

ARPA-E Overview of Other Transactions

Peder Maarbjerg

June 4, 2012

ARPA-E's creation and launching

Innovation based on science and engineering will be primary driver of our future prosperity & security

2009
American Recovery and Reinvestment Act
(\$400M Appropriated)

2007
America COMPETES Act

2006
Rising Above the Gathering Storm
(National Academies)

2011
FY2011 Budget
(\$180M Appropriated)

2012
FY2012 Budget
(\$275 Appropriated)

President Obama launches ARPA-E at National Academies on April 27, 2009



OTA: What is it?

“Other Transactions Authority” (OTA) allows Government agencies to negotiate creative and innovative transactional arrangements outside of the normal government procurement and financial assistance rules. The use of OTA is typically constrained by statute and/or agency-specific regulations.

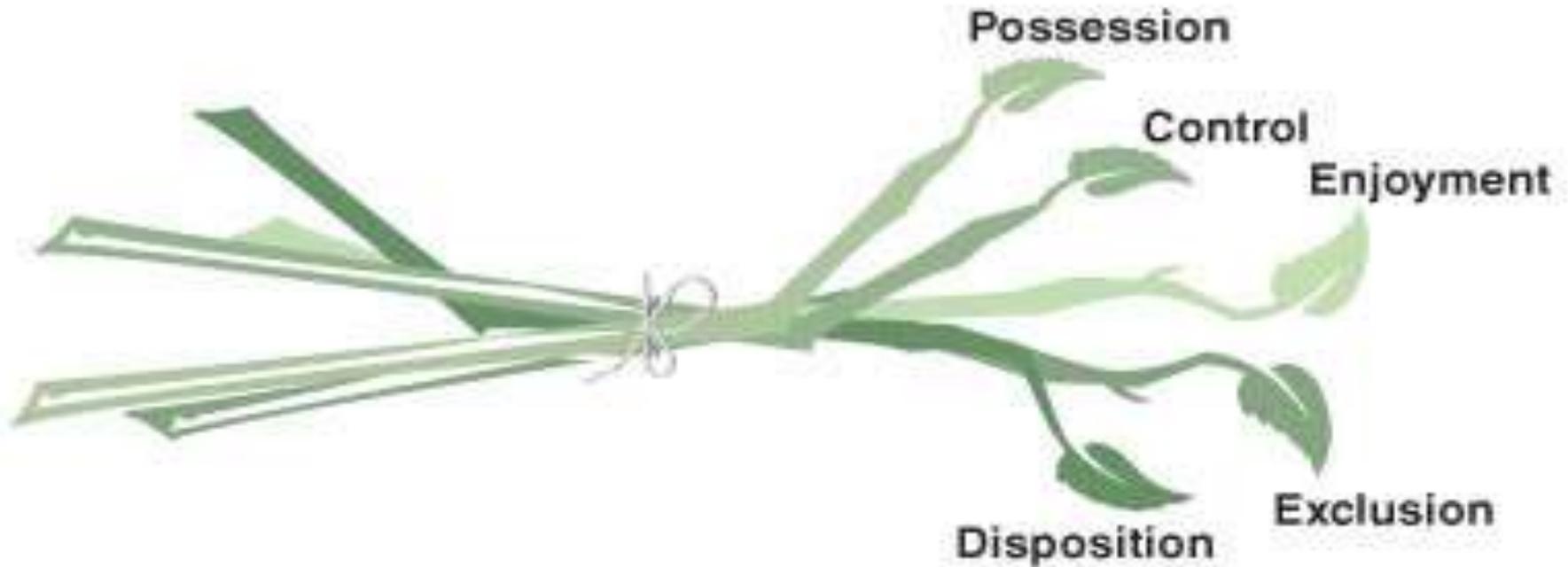
ARPA-E Has Used it 3 Times:

Pursuant to DOE’s OTA regulations, ARPA-E negotiated three Technology Investment Agreements (TIAs). For all three TIAs, the only provisions that were modified were intellectual property provisions. None of the TIAs provided for a complete waiver of intellectual property rights.



What is Ownership? A Bundle of Sticks

Each stick represents a distinct and separate right, which may be the right to use, to sell, to lease, to give away, or to choose to exercise more than one or none of these rights.



Government Retains 2 Sticks:

Stick 1 -Government use license: The U.S. Government has a royalty-free license to use the patented technology for Government purposes –

For or example, the Government could license a company to manufacture the patented technology for use by the U.S. military, but not for commercial sales.



Government Retains 2 Sticks

Stick 2- March-in rights: (Or Right to Do Nothing) If the patent owner does not commercialize the patented technology, then the U.S. Government has the right to license the patented technology to a commercial competitor to ensure that the taxpayer-funded technology reaches the marketplace.

NOTE: The U.S. Government has never exercised its “march-in rights” in any circumstance.



Example 1- Buy Back of Sticks

Two of our companies were concerned that the Government use license and march-in rights would inhibit their efforts to raise private capital and develop additional uses for their technologies.

Solution: ARPA-E provided them the option to “buy back” the Government use license and march-in rights by

- 1) Repaying all ARPA-E funds received under the award, plus interest, and
- 2) further agreeing to forego any further ARPA-E funding under the award.



Example 2: Old Sticks to Make New Bundle.

Company X was concerned that some of its IP that had been developed before the ARPA-E award would be seen as part of the whole, thus subjecting the older IP to the Government purpose license and march-in rights.

Solution: ARPA-E agreed in the contract that the Government purpose license and march-in rights would not apply to prior IP, but would apply to inventions conceived during the ARPA-E award.



Thank You