

STATEMENT OF CONSIDERATIONS

**Request by Navistar for an Advance Waiver of Domestic and Foreign
Invention Rights under DOE Cooperative Agreement No. DE-EE0003303;
W(A)-2012-007, CH-1656**

The Petitioner, Navistar, Inc., (Navistar) was awarded this cooperative agreement for the performance of work entitled "Development and Demonstration of a Fuel-Efficient Class 8 Tractor and Trailer". The goal of the cooperative agreement is to develop, build and demonstrate a new class 8 trailer combination that improves vehicle freight efficiency by 50%. The new product will be designed to save fuel, reduce emissions, and lower fleets' fuel costs compared to Navistar's Industry-leading ProStar tractor. The project consists of a phased approach to develop and demonstrate advanced vehicle system and engine technologies to achieve the above objectives. The work will involve analysis, development, testing, and down selection of individual and system level engine and vehicle technologies and the integration of the final selected technologies into a prototype vehicle for the demonstration of the fuel efficiency gains possible through these technologies. Navistar and each of its sub-recipients have independently funded development of technologies which contribute to achieving the overall freight efficiency improvement. The waiver will apply to Navistar and its subcontractors: ATDynamics, Alcoa, Behr America, Robert Bosch LLC, Michelin North America, and Wabash National Corporation. Navistar's subcontractor Meritor previously applied for its own waiver (W(A) 2011-069, granted December 13, 2011).

The total estimated cost of the cooperative agreement is \$89.1 million, with the DOE share being \$37.3 or 42%. Cost sharing of the project by Navistar and its subcontractors is thus \$51.5 million or 58%. The period of performance of the agreement is from October 1, 2010 to September 30, 2015.

In its response to questions 5 through 7 of the attached waiver petition, Navistar has described its technical competence in the field of the diesel engine trucking industry. Navistar states it's a world renowned, established name in the manufacture of diesel engines and trucks with 2010 net sales and revenues of \$12.1 billion. It has filed thousands of patent applications in the field of diesel engines and trucks, a list of which can be seen at www.navistar.com. Navistar also states it has prior technology development in many areas including hybrid, power train, dynamic 5th wheel feature, aerodynamic data, and dynamic tractor-trailer gap closure feature. Navistar's technological experience and financial investment demonstrate its expertise in the field of diesel engine trucking.

From its response to question 10, Navistar states that there are a wide variety of similar technologies; obtaining patents on the specific developments under this program will not have a significant anticompetitive effect. It is unlikely that competition will be adversely affected by grant of the waiver.

The subject contract will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Navistar has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Navistar agrees to substantial U.S. manufacture of subject inventions (attached hereto). Additionally, Navistar agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements.

In view of the cost sharing and other equities between Navistar 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 Navistar'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 Navistar 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 Navistar'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. Furthermore, a subcontractor has the right to request a waiver from DOE in its own right, rather than having to pass through the contractor to acquire title to subject inventions. Additionally, subcontractors who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, 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, as set forth above, be granted.


Mark P. Dvorscak
Deputy Chief Counsel
Office of Intellectual Property Law

Date: February 15, 2012

Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, it is determined that the United States and the general public will best be served by a waiver of rights and consent to assignment of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of

this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

CONCURRENCE:

APPROVAL:



Patrick Davis
Program Manager
Office of Vehicle Technologies Program,
EE-2G

John J. Lucas
Assistant General Counsel
for Technology Transfer and
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for Technology Transfer and
Intellectual Property

Date 6/13/12

Date 6/14/2012

(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.