

## STATEMENT OF CONSIDERATIONS

### REQUEST BY CATERPILLAR, INC. FOR AN ADVANCE WAIVER OF PATENT RIGHTS TO INVENTIONS MADE UNDER COOPERATIVE AGREEMENT NO. DE-FC26-00AL67017 W(A)-08-006, CH-1433

Caterpillar, Inc., has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above subject cooperative agreement. The waiver will apply to inventions made by Caterpillar employees under the agreement. During the course of the agreement, Caterpillar reported twenty-three (23) inventions to DOE. A list of these inventions as provided by Caterpillar to DOE is attached.

This agreement is currently in a close-out status. It originated as DE-FC04-00AL67017 from the Albuquerque Field Office, and then transferred to the National Energy Technology laboratory. The subject matter is "Parasitic Energy Loss Reduction and Enabling Technologies for Class 7/8 Trucks." During the close-out process, it was discovered that the Patent clause at 48 C.F.R. 52.227-12, Patent rights, Retention by the Contractor, Long Form, was incorporated into the agreement. However, this clause is not used by the Department of Energy, and this Cooperative Agreement with Caterpillar, as a large business, should have included the clause at 48 C.F.R. 952.227-13, Patent Rights, Acquisition by the Government. Caterpillar would then have had the right to petition DOE for an Advanced Patent Waiver under 10 C.F.R. 784. Caterpillar has been proceeding under the erroneous 227-12 patent clause with respect to the subject inventions as if it had the right to elect title.

However, because of incorporation of the incorrect patent clause referred to above, a cloud on Caterpillar's title to the 23 subject inventions exists, and it is the purpose of this waiver request to provide a vehicle to cleanly vest Caterpillar with title to its inventions as if it had petitioned for an advance patent waiver under 10 CFR 784 at the outset of this agreement. Discussions between Caterpillar and DOE also resulted in DOE agreeing that Caterpillar could submit an abbreviated petition.


In support of this petition Caterpillar states that it cost shared 52% of the \$4,067,955 project cost, or \$2,097,438. DOE funded the remaining 48%, or \$1,970,517.

Referring to Caterpillar's request, it states that is actively seeking to commercialize the inventions reported under the agreement. As it continues to develop the drive train technology, such as electric drive and electric hybrid drive trains, the technology developed during the MorElectric Initiative is expected to become economically viable due to the fact that the power

source for the MorElectric components will be already on the machine. Caterpillar states that it is continuing to develop electrically driven accessories for its captive machine programs. It also has other projects that could potentially incorporate the program technology that are being targeted for potential production dates in the 2014+ timeframe. 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 in inventions will be subject to the usual advance patent waiver 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, 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.

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 Part 784, all of which have been considered, it is recommended that the requested waiver be granted.

  
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Mark P. Dvorscak  
Deputy Chief Counsel  
Intellectual Property Law Division

Date April 4, 2008

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:



Lee Slezak  
Office of Vehicle Technology Program  
Office of Energy Efficiency and  
Renewable Energy EE-2G

Date 7/11/08

APPROVAL:



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

Date 7-17-08

(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.