

Statement of Considerations

REQUEST BY ALUMINUM COMPANY OF AMERICA FOR AN  
ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS  
IN SUBJECT INVENTIONS MADE IN THE COURSE OF  
OR UNDER DEPARTMENT OF ENERGY CONTRACT NO.  
DE-AC05-84OR21400; SUBCONTRACT NO. 86X-  
SS796C; DOE WAIVER DOCKET W(A)-96-022[ORO-  
637]

Aluminum Company of America (Alcoa) has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Contract No. DE-AC05-84OR21400; Subcontract No. 86X-SS796C. The scope of the work calls for the development of processes for forming aluminum auto parts to make the use of aluminum in the industry feasible and cost effective. Alcoa will be assisting the Department of Energy in developing advanced materials for the automobile industry, namely to develop Semi-Solid Metal (SSM) technology to produce new and existing light weight aluminum alloy castings having greater than fifteen percent ductility. The United States Automotive Materials Partnership (USAMP) will assist Alcoa on an informal, non-cost share basis in tasks mutually agreed upon previously. The work is sponsored by the Office of Transportation Technologies (OTT), Advanced Automotive Materials (AAM).

The dollar amount of the subcontract is \$4,432,000 with Alcoa cost sharing \$1,361,000 or 31% of the subcontract.

Alcoa is a major world supplier of aluminum and the largest domestic primary aluminum producer. It has a history of investing its own resources to develop, test, manufacture and introduce aluminum processes and products to the marketplace. Products include flat rolled products, automotive parts and design services to the transportation industry. Alcoa Technical Center, a world-recognized light metals research facility, has conducted extensive research on the forming of aluminum automotive components and the application of such components in the transportation industry. Additionally, Alcoa maintains an automotive Patent Portfolio as a result of its research funded by Alcoa Worldwide Automotive Products. Therefore, Alcoa's experience and expertise will contribute substantially to commercialization of the inventions made under the subcontract. Alcoa sells aluminum products worldwide to diverse markets including the automotive and transportation industry. Practically all products and services that Alcoa provides are sold in the commercial arena, with no significant amount being sold directly to the federal government. Considering its market position, it has a proven capability to commercialize the aluminum products developed under the subcontract.

If the requested waiver is approved, a patent rights clause embodying the DOE waiver terms and conditions, approved by Alcoa, including march-in rights, retention by the government of a license, preference for U.S. industry, and U.S. Competitiveness clauses will be included in the subcontract. The advance patent waiver will also contain a paragraph that limits Alcoa's ability to alienate waived rights. Specifically, Alcoa shall not transfer rights in any invention without prior approval of DOE. Also, should there be a change in ownership of Alcoa, rights in inventions will be suspended until approval by DOE of the entity obtaining controlling interest having the waiver.

Alcoa agrees that any product, process or service used or sold by Alcoa or its affiliates embodying subject inventions must be manufactured, practiced or provided substantially in the United States. Any license or other transfer in rights of a subject invention to third parties must be approved by DOE prior to any such transfer.

Granting of the waiver should have little effect on competition since there are several technology options, this being one of many previously or yet-to-be developed in the marketplace, therefore there should not be undue market concentration of Alcoa products.

Grant of the requested waiver should serve as encouragement to other DOE subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the acceptable level of cost sharing by Alcoa and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.

[REDACTED]  
[REDACTED]  
[REDACTED]  
Katherine Lovingood  
Senior Patent Attorney

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:

[Redacted signature]

Thomas J. Gross  
Deputy Assistant Secretary for  
Transportation Technology

Date: 9/24/97

APPROVAL:

[Redacted signature]

Paul Gottlieb  
Assistant General Counsel for  
Technology Transfer and  
Intellectual Property

Date: 9-30-97