



# *Licensing Lessons Learned at the National Labs*

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**Paul Betten, Ph.D.**

*Senior Program Manager, Software and Nuclear  
Applications*

**Bill Ragland, Ph.D, MBA, P.E.**

*Senior Account Manager*

**Argonne National Laboratory  
Office of Technology Transfer**

*9700 South Cass Avenue, Bldg. 201  
Argonne, IL 60439*

*Phone: (630) 252-4962 Fax: (630)252-5230*

*Email: [betten@anl.gov](mailto:betten@anl.gov), [ragland@anl.gov](mailto:ragland@anl.gov)*



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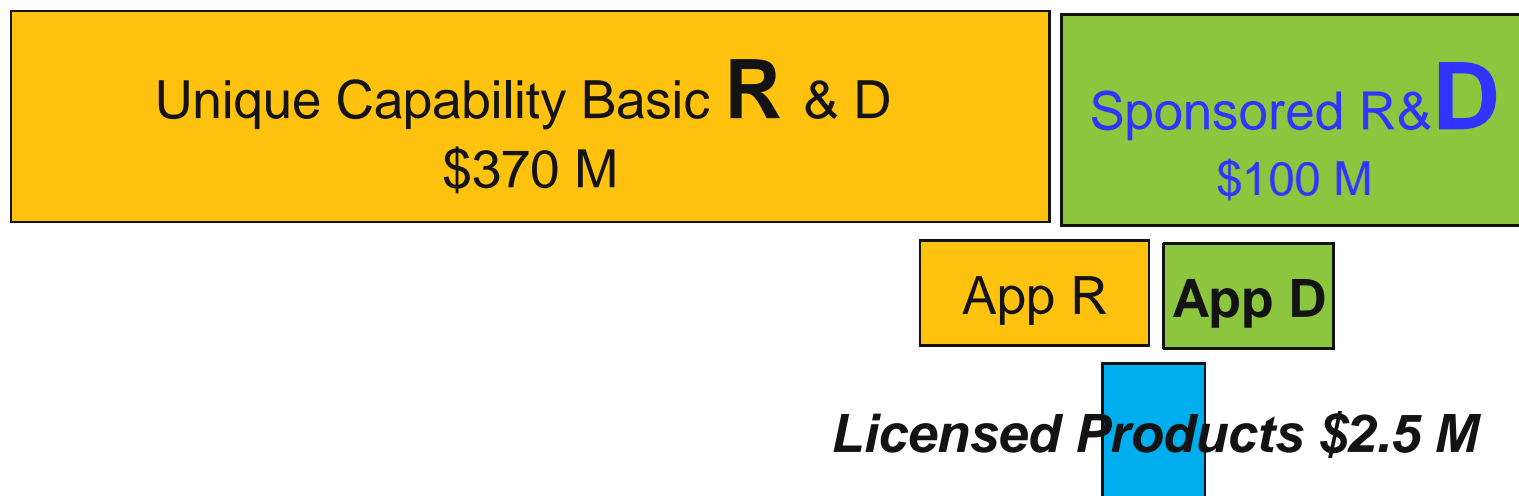
# Argonne National Laboratory Overview

- Argonne is a multi-program U.S. Department of Energy (DOE) Laboratory, operated by the UChicago Argonne, LLC
- Annual funding about \$470 million (75% from DOE, 25% from other sources) in 200 major program areas
- Location: 15 miles west of Chicago
- Employees: 4,200



# What Do the National Labs Do?

- The Labs perform “Unique Capabilities” R&D and user-facility based R&D
- Argonne’s intellectual property in CY 2006 was
  - 125 total inventions (87) and software (38) reported
  - 35 patents applications (including 18 provisional's), 38 copyrights
  - 1,000s of open source downloads



# *Licensing Lessons Learned*

- The other speakers have discussed CRADAs and how to work with the US government or with Universities
- My intent is to discuss so licensing lessons we have learned in dealing with industrial partners



# *I Agree to Your Licensing Terms.....except....*

- 5.4 **If Licensor grants a non-exclusive right** and license to any third party within the scope of the license granted herein under the Licensed Patents **at more favorable license fees and royalties than those provided in this Agreement**, Licensor shall notify Licensee thereof and **Licensee shall be entitled to receive the same favorable license fees and royalties** subject to a separate written amendment between Licensor and Licensee in which this Agreement shall be modified accordingly.  
(Entire article added)
  
- So if licensing fees go up, will the Licensee agree to pay more??
  - After what time period?
  - This change was rejected

# Will You Protect Me From a Third Party Infringement?

- 10.3 Licensor represents and warrants that Licensor has no knowledge of any claims of infringement filed against Licensor for practicing the Licensed Patents. Licensor further represents and warrants that notwithstanding the provisions of Article 10.2 above, Licensed Products made, used, sold or otherwise disposed of by Licensee under and within the scope of Licensed Patents are or will be free from infringement of XYZ's U.S. Patents Nos. 6,aaa,aaa and 7,bbb,bbb which are the subject patents under investigation as of the date of this Agreement in the U.S. International Trade Commission.

(Black text is standard language, but blue and red article added)

- ANL's IP has no claims against it and appears independent of XYZ's patent. This addition was rejected.



# Are Americans Ready for Globalization?

- I received the following emails discussing our software packages, unfortunately not every email is in English
  - In allegato il modulo compilato per l'acquisto della licenza sw LDAP x il nostro cliente Regione Basilicata Vorrei sapere come dobbiamo procedere per effettuare il pagamento  
Grazie  
Maria
  - J'ai relancer le fournisseur ARGONE et voilà ce qu'il me répond : comme je ne sais pas exactement de quoi je parle j'ai du mal à voir si sa réponse est ok ou nok. Peux-tu voir directement avec ce fournisseur pour avoir les coordonnées bancaires exactes car je suis à bout d'argument.  
Par avance merci de ton aide.  
cordialement, Paula
- There are several researchers at Argonne who are part of a “Translator’s Network” who translated these emails.

# Negotiations with Foreign Companies

*(Argonne Articles in Black, Argonne is bound by DOE contract language)*

Limited warranty : EXCEPT AS PROVIDED ABOVE, NEITHER THE UNITED STATES, NOR THE UNITED STATES DEPARTMENT OF ENERGY, NOR THE UNIVERSITY OF CHICAGO, NOR ARGONNE NATIONAL LABORATORY, NOR ANY OF THEIR EMPLOYEES, MAKES ANY WARRANTY OR REPRESENTATION.....

- Question: ZZZ (France) doesn't understand why the Licensor refuse to warrant ZZZ from any claim arisen by a third party, based upon an infringement of its rights.
  
- Miscellaneous (c) : In the absence of applicable Federal law, this agreement shall be interpreted and construed in the accordance of the Laws of the State of Illinois.
  - Question: We don't know what would be the consequences for ZZZ (France) to accept this license be governed by any other law than French Law.

# Negotiations with State Governments/Universities

- 26.1 ... United States Federal law will govern this Agreement to the extent that there is such law. **To the extent there is no applicable Federal law, this Agreement and performance hereunder will be governed by the laws of the State of Illinois**, without regard to the state's conflict of laws provisions.
- The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.
- Therefore, “Mississippi State University is part of the government of the State of Mississippi and will not yield its sovereignty to the State of Illinois”



# An Interesting Non-exclusive License Request

- We have received the following request for inclusion in a patent portfolio license (about 10 patents).
  - We would like to have a **non-exclusive license with the rights to sublicense** the intellectual property (IP)
  - We think they will add some of their own IP
  - Our researcher and funding have left, and the process was not always duplicated by others.
- This is the first request we have ever gotten a a non-exclusive with sublicensing rights
  - This could in essence be a de facto “exclusive” license as they can sublicense, which cuts out our exclusive licensing
  - They could reduce our royalties by undercutting any other offer we get for a nonexclusive
  - Solutions for us are to decline the sublicensing offer, or just provide the option to sublicense for one or two years

# The U.S. Government Needs a Bayh-Dole Law for Software

- Currently all software created by the U.S. Government labs is open source
  - Govt. contractors can petition the agency, with the program managers permission, for permission to assert copyright
- Licensing software is the wave of the future; Govt. is missing opportunities
  - Many natural processes cannot be analyzed without a computer
    - *Human geonome and rational drug design (there are  $10^8$  combinations)*
    - *Microlabs containing 10,000 or more chips (hardware and SW integration)*
    - *Fly-by-wire fighters and airplanes, nanotechnology, the big-bang,.....*
- Copyrights are cheap (\$30 vs \$20K for patents) and provide worldwide rights
  - If the source code is not provided
- Software licensing is good because commercialization provides
  - Improvements, better practical applications, and tech support
  - It's their business (as opposed to govt. labs that are limited to R&D)
  - They understand the market, and are profit driven to meet market needs

# How to Work with Argonne

- Contact the Office of Technology Transfer:
  - We can discuss your R&D need
    - Define your problem exactly
    - What is your budget?
  - Find the right researchers
  - Learn about working arrangements
    - **800-627-2596**
    - Search the ANL web page at <http://www.anl.gov>
    - Or go directly to <http://www.techtransfer.anl.gov>

