

STATEMENT OF CONSIDERATIONS

REQUEST BY McDERMOTT TECHNOLOGY, INC FOR AN ADVANCE WAIVER OF PATENT RIGHTS TO INVENTIONS MADE UNDER DOE CONTRACT NO. DE-AC26-99NT40691; W(A) 06-013 ; CH-1366

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, McDermott Technology, Inc (MTI) has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above subject cost shared contract: "Affordable Multi-Layer Ceramic (MLC) Manufacturing for Power Systems (AMPS)". The waiver will apply to inventions made by MTI employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title to inventions pursuant to P.L. 96-517, as amended, and National Laboratories.

Referring to item 2 of MTI's petition, the purpose of this agreement is to develop multi-layer, co-fired planar solid oxide (oxide) stack and associated manufacturing technologies utilizing the high-volume production methods currently employed in the manufacture of multi-layer ceramic (MLC) packages and capacitors for the microelectronics industry. The goal is commercialization of high-performance, cost-competitive oxide power systems for distributed energy markets.

The work under this agreement took place from October 1, 1999 to September 30, 2002. McDermott submitted an advanced waiver petition under a letter dated November 21, 2000. That petition was never received by patent counsel. MTI's recent inquiry concerning the status of that request during the closeout process for this award led to the discovery of the petition. MTI has disclosed two inventions to DOE under this cooperative agreement, and indicated through telephone calls with DOE Patent Counsel that it is preparing at least one more disclosure under this award. Therefore it is necessary to process this petition. In addition, it is noted that Rolls Royce Corporation will be acquiring SOFCo from MTI. MTI may transfer title to subject inventions to SOFCo provided that Rolls Royce agrees to the waiver terms and conditions imposed on MTI under this waiver.

The total cost of the project was \$21,882,000. MTI and its subcontractors cost shared \$11,217,118 or 51%. DOE provided the remaining cost share of 10,664,882 or 49%. MTI had two subcontractors: SOFCo and Advanced Refractory Technologies. SOFCo was jointly held by McDermott Technology, Inc. and Ceramatec, and on January 1, 2000, MTI purchased SOFCo, and it became a wholly owned subsidiary of the petitioner. The subcontractor Advanced Refractory Technologies was a small business and subject to P.L. 96-517.

In view of the cost sharing and other equities between MTI and its subcontractors, it is anticipated that the parties will develop an appropriate allocation of patent rights among the participants to facilitate the expeditious development of the technology forming the subject matter of the agreement. Accordingly, DOE will waive title to all subject inventions made by MTI employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title pursuant to P.L. 96-517, as amended, or National Laboratories, to MTI, as mutually agreed by the parties.

Referring to items 5 and 6 in MTI's waiver petition, MTI states it has extensive experience in designing, developing and commercializing high-temperature structural ceramics and advanced power generation systems. MTI has listed patents it owns that are relevant to the subject matter of this petition, and also states that another 14 patent applications have been

filed. This, coupled with MTI's cost sharing, and submission of invention disclosures after completion of the work, clearly demonstrates the likelihood that MTI will continue development and commercialization of the results of this agreement.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition as there are a variety of competing technologies in the power generation industry.

This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver licensing provisions, and the government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes the attached U.S. Competitiveness clause (paragraph t) which requires products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. The contractor further agrees to make the above condition binding on any assignee, licensee or other entity acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor 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. It is recognized that a transfer of ownership from the petitioner to Rolls Royce is being contemplated. Such transfer is acceptable provided Rolls Royce agrees to these waiver terms and conditions and U.S. Competitiveness clause.

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 agreement in a fashion which will make the 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.

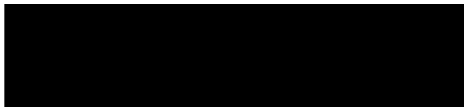

Mark P. Dvorscak
Assistant Chief Counsel
Intellectual Property Law Division

Date: Sept 14, 2006

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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 will not apply to any modification or extension of the contract, where through such modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:



Victor Der
Director, Clean Energy Systems
Office of Fossil Energy, FE-22

Date: 11/1/06

APPROVAL:



Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and
Intellectual Property, GC-62

Date: 11/17/06

(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.