



AUTM DOE DEC Survey Results

Wednesday, February 09, 2022

Summary

In late 2019, the Department of Energy ("DOE") began piloting a new "Enhanced US Competitiveness" clause in its research grants. The clause modifies patent rights, provided under the Bayh-Dole Act, for DOE-funded inventions. In June 2021, the DOE issued a Declaration of Exceptional Circumstances ("DEC"), which signaled its intention to add the clause to all DOE research grants. While DOE proposed these modifications to “better promote the objectives of the [Bayh-Dole] Act,” AUTM believes this will in fact dramatically inhibit the commercialization of innovations.

The clause includes these harmful changes as requirements:

- All products incorporating a licensed invention must be substantially manufactured in the US, unless a waiver is approved. *(Note: The Bayh-Dole Act limits the US manufacturing requirement to only exclusive licensees).*
- If a licensor wants to issue an exclusive license, the DOE must provide its approval prior to the transfer of rights.
- If a licensee has a change of control or wants to sell, assign or otherwise transfer exclusive rights in the invention, the DOE must provide its approval prior to the transfer of rights.

Concerned about the deleterious effect the DEC could have on academic research commercialization, AUTM launched a poll on January 27, 2022, to survey Technology Transfer Directors on the potential fallout.

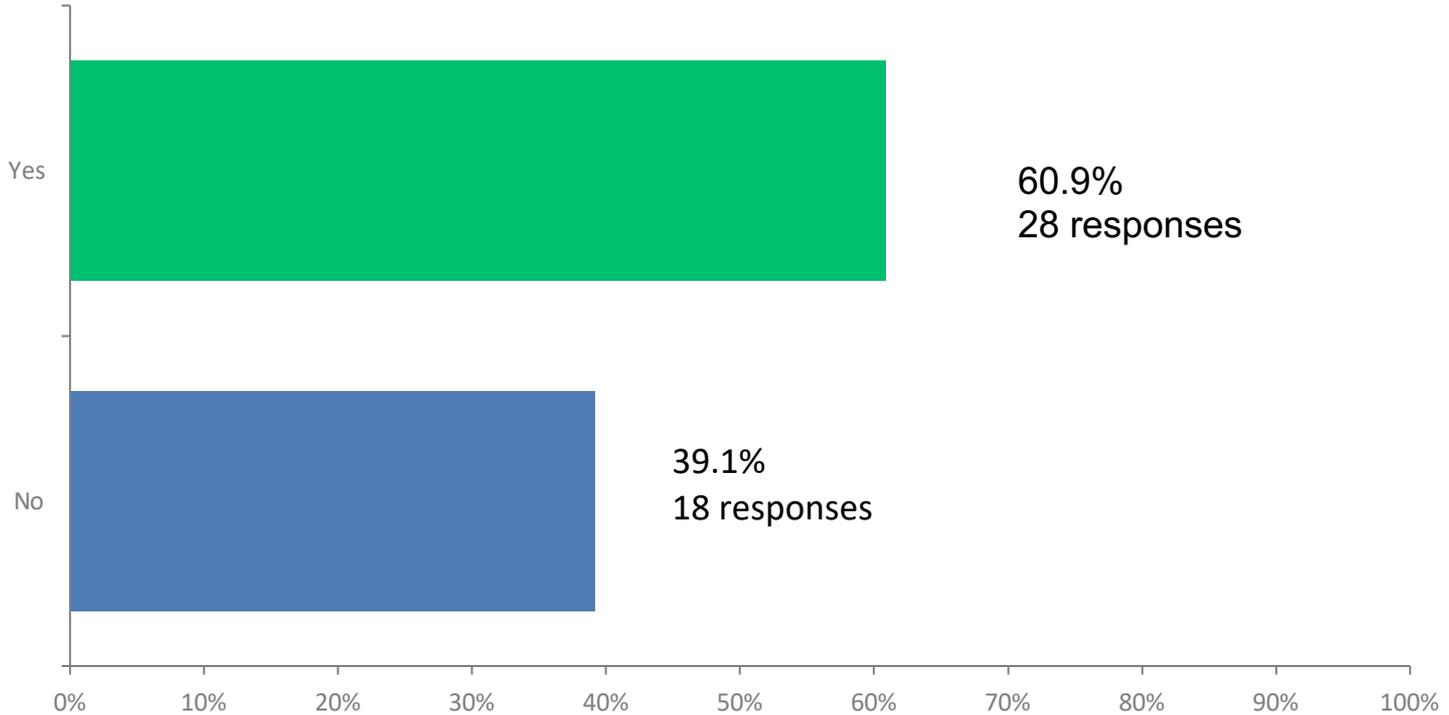
The Findings

Of the 46 Directors, all AUTM Members, who responded to the Survey:

- 72% noted that the DOE DEC would “Definitely Reduce” (50%) or “Likely Reduce” (~22%) willingness of the technology transfer office to invest in patent protection.
- 87% of respondents noted that the DOE DEC would “Definitely Inhibit” (63%) or “Likely Inhibit” (24%) the ability to secure a licensee.
- 77% of respondents noted that the DOE DEC would “Definitely Inhibit” (~44%) or “Likely Inhibit” (~33%) startup funding from a local angel investor.
- Multiple respondents indicated that as result of the DEC, their institutions would “halt all efforts to protect or to license IP that is affected by the DOE DEC.” (Noted from survey comments)

Q1: Were you aware of this DOE DEC?

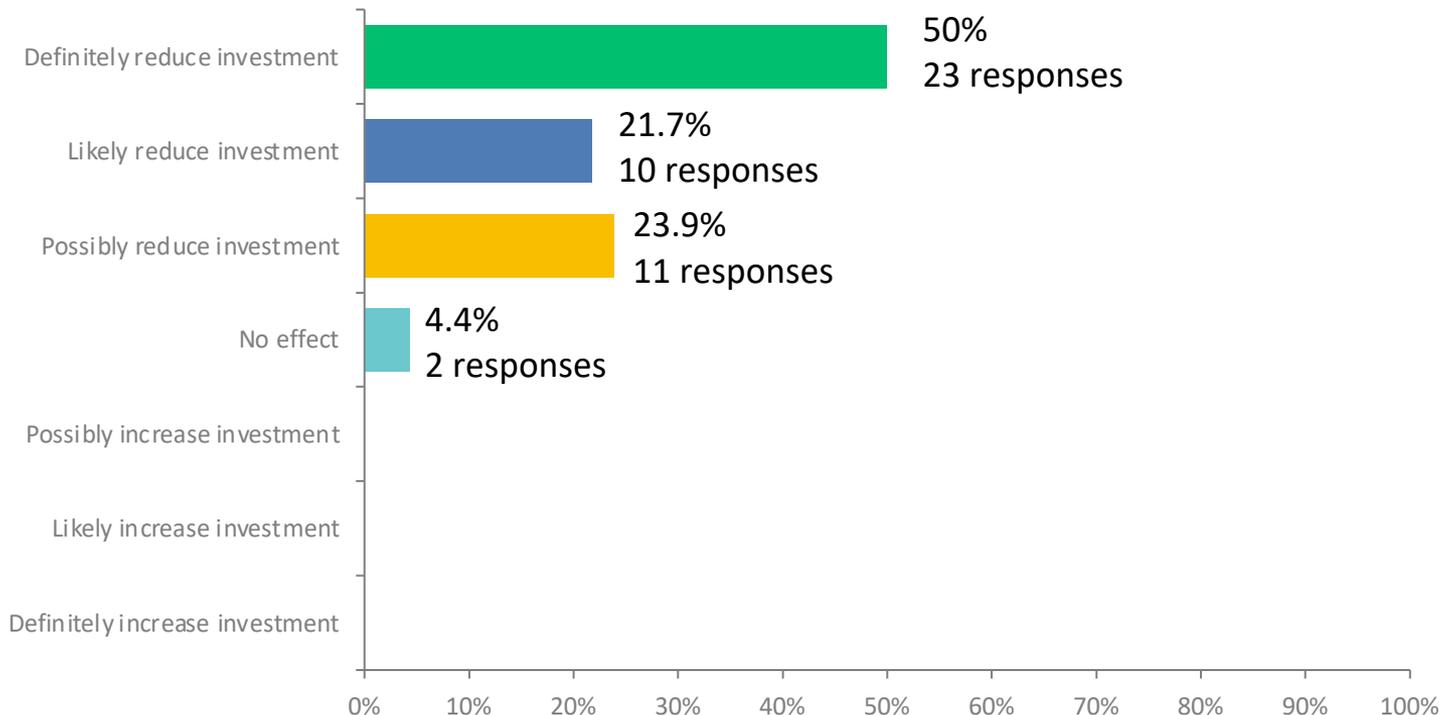
Answered: 46 Skipped: 0



Q2: Would the DOE DEC significantly reduce your office's willingness to invest patent protection in an affected invention?



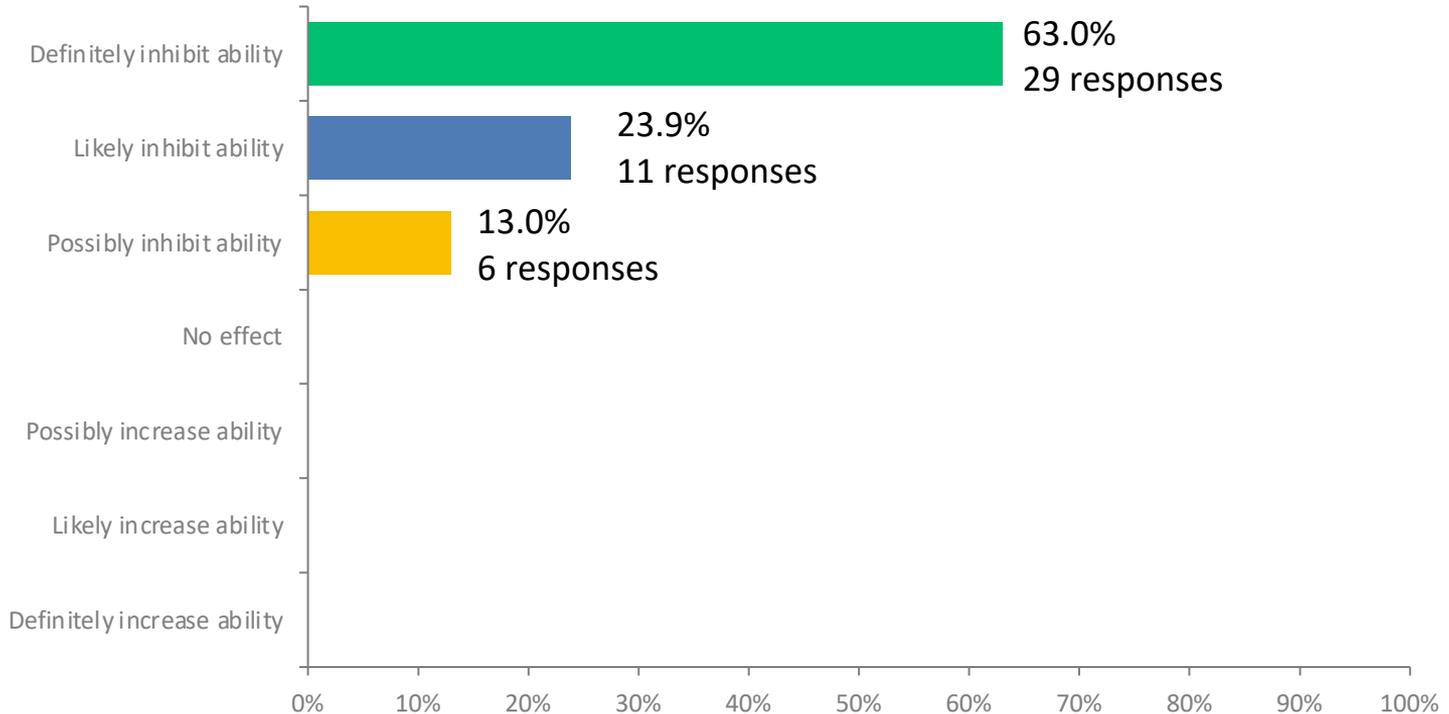
Answered: 46 Skipped: 0



Q3: Based on your office's experiences, would the DOE DEC significantly affect your ability to secure a potential licensee for a technology?



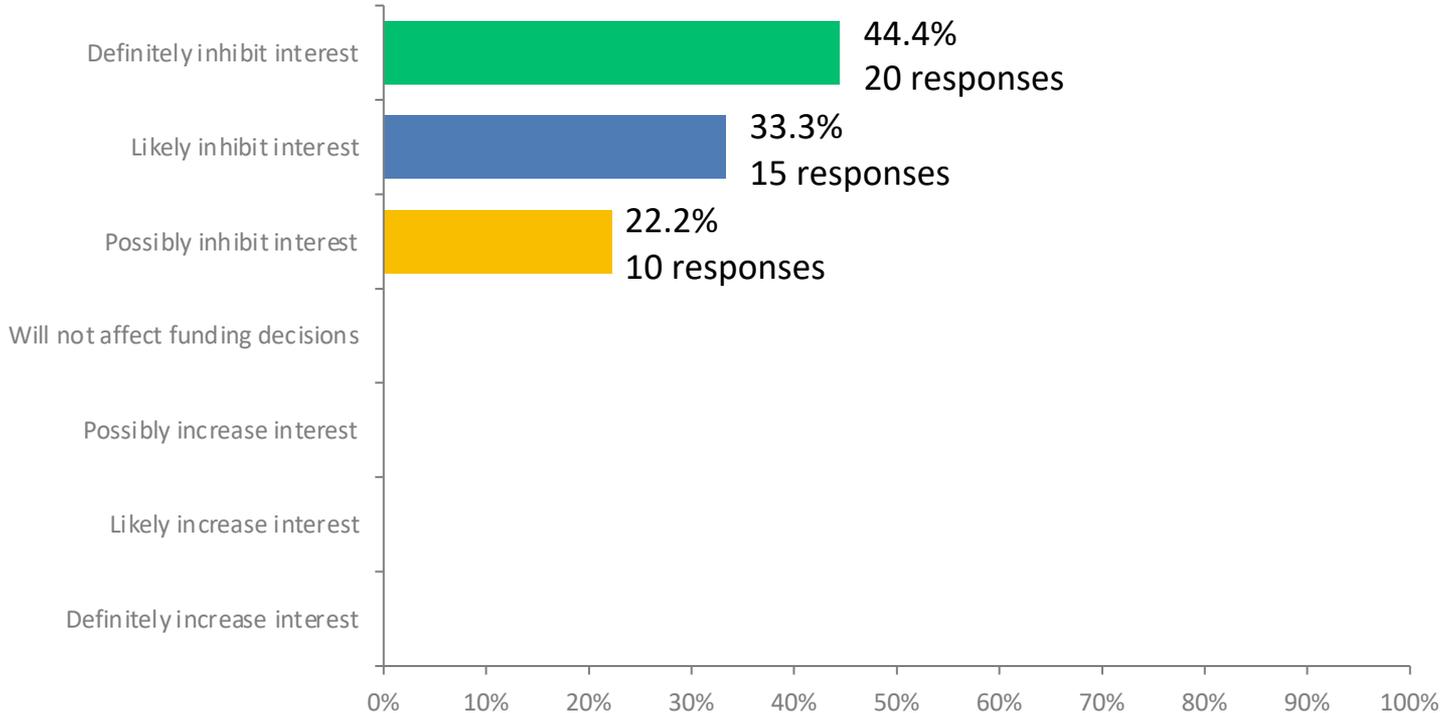
Answered: 46 Skipped: 0



Q4: Based on your office's experiences, would the DOE DEC affect your local angel investors' interest in funding a startup company commercializing a technology subject to this clause?



Answered: 45 Skipped: 1



Selected Comments by Survey Respondents

- Our office has completely halted all efforts to protect or to license IP that is affected by the DOE DEC.
- We are much less likely to elect title to any invention that this DOE DEC applies to
- We will not be electing title to an invention that is covered by the DEC.
- At our office we would decline investing in patent protection right from the start and turn inventions back directly to the government.
- DOE has a fundamental misunderstanding about how challenging it is to license early- stage technologies and attract investment.
- This is bad policy that creates more problems than it fixes. It will chill the transfer of technologies to companies who can bring to market which, ironically, will give the federal government fewer solutions for their problems.

Note, comments were provided anonymously.

About AUTM

AUTM is the non-profit leader in efforts to educate, promote and inspire professionals to support the development of academic research that changes the world and drives innovation forward. Our community is comprised of more than 3,000 members who work in more than 800 universities, research centers, hospitals, businesses and government organizations around the globe. www.autm.net