

STATEMENT OF CONSIDERATIONS

REQUEST BY CATERPILLAR, INC. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC36-04GO14037 ENTITLED "STRUCTURALLY INTEGRATED COATINGS FOR WEAR AND CORROSION"; W(A)-04-022; CH-1191

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, Caterpillar, Inc. (Caterpillar) has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above-identified subcontract 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, and National Laboratories.

Referring to item 2 of Caterpillar's waiver petition, the purpose of this agreement encompasses the development of improved, cost effective surfacing materials and processes for wear and corrosion resistance in both sliding and abrasive wear applications. It is anticipated that wear and corrosion performance improvements will be 4-8 times greater than heat treated steels.

The work under this agreement is expected to take place over a period of two years at a total cost of \$4,055,006. Caterpillar is obligated to cost share \$2,027,598, or about 50 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 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 in writing 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 accepts the terms and conditions of this advance waiver. Additionally, subcontractors who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

Referring to items 4-9 of Caterpillar's waiver petition, Caterpillar is the world's largest manufacturer of earth-moving, materials handling, construction and mining equipment, and is a world leader in the design, development, production and marketing of medium and heavy duty diesel engines, gas engines, and industrial gas turbines. This, coupled with Caterpillar's cost sharing, clearly demonstrates the likelihood that Caterpillar will continue development and commercialization of the results of this agreement.

This advance waiver of the Government's rights to inventions is subject to 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, licensee or other entity 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.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition as there are a variety of competing technologies in the relevant market.

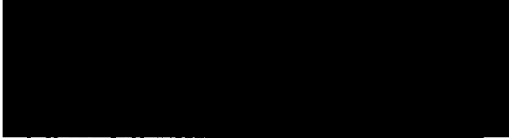
Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the agreement in a fashion which will make the technology available to the public in the shortest practicable time.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


Thomas G. Anderson
Assistant Chief Counsel
Intellectual Property Law Division

Date: 3/14/05


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: Shul 4/19/05


David E. Rodgers, Program Manager
Office of the Industrial Technologies
Program, EE-2F

Date: 4-28-05

APPROVAL:


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

Date: 5-9-05

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 any waived invention is suspended until approved in writing by DOE.

WAIVER ACTION - ABSTRACT

W(A)-04-022 (CH-1191)

REQUESTOR

Caterpillar, Inc.
under DOE
Cooperative Agreement
No. DE-FC36-04GO14037

CONTRACT SCOPE OF WORK

Structurally Integrated Coatings for
Wear and Corrosion

RATIONALE FOR DECISION

50% cost sharing

DISPOSITION