

## STATEMENT OF CONSIDERATIONS

REQUEST BY RAYTHEON COMPANY FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER ITS SUBCONTRACT NO. 51557, UNDER DOE CONTRACT NO. DE-FG36-93CH10560, W(A) -96-017; CH-0909

The Raytheon Company (hereafter Raytheon), a large business, has petitioned for an advance waiver of patent rights under a cost shared assistance agreement with the Utility Photovoltaic Group (UPG), a nonprofit organization, DOE Contract No. DE-FG36-93CH10560. Raytheon is a second tier subcontractor under the award as a subcontractor of the Arizona Public Service Company (hereafter APS). As described in the following, APS was one of the organizations selected to participate in DOE's TEAM-UP program under the UPG cooperative agreement.

Under the terms of the waiver, all subject inventions of Raytheon's employees, including those of its wholly owned or controlled subsidiaries and affiliates, will be waived by the Department and vested in Raytheon subject to the standard Government license and background patent and data provisions, as well as march-in and U.S. preference provisions comparable to 35 USC §203 and §204. Additionally, Raytheon has agreed to the attached U.S. Competitiveness provision.

As set out in the attached waiver petition, and in particular in Exhibit I of the petition, the APS contract is one of twelve awards made under the TEAM-UP partnership program. TEAM-UP is a partnership program of the U.S. electric utility industry and DOE established to develop utility photovoltaic (PV) markets, and in the case of these awards, the Grid-Connected Applications (GCA) portion of the TEAM-UP program. The TEAM-UP GCA program is currently funded on a cost-share ratio of 20% federal funds to 80% private funds.

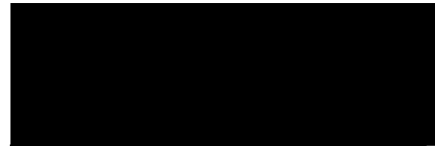
Under the APS prime contract, APS is installing 40kW of PV at its STAR facility in Phoenix, Arizona. Under its subcontract, Raytheon is to deliver at least eight invertors and one transformer previously designed and constructed as components of its Embedded Power Conditioning System (EPCS). Although these components were previously developed, Raytheon may make inventions in the process of adapting those components to the APS facility. Thus, Raytheon has requested DOE to waive its patent rights under this subcontract. As can be seen from its petition, Raytheon clearly intends to continue development and commercialization of this technology.

The APS contract anticipates a total project cost of \$5,317,312 of which the TEAM-UP award represents \$877,620, or about 16.5 percent of the total. Since the federally funded portion of the TEAM-UP share is funded at 20 percent, the federal contribution to Raytheon's subcontract is about 3.3 percent of the total project cost.

The total cost of the Raytheon subcontract is estimated to be \$100,000. Of that amount, Raytheon has agreed to cost share \$20,000 of the total, or 20 percent, comprising a \$15,000 cash contribution and a \$5000 in-kind material contribution.

Considering the foregoing, it is believed that granting the waiver will provide Raytheon with the necessary incentive and mechanism to invest their resources in the development and commercialization of the results of the contract in a fashion which will make the contract's benefits available to the public in the shortest practicable time. The waiver is not expected to have any adverse impact on competition.

In view of the foregoing, and the objectives and considerations set forth in 41 CFR 9-9.109-6, all of which have been considered, it is recommended that the requested waiver be granted consistent with the above. This waiver is contingent upon the Contracting Officer's determination that at least 20 percent of the total cost of Raytheon's subcontract is being paid with non-federal funds.



Thomas G. Anderson  
Assistant Chief Counsel  
Office of Intellectual Property Law

Date 6/27/97

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 patent rights of the scope described above and, therefore, the waiver is granted. This waiver shall not apply to any modification or extension of this contract where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

Concurrence:

James E. Rannels 0/29/97  
Acting Director  
Office of Photovoltaic and  
Wind Technologies

Approval:

Paul A. Gottlieb 1/0 9-10-97  
Assistant General Counsel  
for Technology Transfer and  
Intellectual Property

**(c) 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 manufacturing, 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.

***WAIVER ACTION - ABSTRACT***

**W(A)-96-017 (CH-0909)**

**REQUESTOR**

Raytheon Company  
DE-FG36-93CH10560

**CONTRACT SCOPE OF WORK**

Electrical inverter and transformer  
development.

**RATIONALE FOR DECISION**

At least 20% cost sharing

**DISPOSITION**