

DOE M 481.1-1A

Approved: 01-03-01
Sunset Review: 01-03-03
Expires: 01-03-05
Chg 1: 9-28-01

REIMBURSABLE WORK FOR NON-FEDERAL SPONSORS PROCESS MANUAL



U.S. DEPARTMENT OF ENERGY
Office of Management, Budget and Evaluation/CFO

Distribution:
All Departmental Elements

Initiated By:
Office of Management, Budget and
Evaluation/CFO

REIMBURSABLE WORK FOR NON-FEDERAL SPONSORS PROCESS MANUAL

1. **PURPOSE.** This Manual provides detailed requirements to supplement DOE O 481.1B, *Work For Others (Non-Department of Energy Funded Work)*, dated 9-28-01, which establishes requirements for the performance of work for non-Department of Energy (DOE)/non-National Nuclear Security Administration (NNSA) entities by DOE/NNSA/contractor personnel and/or the use of DOE/NNSA facilities that is not directly funded by DOE/NNSA appropriations.
2. **CANCELLATION.** This Manual cancels DOE M 481.1-1, *Reimbursable Work For Non-Federal Sponsors Process Manual*, dated 9-30-96, and describes the process to be used in performing Work for Others projects for non-Federal sponsors.
3. **REFERENCE.** DOE O 481.1B, *Work for Others (Non-Department of Energy Funded Work)*.
4. **CONTACT.** Questions concerning this Manual should be addressed to the Office of Contract Management, 202-586-3299.

BY ORDER OF THE SECRETARY OF ENERGY:



FRANCIS S. BLAKE
Deputy Secretary

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REIMBURSABLE WORK FOR NON-FEDERAL SPONSORS PROCESS MANUAL

1. INTRODUCTION. The process described below covers all Work for Others projects performed for non-Federal sponsors. This process will be implemented under DOE O 481.1B, *Work For Others (Non-Department of Energy Funded Work)*, dated 9-28-01. As defined by DOE O 481.1B, Work for Others is the performance of work for non-Department of Energy (DOE)/non-National Nuclear Security Administration (NNSA) entities by DOE/NNSA/contractor personnel and/or the use of DOE/NNSA facilities that is not directly funded by DOE/NNSA appropriations.

In developing this process, several related processes were reviewed. During that review, it was determined that existing processing times for reimbursable work for non-Federal sponsors could be reduced substantially. Elements of previous reviews and streamlining efforts were adopted to improve efficiency.

The primary process improvements adopted for this mechanism include the following:

- C delegation of specific authorities to the contractor;
- C a preapproved modular agreement;
- C a more flexible policy on advance payment, using the alternative approaches of the Cooperative Research and Development Agreement process;
- C revised administrative provisions to implement the existing class patent waiver for non-Federal sponsors; and
- C a parallel review process to speed review by all elements concerned.

The process has been developed to promote consistency among sites performing work for non-Federal sponsors. Specific procedures for accomplishing work for non-Federal sponsors are to be negotiated between each contractor and the responsible operations office and set forth in a management and administration plan approved by the head of the field element. Operations offices and contractors have the responsibility for implementing this process in ways that best accommodate the unique aspects of their operations; this should allow contractors to be more responsive to requests for assistance from non-Federal sponsors. This non-Federal reimbursable work process is subject to further development and modification.

| This Manual includes—

- | C a general description of the process, including a process flowchart and checklist;
- | C procedures used to delegate authority to contractors to execute agreements with non-Federal sponsors;
- | C the DOE standard Work for Others Agreement for non-Federal sponsors; and
- C a description of the metrics to be used to measure the process.

2. PROCESS DESCRIPTION. Attachment 1 is a generic process flowchart, “Reimbursable Work for Non-Federal Sponsors.” The process includes the following.

- Stage 1: Preparation of draft Statement of Work and Cost Estimates by Contractor and Sponsor.
- Stage 2: Internal contractor review and management line approval.
- Stage 3: Programmatic review of the proposal package by the DOE contractor and sponsor including contractor determination if Headquarters approval is required. Package forwarded to Headquarters for approval as necessary.
- Stage 4: Parallel sponsor and contractor review and continued negotiations as necessary including preparation of the final proposal package and agreement provisions. May be conducted concurrent with Stage 3 actions as details of the package are finalized.
- Stage 5: DOE Operations Office review and approval culminating with Contracting Officer certification that the requirements prescribed in this Manual and the determinations prescribed in DOE O 481.1B are satisfied. Completion of this stage includes Headquarters coordination and/or approvals as prescribed by DOE O 481.1B.
- Stage 6: Execution (signing) of the proposal package by the contractor, sponsor, and DOE/NNSA, as appropriate.
- Stage 7: Transmittal of funds from the sponsor and certification of funds availability.
- Stage 8: Performance of work.
- Stage 9: Completion of work and sponsor acceptance of deliverables.
- Stage 10: Agreement closeout.

The process begins with preliminary discussions between the non-Federal sponsor and DOE/NNSA contractor personnel about the work requested by the sponsor. The contractor and sponsor develop a preliminary proposal that must include the following information:

- C description of the work requested, including deliverables;
- C schedule and milestones;
- C proposed reporting requirements; and
- C total cost estimate.

Appropriate contractor management personnel must review the preliminary proposal for compliance with Work for Others requirements and identification of any programmatic or administrative issues. The contractor obtains internal management approval of the preliminary proposal and prepares a tailored agreement that incorporates the Statement of Work and cost estimate.

If the DOE-approved standard Work for Others Agreement (see Attachment 2) terms and conditions are used, the DOE/NNSA review and approval should be limited to completing the required DOE/NNSA determinations and Contracting Officer certification and other concurrences/approvals as delineated in Attachment 3. Any proposed deviation from the DOE/NNSA-approved terms and conditions in this agreement will require DOE/NNSA to review and approve the altered contract clauses as well as those required when standard terms and conditions are used.

The contractor provides an advance copy of the tailored agreement to the sponsor for review of the terms and conditions. This review should correspond with the contractor's internal review and completion of the Work for Non-Federal Sponsors Process Checklist (see Attachment 3). Advance communication of the agreement should reduce the time needed for negotiation and implementation. An attached disclaimer must state that advance submission or review of the proposed agreement does not constitute a commitment by either party.

The contractor will ensure that the requirements of the Work for Non-Federal Sponsors Process Checklist are met and that appropriate DOE approvals are secured. Completion of the process checklist ensures that critical issues have been addressed and that appropriate actions have been or will be taken. The process checklist provides guidelines for determining when operations office or Headquarters concurrence and/or approval is required. The contractor's internal review must include sufficient documentation of the basis for the decision reached for each item on the process checklist.

The contractor and non-Federal sponsor negotiate the terms of the final agreement using either the pre-approved or nonstandard articles, as appropriate. In negotiating any changes to the agreement, the contractor must not represent itself as speaking on behalf of DOE. For items on the process checklist which require DOE approval, the contractor will send the proposal package to the appropriate DOE field or Headquarters element(s). This should be done immediately following the contractor's internal review and negotiation of the final agreement or concurrently if possible. Advance copies should be provided to DOE element(s) to assist in obtaining final agreement approval(s).

Upon completion of the negotiations, the contractor prepares the final agreement, which is forwarded to DOE for completion of the required determinations and Contracting Officer certification. Once the DOE determinations, Contracting Officer certification, and any nondelegated responsibilities are completed, the agreement can be signed by the contractor and

sponsor. All DOE approvals must be secured prior to executing the final agreement, except for such approvals as are documented as pending and upon which the execution of the final agreement is made contingent.

Once the agreement is signed by the required parties, the contractor sends the operations office a copy of the agreement. The operations office should also be sent copies of any amendments to the original agreement. Reporting requirements for these projects must, at a minimum, comply with DOE O 481.1B.

When the final agreement is signed (executed), the sponsor provides the approved funding to the contractor consistent with DOE policy. The operations office or contractor sets up a reimbursable account, certifies the availability of funding for obligation, accepts the funding, and authorizes the contractor to begin work. Work may begin as soon as DOE has received a budgetary resource and appropriate budget and reporting codes have been established.

Upon completion of the work, the sponsor will certify its completion and the Work for Others Agreement will be closed out financially. The contractor will, as appropriate, request additional funding to close out the project or return unused funds to the sponsor. The contractor will send a closeout report to DOE.

3. DOE STANDARD WORK FOR OTHERS AGREEMENT. Attachment 2 is the DOE standard Work for Others Agreement for use with non-Federal parties. It is intended to be the starting point for all reimbursable work discussions with non-Federal parties, with only those modifications required to comply with individual contracts. This document has been developed to accommodate non-Federal parties while protecting the interests of the Government. As indicated above, the final agreement must be approved by the DOE operations office.

The format for presenting provisions of the work agreement will include the following:

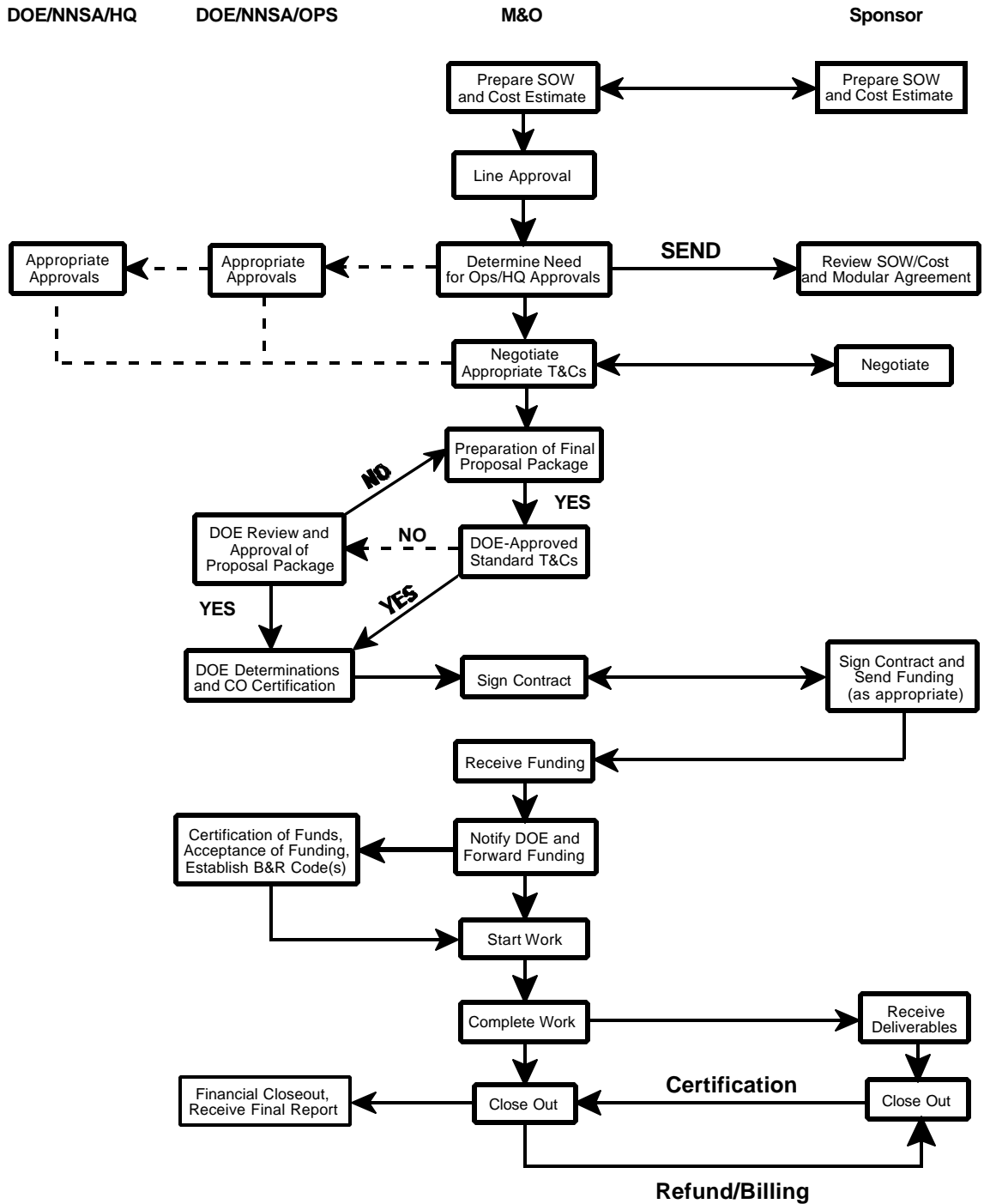
- C the standard language of the article,
- C pre-approved optional provisions, and.
- C rationale/guidance for the article.

4. METRICS. The following is an initial set of process measures for determining the effectiveness of each funded Work for Others Agreement. The following set is not all-inclusive and may include additional measures implemented by the DOE field office or the contractor based upon use of the standard terms and conditions and local procedures.
 - a. Date of initiating the review of proposal package documentation by the laboratory or facility business office.

- b. Date the proposal package documentation receives final approval by the laboratory/facility prior to forwarding to the sponsor.
- c. Date the proposal package is sent to the sponsor.
- d. Date of receipt of sponsor response to the proposal package.
- e. Date final package is sent to DOE/NNSA for approval.
- f. Date the DOE/NNSA office approval is received by the contractor.
- g. Date the agreement is executed.
- h. Date of technical completion of the project.
- i. Date of final closeout of the agreement.

5. DELEGATION OF AUTHORITY TO CONTRACTORS. Paragraph 5m(17) of DOE O 481.1B allows the heads of the field elements to delegate the authority to execute DOE standard Work for Others Agreements (also called “bilateral sales contracts”) to contractors. The authority may be delegated only when DOE-approved terms and conditions are used and there is written DOE approval of a management and administration plan that describes the contractor’s management and administrative procedures to execute and administer such agreements. The plan must also provide for periodic review of contractor policies and procedures and implementation of those procedures. The delegation of authority may be initiated by a contractor’s request for the delegation and submission of a management and administration plan or by the head of the field element by requesting a management and administration plan from the contractor.

REIMBURSABLE WORK FOR NON-FEDERAL SPONSORS



U.S. DEPARTMENT OF ENERGY

WORK FOR OTHERS AGREEMENT WITH NON-FEDERAL SPONSORS

The following is a Work for Others agreement for use with non-Federal sponsors, which includes articles that must be used in the agreement. Optional information that may be used in lieu of or in addition to the required articles is identified. These articles have been approved by the Department of Energy (DOE). Recommended language is italicized. Additional articles may also be used with the approval of the cognizant DOE operations office. Deletions of articles not applicable to a particular Statement of Work may be made with approval of the cognizant DOE operations office.

LANGUAGE:

Work for Others Agreement No. _____

Between

*(Insert here the name of the U.S. Department
of Energy Contractor)*

*Operating Under Prime Contract No. _____ for the
U.S. Department of Energy*

And

(Insert here the name of the non-Federal Sponsor)

The obligations of the above-identified DOE Contractor shall apply to any successor in interest to said Contractor continuing the operation of the DOE facility involved in this Work for Others Agreement.

GUIDANCE:

The agreement number, the names of the parties, and the contractor number must be included in the agreement immediately preceding Article I.

LIST OF ARTICLES

Article I	Parties to the Agreement
Article II	Term of the Agreement
Article III	Costs
Article IV	Funding and Payment
Article V	Source of Funds
Article VI	Property
Article VII	Publication Matters
Article VIII	Legal Notice
Article IX	Disclaimer
Article X	General Indemnity
Article XI	Product Liability Indemnity
Article XII	Intellectual Property Indemnity - Limited
Article XIII	Notice and Assistance Regarding Patent and Copyright Infringement
Article XIV	Patent Rights - Use of Facilities (Class Waiver)
Article XV	Rights in Technical Data - Use of Facility
Article XVI	Assignment
Article XVII	Similar or Identical Services
Article XVIII	Export Control
Article XIX	Termination
Article XX	Alternate Dispute Resolution (Optional)

GENERAL TERMS AND CONDITIONS

ARTICLE I. PARTIES TO THE AGREEMENT

LANGUAGE:

The U.S. Department of Energy Contractor, (insert here the name of the Department of Energy Contractor), hereinafter referred to as the "Contractor," has been requested by (insert here the name of the non-Federal Sponsor), hereinafter referred to as the "Sponsor," to perform the work set forth in the Statement of Work, attached hereto as Appendix A. It is understood by the Parties that, except for the intellectual property provisions of this Agreement, the Contractor is obligated to comply with the terms and conditions of its M&O contract with the United States Government (hereinafter called the "Government") represented by the United States Department of Energy (hereinafter called the "Department" or "DOE") when providing goods, services, products, processes, materials, or information to the Sponsor under this Agreement.

GUIDANCE:

The names of the DOE contractor and the non-Federal sponsor must be inserted in this article. There must be a Statement of Work for the agreement. It must include a technical description of the work as well as the identity of the principal investigator. Specific funds, property, personnel, and services to be used must be identified in the Statement of Work. Background rights, if any, that are affected may be addressed in the patent rights article, the rights in technical data article, or in a separate article somewhere within the agreement, or in a separate agreement. Any environmental, safety, and health issues must be dealt with, especially if there are to be any materials, equipment, or other tangible property provided by the sponsor for use at the facility in furtherance of the project. Any proprietary information included in the Statement of Work should be clearly marked as such. The sponsor agrees to provide a nonproprietary description of the Statement of Work for public dissemination.

ARTICLE II. TERM OF THE AGREEMENT

LANGUAGE:

The Contractor estimated period of performance for completion of the Statement of Work is _____ months. The term of this Agreement shall be effective as of the latter date of (1) the date on which it is signed by the last of the Parties thereto, or (2) the date on which it is approved.

GENERAL GUIDANCE:

The term of the agreement must be provided.

ARTICLE III. COSTS

LANGUAGE:

- A. *The Contractor estimated cost for the work to be performed under this Agreement is \$_____.*
- B. *The Contractor has no obligation to continue or complete performance of the work at a cost in excess of the original estimated cost or any subsequent amendment(s).*
- C. *The Contractor agrees to provide at least _____ days' notice to the Sponsor if the actual cost to complete performance will exceed its estimated cost.*

GUIDANCE:

The contractor must determine the cost of the work to be performed under this agreement in accordance with Department policy for costing work it performs for others as set forth in 10 CFR Part 1009.

There must be a statement of funding for the agreement, showing the estimated cost for the work as determined by the contractor. There must also be a statement that describes the obligations of the contractor relative to exceeding estimated cost.

ARTICLE IV. FUNDING AND PAYMENT

LANGUAGE:

The Sponsor shall provide sufficient funds in advance to reimburse the Contractor for costs to be incurred in performance of the work described in this Agreement, and the Contractor shall have no obligation to perform in the absence of adequate advance funds. If the estimated period of performance exceeds 90 days or the estimated cost exceeds \$25,000, the Sponsor may, with the Contractor's approval, advance funds incrementally. In such a case, the Contractor will initially invoice the Sponsor in an amount sufficient to permit the work to proceed for _____ days and thereafter invoice the Sponsor monthly so as to maintain approximately a 90-day period that is funded in advance. Payment shall be made directly to the Contractor. Upon termination or completion, any excess funds shall be refunded by the Contractor to the Sponsor.

GUIDANCE:

This provision should be used for most sponsors where the estimated value of the work exceeds \$25,000 or the project will last longer than 90 days. If a small business is unable to meet the 90-day requirement, a shorter time period may be negotiated with the sponsor. The above article must be selected, unless one of the following six situations exists. If one of the six situations described below exists, an alternative Article must be prepared and approved by DOE.

The six situations are all consistent with current DOE policy on requiring advance payments, as delineated in the Department of Energy Accounting Handbook issued October 17, 1995. The Handbook replaced DOE Orders 2200.4 through 2200.10.

1. If a small business is unable to meet the 90-day requirement, a shorter time period may be negotiated with the sponsor. [This shorter period should be inserted in the required language. If the contractor negotiates a shorter time than the 90-day requirement, the advance provided must ensure that DOE funds are not at risk during performance of the work described in the agreement.]
2. If the contractor performing the work provides the advance funding from award/management fees, royalties, or other corporate funds. [The contractor performing the work may elect to provide the advance funding from award/management fees, royalties, or other corporate funds or other non appropriated funds. If this option is chosen, the contractor must provide sufficient funding to ensure DOE funds are not used.]
3. When deliveries are from stock-on-hand and will not require the use of current budget resources except to replace the stock. [This option may be used if the proposed agreement does not require expenditure of either DOE or contractor resources.]
4. When delivery of items or services is without an advance, if permitted by specific law. This covers reimbursable work deliveries without advance payment as directed by specific laws or executive orders. An example is the detail of employees to states and political subdivisions according to 5 U.S.C. 3373 and the detail of employees to international organizations according to 5 U.S.C. 3343.
5. The sponsor establishes an irrevocable trust or escrow account [as the budgetary resource]. The balance in the account must be maintained at a level equivalent to approximately a 90-day advance of funds during the life of this agreement. Accrued costs and commitments of the sponsor must not exceed the balance in the trust or escrow account plus the payments received from the sponsor. [This provision may be used where it is not feasible for certain sponsors to provide a cash advance under the provisions of Option 1 . This should be used only for a small or disadvantaged business not in a position to lose interest on advanced funds for an extended period of time.]

6. When an advance cannot be obtained from State and local governments whose laws prohibit the payment of advances for reimbursable work, the Cost of Work for Others Program under the Departmental Administration Appropriation may be used.

ARTICLE V. SOURCE OF FUNDS

LANGUAGE:

The Sponsor hereby warrants and represents that, if the funding it brings to this Agreement has been secured through other agreements or is being secured through existing international agreements, such other agreements do not have any terms and conditions (including intellectual property) that conflict with the terms of this Agreement. If the Work for Others Agreement entered into conflicts with existing International Agreements, the International Agreement terms and conditions will take precedence.

ARTICLE VI. PROPERTY

LANGUAGE:

Upon termination of this Agreement, property or equipment produced or acquired in conducting the work under this Agreement shall be owned as follows:

_____. *No Federal funds will be used to purchase property or equipment for this agreement. Property or equipment produced or acquired as part of this Agreement will be accounted for and maintained during the term of the Agreement in the same manner as Department property or equipment.*

GUIDANCE:

There must be agreement among the parties as to who will retain any property produced or acquired under the Work for Others Agreement.

ARTICLE VII. PUBLICATION MATTERS

LANGUAGE:

The publishing Party shall provide the other Party a _____ -day period in which to review and comment on proposed publications that either disclose technical developments and/or research findings generated in the course of this agreement, or identify Proprietary Information (as defined in paragraph 1.B of Article XV). The publishing Party shall not publish or otherwise disclose Proprietary Information identified by the other Party, except as provided by law.

OPTION 1:

Either Party may publish Generated Information as defined in Paragraph 1.A of Article XV. The publishing party will provide to the other Party for its review, a copy of the proposed publication 60 days prior to its intended publication. The other Party may request a reasonable delay in publication if the proposed publication contains unprotected patentable information or Proprietary Information provided by either Party.

OPTION 1 GUIDANCE:

This option may be appropriate when the sponsor is not interested in commercialization of proprietary information.

GENERAL GUIDANCE:

It is within the discretion of the contractor and the sponsor to determine whether a Publication Matters article is necessary. If there will be no Publication Matters article, this section will be titled **[Reserved]**. If it is determined that there may be or will be publications covering the work under the agreement, then the article above will normally be used.

The pre-publication review process must consider the protection of rights for filing U.S. and foreign patent applications, because any disclosure may restrict filing and subsequent rights to a patent. Also, should the sponsor want to protect proprietary information brought into the agreement or, where authorized, generated under the agreement as a trade secret, such information should not be disclosed unless agreed to by the sponsor.

ARTICLE VIII. LEGAL NOTICE

LANGUAGE:

The Parties agree that the following Legal Disclaimer Notice shall be affixed to each report furnished to the Sponsor under this Agreement and to any report resulting from this Agreement which may be distributed by the Sponsor: (Legal Disclaimer)

GUIDANCE:

A standard legal disclaimer notice on publications is needed to protect the interests of the DOE contractor and the Government. Each DOE contractor currently has its own pre-approved publications statement, and this should be used.

ARTICLE IX. DISCLAIMER

LANGUAGE:

THE GOVERNMENT AND THE CONTRACTOR MAKE NO EXPRESS OR IMPLIED WARRANTY AS TO THE CONDITIONS OF THE RESEARCH OR ANY INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS WORK FOR OTHERS AGREEMENT, OR THE OWNERSHIP, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR RESULTING PRODUCT; THAT THE GOODS, SERVICES, MATERIALS, PRODUCTS, PROCESSES, INFORMATION, OR DATA TO BE FURNISHED HEREUNDER WILL ACCOMPLISH INTENDED RESULTS OR ARE SAFE FOR ANY PURPOSE INCLUDING THE INTENDED PURPOSE; OR THAT ANY OF THE ABOVE WILL NOT INTERFERE WITH PRIVATELY OWNED RIGHTS OF OTHERS. NEITHER THE GOVERNMENT NOR THE CONTRACTOR SHALL BE LIABLE FOR SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES ATTRIBUTED TO SUCH RESEARCH OR RESULTING PRODUCT, INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DELIVERED UNDER THIS WORK FOR OTHERS AGREEMENT.

GUIDANCE:

There must be a disclaimer of express or implied warranties as to the conduct of the research. This statement should be in the form of a Uniform Commercial Code (UCC)-type disclaimer, which should be conspicuous in the Work for Others Agreement so as to meet the standards of due notice. One way to do this is to use bold type, all capital letters, or to have an especially large type font specifying the disclaimer.

ARTICLE X. GENERAL INDEMNITY

LANGUAGE:

The Sponsor agrees to indemnify and hold harmless the Government, the Department, the Contractor, and persons acting on their behalf from all liability, including costs and expenses incurred, to any person, including the Sponsor, for injury to or death of persons or other living things or injury to or destruction of property arising out of the performance of the Agreement by the Government, the Department, the Contractor, or persons acting on their behalf, or arising out of the use of the services performed, materials supplied, or information given hereunder by any person including the Sponsor, and not directly resulting from the fault or negligence of the Government, the Department, the Contractor, or persons acting on their behalf.

GENERAL GUIDANCE:

This article is required only if the sponsor is providing material or equipment to the DOE contractor or sending its employees to the facility as part of the Statement of Work, or if the sponsor has directed that specific activities not normally performed by the DOE contractor be performed as part of the Statement of Work.

OPTION:

When the Work for Others Agreement involves a State, a State agency, a State college or university, or a political subdivision of a State or an agency thereof, and such entity is limited by law from assuming all such indemnification obligations, the General Indemnity Article may begin with:

To the extent permitted by {name of State} law, the Sponsor . . .

ARTICLE XI. PRODUCT LIABILITY INDEMNITY

LANGUAGE:

Except for any liability resulting from any negligent acts or omissions of the Government or the Contractor, the Sponsor agrees to indemnify the Government and the Contractor for all damages, costs, and expenses, including attorney's fees, arising from personal injury or property damage occurring as a result of the making, using, or selling of a product, process, or service by or on behalf of the Sponsor, its assignees, or licensees, which was derived from the work performed under this Work for Others Agreement. In respect to this Article, neither the Government nor the Contractor shall be considered assignees or licensees of the Sponsor, as a result of reserved Government and Contractor rights. The indemnity set forth in this paragraph shall apply only if the Sponsor shall have been informed as soon and as completely as practical

by the Contractor and/or the Government of the action alleging such claim and shall have been given an opportunity, to the maximum extent afforded by applicable laws, rules, or regulations, to participate in and control its defense, and the Contractor and/or Government shall have provided all reasonably available information and reasonable assistance requested by the Sponsor. No settlement for which the Sponsor would be responsible shall be made without the Sponsor's consent, unless required by final decree of a court of competent jurisdiction.

OPTION 1: USE OF HOLD HARMLESS PROVISION

As an option to using the above language for product liability, a hold harmless provision may be substituted therefor, such as the following.

Except for any liability resulting from any negligent acts or omissions of the Government or the Contractor, the Sponsor agrees to hold harmless the Government and the Contractor for all damages, costs, and expenses, including attorney's fees, arising from personal injury or property damage occurring as a result of the making, using, or selling of a product, process, or service by or on behalf of the Sponsor, its assignees, or licensees, which was derived from the work performed under this Work for Others Agreement.

OPTION 2: ASSUMPTION OF RESPONSIBILITY BY CONTRACTOR AND/OR SPONSOR FOR PRODUCT LIABILITY CLAIMS

The Sponsor and/or Contractor agree to indemnify the Government for all damages, costs and expenses, including attorney's fees, arising from personal injury or property damage occurring as a result of the making, using or selling of a product, process, or service by or on behalf of the Sponsor, its assignees or licensees, which was derived from the work performed under this Work for Others Agreement. In respect to this Article, the Government shall not be considered an assignee or licensee of the Sponsor or Contractor, as a result of reserved Government rights. The indemnity set forth in this paragraph shall apply only if Sponsor and/or contractor shall have been informed as soon and as completely as practical by the Government of any action against the Government alleging such claim and shall have been given an opportunity, to the maximum extent afforded by applicable laws, rules, or regulations, to participate in and control its defense, and the Government shall have provided all reasonably available information and reasonable assistance requested by Sponsor or Contractor. No settlement for which Sponsor or Contractor would be responsible shall be made without Sponsor's or Contractor's consent unless required by final decree of a court of competent jurisdiction.

OPTION 2 GUIDANCE:

The contractor and/or sponsor may voluntarily agree to accept all or some of the risks associated with product liability claims. If the contractor or sponsor accepts these risks, the Department will not indemnify either of them for any liability related to product liability claims. Paragraph (c) under General

Guidance (below) discusses this situation. The above article, appropriately modified to identify the indemnifying parties and/or the degree of their respective obligations, may be used for Article XI in such a case.

OPTION 3: STATES AND STATE AGENCIES

It is agreed that when the Work for Others Agreement involves a State, a State agency, a State college or university, or a political subdivision of a State or an agency thereof, and such entity is limited by law from assuming all such indemnification obligations, the product liability article may begin with:

To the extent permitted by {name of State} State law and except for any liability resulting from any negligent acts or omissions . . .

OPTION 4: PURCHASE OF PRODUCT LIABILITY INSURANCE

The ___ (Sponsor, Contractor, or Parties) agree to obtain and maintain product liability insurance in the amount of \$_____ during the life of this Agreement and subsequently for the life of any products, processes or services resulting from work under the Agreement. The Government and the Contractor shall be covered against any claims for product liability as a result of this insurance. A copy of this product liability insurance policy shall be provided to both the Government and the Contractor, including any material modifications thereto, including any notices of termination.

The cost for this insurance shall not be charged directly or indirectly to the Government.

OPTION 4 GUIDANCE:

The sponsor and/or the contractor may agree to purchase and maintain adequate product liability insurance to protect the Government and the contractor against product liability claims.

OPTION 5: SPONSOR DEFENDS

Except for any liability resulting from any willful misconduct or negligent acts or omissions of the Government or the Contractor, Sponsor agrees to indemnify the Government and defend Contractor against any claim or proceeding and pay all damages, costs, and expenses, including attorney's fees, arising from personal injury or property damage occurring as a result of the making, using, or selling of a product, process, or service by or on behalf of the Sponsor its assignees or licensees, which was derived from the work performed under this Work for Others Agreement. In respect to this Article, neither the Government nor Contractor shall be considered assignees or licensees of the Sponsor. The agreement set forth in this paragraph shall apply only if Sponsor shall have been informed as soon and as completely as practical by Contractor and/or the Government of the action alleging such claim and shall have been given

an opportunity, to the maximum extent afforded by applicable laws, rules, or regulations, to participate in and control its defense, and the Contractor and/or the Government shall have provided all reasonable assistance requested by Sponsor. No settlement of an action against the Contractor and/or Government for which Sponsor would be responsible hereunder shall be made without the consent of the Sponsor and of the Contractor and the Government (whichever or both of the latter two parties is involved), unless required by final decree of a court of competent jurisdiction.

OPTION 5 GUIDANCE:

Where the sponsor wishes to control litigation costs, the above option may be used.

OPTION 6: HOLD HARMLESS

The Sponsor hereby agrees to hold harmless and indemnify the Contractor and the Government, their officers, agents, and employees from any and all damages, whatsoever, including but not limited to, personal injury and property damage sustained as a result of, or arising out of, performance of the work under this Agreement.

OPTION 6 GUIDANCE:

Where the contractor after consultation with the local DOE of Energy field office believes that use of Options 1–6 above is not justified or does not adequately protect the Government or the contractor, this option may be used.

OPTIONAL PARAGRAPH: ADDITIONAL ARTICLE — INDEMNIFICATION BY THIRD PARTY

For licenses granted or assignments made by Contractor to any third party in Intellectual Property derived from Generated Information, such licenses shall include the requirement that the third party shall indemnify the Government, Contractor, and Sponsor for all damages, costs and expenses, including attorneys' fees, arising from personal injury or property damage occurring as a result of the making, using, or selling of a product, process, or service by or on behalf of such third party, its assignees, or licensees, provided, however, such third parties shall not be required to indemnify the Government, the Contractor or the Sponsor for any negligent or intentional acts or omissions of the Sponsor.

OPTIONAL PARAGRAPH GUIDANCE:

When the contractor retains rights to license or otherwise transfer technology arising under a Work for Others Agreement, the contractor may agree to flow down to its licensees or transferees

indemnification of the sponsor from product liability. If used, this paragraph would normally be in addition to the preferred option or Options 1–6, but could be used alone in appropriate circumstances.

GENERAL GUIDANCE:

If the results of the research covered by the Work for Others Agreement are protected in any way for the purpose of commercialization (such as through patents, copyrights, or through generated information declared proprietary information under the provisions of the “Rights in Technical Data” article of the agreement), or if there is a specific, identifiable facility technology being transferred, there must be a provision that indemnifies the contractor and the Government for all costs related to personal injury and property damage that may result from the sponsor’s commercialization and use of a product, process, or service. The protection should usually take the form of one or more of the above Work for Others provisions on product liability, as appropriate.

Special situations may provide for the deletion of the language of the above product liability provision from the Work for Others Agreement or may justify the use of some other provision in its place. A product liability provision may not be required in certain Work For Others Agreements involving the following situations.

1. It is determined that the results will be a product, process, or service unlikely to be commercialized (e.g., activity is limited to technical assistance). Circumstances must be such that they justify the exclusion of the product liability indemnity provision from the Agreement. Such determinations will be made on a case-by-case basis and will be supported by facts indicating there is little or no potential risk of liability to the Government or the contractor. The authority to make these determinations resides with the employee of the contractor responsible for supervising the facility.
2. The results are to be placed totally in the public domain (i.e., no intellectual property protection for any of the results) and accompanied by a DOE-approved disclaimer.
3. The contractor has agreed to accept the risk for product liability without indemnification by the Government. For this acceptance to be effective, the acceptance must be in writing and signed by an authorized official of the contractor. This acceptance should be reviewed for legal sufficiency to ensure that it does not directly or indirectly require indemnification by the Government, should liability be found.

In the event any of paragraphs 1 and 2, above, apply, the [**Reserved**] language must be put in the Work for Others Agreement for the product liability provision.

ARTICLE XII. INTELLECTUAL PROPERTY INDEMNITY - LIMITED

LANGUAGE:

The Sponsor shall indemnify the Government and the Contractor and their officers, agents, and employees against liability, including costs, for infringement of any United States patent, copyright, or other intellectual property arising out of any acts required or directed by the Sponsor to be performed under this Agreement to the extent such acts are not already performed at the facility. Such indemnity shall not apply to a claimed infringement that is settled without the consent of the Sponsor unless required by a court of competent jurisdiction.

GUIDANCE:

In the event that the work performed under the agreement leads to infringement of any patent, copyright, or other intellectual property, the sponsor agrees to indemnify the Government with respect to any specific work done under the agreement which is not work normally done at the facility. If State law does not permit the sponsor to agree to the above indemnification, then alternatively this provision may begin with:

“To the extent permitted by {name of State} law, the Sponsor . . .”

**ARTICLE XIII. NOTICE AND ASSISTANCE REGARDING PATENT
AND COPYRIGHT INFRINGEMENT**

LANGUAGE:

The Sponsor shall report to the Department and the Contractor, promptly and in reasonable written detail, each claim of patent or copyright infringement based on the performance of this Agreement of which the Sponsor has knowledge. The Sponsor shall furnish to the Department and the Contractor, when requested by the Department or the Contractor, all evidence and information in the possession of the Sponsor pertaining to such claim.

GUIDANCE:

The sponsor must inform the Department and the contractor of any claim for infringement arising out of the Work for Others Agreement.

ARTICLE XIV. PATENT RIGHTS — USE OF FACILITIES
(CLASS WAIVER)

LANGUAGE:

1. Definitions.

- A. *“Subject Invention” means any invention or discovery of the Contractor, or, to the extent the Sponsor is performing any work under this Agreement, of the Sponsor, conceived in the course of or under this Agreement, or, in the case of an invention previously conceived by the Sponsor, first actually reduced to practice in the course of or under this Agreement. “Subject Invention” includes any art, method, process, machine, manufacture, design or composition of matter, or any new and useful improvement thereof, or any variety of plant, whether patented under the patent laws of the United States of America or any foreign country, or unpatented.*
- B. *“Patent Counsel” means the DOE Patent Counsel assisting the procuring activity which has the administrative responsibility for the facility where the work under this Agreement is to be performed.*

2. Rights of the Sponsor; election to retain rights.

Subject to the provisions of paragraph 3 with respect to any Subject Invention reported and elected in accordance with paragraph 4 of this article, the Sponsor may elect to obtain the entire right, title, and interest throughout the world to each Subject Invention and any patent application filed in any country on a Subject Invention and in any resulting patent secured by the Sponsor. Where appropriate, the filing of patent applications by the Sponsor is subject to DOE and other Government security regulations and requirements.

3. Rights of Contractor and Government.

A. Assignment to either the Contractor or the Government

The Sponsor agrees to assign to either the Contractor or the Government, as requested by the Contractor, the entire right, title, and interest in any country to each Subject Invention of the Sponsor and to each Subject Invention of the Contractor, where the Sponsor:

- (1) *does not elect pursuant to this article to retain such rights; or*

- (2) *elects to obtain title to a Subject Invention pursuant to paragraph 2 but fails to have a patent application filed in that country on the Subject Invention or decides not to continue prosecution or not to pay any maintenance fees covering the invention.*

B. Terms and Conditions of Waived Rights

- (1) *To preserve the Contractor's and the Government's residual rights to Subject Inventions, and in patent applications and patents on Subject Inventions, the Sponsor shall take all actions in reporting, electing, filing on, prosecuting, and maintaining invention rights promptly, but in any event, in sufficient time to satisfy domestic and foreign statutory and regulatory time requirements, or, if the Sponsor decides not to take appropriate steps to protect the invention rights, it shall notify the Contractor in sufficient time to permit either the Contractor or the Government to file, prosecute, and maintain patent applications and any resulting patents prior to the end of such domestic or foreign statutory or regulatory time requirements.*
- (2) *The Sponsor shall convey or ensure the conveyance of any executed instruments necessary to vest in either the Contractor or the Government the rights set forth in this article.*
- (3) *With respect to any Subject Invention in which the Sponsor obtains title, the Sponsor hereby grants to the Government a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced by or on behalf of the United States the Subject Invention throughout the world.*
- (4) *The Sponsor shall provide the Government a copy of any patent application filed on a Subject Invention within 6 months after such application is filed, including its serial number and filing date.*
- (5) *Preference for U.S. Industry. Notwithstanding any other provision of this article, the Sponsor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any Subject Invention in the United States unless such person agrees that any products embodying the Subject Invention or produced through the use of the Subject Invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by the Sponsor or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to*

potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

- (6) *March-In Rights. The Sponsor agrees that with respect to any Subject Invention of the Contractor in which it has acquired title, the DOE shall retain the right to require the Sponsor to grant a responsible applicant a nonexclusive, partially exclusive, or exclusive license to use the Subject Invention in any field of use, on terms that are reasonable under the circumstances, or if the Sponsor fails to grant such a license, to grant the license itself. DOE may exercise this right only in exceptional circumstances and only if DOE determines that:*
- (a) *the action is necessary to meet health or safety needs that are not reasonably satisfied by the Sponsor; or*
 - (b) *the action is necessary to meet the requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the Sponsor; or*
 - (c) *such action is necessary because a licensee of the exclusive right to use or sell any Subject Invention in the United States is in breach of the agreement required by paragraph B(5).*
- (7) *The Sponsor agrees to refund any amounts received as royalty charges on any Subject Invention in procurement by or on behalf of the Government and to provide for that refund in any instrument transferring rights to any party in the invention.*
- (8) *The Sponsor agrees to include, within the specification of any U.S. patent applications and any patent issuing thereon covering a Subject Invention, the following statement. "The Government has rights in this invention pursuant to (specify this underlying Agreement)."*

4. *Invention Identification, Disclosures, and Reports.*

- A. *The Sponsor shall furnish the Patent Counsel a written report containing full and complete technical information concerning each Subject Invention it makes within 6 months after conception or first actual reduction to practice, whichever occurs first, in the course of or under this Agreement, but in any event prior to any on sale, public use, or public disclosure of such invention known to the Sponsor. The report shall identify the contract and inventor and shall be sufficiently complete in*

technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding to the extent known at the time of disclosure, of the nature, purpose, operation, and the physical, chemical, biological, or electrical characteristics of the invention. The report should also include any election of invention rights under this article. When an invention is reported under this paragraph 4-A, it shall be presumed to have been made in the manner specified in Section (a)(1) and (2) of 42 U.S.C. 5908.

- B. The Contractor shall report Subject Inventions it makes in accordance with the procedures set forth in contract _____. In addition, the Contractor shall disclose to the Sponsor at the same time as disclosure to the Department any Subject Inventions made by the Contractor under this Agreement and the Sponsor shall notify the Department within 6 months of receipt of such disclosure by the Sponsor of any election of patent rights under this article.*
- C. Requests for extension of time for election under subparagraphs A and B may be granted by Patent Counsel for good cause shown in writing.*

5. Limitation of Rights.

Nothing contained in this patent rights article shall be deemed to give the Government any rights with respect to any invention other than a Subject Invention except as set forth in the Facilities License of paragraph 6.

6. Facilities License.

In addition to the rights of the Parties with respect to inventions or discoveries conceived or first actually reduced to practice in the course of or under this Agreement, the Sponsor agrees to and does hereby grant to the Government an irrevocable, non-exclusive, paid-up license in and to any inventions or discoveries regardless of when conceived or first actually reduced to practice or acquired by the Sponsor, which at any time, through completion of this Agreement, are owned or controlled by the Sponsor and are incorporated in the facility as a result of this Agreement to such an extent that the facility is not restored to the condition existing prior to the Agreement (1) to practice or to have practiced by or for the Government at the facility; and (2) to transfer such license with the transfer of the facility. The acceptance or exercise by the Government of the aforesaid rights and license shall not prevent the Government at any time from contesting the enforceability, validity, or scope of, or title to, any rights or patents herein licensed.

7. Early Termination of Agreement.

The terms and conditions of this article shall survive the Agreement, in the event that the Agreement is terminated before completion of the Statement of Work.

GENERAL GUIDANCE:

For Work for Non-Federal Sponsors² Agreements where no research, development, or demonstration is to be conducted in the performance of the Statement of Work, the above provisions need not be included and this article should be titled:

[ARTICLE XIV. RESERVED]

If the contractor will be retaining title to subject inventions, then the provisions of the prime contract will apply, the above patent rights article should be deleted, and an appropriate reference to the applicability of the patent article of the prime contract should be included. If the sponsor will be performing work and therefore will be retaining title to its own inventions, the above patent rights article will be appropriately modified.

ARTICLE XV. RIGHTS IN TECHNICAL DATA — USE OF FACILITY

LANGUAGE:

1. *The following definitions shall be used.*
 - A. *“Generated Information” means information produced in the performance of this Agreement.*
 - B. *“Proprietary Information” means information which is developed at private expense, is marked as Proprietary Information, and embodies (1) trade secrets or (2) commercial or financial information which is privileged or confidential under the Freedom of Information Act (5 U.S.C. 552 (b)(4)).*
 - C. *“Unlimited Rights” means the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose, and to have or permit others to do so.*
2. *The Sponsor agrees to furnish to the Contractor or leave at the facility that information, if any, which is (1) essential to the performance of work by the Contractor personnel or (2) necessary for the health and safety of such personnel in the performance of the work.*

Any information furnished to the Contractor shall be deemed to have been delivered with Unlimited Rights unless marked as Proprietary Information. The Sponsor agrees that it has the sole responsibility for appropriately identifying and marking all documents containing Proprietary Information, whether such documents are furnished by the Sponsor or produced under this Agreement and made available to the Sponsor for review.

3. *The Sponsor may designate as Proprietary Information any Generated Information where such data would embody trade secrets or would comprise commercial or financial information that is privileged or confidential if it were obtained from the Sponsor. Such Proprietary Information will, to the extent permitted by law, be maintained in confidence and disclosed or used by the Contractor (under suitable protective conditions) only for the purpose of carrying out the Contractor's responsibilities under this Agreement. Upon completion of activities under this Agreement, such Proprietary Information will be disposed of as requested by the Sponsor. Before the Contractor releases data associated with this Agreement to anyone, the Sponsor will be afforded the opportunity to review that data to ascertain whether it is Proprietary Information and if so, to mark it as such.*
4. *The Government and Contractor agree not to disclose properly marked Proprietary Information to anyone other than the Sponsor without written approval of the Sponsor, except to Government employees who are subject to the statutory provisions against disclosure of confidential information set forth in the Trade Secrets Act (18 U.S.C. 1905). The Government and Contractor shall have the right, at reasonable times up to 3 years after the termination or completion of the Agreement, to inspect any information designated as Proprietary Information by the Sponsor, for the purpose of verifying that such information has been properly identified as Proprietary Information.*
5. *The Sponsor is solely responsible for the removal of all of its Proprietary Information from the facility by or before termination of this Agreement. The Government and Contractor shall have Unlimited Rights in any information which is not removed from the facility by termination of this Agreement. The Government and Contractor shall have Unlimited Rights in any Proprietary Information which is incorporated into the facility or equipment under this Agreement to such extent that the facility or equipment is not restored to the condition existing prior to such incorporation.*
6. *The Sponsor agrees that the Contractor will provide to the Department a nonproprietary description of the work performed under this Agreement.*
7. *The Government shall have Unlimited Rights in all Generated Information produced or information provided by the Parties under this Agreement, except for information which is disclosed in a Subject Invention disclosure being considered for patent protection, or which is marked as being Proprietary Information.*

8. *Copyrights.* The Sponsor may assert copyright in any of its Generated Information, and may also require the Contractor, at the Sponsor's expense, to register copyright and assign copyright in any Generated Information produced by the Contractor which the Sponsor wishes to copyright. Subject to the other provisions of this article, and to the extent that copyright is asserted, the Government reserves for itself a royalty-free, worldwide, irrevocable, non-exclusive license for Governmental purposes to publish, disclose, distribute, translate, duplicate, exhibit, prepare derivative works, and perform any such data assigned to the Sponsor.
9. *The terms and conditions of this article shall survive the Agreement, in the event that the Agreement is terminated before completion of the Statement of Work.*

OPTIONS:

3. *The Sponsor, Contractor, and the Government shall have Unlimited Rights in all Generated Information, except for information which is disclosed in a Subject Invention disclosure being considered for patent protection.*
4. *The Government and Contractor agree not to disclose properly marked Proprietary Information without written approval of the Sponsor, except to Government employees who are subject to the statutory provisions against disclosure of confidential information set forth in the Trade Secrets Act (18 U.S.C. 1905).*
5. *The Sponsor is solely responsible for the removal of all of its Proprietary Information from the facility by or before termination of this Agreement. The Government and Contractor shall have Unlimited Rights in any Proprietary Information which is incorporated into the facility or equipment under this Agreement to such an extent that the facility or equipment is not restored to the condition existing prior to such incorporation. The U.S. Government and Contractor shall have unlimited rights in any information which is not removed from the facility by termination of this Agreement.*

OPTION GUIDANCE:

If the sponsor is not afforded the right to treat generated information as proprietary information, the optional language in paragraphs 3, 4, and 5 above should be substituted for paragraphs 3, 4, 5, and 7 of the standard language in Article XV, or language representing a middle ground (e.g., 5-year protection for generated information) as determined per these guidelines, should be developed by the contractor with approval of local DOE Field Patent Counsel.

GENERAL GUIDANCE:

The obligations of the parties with respect to proprietary information require that all such materials be sufficiently identified and marked, so that the personnel involved in the project understand what materials are to be protected. If information could not be protected as a valid trade secret or commercial or financial information if brought into the agreement by the sponsor, then it should not be protected under the agreement. If the parties will be using software, biological materials, specimen materials, equipment, or other tangible personal property that a party wants to protect as proprietary, such items should be included in the definition of proprietary information to ensure such protection. Additional information can be found at 48 CFR 927.400. The parties may wish to return proprietary information before the conclusion of the agreement if such information is no longer needed for work under the agreement.

As it appears in the agreement, the data article allows the sponsor to secure all rights in generated information designated by the sponsor as proprietary information. The Government would get minimum rights therein. With respect to such designated generated information, the sponsor receives the maximum data rights available to the sponsor.

However, there are circumstances that justify or require greater data rights in the contractor/the Department, than sponsor ownership of all rights. Indications of situations in which such greater rights may be justified are:

1. the sponsor is not providing proprietary information or material to the facility;
2. the sponsor is not likely to use the results of the work for commercial activity or is an institution that does not want to assert proprietary rights in the data to the exclusion of any rights in the Government;
3. the sponsor cannot show that the primary use of the data will be in the United States rather than in a foreign country;
4. the Work for Others Statement of Work is directly related to specific ongoing projects (this is an instance where 5-year protection might be appropriate);
5. the Work for Others Statement of Work requires only a paper study and is not directed to a particular commercial product of the sponsor (this is an instance where unlimited rights in the Government might be appropriate);
6. per the Class Patent Waiver, title to all inventions is not going to the sponsor; or;
7. any benefit to the U.S. Government would be lost by the removal of the data from the facility.

Before the agreement is entered into, the contractor or the Department may require that greater data rights be obtained. The data rights acquired by the Government/contractor depend on the circumstances, and can range from unlimited rights to some lesser level of protection, such as a period of protection (e.g., 5 years), or having only part of the data being proprietary to the sponsor. The Department or the contractor can also obtain greater rights in copyright, especially where the agreement covers work that is derivative of prior work at the DOE facility. In unusual circumstances the parties can agree that the sponsor will leave proprietary information at the facility.

ARTICLE XVI. ASSIGNMENT

LANGUAGE:

Neither this Agreement nor any interest therein or claim thereunder shall be assigned or transferred by either Party, except as authorized in writing by the other Party to this Agreement, provided, the Contractor may transfer it to the Department, or its designee, with notice of such transfer to the Sponsor, and the Contractor shall have no further responsibilities except for the confidentiality, use, and/or non-disclosure obligations of this Agreement.

GUIDANCE:

The agreement must provide for orderly transition from one DOE contractors to another, when there is a change in DOE contractors for the same facility.

ARTICLE XVII. SIMILAR OR IDENTICAL SERVICES

LANGUAGE:

The Government and/or Contractor shall have the right to perform similar or identical services in the Statement of Work for other Sponsors as long as the Sponsor's Proprietary Information is not utilized.

GUIDANCE:

The facility cannot be precluded from using its staff and facilities to perform services for others, so long as the sponsor's proprietary information is not used.

ARTICLE XVIII. EXPORT CONTROL

LANGUAGE:

Each Party is responsible for its own compliance with laws and regulations governing export control.

GUIDANCE:

Foreign national access to controlled technology in the United States may constitute an export. Each agreement should be carefully reviewed and approved in accordance with DOE requirements.

ARTICLE XIX. TERMINATION

LANGUAGE:

Performance of work under this Agreement may be terminated at any time by either Party, without liability, except as provided above, upon giving a ____-day written notice to the other Party. The Contractor shall terminate this Agreement only when the Contractor determines, after direction from DOE, that such termination is in the best interest of the Government, provided however, that the Contractor shall have the right to terminate unilaterally if the Sponsor shall have failed to advance the funds required by Article IV. In the event of termination, the Sponsor shall be responsible for the Contractor's costs (including closeout costs) through the effective date of termination, but in no event shall the Sponsor's cost responsibility exceed the total cost to the Sponsor as described in Article III, above.

It is agreed that any obligations of the Parties regarding Proprietary Information or other intellectual property will remain in effect, despite early termination of the Agreement.

ARTICLE XX. ALTERNATE DISPUTE RESOLUTION **(OPTIONAL)**

LANGUAGE:

The parties to this agreement are encouraged to use the processes of Alternative Dispute Resolution (ADR) to settle any differences that may arise during the performance of this Agreement, although it is not mandatory that they do so. As a starting point, the language below is suggested.

Step 1. NEGOTIATION

The Parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement by negotiating between executives and/or officials who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this contract. Either Party may give the other Party written notice of any dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving Party shall submit to the other a written response. The notice and the response shall include (a) a statement of each Party's position and a summary of arguments supporting that position; and (b) the name and title of the executive or official who will represent that Party and of any other person(s) who will accompany the executive or official. Within 30 days after delivery of the disputing Party's notice, the executives of both Parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable requests for information made by one Party to the other will be honored.

If the matter has not been resolved within 60 days of the disputing Party's notice, or if the Parties fail to meet within 30 days, either party may (or, "the Parties shall" ~~---~~, if it is to be mandatory) initiate mediation of the controversy or claim as provided hereafter.

All negotiations pursuant to this Agreement are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State rules of evidence.

Step 2. MEDIATION

In the event the dispute has not been resolved by negotiation as provided herein, the Parties agree to participate in ("at least 4 hours of", if it is desired to limit time, sometimes an inducement to busy officials) mediation, using a mutually agreed-upon mediator. The mediator will not render a decision, but will assist the Parties in reaching a mutually satisfactory agreement.

The Parties agree to equally split the costs of the mediation. The first mediation session shall commence within 30 days from agreement. The Parties may contact the DOE Office of Dispute Resolution with questions, or for assistance with selection of neutrals or samples of Agreements to mediate.

All meditations are confidential and shall be treated as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and State rules of evidence.

NOTE: The new confidentiality provisions under the revised Administrative Dispute Resolution Act provide much stronger protection and can be incorporated in any agreement as soon as it is passed.

Step 3. ARBITRATION

Any dispute not otherwise satisfactorily resolved (shall) may be submitted to arbitration, pursuant to the Administrative Dispute Resolution Act (new cite, not yet available), through the (American Arbitration Association, Jams/Endispute Center for Public Resources, United States Arbitration and Mediation, or other reputable ADR provider).

NOTE: Since arbitration, unlike mediation, results in a binding decision by the neutral, it may be useful to hire an outside provider such as those listed above, to assist in arbitrator selection and to provide rules for the arbitration. If the parties can agree on the arbitrator, they must still agree on the rules of the arbitration.

Generally, it is best to limit the time and scope of the arbitration, or it will quickly resemble a trial. Factors to consider include capping the award by agreeing to “high-low” or “baseball” figures; and limiting the duration of the hearing, the number of witnesses, and the amount of evidence to be presented.

In witness whereof, the Parties hereto have executed this Agreement.

FOR Contractor:

Name_____

Title_____

Date_____

FOR Sponsor:

Name_____

Title_____

Date_____

WORK FOR NON-FEDERAL SPONSORS PROCESS CHECKLIST		
<i>This checklist is for reference and may be amplified by the contractor.</i>		
Issue	Description	Department Responsible
Technical Proposal	<p>Concise description of the work requested including schedule, milestones, reporting requirements, and deliverables.</p> <p>Detailed financial information (including full-time equivalents); direct costs (such as personnel, supplies and expenses, travel, subcontracts, equipment, facilities, and services); applicable indirect costs; and the Federal Administration Charge (FAC) for each fiscal year.</p>	N/A
Consistency with Mission	The proposed work must be consistent with or complementary to DOE missions and the missions of the facility.	Operations office (CO certification)
Adverse Impact on DOE Funded Programs	The proposed work must not adversely impact execution of assigned programs of the facility .	Operations office (CO certification)
Competition with the Private Sector	The proposed work must not place the facility in direct competition with the domestic private sector.	Operations office (CO certification)
Future Burden on DOE	The proposed work must not create a detrimental future burden on DOE resources.	Operations office (CO certification)
Human Subject Use	Research involving human subjects conducted with DOE funding or facilities, or by DOE personnel, may not be initiated without either (1) an approved Single Project Assurance from the Department of Health and Human Services (DHHS) or the Associate Director for Biological and Environmental Research (SC-70), or (2) a Multiple Project Assurance approved by DHHS or SC-70 and approval by the cognizant Institutional review Board.	SC/HQ

WORK FOR NON-FEDERAL SPONSORS PROCESS CHECKLIST		
<i>This checklist is for reference and may be amplified by the contractor.</i>		
Issue	Description	Department Responsible
Animal Subject Use	If the project involves animal research subjects, the facility must be listed with the U.S. Department of Agriculture and have a current National Institutes of Health assurance or be currently accredited by the Department of the American Association for Accreditation of Laboratory Animal Care, Inc. If not, work cannot be performed. If so, the facility can perform the work after its Animal Care and Use Committee has reviewed and approved the proposed project.	N/A
Type of Sponsor	If the project is funded by a foreign sponsor, the Office of International Sciences and Technology Cooperation (IA-41) must review and approve the proposal package.	IA/HQ
Nuclear Nonproliferation	If the project involves any nuclear nonproliferation detection technology, the Office of Nonproliferation and National Security (NN) must be notified.	NN/HQ/NNSA
Intelligence	If the project involves intelligence-related work, the Office of Intelligence (IN) must approve the proposed project.	IN/HQ
Space Nuclear and Noncommercial Power Reactor	If the project involves space nuclear or noncommercial power reactor work, the Office of Nuclear Energy (NE) must approve the proposed project.	NE/HQ
Construction	If the project involves any construction or modifications to Department facilities, the operations office must be notified. If the cost exceeds the GPP threshold, the Cognizant Secretarial Officer (CSO)/NNSA Deputy Administrator and HQ Chief Financial Officer (CFO) must approve the proposed project.	CSO and HQ CFO

WORK FOR NON-FEDERAL SPONSORS PROCESS CHECKLIST		
<i>This checklist is for reference and may be amplified by the contractor.</i>		
Issue	Description	Department Responsible
Foreign Travel	If the project involves any foreign travel to a sensitive country as defined in DOE O 1500.3, Foreign Travel Authorization, and is listed in the DOE Travel Management System, the operations office must approve the travel.	Operations office
Federal Administration Charge	Application of Federal Administration Charge consistent with the National Defense Authorization Act for Fiscal Year 1999, Section 3137, Activities of Department of Energy Facilities delineated in the DOE Chief Financial Officer's memorandum dated October 29, 1998.	Field CFO
Overhead Costs	Is a waiver for costs in addition to Federal Administration charge being requested (e.g., overhead, etc.)? If so, a detailed justification for such waivers must be submitted to the HQ CFO via the cognizant Program Secretarial Officer.	HQ CFO
Work for Others Agreement	If nonstandard terms and conditions are being used, the operations office must approve the modified agreement.	Operations office
Intellectual Property	Is the proposed allocation of patent rights consistent with the terms of the class waiver?	Operations office (as required by class waiver)
	Is the disposition of data rights consistent with standard DOE policy?	Operations office (if exception to DOE policy)
National Environmental Policy Act (NEPA); Environment, Safety, and Health (ES&H)	Is the proposed action covered under a categorical exclusion in 10 CFR Part 1021, Subpart D, Appendix A? If so, no Department notification is needed. The Department, as necessary, will audit facility files for appropriateness of categorizations. If the action is not covered in Appendix A, the documentation for a Department determination must <i>(continued on next page)</i>	Operations office (if not covered under Appendix A)

WORK FOR NON-FEDERAL SPONSORS PROCESS CHECKLIST		
<i>This checklist is for reference and may be amplified by the contractor.</i>		
Issue	Description	Department Responsible
National Environmental Policy Act (NEPA); Environment, Safety, and Health (ES&H) <i>(continued)</i>	<i>(continued)</i> be submitted to the operations office in accordance with established procedures. Describe any ES&H issues involved in the proposed work, including impacts and how such impacts will be handled.	Operations office (as required)
Intelligence or Intelligence-related Special Access Program (SAP) Project	If the project is an intelligence or intelligence-related SAP project, the Director, Office of Intelligence must approve.	IN/HQ
Non-Intelligence and Non-Intelligence-related SAP Projects	If a SAP project is neither intelligence nor intelligence-related, the Special Access Program Oversight Committee (SAPOC) and CSO must approved prior to acceptance.	Special Access Program Oversight Committee (SAPOC)/CSO/HQ
Classified, Export Controlled, and Unclassified Controlled Nuclear Information	Specify whether this project will involve the use or generation of classified information, Export Controlled Information (ECI), Unclassified Controlled Nuclear Information (UCNI) or unescorted access to security areas. Provide a summary of the internal review, such as who conducted the review and what the results were, and state how such information should be protected. If access to classified information, special nuclear materials (SNM), or unescorted facility security areas (security clearance) is involved in the project, or foreign ownership, control, or influence are present, a (FOCI) review must be completed. Also, the operations office must be notified if classified information, UCNI, or SNM are being used or generated.	Operations office (as required)

**WORK FOR NON-FEDERAL SPONSORS
PROCESS CHECKLIST**

This checklist is for reference and may be amplified by the contractor.

Issue	Description	Department Responsible
Conflict of Interest	Review project personnel for any affiliations that could present the appearance of conflict of interest (e.g., consulting role, director position, controlling interest in a spin-off company). Where conflict of interest appears to exist, describe the mitigating measures taken to reduce the impact on the work. The laboratory must state that it will continue to monitor the conflict of interest status of each identified person as follows, "Each employee of the laboratory has completed a conflict-of-interest statement that complies with the M&O contract. If during the course of the work, conflicts are revealed, steps will be taken to manage and/or mitigate them."	N/A

U.S. Department of Energy
Washington, D.C.

PAGE CHANGE

DOE M 481.1-1A Chg 1

Approved: 01-03-01
Chg 1: 9-28-01

**SUBJECT: REIMBURSABLE WORK FOR NON-FEDERAL SPONSORS PROCESS
MANUAL**

1. PURPOSE. To transmit revised pages to DOE M 481.1-1A, *Reimbursable Work for Non-Federal Sponsors Process Manual*, dated 01-03-01.
2. EXPLANATION OF CHANGES. To identify when, how, and by whom specific authorities could be delegated to DOE contractors.
3. FILING INSTRUCTIONS.

<u>Remove</u>	<u>Dated</u>	<u>Insert</u>	<u>Dated</u>
Pages i (and ii)	01-03-01	Pages i (and ii)	9-28-01
Pages iii (and iv)	01-03-01	Pages iii (and iv)	9-28-01
Page 1	01-03-01	Pages 1 and 1a	9-28-01
Page 2	01-03-01	Page 2	9-28-01
Page 4	01-03-01	Page 4	9-28-01
Page 5	01-03-01	Page 5 (and 6)	9-28-01

After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



FRANCIS S. BLAKE
Deputy Secretary

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