

AUG 30 2002

**Department of Energy**

Oak Ridge Operations Office
P.O. Box 2001
Oak Ridge, Tennessee 37831—

Newby

9/18/02

August 28, 2002

Fischer
Griffith

9/20/02

Mr. Greg Turner
Chief Financial Officer
UT-Battelle, L.L.C.
Oak Ridge National Laboratory
P.O. Box 2008
Oak Ridge, TN 37831-6231

Dear Mr. Turner:

REIMBURSEMENT AUTHORIZATION NUMBER 6 –PATENT AWARDS

Enclosed is approved Reimbursement Authorization (RA) Number 6, modifying the Appendix A of Contract DE-AC05-00OR2275 pertaining to Patent, Trademarks, and Copyrighted Computer Software Awards. You may implement these changes effective October 1, 2002.

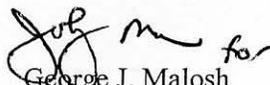
We have spent considerable time over the past four months requesting additional background information, benchmarking, and justification for these requests from UT-Battelle. It is our expectation that future RA requests will be accompanied with a detailed analysis which includes the following pieces of benchmarking information:

- 1) Your parent organization's corporate practices and expenditures are in this area;
- 2) Comparative information pertaining to the current national trends or "best practices" for the area the modification has been requested for;
- 3) Comparative information on what the Department of Energy (DOE) laboratories practices are for this area.

Please note that we will be unable to take action on future requests without the timely provision of adequate analysis and justification.

Should you have any questions regarding this RA please contact Jill Freeman at 576-0662.

Sincerely,


George J. Malosh
ORNL Site Manager

Enclosure

cc:

D.R. Boykins, UT-Battelle
S.G. Hiser, AD-442
E.G. Schneider, CC-10

**U. S. Department of Energy
REIMBURSEMENT AUTHORIZATION**

Project

Location

Operations and Research

Oak Ridge, Tennessee

Contractor

UT-Battelle, LLC

Contract No.

Date of Contract

DE-AC05-00OR22725

April 1, 2000

The following modification to the Advance Understanding on Personnel Costs (Appendix A) approved as an allowable cost, effective: April 2, 2002

*October, 2002
J. Freeman*

*October, 2002
J. Freeman*

This R. A. incorporates the addition agreed upon in discussions between the contractor and the government for incorporation into the contract, effective ~~April 2, 2002~~. The attached page is a sample of the page to be replaced in Appendix A. Upon approval of this RA (#6) Appendix A will be reissued in its entirety on the Web.

The contractor has a period of 60 days to transition completely the changes resulting from this R.A. No. 6.

The following highlights the changes incorporated by this R.A.:

<u>Page</u>	<u>Section</u>	<u>Description</u>
5-2	Section 5.3	Change in payment of patent awards

Approval for the U. S. Department of Energy by:

Date

[Signature]
Mr. George J. Malosh, ORNL Site Manager

8/28/02

PAC
4/10/02

5.2 Employee Recognition and Memberships

The costs of employee recognition programs and organizational and individuals memberships are allowable based on a budget formula not to exceed 1/4 of 1% of base payroll on September 30 of the prior fiscal year. Program costs include the following:

- a. Company service awards for achieving service milestones consistent with the Corporate service awards program.
- b. Safety awards and recognition to promote health and safety.
- c. Awards, recognition, and celebrations for participating in management initiatives, special achievements, retirement, and similar activities to the extent that they are reasonable and consistent with industry practice.
- d. The costs of organization and employee memberships in trade, business, and technical organizations necessary for effective performance of work under the contract provided they are reasonable and do not constitute payments for, or in support of, partisan and political (lobbying) activity.

5.3 Patent Awards

The cost of cash awards to inventors of patented technologies, authors of copyrighted works, and creators of mask works or copyrighted computer software which benefit the objectives of the Contractor and DOE are allowable. Program costs include the following:

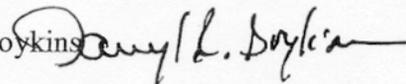
- a. Cash Awards of \$750 may be made to each inventor (or each co-inventor) for each invention, upon issue of the patent by the U.S. Patent and Trademark Office. The maximum award amount for team awards is \$5000 per invention.
- b. Cash Awards of \$100 may be made to each author (or each co-author) of each trademark, upon issue of the trademark by the U.S. Patent and Trademark Office. The maximum award amount for a team of co-authors is \$250 per trademark.
- c. Cash Awards of \$500 may be made to creators of mask works or copyrighted computer software (other than scientific and technical articles) created, authored, conceived, or first reduced to practice within the scope of their employment, upon filing of the copyright or mask work registration for which the Contractor has asserted copyright for the purpose of registration and commercialization through licensing. The maximum award amount for a team of co-creators is \$3000 per copyright or mask work registered.

OAK RIDGE NATIONAL LABORATORY

MANAGED BY UT-BATTELLE FOR THE DEPARTMENT OF ENERGY

P.O. Box 2008
Oak Ridge, TN 37831-6219
Phone: (865) 574-4190
Facsimile: (865) 241-2977
E-Mail: boykinsd@ornl.gov

UT-BATTELLE - BUSINESS PERSONAL

Date: April 2, 2002
To: D. C. Rice
c: J. E. Haerer, M. C. Willard
From: D. R. Boykins 
Subject: Contract No. DE-AC0500OR22725, Appendix A Revision

Please take the necessary actions with the DOE to revise section 5.3, Patent Awards, of Appendix A to the above referenced contract as follows (in bold below):

5.3 Patent Awards:

The cost of cash awards to inventors of patented technologies, authors of copyrighted works, and creators of mask works or copyrighted computer software which benefit the objectives of the Contractor and DOE are allowable. Program costs include the following:

- a. **Cash Awards of \$750 may be made to each inventor (or each co-inventor) for each invention, upon issue of the patent by the U.S. Patent and Trademark Office. The maximum award amount for team awards is \$5000 per invention.**
- b. **Cash Awards of \$100 may be made to each author (or each co-author) of each trademark, upon issue of the trademark by the U.S. Patent and Trademark Office. The maximum award amount for a team of co-authors is \$250 per trademark.**
- c. **Cash Awards of \$500 may be made to creators of mask works or copyrighted computer software (other than scientific and technical articles) created, authored, conceived, or first reduced to practice within the scope of their employment, upon filing of the copyright or mask work registration for which the Contractor has asserted copyright for the purpose of registration and commercialization through licensing. The maximum award amount for a team of co-creators is \$3000 per copyright or mask work registered.**

UT-BATTELLE - BUSINESS PERSONAL

UT-BATTELLE – BUSINESS PERSONAL

The requested change in payment of patent awards, from paying the inventor \$500 upon application for the patent to payment of \$750 upon issue of the patent, and to include the author of the trademark application in the award program, is proposed for the following reasons:

- (1) The proposed change will reinforce the Laboratory's focus on rewarding results instead of effort. The ORNL Office of Technology Transfer and Economic Development has determined that several other DOE Laboratories (i.e. PNNL, LANL, and ANL) reward the inventors when the patent issues.
- (2) The inventors will take a more active interest in assisting the preparation and prosecution of the patent application if the "reward" is at the successful conclusion of the effort instead of at the beginning.
- (3) The cost for instituting these changes with an increased payment will not significantly increase the cost of doing business since only 80% of the patent applications which have historically been submitted result in issued patents.
- (4) Awards previously granted upon application will not receive an additional award upon issuance; therefore, no additional costs for issued patent awards should be incurred in FY 2002. In future years assuming that 70 patents are processed annually and 80% will issue, an additional \$17K will be required for this change in the Appendix.

The requested change in cash awards for authors and creators is being proposed for the following reasons:

- (1) To provide small cash awards (\$100 each or maximum of \$250 for a team) to the authors of trademarks, upon issue of the trademarks, to recognize them for their contributions to the preparation and submission of patent applications.
- (2) Increasing the amount of cash awards from \$150 to \$500 (with maximum of \$3000 for a team) to creators of "works". In addition to the increase in the cash award amount, we propose to clarify 5.3.c. by defining "works" as mask works or copyrighted computer software (other than scientific or technical articles).

Although the changes requested in (1) and (2) above represent increased costs, the estimated additional annual cost will be less than \$30K since only 5 to 10 of these awards are anticipated each year (based on past experience).

Please contact Jan Haerer (576-1645) or me if you have questions or need any additional information regarding this request.

DRB:lb

OAK RIDGE NATIONAL LABORATORY

MANAGED BY UT-BATTELLE FOR THE DEPARTMENT OF ENERGY

P. O. Box 2008
Oak Ridge, TN 37831-6231
(865) 241-0648
Fax: (865) 576-8346
Internet: turnerg@ornl.gov

April 9, 2002

Mr. George J. Malosh
ORNL Site Manager
Department of Energy
Oak Ridge National Laboratory
Post Office Box 2001
Oak Ridge, Tennessee 37831

Dear Mr. Malosh:

DE-AC05-00OR22725, Request for Reimbursement Authorization (RA) – Patent Awards

Enclosed for your signature is the proposed RA No. 06 (effective date is April 2, 2002) to the UT-Battelle, LLC, contract and a copy of page 5-2 of Appendix A to show the changes to be made (highlighted).

The requested change in payment of patent awards, from paying the inventor \$500 upon application for the patent to payment of \$750 upon issue of the patent, and to include the author of the trademark application in the award program, is proposed for the following reasons:

- (1) The proposed change will reinforce the Laboratory's focus on rewarding results instead of effort. The ORNL Office of Technology Transfer and Economic Development has determined that several other DOE Laboratories (i.e. PNNL, LANL, and ANL) reward the inventors when the patent issues.
- (2) The inventors will take a more active interest in assisting the preparation and prosecution of the patent application if the "reward" is at the successful conclusion of the effort instead of at the beginning.
- (3) The cost for instituting these changes with an increased payment will not significantly increase the cost of doing business since only 80 percent of the patent applications which have historically been submitted result in issued patents.
- (4) Awards previously granted upon application will not receive an additional award upon issuance; therefore, no additional costs for issued patent awards should be incurred in FY2002. In future years assuming that 70 patents are processed annually and 80 percent will issue, an additional \$17K will be required for this change in the Appendix.

Mr. George J. Malosh

Page 2

April 9, 2002

The requested change in cash awards for authors and creators is being proposed for the following reasons:

- (1) To provide small cash awards (\$100 each or maximum of \$250 for a team) to the creator of trademarks, upon issue of the trademarks, to recognize them for their contributions to the preparation and submission of trademark applications.
- (2) Increasing the amount of cash awards from \$150 to \$500 (with maximum of \$3000 for a team) to creators of "works". In addition to the increase in the cash award amount, we propose to clarify 5.3.c. by defining "works" as mask works or copyrighted computer software (other than scientific or technical articles).

Although the changes requested in (1) and (2) above represent increased costs, the estimated additional annual cost will be less than \$30K since only 5 to 10 of these awards are anticipated each year (based on past experience).

Thank you for your consideration. If you should have any questions regarding this matter, please contact either Darryl R. Boykins at 574-4190 or Jan Haerer 576-1645.

Sincerely,

Greg. L. Turner
Chief Financial Officer

GLT:sjb

Enclosures (2)

c/enc: D. R. Boykins
J. C. Hill, DOE-ORO
S. G. Hiser, DOE-ORO

J. Hearer
J. W. Smith.
L. L. Riedinger

D. C. Rice - RC