



Navigating Phase III Contracting Workshop

Welcome! The workshop will get started at 1PM.



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Workshop Agenda



- 1:00 PM — 1:05 PM** **Welcome**
- 1:05 PM — 1:30 PM** ***Phase III Legal Framework***
Mike Dobbs | Deputy Chief Counsel, Office of Science, DOE
- 1:30 PM — 1:45 PM** ***Challenges in Interpreting/Executing Phase IIIs***
Manny Oliver | Director, Office of the SBIR/STTR Programs, DOE
- 1:45 PM — 2:05 PM** ***NETL/OE Phase III – Brains4Drones***
Stewart Cedres | DOE Office of Electricity
Susan Rossbach | Brains4Drones
- 2:05 PM — 2:30 PM** ***ANL Phase III – RadiaBeam***
Geoff Waldschmidt | Argonne National Laboratory
William Schuch | Argonne National Laboratory Contracting
Marcos Ruelas | RadiaBeam



Workshop Agenda



2:30 PM – 3:00 PM

NNSA Phase III – Applied Spectra and DIRAC

Arden Dougan | DOE National Nuclear Security Administration

Katie Wroblewski | DOE Contracting

Rick Russo | Applied Spectra

Faranak Nekoogar | DIRAC

3:00 PM – 3:20 PM

DOD Navy – Niowave

Quentin Saulter | U.S. Navy, Office of Naval Research

Jerry Hollister | Niowave

3:20 PM – 3:55 PM

ROUNDTABLE DISCUSSION

Jon Edelen | RadiaSoft

Richard Fink | Applied Nanotech

Isar Mostafanezhad | Nalu Scientific

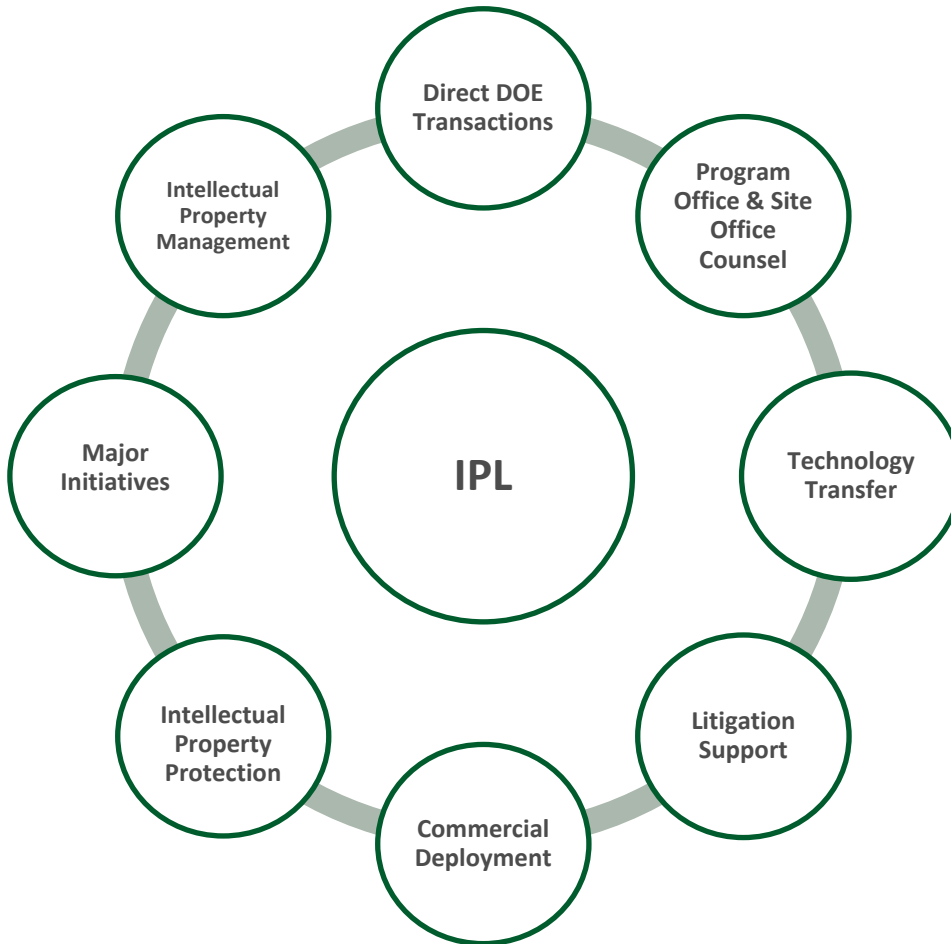
3:55 PM

Closing Remarks



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Intellectual Property Law (IPL)



Moving Science Forward

Phase III Legal Framework
September 28, 2023

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Disclaimers – Consult your Attorney and [Award Terms](#)

- **Legal Representation:** This presentation includes information about legal issues and legal developments for informational purposes only. These informational materials are not intended, and should not be taken, as legal advice on any set of facts or circumstances. You should contact an attorney for advice on specific legal problems.
 - Review your award terms, the [SBA's Policy Directive](#) and the applicable laws and regulations with your legal counsel!
- **Personal Views and Opinions:** The views and opinions expressed in this presentation are those of the author and do not necessarily reflect the official policy or position of any agency of the U.S. Government.

SBIR/STTR Phases

- Phase I
 - Determine, insofar as possible, the scientific and technical merit and feasibility of ideas that appear to have commercial potential
 - Funded by SBIR/STTR sources of Federal funding
- Phase II –
 - Further develop work from Phase I that meets particular program needs and exhibits potential for commercial application
 - Funded by SBIR/STTR sources of Federal funding
- Phase III
 - Commercial applications of SBIR/STTR program-funded R/R&D
 - Funded by non-SBIR/STTR sources

What is a SBIR Phase III Award? (15 USC § 638(e)(4)(C))

- “Work that *derives from, extends, or completes efforts made under prior funding agreements under the SBIR program*”
 - (i) in which commercial applications of SBIR-funded research or research and development are funded by non-Federal sources of capital or,
 - for products or services intended for use by the Federal Government, by follow-on non-SBIR Federal funding awards; or
 - (ii) for which awards from non-SBIR Federal funding sources are used for the continuation of research or research and development that has been competitively selected using peer review or merit-based selection procedures;

What is a STTR Phase III Award? (15 USC § 638(e)(6)(C))

- “work that derives from, extends, or completes efforts made under prior funding agreements under the STTR program”
 - (i) in which commercial applications of STTR-funded research or research and development are funded by non-Federal sources of capital or,
 - for products or services intended for use by the Federal Government, by follow-on non-STTR Federal funding awards; and
 - (ii) for which awards from non-STTR Federal funding sources are used for the continuation of research or research and development that has been competitively selected using peer review or scientific review criteria;

Definitions

- **15 USC § 638(e)(9)** the term “commercial applications” shall not be construed to exclude testing and evaluation of products, services, or technologies for use in technical or weapons systems, and further, awards for testing and evaluation of products, services, or technologies for use in technical or weapons systems may be made in either Phase II or Phase III of the Small Business Innovation Research Program and of the Small Business Technology Transfer Program, as defined in this subsection;
- **15 USC § 638(e)(5)** the term “research” or “research and development” means any activity which is (A) a systematic, intensive study directed toward greater knowledge or understanding of the subject studied; (B) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or (C) a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements;

What is a Not a Phase III Award

1. Work that does NOT derive from, extend, or complete an effort made under an SBIR/STTR Award.
 1. For example, the fact that your company received an SBIR/STTR award does not necessarily mean any future effort would be a Phase III award.
2. Work that is funded by a SBIR/STTR Program.
 1. This would be a Phase I or II.
3. Unfunded work.

Competitive procedures and justification for Phase III Awards

(15 USC § 638(r)(3)) -- *To the greatest extent practicable*, Federal agencies and Federal prime contractors shall—

(A) consider an award under the SBIR program or the STTR program to satisfy the requirements under sections 3201 through 3205 of title 10 (Gov't Acquisition Planning) and any other applicable competition requirements; and

(B) issue, without further justification, Phase III awards relating to technology, including sole source awards, to the SBIR and STTR award recipients that developed the technology.

Phase III Intellectual Property Terms

- **15 USC § 638(j)(2)(A) for SBIR and 15 USC § 638(p)(2)(B)(v) for STTR**
 - ...the Administrator shall modify the policy directives to provide for—
 - (A) retention by a small business concern of the rights to data generated by the concern in the performance of an SBIR award for a period of not less than 4 years;
- **SBA Policy Directive (8)(4)**
 - 20-year data protection for all properly marked SBIR/STTR Data
 - The 20-year period begins on the award date.
 - Previous awards (pre-2019) may have included a 4-year extendable data protection.
- **SBA Policy Directive (8)(b) (2)**
 - The scope and extent of the SBIR/STTR Data Rights applicable to Federally-funded Phase III awards are *identical to the SBIR/STTR Data Rights* applicable to Phases I and II SBIR/STTR awards.

Phase III Data Rights

- A “20 YEAR SBIR/STTR DATA RIGHTS” legend should be used.
 - On the first page or cover page of the document containing SBIR/STTR Data.
 - Subsequent pages shall also include the authorized legend or simply “SBIR/STTR Protected Data”.
- Consult your legal counsel for the proper markings to be used in private agreements and for sharing data with non-governmental entities.
- Typically, Phase III awards should receive 20-year data protection from the date of the Phase III award.
- A Phase III award may extend the protection period of an older (4-year extendable) SBIR/STTR Phase I or Phase II award. Please contact the funding agency if you have questions.

20 Year SBIR/STTR Data Rights (2019)

Funding Agreement No _____ (e.g. DE-SC000nnnn)

Award Date _____ (*Block 27 on the Assistance Agreement*)

SBIR/STTR Protection Period: *Twenty years from Award Date*

SBIR/STTR Awardee _____

This report contains SBIR/STTR Data to which the Federal Government has received SBIR/STTR Technical Data Rights or SBIR/STTR Computer Software Rights during the SBIR/STTR Protection Period and Unlimited Rights afterwards, as defined in the Funding Agreement. Any reproductions of SBIR/STTR Data must include this legend.

****No other legends should be used on reports!***

Phase III Patent Rights

- While not addressed in the Small Business Act or the SBA's Policy Directive, small businesses receiving federal funding will generally be subject to terms in 37 CFR 401.14 (Bayh-Dole)
 - Allows small businesses and non-profit entities to retain title to timely reported subject inventions
 - Subject to certain Government Rights (e.g. Government License, March-In, U.S. Manufacturing).
 - Government may take title
 - Unelected inventions/patents.
 - Late actions (e.g. reporting, title election, filing).
 - Unreported inventions.
 - Subcontracts: Must grant non-profit and small business entities rights to their inventions.
 - Non-profit and small business may grant invention right (e.g. patent assignments, licensing etc.), but not as a consideration for awarding a subcontract.

Phase III Direct DOE Funding

- Please consult the DOE Contracting Officer and the cognizant DOE Patent counsel regarding any Phase III SBIR/STTR awards issued by DOE. For example, this may include financial assistance (e.g. responding to a Funding Opportunity Announcement (FOA) outside the SBIR/STTR programs.
- The award terms should remain the same except the data rights should be replaced by DOE's standard SBIR/STTR Data rights provision.
- DOE has an in-process update to add SBIR/STTR Data rights to its standard IP Provisions at <https://www.energy.gov/gc/standard-intellectual-property-ip-provisions-financial-assistance-awards>

Phase III – Laboratory Agreements

- For laboratory subcontracts, please consult the Contracting Officer who may need to consult with the cognizant DOE Patent counsel regarding any Phase III SBIR/STTR awards issued. DOE approval will be required for the laboratory to deviate from its standard subcontracting provisions.
- For laboratory research, SBIR/STTR Phase III awards are typically not deployed for the following reasons
 - Federally funded laboratory work may be performed under a negotiated SPP/CRADA/ACT having data rights similar to that in the small business' prime award with the Government.
 - Privately funded work at DOE's laboratories may be performed under a negotiated SPP which typically provides proprietary data rights for lab generated data or a negotiated CRADA.
 - While possibly extending a previous SBIR/STTR, the lab's effort would be limited to R&D and not "competitively selected using peer review or merit-based selection procedures" as required by the Small Business Act.

Questions?



Implementation of Phase III Awards

Manny Oliver

Director, Office of SBIR/STTR Programs

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September 28, 2023



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SBIR/STTR Policy Directive: Phase III Awards

- SBIR/STTR Policy Directive 4(c) provides language explaining Phase III in greater detail than captured in the statute.
https://www.sbir.gov/sites/default/files/SBA%20SBIR_STTR_POLICY_DIRECTIVE_May2023.pdf
- (c) “Phase III refers to work that derives from, extends, or completes an effort made under prior SBIR/STTR Funding Agreements, but is funded by sources other than the SBIR/STTR programs. Phase III work is typically oriented towards Commercialization of SBIR/STTR research or technology, including through further R/R&D work.”
 - (1) *Phase III Work*
 - Includes both private sector funded and Federally funded Phase III awards (Policy directive applies only to Federally-funded Phase III)
 - (2) *Data Rights*
 - “A Phase III award is, by its nature an SBIR/STTR award, has SBIR/STTR status, and must include SBIR/STTR Data Rights protection.”
 - (3) *Competition Requirements*
 - “The competitions for SBIR/STTR Phase I and Phase II awards satisfy any competition requirement of the Armed Services Procurement Act, the Federal Property and Administrative Services Act, and the Competition in Contracting Act.”

Data Rights Issues

- Case: A small business applies for an award to a competitive DOE (non-SBIR/STTR) solicitation and is selected for award. The proposed project is an extension of a prior SBIR/STTR award.
 - *Is the small business entitled to SBIR/STTR data rights?*
 - *Was the small business required to disclose that the proposed project was an extension of a prior SBIR/STTR award in its application?*



Data Rights Issues

- Case: A small business applies for an award to a competitive DOE (non-SBIR/STTR) solicitation and is selected for award. The proposed project is an extension of a prior SBIR award.
 - *Is the small business entitled to SBIR/STTR data rights? YES, because the award is an extension of previous SBIR it is a Phase III award and entitled to SBIR data rights.*
 - *Was the small business required to disclose that the proposed project was an extension of a prior SBIR/STTR award in its application? NO. There is no requirement to disclose that the proposed project is an extension of prior SBIR in the application to receive a Phase III award*



SBIR/STTR Policy Directive Phase III Awards

- SBIR/STTR Policy Directive 4(c)
 - (4) *“Phase III work may be for products, production, services, R/R&D, or any such combination.”*
 - (5) *There is no limit on the number, duration, type, or dollar value of Phase III awards made to a business concern. There is no limit on the time that may elapse between a Phase I or Phase II award and Phase III award, or between a Phase III award and any subsequent Phase III award. A Federal Agency may enter into a Phase III SBIR/STTR agreement at any time with a Phase II Awardee. Similarly, a Federal Agency may enter into a Phase III SBIR/STTR agreement at any time with a Phase I Awardee. A subcontract to a Federally-funded prime contract may be a Phase III award.*
 - (6) *Size. The small business size limits for Phase I and Phase II awards do not apply to Phase III awards.*



SBIR/STTR Policy Directive Phase III Awards

- SBIR/STTR Policy Directive 4(c)
 - (7) *“Special acquisition requirement. Agencies or their Government-owned, contractor-operated (GOCO) facilities, Federally-funded research and development centers (FFRDCs), or Government prime contractors that pursue R/R&D or production of technology developed under the SBIR/STTR program shall issue Phase III awards relating to the technology, including sole source awards, to the Awardee that developed the technology under an SBIR/STTR award, to the greatest extent practicable, consistent with an Agency’s mission and optimal small business participation.”*



SBIR/STTR Policy Directive: Phase III Awards

- SBIR/STTR Policy Directive 4(c)
 - (7) *This section also contains information about implementing special preference and how to appeal decisions not to issue a Phase III award to the Small Business Administration*
 - (i) Implementing the requirement.
 - (ii) Sole Source Awards.
 - (iii) Other Preference.
 - (iv) Agency Notice of Intent to Award.
 - (v) SBA Notice of Intent to Appeal.
 - (vi) Suspension of Work.
 - (vii) SBA Appeal.
 - (ix) SBA Case Report to Congress.

Special Acquisition Requirement Issues

- Case: A small business reviews a broad solicitation issued by DOE (non-SBIR/STTR) looking for new innovations in nuclear energy. The company previously received SBIR Phase I and II awards to develop novel fuel rod technology for nuclear reactors.
 - *Is DOE required to issue the small business a sole source Phase III award?*

Special Acquisition Requirement Issues

- Case: A small business reviews a solicitation issued by DOE (non-SBIR/STTR) looking for new innovations in nuclear energy. The company previously received SBIR Phase I and II awards to develop novel fuel rod technology for nuclear reactors.
 - *Is DOE required to issue the small business a sole source Phase III award? NO*
 - The special application requirement applies only in cases where DOE is seeking the specific technology developed under the SBIR program



Special Acquisition Requirement Issues

- Case: A small business is notified that a DOE National Lab is issuing a competitive solicitation for RF loads to be used for the ITER fusion reactor. The small business has previously received Phase I and II awards to develop RF loads for fusion reactors.
 - *Is the DOE National Lab required to issue the small business a sole source Phase III award?*



Special Acquisition Requirement Issues

- Case: A small business sees that a DOE National Lab is issuing a competitive solicitation for RF loads to be used for the ITER fusion reactor. The small business had previously received SBIR Phase I and II awards to develop RF loads for fusion reactors.
 - *Is DOE required to issue the small business a sole source Phase III award? NO*
 - *In this case the solicitation was not requesting the specific technology developed under the SBIR program by the small business. The RF load had to meet specific performance requirements, but the solicitation did not specify a technology that was required to meet the requirements.*

Who must comply with the Special Acquisition Requirement?

- “Agencies or their Government-owned, contractor-operated (GOCO) facilities, Federally-funded research and development centers (FFRDCs), or Government prime contractors”
- This applies DOE, DOE National Labs, and DOE-funded prime contractors
- Most organizations (Federal agencies, National Labs, private companies) have competition requirements to ensure they are getting the best value.
- Issuing sole source awards typically requires justification and approval
 - *DOE Headquarters*
 - JOFOC: Justification for Other than Fair and Open Competition
 - More details: <https://www.energy.gov/management/articles/competition-requirements-0>

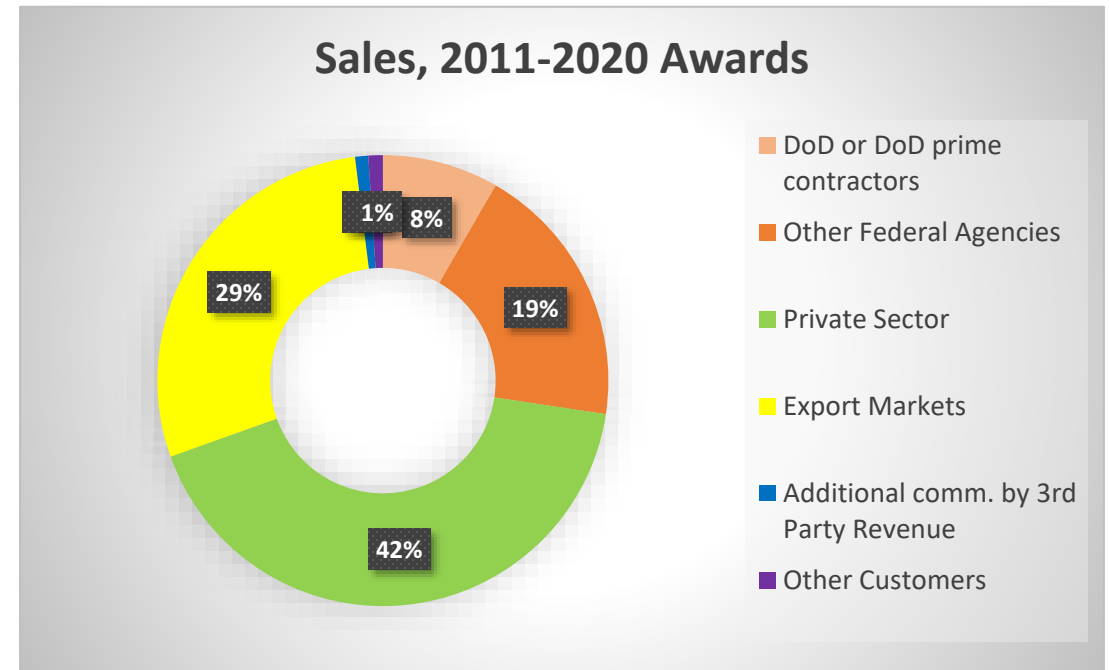
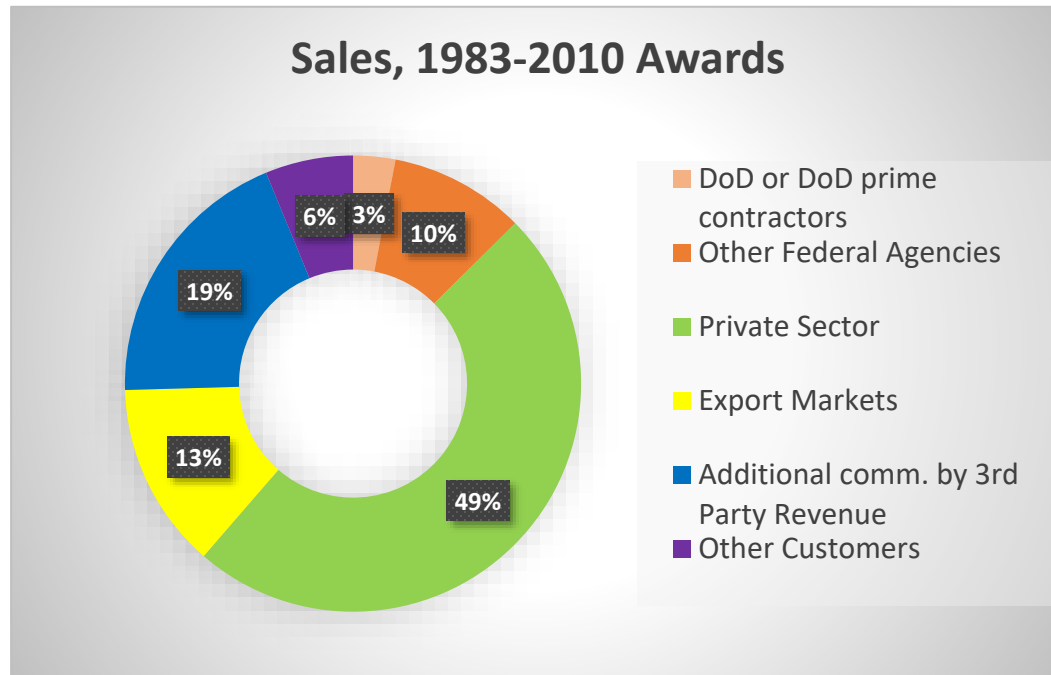


Court Cases

- Night Vision Corp. vs. United States (2005)
 - *Night Vision received Phase I and II awards from the Air Force to develop wide field of view night vision goggles. The Air Force subsequently issued a contract to another firm, who had been a subcontractor to Night Vision during the Phase II award. Night Vision sued claiming that it was owed a Phase III award based on successful completion of the Phase I and II awards. The court ruled in favor of the United States.*
 - <https://www.uscfc.uscourts.gov/sites/default/files/opinions/BLOCK.NightVisionReissd.pdf>
- Lite Machines Corporation vs. United States (2018)
 - *Lite Machines received Phase I, II and III awards from the Air Force to develop technology related to unmanned aerial vehicles. When the Air Force subsequently awarded a large contract to a competitor, Lite Machines sued claiming that it was entitled to a Phase III award under the Special Acquisition Requirement and this requirement should have been incorporated in its awards. The court ruled in favor the United States.*
 - https://ecf.cofc.uscourts.gov/cgi-bin/show_public_doc?2018cv1411-34-0

Where do DOE SBIR/STTR awardees obtain Phase III Awards?

- Based on past awardee reports to SBIR.gov (Company Commercialization Report), there has been an increase in sales to Federal customers



THANK YOU - SPEAKERS & PANELISTS!!



Workshop Take Aways



- Awarded when there is an identified **urgent need** for the technology
- **Need an internal champion** – make sure you are building relationship with your program manager during Phase I and Phase II
- Personnel change at multiple points – program manager, customer, contracting...need to **build new relationships** when that happens
- **Use memo to educate** on Phase III contracting points – more tools to be developed - https://science.osti.gov/-/media/sbir/pdf/docs/2019/HCA_memo_on_Phase_III_SBIRSTTR_awards.pdf
 - *Technology has already been competitively vetted (can be sole source)*
 - *Phase III can stem from Phase I or Phase II – can be from any agency and can have any amount of time between SBIR awards and the Phase III award*
 - *Extends the data rights of the technology another 20 years*
 - *No maximum amount and/or limit on the number of Phase III awards that can be issued*
- **Don't give up!**



Phase II Awardee Updates

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About the Phase II Diversity Supplement

- *A central and statutory goal of the SBIR/STTR Programs is to foster and encourage increased participation from underrepresented groups in order to maintain the quality of the U.S. scientific workforce - we are always looking for ways to accomplish this goal*
- DOE SBIR and STTR FY22 Phase II Release 2 and FY23 Phase II Release 1 awardees are eligible to apply for an administrative diversity supplement to be effective during summer 2024.
- Phase II, IIA, IIB and IIC awardees are eligible
- The purpose of the Phase II supplement is to improve the diversity of the research workforce by recruiting and supporting undergraduate and graduate students from groups that have been shown to be underrepresented in federal SBIR/STTR research programs.
- Up to **\$20,000** in additional funding to support the recruited student for a 10-week summer internship. \$20,000 is maximum allowed budget
- **The \$20,000 can include up to \$1,000 (SC-FOA-0002572) or \$3,000 (SC-FOA-0002859) for supplies and travel in the budget**
- **A limited number of mentoring hours can be proposed & justified**



Diversity Supplement - How to Apply

- Awardees should review the information in the Funding Opportunity Announcement under which they received an award:
 - [DE-FOA-0002572](#) (page 71)
 - [DE-FOA-0002859](#) (page 63)
- Perform outreach and identification of candidate
- Visit <https://science.osti.gov/sbir/Awardee-Resources> to download request form and budget forms
- Submit the request form and R&R budget + budget justification
- *Submit by email by December 5, 2023 to sbir-sttr@science.doe.gov!*
- Decisions by mid-January 2024



Promoting Inclusive and Equitable Research (PIER) Plans

DOE SBIR/STTR Programs will begin requiring that applicants submit a plan for **Promoting Inclusive and Equitable Research, or PIER Plan**, along with their proposals, in our FY 2024 solicitations.

This is a requirement for proposals submitted to all Office of Science solicitations, as well as invited proposals from the DOE national laboratories.

PIER Plans are provided as an appendix to the Project Narrative and are limited to 3 pages. The plan should describe the activities and strategies that investigators and research personnel will incorporate to promote diversity, equity, inclusion, and accessibility in their research projects.

PIER Plan Basics:

- The PIER Plans are to be evaluated under a new merit review criterion as part of the peer review process
- Selections for awards are made for those applications judged to have the highest overall merit within their technical program area with equal and primary consideration given to the first three primary review criteria and less weighting to the fourth (PIER Plan) criteria.
- The scope should be integral to and tailored to the research project
- The complexity and detail of a PIER Plan is expected to increase with the size of the research team and the number of personnel to be supported



Application Review Criteria

Technical Merit

Ability to Carry Out
the Project

Impact

PIER Plan

- Idea is novel
- Must be R&D!
- Responsiveness to the topic & subtopic
- Solid work plan to prove feasibility
- Team composed of the right expertise
- Societal & Scientific Impact; commercial opportunity
- [Solid plan](#) for promoting equity and inclusion (*new FY24!* – [review webinar](#))

Most meritorious applications awarded.



Promoting Inclusive and Equitable Research (PIER) Plans

- Applicants are encouraged to focus on areas, including but not limited to:
 - The composition of the project team and partnering institutions
 - The research environment—cultivating respectful, professional and accessible environments
 - Equitable and inclusive implementation of the research project
 - Partnering with underrepresented institutions and/or underserved communities
- Questions for applicants to consider when developing a PIER Plan:
 - How do the activities proposed in the PIER Plan enhance the scientific and/or technical merit of the proposed research project?
 - Are timelines or milestones for proposed activities and strategies appropriate?
 - Who are stakeholders informing the proposed PIER Plan and do they have the experience and perspectives that will support the implementation of the Plan?

For more resources visit: <https://science.osti.gov/sbir/Applicant-Resources/PIER-Plan>



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Quick Partnering Updates

Carol Rabke, Ph.D.

Tech to Market (T2M) Advisor - Partnering

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You will need partners to successfully commercialize...



Partnering Events for DOE Phase II Awardees

- ***Virtual Quarterly Commercialization Workshops*** focused on topics that are typical areas of weakness - manufacturing, licensing, financial modeling, preparing to pitch, intellectual property strategies, etc.
- ***virtual Partner Pitch Program (vP³)*** on Tuesdays in April/May and August/September
 - *97 Phase II awardees pitched*
 - *Stakeholders register for pitches of interest to them*
 - *Fourteen (14) different Pitch Sessions organized by topic areas*
 - *DOE Disclaimer: no guarantee of stakeholder interest/participation; not endorsing stakeholders; unvetted*



SBIR Partnering Platform

- A **public facing, self-supporting searchable database**; anticipated public release **mid-October**.
- Objective: provide a repository where SBIR/STTR applicants/awardees (**INNOVATORS**) can find potential partners (**PARTNERS**) and partners can access 1000+ vetted technologies
 - *PARTNERS/INNOVATORS register independently*
 - *AI will be used for matchmaking; confidential messaging*
 - *Pitch session recordings will be made available to session registrants*
 - *General resources as well as newsfeed for applicable industry/stakeholder news*



Questions??

We value your feedback to help us improve the DOE SBIR/STTR Programs

Interested in understanding your individual partnering needs

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<https://science.osti.gov/sbir>

