

STATEMENT OF CONSIDERATIONS

REQUEST BY TIMKEN FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC07-99ID13651; W(A)-99-010; CH-1005

The Petitioner, Timken Company, has requested a waiver of domestic and foreign patent rights for all subject inventions arising under the above referenced cooperative agreement and on behalf of its subcontractor, the National Research Council of Canada, Industrial Materials Institute (IMI). The cooperative agreement is entitled, "Development of a Versatile Laser-Ultrasonic System and Application to the On-line Measurement for Process Control of Wall Thickness and Eccentricity."

The objective of this cooperative agreement is to develop, build and demonstrate a laser ultrasonic system for on-line measurement and control of wall thickness and eccentricity of metallic tubing. During the first 18 months of this project, an industrially hardened laser based ultrasonic system incorporating advanced signal processing will be developed. During the last 12 months of the project, the system will be demonstrated at Petitioner's facilities on three different machines for use in mechanical tubing production lines. IMI, a subcontractor under this award, will develop the laser subsystems, coordinate measurement subsystems, and the optical detection subsystems. In addition, IMI will also develop the plant operator interface and prepare much of the needed documentation.

The total anticipated cost of the cooperative agreement, over the course of this 30 month project, is \$2.5 million, with the Petitioner cost sharing 40% of the cost. The waiver is contingent upon the Petitioner maintaining the above cost sharing percentages during the course of the agreement.

As noted in its waiver petition, Petitioner is the world's largest manufacturer of seamless alloy mechanical steel tubing, with sales of tubing totaling \$882 million in 1998. The Petitioner currently operates four processing lines; three located in Canton, Ohio and one located in Wooster, Ohio. Further, Petitioner has an extensive body of knowledge, experience and resources in the field of tube manufacturing, with research facilities in Ohio, Pennsylvania, and England. Petitioner's research efforts cover a wide range of disciplines, including engineering, tribology, physics, mathematics, computer science, chemistry, metallurgy, electronics, machinability and corrosion. Considering Petitioner's technical expertise, established market position, and significant investment in this technology including sizable cost sharing in this cooperative agreement, it is reasonable to conclude that Petitioner will continue to develop and ultimately commercialize the technology and products which may arise from this cooperative agreement.

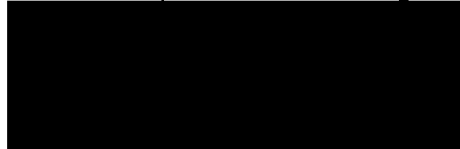
As set out in the attached waiver petition, Petitioner has also requested a waiver of patent rights in the subject inventions of its subcontractor, IMI, which has agreed to the same terms and conditions as Petitioner. This waiver contemplates that Petitioner and IMI will allocate title or other rights to inventions among themselves in accordance with the Timken/IMI Agreement, and as they deem appropriate during the course of their association consistent with

the terms of this waiver. Accordingly, title to all subject invention may be waived directly to Petitioner. This waiver shall not impact the rights of those parties subject to Public Law 96-517, as amended, nor shall it grant any rights in inventions made by employees of the National Laboratories.

Petitioner has agreed that this waiver shall be subject to the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, comparable to those set out in 35 U.S.C. 202-204. Further, Petitioner has agreed to the U.S. competitiveness provisions as attached to this Statement. In brief, Petitioner has agreed that products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless Petitioner can show to the satisfaction of the DOE that it is not commercially feasible to do so, and that Petitioner will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Additionally, Petitioner has agreed to contractor data licensing provisions as attached herein.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. There are competing technologies that are available for this type of material testing. The success of this cooperative agreement can be expected to stimulate further investment and competition in this technology. In addition, Petitioner and IMI have agreed to license this technology to third parties after three years.

Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the cooperative agreement in a fashion which will make the above technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 10 CFR Part 784, all of which have been considered, it is recommended that the requested waiver be granted.



Daniel D. Park
Assistant Chief Counsel
Intellectual Property Law
Division

Date:

9/30/99

Based upon the foregoing Statement of Considerations and 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 the cooperative agreement, where through such modification or extension, the purpose, scope or cost of the cooperative agreement has been substantially altered.

CONCURRENCE:



William Parks
Director, Office of Industrial
Cross-cut Technologies
EE-20

Date: 06/28/89

APPROVAL:



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

Date: 06/28/89

WAIVER ACTION - ABSTRACT
W(A)-99-010

REQUESTOR

The Timken Company

CONTRACT SCOPE OF WORK

Development of a Versatile
Laser-Ultrasonic System

RATIONALE FOR DECISION

40% cost sharing

(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.

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.