

### Statement of Considerations

REQUEST BY THE GENERAL ELECTRIC COMPANY FOR AN  
ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN  
SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER  
LOCKHEED MARTIN ENERGY RESEARCH CORPORATION  
SUBCONTRACT NO. 4500012131 UNDER PRIME CONTRACT NO. DE-  
AC05-96OR22464; DOE WAIVER DOCKET W(A)-1999-021 [ORO-748]

The General Electric Company (GE) has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Lockheed Martin Energy Research (LMER) Subcontract No. 4500012131, entitled, "Carbon Fiber Enclosed Generator Rotors" under LMER Prime Contract No. DE-AC05-96OR22464. The scope of work involves the design, manufacture, and mechanical balance of a prototype rotor for an electric power generator or motor using a construction that encloses prefabricated winding modules by means of a graphite-epoxy composite enclosure rings in order to demonstrate feasibility of this concept. The work is sponsored by the Office of Industrial Technologies, Advanced Turbine System (ATS) Program.

The dollar amount of the subcontract is \$700,014 with GE cost sharing \$400,014 or 57% of the subcontract. The period of performance is a total of 15 months beginning October 1999.

GE's experience and expertise will contribute substantially to the development of the inventions made under the subcontract. GE is a leading manufacturer of electrical generation equipment and has engaged in technical development of generator technology for over 80 years, including gas-gap pick-up windings, new retaining ring alloys, and the design, fabrication, and demonstration of 20 MVA rotor super-conducting windings. Furthermore, GE has contributed more than \$1,350,000 to this development effort, thus demonstrating a substantial financial investment directly related to the work to be performed under this subcontract.

GE has agreed to accept the attached DOE waiver terms and conditions if the requested waiver is granted. Specifically, GE agrees to abide by the conditions set forth at 35 U.S.C. §202-204 relating to the Government license, march-in rights, and preference for U.S. industry.

GE has also agreed that this waiver be subject to the attached U.S. Competitiveness (paragraph u) and Adequate Recognition (paragraph v) 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, and either the licensing or return to DOE of foreground

Intellectual Property and licensing of background Intellectual Property to any entities given foreground Intellectual Property licenses.

Granting of the waiver should have little effect on competition and market concentration. The technology has not been commercially demonstrated and must compete with already existing technologies.

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.

In view of the acceptable level of cost sharing by GE and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide patent rights in subject inventions be granted.



Emily G. Schneider  
Patent Attorney

Date 12/30/99

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 contract where, through such a modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:



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

Date: 3/13/00

APPROVAL:



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

Date: 5-9-00

**(s) Publication.** It is recognized that during the course of work under this contract, the contractor or its employees may from time to time desire to release or publish information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract. In order that public disclosure of such information will not adversely affect the patent interests of DOE or the contractor, approval for release of publication shall be secured from Patent Counsel prior to any such release or publication. In appropriate circumstances, and after consultation with the contractor, Patent Counsel may waive the right of prepublication review.

**(t) Forfeiture of rights in unreported subject inventions.**

(1) The Contractor shall forfeit and assign to the Government, at the request of the Secretary of Energy or designee, all rights in any subject invention which the contractor fails to report to Patent Counsel within six months after the time the contractor: (i) Files or causes to be filed a United States or foreign patent application thereon; or (ii) Submits the final report 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.