COUNCIL ON GOVERNMENTAL RELATIONS

Eleven Dupont Circle, Suite 480 Washington, D.C. 20036 202-861-2595

July 23, 1980

TO: Patents, Copyrights and Rights in Data Committee

FROM: Milton Goldberg M.G.

SUBJECT: DOE Proposed Rules on Patent Licensing Regulations
(45 FR 48910; July 22, 1980)

For your review and comment, enclosed are the above referenced regulations.

Enclosure

Dated: July 16, 1980.
Joe S. Zoller,
Assistant Administrator—Electric.
[FR Doc. 80-21920 Filed 7-21-80; 8:45 am]
BILLING CODE 3410-15-M

7 CFR Part 1701

Proposed Revision of REA Specification DT-5C:PE-9

AGENCY: Rural Electrification Administration, USDA.

ACTION: Advanced notice of proposed rulemaking.

SUMMARY: REA Specification DT-5C:PE-9, "Wood Poles, Stubs, and Anchor Logs and Preservative Treatment of These Materials," is the standard that specifies the minimum acceptable quality of wood poles, stubs and anchor logs purchased by or for REA borrowers. This standard incorporates several national standards which have been amended and reissued since DT-5C:PE-9 was last revised. REA proposes to revise Specification DT-5C:PE-9 to reflect the changes in the national standards and make other changes which will clarify and improve certain areas of the last revision.

DATE: Public comments must be received by REA no later than August 21, 1980.

ADDRESS: Persons interested in the development of guidelines and procedures for the proposed specification may submit written data, views, suggestions or comments to the Director, Engineering Standards Division, Rural Electrification Administration, Room 1270, South Building, U.S. Department of Agriculture, Washington, D.C. 20250.

FOR FURTHER INFORMATION CONTACT: Mr. Arnie W. Cain, telephone number (202) 447-3813.

SUPPLEMENTARY INFORMATION: REA is considering revision of the requirements for arsenical salts preservatives to bring them in line with latest issuances of the American Wood Preservers' Association (AWPA) standards. REA is considering revision which would restrict the use of arsenical salt preservatives to species other than Douglas fir.

REA is considering ways to limit the incidences of pretreatment infection and decay. This might involve limits on conditioning time prior to treatment and/or techniques for detecting early stages of decay in wood.

REA is also considering revision which will clarify the intent regarding the responsibilities of independent inspectors to provide complete inspection, without exception, in strict accordance with REA requirements in their entirety, and the responsibilities of treaters to provide REA borrowers with wood products which are inspected both "in the white" and after treatment, in strict accordance with REA requirements in their entirety.

REA is also considering revision which will more precisely define a check.

Dated: July 16, 1980.
Joe S. Zoller,
Assistant Administrator—Electric.
[FR Doc. 80-21972 Filed 7-21-80; 8:45 am]
BILLING CODE 3410-15-M

DEPARTMENT OF ENERGY

10 CFR PART 781

Patent Licensing Regulations

AGENCY: Department of Energy.

ACTION: Notice of Proposed Rule.

SUMMARY: The Department of Energy (DOE) is proposing to revise its regulations concerning licensing of patents or patent applications owned by DOE. The proposed regulations set forth the procedures, terms, and conditions upon which licenses may be granted in DOE-owned patents or patent applications. The proposed regulations will supersede the patent licensing regulations issued in 1973 by the Atomic Energy Commission and since adopted by DOE.

DATES: Comments must be received on or before August 21, 1980.

ADDRESSES: Send comments to Mr. James E. Denny, Assistant General Counsel for Patents, U.S. Department of Energy, Mail Stop A2-3018, Washington, D.C. 20545, telephone (301) 353-4018.

FOR FURTHER INFORMATION CONTACT: Robert J. Marchick, Office of the Assistant General Counsel for Patents, U.S. Department of Energy, Washington, D.C. 20545 (301) 353-4970.

SUPPLEMENTARY INFORMATION: Section 9(g) of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908(g)) and Sections 156 and 161g of the Atomic Energy Act of 1954, as amended, (42 U.S.C. 2186 and 42 U.S.C. 2201g), in conjunction with the Department of Energy Organization Act, (42 U.S.C. 7101), provide the Secretary of Energy with the authority to issue regulations upon which licenses may be granted under Department-owned patents. In addition, the Presidential Statement of Government Patent Policy dated August 23, 1971, (36 FR 16887), provides authority for the issuance of regulations providing for the licensing of Government-owned inventions. Pursuant to the Presidential Statement, an amendment to the Federal Property Management Regulations (41 CFR Part 101-4) was issued. These proposed regulations are generally consistent with the Federal Property Management Regulations, except where modified to follow the requirements of the Federal Nonnuclear Energy Research and Development Act of 1974.

The Department of Energy owns title to approximately 3,800 United States patents, and approximately 1,600 patents in 26 foreign countries. These patents generally relate to technology in all energy fields, including nuclear, fossil, solar, conservation, and geothermal, as well as non-energy areas, including biomedical and environmental.

Lists of abstracts of Department of Energy-owned patents may be obtained by contacting the Assistant General Counsel for Patents, Department of Energy, Washington, D.C. 20545. Copies of U.S. Patents, including Department-owned patents, may be obtained from the U.S. Patent and Trademark Office, Washington, D.C. 20231. Copies of U.S. patent application specifications may be secured at reasonable costs from the National Technical Information Service, Springfield, Virginia, 22151.

It is normally the policy of the Department, in accordance with procedures, terms, and conditions specified in these regulations, to offer its patents for license to responsible applicants. DOE generally encourages the nonexclusive licensing of its patents in order to promote competition and achieve the widest possible utilization of the patented subject matter. However, it is recognized that in unusual circumstances the commercial development of certain inventions may require a substantial capital investment which private manufacturers may be unwilling to risk under a nonexclusive license. Accordingly, DOE may grant exclusive or partially exclusive licenses in appropriate circumstances in accordance with procedures specified in the regulations.

Decisions as to grants or denials of a license application will be based, in accordance with the provisions of these regulations, on the Department's view of what is in the best interests of the United States and the general public. For example, in appropriate circumstances, based on a consideration of factors specified in these regulations, grant of a license may be restricted to a requirement that the licensee manufacture the licensed product in the United States.

Licenses granted under Department-owned patents are subject to terms and conditions as specified in these

regulations, including a requirement to submit written reports, at least annually, on the licensee's efforts to commercialize the invention. Reasonable royalties may be charged for nonexclusive licenses on DOE inventions, and reasonable royalties shall be charged for exclusive or partially exclusive licenses unless the Department determines that it is not in the public interest to charge royalties.

These proposed regulations are substantially the same as the patent licensing regulations currently used by DOE, with these significant revisions: (1) The formal adoption of the statutory terms and conditions mandated by the Federal Nonnuclear Energy Research and Development Act, including procedures for third-party termination of exclusive or partially exclusive licenses; (2) clarification of procedures for appeal of patent licensing decisions, particularly with respect to the issue of which parties have standing to request such an appeal; (3) elimination of the presumption against the charging of royalties for licenses under DOE inventions; and (4) addition of the ability to grant a limited number of licenses under a particular invention in appropriate circumstances.

In accordance with section 501(c) of the Department of Energy Organization Act, DOE has determined that these regulations present no substantial issue of fact or law, and are unlikely to have a substantial impact on the economy or large numbers of individuals or businesses. Accordingly, no public hearing is required.

Since this document is unlikely to have any significant effect on the environment, DOE has determined that the provisions of Section 7(a)(2) of the Federal Energy Administration Act, as amended, requiring that proposals having such effect be submitted to the Environmental Protection Agency for review and comment, do not apply. Further, DOE has determined that the regulations do not require the preparation of an Environmental Impact Statement pursuant to the requirements of the National Environmental Policy Act of 1969.

(Department of Energy Organization Act, Section 301, 42 U.S.C. 7301; Federal Nonnuclear Energy Research and Development Act of 1974, Section 9(g), (42 U.S.C. 5908(g)); Atomic Energy Act of 1954 as amended, secs. 156 and 161g, 42 U.S.C. 2186 and 2201g; Presidential Statement of Government Patent Policy, 36 FR 16887)

In consideration of the foregoing, Part 781 of Title 10 of the Code of Federal Regulations, is revised as set forth below.

Issued in Washington, D.C., July 11, 1980.

Lynn R. Coleman,

General Counsel, Department of Energy.

1. Part 781 is revised to read as follows:

PART 781—DOE PATENT LICENSING REGULATIONS

General Provisions

Sec.

Authority: Department of Energy Organization Act, sec. 301, Pub. L. 95–91, (42 U.S.C. 7301); Federal Nonnuclear Energy Research and Development Act of 1974, sec. 9(g), Pub. L. 93–577, (42 U.S.C. 5908(g)); Atomic Energy Act of 1954, as amended, secs. 156, 161g, Pub. L. 83–703, (42 U.S.C. 2186), 2201g; Presidential Statement of Government Patent Policy, 36 FR 16887

General Provisions

§ 781.1 Scope.

The regulations of this part establish the procedures, terms, and conditions upon which licenses may be granted in inventions covered by patents or patent applications, both domestic and foreign, vested in the United States of America, as represented by or in the custody of the Department of Energy.

§ 781.2 Policy.

(a) The inventions covered by the patents and patent applications, both foreign and domestic, vested in the Government of the United States of America, as represented by or in the custody of the Department, normally will best serve the public interest when they are developed to the point of practical or commercial application and made available to the public in the shortest possible time. This may be accomplished by the granting of express nonexclusive, exclusive, or partially exclusive licenses for the practice of these inventions. However, it is recognized that there may be inventions as to which the Department deems dedication to the public by publication preferable to accomplish these objectives.

(b) Although DOE encourages the nonexclusive licensing of its inventions to promote competition and to achieve their widest possible utilization, the commercial development of certain inventions may require a substantial capital investment that private manufacturers may be unwilling to risk under a nonexclusive license. Thus, DOE may grant exclusive or partially exclusive licenses where the granting of such exclusive or partially exclusive licenses is consistent with § 781.5–2.

(c) Decisions as to grants or denials of any license application will, in the discretion of the Secretary, be based on the Department's view of what is in the best interests of the United States and the general public under the provisions of these regulations. Decisions of the Department under these regulations may be made on the Secretary's behalf by the General Counsel or the General Counsel's delegate, except where otherwise delegated to the Invention Licensing Appeal Board. When the Department deems it appropriate to grant a license, the license will be negotiated on terms and conditions most favorable to the interests of the United States and the general public.

(d) No license shall be granted or implied under a DOE invention except as provided for in these regulations, in patent rights articles under Department procurement regulations (41 CFR Part 9–9), in agreements between DOE and other Government bodies, or in any existing or future treaty or agreement between the United States and any foreign government or intergovernmental organization.

(e) No grant of a license under this part shall be construed to confer upon any licensee any immunity from the antitrust laws or from liability for patent misuse, and the acquisition and use of rights pursuant to this part shall not be immunized from the operation of state or federal law by reason of the source of the grant.

§ 781.3 Definitions.

(a) "Board" means the Invention Licensing Appeal Board.

(b) "Department of Energy", "Department", or "DOE" mean the Department of Energy established by the Department of Energy Organization Act (Pub L. 95–91; 42 U.S.C. 7101).

(c) "DOE invention" means an invention covered by a U.S. or foreign patent or patent application that is vested in the Government of the United

States, as represented by or in the custody of the Department, or any of its predecessors, and which is designated by the Department as appropriate for the grant of an express nonexclusive, exclusive, or partially exclusive license.

(d) "Exclusive license" means a license in which the licensee has the exclusive right under the patent for a part or the full term of the patent, subject only to the retention by the U.S. Government of a license and rights in the invention, as specified herein.

(e) "Partially exclusive license" means (1) an exclusive license where the exclusive right granted is limited to making or using or selling the invention, or is limited to specified fields of use or use in specified geographic location; or (2) a license where the number of licenses under the particular invention is limited.

(f) "Person" means any individual, partnership, corporation, association, or institution, or other entity.

(g) "Predecessor" means the Energy Research and Development Administration, the Atomic Energy Commission, and any of the Government entities or parts thereof transferred to the Department of Energy pursuant to Title III of the Department of Energy Organization Act.

(h) "Responsible applicant" means an applicant who, in the discretion of the Department, has the intentions, plans, and ability expeditiously to bring the invention to the point of practical or commercial application.

(i) "Secretary" means the Secretary of Energy or the delegate of the Secretary of Energy.

(j) "To the point of practical or commercial application" means to manufacture in the case of composition or product, to practice in the case of a process, or to operate in the case of a machine, under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(k) "United States and the general public" means the U.S. Government, U.S. citizens, and U.S. organizations.

(l) "U.S. Organization" means any partnership, corporation, association, or institution, where 75 percent or more of the voting interest is owned by U.S. citizens.

§ 781.4 Communications.

All communications concerning the regulations in this part, including applications for licenses, should be addressed or delivered to the General Counsel, Attention: Assistant General Counsel for Patents, U.S. Department of Energy, Washington, D.C. 20545.

§ 781.5 Types of licenses and conditions for licensing.

§ 781.5–1 Nonexclusive licenses.

(a) *Availability of Licenses.* Except as provided in § 781.5–2, DOE inventions will be made available for the grant of nonexclusive, revocable licenses to responsible applicants. However, when in the best interests of the United States and the general public, licenses may be restricted to manufacture in the United States. Factors which the Department will consider in so restricting a license include, but are not limited to, the following: (1) The nature of the invention; (2) the effect of the license upon the policies of the United States Government; (3) the effect of the license upon domestic and international commerce and competition; (4) the effect of the license upon the balance of payments of the United States; and (5) the effect of the license upon the overall posture of the United States in world markets.

(b) *Terms of Grant.* Nonexclusive licenses shall contain such terms and conditions as the Department may determine appropriate for the protection of the interests of the United States and the general public, including but not limited to the following:

(1) The duration of the license will be negotiated and may be extended upon application therefor, provided the licensee complies with all the terms of the license and shows that substantial utilization has been, or within a reasonable time will be, achieved.

(2) The license shall require the licensee to bring the invention to the point of practical or commercial application in the geographic area of the license, within a period specified in the license, or as the period may be extended by the Department, upon request in writing to the General Counsel, for good cause shown. The license shall further require licensee to continue to make the benefits of the invention reasonably accessible in the geographic area of the license.

(3) The license may be granted for all or less than all fields of use of the invention and in any one or all of the countries, or any lesser geographic area thereof, in which the invention is covered by a patent or a patent application.

(4) Reasonable royalties may be charged for nonexclusive licenses on DOE inventions. Factors to be considered in determining whether to charge royalties, or the amount thereof, include, but are not limied to, the following:

(i) The nature of the invention; (ii) applicant's status as a small business, minority business, or business in an economically depressed, low income or labor surplus area; (iii) the extent of U.S. Government contribution to the development of the invention; (iv) the degree of development of the invention; (v) the extent of effort necessary for licensee to bring the invention to the point of practical or commercial application; (vi) the extent of effort necessary to create or penetrate the market for the invention; (vii) whether the licensee is a U.S. citizen or U.S. organization; and (viii) whether the invention is to be licensed in the U.S. or in a foreign country.

(5) The license may extend to licensee's subsidiaries and affiliates in the jurisdiction of the license, if any, within the corporate structure of which licensee is a part but shall not be assignable, nor include the right to grant sublicenses, without the approval of the Department in writing.

(6) The licensee shall be required to submit written reports annually, and in addition when specifically requested by the Department, on its efforts to bring the invention to a point of practical or commercial application and the extent to which the licensee continues to make the benefits of the invention reasonably accessible to the public. The reports shall contain information within the licensee's knowledge, or which the licensee may acquire under normal business practices, pertaining to the commercial use being made of the invention.

(7) The Department may restrict the license to the fields of use or geographic areas in which the licensee has brought the invention to the point of practical or commercial application and continues to make the benefits of the invention reasonably accessible to the public.

§ 781.5–2 Exclusive and partially exclusive licenses.

(a) *Availability of Licenses.* The Department may grant exclusive or partially exclusive licenses in any invention only if:

(1) The invention has been published as available for licensing pursuant to § 781.6–1 for a period of at least six (6) months;

(2) It does not appear that the desired practical or commercial application has been or will be achieved on a nonexclusive basis, and that exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth risk capital and expenses to bring the invention to the point of practical or commercial application;

(3) A sixty (60) day notice of a proposed exclusive or partially exclusive licensee has been provided,

pursuant to § 781.6–3(a), advising of an opportunity for a hearing; and

(4) After termination of the sixty (60) day notice period, the Secretary has determined that:

(i) The interests of the United States and the general public will best be served by the proposed license, in view of the license applicant's intentions, plans, and ability to bring the invention to the point of practical or commercial applications;

(ii) The desired practical or commercial applications have not been achieved, or are not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on the invention;

(iii) Exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth risk capital and expenses to bring the invention to the point of practical or commercial applications; and

(iv) The proposed terms and scope of exclusivity are not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial applications and to permit the licensee to recoup its costs and a reasonable profit thereon;

(5) Any determination pursuant to subparagraph (4) of this paragraph regarding the practical or commercial application of an invention may be limited to the making, using or selling of an invention, a specific field of use, or a geographic location, provided that the grant of such license will not tend substantially to lessen competition or result in undue concentration in any section of the United States in any line of commerce to which the technology to be licensed relates.

(b) *Limited Number of Partially Exclusive Licenses.* In appropriate circumstances, and only after compliance with the requirements of subsection § 781.5–2(a), the Department may offer only a limited number of partially exclusive licenses under a particular invention, when limitation of the number of licenses is found to be in the public interst and consistent with the purpose of these regulations. Factors to be considered in a determination to offer only a limited number of licenses under a particular invention include, but are not limited to, the following: (1) The nature of the invention; (2) the projected market size; (3) the need for limitation of licenses to attract risk capital; and (4) the need for limitation of licenses to achieve expeditious commercialization of the invention. When such a determination is made, a Notice of Intent to limit the number of licenses shall be published in the Federal Register, identifying the invention, and advising that the Department will entertain no further applications for license under the subject invention unless within 60 days of the publication of the notice, the General Counsel receives, in writing, responses in accordance with § 781.6–3.

(c) *Selection of Exclusive Licensee or Partially Exclusive Licensee Among Multiple Applicants.* When a determination is made by the Department that grant of an exclusive license or partially exclusive license under a particular invention is a reasonable and necessary incentive, in accordance with paragraphs (a) and (b) of this section, to call forth risk capital and expenses to bring the invention to the point of practical or commercial application, and there is more than one applicant in a particular jurisdiction seeking an exclusive license, and no applicant will accept either a nonexclusive or a partially exclusive license, the Department shall make a written determination selecting an exclusive licensee. Similarly, when a determination is made to grant a limited number of partially exclusive licenses under a particular invention, and there are more applicants for such licenses than acceptable, the Department shall make a written determination selecting a limited number of partially exclusive licenses. Factors to be considered in making these determinations include, but are not limited to, the following: (1) The relative intentions, plans, and abilities of the applicants to further the technical and market development of the invention and to bring the invention to the point of practical or commercial application; (2) the projected impact on competition in the U.S.; (3) projected market size (4) the benefit to the U.S. Government, U.S. organizations, and the U.S. public; (5) assistance to small business and minority business enterprises and economically depressed, low-income, and labor-surplus areas; and (6) whether the applicant is a U.S. citizen or U.S. organization.

(d) *Terms of Grant.* Exclusive or partially exclusive licenses shall contain such terms and conditions as the Secretary may determine to be appropriate for the protection of the interests of the United States and the general public, including but not limited to the following:

(1) The duration of the license will be negotiated and the terms and scope of exclusivity shall not be substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial application and to permit the licensee to recoup its costs and a reasonable profit thereon. Extensions are permissible only through reapplication for an exclusive or partially exclusive license under procedures established in these regulations. The license shall be subject to any compulsory license provision required by law in a particular jurisdiction.

(2) The license shall require the licensee to bring the invention to the point of practical or commercial application in the geographic area of the license, within a period specified in the license, or as the period may be extended by the Department, upon request in writing to the General Counsel, for good cause shown. The license shall further require the licensee to continue to make the benefits of the invention reasonably accessible in the geographic area of the license. In specifying the period for bringing the invention to the point of practical or commercial application, the license shall specify the minimum sum to be expended by the licensee and/or other specific actions to be taken by it within periods indicated in the license.

(3) The license may be granted for all or less than all fields of use of the invention and in any one or all of the countries, or any lesser geographic area thereof, in which the invention is covered by a patent or a patent application.

(4) Reasonable royalties shall be charged by the Department unless the Department determines that charging of royalties would not be in the best interests of the United States and the general public.

(5) The license may extend to the licensee's subsidiaries and affiliates in the jurisdiction of the license, if any, within the corporate structure of which the licensee is a part but shall not be assignable, nor include the right to grant sublicenses, without the approval in writing of DOE.

(6) The licensee shall be required to submit written reports annually, and in addition when specifically requested by the Department, on its efforts to bring the invention to the point of practical or commercial application and the extent to which the licensee continues to make the benefits of the invention reasonably accessible to the public. The reports shall contain information within the licensee's knowledge, or which the licensee may acquire under normal business practices, pertaining to the commercial use being made of the invention.

(7) The license shall reserve at least an irrevocable, nonexclusive, paid-up license to make, use and sell the invention throughout the world by or on behalf of the United States (including

any Government agency) and States and domestic municipal governments, unless the Secretary determines that it would not be in the public interest to reserve such a license for the States and domestic municipal governments.

(8) The license shall reserve in the United States the right to sublicense the licensed invention to any foreign government pursuant to any existing or future treaty or agreement if the Secretary determine it would be in the national interest to acquire this right.

(9) The license shall reserve in the Secretary the right to require the granting of a nonexclusive or partially exclusive sublicense to a responsible applicant or applicants, upon terms reasonable under the circumstances, (i) to the extent that the invention is required for public use by governmental regulations, (ii) as may be necessary to fulfill health, safety, or energy needs, (iii) or for such other purposes as may be stipulated in the license.

(10) The license shall reserve in the Secretary the right to terminate such license in whole or in part, subject to the notice and appeal provisions of §§ 781.6–4 and 781.6–5, unless the licensee demonstrates to the satisfaction of the Secretary that he has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(11) The license shall reserve in the Secretary the right, commencing three years after the grant of the license, to terminate the license subject to the provisions of § 781.6–6, in whole or in part, following a hearing upon notice thereof to the public, upon a petition by an interested person justifying such hearing—

(i) If the Secretary determines, upon review of such material as he deems relevant, and after the licensee or other interested person has had the opportunity to provide such relevant and material information as the Secretary may require, that such license has tended substantially to lessen competition or to result in undue concentration in any section of the United States in any line of commerce to which the technology relates; or

(ii) If the licensee fails to demonstrate to the satisfaction of the Secretary at such hearing that he has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

§ 781.5–3 Additional licenses.

Subject to any outstanding licenses, nothing in this subpart shall preclude the Department from granting additional nonexclusive, exclusive, or partially exclusive licenses for inventions covered by this part when the Department determines that to do so would provide for an equitable exchange of patent rights. The following circumstances are examples in which such licenses may be granted:

(a) In consideration of the settlement of interferences;

(b) In consideration of a release of any claims;

(c) In exchange for or as a part of the consideration for a license under adversely held patents; or

(d) In consideration for the settlement or resolution of any proceeding under the Department of Energy Organization Act or other statute.

§ 781.6 Procedures.

§ 781.6–1 Publication of DOE inventions available for license.

(a) The Department will publish periodically in the Federal Register a list of the DOE inventions available for licensing under this part. In addition, a list of those DOE inventions that are protected in the United States will be published in the U.S. Patent and Trademark Office Official Gazette, and in the National Technical Information Service (NTIS) publication "Government Inventions for Licensing."

(b) Interested persons may obtain copies of such lists by contacting the General Counsel, Attention: Assistant General Counsel for Patents, U.S. Department of Energy, Washington, D.C. 20545. Copies of U.S. patents may be obtained from the U.S. Patent and Trademark Office, Washington, D.C. 20231. Copies of U.S. patent applications, specifications, or microfiche reproductions thereof may be secured at reasonable cost from the National Technical Information Service (NTIS), Springfield, Virginia 22151.

§ 781.6–2 Contents of a license application.

An application for a license under a DOE invention must be accompanied by a processing fee of $25 for each patent or patent application under which a license is desired, which shall be credited towards royalty if royalties are charged, and must include the following information:

(a) Identification of the invention for which the license is desired, including the title of the invention, and the patent application serial number or the patent number of the invention;

(b) Name and address of the person, company, or organization applying for a license and whether the applicant is a U.S. citizen or U.S. organization;

(c) Name and address of a representative of the applicant to whom correspondence should be sent and any notices served;

(d) Nature and type of the applicant's business;

(e) Applicant's status, if any, as a small business firm, minority business firm, or business firm located in a labor surplus area, low income area, or economically depressed area.

(f) Identification of the source of the applicant's information concerning the availability of a license on the invention;

(g) A statement of the field or fields of use in which the applicant intends to practice the invention;

(h) A statement of the geographic area or areas in which the applicant proposes to practice the invention, including a statement of any foreign countries in which the applicant proposes to practice the invention;

(i) A description of the applicant's technical and financial capability and plan, including the time, expenditure, and other acts which the applicant considers necessary to bring the invention to a point of practical or commercial application, and the applicant's offer to devote that time, invest that sum, and perform such acts, if the license is granted.

(j) The amount of royalty fees or other consideration, if any, that the applicant would be willing to pay the Government for the license;

(k) Applicant's knowledge of the extent to which the invention is being practiced by private industry and the Government; and

(l) In the case of an exclusive or partially exclusive license application, any facts which the applicant believes will show it to be in the public interest for the Department to grant such a license rather than a nonexclusive license, and that such exclusive or partially exclusive license should be granted to the applicant.

§ 781.6–3 Published notices.

(a) A notice of a proposed exclusive license or partially exclusive licenses, shall be published in the Federal Register, and a copy of the notice shall be sent to the Attorney General. The notice shall include:

(1) Identification of the invention;

(2) Identification of the proposed exclusive licensee or partially exclusive licensees;

(3) Duration and scope of the proposed license;

(4) A statement that the license will be granted unless:

(i) An application for a nonexclusive license, submitted by a responsible applicant pursuant to § 781.6–2, is

received by the Department within sixty (60) days from the publication of the notice in the **Federal Register**, and the Department determines that the applicant has established that it has already achieved, or is likely expeditiously to achieve, practical or commercial application under a nonexclusive license; or

(ii) the Department determines, based upon evidence and argument submitted in writing by a third party, that it would not be in the interest of the United States and the general public to grant the exclusive or partially exclusive licenses; and

(5) A statement advising that applicants, or third parties participating in response to the **Federal Register** notice, shall have the right to appeal any adverse decision, including the right to request an oral hearing, in accordance with § 781.6–5.

(b) In situations where the Department intends to limit the number of partially exclusive licenses under a particular invention pursuant to § 781.5–2(b), the notice in paragraph (a) of this section will be modified to reflect that intent and to invite applicants to apply for such partially exclusive licenses by a date specified in the notice.

(c) If an exclusive or partially exclusive license has been granted, or terminated in whole or in part, pursuant to this regulation, notice thereof shall be published in the **Federal Register**. Such notice shall include:

(1) Identification of the invention;

(2) Identification of the licensee; and

(3) If a license grant, the duration and scope of the license; or

(4) If a termination in whole or in part, the effective date of the termination, and whether it is in whole or in part.

§ 781.6–4 Termination.

(a) The Department may terminate, in whole or in part, a license: (1) For failure, within the time specified in the license, to take steps necessary to accomplish substantial utilization of the invention; (2) for failure of the licensee, upon bringing the invention to the point of practical or commercial application, to continue to make the benefits of the invention reasonably accessible to the public; (3) if an exclusive or partially exclusive license, for failure of the licensee to expend the minimum sum or to take any other action specified in the license agreement; (4) for failure of the licensee to make any payments or periodic reports required by the license; (5) for a false statement or omission of a material fact in the license application submitted pursuant to § 781.6–2 or in any required report; (6) for failure to grant a nonexclusive or partially exclusive license when required by the Secretary in accordance with this regulation; or (7) for breach of any other term or condition on which the license was issued.

(b) Before terminating, for any cause, in whole or in part, any license granted pursuant to this part, the Department shall mail to the licensee and any sublicensee of record, at the last address filed with the Department, a written notice of the Department's intention to terminate, in whole or in part, the license, with reasons therefor, and the licensee and any sublicensee shall be allowed thirty (30) days from the date of the mailing of such notice, or within such further period as may be granted by the Department, for good cause shown in writing, to remedy any breach of any term or condition referred to in the notice or to show cause why the license should not be terminated in whole or in part.

(c) Termination shall be effective, upon final written notice thereof to the licensee, after consideration of the response, if any, to the notice of intent to terminate.

§ 781.6–5 Appeals.

(a) The following parties have the right to appeal under this part:

(1) A person whose application for a license has been denied;

(2) A licensee or sublicensee whose license has been terminated, in whole or in part, pursuant to § 781.6–4; and

(3) A third party who has participated under § 781.6–3.

(b) Appeal under paragraph (a) of this section shall be initiated by filing a Notice of Appeal with the Department, ATTN: Invention Licensing Appeal Board, with a copy to the General Counsel, ATTN: Assistant General Counsel for Patents, within thirty (30) days from the date of receipt of a written notice by the Department. The notice of Appeal shall specify the portion of the decision from which the appeal is taken. A statement of fact and argument in the form of a brief in support of the appeal shall be submitted with the notice of appeal, or within thirty (30) days thereafter. Upon receipt of a Notice of Appeal, the General Counsel shall have thirty (30) days to transmit a copy of the administrative record of the decision to the Board with a copy to appellant. The General Counsel shall respond within 30 days from receipt of appellant's brief.

(c) The appellant shall have the burden of proving by a preponderance of evidence, based upon the administrative record, as supplemented by evidence and argument submitted by the parties to the appeal, that the decision appealed from should be reversed.

(d) The Board shall offer to the applicant, or to any other party who has participated under § 781.6–3, an opportunity to join as a party to the appeal.

(e) A hearing may be requested by any party to the appeal within a time as set by the Board.

(f) Except as set forth in this part, all Board proceedings shall be conducted pursuant to the rules of practice of the Department of Energy Board of Contract Appeals, 10 CFR Part 1023, modified as the Board may determine to be necessary or appropriate.

(g) The decision of the Board shall constitute the final action of the Department on the matter.

§ 781.6–6 Third-party termination proceedings.

(a) After expiration of three years since it was granted, any interested person may petition the Secretary to terminate, in whole or in part, an exclusive or partially exclusive license. The petition shall be sent to the Secretary, ATTN: Invention Licensing Appeal Board, and shall be verified and accompanied by any supporting documents or affidavits that the petitioner believes demonstrates that either—

(1) The license has tended substantially to lessen competition or to result in undue concentration; or

(2) The licensee has not taken effective steps, or within a reasonable time thereafter is not expected to take such steps, necessary to accomplish substantial utilization of the invention.

(b) Upon receipt of such a petition, the Board shall forward a copy of the petition, and supporting documents, to the General Counsel, ATTN: Assistant General Counsel for Patents. The General Counsel shall then forward a copy of the petition, and supporting documents, to the licensee, who shall have thirty (30) days from receipt of the petition to submit a response thereto, together with any supporting documents and affidavits. The General Counsel shall then make a preliminary review of the petition, response, and any supporting documents or affidavits to determine whether a hearing on the matter is justified. If the General Counsel finds that a hearing on the matter has been justified, he shall so advise the Board.

(c) If the General Counsel finds that a hearing has not been justified by petitioner, he shall so find in writing. The General Counsel shall promptly notify by mail the petitioner of the finding. The petitioner may appeal this

finding by filing a Notice of Appeal with the Board within thirty (30) days of the date of the mailing of the finding by the General Counsel. The Board shall review the finding concerning petitioner's justification for a hearing, and shall uphold the finding of the General Counsel unless petitioner can demonstrate that the finding was arbitrary, capricious, or an abuse of discretion. If the Board reverses the finding as to the justification for a hearing, the petition shall be heard by the Board in accordance with the procedures outlined in paragraph (d) of this section.

(d) When it has been determined, in accordance with paragraph (b) of this section, that a hearing has been justified, the Board shall so notify the petitioner and the licensee, and the Board shall publish a Notice in the Federal Register advising the public that a hearing is to be scheduled. The Notice shall describe the subject matter of the hearing and shall advise of the right of any interested person to file a petition with the Board, within thirty (30) days of the Notice, showing cause why he should be added as a party to the hearing. The Board shall, in its discretion, determine who should be added as a party.

(e) Any party shall have the right to request a full evidentiary hearing on the matter. In lieu thereof, if the parties agree, the matter may be decided at an "informal" hearing, in whch no party has the right to call and cross-examine witnesses, but in which the parties have the right to present oral argument to the Board to supplement briefs, affidavits, and other documentary evidence that may have been submitted. Any hearing and related procedures shall be conducted pursuant to the rules of practice of the Department of Energy Board of Contract Appeals, Title 10 CFR Part 1023, modified as the Board may determine to be necessary or appropriate.

(f) If petitioner alleges that the exclusive or partially exclusive license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates, the petitioner shall have the burden so to prove by a preponderance of evidence.

(g) If petitioner alleges that the licensee has failed to accomplish substantial utilization of the invention, and has presented sufficient proof, in accordance with paragraph (b) of this section, to justify a hearing on the matter, the licensee shall have the burden to prove, by a preponderance of evidence, that he has taken effective steps, or within a reasonable time thereafter is expected to take such steps, necessary to accomplish substantial utilization of the invention.

(h) The Board shall make findings of fact and render a conclusion of law with respect to the challenged license. The conclusion of the Board shall constitute the final action of the Department on the matter.

§ 781.7 Litigation.

(a) An exclusive or partially exclusive licensee may be granted the right to sue at his own expense any party who infringes the rights set forth in his license and covered by the licensed patent. Upon a determination that the government is a necessary party, the licensee may join the Government of the United States, upon consent of the Attorney General, as a party complainant in such suit. The licensee shall pay costs and any final judgment or decree that may be rendered against the Government in such suit. The Government shall have the absolute right to intervene in any such suit at its own expense.

(b) The licensee shall be obligated to furnish promptly to the Government, upon request, copies of all pleadings and other papers filed in any such suit and of evidence adduced in proceedings relating to the licensed patent, including, but not limited to, negotiations or settlements and agreements settling claims by a licensee based on a licensed patent, and all other books, documents, papers and records pertaining to such suit. If, as a result of any such litigation, the patent shall be declared invalid, the licensee shall have the right to surrender his license and be relieved from any further obligation thereunder.

§ 781.8 Transfer of custody.

The Department may enter into an agreement to transfer its custody of any patent to another Government agency for purposes of administration, including the granting of licenses pursuant to this part.

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SMALL BUSINESS ADMINISTRATION

13 CFR Part 107

Small Business Investment Companies; Limited Partnership SBIC; Definition of "Associate of a Licensee"

AGENCY: Small Business Administration.

ACTION: Proposed rule.

SUMMARY: This proposed rule would permit individuals to serve as general partners of a Limited Partnership SBIC. Under present regulations, a Limited Partnership SBIC may have only a corporate general partner.

This proposed rule would also amend the definition of "Associate of a Licensee" to exclude a person regularly serving the Licensee as an attorney at law, unless the attorney is on retainer.

Finally, § 107.813(c) would be amended to delete a reference that has been superseded by legislation, and thereby eliminate an apparent but legally ineffective inconsistency with Pub. L. 95-507.

DATE: Comments must be received on or before September 22, 1980.

ADDRESS: Written comments, in duplicate, are to be addressed to the Associate Administrator for Finance and Investment, Small Business Administration, 1441 L Street, NW., Washington, DC 20416.

FOR FURTHER INFORMATION CONTACT: Peter F. McNeish, Deputy Associate Administrator for Finance and Investment, Small Business Administration, 1441 L Street, NW., Washington, DC 20416 (202-653-6848).

SUPPLEMENTARY INFORMATION: The objective of the proposed changes in SBA's regulations is to facilitate the formation of Licensees organized as limited partnerships by allowing individuals, as well as corporations, to serve as general partners. The presence of individual general partners in a Limited Partnership Licensee makes it necessary to create adequate safeguards against violations of SBS's self-dealing regulation (§ 107.1004) by such persons, and to draw distinctions between those regulations that by their nature could apply only to corporate general partners or corporate Licensees, and those that could, and should, apply to all persons in control of a Licensee.

The definition of "Associate of a Licensee" in § 107.3 would be amended to include explicitly any Control Person of an Unincorporated (Limited Partnership) Licensee; and any Person serving as Investment Adviser or Manager of a Licensee under a contract with a general partner of the Licensee. Although an Investment Adviser/Manager may have no contractual relationship with the Licensee, such a Person is considered the Investment Adviser/Manager of the Licensee, and an "Associate."

The definition of "Associate of a Licensee" would be further amended to cover only a person regularly serving a Licensee on retainer in the capacity of attorney at law. Even though an attorney at law may regularly provide legal advice and other services to the