

Statement of Considerations

REQUEST BY SIEMENS WESTINGHOUSE POWER CORPORATION FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER LOCKHEED MARTIN SUBCONTRACT NO. 4500004925 UNDER DOE CONTRACT NO. DE-AC05-96OR22464; AND FOR CERTAIN LARGE BUSINESS SUBCONTRACTS THEREUNDER; DOE WAIVER DOCKET W(A)99-011 [ORO-744]

Siemens Westinghouse Power Corporation (Siemens Westinghouse) has made a timely request for an advance waiver to worldwide rights in Subject Inventions conceived or made in the course of or under Lockheed Martin Energy Research Subcontract No. 4500004925 under DOE Contract No. DE-AC05-96OR22464 and under certain subcontracts entered thereunder with parties who do not qualify for treatment under Public Law 96-517. The primary program goal of this work, entitled, "Advanced Turbine Airfoil Manufacturing Technology", is to demonstrate the process to fabricate Advanced Turbine System (ATS) gas turbine Row 1 and Row 2 blades to achieve over 80% manufacturing yield with an expected cost reduction over single cast products. The work is sponsored by the Advanced Turbine Systems (ATS) Technology Program.

The total estimated dollar amount of the above contract for Phases I-III is \$3,789,765 which includes a 42.8% cost share by Siemens Westinghouse (\$1,622,121). The estimated period of performance is June 30, 1999 through September 20, 2001.

As stated, in addition to Subject Inventions conceived or made in the course of or under the above subcontract, Siemens Westinghouse also requests a waiver of inventions conceived of or made by subcontractors who are not subject to P.L. 96-517. The petition sets forth several reasons for this request. In summary, Siemens Westinghouse asserts that the grant of individual advance or identified invention waivers would fragment the system technology which would in turn, inhibit commercialization of the entire system. In addition, such a waiver of subcontractor inventions would provide Siemens Westinghouse the ability to negotiate an arrangement with its subcontractors that will maximize U.S. economic benefit and hasten commercialization of the system.

It is recognized that subcontractors not subject to P.L. 96-517 have the right to request a waiver in their own subcontracts regardless of whether they cost share and can also request a waiver of rights in identified inventions on a case-by-case basis. Accordingly, the waiver of subcontractor inventions to Siemens Westinghouse only applies where the subcontractor acknowledges its right to ask for greater rights in its subject inventions and agrees to Siemens Westinghouse obtaining rights in these inventions by providing a letter to DOE containing a statement or by signing a subcontract having

terms indicating such acknowledgment and agreement. Further, Siemens Westinghouse acknowledges that it is to negotiate within the bounds of minimum rights and conditions required by the contract and this waiver with subcontractors. These minimum rights include a U.S. Government license, march-in rights, and U.S. Preference and Competitiveness provisions.

It is noted that in its petition, Siemens Westinghouse had also requested certain rights with respect to foreign patents, but in a subsequent letter has asked that this request be disregarded.

Siemens Westinghouse's experience and expertise will contribute substantially to the further development of this invention. Prior to joining with Siemens, Westinghouse had been a long standing global leader in the design and manufacture of high performance combustion turbine generators. In addition, it has more than 20 years experience in developing coatings within Westinghouse and in collaboration with vendors. Siemens also has a global presence in the design and supply of steam, combined cycle and hydro power plants and of power generation equipment and control systems. Together, Westinghouse and Siemens complement each other in terms of markets served. Siemens Westinghouse states that the new corporation will continue the technology development efforts and manufacture resulting products in the U.S.

Siemens Westinghouse has agreed to accept DOE's standard waiver terms and conditions if the requested waiver is granted. Specifically, Petitioner agrees to abide by the conditions set forth at 10 CFR 784 relating to the Government license, march-in rights, and preference for U.S. industry. Siemens Westinghouse has also agreed that this waiver be subject to the attached U.S. Competitiveness and Adequate Recognition clauses. The Adequate Recognition clause requires the Participant to obtain DOE approval of any transfer or other alienation of any intellectual property first specifically developed by the Participant in the performance of the work funded under the DOE ATS Program -- including technical data and subject inventions -- (hereafter termed "Intellectual Property") to any foreign company or American subsidiary of a foreign company. Such approval is contingent on agreement by the company to whom such rights are transferred or otherwise alienated to substantially manufacture any specifically developed ATS products embodying any such Intellectual Property or produced through the use of any such Intellectual Property in the United States. In the event the company acquiring such rights does not meet the substantial United States manufacture requirement, the clause provides for repayment of the funds contributed by DOE to all phases of the Participant's ATS program, licensing or return to DOE of foreground Intellectual Property and licensing of background Intellectual Property.

Though Siemens Westinghouse, as the successor organization of Westinghouse Power Generation, is better positioned to promote application of ATS technology, granting of

the waiver should have little effect on competition since General Electric and others are developing similar technologies to remain competitive in this field.

It is expected that the plans, intentions, and ability of Siemens Westinghouse will obtain expeditious commercialization of the invention. Petitioner intends to make a substantial investment of its own financial resources which will directly benefit commercialization of the inventions. In particular, it is committing \$1,622,121 in cost share of the total ATS subcontract identified above.

In summary, this waiver provides Siemens Westinghouse with title in inventions made by Siemens Westinghouse and its subcontractors which agree to the waiver to Siemens Westinghouse, except U.S. small businesses, universities, and non-profit contractors subject to P.L. 96-517. In view of the significant level of cost sharing by Siemens Westinghouse and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the waiver described above be granted.



Emily G. Schneider
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 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 a modification or extension of the cost-shared contract where, through such a modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:

APPROVAL:

Patricia A. Hoffman
EE/Office of Industrial Technologies
Program Manager

Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and
Intellectual Property

Date: _____

Date: _____

required by paragraph (e)(2)(ii) of this clause, whichever is later.

(2) However, the Contractor shall not forfeit rights in a subject invention if, within the time specified in paragraph (m)(1) of this clause, the Contractor: (i) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract and delivers the decision to Patent Counsel, with a copy to the Contracting Officer; or (ii) Contending that the subject invention is not a subject invention, the Contractor nevertheless discloses the subject invention and all facts pertinent to this contention to the Patent Counsel, with a copy to the Contracting Officer, or (iii) Establishes that the failure to disclose did not result from the Contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to subject inventions.

(u) U. S. Competitiveness. The Contractor agrees that any products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States, unless the Contractor can show to the satisfaction of DOE that it is not commercially feasible to do so. 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., recoupment of the Government's investment, etc. The Contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor or other such entity receiving rights in any waived invention undergo a change in ownership amounting to a controlling interest, then the waiver, assignment, license, or other transfer of rights in the waived invention is suspended until approved in writing by DOE.

(v) *Adequate Recognition.*

In the event that any intellectual property first specifically developed by the Participant in the performance of the work funded under the DOE Advance Turbine System (ATS) Program, comprised of Technical Data, and subject inventions (hereafter termed "Intellectual Property"), are contemplated to be assigned, transferred, exclusively licensed or otherwise alienated from the Participant to a foreign company and/or an American subsidiary of a foreign company, such transfer or other alienation shall be subject to the approval of the DOE or its successor(s).

Such approval shall be contingent upon an agreement by the company to whom such rights are transferred or otherwise alienated that any Specifically Developed ATS Products embodying any such Intellectual Property or produced through the use of any such Intellectual Property will be manufactured substantially in the United States. The DOE and the Participant define