

# Exhibit 10

1 contract between Department of Energy and Lockheed Martin;  
2 right?

3 A Yeah. The predecessor contract was with AT&T who  
4 operated Sandia National Labs since the end of World War II.

5 Q All right.

6 MR. VOGT: You mind if I ask a question?

7 MR. FERRALL: Go ahead.

8 MR. VOGT: Do you know that contract number of the  
9 predecessor contract?

10 THE WITNESS: I can find it. I wrote it down  
11 yesterday because it came up in Bruce'. Oh, yes. That is  
12 it. That is the prior prime contract.

13 MR. STELZNER: Read it into the record.

14 THE WITNESS: DE-AC04-76DP00789.

15 (Discussion off the record.)

16 Q (By Mr. Ferrall) Was the prior contract  
17 produced to us in the case, do you know?

18 A No.

19 Q Do you believe you still have it?

20 A I am sure we can find it.

21 MR. FERRALL: I will put that on the list.

22 (Request for Documentation.)

23 Q (By Mr. Ferrall) So, can you explain to me  
24 generally how intellectual property that is  
25 developed by Sandia employees is owned by Sandia

1 and/or the Department of Energy?

2 A Yeah. The first order, the Department of Energy  
3 owns anything that is created at Sandia National Lab  
4 according to the Atomic Energy Act. I think it is referred  
5 to in here. I think it is 42 USC 5908 and it is an  
6 automatic vesting statute. So, then in addition to that, we  
7 have what Bruce talked about yesterday is the Proprietary  
8 Information and Innovation Agreement which employees signed  
9 after Lockheed Martin took over. You indicated yesterday  
10 the date he signed his was like October, 1993. That was  
11 about the time that Lockheed Martin took over.

12 So, since that time, all new employees have signed  
13 that PIA, we call it, which assigns their rights to Sandia  
14 and then, in addition, when a particular patent, for  
15 example, patent application is filed, we have them file an  
16 assignment as well, which assigns whatever rights they have  
17 remaining to Sandia. The prime purpose of that, really, is  
18 to have a document we can record at the PTO.

19 Q So, going back to the first part of your answer,  
20 which is you said the Department of Energy gets an automatic  
21 vesting. Where does that leave Sandia, then?

22 A Yeah. So the part that I left out is we have a  
23 process called a waiver process and the waiver you can see  
24 on the DOE website. Basically, when we want to take title  
25 to an invention, we do it under this waiver process. We

1 request DOE to waive title to Sandia and most times they do  
2 that unless there is some like national security sensitivity  
3 or some such thing.

4 Q So, if I understand, DOE waives title so Sandia  
5 takes the title that would otherwise be vested in the DOE?

6 A Correct.

7 Q And are you aware that that is what happened with  
8 respect to the 321 patent?

9 A That did happen, yes.

10 (Exhibit No. 84 - Funds-in Agreement SB 00101592-602.)

11 Q So, Exhibit 84 is a multi-page document that has  
12 control numbers SB101592 to 602. And, as you can tell,  
13 maybe from the stamp, this was produced by Dr. Brueck but it  
14 appears to be documents that would have been exchanged  
15 between UNM and the Department of Energy, at least. I am  
16 wondering if you're familiar with documents such as this,  
17 Exhibit 84?

18 A Yes, I am. I believe we produced part of this  
19 document ourselves, actually.

20 Q Maybe I just missed your production of it. Can  
21 you explain what this is.

22 A Let's see. To my knowledge, this is a funds-in  
23 agreement or work-for-others agreement, where basically the  
24 University of New Mexico in this case was sending us funds  
25 to do some prescribed work, which is defined, I think, in