

STATEMENT OF CONSIDERATIONS

**REQUEST BY ALLIEDSIGNAL, INC. (ALLIEDSIGNAL) FOR AN ADVANCE
WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER ITS
SUBCONTRACT WITH SOLAR TURBINES INCORPORATED (SOLAR) UNDER
DOE CONTRACT NO. DE-AC02-92CE40960; W(A)-93-021; CH-0781**

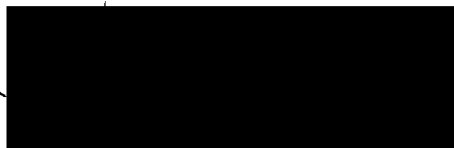
AlliedSignal Aerospace Company, now AlliedSignal, Inc. (AlliedSignal), has requested a waiver of domestic and foreign patent rights for all subject inventions of its employees under a subcontract it expects to enter under DOE's prime contract with Solar Turbines Incorporated (Solar) for the development of a ceramic stationary gas turbine under contract No. DE-AC02-92CE40960.

A copy of AlliedSignal's waiver petition is attached for reference. AlliedSignal has agreed to begin work under its subcontract with the contingency that its obligation to continue performance under the subcontract will be subject to DOE granting an initial waiver of rights to subject inventions in a timely fashion upon award of the subcontract. It is anticipated that the subcontract will extend over three phases having a total cost of approximately \$1,225,000. Solar has already been granted a waiver to its own employee's inventions under the prime contract which has a total cost of about \$32.7 million.

The overall objective of the gas turbine program under Solar's prime contract is to improve the performance of stationary gas turbines in cogeneration applications and to lessen environmental emissions through the replacement of metallic components in the turbines with ceramic parts. AlliedSignal's task under its subcontract will be to design and fabricate silicon nitride nozzles for use in the turbines. As noted in its waiver petition, AlliedSignal has maintained an ongoing ceramic development program for a number of years which directly relates to the work it expects to complete under this subcontract, as well as its ongoing commercial high-speed rotating machinery businesses. Accordingly, it is reasonable to conclude that AlliedSignal fully expects to continue development and ultimately commercialize the results of this subcontract.

Again referring to its waiver petition, AlliedSignal states that it has invested in excess of \$16.5 million in ceramic processing techniques and equipment through its Garrett Ceramic Components unit and predecessor organizations. Over the three phases of this subcontract, AlliedSignal has agreed to contribute no less than thirty percent (30%), in aggregate for all phases, of the total cost of the subcontract as a condition of this waiver. This is consistent with the waiver granted to Solar based on its commitment to assure thirty percent (30%) cost sharing, in aggregate for all phases, under the prime contract. This private investment clearly demonstrates AlliedSignal's commitment to the technology and the likelihood of its efforts to commercialize the results of its subcontract.

As in the case of the advance patent waiver to Solar under the prime contract, AlliedSignal has also agreed that the advance waiver of the Government's rights in inventions will be subject to the usual march-in rights, U.S. manufacturing preference and U.S. Government license comparable to those set out in 35 U.S.C. 202-204. Additionally, products, processes or services used or sold by AlliedSignal or its affiliates which embody inventions under this waiver must be manufactured, practiced or provided substantially in the United States, and further, any license or other transfer of rights in a subject invention to third parties must be approved by DOE prior to any such transfer. Still further, to insure commercialization of this technology, Allied-Signal has agreed to license third parties under its background data and background patents on reasonable terms and conditions if it fails to make reasonable efforts to commercialize the technology.


Thomas G. Anderson
Assistant Chief Counsel
Intellectual Property Law Division

Date: 1-12-94


Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this subcontract, where through such modification or extension, the purpose, scope or cost of the subcontract has been substantially altered, or in the event that AlliedSignal's obligation for cost sharing is less than thirty percent (30%), in aggregate for all phases, of the total cost of the subcontract.

CONCURRENCE:


Donald K. Walter, Director
Office of Waste Reduction EE-22

Date: _____

APPROVAL:


Richard E. Constant
Assistant General Counsel
for Intellectual Property, HQ

Date: 3/30/94