

STATEMENT OF CONSIDERATIONS

ADVANCE WAIVER OF PATENT RIGHTS TO HONEYWELL TURBO TECHNOLOGIES (HTT) UNDER DOE PRIME CONTRACT NO. DE-DE-FC26-06NT42873 FOR "ADVANCED TURBO-CHARGING RESEARCH AND DEVELOPMENT"; CH-1390; W(A)-06-032

Honeywell Turbo Technologies (HTT), has petitioned for an advanced waiver of domestic and foreign patent rights to inventions conceived or first actually reduced to practice under DOE Contract No. DE-FC26-06NT42873. This advanced waiver is intended to apply to all subject inventions of HTT's employees.

As brought out in its waiver petition, HTT will research and develop advanced turbocharger systems for use in gasoline and diesel engines for passenger cars and commercial vehicles.

In response to question 3, the total dollar amount of the contract is \$9,221,458 with HTT's portion \$5,261,458 for a cost share of 57.1%.

HTT has been a leading member of the turbocharger industry since 1953. HTT owns over 130 active U.S. patents on turbocharger technology, and receives over \$2 billion dollars annually from commercialized turbocharger technology. HTT has invested hundreds of millions in R&D to maintain its position in the turbocharger industry.

In response to question 9, this waiver will enable HTT's entry into new commercial markets by providing the opportunity to secure suitable patent protection for future HTT products that embody the subject inventions.

This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver conditions. Those terms include the usual Government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes a U.S. Competitiveness clause, (paragraph t), which requires that products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. 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 other such entity receiving rights in any waived inventions 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 DOE.

The grant of this waiver is not expected to have any adverse effects on competition or market concentration. In response to Question 10, HHT asserts that the waiver will potentially increase competition and dilute market concentration.

Considering the foregoing, and in view of the statutory objectives to be attained and the factors to be considered, it has been determined that this advance waiver of patent rights will best serve the interest of the United States and the general public. Subject to HHT providing at least 57.1% cost sharing, in aggregate over the term of this agreement, it is recommended that the waiver be granted.


Acting Assistant Chief Counsel
Intellectual Property Law Division

Date: Nov 5, 2007

Based on the foregoing Statement of Considerations, it is determined that the interest of the United States and the general public will be best served by a waiver of the United States and foreign rights as set forth therein, and therefore the waiver is granted. This waiver will not apply to any modification or extension of the contract, where through such modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:



Edward J. Wall, Program Manager
Vehicle Technologies Program
EE-2G/FORS

Date: 12-3-07

APPROVAL:



Paul A. Gottlieb
Assistant General Counsel for Technology
Transfer and Intellectual Property, GC-62

Date: 12-11-07

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 DOE that it is not commercially feasible to do so. In the event 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 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 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 the waived invention is suspended until approved in writing by DOE.

WAIVER ACTION - ABSTRACT

REQUESTOR: Honeywell
Under DOE Contract NO. DE-FC26-06NT42873

CONTRACT SCOPE OF WORK: Develop advanced turbocharger systems for use in gasoline and diesel engines for passenger cars and commercial vehicles.

RATIONAL FOR DECISION: Granting of the waiver will provide the incentive to commercialize the invention in a fashion which will benefit the public in the shortest practical time.

DISPOSITION: