

## STATEMENT OF CONSIDERATIONS

REQUEST BY HONEYWELL, INC., FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-02NT41219; W(A)-02-022, CH-1105

The Petitioner, Honeywell, Inc. (Honeywell), was awarded this cooperative agreement for the performance of work entitled, "Ultra-Low Sulfur Reduction Emission Control Device." The purpose of the cooperative agreement is to develop a filter which can remove sulfur in diesel fuel and be used as an "on-board" device to protect and allow post combustion devices to meet new clean air emission standards. Specifically, the objective of the project is to develop and demonstrate a proof of concept for an on-vehicle desulfurization filter for heavy-duty diesel engines. Integration of this component into the vehicle fuel train will reduce the adverse effects fuel sulfur components have on post emission control devices, NOx adsorbers, and allow them to meet the proposed new EPA Tier II and 2007-Rule emission standards. The proposed component is based on Honeywell's reactive filtration technology and experience in liquids handling and conditioning. A regeneration and recycling plan for spent filters will also be examined.

The total estimated cost of the cooperative agreement is \$2,503,000 with the DOE share being \$1,561,883, or 62.4%, while the remaining cost share of 37.6%, or \$941,117, will be provided by Honeywell. The period of performance is from March 9, 2002 through September 30, 2005.

In its response to questions 5 and 6 of the attached waiver petition, Honeywell has described its technical competence in the field of reactive filtration and fluid conditioning devices for automotive and aerospace applications. Honeywell is developing a new type of filtration media for fluid conditioning and air quality improvements applications focusing on molecular filtration based on shaped fiber technology through several of its businesses in Automotive through the FRAM name, aerospace air filtration applications and residential and commercial air filtration. Honeywell states in the area of reactive and supported filtration has amassed a significant patent portfolio of over 20 U.S. Patents, in addition to the stable of core filtration expertise and intellectual property surrounding its core business. Honeywell is a world leader in the commercialization of fuel filters for passenger cars, truck and heavy duty vehicles, both in the original equipment (OE) and replacement markets. Honeywell's response demonstrates its technical competency in the field of reactive filtration and fluid conditioning devices.

In its response to question 9 of the attached waiver petition, Honeywell states that the technology being developed will stimulate competition among other relevant businesses in this technological area by defining a new technology level and dimension to which they can rise. There are several parallel approaches to this problem being addressed in the contract are said to be outside the scope of the waiver, namely, refinery based extension into ultra low sulfur; sulfur resistant NOx absorber technology; and, alternative NOx remediation technology. Only one aspect of the complex problem is being targeted in this contract (ultra-low sulfur reduction emission control device). Because of this, it is likely that grant of the waiver will have a positive effect on competition and market concentration.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Honeywell 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 Honeywell agrees to substantial U. S.

manufacture of subject inventions (attached hereto). Additionally, Honeywell agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements. The petitioner has further agreed to modification of the data clause of the subject cooperative agreement (48 C.F.R. 952.227-14) by adding paragraph (k), Alternative VI, concerning contractor licensing of data

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.

[Redacted signature]

Mark P. Dvorscak  
Assistant Chief Counsel  
Office of Intellectual Property Law  
Date *July 16, 2003*

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 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:

[Redacted signature]

[Redacted signature]

*SG*  
Stephen Goguen  
Office of the FreedomCar and  
Vehicle Technology Program  
Office of the Deputy Assistant  
Secretary for Technology Development  
Energy Efficiency and Renewable  
Energy

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

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(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.