(1) The invention has been published as available for licensing pursuant to §81.13 for a period of at least six (6) months.

(2) The Commission has determined that (i) the invention may be brought to the point of practical application in certain fields of use or in certain geographical locations by exclusive licensing, (ii) the desired practical application has not been achieved under any nonexclusive license granted on the invention, and (iii) the desired practical application is not likely to be achieved expeditiously in the public interest under a nonexclusive license or as a result of further Government-funded research or development.

(3) Notice of the selection of a prospective licensee to be granted a limited exclusive license of a specified duration and scope shall have been transmitted to the Attorney General of the United States and shall have been published for at least sixty (60) days in the FEDERAL REGISTER with a statement advising of the rights of license applicants or third parties to apply for nonexclusive licenses or bring information to the attention of the Commission under the next paragraph.

(4) After expiration of the period in paragraph (a)(3) of this section, the Commission has determined (i) that no applicant for a nonexclusive license has brought or will bring the invention to the point of practical application as specified in the prospective exclusive license within a reasonable period under a nonexclusive license, and (ii) that the granting of the license would be in the public interest and not be inconsistent with the Act after consideration of all the facts and any written evidence and argument which third parties may present to the Commission within sixty (60) days of the publication of the notices of the selection of the licensee under paragraph (a)(3) of this section.

(5) The Commission shall record and make available for public inspection, upon request, all decisions and the basis thereof under this section.

§81.31 Selection of an exclusive licensee.

An exclusive licensee will be selected by the Commission on bases consistent with the policy set forth in §81.11 of this subpart in accordance with the procedures herein, based upon the information supplied to the Commission in a license application under §81.40. Consideration will be given to: (a) The capabilities of the applicant to further the technical and market development of the invention to bring the same to the point of practical application, (b) the applicant's plan to undertake development of the invention, (c) the projected impact on competition, (d) the benefit to the Government and the public, as well as (e) assistance to small business and minority business enterprises and economically depressed, low income and labor surplus areas, and (f) whether the applicant is a U.S. citizen or corporation.

§81.32 Terms of exclusive license grant.

(a) NRC inventions may be made available for the grant of limited exclusive licenses to responsible applicants who will bring the invention to the point of practical application and make its benefits reasonably accessible to the public.

(1) The license may be granted for all or less than all fields of use of the invention, and throughout the United States of America, its territories and possessions, Puerto Rico, and the District of Columbia, or any lesser geographical portion thereof.

(2) The duration of the license will be negotiated and shall include (i) a period of exclusivity specified in the license, which shall be related to the period necessary to provide a reasonable incentive for the licensee to invest the necessary risk capital to bring the invention to the point of practical application and which shall not exceed 5 years or be extended unless the Commission determines on the basis of a written submission supported by a factual showing that a longer period is reasonably necessary to permit the licensee to enter the market and recoup his investment in bringing the invention to the point of practical application; and (ii) a terminal portion, sufficient to make the invention reasonably available for the granting of nonexclusive licenses under §81.20, during which the licensee may have a nonexclusive

license if the licensee continues to make the invention reasonably accessible to the public.

(3) The license shall require the licensee to bring the invention to the point of practical application within a period specified in the license agreement, or, subject to the approval of the Commission, within a longer period, and then to continue to make the benefits of the invention reasonably accessible to the public.

(4) The license shall require the licensee to expand a specified minimum sum of money and/or to take other specified action, within indicated periods as specified in the license, in an effort to bring the invention to the point of practical application. Reasonable royalties shall be charged by the Commission, as specified in the license agreement, unless the Commission determines that it would not be in the public interest to charge royalties.

(5) The license shall be subject to an irrevocable, royalty-free right of the Government of the United States to practice and have practiced the invention by or on behalf of the Government of the United States and on behalf of any foreign Government or intergovernmental organization pursuant to any existing or future treaty or agreement with the United States.

(6) The license shall reserve to the Commission the right to require the licensee to grant sublicenses to responsible applicants to practice the invention on terms that are reasonable under the circumstances, (i) to the extent that the invention is required for public use by governmental regulations, or (ii) as may be necessary to fulfill health or safety needs, or (iii) if the invention is useful in the production or utilization of special nuclear material or atomic energy and the licensing of such invention is of importance to effectuate the policies and purposes of the Act, (iv) for other public purposes as stipulated in the license agreement. In the event that the licensee and the Commission cannot agree upon reasonable terms for such sublicenses, the terms, including a reasonable royalty, may be fixed pursuant to the procedure set forth in section 157(c) of the Act.

(7) Subject to the right reserved to the Government in paragraphs (a) (5) and (6) of this section, the licensee shall be granted the exclusive right to make, use, and/or sell the invention in accordance with the terms and conditions specified in the license agreement.

(8) The license may extend to wholly owned subsidiaries of the licensee but shall be nonassignable and otherwise nontransferable without approval of the Commission, except assignment may be made, upon notice to the Commission, to successors of that part of the licensee's business to which the invention pertains.

(9) An exclusive licensee may grant sublicenses under his license only with the approval of the Commission. Any sublicense or assignment granted by an exclusive licensee shall be subject to the terms and conditions of the exclusive license, including the rights retained by the Government thereunder, and a copy of each such sublicense or assignment shall be furnished to the Commission.

(10) The license shall require the licensee to submit periodic reports on his efforts to achieve practical application of the invention and the extent to which he continues to make the benefits of the invention reasonably accessible to the public. Unless otherwise specified in the license, such reports will be required annually on the anniversary date of the grant of the license. The report shall contain information within the licensee's knowledge, or which the licensee may acquire under normal business practices, pertaining to the commercial use being made of the invention, and other information which the Commission may determine to be pertinent to the licensing activity of the Commission as is specified in the license agreement.

(11) The Commission may modify or revoke the license (i) for failure of the licensee to bring the invention to the point of practical application within the period specified in the license agreement or to continue to make the benefits of the invention reasonably accessible to the public; (ii) if the licensee fails to expend the minimum sum of money or to take any other action specified in the license agreement

within the periods specified in the license agreement in an effort to bring the invention to the point of practical application; (iii) if the licensee defaults in making any payments or periodic reports required by the license; or (iv) if the licensee commits any breach of any covenant or agreement therein contained; or (v) if the licensee willfully makes, or has made, a false statement of a material fact or willfully omitted a material fact in the license application submitted pursuant to §81.40 or in any report required by the license agreement.

(12) Before modifying or revoking any license granted pursuant to this subpart for any cause, the Commission shall mail to the licensee and any sublicensee of record at the last address filed with the Commission a written notice of the Commission's intention to modify or revoke the license, and the licensee and any sublicensee shall be allowed thirty (30) days after the mailing of such notice, or within such period as may be granted by the Commission, to remedy any breach of any covenant or agreement referred to in paragraph (a)(11)(iv) of this section or to show cause why the license should not be modified or revoked.

(13) An exclusive licensee shall be granted the right to sue at his own expense any party who infringes the rights set forth in his license and covered by the licensed patent. The licensee may join the Government of the United States, upon consent of the Attorney General, as a party complainant in such suit, but without expense to the Government and the licensee shall pay costs and any final judgment or decree that may be rendered against the Government in such suit. The Government shall have an absolute right to intervene in any such suit at its own expense. The licensee shall be obligated to furnish promptly to the Government, upon request, copies of all pleadings and other papers filed in any such suit and of evidence adduced in proceedings relating to the licensed patent, including, but not limited to, negotiations or settlements and agreements settling claims by a licensee based on the licensed patent, and all other books, documents, papers, and records pertaining to such suit. If, as a result of any such litigation, the patent shall be declared invalid, the licensee shall have the right to surrender his license and be relieved from any further obligation thereunder.

(14) A licensee may surrender his license at any time prior to termination of the license upon notice thereof to the Commission, and upon approval of the Commission, but the licensee shall not be relieved of the obligations thereunder without specific approval of the Commission.

(15) The license may be subject to such other terms and conditions as the Commission may deem in the public interest.

§81.35 Notices to public of exclusive licenses.

The Commission will have published in the FEDERAL REGISTER notices of the granting, revocation, or modification in duration and/or scope, of limited exclusive licenses under these regulations. Such notices shall identify the invention and shall include, directly, or by reference to previous notice(s) in the FEDERAL REGISTER pursuant to §81.13 or §81.30(a)(3) the following:

(a) Identification of the licensee.

(b) Duration and scope of the exclusive license.

(c) That such a license is being granted or revoked, or the nature of the modification of the license.

(d) The effective date of the grant, modification, or revocation.

§81.40 Contents of a license application.

(a) *Nonexclusive license application*. An application for a nonexclusive license under an NRC invention should be accompanied by a fee of ten dollars ($10) for processing the application and must include the following information:

(1) Identification of the invention for which the license is desired, including the patent application serial number or the patent number, title, and date, if known, and any other identification of the invention;

(2) Name and address of the person, company, or organization applying for a license and the citizenship or State of incorporation thereof;