

DOE FY 2024 SBIR/STTR Phase I Release 1 Awardee Webinar

February 27, 2024



U.S. DEPARTMENT OF
ENERGY

Office of SBIR/STTR
Programs

Agenda

- 1:30 – 1:35 p.m. Introduction, Manny Oliver
- 1:35 – 1:40 p.m. Phase I Commercialization Programming, Dave McCarthy
- 1:45 – 2:20 p.m. Patent, Data Rights and Responsibilities under SBIR/STTR Awards, Mike Dobbs
- 2:20 – 3:00 p.m. Proper Administration of DOE SBIR/STTR Grants, Mark Sojka
- 3:00 – 3:25 p.m. Preventing Fraud in the SBIR/STTR Programs, Office of Inspector General



Who do I contact with questions?

- Questions about your award, personnel or budget changes?
 - *Contact your grants specialist (Chicago Office)*
- Questions about changes to the technical direction of your project?
 - *Contact your DOE program manager*
- Not sure who to ask? Or don't know who your DOE program manager and grants specialist are?
 - *Contact the Office SBIR/STTR programs, sbir-sttr@science.doe.gov, (301) 903-5707*



Recent Program Changes: FY 2022-2024

- U.S. Manufacturing Requirement
 - *Technologies invented under SBIR/STTR awards must be substantially manufactured in the U.S.*
- Disclosure of Foreign Relationships
 - *Must be included with your application and updated during the award period*
- DOE Approval for Unnamed Key Personnel in your Application
 - *Seek approval at least 30 days in advance of having unnamed key personnel start on the project*



New Requirement for FY 2024

- Cybersecurity Self-Assessment

- *Phase II applicants will be required to submit a cybersecurity self-assessment starting in FY 2024.*
- *We recommend that thoroughly examine your current practices and utilize available resources to improve them*
- *For more information: <https://science.osti.gov/sbir/Foreign-Risk-Management>*
 - CISA has an excellent Cyber essentials guide aimed at small businesses: <https://www.cisa.gov/resources-tools/resources/cyber-essentials>
 - NIST has a useful publication that discusses the Fundamentals of Small Business Information Security: <https://www.nist.gov/publications/fundamentals-small-business-information-security>



Take Advantage of . . .

- Supercomputer Resources <https://science.osti.gov/sbir/Applicant-Resources/National-Labs-Profiles-and-Contacts/National-Energy-Research-Scientific-Computing-Center>
 - *Computing time available at no charge to DOE SBIR/STTR awardees*
- Partnering Resources: <https://science.osti.gov/sbir/Partnering-Resources>



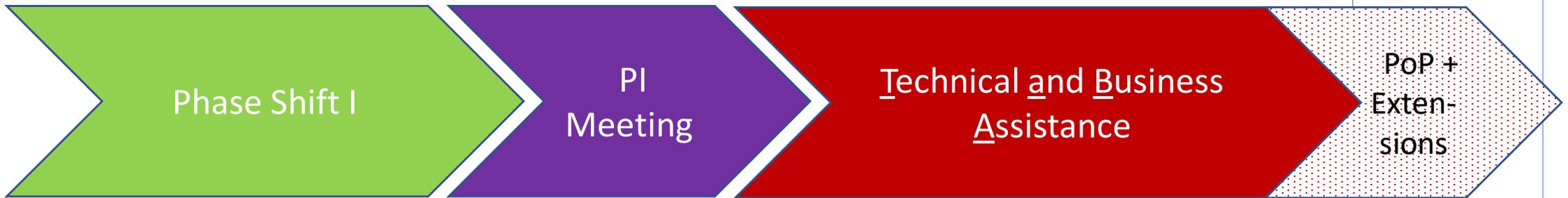
Phase I Commercialization Programming



FY24 PI R1

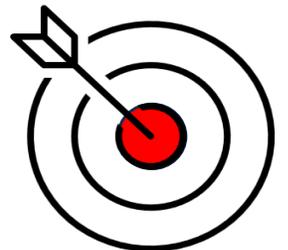
LOI: November 6, 2024

Due: December 3, 2024



June 25-26,
Bethesda, MD

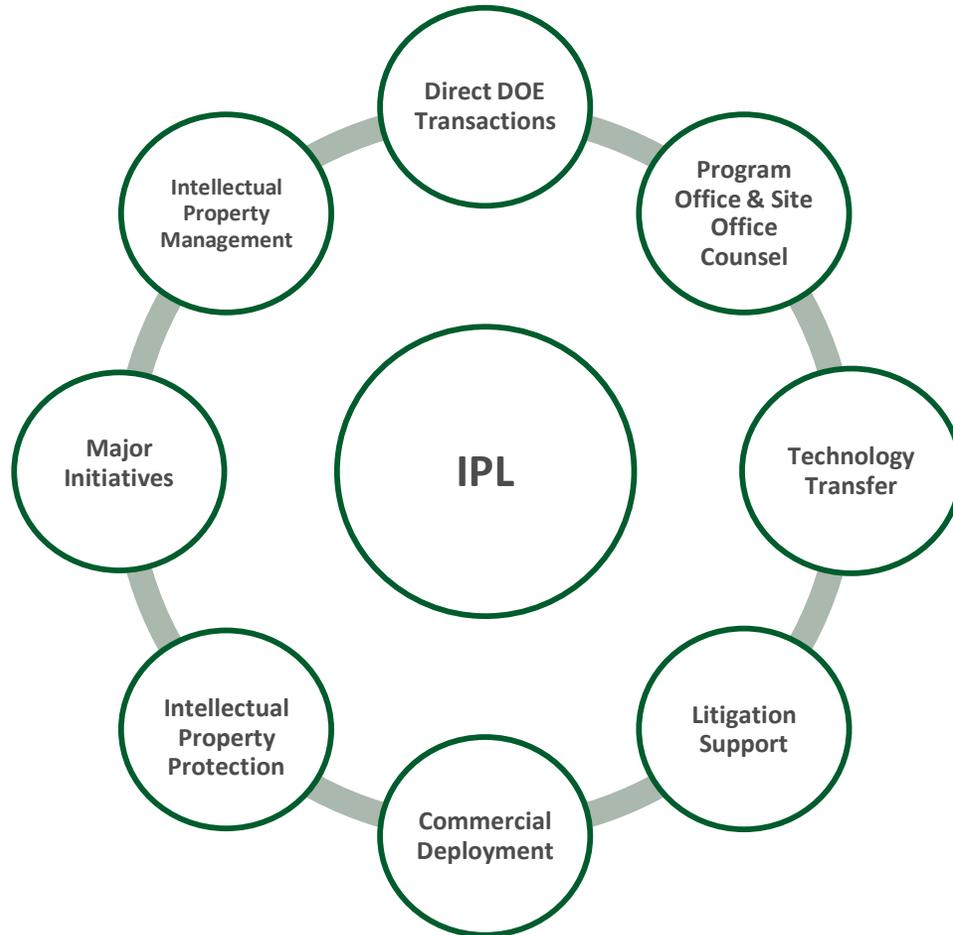
Winning Commercialization Plan





Phase Shift I

- ~8-week exploration:
 - WHO is your customer
 - WHAT are they trying to solve
 - WHY!!!!
- Commitment and funding
 - In-person open/close
 - 6 virtual sessions
 - 30 interviews
 - \$5k travel budget
- Key Dates
 - March 4 - applications open
 - March 6 and 14 - Info sessions
 - March 15 - applications close / select teams
 - April 30 - program start
 - June 24 - program end



Intellectual Property Law (IPL)

Moving Science Forward

Patent & Data Rights and Responsibilities under SBIR/STTR Awards

February 27, 2024

Michael J. Dobbs
Deputy Chief Counsel -- Intellectual Property Law (IPL)
U.S. Department of Energy
Mike.Dobbs@science.doe.gov Tel: (331) 465-1317

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.

Key Takeaways

1

Properly mark your reports (SBIR/STTR markings only).

2

Timely report **all Subject Inventions** through iEdison (not just patents)

3

Watch statutory bars (publications, on-sale, and public use) and inform both your attorney and iEdison ASAP.

4

Watch U.S. Manufacturing requirements and consult DOE early with questions.

Data Rights v. Patent Rights

	Data Rights	Invention Rights
Intellectual Property	Copyright	Patent Must provide enabling disclosure to USPTO and be issued a patent!
Subject Matter	“original works of authorship fixed in any tangible medium of expression” 17 USC 102	“new and useful <u>process</u> , machine, manufacture, or composition of matter, or any new and useful improvement thereof” 35 USC 101
Disclosure to Government	Deliverables identified in the award. Typically, no deliverables after closeout.	All Subject Inventions and filed patents (Conceived or First Reduced to Practice) – Ongoing Obligation
Government Protection From Disclosure	Limited Rights, Restricted Computer Software, SBIR/STTR Data Rights	35 USC 205 - Confidentiality

- Export Control, Security Classification and other restrictions may also be applicable.
- **Provided for discussion purposes only.

SBIR/STTR Data Rights GTC-0025 -- Overview



“Data” -- All recorded information, regardless of the form or method of recording. Not just experimental data. Typically, only certain data is reported to the agency (e.g. Final Report or other deliverables).



Marked Privately Funded Data
(Proprietary, Limited, and
Restricted Computer Software)

Technical Proposal(FOA): Typically, may include in proposal; consult FOA.

Progress or Final Reports: *Not authorized*, unless otherwise directed by the Contracting Officer.

“Unlimited Rights” to Government.

- Default rights to Government (all unmarked data).
- No obligation to protect.
- Automated Publication of the Final Technical Report.

Marked SBIR/STTR Data (Statutory)

- Data generated in the performance of an SBIR/STTR Award
- Properly marked as SBIR/STTR Data per award terms.
- Government will protect marked SBIR/STTR data from release outside the Government and Government Support Contractors for a limited period.
 - 20-years from award issuance fixed protection period (awards issued on or after May 2019).



Use the “20 YEAR SBIR/STTR DATA RIGHTS (2019)” legend. 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”.

May identify only portions of a page as SBIR/STTR Data (e.g., by circling or underscoring with a note or other appropriate identifier).

Do NOT mark reports with “Proprietary”, “Limited Data”, “Restricted Computer Software” or the corresponding markings found in the FOA!



Identify as “20 YEAR SBIR/STTR DATA RIGHTS (2019)” in all submissions to Office of Scientific and Technical Information (OSTI).

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 protective legends should be used!***

3. Authors

4. Content

5. Related Documents

6. Contact Info

7. Upload/Link

8. Certifications

9. Summary

*** DOE Award/Contract Number ?**
DE-

Other Identifying Numbers ?

Award DOIs ?
(Click on a row below to Edit or Delete Award DOIs)

DOI	Funder
No data available in table	

Showing 0 to 0 of 0 entries

*** Recipient/Contractor (Organization) ?**

*** STI Product Type ?**

*** STI Sub Type**
 SBIR STTR

*** SBIR/STTR Phase**
 I II IIA IIB III

*** Intellectual Property/Distribution Limitations ?**

Final Report Certifications

- I represent and warrant that the technical report being submitted does **NOT** contain any of the following:
 - Personally Identifiable Information (PII), limited rights data, classified information, information subject to export control classification, or other information not subject to public release.
- Submissions must not contain any “Proprietary”, “Confidential” or “Business Sensitive” markings or similar restrictive markings not authorized by the applicable government agreement; I acknowledge that DOE has the right to cancel or ignore such markings.

Other Legends



“©” -- If including Copyrighted Notice, must include

This work was generated with financial support from the U.S. Government through Contract/Award No. _____, and as such the U.S. Government retains a paid-up, nonexclusive, irrevocable, world-wide license to reproduce, prepare derivative works, distribute copies to the public, and display publicly, by or on behalf of the Government, this work in whole or in part, or otherwise use the work for Federal purposes.



Third party copyrighted material

Must remove from final technical report.



Data generated with private funding (Limited Rights Data, Restricted Rights Data), **Export Control** or **Classified** information should not be submitted through OSTI and should not be on the report.

Please contact Contracting Officer.
Do not email classified information.



Data markings when disclosing to others

Consult your attorney (e.g. NDA, confidential data markings, patent, copyright, trade secret, protection).

Data Markings -- Common Mistakes

Sharing data without protective markings

- DOE data dissemination statutes and Freedom of Information Act.
- Contact the Contracting Officer ASAP.
- Invention Disclosures are protected under 35 USC 205 and should not be marked as SBIR/STTR or Proprietary (Limited Rights, Restricted Rights)

Incorrect markings

- “Confidential” or “Classified” are both security designations.
- “This data is proprietary and cannot be shared”.
- **Do not use the markings in the FOA or your Terms**

Confusing privately funded data with Government funded data

- Privately Funded: (Proprietary): Restricted Rights and Limited Rights Data
- Government Funded (Generated Data): SBIR/STTR & Unlimited Rights Data

Adding proprietary (Restricted Rights or Limited Rights Data) to Final Report

- Privately funded data should not be included in final report unless approved by the Contracting Officer.

© Notice without Government license

- Must include the following recognition of the Government license:
- This work was generated with financial support from the U.S. Government through Contract/Award No. _____, and as such the U.S. Government retains a paid-up, nonexclusive, irrevocable, world-wide license to reproduce, prepare derivative works, distribute copies to the public, and display publicly, by or on behalf of the Government, this work in whole or in part, or otherwise use the work for Federal purposes.

Key Takeaways

1

Properly mark your reports (SBIR/STTR markings only).

2

Timely Report **all subject inventions** through iEdison (not just patents)

3

Watch Statutory bars (publications, on-sale, and public use) and inform both your attorney and iEdison ASAP.

4

Watch U.S. Manufacturing requirements and consult DOE early with questions.

Patent Rights GTC-0024 – 35 USC 202 (Bayh-Dole Act)

Statutory language (Bayh-Dole Act - 35 USC 202 et seq.)

- Uses published terms at from 37 CFR 401.14.
- Modified to require substantial U.S. manufacture in the U.S.
- See Key Takeaway #4

Allows small businesses and non-profit entities to retain title to timely reported subject inventions

- When issuing 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.
- DOE Patent Counsel should be consult for subcontracts to entities other than small business and non-profit entities.
- Subject to certain Government Rights (e.g. Government License, March-In, U.S. Manufacturing).

Government may take title to inventions

- Unelected inventions/patents.
- Late actions (e.g. reporting, title election, filing).
- Unreported inventions.
- Failure to substantially manufacture a subject invention in the U.S. without a waiver.

Invention Reporting (iEdison)



“Invention” means any invention or discovery which is or may be patentable or otherwise protectable under title 35 of the United States Code...



“Subject invention” means any invention of the Recipient **conceived or first actually reduced to practice in the performance of work** under this award (*GTC 0024 (a)*).



Must implement written agreement with employees to report inventions (*GTC 0024 (f)*) .

Invention Reporting (iEdison)

Invention Report

Disclose in iEdison within two months after the inventor discloses it in writing (GTC 0024 (c)(1)).

- Report the invention even if you do not intend to pursue patent protection!
- Leverage your existing invention management process.
- Create an iEdison account now.
- Must report subject inventions at any time, even after closeout.
- Must disclose and elect 60 days before any Statutory Bars (GTC 0024 (c)(2)), including any publication, on sale or public use of the invention.
- Invention Disclosures are protected under 35 U.S. Code § 205 – Confidentiality, NOT as SBIR/STTR Data
- Notify DOE of the acceptance of any publication, on sale or public use.

Election Decision

Make an election decision in iEdison within 2 years

- Elect the inventions you wish to retain and pursue patent application on. A patent application must be filed on elected patent applications within 1 year.
- Non-elect inventions you will not pursue patent protection on. DOE will evaluate.

Patent Application Filing

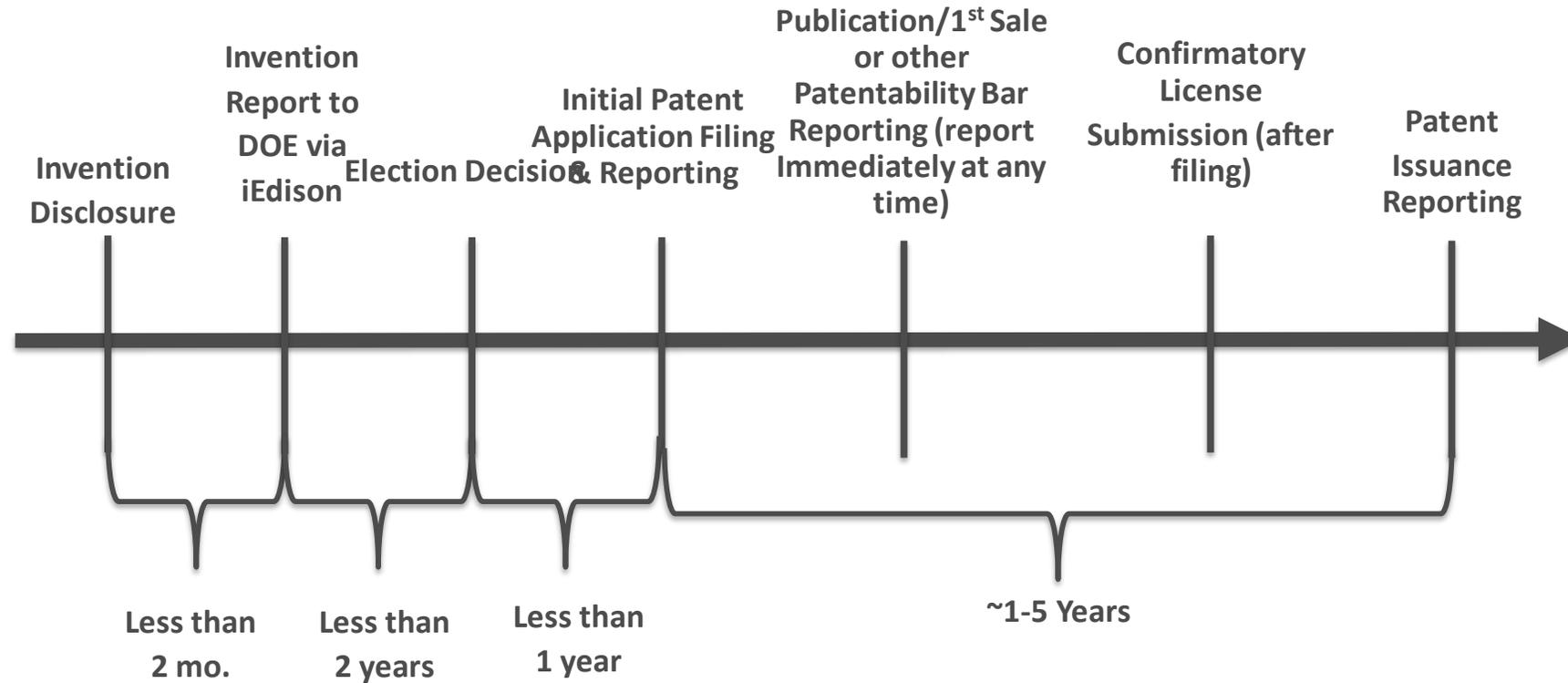
Report Patent Filings in iEdison

- Include the Government Support Clause in the patent application
- Provide a Confirmatory License

iEdison Contacts

- www.nist.gov/iedison
- For system issues with iEdison, please contact: iedison@nist.gov
- DOE invention reporting support, please contact:
 - Maritza Rodriguez
iEdison Lead
Maritza.Rodriguez@science.doe.gov
Phone : (630) 283-7117

Invention Reporting Timeline



- **DOE may extend any due dates (including invention reporting) with substantive justification.*
- *** DOE may pursue patent protection on unreported, unelected, or abandoned inventions.*

Patent Filing



File an “Initial Patent Application” within a year of election

Defined to include, both provisional and non-provisional patent applications, as well as PCT applications. See 37 CFR 401.2(n).



Provide DOE with a copy of each application and filing information.

GTC 0024 and award checklist



Provide DOE with a [confirmatory license](#)

GTC 0024 (f)(1)

Report in iEdison using the generated iEdison confirmatory license.



Notify DOE of any decision to discontinue prosecution of any patent application.

GTC 0024 (f)(3)

Report in iEdison



Include a Government Interest Clause in Application.

GTC 0024 (f)(4)

“This invention was made with Government support under (identify the award) awarded by (identify DOE). The Government has certain rights in this invention.”



****USPTO does provide micro and small entity discounts ****

Patent Prosecution Cost Allowability

- Technical and Business Assistance (TABAs) funds (\$6,500 Phase I; \$50,000 Phase II) may be authorized for patent prosecution costs related to obtaining U.S. patent protection for **Subject Inventions** of this award.
 - Includes attorney fees and USPTO fees.
 - Includes filings with the USPTO related to provisional, PCT, non-provisional, continuation, and continuation-in-part patent applications.
 - Excludes patent prosecution costs related to foreign patent protection (e.g. foreign attorney, foreign patent office or translation fees).
 - Unlikely to have a subject invention created and filed during the Phase I award.
 - Need to include patent costs in commercialization assistance budget.
- Other Intellectual Property/Commercialization Costs may be allowable
 - Freedom to operate, market analysis, searching costs may be allowable.
 - Intellectual property licenses are typically not allowable as they are not a required cost in performance of the award. Check for Government Licenses.

Closeout - Invention Certification

- Invention Certification
 - Certify all inventions, patent applications, and patents are reported by DOE S-number or iEdison Invention Number.
 - If you do not have an S-number or iEdison number, was the invention reported?
 - Certified inventions should match list of inventions reported in iEdison.
 - Need certification from subawards.
 - Prime may certify or obtain separate certification from each subcontractor.

DOE F 2050.11
(10/17)
(All Other Editions Are Obsolete)



OMB Control No. 1910-0800
Expiration Date: 10/31/2021

Department of Energy

Invention Certification For Federal Award

Prime Contractor Name:

Prime Contract Number:

Task Order Number:

Certifying Entity Type:

Certification Type:

This certification is the final and complete patent certification submitted by the undersigned and covers all subject inventions developed or first reduced to practice in the performance of the above identified task order, subcontract or contract, except for any subcontracts listed below as not being included in this certification.

Contractor hereby certifies that all subject inventions have been identified and disclosed as required by the patent clause of the applicable subcontract or contract.

Subcontractor(s):

Research and Development Subcontractor:

Subcontractor Name:

Subcontract Number:

Invention Certification

Listing of Subject Invention(s):

Subject Invention:

DOE S-Number or iEdison Invention Report Number/EIR Number:

Corresponding Patent/Application Number(s):

Patent Filing



Not timely reporting ALL inventions, patent applications and patents.

Register an iEdison account now.

Does NOT matter if you intend to pursue patent protection.

Software may be patentable.

DOE can seek forfeiture for untimely inventions.



Not timely reporting all patent applications and patents to DOE Patent Counsel through iEdison.

USPTO, the DOE Program Manager, and your mailman are NOT DOE Patent Counsel.



Not including the Government Support Clause in all filed patents.



Not providing a confirmatory license with DOE Patent counsel through iEdison.



Using DOE award funds to cover patent prosecution costs for an invention not related to a properly reported subject invention.

Must be developed under Phase I or Phase II.



Not contacting Maritza.Rodriguez@science.doe.gov or (630) 283-7117 with any questions.

Key Takeaways

1

Properly mark your reports (SBIR/STTR markings only).

2

Timely report **all subject inventions** through iEdison (not just patents).

3

Watch statutory bars (publications, on-sale, and public use) and inform both your attorney and iEdison ASAP.

4

Watch U.S. Manufacturing requirements and consult DOE early with questions.

Statutory Bars (35 USC 102(a))



Patented



Described in a printed publication, or



in public use, on sale, or otherwise available to the public

Statutory Bars

- U.S. has one year “grace period” (35 USC 102(b)). Most other countries do not.
- Invention disclosure must **identify any publication, on sale or public use** of the invention (*GTC 0024 (c)(1)*). Will shorten election period.
- Myths (Discuss with your Patent Counsel)
 - As long as you file within a year, you won’t lose patents rights after publishing.
 - Potential loss of both foreign and domestic patent rights.
 - Publish or perish!
 - False Dichotomy.
 - Patent, Publish and Profit!

Key Takeaways

1

Properly mark your reports (SBIR/STTR markings only).

2

Timely report **all subject inventions** through iEdison (not just patents).

3

Watch statutory bars (publications, on-sale, and public use) and inform both your attorney and iEdison ASAP.

4

Watch U.S. Manufacturing requirements and consult DOE early with questions.

U.S. Competitiveness



Consult FOA, Award Terms and DOE Guidance

[U.S. Manufacturing | Department of Energy](#)
[Frequently Asked Questions \(FAQs\) | Department of Energy](#)



Requires substantial U.S. Manufacture of Subject Inventions

For products embodying or produced through a subject invention (e.g. methods or manufacturing apparatus)
Additional requirement from U.S. Preference (35 U.S.C. 204)



DOE will accept and consider all applications for a clarifications, waiver or modification with business justification

DOE recognizes the need for flexibility and expects to modify the U.S. Competitiveness Provision in certain situations. DOE may grant waiver or modification requests. At this time, petitions for a waiver or modification of U.S. manufacturing requirements should be sent to GC-62@hq.doe.gov.

U.S. Competitiveness (SBIR/STTR Feb. 2022)

- SBIR/STTR-GTC-0024 PATENT RIGHTS (m) U.S. Competitiveness
- (1) The Recipient agrees that any products embodying any subject invention or produced through the use of any subject invention will be **manufactured substantially in the United States** unless the Recipient can show to the satisfaction of DOE that it is not commercially feasible. In the event DOE agrees to foreign manufacture, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner, e.g., alternative binding commitments to provide an overall net benefit to the U.S. economy. The Recipient agrees that it will not license, assign or otherwise transfer any subject invention to any entity, at any tier, unless that entity agrees to these same requirements. (2) In the event that the Recipient or other such entity receiving rights in the Subject Invention undergoes a change in ownership amounting to a controlling interest, the Recipient or other such entity receiving rights shall ensure continual compliance with the requirements of this paragraph (m) and shall inform DOE, in writing, of the change in ownership within 6 months of the change. (3) The Recipient and any successor assignee will convey to DOE, upon written request from DOE, title to any subject invention, upon a breach of this paragraph (m). The Recipient will include this paragraph (m) in all subawards/contracts, regardless of tier, for experimental, developmental or research work.
-

Key Takeaways

1

Properly mark your reports (SBIR/STTR markings only).

2

Timely report **all subject inventions** through iEdison (not just patents).

3

Watch statutory bars (publications, on-sale, and public use) and inform both your attorney and iEdison ASAP.

4

Watch U.S. Manufacturing requirements and consult DOE early with questions.

Work Well with Others



Follow award terms for all subcontracts

Incorporate Patent Rights GTC-0024 in all R&D subcontracts(except DOE Laboratories)!



Consider working with a DOE Laboratory.

DOE Approved, streamlined SPP or User agreements.
DOE User facility non-proprietary (DOE funded) or proprietary (privately funded).



Phase III Awards

“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.” SBA Policy Directive pg. 102

Look for DOE’s Phase III Guidance

Technology Transfer Mechanisms at DOE Facilities



Agreement	Use	Funding	Subject Inventions	Generated Data	U.S. Competitiveness	Cost	Highlights
Cooperative Research and Development Agreement (CRADA)	Collaborative research between DOE Labs and public and/or private entities for the mutual benefit of the parties	Private and/or Federal funds	Lab and Participant may elect their own inventions and Participant has right to negotiate exclusive license to Lab inventions	Protected for up to 5 years	Products embodying IP resulting from CRADA shall be manufactured substantially in the U.S.	Lab and Participant may share costs or Participant pays 100% funds-in	<ul style="list-style-type: none"> ✓ Collaborative research ✓ 5 year data protection ✓ Designed for multi-party collaborative research
Strategic Partnership Project (SPP)	Work for businesses and other non-federal entities using highly specialized or unique DOE facilities, services or technical expertise	Private funds	Sponsor may elect title to Subject Inventions ¹	Protected as Sponsor's proprietary data w/limited exceptions ^{1,2,3}	U.S. Preference: Sponsor agrees not to grant any party exclusive right to use or sell products embodying Subject Inventions in the U.S. unless products are manufactured substantially in the U.S.	Sponsor pays full cost recovery	<ul style="list-style-type: none"> ✓ Sponsor typically retains right to elect title to subject inventions ✓ Generated data treated as proprietary ✓ Option for limited Gov. R&D license³
		Federal funds	Lab may elect title to Subject Inventions of the Lab	Unlimited Gov. rights or flow down of SBIR/STTR Data	U.S. Preference (see above)	Sponsor pays full cost recovery	<ul style="list-style-type: none"> ✓ Access to unique facilities and expertise using federal funds ✓ Streamlined SBIR/STTR Preapproved Model may be available
Agreements for Commercializing Technology (ACT)	Work for businesses and other non-federal entities using highly specialized or unique DOE facilities, services or technical expertise	Private funds	Initial title to the designated IP Lead. (ACT Participant or Lab Contractor)	Protected as proprietary data w/limited exceptions ^{1,2,3}	U.S. Preference (see above)	Participant pays full cost recovery plus additional negotiated compensation to the Contractor	<ul style="list-style-type: none"> ✓ Flexibility for addressing indemnity & adv. payment ✓ Negotiable IP terms ✓ Optional performance guarantee ✓ Option for limited Gov. R&D license³
Proprietary User Agreement ⁴	User may access designated facilities to conduct its own proprietary research	Private funds	User may elect title to its Subject Inventions	User may protect as proprietary	n/a	User pays approved user rate	<ul style="list-style-type: none"> ✓ Generated data treated as proprietary ✓ Merit based access to unique facilities
Non-Proprietary User Agreement ⁴	Non-proprietary research at designated facilities	n/a	Lab and User may elect their own Subject Inventions	Unlimited Gov. Rights	U.S. Preference (see above)	Each party covers own cost	<ul style="list-style-type: none"> ✓ Merit based access to unique facilities ✓ Agree to publish results.

¹ Certain exceptions or restrictions may apply (e.g. foreign SPP Sponsors may be granted the right to elect title to inventions and receive proprietary data protection but only after the approval of DOE field patent counsel and concurrence from the cognizant DOE program office). ² Proprietary data protection may not be available at all facilities. ³ If the limited Gov. R&D license is utilized, data protection will be limited to 5 years. ⁴ User Agreements are only available when the Sponsor/Participant/User is proposing to use a DOE Designated User Facility that offers such agreements. (see, <http://technologytransfer.energy.gov/docs/designateduserfacilities.html>)



Schedule a Meeting

- Please contact Laura to schedule a meeting if you have questions.

Laurie Miranda, Legal Assistant

Intellectual Property Law

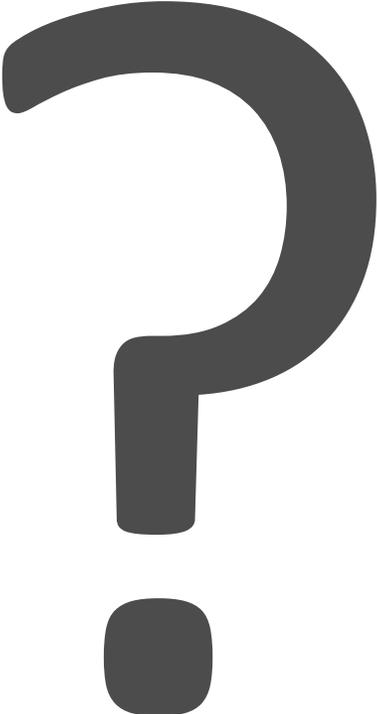
U.S. Department of Energy

Office of Chief Counsel

Phone: 630-252-2046

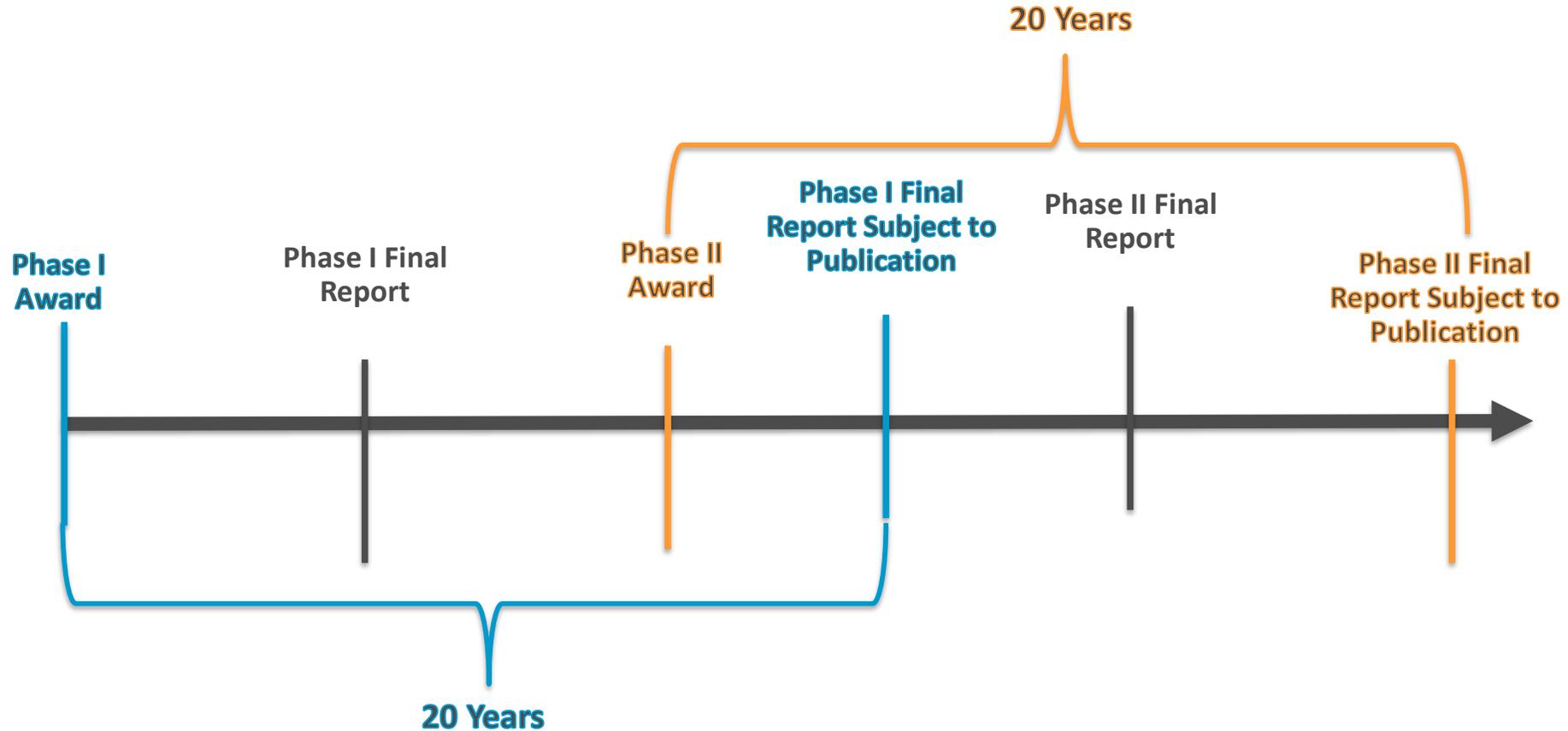
Email: laura.miranda@science.doe.gov

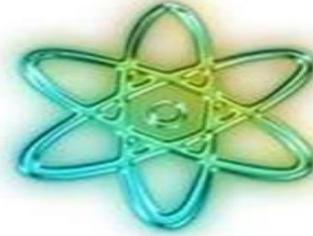
Questions?



20 Year SBIR/STTR Data Rights (2019)

- Fixed 20-year data protection from award date (Block 27 on the Assistance Agreement).





Post Award Requirements for DOE SBIR/STTR Phase I Awardees

Mark Sojka

DOE Office of Science Consolidated Service Center



Overview



- **Site Visit Findings**
- **Importance of Knowing Your T&Cs**
- **Award Attachments**
- **Revisions to Award Needing Prior Approval**
- **Current and Pending Support**
- **Disclosure of Foreign Relationships**
- **Closeouts**

Recipient Site Visits Conducted by DOE In-Person and Virtual

- Checked for Compliance with Award Terms and Conditions
- Reviewed ASAP Draw Supporting Documents
- Performed Accounting Systems Reviews
 - Ensure costs could be segregated
- Property/Equipment Reviews
- Answered Recipient Questions Concerning SBIR/STTR Program

- **Findings:**

- Recipients Did Not Always Have Adequate Support for Their ASAP Draws
- ASAP Draws in Advance (vs. Reimbursement)
- Cumulative Job Cost Totals Rather Than Snapshot of Costs to Support Particular ASAP Draw
- Missing SF-425s
- Property Controls/Tracking of Subcontractor-acquired equipment did not list its location; follow-up confirmed location/status.

- **Findings (cont.)**

- Insufficient Property Insurance Coverage
- DOE wasn't notified of company move
- DOE was charged higher than MI&E per diem rates even though Company Policy Capped Limits



Importance of Knowing Your T&Cs

Per 2 CFR 200.338 Remedies for Noncompliance, if a non-Federal entity fails to comply with Federal statutes, regulations or the terms and conditions of a Federal award, the Federal awarding agency may impose additional conditions, as described in §200.207 Specific conditions.

- Remove from Payment via ASAP/Require Submission of Invoices
- Temporarily withhold cash payments pending correction of the deficiency
- Denial of future SBIR/STTR Applications (due to Poor Past Performance)
- Withholding of Continuation Funding (Phase II Only)

If the Federal awarding agency determines that noncompliance cannot be remedied by imposing additional conditions, the Federal awarding agency may take one or more of the following actions, as appropriate in the circumstances:

- Disallow all or part of the grant costs not in compliance (Cost Recovery)
- Wholly or partly suspend or terminate the Federal award.
- Initiate suspension or debarment proceedings (of individuals and/or the Company)
- Withhold further Federal awards for the project or program.
- Take other remedies that may be legally available.

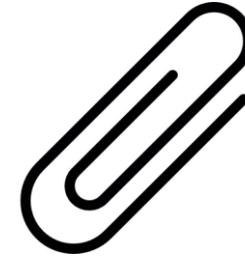


Audits and Other Findings:

- Recipient did not meet the minimum Research Institution Level of Effort (30%) for an STTR and therefore DOE sought over \$18K in cost recovery. The recipient appealed the DOE Contracting Officer's decision to the DOE Senior Procurement Executive, and was denied. The recipient paid DOE the money sought plus interest.
- Two individuals were indicted, and found guilty of, committing conspiracy to commit wire fraud, wire fraud, aggravated identity theft and falsification of records. DOE recouped \$149,720.
- DOE recovered \$16,500 as a result of a plea agreement from an SBIR awardee; the awardee plead guilty to wire fraud.
- DOE OFS Audit and Review Team performing reviews of Awards
 - Possible undisclosed conflict of interest and payroll issues
 - ASAP draw reviews and Excessive Cash-on-Hand Balances

Award Attachments

- **Transmittal Letter**
- **Final Budget Pages**
- **Special Terms and Conditions**
- **Federal Assistance Reporting Checklist**
- **General Terms and Conditions**
- **Know Your Rights Poster**
- **Patent Responsibility Letter**



Special Terms and Conditions

- Incorporates Provisions Stated in 2 CFR Part 200 and as amended in 2 CFR Part 910 (DOE-Specific).

<http://www.eCFR.gov>



- **Highlights:**
 - FA-TC-0001C Award Project Period and Budget Periods
 - FA-TC-0003.2 Payment Procedures – REIMBURSEMENT Through the Automated Standard Application for Payments (ASAP)
 - FA-TC-0007.1 Rebudgeting and Recovery of Indirect Costs
 - FA-TC-0013 Reporting Requirements
 - FA-TC-0025A Insurance Coverage, FA-TC-0025D Equipment, FA-TC-0025G Property Trust Relationship (these 3 clauses pertain to awards containing equipment)

Reporting Requirements



Phase I

DOE F 4800.2
(3/2017)
All Other Editions Are Obsolete

U. S. Department of Energy FEDERAL ASSISTANCE REPORTING CHECKLIST AND INSTRUCTIONS

1. Identification Number: See Block 1 of the Assistance Agreement	2. Program/Project Title: See Block 21 of the Assistance Agreement	
3. Recipient: See Block 5 of the Assistance Agreement		
4. Reporting Requirements:	Frequency	Addressees
	<p>A. MANAGEMENT REPORTING</p> <p><input checked="" type="checkbox"/> Research Performance Progress Report (RPPR) (RD&D Projects)</p> <p><input type="checkbox"/> Progress Report (Non-RD&D Projects)</p> <p><input checked="" type="checkbox"/> Special Status Report</p> <p>B. SCIENTIFIC/TECHNICAL REPORTING (Dissemination of results is required for RD&D projects. Reports & other S&T publications/products must be submitted using the appropriate DOE Announcement Notice (AN) located at: https://www.osti.gov/eliink/Product/Announcement Notice (AN))</p> <p><input checked="" type="checkbox"/> Scientific & Technical Reporting Product</p> <p> A. Journal Article-Accepted Manuscript DOE AN 241.3</p> <p> B. Scientific/Technical Conference Paper/ Presentation or Proceedings DOE AN 241.3</p> <p> C. Scientific/Technical Software & Manual DOE AN 241.4</p> <p> D. Other STI (e.g., dissertation/thesis, see instructions) DOE AN 241.3</p> <p><input checked="" type="checkbox"/> Final Scientific/Technical Report DOE AN 241.3</p> <p>C. FINANCIAL REPORTING</p> <p><input checked="" type="checkbox"/> SF-425 Federal Financial Report</p> <p>D. CLOSEOUT REPORTING</p> <p><input checked="" type="checkbox"/> Patent Certification</p> <p><input checked="" type="checkbox"/> SF-428 & 428B Final Property Report</p> <p><input checked="" type="checkbox"/> Other (see special instructions)</p> <p>E. OTHER REPORTING</p> <p><input type="checkbox"/> Annual Indirect Cost Proposal</p> <p><input checked="" type="checkbox"/> Audit of For-Profit Recipients</p> <p><input checked="" type="checkbox"/> SF-428 Tangible Personal Property Report Forms Family</p> <p><input checked="" type="checkbox"/> Other (see special instructions)</p> <p> <input checked="" type="checkbox"/> SBIR/STTR Funding Agreement Certification-Life Cycle</p> <p> <input checked="" type="checkbox"/> Subject Invention Reporting and Patent Reporting</p> <p> <input checked="" type="checkbox"/> NDAA of 2019 Annual Technical or Business Assistance Report</p> <p> <input checked="" type="checkbox"/> Disclosure of Foreign Relationships</p> <p> <input checked="" type="checkbox"/> Current and Pending Support</p>	

FREQUENCY CODES AND DUE DATES:

A – Within 5 calendar days after events or as specified.
Y – Yearly; within 90 days after the end of the reporting period.
Q – Quarterly; within 30 days after end of the reporting period.
O – Other; See special instructions for further details.

F – Final; within 90 calendar days after expiration or termination of the award.
Y180 – Yearly; within 180 days after the end of the recipient's fiscal year.
S – Semiannually; within 30 days after end of reporting period.

Research
Performance
Progress Report
(RPPR)
Special Status Report

SF-425

Compliance
Audit

Life Cycle
Certification

Disclosure of
Foreign
Relationships

Current and Pending
Support

Closeout

Final SF-425

Patent Certification

Property
Certification (SF-428)

Final Technical
Report

Life Cycle
Certification

Note: Reporting Requirements are subject to change via award modification.

General Terms and Conditions



- GTCs highlight those requirements which are especially pertinent to research grants in general.
- GTCs DO NOT represent an exhaustive listing of all requirements applicable to the Assistance Agreement.
- Highlights:
 - Revisions requiring Contracting Officer (CO) Approval
 - Current and Pending Support
 - Reporting of Disclosure of Foreign Relationships
 - Property
 - SBIR/STTR Participation Requirements (Awardee and PI)
 - Patent Rights
 - Rights in Data

KNOW THE RULES!



PI/Key Personnel Changes

- **PI Change request submitted via Portfolio Analysis and Management System (PAMS)**
- **Selection of the new PI from registered PAMS users**
 - Specify how to handle the current PI (remove from award or leave on award but change role to Other)
 - Attach resume or CV of the new PI.
- **The Small Business Authorized Representative must submit the request.**
- **Changes to Key Personnel require prior DOE CO approval**



Award Revisions – Other Types

- **Change/add Subcontractor**
- **Novation Agreement**
- **Change of Name Agreement**
- **Work outside of U.S.**
- **No Fund/Cost Extensions (NFX)**



Note: Per the PAMS clause in the GTCs, NFX and PI change requests need to be submitted via PAMS.

Contact your DOE Assistance Agreement Administrator if you anticipate any of these revisions.

No Fund Extensions



- Approvals for an NFX will not be granted for an award that contains a zero dollar balance.
- Recipients are not authorized to grant themselves an extension.
- Proposed end date cannot go/extend beyond start date of the upcoming Phase II start.
- Submit request via PAMS at least one month prior to the expiration date. See SBIR/STTR-GTC-0043
- The request must be submitted by the Recipient Business Officer
- Info Required in Request:
 - Project status
 - Reason for extension
 - Extension date
 - Remaining Grant \$ Balance



SBIR/STTR-GTC-0074-CH Current and Pending Support

- In accordance with the Federal Assistance Reporting Checklist, throughout the life of the award, the Recipient must submit current and pending support disclosure statements and a CV or Biosketch for any new PI and/or previously unnamed senior/key personnel, **including graduate students and postdoctoral associates, at the recipient and subrecipient level,** proposed to be added to the project funded under this Award at least thirty (30) days prior to the individual joining the project. In addition, **if there are any changes to current and pending support disclosure statements previously submitted to DOE, the Recipient must submit updated current and pending disclosure statements within thirty (30) days of the change.**
- The Recipient must ensure all PIs and senior/key personnel, including graduate students and postdoctoral associates, at the recipient and subrecipient level, are aware of the requirement to submit updated current and pending support disclosure statements to DOE. **Current and pending support is intended to allow the identification of potential duplication, overcommitment, potential conflicts of interest or commitment, and all other sources of support.**
- All foreign government-sponsored talent recruitment programs must be identified in current and pending support.



SBIR/STTR-GTC-0041 Reporting of the Disclosure of Foreign Relationships

- **Disclosure statement originally submitted must be updated for any changes as follows:**
 - Any change to a disclosure required under the Disclosure of Foreign Relationships,
 - Any material misstatement that DOE could determine to pose a risk to national security, and
 - A change in ownership, change to entity structure, or other substantial change in the circumstances of the small business concern that DOE could determine to pose a risk to national security
- **The Disclosure of Foreign Relationships is located at:**
<https://science.osti.gov/sbir/Applicant-Resources/Grant-Application>.
- Must be submitted to CO via FedConnect and to the SBA **w/i 30 days of a change and 30 days prior to the end of Phase I performance period** along with the Life Cycle Certification

Penalties for Failing to Disclose Foreign Relationships

- Recipient will be required to repay all amounts received under the award (15 U.S.C. § 638(g), (o)) if there is a material misstatement that DOE determines poses a risk to national security, or there is a change in ownership, change to entity structure, or other substantial change in the circumstances of the small business concern that DOE determines poses a risk to national security.
- Further, the Recipient may be subject to the remedies established by 2 CFR 200.339 Remedies for noncompliance which may include termination under 2 CFR 200.400 Termination as set forth in SBIR/STTR-GTC-0042 and SBIR/STTR-GTC-0022, respectively, for failure to comply with the statutory requirements described in this award term.

After the expiration or termination of the award, the recipient must submit all financial, performance and other reports required as a condition of the award. These reports are listed in the Federal Assistance Reporting Checklist and may include, but are not limited to, the following:

- **Final Technical Report** (due 14 calendar days after expiration)
- **Final Financial Status Report** (due 120 calendar days after exp.)
- **Patent Certification** (due 120 calendar days after expiration)
- **Property Certification** (due 120 calendar days after expiration)
- **Life Cycle Certification** (at least 30 calendar days prior to exp.)
- **NDAA of 2019 Annual Technical or Business Assistance Report** (Submitted Annually in the Final Technical Report)
- **Disclosure of Foreign Relationships** (at least 30 calendar days prior to exp.)

ALWAYS follow the instructions in your Reporting Checklist

- Post award administration and budget-related questions may be directed to the DOE Assistance Agreement Administrator listed on page 2 of your Assistance Agreement.
- Post award technical and progress-related questions may be directed to the DOE Program Manager listed on page 2 of your Assistance Agreement.
- Patent and Intellectual Property-related questions may be directed to Cynthia Ridge at (630) 252-2175 or Cynthia.Ridge@science.doe.gov
- PAMS system requirements or any other technological issues should be directed to the DOE PAMS Support Center at 855-818-1846 or sc.pams-helpdesk@science.doe.gov

DOE Office of Inspector General
SBIR/STTR Fraud Awareness



**DOE OIG Office of Investigations
SBIR/STTR Fraud Awareness
Commonalities and Consequences**

March 2024

DOE Office of Inspector General

Fraud Defined

- ***What is Fraud?***

- Although it can take many forms, Fraud, at its core, is **deception through the misrepresentation or omission of material facts for the purpose of illegitimate gain.**

To be clear, Fraud within the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs is a **premeditated act with the intent to deceive.**

The Office of Inspector General (OIG) **does not prosecute innocent mistakes.**

The purpose of this presentation is to educate the applicant and highlight commonalities with SBIR/STTR Fraud, and show what the OIG looks for in support of investigations.



DOE Office of Inspector General

Combating Fraud

- ***What types of fraud are found in the SBIR/STTR Program?***
- During the Application Process:
 - Submitting a plagiarized proposal.
 - Duplicate proposals/awards involving the same or multiple agencies for same work.
 - Sham websites or e-mails.
 - Geographical improbabilities. i.e.: Apartments, PO Boxes, residential addresses or facilities shared with other companies. Is the company physically capable of providing the required product?
 - Providing false information regarding the company, the Principal Investigator or work to be performed. **Can the company actually support what they say they can?**



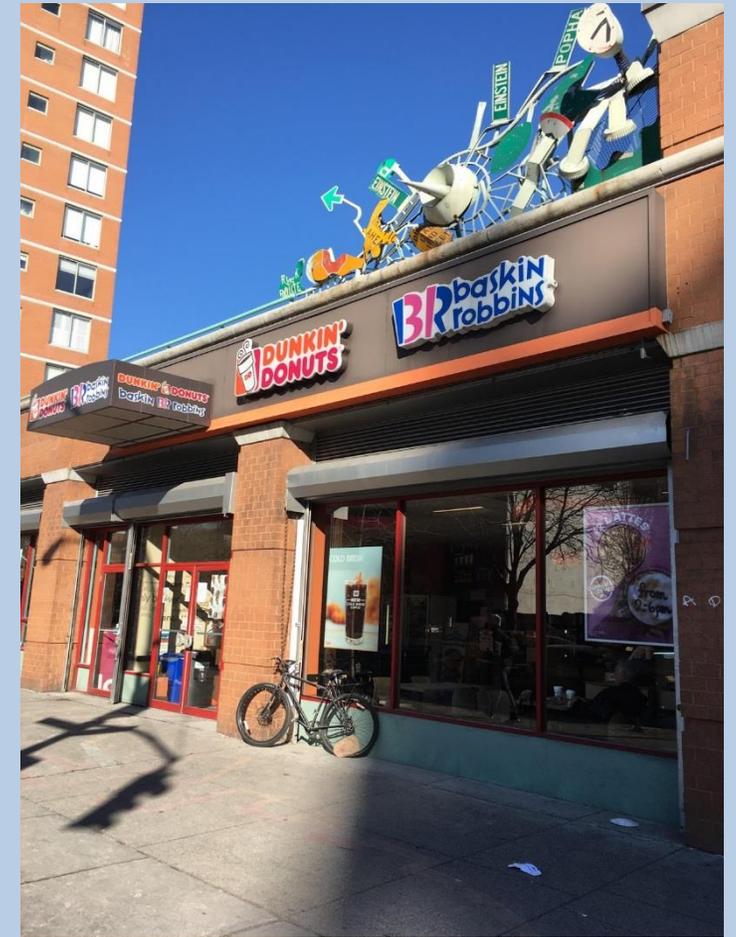
Real World Examples: Proposal Submission



Applicant maintains a 4,500 square foot state of the art technical facility including three clean rooms, ten laser benches, and a variety of laboratories.



Real World Examples – Actual Facility



DOE Office of Inspector General

Combating Fraud

- ***What types of fraud are found in the SBIR/STTR Program?***
- During the Application Process (cont.):
 - Seeking funding for work that has **already been completed**.
 - Accepting federal funding on more than one SBIR/STTR grant for **essentially equivalent work**.
i.e.: “Duplicative funding”
 - **Unauthorized use of facilities**, i.e.: Unauthorized use of university laboratories, lack of an actual company facility or a U.S. presence is front for overseas operations.
 - **Fraud in inducement** of awards, i.e.: Fake investments, falsified letters of support or the company organizational chart reflects individuals who are not employees.



DOE Office of Inspector General

Combating Fraud

- ***What types of fraud are found in the SBIR/STTR Program?***
- During the Award:
 - Using award funds for personal use or for any use other than the proposed activities. i.e.: Using SBIR/STTR funds to support ongoing business operations instead of the proposed research.
 - Submitting plagiarized reports or reports falsely claiming work has been completed.
 - Claiming results for an award that were funded by a different source.
 - Exploiting a perceived lack of communication and transparency between agencies by submitting duplicate or overlapping proposals to various agencies.



Real World Examples – Conversion



DOE Office of Inspector General

Knowing the Rules

- ***Which SBIR rules should you be particularly familiar with?***
 - Duplicate or overlapping proposals may not be submitted to multiple agencies without full disclosure to all agencies.
 - Company must meet the Small Business Association's requirements for a small businesses, including being majority American owned and have **500 employees or less**.
 - The Principal Investigator's **primary employment** must be with the company during the grant period. **The Principal Investigator may not be employed full time elsewhere.**



DOE Office of Inspector General

Knowing the Rules

- ***Which SBIR rules should you be particularly familiar with (cont.)?***
 - For **Phase I**, a minimum of **two thirds of the research effort** must be performed by the grantee company; for **Phase II**, a minimum of **one-half of the research effort** must be performed by the grantee company. **Work performed by a university research lab is NOT work completed by the grantee company.**
 - University employees participating on an SBIR/STTR award should disclose their involvement to **the university as well as their use of university facilities.**
 - **Research and Development must be performed in the United States.**



Real World Examples – Foreign Work Effort



Real World Examples – Foreign Work Effort



DOE Office of Inspector General

Consequences

- ***What Happens If You Break the Rules?***

- If you commit Fraud or other wrongdoing in applying for or carrying out an SBIR award, **the OIG will investigate.**
- Violations of civil or criminal law are referred to the **Department of Justice**. If the Department of Justice prosecutes you for Fraud or False Statements, you may be sentenced to prison and required to pay full restitution. If the Department of Justice pursues a civil action under the False Claims Act, you may have to pay treble damages and \$11,000 for each false claim. In addition, the Department of Energy may terminate your awards and debar you from receiving grants or contracts from any federal agency.



DOE Office of Inspector General

Consequences

- ***What Happens If You Break the Rules (cont.)?***
 - Criminal Prosecution.
 - Civil Liability.
 - Administrative Remedies.

Criminal forfeiture = full amount of grant/contract; personal assets can be seized to satisfy forfeiture or fine.



DOE Office of Inspector General

Consequences

- ***Criminal Prosecution.***

Lying to obtain an SBIR/STTR grant or lying about the work performed violates several criminal laws:

- False Statements (punishable to 5 years in prison, forfeiture and \$250,000 fine).
- Theft of Federal Property (punishable to 10 years in prison, forfeiture and \$250,000 fine).
- Wire Fraud (punishable to 20 years in prison, forfeiture and \$250,000 fine).
- False Claims (punishable by \$250,000 fine for individuals and \$500,000 fine for corporations).

Criminal forfeiture = full amount of grant/contract; personal assets can be seized to satisfy forfeiture or fine



DOE Office of Inspector General

Consequences

- ***Civil Liability.***
 - May be imposed in addition to criminal prosecution.
 - Includes treble damages (3x actual damages) and a fine of up to \$11,000 for each false claim.
 - False claims liability includes payments received when the Government relied upon false information in the SBIR/STTR grant proposal, in a certification of current cost or pricing data, in a request for payment or in progress reports.
 - Although the statute requires knowledge that the claim was false, the term “knowledge” includes “deliberate ignorance” or “reckless disregard for the truth”.
 - Whistleblowers can receive up to 30% of award for reporting fraud via *qui tam* provision of False Claims Act.



DOE Office of Inspector General

Consequences

- ***Administrative Remedies.***
 - Government can terminate contracts tainted by fraud.
 - Government can debar the small business owner and/or employees. Debarment is typically for three years, but can be for a longer period.
 - Prohibition from receiving any federal contracts or working as a subcontractor on federal contracts.
 - Program Fraud Civil Remedies Act subjects anyone who knowingly makes or submits a false claim or statement to a civil penalty of not more than \$7,000 for each false claim or statement as well as twice the amount of any payments made by the Department.



DOE Office of Inspector General

Consequences

- ***Administrative Remedies (cont.)***

- The Government retains the right to examine the status of an SBIR grant at any time.
- Status checks include:
 - Site visits.
 - Requests for records including financial documents and timesheets.
 - Good record keeping will help eliminate suspicion and ensure successful status checks.

Administrative remedies are in addition to criminal and civil liability.



DOE Office of Inspector General

Recent Settlement

- **Delaware**

On December 27, 2018, the U.S. Department of Justice (DOJ) entered into a \$2.75 million settlement agreement with EM Photonics (EMP) and its Chief Executive Officer Eric Kelmelis. Of that amount, \$1.18 million will be paid in restitution to DOE, the U.S. Navy; Air Force and NASA; DOE will be reimbursed approximately \$124,000.

The investigation determined EMP received millions of dollars in Government contracts through the SBIR and STTR programs. The evidence demonstrated that EMP and Kelmelis engaged in two different billing schemes under SBIR/STTR, including: (1) that EMP/Kelmelis directed EMP employees to falsely complete timesheets for direct labor that the employees did not perform and to submit false invoices and public vouchers to the funding agencies for direct labor that was not performed on these awards; and, (2) that EMP/Kelmelis received SBIR/STTR funding for essentially equivalent work already performed and funded by another Government agency and falsely certified such work was, in fact, non-duplicative.



DOE Office of Inspector General

Recent Prosecution

- **Tampa, Florida**

U.S. District Judge Virginia Hernandez Covington has sentenced Mahmoud Aldissi (a/k/a Matt) and Anastassia Bogomolova (a/k/a Anastasia) for conspiracy to commit wire fraud, wire fraud, aggravated identity theft, and falsification of records. Aldissi was sentenced to 15 years in federal prison and Bogomolova was sentenced to a term of 13 years. As part of their sentences, the court entered a money judgment in the amount of \$10.6 million, representing the proceeds of the crime, and ordered them to pay \$10.6 million in restitution. Aldissi and Bogomolova were found guilty on March 20, 2015.

According to testimony and evidence presented during the month-long trial, through their two companies, Fractal Systems, Inc., and Smart Polymers Research Corp., Aldissi and Bogomolova fraudulently obtained approximately \$10.5 million of small business research awards from the federal government. In order to be awarded contracts, they submitted proposals using the stolen identities of real people to create false endorsements of and for their proposed contracts. In the proposals, they also lied about their facilities, costs, the principal investigator on some of the contracts, and certifications in the proposals.



DOE Office of Inspector General

Protect Yourself and Your Business

- OIG and Law Enforcement note with interest a rise in small business concerns being utilized as “pass-throughs” for illicit monies entering the U.S. financial system.
- This is particularly notable with “angel investors” who are seeking to invest in small, unestablished entities with little or no promise of return.
- SBCs should be encouraged to conduct due diligence and “know your investor” practices to ensure they are not taking money from bad actors.
- “See something, say something” – contact your program office and/or OIG if you have concerns or questions.



DOE Office of Inspector General

Concerns About Foreign Influence

- There is an increasing trend in the U.S. Government to view foreign collaborations with greater scrutiny; e.g. “foreign talent programs” or other foreign state-affiliated partnerships, particularly from countries perceived to be “of risk.”
- Currently, on STTR partnerships with National Laboratories, you may encounter restrictions under DOE Directives prohibiting such affiliations for its employees and contractors.
- Accepting money from multiple sources for essentially equivalent research is always a violation, regardless of where it comes from – disclosure is key; the more you share the better the relationship with your PM.



DOE Office of Inspector General

Export Controls

- SBIR/STTR research is, by definition, “innovative,” and as such may not be specifically covered under U.S. export control regimes.
- If you are intending to develop technology that has military applications or is potentially “dual-use,” seek the guidance of export control experts or start a dialogue with your program manager(s).
- Better to be safe than sorry – partnering with foreign-based fab foundries may complicate your commercialization efforts.



DOE Office of Inspector General

Reporting Fraud

- The OIG promotes the effective, efficient and economical operation of the Department of Energy's programs and operations through audits, inspections, investigations and other reviews.
- Within the OIG, the Office of Investigations is responsible for investigating any fraudulent acts involving the Department, its contractors or subcontractors, or any crime affecting the programs, operations, Government funds, or employees of those entities.
- ***If you want additional information or to report wrongdoing:***
 - Internet:** ig.energy.gov
 - E-mail:** ighotline@hq.doe.gov
 - Telephone:** 202-586-4073
 - Hotline:** 800-541-1625
 - Fax:** 202-586-4902

