

## STATEMENT OF CONSIDERATIONS

REQUEST BY AMERICAN SUPERCONDUCTOR CORPORATION FOR AN ADVANCE  
WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE CONTRACT  
NO. DE-FC26-07NT43243; W(A)-08-005, CH-1431

The Petitioner, American Superconductor Corporation (AMSC), was awarded this cooperative agreement for the performance of work entitled, "Development and In-Grid Demonstration of a Transmission Voltage SuperLimiter™ Fault Current Limiter)." According to its response to question 2, AMSC and its subcontractors will develop, demonstrate, and in-grid test a commercially viable three phase distribution voltage level fault current limiter (FCL) as a basis for addressing key utility needs. This will include establishing second Generation High Temperature Superconducting (2G HTS) wire performance characteristics and manufacturing capability; development of HTS switching elements; the design and fabrication of transmission-voltage level system components; and the development of a cryogenic system. It is expected that the FCL will ultimately be installed and operated in the utility partner Southern California Edison, grid.

The total estimated cost of the contract is \$26,133,764 with AMSC and its subcontractors providing a 50% cost-share or \$13,066,881. DOE is providing the remaining 50% share. AMSC's cost share partners are Nexans-France, Siemens AG, Southern California Edison, and the University of Houston. The period of performance is from October 1, 2007 through September 30, 2012.


In view of the cost sharing and other equities between AMSC and its subcontractors, it is anticipated that the parties will develop an appropriate allocation of patent rights among the participants to facilitate the expeditious development of the technology forming the subject matter of the agreement. Accordingly, DOE will waive title to all subject inventions made by AMSC's employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title pursuant to P.L. 96-517, as amended, or National Laboratories, to AMSC or its subcontractors, as mutually agreed by the parties. Except as otherwise approved in writing by DOE Patent Counsel, a party's acceptance of a subcontract under this agreement, at any tier, shall constitute AMSC's certification that it has provided that party with a copy of this Statement of Considerations and that party's notice to DOE that it accepts the terms and conditions of this advance waiver. Furthermore, a subcontractor has the right to request a waiver from DOE in its own right, rather than having to pass through the contractor to acquire title to subject inventions. Additionally, subcontractors who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

In its response to questions 5 of the attached waiver petition, AMSC has described its, and its subcontractors' Siemens and Nexans technical competence in the field of superconducting machinery. It is a world-leading supplier of dynamic reactive power grid stabilization products and wind energy engineering. AMSC's HTS wire and power electronic converters are at the core of a broad range of new electricity transmission and distribution, transportation, medical and industrial processing applications, including superconductor power cables, dynamic reactive power grid stabilization solutions, large ship propulsion motors and generators, smart, controllable, and advanced defense systems. AMSC has a portfolio of over 650 patents, patent applications, and licenses, in the HTS field. AMSC's response demonstrates its technical competency in the field of superconducting machinery and wiring. Siemens has decades of experience in developing

superconducting magnets, and Nexans is a worldwide leader in the cable industry. AMSC has demonstrated its competence in the field of superconductivity.

In its response to question 10 of the attached waiver petition, AMSC states that grant of the waiver will provide its cost share partners with patent positions that may potentially be used to cross license with their competitors to ensure freedom of action in the commercial market. Therefore grant of the waiver will have a positive effect on competition and market concentration.

The subject contract will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein AMSC 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 AMSC agrees to substantial U.S. manufacture of subject inventions (attached hereto). Additionally, AMSC agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements. 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.

  
Mark P. Dvorscak  
Deputy Chief Counsel  
Office of Intellectual Property Law

Date July 15, 2009


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:

  
Debbie Haugh DE-10  
Office of Electricity Delivery and  
Energy Reliability

Date 11/4/09

APPROVAL:

  
Paul A. Gottlieb  
Assistant General Counsel for  
Technology Transfer and  
Intellectual Property, GC-62

Date 11/4/09

(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.