

STATEMENT OF CONSIDERATIONS

REQUEST BY 3M COMPANY FOR AN ADVANCED WAIVER OF PATENT RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC02-02CH11111; W(A)-03-002; CH-1126

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, 3M Company (3M) has requested an advanced waiver of domestic and foreign patent rights for all subject inventions made under the above-identified cooperative agreement by its 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 in 3M's waiver petition, 3M has developed a high-performance composite conductor, known as Aluminum Conductor Composite Reinforced (ACCR) and is leading a team to advance this conductor from a research and development stage to a commercially viable product. In the course of this agreement, and in conjunction with the Western Area Power Administration, 3M expects to develop and demonstrate low-sag wire conductor performance under various conditions including various voltages, mechanical loading conditions, and operating conditions, as well as evaluate potential economic benefits and develop industry standards.

The work under the agreement is expected to be completed in two phases over a period of about three years at a total cost of \$14,921,659. 3M is obligated to cost share \$5,842,787, or about 39 percent of the total cost of the project. Although DOE is not currently obligated to do so, if funding is available, the DOE Program anticipates continuing the work under the agreement in a third phase to demonstrate manufacturing and commercialization of the technology.

Accordingly, if additional funding is added to the agreement to fund such a third phase, this waiver will also extend to subject inventions under that phase of the agreement, provided that 3M maintains substantially the same cost sharing as in the first two phases of the agreement, in aggregate, over all phases of the agreement.

In view of the cost sharing and other equities between 3M 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 3M's 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 3M or its subcontractors, as mutually agreed by the parties. Except as otherwise approved in writing by DOE Patent Counsel, a party's acceptance of a subcontract under this agreement, at any tier, shall constitute 3M's certification that it has provided that party with a copy of this Statement of Considerations and that party's notice to DOE that it accepts the terms and conditions of this advance waiver. Additionally, subcontractors who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

Referring to items 4-8 of 3M's petition, 3M is one of the world's largest producers of continuous tow-based ceramic fibers and has been manufacturing and selling ceramic fibers for over twenty years. Similarly, 3M has developed and supplied metal matrix composites for a wide range of applications, and currently has an on-going program working on the development of Metal Matrix Composite (MMC) wire and related areas in fiber scaling. This, coupled with 3M's cost sharing, clearly demonstrates the likelihood that 3M will continue development and commercialization of the results of this agreement.

This advance waiver of the Government's rights inventions is subject to the usual advance patent waiver and background data 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.

Referring to item 9 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. While 3M is not aware of any other commercial organization in the United States developing MMC wire for use in overhead transmission cables, other commercially competitive low-sag wire alternatives are currently under development.

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.


for Thomas G. Anderson
Assistant Chief Counsel
Intellectual Property Law Division

Date: Mar. 10, 2004

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:

APPROVAL:



William P. Parks, Jr., Director
Office of Distributed Energy and Electricity
Reliability Program, EE-2D

Date: 3/31/04



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

Date: 4-13-04

(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.

WAIVER ACTION - ABSTRACT
W(A)-03 - 002 (CH-1126)

REQUESTOR

3M Company

CONTRACT SCOPE OF WORK

Composite Conductors for U.S.
Transmission Network

RATIONALE FOR DECISION

39% cost sharing

DISPOSITION