

STATEMENT OF CONSIDERATIONS

REQUEST BY CATERPILLAR, INC. FOR AN ADVANCE WAIVER OF
DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE CONTRACT NO.
DE-FC02-01CH11079; W(A)-017; CH-1065

As set out in the attached waiver petition, Caterpillar, Inc. (Caterpillar) has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above-identified cooperative agreement by its employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title to inventions pursuant to P.L. 96-517, as amended, or National Laboratories.

This award was made under the Department's Advanced Natural Gas Reciprocating Engine Systems Program, (ARES Program). The objective of the agreement is to develop a high efficiency natural gas reciprocating engine to demonstrate the ARES technologies directed to the ARES Program target goal of 50 percent by 2010. Caterpillar is teaming with a variety of subcontractors to develop the best engine technologies suitable for the ARES Program including advanced combustion technology, air/intake systems, exhaust and aftertreatment systems, sensors and controls, and enhanced component design.

The work under this agreement is expected to take place over a period of 5 years at a total cost of \$6,040,681. Caterpillar is obligated to cost share \$2,040,810, or about 42 percent of the total cost of the project. In view of the cost sharing and other equities between Caterpillar and its subcontractors, it is anticipated that the parties will develop an appropriate allocation of patent rights among the participants to facilitate the expeditious development of the technology forming the subject matter of the agreement. Accordingly, DOE will waive title to all subject inventions made by Caterpillar's employees and its subcontractors' employees, regardless of tier, except inventions made by the subcontractors eligible to retain title pursuant to P.L. 96-517, as amended, or National Laboratories, to Caterpillar or its subcontractors, as mutually agreed by the parties. Except as otherwise approved by DOE Patent Counsel, a party's acceptance of a subcontract under this agreement, at any tier, shall constitute Caterpillar's certification that it has provided that party with a copy of this Statement of Considerations and that party's notice to DOE that it is aware of its right to petition separately for a waiver of patent rights and accepts the terms and conditions of this advance waiver.


As noted in its waiver petition, Caterpillar is the world's largest manufacturer of earthmoving, materials handling and construction equipment and is a world leader in the design, development, production and marketing of medium and heavy duty diesel engines, spark ignited gas engines, and industrial gas engines. This, coupled with Caterpillar's cost sharing, clearly indicates the likelihood that Caterpillar will continue development and commercialization of the results of this agreement.

This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver and background data licensing provisions and the 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 the attached U.S. Competitiveness clause (paragraph t) which requires 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 invention undergo an 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.

Referring to item 9 of the waiver petition, granting this waived is not anticipated to have any adverse impact on competition. If anything, the technology forming the subject matter of this agreement can be expected to stimulate further investment and development of this technology.


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 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: 11/09/01


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 contract, where through such modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:


Patricia Hoffman, Director
Distributive Energy Resources,
EE-16

Date: 12/3/01

APPROVAL:


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

Date: 12/3/01

WAIVER ACTION - ABSTRACT

W(C)-01-017 (CH-1065)

REQUESTOR
Caterpillar, Inc.

CONTRACT SCOPE OF WORK
Develop high efficiency natural
gas reciprocating engine

RATIONALE FOR DECISION
42% Cost Sharing

DISPOSITION