

Department of Energy

§ 781.65

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 § 781.65.

(b) In situations where the Department intends to limit the number of partially exclusive licenses under a particular invention pursuant to § 781.52(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, in whole or in part, terminated 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.

§ 781.64 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 § 781.62 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, 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, unless an appeal is taken in accordance with § 781.65, in which case the effective date of the termination is stayed, pending a final administrative decision on the appeal.

§ 781.65 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 § 781.64; and
- (3) A third party who has participated under § 781.63 of this regulation.

(b) Appeal under paragraph (a) of this section shall be initiated by filing a Notice of Appeal with the Secretary, 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 to appellant 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 or modified.

(d) The Board shall offer to the applicant, or to any other party who has participated under § 781.63, 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 period 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.

§ 781.66 Third-party termination proceedings.

(a) Any interested person may petition the Secretary to terminate, in whole or in part, an exclusive or partially exclusive license three years after such license was granted.

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 in writing.

(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 the Board and 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 is 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