

STATEMENT OF CONSIDERATIONS

REQUEST BY NEW YORK STATE ELECTRIC & GAS CORPORATION
(NYSEG) FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN
INVENTION RIGHTS UNDER COOPERATIVE AGREEMENT NO.
DE-FC22-92PC-92642, W(A)-93-016, CH-0773

NYSEG was awarded this cooperative agreement under the fourth round of the Innovative Clean Coal Technology Program pursuant to P.L. 101-512 to demonstrate a combination of cost effective emission reduction and efficiency improvement technologies including: Saarberg-Holter Umwelttechnik's (S-H-U) advanced SO₂ scrubber technology which uses formic acid enhancement and cocurrent/countercurrent open spray tower absorber design; Stebbins Engineering's tile-lined split module absorber construction; NO_xOUT injection and air combustion modeling technology and implementation for NO_x control; and heat pipe air heater technology to increase energy efficiency and conservation. The cooperative agreement resulted from NYSEG's proposal submitted in response to a PON from DOE. Of the thirty-three proposals submitted under the PON, nine were selected for DOE funding.

NYSEG has requested a waiver of domestic and foreign rights for all subject inventions made by its employees under this agreement, subject to the patent rights provisions of the agreement. This approach should focus development and ultimate commercialization of this technology as well as simplify administration of the recoupment provisions of the agreement required by P.L. 98-146. In addition, the cofunders of the project, EPRI, ESEERCO and NYSERDA shall have the right to obtain a nonexclusive, irrevocable, royalty free license to use or permit others to use subject inventions in the performance of projects. With respect to the NYSEG's subcontracts with large businesses Nalco Fuel Tech, Consolidated Coal (Consol), Stebbins Engineering, and ABB Air Preheater, NYSEG will have non-exclusive, irrevocable, royalty-free licenses in subject inventions made by the employees of these subcontractors. With respect to its subcontract with S-H-U, NYSEG will be the co-owner of any subject inventions developed under this subcontract by S-H-U employees. Separate waiver petitions have been submitted to DOE by Consol, Stebbins, and S-H-U.

As brought out in NYSEG's response to question 3 in the attached copy of its petition for waiver, the total estimated cost of this agreement is about \$158,607,807 with NYSEG cost sharing 72 percent of the total agreement cost. Moreover, as noted above, NYSEG will be required to provide a plan for cost recoupment including royalty sharing with the government, which is subject to approval by the contracting officer. Therefore, the grant of this waiver will facilitate NYSEG's efforts to meet its recoupment obligations under the cooperative agreement with respect to royalty revenue from licensing of the technology.

In addition to its direct cost sharing, according to its response to questions 7 and 8, NYSEG has invested in background research relevant to the contract technology. This investment has been about \$500,000 in developing the proposal and selecting an appropriate project team. As brought out in response to question 9, NYSEG intends to actively seek licensees for and market inventions developed under the cooperative agreement, and to fully support Nalco, S-H-U, Stebbins, and ABB Air Preheater, in connection with their own commercialization efforts by allowing the use of the demonstration facility and making its employees available in furtherance of such efforts. This clearly demonstrates NYSEG's commitment to the technology and indicates a likelihood of an effort to commercialize the results of the agreement.

NYSEG has agreed to the standard provisions with respect to invention waivers with the substitution of the march in rights, U.S. manufacturing preference, and U.S. government license provided in 35 U.S.C. 202-204. Additionally, NYSEG has accepted standard background patent and data provisions of paragraphs (k), (h) and (j) (except for (j)(3)) to assure commercialization of the technology, and has agreed to a special provision allowing the government to complete the project in the event NYSEG is incapable of completing the agreement. NYSEG has requested a waiver from the requirements of paragraph (j)(3) to allow it to obtain co-ownership or license rights in the subject inventions of its large business subcontractors, as explained above.

Considering the foregoing, it is believed that granting the waiver will provide NYSEG 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 cooperative 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.


Mark P. Dvorscak
Patent Attorney
Intellectual Property Law Division

Date 12/20/93

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

CONCURRENCE:

APPROVAL:



Jack S. Siegel
Acting Assistant Secretary
for Fossil Energy

Date 2/9/94



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

Date 2/10/94