

## STATEMENT OF CONSIDERATIONS

REQUEST BY THE ALUMINUM COMPANY OF AMERICA (ALCOA) FOR AN ADVANCE WAIVER OF PATENT RIGHTS PURSUANT TO A COST SHARED SUBCONTRACT UNDER RFP NO. 300267 ISSUED BY BATTELLE'S PACIFIC NORTHWEST NATIONAL LABORATORY (PNNL). (W(A)99-001)

The waiver request is directed to a cost shared subcontract for the development of a high volume assembly and joining techniques for assembling aluminum automobile structures. The proposal title is "Advanced High Volume Manufacturing Technology Validation for Lightweight Automobile Structures". Alcoa is requesting the US and foreign rights (subject to the standard government license)

The estimated cost of the proposed project is \$2,309,850 with DOE funding \$1,154,925 and Alcoa funding \$1,154,925. The project is directly related to an earlier CRADA entitled "Optimization of Extrusion Shaping and Joining Technology for Lightweight Structures" (PNNL/145). The estimated cost of that CRADA was \$2,200,000 with DOE and Alcoa providing equal shares. The CRADA was focused on computer modeling of stretch bending and hydroforming of extruded automotive structural components, and the assembly and joining of such components. This proposed project is focused on taking the analytical results from the CRADA and applying them to robotic equipment actually used to make such automotive structures. Although the CRADA and the cost shared subcontract are related, it can be seen that they have differing scopes of work.

The subcontract supports the goals of the Northwest Alliance for Transportation Technologies (NATT), the Partnership for a new Generation Vehicle (PNGV), and DOE's Office of Transportation Materials in that it promises to provide technology for the construction of lightweight, fuel efficient automobiles.

Alcoa is a major world producer of aluminum and the largest domestic primary producer of aluminum. Alcoa has invested over \$100,000,000 in automotive-related research and has an extensive portfolio of patents related to the use of aluminum in automobiles.

It is noted that the automobile manufacturing business is highly competitive and that the dominant technology is based on steel. Development of an alternative technology such as aluminum could only serve to enhance competition between manufacturers. Further it is noted that Alcoa has indicated that it will license the developed technologies on reasonable terms and conditions.

It is seen that Alcoa has invested considerable private funds in this field of technology in addition to the funds that it proposes to spend in this cost-shared project. It is further seen that the technological expertise in this area lies with Alcoa and not with DOE or its national laboratories. Based both upon the equities of the relative investments in this technology and the incentives necessary to call forth private risk capital for the development and commercialization of this technology, it is seen that the requested waiver should be granted.

The waiver shall be subject to the government license and march-in rights set forth in 48 CFR 52.227-12 (Jan 1997) as modified by 10 CFR 784. However the U.S. Competitiveness provision shall read as follows:

"The contractor agrees that any of the products embodying a 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 DOE that it is not commercially feasible to do so. DOE agrees that it is not commercially feasible until there are commercial arrangements between Alcoa and U.S. car manufacturers for high volume (>100,000 units/yr) production of aluminum automotive structures. The contractor further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should the contractor or any 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 any waived invention is suspended until approved in writing by DOE."

In addition, Rights in Data - General (JUN 1987) is amended by adding paragraph (k) as follows:

"(k) Contractor Licensing. Except as may be otherwise specified in this contract as data not subject to this paragraph, the Contractor agrees that upon written application by DOE, it will grant to the Government and responsible third parties, for purposes of practicing a subject of this contract, a nonexclusive license in any limited rights data or restricted rights software on terms and conditions reasonable under the circumstances including appropriate provisions for confidentiality: provided, however, the Contractor shall not be obliged to license any such data if the Contractor demonstrates to the satisfaction of the Secretary of Energy or designee that:

- (1) Such data are not essential to the manufacture or practice of hardware designed or fabricated, or processes developed under this contract;
- (2) Such data, in the form of results obtained by their use, have a commercially competitive alternate available or readily introducible from one or more other sources;
- (3) Such data, in the form of results obtained by their use, are being supplied by the contractor or its licensees in sufficient quantity and at reasonable prices to satisfy market needs, or the contractor or its licensees have taken effective steps to so supply such data in the form of results obtained by their use; or
- (4) Such data, in the form of results obtained by their use, can be furnished by another firm skilled in the art of manufacturing items or performing processes of the same general type and character necessary to achieve the contract results."

Upon evaluation of the Waiver Petition in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver be granted.

[REDACTED]  
Robert Southworth  
Patent Counsel, RL

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 would best be served by grant of the a waiver of the scope described above and therefore the waiver is granted.

CONCURRENCE:

[REDACTED]  
Joseph Carpenter  
Program Manager, Lightweight Materials  
Office of Automotive Technology, EE-32

APPROVAL:

[REDACTED] SEP 23 1999  
Paul A. Gottlieb  
Assistant General Counsel  
for Technology Transfer and  
Intellectual Property, GC-62, 6F-067/FORS

(2) However, the Contractor shall not forfeit rights in a subject invention if, within the time specified in paragraph (m)(1) of this clause, the contractor: (i) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract and delivers the decision to Patent Counsel, with a copy to the Contracting Officer; or (ii) Contending that the subject invention is not a subject invention, the contractor nevertheless discloses the subject invention and all facts pertinent to this contention to the Patent Counsel, with a copy to the Contracting Officer, or (iii) Establishes that the failure to disclose did not result from the contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to subject inventions.

(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.

(End of clause)