

STATEMENT OF CONSIDERATIONS

REQUEST BY SIEMENS WESTINGHOUSE POWER CORP. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-03NT41907; W(A)-04-018, CH-1187

The Petitioner, Siemens Westinghouse Power Corporation, (Siemens) was awarded this subcontract under a cooperative agreement with the Energy and Environmental Research Corporation (EERC) for the performance of work entitled, "Water Extraction from Coal-Fired Power Plant Flue Gas." The purpose of the cooperative agreement is to develop a liquid desiccant-based, flue gas dehydration process technology to reduce water consumption in power plants. Specifically, the objective of the program is to generate sufficient sub-scale test data and conceptual commercial power plant evaluation to assess the process feasibility and merits for commercialization. A detailed description of the project is provided in response to question 2 of the attached waiver petition. Siemens' prime contractor, EERC, is a university (a division of the University of North Dakota), whose patent rights are governed by Bayh-Dole (Pub. L 96-517). This waiver is for inventions of Siemens only under its subcontract.

The total estimated cost of the cooperative agreement is \$548,669. Siemens is providing 100% cost sharing, or the full value of its subcontract amount of \$460,015. The period of performance is from October 2003 through September 2005.

In its response to questions 4 and 5 of the attached waiver petition, Siemens has described its technical competence in the field of power generation plants, and water recovery from flue gas. Siemens installed the world's first alternating current electrical power system in 1886, and since then has continued to improve power systems for industry, utilities, and independent power producers. Siemens has recognized and identified the need for water recovery systems from flue gas to allow power plants to be permitted and built in areas without abundant sources of water. Incorporating this technology in existing plants may allow for expansion without competing with local agriculture and community needs. Siemens' continual advancement in this area is represented by a substantial patent portfolio, which is listed as Attachment 1 to the waiver petition. Siemens's response demonstrates its technical competency in the field of power generation plants and water recovery from flue gas

In its response to questions 8 and 9 of the attached waiver petition, Siemens states that grant of the waiver request will provide Siemens with the incentive to develop the technology and pursue identifiable markets for the commercialization of flue gas water extraction technology. With respect to competition, Siemens states that it competes in the global marketplace with other global companies that have the potential to and continue to develop flue gas water extraction technologies. Any inventions that will result from this project would be applicable to but a component part of a subject area that is only a portion of the global power plant market. All other forms of generating electrical power, such as steam turbine technology, nuclear power, hydroelectric and wind facilities, represent competition to the global power plant market. Thus grant of the waiver will not place Siemens in a preferred position: it will allow it to remain competitive in a global marketplace, and therefore have a positive effect on competition and market concentration.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Siemens has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Siemens agrees to substantial U. S. manufacture of subject inventions

(attached hereto). Additionally, Siemens agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements. The petitioner has further agreed to modification of the data clause of the subject cooperative agreement (48 C.F.R. 952.227-14) by adding paragraph (k), Alternative VI, concerning contractor licensing of data

Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.

[Redacted signature]

Mark P. Dvorscak
Assistant Chief Counsel
Intellectual Property Law Division

Date: Sept 7, 2004

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE:

[Redacted signature]

George Rudins
Deputy Assistant Secretary
Office of Fossil Energy
Coal and Power Systems

Date: Oct. 20, 2004

APPROVAL:

[Redacted signature]

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

Date: 10-25-04

(t) 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 the DOE that it is not commercially feasible to do so. In the event the 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 agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the 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 the DOE.