

## **STATEMENT OF CONSIDERATIONS**

**REQUEST BY RELIANCE ELECTRIC COMPANY (REC) FOR AN  
ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT  
RIGHTS UNDER DOE CONTRACT DE-FC02-93CH10580:  
W(A)-93-028; CH-0786**

Reliance Electric Company (REC) has requested a waiver of domestic and foreign patent rights for all subject inventions of its employees, including those of its wholly owned or controlled subsidiaries and affiliates, under a Cooperative Agreement for the development of a 100 horsepower synchronous motor utilizing superconducting coils under DOE Contract No. DE-FC02-93CH10580. This agreement was awarded under DOE's Superconductivity Partnership Initiative. Technical data first produced under this program will be afforded limited protection pursuant to Title XXX, Section 3001(d), of the Energy Policy Act of 1992.

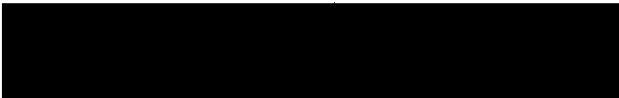
A copy of REC's waiver petition is attached for reference. REC has begun work under the agreement subject to the contingency that it will not be obligated to continue performance under the agreement if DOE does not grant an advance patent waiver for its work under the agreement. Under the terms of the agreement, REC's cost sharing obligation is \$980,716 (approximately 31%) of the total contract cost of \$3,117,750.

The overall objective of the Superconductivity Partnership Initiative is to significantly reduce the technical and economic risks associated with development of the various superconducting technologies. Under this agreement, the objective is to produce a synchronous motor with high temperature superconducting coils operating in the 20° to 40° K temperature range. As noted in its waiver petition, REC has extensive prior experience in the design and manufacture of electric motors, including motors which incorporate superconducting materials. REC and its predecessors and affiliates have been building and selling motors and controls since 1904. REC is clearly a major domestic manufacturer of electric motors with a reputation as an innovator in the development and application of advanced concepts for industrial electric power and control products. Accordingly, it is reasonable to conclude that REC fully expects to continue development and ultimately commercialize the results of this agreement.

REC has agreed that this waiver shall be subject to the standard march-in and preference for U.S. industry provisions, as well as the attached background patent and U.S. competitiveness provisions. Additionally, REC has agreed to a comparable background data licensing provision. Briefly summarized, in principal REC has agreed to license domestic third parties under its background patents and data for use in connection with superconducting motors of 100 horsepower or greater (the subject matter of the agreement) on DOE's request if REC fails to maintain reasonable efforts toward the practical application or commercialization of this technology.

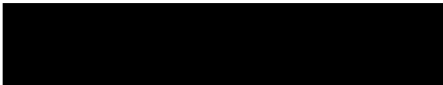
Referring to item 10 in the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. There are currently a variety of companies pursuing a number of superconducting coil cooling technologies relating to the subject matter of this agreement. Thus, given the state-of-the-art and the various technical approaches available, the success of any one of those approaches would normally be expected to stimulate investment in other competing technologies.

Considering the foregoing, it is believed that granting this waiver will provide REC with the necessary incentive to invest its 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. Therefore, in view of 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.

  
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Thomas G. Anderson  
Assistant Chief Counsel  
Intellectual Property Law Division, CH


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 agreement where, through such modification or extension, the purpose, scope or cost of the agreement has been substantially altered.

CONCURRENCE:

  
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Marvin E. Gunn, Jr.  
Director, Office of Energy  
Management, HQ

Date: 12/10/93

APPROVAL:

  
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Richard E. Constant  
Assistant General Counsel for  
Intellectual Property Counsel, HQ

Date: 12/10/93

## **U.S. COMPETITIVENESS**

The contractor (waiver recipient) agrees that any products sold by Contractor and embodying any waived invention or produced through the use of any waived invention will be manufactured substantially (1) in the U.S. if such product is rated at 5000 horsepower or less; or (2) in the U.S. or Canada if such product is rated greater than 5000 horsepower; unless the Contractor (waiver recipient) can show to the reasonable satisfaction of the Contracting Officer that it is not commercially feasible to do so. Contractor further agrees that any increase in production capacity (defined as an increase in both square feet of production space and employment at a facility) attributable to the commercialization of superconducting motors will be made in the United States unless the Contractor (waiver recipient) can show to the reasonable satisfaction of the Contracting Officer that it is not commercially feasible to do so. In the event the Contracting Officer agrees to forego the requirements set forth in the preceding sentence, there will be a requirement that the Government's support of the technology be recognized in some appropriate manner (e.g., through a reasonable royalty payable on products sold by Contractor and embodying a waived invention and not manufactured substantially in the U.S. or Canada). The Contractor (waiver recipient) agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. The Contractor (waiver recipient) further agrees that in the event a controlling interest is to be acquired by a foreign entity in the Contractor (waiver recipient) in any assignees or licensee of a waived invention, then in that case any rights in the waived invention to be acquired by the foreign entity will be subject to the written approval of the Contracting Officer. The Contractor's obligations (including but not limited to the obligations to pay royalties) under this clause shall terminate ten (10) years after the final payment to Contractor under this Agreement.