

## STATEMENT OF CONSIDERATIONS

REQUEST BY SAARBERG-HOLTER-UMWELTTECHNIK (S-H-U) FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS MADE UNDER ITS SUBCONTRACT WITH NEW YORK STATE ELECTRIC & GAS, UNDER COOPERATIVE AGREEMENT NO. DE-FC22-92PC-92642, W(A)-93-017, CH-0774

New York State Electric & Gas Co. (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 which will allow utilities to comply with the Clean Air Act Amendments of 1990, at the Milliken Station in Lansing, New York. 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.

Saarberg-Holter-Umwelttechnik (S-H-U) is a large business subcontractor of NYSEG and will provide front-end engineering, process design and technical support for this project in the field of hydrocarbon fired electric generating stations, waste incinerators and industrial applications for SO<sub>2</sub> removal from stack gases. S-H-U 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 its subcontract. As indicated in response to question 1 of the waiver petition, NYSEG and S-H-U will be co-owners of any inventions made under the subcontract by S-H-U employees. 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. 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.

The total estimated cost of the cooperative agreement is about \$158,607,807 with NYSEG and its subcontractors cost sharing 72 percent of the total agreement cost. S-H-U is contributing \$3.2 million along with the provision of key employees. Moreover, as noted above, S-H-U 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 S-H-U's efforts to meet its recoupment obligations under its subcontract with respect to royalty revenue from licensing of the technology.

S-H-U is technically competent in the field of SO<sub>2</sub> removal from stack gases. S-H-U's technology is currently operating on over 8,000 megawatts of utility generation in Europe. In addition, it is the owner of various international patents relating to the absorption of SO<sub>2</sub>, including U.S. Patents 4,080,428, entitled "Process for the Purification of Flue and other Waste Gas" and 4,222,993, entitled "Removal of Noxious Contaminants from Gas".

In addition to its direct cost sharing, according to its response to questions 7 and 8, S-H-U has invested in background research relevant to the subcontract technology. This investment has been about 12 million deutsche-marks (about \$7 million U.S.) and S-H-U intends further investment in the technology. It has formed an alliance with a U.S. firm, NaTec FGD Systems for the promotion and continued development of the subject technology. S-H-U has committed over \$2 million over the next 5 years for commercialization of the technology in North America. This private investment clearly demonstrates S-H-U's commitment to the technology and indicates a likelihood of an effort to commercialize the results of the subcontract.

S-H-U 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, S-H-U has accepted standard background patent and data provisions of paragraphs (k), (h) and (j) to assure commercialization of the technology, and has agreed to a special provision allowing the government to complete the project in the event S-H-U is incapable of completing the subcontract.

Considering the foregoing, it is believed that granting the waiver will provide S-H-U with the necessary incentive to invest its resources in the commercialization of the results of the subcontract in a fashion which will make the subcontract'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 this subcontract, where through such modification or extension, the purpose, scope, or cost of the subcontract is substantially altered.

CONCURRENCE:

APPROVAL:



Jack S. Siegel  
Acting Assistant Secretary  
for Fossil Energy

Date 2/10/94



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

Date 2/10/94