

## Statement of Considerations

### REQUEST BY HONEYWELL LABORATORIES, FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER RFP NO. 6400001119 UNDER DOE PRIME CONTRACT NO. DE-AC05-00OR22725; DOE WAIVER DOCKET W(A)-01-011 [ORO-763]

Petitioner, Honeywell Laboratories, has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under RFP No. 6400001119 under DOE Prime Contract No. DE-AC05-00OR22725. The scope of this work is to develop a building combined heat and power (BCHP) system. The BCHP system will consist of a 5 MW turbine-generator, a heat-recovery steam generator, and an absorption chiller. The program will include the development of package designs, analysis tools, rating procedures, and an optimization and supervisory control system. Field testing and monitoring is also contemplated. This work is sponsored by the Office of Distributed Energy Resources, Office of Power Technologies.

The total dollar amount of the proposed subcontract is \$4,384,217 of which Petitioner is cost-sharing 39%. The subcontract has not been executed yet, however, the period of performance is two years.

Petitioner, in partnership with Honeywell's business units, provides a wide range of technologies, processes, and product concepts. In this capacity, Petitioner, is an applied R&D organization for Honeywell International and has expertise in advanced building controls, cogeneration, thermal energy storage, control strategies to respond to real time utility pricing and energy system optimization. Thus, Petitioner's experience and expertise will contribute substantially to commercialization of the inventions made under the agreement.

Petitioner has a substantial financial investment directly related to the work to be performed under this agreement and has invested significant funding in developing district energy analysis tools and distributed energy resource management technologies that will contribute to the proposed work.


Petitioner has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent and data provisions, retention by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.

Petitioner has agreed 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 Petitioner 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 Petitioner has further agreed 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 Petitioner 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.

Granting of the waiver should have little effect on competition since there are several competing technology options being applied to develop packaged BCHP systems.

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


In view of the substantial level of cost sharing by Petitioner 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.

  
Emily G. Schneider  
Assistant Chief Counsel for  
Intellectual Property

Date: 9/25/01


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

CONCURRENCE:

  
William P. Parks, Jr.  
Associate Deputy Assistant Secretary for  
Power Technologies

Date: OCT 29 2001

APPROVAL:

  
Paul A. Gottlieb  
Assistant General Counsel for  
Technology Transfer  
and Intellectual Property

Date: 10-28-01

(r) **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.

(s) **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.

(t) **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.

(u) **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.

(End of clause)