Statement of Considerations

REQUEST BY KENNAMETAL, INC.., FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER SUBCONTRACT NO. 4000017596 UNDER DOE PRIME CONTRACT NO. DE-AC05-00OR22725; DOE WAIVER DOCKET W(A)-02-045 [ORO-775]

Petitioner, Kennametal, Inc., has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Subcontract No. 4000017596 under DOE Prime Contract No. DE-AC05-00OR22725 with UT-Battelle, Inc. The scope of this work is for the development of hot-section materials for advanced microturbines. The objective of this effort is to identify an existing structural ceramic that is being manufactured for other applications, that commensurate with the requirements of advanced microturbines, shows potential for strength, environmental stability, and manufacturability for complex shapes. This work is sponsored by the Office of Distributed Energy Resources, Office of Power Technologies.

The total dollar amount of the subcontract between Petitioner and UT-Battelle is $560,282 of which Petitioner is cost-sharing 25%. The period of performance for Phase I is 18 months from subcontract execution.

Petitioner's experience and expertise will contribute substantially to commercialization of the inventions made under the agreement. In addition to being a recognized global leader in the materials field, Petitioner has an established commercial position for sialon and silicon nitride metal working products and has commercially manufactured six sialon/silicon nitride products in the U.S. for U.S. and foreign sales.

Petitioner has a substantial financial investment directly related to the work to be performed under this agreement. A manufacturing plant in North Carolina produces over $5 M dollars worth or silicon nitride/sialon products yearly and Petitioner has invested almost $1 M in the development of novel sialon materials for metal working within the past two years.

Petitioner has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent and data provisions, retention by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.

Petitioner has agreed 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 Petitioner 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 Petitioner has further agreed 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 Petitioner 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.

Grant of the waiver should have little effect on competition since there are several competing technology options being applied to develop structural ceramics as hot-section components in advanced microturbines.

Furthermore, grant of the requested waiver should serve as encouragement to other DOE contractors and subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the substantial level of cost sharing by Petitioner 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 rights be granted.

[redacted]
Assistant Chief Counsel for
Intellectual Property

Date: 10/1/02

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interests 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 agreement where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:

[redacted]
William P. Parks, Jr.
Associate Deputy Assistant Secretary for
Power Technologies

Date: 10/1/02

APPROVAL:

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

Date: 10-2-02