

## STATEMENT OF CONSIDERATIONS

REQUEST BY DRESSER, INC. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE CONTRACT NO. DE-FC02-01CH11080; W(A)-01-027; CH-1073

As set out in the attached waiver petition, Dresser, Inc. (Dresser) 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.

Referring to the waiver petition, Dresser's principal business is the design, manufacture, installation, and technical support of gaseous fueled reciprocating engines for electrical power generation and other applications. In its 95 year history, the company has designed and produced over 100,000 stationary engine installations. The purpose of this agreement is to design, develop and build a new natural gas engine with significantly improved fuel efficiency and reduced NOx and CO<sub>2</sub> emissions. Dresser believes its new engine will result in a 10 percent reduction in the cost of electricity.

The work under this agreement is expected to take place over a period of about five (5) years at a total cost of \$11,916,450.00. Dresser is obligated to cost share \$6,927,245.00, or about 58 percent of the total cost of the project. In view of the cost sharing and other equities between Dresser 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 Dresser'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 Dresser 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 Dresser'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 it accepts the terms and conditions of this advance waiver.

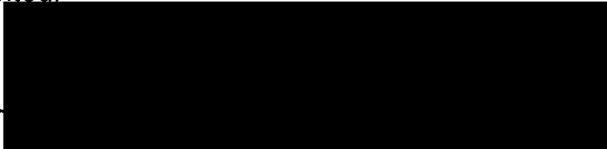
As noted in items 5-9 of the waiver petition, Dresser is an industry leader in the stationary gaseous engine business. Its main non-governmental markets are as drivers in the gas compression and electrical power generation markets. This, combined with Dresser's cost sharing, clearly indicates the likelihood that Dresser 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 Participant 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 Participant 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.

Referring to item 10 of the waiver petition, granting this waiver 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 provide a new entrant in an already crowded market.


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 cooperative agreement 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: 11/30/01


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

CONCURRENCE:

  
Patricia Hoffman, Director  
Distributive Energy Resources  
EE-16

Date: 1/2/02

APPROVAL:

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

Date: 1-14-02

## U.S. COMPETITIVENESS CLAUSE

### (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.

## ***WAIVER ACTION - ABSTRACT***

W(C)-01-027 (CH-1073)

### REQUESTOR

Dresser, Inc.

### CONTRACT SCOPE OF WORK

Develop natural gas engine with  
Improved fuel efficiency and low  
NO<sub>x</sub> and CO<sub>2</sub> emissions

### RATIONALE FOR DECISION

58% Cost Sharing

### DISPOSITION