

STATEMENT OF CONSIDERATIONS

REQUEST BY WEIRTON STEEL CORPORATION FOR AN ADVANCE WAIVER OF FOREIGN AND DOMESTIC PATENT RIGHTS FOR SUBCONTRACTOR INVENTIONS DEVELOPED UNDER DOE CONTRACT NO. DE-FCO7-92ID13162, RELATING TO THE DEVELOPMENT OF AN INTEGRATED SCHEDULING AND LOGISTICS SYSTEM FOR THE DOMESTIC METALS INDUSTRY; W(A)93-037, CH-0791.

DOE, acting through its Office of Industrial Processes under the Assistant Secretary for Conservation and Renewable Energy, has entered into a cost shared contract with Weirton Steel Corporation (WSC) for the development of an integrated scheduling and logistics system (IMIS), capable of enhancing the competitiveness of the domestic metals industries. The system work includes research and development, application design, and corporate process redevelopment of a scheduling and logistics manufacturing system. As required by P.L. 101-512, WSC has agreed to fifty percent (50%) cost share for the duration of the contract and any extensions which is estimated to be a three year project, at an approximate total cost of 18 million dollars. It was WSC's belief that a waiver of the Government's foreign and domestic patent rights, in its inventions, would promote the policies and objectives of Chapter 18, Title 35 of the U.S. Code and foster the commercial development of the IMIS.

The Government granted WSC's request for waiver W(A)93-009. The waiver of the Government's rights in inventions is subject to Government march-in rights, a paid-up royalty free Government license and a U.S. preference provision comparable to that set out in 35 U.S.C. 204. Additionally, products sold or used in the United States by WSC and its' subsequent licensees which embody inventions under the waiver must be substantially manufactured in the United States, and further, any license or other transfer of rights in a subject invention to third parties other than licensees or affiliates of WSC at the time of this agreement must be approved by DOE prior to any such transfer. (see attached Statement of Considerations)

After further review and evaluation of the commercial development of the program, WSC expressed concerns about the rights of inventions developed by their large business subcontractors. In a letter to Robert Fisher, Assistant Chief Counsel for Intellectual Property Law Division-Chicago, Bill Murphy of WSC requested that a new waiver be issued which would allow WSC to elect title in all inventions developed under the program by their large business subcontractors. The ownership of technology developed would be centrally located, and WSC would be in a position to expedite the commercialization of the technology. As a condition of the waiver, WSC has agreed to negotiate and pass-back rights in the inventions to their subcontractors, and accept the same terms and conditions, march-in, and U.S. preference provisions as stated in waiver number W(A)93-009.

WSC is aware that a grant of waiver would not cover those inventions developed by non-profit organizations, universities, and small business subcontractors.

The granting of this waiver should not result in any additional adverse effects on competition or marked concentration. Rather, because of the centralization of the technology developed under the IMIS program and WSC's commitment to grant rights in inventions developed to its subcontractors, the waiver should enhance competition and growth of the metals industry in the United States. It should also broaden the competitive base of U.S. manufacturers. In addition, if WSC is not making reasonable efforts to utilize a waived invention, DOE can exercise its march-in rights and require licensing of the invention.

In considering the foregoing, it is believed that granting WSC a waiver of government's rights in the inventions of its large business subcontractors will provide the petitioner with the necessary incentive to invest its resources in a manner to make the technology available to the public in the shortest practical time.

Therefore, in view of the objectives and considerations set forth in 41 C.F.R. 9-9.109-6, all of which have been considered, it is recommended that the requested waiver be granted.



Tyrone Davis
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Intellectual Property Law Division

Date 5-5-94

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE



Peter H. Salmon-Cox, Director
Office of Industrial Processes

Date Oct 5, 1995

APPROVAL:



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

Date 10-6-95