competitiveness provision pursuant to the Determination of Exceptional Circumstances under the Bayh-Dole Act to Further Promote Domestic Manufacture of DOE Science and Energy Technologies executed by DOE on June 7, 2021.

970.2704 Rights in data.

970.2704-1 General.

(a) Rights in data relating to the performance of the contract and to all facilities are significant in assuring continuity of the management and operation of DOE facilities. It is crucial in assuring DOE's continuing ability to perform its statutory missions that DOE obtain rights to all data produced or specifically used by its management and operating contractors and appropriate subcontractors. In order to obtain the necessary rights in technical data, DOE contracting officers shall assure that management and operating contracts contain either the Rights in Data clause at 48 CFR 970.5227-1, Rights in Data—Facilities, or the clause at 48 CFR 970.5227-2, Rights in Data—Technology Transfer. Selection of the appropriate clause is dependent upon whether technology transfer is a mission of the management and operating contract pursuant to the National Competitiveness Technology Transfer Act of 1989, Public Law 101-189, (15 U.S.C. 3711 *et seq.,* as amended). If technology transfer is not a mission of the management and operating contract, the clause at 48 CFR 970.5227-1, Rights in Data—Facilities, shall be used. In those instances in which technology transfer is a mission of the contract, the clause at 48 CFR 970.5227-2, Rights in Data—Technology Transfer, shall be used.

(b) Employees of the management and operating contractor may not be used to assist in the preparation of a proposal or bid for services which are similar or related to those being performed under the contract, which are to be performed by the contractor or its parent or affiliate

organization for commercial customers unless the employee has been separated from work under the DOE contract for such period as the Head of the Contracting Activity or designee shall have directed.

970.2704-2 Procedures.

(a) The clauses at 970.5227-1, Rights in Data—Facilities, and 970.5227-2, Rights in Data—Technology Transfer, both provide generally for Government ownership and for unlimited rights in the Government for all data first produced in the performance of the contract and unlimited rights in data specifically used in the performance of the contract. Both clauses provide that, subject to patent, security, and other provisions of the contract, the contractor may use contract data for its private purposes. The contractor, under either clause, must treat any data furnished by DOE or acquired from other Government agencies or private entities in the performance of their contracts in accordance with any restrictive legends contained therein. For Research and Development Contracting, requirements for R&D results conveyed in scientific and technical information are addressed in 935.010 and should be set forth as part of the contract. These contractual requirements are further addressed in DOE Order 241.1B, or its successor version, which sets forth requirements for scientific and technical information.

(b) Since both clauses secure access to and, if requested, delivery of technical data used in the performance of the contract, there is generally no need to use the Additional Technical Data Requirements clause at 48 CFR 52.227-16 in the management and operating contract.

(c)

(1) Paragraph (d) of the clause at 48 CFR 970.5227-1, Rights in Data—Facilities, and paragraph (f) of the clause at 48 CFR 970.5227-2, Rights in Data—Technology Transfer, provide for the inclusion in subcontracts of the Rights in Technical Data—General clause at 48 CFR 52.227-14, with Alternate V, and modified in accordance with DEAR 927.409. Those clauses also provide for the inclusion in appropriate subcontracts Alternates II, III, and IV to the clause at 48 CFR 52.227-14 with DOE's prior approval and the inclusion of the Additional Technical Data Requirements clause at 48 CFR 52.227-16 in all subcontracts for research, development, or demonstration and all other subcontracts having special requirements for the production or delivery of data. In subcontracts, including subcontracts for related support services, involving the design or operation of any plants or facilities or specially designed equipment for such plants or facilities that are managed or operated by the contractor under its contract with DOE, the management and operating contractor shall use the Rights in Data—Facilities clause at 48 CFR 970.5227-1.

(2) Where, however, a subcontract is to be awarded by the management and operating contractor in connection with a program, as discussed at 927.404-71, which provides statutory authority to protect from public disclosure, data first produced under contracts awarded pursuant to the program, contracting officers shall ensure that the management and operating contractor includes in that subcontract the rights in data clause provided by DOE Patent Counsel, consistent with any accompanying guidance.

(3) Management and operating contractors and higher-tier subcontractors shall not use their power to award subcontracts as economic leverage to acquire rights in a subcontractor's limited rights data or restricted computer software for their private use, nor may they acquire rights in a subcontractor's limited rights data or restricted computer software except through the use of Alternate II or III to the clause at 48 CFR 52.227-14, respectively, without the prior approval of DOE

Patent Counsel.

(d)

(1) Paragraphs (e) and (f) of the clause at 48 CFR 970.5227-1, Rights in Data—Facilities, and paragraphs (g) and (h) of the clause at 48 CFR 970.5227-2, Rights in Data—Technology Transfer, provide for the contractor's granting a nonexclusive license in any limited rights data and restricted computer software specifically used in performance of the contract.

(2) In certain instances the objectives of DOE would be frustrated if the Government did not obtain, at the time of contracting, limited license rights on behalf of responsible third parties and the Government, and to limited rights data or restricted computer software or both necessary for the practice of subject inventions or data first produced or delivered in the performance of the contract. This situation may arise in the performance of management and operating contracts and contracts for the management or operation of a DOE facility or site. Contracting officers should consult with program officials and Patent Counsel. No such rights should be obtained from a small business or non-profit organization, unless similar rights in background inventions of the small business or non-profit organization have been authorized in accordance with 35 U.S.C. 202(f). Where such a background license is in DOE's interest, a provision that provides substantially as Alternate VI at 48 CFR 952.227-14 should be added to the appropriate clause, 48 CFR 970.5227-1, Rights in Data—Facilities, or 48 CFR 970.5227-2, Rights in Data—Technology Transfer.

(e) The Rights in Data—Technology Transfer clause at 970.5227-2 differs from the clause at 970.5227-1, Rights in Data—Facilities, in the context of its more detailed treatment of copyright. In management and operating contracts that have technology transfer as a mission, the right to assert copyright in data first produced under the contract will be a valuable right, and commercialization of such data, including computer software, will assist the management and operating contractor in advancing the technology transfer mission of the contract. The clause at 970.5227-2, Rights in Data—Technology Transfer, provides for DOE approval of DOE's taking a limited copyright license during the period in which the copyrighted data is being commercialized. The contractor must notify DOE (Patent Counsel and Office of Scientific and Technical Information (OSTI)) when commercial activity ceases.

(f) Contracting officers should consult with Patent Counsel to assure that requirements regarding royalties and conflicts of interest associated with asserting copyright in data first produced under the contract are appropriately addressed in the Technology Transfer Mission clause (48 CFR 970.5227-3) of the management and operating contract. Where it is not otherwise clear which DOE program funded the development of a computer software package, such as where the development was funded out of a contractor's overhead account, the DOE program which was the primary source of funding for the entire contract is deemed to have administrative responsibility. This issue may arise, among others, in the decision whether to grant the contractor permission to assert copyright. See paragraph (e) of the Rights in Data—Technology Transfer clause at 970.5227-2.

(g) In management and operating contracts involving access to DOE-owned Category C-24 restricted data, as set forth in 10 CFR part 725, DOE has reserved the right to receive reasonable compensation for the use of its inventions and discoveries, including its related restricted data and technology. Alternate I to each clause shall be used where access to Category C-24 restricted data is contemplated in the performance of a contract.

970.2704-3 Contract clauses.

(a) The contracting officer shall insert the clause at 970.5227-1, Rights in Data—Facilities, in management and operating contracts which do not contain the clause at 970.5227-2, Rights in Data—Technology Transfer. The Contracting Officer may insert, with concurrence of Patent Counsel, the clause at 970.5227-1, Rights in Data—Facilities, in other contracts where Government facilities are being constructed, modified, or in decontamination and decommissioning. The contracting officer shall include the clause with its Alternate I in contracts where access to Category C-24 restricted data, as set forth in 10 CFR part 725, is to be provided to contractors. The Contracting Officer shall include the clause with its Alternate II in contracts where Government facilities are being constructed, modified, or in decontamination and decommissioning, and it is anticipated that further solicitation may be required to complete the project.

(b) The contracting officer shall insert the clause at 970.5227-2, Rights in Data—Technology Transfer, in management and operating contracts which contain the clause at 970.5227-3, Technology Transfer Mission. The contracting officer shall include the clause with its Alternate I in contracts where access to Category C-24 restricted data, as set forth in 10 CFR part 725, is to be provided to contractors. The Contracting Officer shall include the clause with its Alternate II in contracts where Government facilities are being constructed, modified, or in decontamination and decommissioning, and it is anticipated that further solicitation may be required to complete the project.

970.2770 Technology Transfer.

970.2770-1 General.

This subpart prescribes policies and procedures for implementing the National Competitiveness Technology Transfer Act of 1989, Public Law 101-189, (15 U.S.C. 3711 *et seq.,* as amended). The Act requires that technology transfer be established as a mission of each Government-owned laboratory operated under contract by a non-Federal entity. The National Defense Authorization Act for Fiscal Year 1994 expanded the definition of “laboratory” to include weapon production facilities that are operated for national security purposes and are engaged in the production, maintenance, testing, or dismantlement of a nuclear weapon or its components.

970.2770-2 Policy.

All new awards for or extensions of existing DOE laboratory or weapon production facility management and operating contracts shall have technology transfer, including authorization to award Cooperative Research and Development Agreements (CRADAs), as a laboratory or facility mission under Section 11(a)(1) of the Stevenson-Wydler Technology Innovation Act of 1980, Public Law 96-480 (15 U.S.C. 3701 *et seq.,* as amended). All new awards for or extensions of existing DOE laboratory or weapon production facility M&O contracts shall include authorization for the M&O contractor to engage directly with third parties in Agreements for Commercializing Technology, under section 107 of the Department of Energy Research and Innovation Act, Public Law 115-246, by using 970.5217-2, Agreements for Commercializing Technology. A management and operating

contractor for a facility not deemed to be a laboratory or weapon production facility may be authorized on a case-by-case basis to support the DOE technology transfer mission including, but not limited to, participating in CRADAs awarded by DOE laboratories and weapon production facilities.

970.2770-3 Technology transfer and patent rights.

The National Competitiveness Technology Transfer Act of 1989 (NCTTA) established technology transfer as a mission for Government-owned, contractor-operated laboratories, including weapons production facilities, and authorizes those laboratories to negotiate and award cooperative research and development agreements with public and private entities for purposes of conducting research and development and transferring technology to the private sector. In implementing the NCTTA, DOE has negotiated technology transfer clauses with the contractors managing and operating its laboratories. Those technology transfer clauses must be read in concert with the patent rights clause required by this subpart. Thus, each management and operating contractor holds title to subject inventions for the benefit of the laboratory or facility being managed and operated by that contractor.

970.2770-4 Contract clause.

(a) The contracting officer shall insert the clause at 970.5227-3, Technology Transfer Mission, in each solicitation for a new or an extension of an existing laboratory or weapon production facility management and operating contract.

(b) If the contractor is a nonprofit organization or small business eligible under 35 U.S.C. 200 *et seq.,* to receive title to any inventions under the contract and proposes to fund at private expense the maintaining, licensing, and marketing of the inventions, the contracting officer shall use the basic clause with its Alternate I.

(c) If the facility is operated for national security purposes and engaged in the production, maintenance, testing, or dismantlement of a nuclear weapon or its components, the contracting officer shall use the basic clause with its Alternate II.