

STATEMENT OF CONSIDERATIONS

REQUEST BY DUPONT SUPERCONDUCTIVITY FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE CONTRACT NO. DE-FC36-99GO10287; W(A)-99-008; CH-1002

The Petitioner, DuPont Superconductivity (hereinafter "DuPont"), has requested a waiver of domestic and foreign patent rights for all subject inventions arising from its participation under the above referenced contract entitled "High Temperature Superconducting Reciprocating Magnetic Separator". This contract relates to the construction of 1/4 commercial scale High Temperature Superconducting (hereinafter "HTS") Reciprocating Magnetic Separations Unit for the purification of kaoline clay and titanium dioxide.

It is anticipated that this project will be performed in three phases, over a period of approximately three and one-half years. Only the contract for the first phase has been awarded at this time. The budgeted amount for the contract for Phase I is \$1,601,178, of which the Petitioner's cost share is \$810,842.00 (50.6%). It is contemplated that Phase II and Phase III will be awarded to the Petitioner by the contracting officer. Therefore, it is anticipated that this waiver will be applicable over all three phases of the contract, contingent upon the award of Phases II and III to the Petitioner by the contracting officer, and upon the Petitioner maintaining, in aggregate, substantially the same cost sharing percentage over the course of the contracts (i.e., at least 50 %).

As noted in its waiver petition, Petitioner, has an established non governmental commercial position in HTS technology. DuPont was established in 1986 to perform research and development of HTS technology. Since that time the Petitioner has published extensively and has filed a number of patent applications on HTS related research. With more than 10 years of research experience the Petitioner is a recognized leader in the development of HTS thin film production. Further, prior to the execution of this contract, Petitioner has invested substantial time and monies in research, design and testing of a full-scale HTS batch-type magnetic separator. Considering Petitioner's technical expertise, established market position, and significant investment in this technology, including significant cost sharing in this contract, it is reasonable to conclude that Petitioner will continue to further develop and commercialize the technology which may arise from this contract.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. There are several related technologies and alternate technologies for the separation of mineral contaminants from kaolin clay and titanium oxide. Due to the variety of separation technologies available it is unlikely that the Petitioner will be able to gain a dominant position in the market. Rather, it is expected that the use of HTS magnetic separation technology by the Petition will have minimal effect on competition while providing a production scale example of the usefulness of HTS separation technology to industry.

The Petitioner has agreed that this waiver will be subject to the usual government license and march-in and U.S. preference provisions, equivalent to those set out in 35 U.S.C. 202-204, as well as appropriate background patent, third party licensing and data provisions. Further, Petitioner has agreed to the attached U.S. competitiveness provisions (Clause (t)). In this connection, it should be noted that the Petitioner has also agreed that should DOE accede 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, royalties, etc. Most important, Petitioner has agreed that products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United States unless Petitioner can show to the satisfaction of the DOE that it is not commercially feasible to do so, and in any event it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements.

Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the subcontract in a fashion which will make the above technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 10 CFR Part 784, all of which have been considered, it is recommended that the requested waiver be granted.



Thomas G. Anderson
Assistant Chief Counsel
Office of Intellectual
Property Law

Date: 9/14/99



Mark LaMarre
Patent Attorney
Office of Intellectual
Property Law

Date: September 14, 1999

Based upon the foregoing Statement of Considerations and 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 will not apply to any modification or extension of the subcontract, where through such modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:



Robert Dixon, Acting
Deputy Assistant Secretary for
Power Technologies

Date: 11-2-99

APPROVAL:



Paul Gottlieb
Assistant General Counsel for
Technology Transfer and Intellectual
Property

Date: 12-10-99

WAIVER ACTION - ABSTRACT
W(A)-99-008

REQUESTOR

DuPont Superconductivity

SUBCONTRACT SCOPE OF
WORK

Commercialization of HTS
magnetic separation technology
as it relates to the purification of
kaoline clay and titanium oxide.

RATIONALE FOR DECISION

Significant experience in the
design and manufacture of HTS
magnetic separation technology -
50.6% cost sharing.

the Contractor under paragraph (b) of this clause) may be terminated at the discretion of the Secretary or his designee in whole or in part, if the request for waiver by the Contractor is found to contain false material statements or nondisclosure of material facts, and such were specifically relied upon by DOE in reaching the waiver determination. Prior to any such termination, the Contractor will be given written notice stating the extent of such proposed termination and the reasons therefor, and a period of 30 days, or such longer period as the Secretary or his designee shall determine for good cause shown in writing, to show cause why the waiver of rights should not be so terminated. Any waiver termination shall be subject to the Contractor's minimum license as provided in paragraph (e) of this clause.

(q) Atomic Energy.

No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, shall be asserted by the Contractor or its employees with respect to any invention or discovery made or conceived in the course of or under this contract.

(r) Publication.

It is recognized that during the course of work under this contract, the contractor or its employees may from time to time desire to release or publish information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract. In order that public disclosure of such information will not adversely affect the patent interests of DOE or the contractor, approval for release of publication shall be secured from Patent Counsel prior to any such release or publication. In appropriate circumstances, and after consultation with the contractor, Patent Counsel may waive the right of prepublication review.

(s) Forfeiture of rights in unreported subject inventions.

(1) The contractor shall forfeit and assign to the Government, at the request of the Secretary of Energy or designee, all rights in any subject invention which the contractor fails to report to Patent Counsel within six months after the time the contractor:

- (i) Files or causes to be filed a United States or foreign patent application thereon; or
- (ii) Submits the final report required by paragraph (e)(2)(ii) of this clause, whichever is later.

(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)