

Agreements for Commercializing Technology (ACT)

A New Mechanism for Working with Industry

Overview of ACT – Principles

- Facilitate DOE's mission to provide access to National Laboratory capabilities and technology for US economic, industrial, and academic competitiveness.
- Enable DOE national Laboratories to engage the private sector in mission-compatible areas using agile, partner-friendly contract terms.
- Complement current partnering mechanisms such as WFO and CRADAs by significantly improving the pace, predictability and outcomes of covered transactions.
- Provide the means to attract new private sector and/or contractor funds to stimulate collaboration and for technology maturation and demonstration as applicable.

Authority for ACT is under the same authority to perform reimbursable work as WFO but ACT is not WFO

Key Attributes

- **Commercial Terms** - Contract is solely between contractor and funding client and negotiated based on commercial terms
 - DOE not a party to contract - does not review contract terms
 - M&O Contractor can assume performance and financial risk offset by charging fee to the client
- **Favorable IP rights** – IP Lead negotiated between contractor and client with objective to maximize commercial potential
 - IP Lead takes title to resultant IP
 - Allocation of IP rights also negotiated – one option is M&O Contractor owns IP with royalty free license to ACT client in identified field of use
 - When Waiver applies:
 - Government use license limited to research purposes only
 - No march in rights
 - Alternatively, client may elect traditional NFWFO terms
- **Speed of Execution** - DOE approves work based on limited approval package (scope of work, lab resources, budget, etc.)
 - May request preliminary determination within 3 business days that work is consistent with facility mission and begin work at contractor's risk
 - Final DOE approval within 10 business days
 - Contactor may submit approval package in proposal stage to expedite review / pre-approval

Financial Considerations

- Advance payment to DOE is responsibility of contractor – managed at aggregate ACT program level versus individual projects
 - May propose less than 60 day advance due to contractor continuously refreshing ACT advance
 - Contractor may or may not collect advance from client (negotiated)
- ACT work excluded from M&O fee calculation since there is a separate fee paid by client (no fee on fee)
 - Consequently, M&O fee not applied to ACT work
- Cost and Overheads will be equivalent to WFO, except for incremental fee and overhead (taxes, insurance, etc.) on ACT contracts
 - Federal Administrative Charge (FAC) always applies (no waivers)
- Unique Successor Contractor Provision – outgoing contractor holds primary obligation
 - May transfer all or portion of ACT programs to successor contractor based on negotiation, otherwise complete work as NFWFO
 - ACT IP stays with lab unless substantial commercialization investment made by outgoing contractor (>\$20K), similar to PFTT

Implementation Requirements

- Applies only to non-federal clients (industry, academia, State and Local governments, and foreign funded work)
 - Initial implementation prohibits any federal funding content
- Must provide confirmation that funding entity has been apprised of other options to fund the work (CRADA, NFWFO)
- Requires a new DOE IP Class Waiver enabling allocation of rights to contractor/client based on negotiation
- When IP Class Waiver applies, provides enhanced data rights to government for research purposes
 - Quid pro quo for limiting government IP rights
 - Initial term of 5 years and renewable for another 5 years
 - Proprietary information separately generated by a party to the agreement remains the property of that party
- Limited indemnification of government is required by either the contractor, the client or some combination
- Contractor parent or affiliate may directly sponsor/fund work
 - OCI plan and specific DOE approval required before commencing work

Expected Outcomes

- Increased interaction with industry
 - Number of agreements executed under ACT
 - New commercial clients who never used labs before
 - Increased multi-client arrangements
- More Non-Federal Funds provided to the Laboratories
 - Level of ACT funding
 - Diversity of funding clients
 - Larger awards
- More commercialization success stories
 - Invention Disclosures, Licenses and Startups attributable to ACT
 - Shortened time to market for new technologies
- Demonstrated reduced cycle time for executing commercial agreements
- Lab research agenda better informed by industry needs

Path Forward

- Three year pilot program to be implemented via a new “H” Clause
 - Clause negotiated by joint NLDC/DOE Working Group
 - Also negotiated ACT IP Class Waiver
 - Expected to be available mid FY12
 - Volunteer Labs: Ames, BNL, INL, LLNL, NREL, ORNL, PNNL, SRNL
 - If successful, permanently institutionalized via rule making
- Future plans for evolving the impact of ACT
 - Consider allowing ACT work to include federal funds flowing through commercial client (same as NFWFO)
 - Consider ways to allow lab to explicitly support commercial entities in response to Federal RFP (e.g., non-exclusive basis plus fairness of opportunity disclosures)
 - Being addressed by Burdensome Policies group
 - Facilitate complex consortia including public/private partnerships
 - No explicit plans to address – possibly worked if an opportunity presents itself