

STATEMENT OF CONSIDERATIONS

Request by Schweitzer Engineering Laboratories for an Advance Waiver of Domestic and Foreign Invention Rights under DOE Contract No. DE-OE0000537, W(A) 2011-023, CH-1610

The Petitioner, Schweitzer Engineering Laboratories (SEL) was awarded the subject cooperative agreement with DOE for the performance of work entitled, "Whitelist Antivirus Project." According to the response to question 2 of the waiver petition, the scope of work for this agreement addresses a software application that provides malware protection to computers in a white list approach for embedded Windows and Linux. The goal of this project is to create and market a white list antivirus solution for control systems capable of running on devices that use an embedded operating system.

The work under this agreement is expected to take place from December 2010 through December 2013. The total amount of the contract is \$1,753,775, with DOE providing \$1,167,026 or 66%, and SEL cost-sharing 34% or \$586,749.

In its response to questions 5 of the attached waiver petition, Schweitzer states that it is the world leader in microprocessor-based electronic devices for protecting electric power systems, and has led innovation in communication among such devices for many years. It invented an algorithm of communication among intelligent electronic devices in 1996 labeled MirroredBits® communication that is protected by various U.S. patents (attached to the petition). This algorithm is used on many of SEL's devices and is among the fastest and most secure communication used between such devices. SEL also states that it has continued to invent, innovate, and lead in the area of communication among intelligent electronic devices with further developments in secure communications, and various examples of these developments are cited in response to question 5. SEL's response demonstrates its technical competency in the field of microprocessor-based electronic devices.

In its response to question 10 of the attached waiver petition, SEL states that granting the waiver will not likely place it in a preferred or dominant position in the field. Competitive technologies exist, such as means for preventing the execution of unauthorized code and maintaining settings and configuration integrity such as antivirus software, firewalls, MAC address filtering, VLANs, and others. In addition, SEL states there are many competing technologies to the technology that may result from this project. 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 SEL 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 SEL agrees to substantial U.S. manufacture of subject inventions (attached hereto). Additionally, SEL 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.

[REDACTED]

Mark P. Dvorscak
Deputy Chief Counsel
Office of Intellectual Property Law
Date: March 14, 2011

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, 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:

APPROVAL:

[REDACTED]

Carol Hawk, OE-10
Office of Electricity Delivery
Office of Energy Efficiency and
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[REDACTED]

John J. Lucas, GC-62
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(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.