

Statement of Considerations

REQUEST BY GOLDEN TECHNOLOGIES COMPANY, INC.
FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS
IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER
MARTIN MARIETTA ENERGY SYSTEMS SUBCONTRACT NO.
86X-SP233C UNDER CONTRACT NO. DE-AC05-84OR21400;
DOE WAIVER DOCKET W(A)-94-008 [ORO-575]

Golden Technologies Company, Inc. (GTC) has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Task 1 of Energy Systems Subcontract No. 86X-SP233C. The scope of the work calls for the development of advanced manufacturing technology for the cost-effective production of ceramic heat engine components composed of silicon nitride and transformation toughened zirconia. The work is sponsored by the Office of Transportation Technologies.

The dollar amount of the subcontract for Task 1 is \$465,555 with GTC cost sharing \$232,778, about 50% of the subcontract.

GTC has substantial technical competence and significant patent rights in the technology covered by the scope of the work under the subcontract. GTC is the successor of a portion of Coors Ceramics Company (Coors Ceramics) that has expertise in research and development of technology in the areas of silicon nitride and transformation toughened zirconia.

Although GTC has not sold silicon nitride commercially, GTC has entered a Joint Development Agreement with Eaton Corporation (Eaton). Eaton is a subcontractor to GTC under the subcontract covered by this waiver petition. The agreement concerns the joint development of technology for silicon nitride parts and components. Under the agreement, GTC has the right to practice under background technology of Eaton, including patents assigned to Eaton, to the extent necessary to development activities such as those within the scope of this subcontract. In addition, Eaton and GTC are jointly and actively pursuing commercialization of a new patented process for silicon nitride production and have jointly constructed a pilot plant based on technology to produce silicon nitride engine components.

GTC has acquired substantial technical expertise and know-how which was developed by Coors Ceramics in the course of developing Coors Ceramics' transformation-toughened zirconia business. Coors Ceramics sold about \$25 million annually in transformation-toughened zirconia industrial parts and was the industry leader in the volume of transformation toughened zirconia parts sales worldwide. Considering GTC's experience and market position as a successor to Coors Ceramics, GTC has the capability to commercialize the technology developed under the subcontract.

The subcontract has been executed and is proceeding with the standard DOE long form patent clause. If the requested waiver is approved, a patent rights clause embodying the standard DOE waiver terms and conditions, approved by GTC, including march-in rights, retention by the government of a license, preference for U.S. industry, and U.S. Competitiveness clauses will be added

by a no-cost modification to the subcontract. The advance patent waiver will also contain a paragraph that limits GTC's ability to alienate waived rights. Specifically, GTC shall not transfer rights in any invention without prior approval of DOE. Also, should there be a change in ownership of GTC, rights in inventions will be suspended until approval by DOE of the entity obtaining controlling interest having the waiver.

GTC agrees that any products embodying any waived invention or produced through the use of any waived invention during the term of a United States patent covering the waived invention will be manufactured substantially in the United States unless GTC can show to the satisfaction of the Contracting Officer that it is not commercially feasible to do so.

Granting of the waiver should have little effect on competition since there are several technology options, this being one of many previously or yet-to-be developed in the marketplace. Therefore, there should not be undue market influence resulting from the grant of the waiver.

Grant of the requested waiver should serve as encouragement to other DOE contractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

The waiver is limited to inventions made under the terms of the subcontract as signed January 19, 1994. Should the parties enter into an agreement that changes the scope of this subcontract, such as another phase, this waiver would not extend to the new agreement.

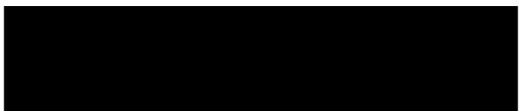
In view of the acceptable level of cost sharing by GTC and the objectives and considerations set forth in 41 CFR 9-9.109, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.



Emily C. Green
Patent Attorney

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

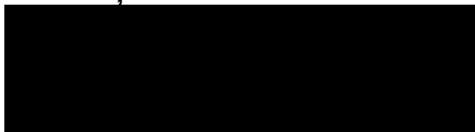
CONCURRENCE:



Thomas J. Gross
Deputy Assistant Secretary for
Transportation Technologies

Date: Jan 4, 1995

APPROVAL:

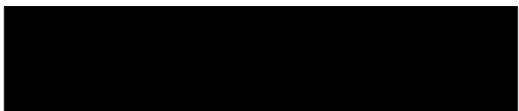


William R. Moser
Acting Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date: Jan 10, 1995

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

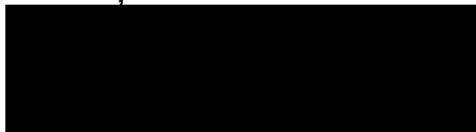
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WAIVER ACTION ABSTRACT

REQUESTOR

CONTRACT SCOPE OF WORK

RATIONALE FOR DECISION

DISPOSITION

Golden Technologies
Company

To develop advanced
manufacturing technology
for the cost-effective
production of ceramic
heat engine components.

GTC is cost sharing 50%,
it has experience in
product commercialization,
and the technology, ceramic
engine parts, could have a
significant positive impact
on the economy.

Grant Waiver