

## STATEMENT OF CONSIDERATIONS

### **Advanced Class Waiver of Patent Rights for Technology Developed Under DOE Funding Agreements Relating, Rounds I and II; DOE Solicitation Nos. DE-SC26-99FT40528 and DE-PS26-00NT40781; W(C)-00-007; CH1052**

The Department of Energy is providing federal assistance to foster the development and introduction of innovative technologies that have the potential for significant energy savings in residential and commercial buildings. The objective is to accelerate high-payoff technologies that, because of their risk, are unlikely to be developed in a timely manner without a partnership between industry and the Federal government. Nineteen (19) prime contracts were awarded under Round I of the program, and seventeen (17) prime contracts have been awarded under Round II. Of these awards, eight (8) firms would be eligible for application of this waiver for Round I, and six (6) for Round II. A list of cooperative agreements entitled to participate in this class waiver is attached. As set out in the following, this advance class waiver is intended to apply to inventions of all current and future contractors and subcontractors participating in this program who agree to the terms of the waiver, regardless of tier, except participants obtaining title pursuant to P.L. 96-517, as amended, and National Laboratories.

The objective of the Energy Efficient Building Equipment and Envelope Technologies program is to foster the development and market introduction of innovative technologies that have the potential for significant energy savings in residential and commercial buildings. DOE will support research and development which complements, but does not duplicate or displace, existing private and public efforts. DOE is looking for projects to accelerate technologies that, because they are risky, are unlikely to be developed in time commensurate with their potential payoff to the nation without a partnership between industry and the Federal government. DOE intends to select a group of projects programmatically balanced with respect to: 1) end use category (e.g. water heating, lighting, and space cooling); 2) sector (residential and/or commercial); 3) time to commercialization (short-term or long-term market penetration of the technology); and, 4) project duration (one to four years). DOE will not support demonstration projects to deploy technology on a large scale.

Considering the above, it is the purpose of this class waiver to vest title to the parties' inventions made under this program with the awardees in a fashion enabling them to expediently commercialize the various technologies. Accordingly, DOE will waive the Government's title to subject inventions, other than inventions made by Bayh-Dole participants pursuant to P.L. 96-517, as amended, or National Laboratories, to the respective prime contractor and other entities as may be designated by the parties agreeing to the terms of this waiver. Since the Energy Efficient Building Equipment and Envelope Technologies project obligates twenty per cent cost (20%) sharing, it is expected that patent rights will be allocated among the participants on the basis of cost sharing.

This advance class waiver of the Government's rights in inventions is subject to the usual advance patent waiver and background data licensing provisions. The terms of the advance patent waiver include the Government license, march-in rights, and preference for U.S. industry provisions comparable to those set out in 35 U.S.C. §§ 202-204. The advance patent waiver also includes the attached U.S. Competitiveness clause which requires that products embodying any waiver 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. 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 will further agree to make this 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.

The grant of this class waiver is not expected to result in adverse effects on competition or market concentration. Rather the waiver should accelerate the development of risky technologies that have the potential for significant savings in residential and commercial buildings and make them available to the nation, thereby enhancing competition and growth of this technology. DOE has the right to require reports of the utilization or the efforts at utilization that are being made for the waived inventions.

This advance class waiver shall apply to each of the respective teaming arrangements upon the Contracting Officer's written notice to Field Patent Counsel that the prime contractor is obligated to provide at twenty percent (20% cost sharing, and will remain in effect as long as such cost sharing is maintained, in aggregate, over Rounds I and Rounds II of the program.

In addition to the above, all participants in the Energy Efficient Building Equipment and Envelope Technologies, other than participants which are domestic small businesses or non-profit organizations under P.L. 96-517, as amended, or National Laboratories, shall give DOE written notice of their acceptance of the terms and conditions of this class waiver prior to entering into any agreement incorporating the terms of this waiver. Except as otherwise specifically approved by Field Patent Counsel, a participant's acceptance of an agreement under the Energy Efficient Building Equipment and Envelope Technologies project, at any tier, shall constitute such participant's notice to DOE that it is aware of its right to seek a waiver independently of patent rights but elects to accept the terms and conditions of this class waiver.

In the event a participant does not participate in subsequent phases of the Energy Efficient Building Equipment and Envelope Technologies project, the prime contractor or other entity, as the remaining participants in such project may determine, shall retain as a minimum a royalty-free, nonexclusive license throughout the world, with the right to grant sublicenses in each subject invention held by such participant pursuant to this class waiver.

Considering the foregoing, and in view of the statutory objectives to be obtained and the factors to be considered under DOE's waiver regulation, 10 C.F.R. 784, all of which have been considered, it has been determined that this class waiver as set forth above will best serve the interest of the United States and the general public. It is recommended that the waiver be granted.

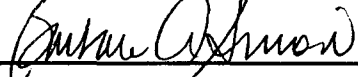


Mark P. Dvorscak  
Assistant Chief Counsel  
Office of Intellectual Property Law

Date Mar. 13, 2001

Based on the foregoing Statement of Considerations, it is determined that the United States and the general public will best be served by a waiver of rights 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



for Mark B. Ginsberg  
Deputy Assistant Secretary  
Building Technologies and State  
and Community Programs  
Office of Energy Efficiency  
and Renewable Energy

Date

4/2/01

APPROVAL:



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

Date

4-7-01

(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.