require additional clarification, adding to the complexity of a provision that is merely descriptive, not regulatory.

A commenter has suggested revision of the third sentence of 927.302(c) to correct ambiguities in the listing of types of contracts for which the Government's rights in background patents may not be appropriate. We have made changes to the sentence that accomplish the intended purpose.

One commenter has noted that the clause at FAR 52.227–12, appropriately modified may suffice as a patent rights clause in a contract for which DOE has granted an advance waiver of its title. That may be the case. We have modified section 927.303(b) to reflect that possibility while maintaining the prohibition against the use of the clause generally.

One commenter objects to the inclusion at 952.227-9 of the Refund of Royalties clause in place of a clause of the same name in the FAR. The commenter suggests the use of a supplemental provision and, along with a second commenter, questions the authority of DOE to publish this clause where there is already a FAR provision. As explained in the preamble to the proposed rule, this clause is the FAR clause at 52.227-9 with the addition of sentences to assure the recognition of royalties deriving from technical data and copyrighted material and a disclaimer. The purpose of this clause and the FAR clause upon which it is based is to prevent the Government's paying royalties relating to a form of intellectual property to which it already has a license, perhaps royalty free. We have acted to expand the FAR provision to include all forms of intellectual property and to assure a continuing right to challenge the validity of intellectual property giving rise to the royalty. We believe these concerns to be of significant importance to DOE with its expansive technological mission. No entity is hurt by the minor changes to the FAR clause, except a firm that may today be in a position to acquire royalties from a Government contractor for use of technical data or copyrighted material to which the Government already has a license. We have retained the clause as it is in the proposed rule.

The second commenter says that the clause "is unclear on whether costs paid for technical assistance and transfer of know how are subject to repayment when the information transferred is not protected by a valid patent, copyright, or otherwise qualifies for intellectual property protections." We disagree. This clause in either of its forms is premised upon the payment of what is commonly recognized as a royalty or license fee. In

order for a royalty to be paid the payee must recognize a proprietary right in the property. If no such basis exists, a royalty would not be paid. The types of costs would be subject to the clause only to the extent that they are part of a royalty agreement and could be classified as a royalty. We have made no change.

We have deleted the phrase "in the performance of work" from the definition of "subject invention" as it appears in the clause at 952.227–13 to conform more closely to the statutory language. We have altered the definition of "patent counsel" in that clause to mean the patent counsel responsible for patent administration under the specific contract, rather than Headquarters Patent Counsel.

One commenter objects to the use of the word "consultation" in paragraph (b)(2) of the clause at 952.227-13 expressing the obligations of an employee prior to that employee's asserting an interest in a subject invention. The previous DOE clause allowed an employee-inventor to request greater rights after acquiring the authorization of the contractoremployer. Since the promulgation of the previous DOE clause, Bayh-Dole was enacted, offering this right to employeeinventors upon consultation with their small business or nonprofit employers. The FAR in the clause at 52.227-13 for use with large, profit-making companies has reflected this change.

The proposed rule language was premised upon the FAR language. Bayh-Dole and the FAR reflect an interest in maximizing the commercialization of inventions under Government contracts in these circumstances in which the contractor-employer has chosen not to pursue a request for greater rights in a subject invention. We can identify no DOE interest that demands that the employee-inventor acquire the permission of his employer. The contractor-employer can control this situation by fashioning an employment agreement to protect its interest. Such an agreement, not this clause, will control what form the employeeinventor's "consultation" takes. We have made no change.

One commenter has suggested that paragraph (e)(2) of the clause at 952.227–13 include a recognition of a statutory premise "that a reported invention will be deemed to have been made in the manner specified in Section (a) (1) and (2) of 42 U.S.C. 5908 unless the contractor contends in writing when the invention is reported that it was not so made." We agree and have made the change.

A commenter opposes the Government's acquisition of rights in background patents in paragraph (k) of the clause at 952.227-13(k) and as described at 927.302(b), stating that "it could be argued that the DOE is vesting itself with the power to take the property of others without paying valid compensation." The commenter suggests that "[i]f the DOE requires such rights, it can negotiate to purchase them like any contracting party, or (sic) in the alternative, it may utilize its rights under FAR 52.227-1 "Authorization and Consent." We disagree. First, the inclusion of paragraph (k) represents the acquisition of an inchoate right which goes to the heart of the involvement of public funds in the particular project at a time in which the parties are at an equal bargaining position. These rights provide DOE only a nonexclusive and royalty free license "for the purposes of practicing a subject of this contract by or for the Government in research, development, and demonstration work only." Furthermore, DOE can demand that the contractor license third parties to its background patents only under a limited set of circumstances "on terms that are reasonable under the circumstances." Should, in fact, the contractor be put in a monopolistic position in the market place as a result of the research, development, or demonstration of the contract with DOE and should that contractor choose not to meet market demand, DOE would be in a compromised bargaining position. Without the rights provided for in paragraph (k), DOE or any third party would have to pay dearly to acquire these background rights even though Federal taxpayer funds would have played a meaningful part in the contractor's market position. We have made no change.

Additionally, we have reviewed the proposed clause at 952.227-13 after having reflected the comments received and have made technical changes necessary to accurately reflect DOE's statutory patent policy and to enhance the smooth operation of the clause. We believe that the only changes of any significance, both occurring in the definition of "subject invention," are required by DOE's statute, i.e., adding the phrase "in the course of or" before "under this contract" and deleting the "provided" clause that runs to the end of that definition. The first of these causes that definition to accurately reflect the statutory scope, and the second is necessary to reflect the breadth of that statutory scope.

We have added a definition of Patent Counsel and substituted that office for the Secretary of Energy where receipt of