

STATEMENT OF CONSIDERATIONS

REQUEST BY THE ALUMINUM COMPANY OF AMERICA (ALCOA) FOR AN ADVANCE WAIVER OF PATENT RIGHTS PURSUANT TO A COST SHARED SUBCONTRACT UNDER RFP NO. 300263 ISSUED BY BATTELLE'S PACIFIC NORTHWEST NATIONAL LABORATORY (PNNL). (W(A)99-003)

The waiver request is directed to a cost shared subcontract for the development of a thermal magnesium production process. The proposal title is "Advanced Magnetherm Process for the Production of Magnesium". Alcoa is requesting the US and foreign rights (subject to the standard government license) to all inventions made under this project. Funding for this project is 50% from DOE and 50% from Alcoa; that is \$1,402,069 each.

The new magnesium process conceived by Alcoa supports the goals of the Northwest Alliance for Transportation Technologies (NATT), the Partnership for a new Generation Vehicle (PNGV), and DOE's Office of Transportation Materials in that it promises to provide low-cost magnesium for use in automobiles.

Alcoa is the third largest domestic producer of magnesium and operates the world's largest thermal reduction magnesium facility. This Magnetherm facility offers a unique resource for the development of a low-cost magnesium production process.

Alcoa has already invested \$292,000 of its own funds in developing this technology. Through this cost-shared subcontract, Alcoa would invest another \$1,402,069 which would be matched by the government's \$1,402,069. It is seen that a waiver of rights in this invention is a reasonable and necessary incentive to call forth private risk capital for the development and commercialization of the invention. It is further seen that technological expertise in this area lies with Alcoa and not with DOE or its national laboratories. The technology to be developed has arisen from the private sector and not as a result of heavy government investment.

Alcoa has requested that the waiver extend to its subsidiaries and lower tier subcontractors and particularly to Mintek and Titaco. It is recognized that lower tier subcontractors not subject to Public Law 96-617 have a right to request a waiver in their own subcontracts. Therefore, such extension is conditioned on the approval of each affected subcontractor. The terms and conditions of this waiver will be flowed down to the subcontractors, as appropriate.

Mintek is a South African firm that was chosen for its expertise in this field. Mintek has both dc arc operating experience and pilot scale experimental dc facilities. In addition Mintek is the owner of U.S Patent No. 4,699,653 which is directed to a thermal magnesium production process.

The primary process used to produce magnesium is the electrolytic process. Development of an economical thermal magnesium production process would serve to increase competition in the production of magnesium metal. In addition, Alcoa has indicated its willingness to license the developed technologies on reasonable terms and conditions. Granting of this waiver is likely to have a favorable effect on competition and market concentration.

The waiver shall be subject to the terms and conditions specified in 48 CFR 52.227-12 (Jan 1997) as modified by 10 CFR 784.12 and with the addition of the following U.S. Competitiveness Clause:

"(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."

In addition, Rights in Data - General (JUN 1987), is amended by adding paragraph (k) as follows:

"(k) Contractor Licensing. Except as may be otherwise specified in this contract as data not subject to this paragraph, the Contractor agrees that upon written application by DOE, it will grant to the Government and responsible third parties, for purposes of practicing a subject of this contract, a nonexclusive license in any limited rights data or restricted rights software on terms and conditions reasonable under the circumstances including appropriate provisions for confidentiality; provided, however, the Contractor shall not be obliged to license any such data if the Contractor demonstrates to the satisfaction of the Secretary of Energy or designee that:

(1) Such data are not essential to the manufacture or practice of hardware designed or fabricated, or processes developed under this contract;

(2) Such data, in the form of results obtained by their use, have a commercially competitive alternate available or readily introducible from one or more other sources;

(3) Such data, in the form of results obtained by their use, are being supplied by the contractor or its licensees in sufficient quantity and at reasonable prices to satisfy market needs, or the contractor or its licensees have taken effective steps or within a reasonable time are expected to take effective steps to so supply such data in the form of results obtained by their use; or

(4) Such data, in the form of results obtained by their use, can be furnished by another firm skilled in the art of manufacturing items or performing processes of the same general type and character necessary to achieve the contract results."

Upon evaluation of the Waiver Petition 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 be granted.

[REDACTED]
Robert Southworth
Patent Counsel, RL

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 would best be served by grant of a waiver of the scope described above, and therefore the waiver is granted.

CONCURRENCE

[REDACTED]
Joseph Carpenter
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APPROVAL

[REDACTED] SEP 13 1999
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WAIVER - ACTION ABSTRACT

REQUESTER

CONTRACT SCOPE OF WORK

RATIONALE FOR DECISION

DISPOSITION

ALCOA

Develop high volume process
for the assembly of
aluminum automobile parts.

Private capital has been
used to develop this technology.
This subcontract is to be
a 50/50 cost share. Granting
this waiver is likely to
encourage further private
investment.

Grant waiver
of US and
foreign
rights.