

## Statement of Considerations

REQUEST BY THE TRANE COMPANY, INC. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER SUBCONTRACT NO. PF11413 WITH GAS TECHNOLOGY INCORPORATED UNDER UT-BATTELLE, LLC SUBCONTRACT NO. 4000009522 UNDER DOE PRIME CONTRACT DE-AC05-00OR22725; DOE WAIVER DOCKET W(A)-02-028; [ORO-772]

The Trane Company (Trane) has made a request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Subcontract No. PF11413 under Gas Technology Incorporated (GTI) Subcontract No. 4000009522 with UT-Battelle, LLC under Department of Energy (DOE) Contract DE-AC05-00OR22725. The scope of work of this project is to design, build, and verify the performance of a single-effect absorption chiller with capacity of approximately 100 tons. Trane will also provide input to and work with the other team members working with Oak Ridge National Laboratory (ORNL) in the development of a packaged Building Cooling Heat and Power System (BCHP). This work is sponsored by the Office of Distributed Energy Resources, Office of Power Technologies.

The total amount of the Trane sub-subcontract is \$816,472 of which Trane will cost share 47%. The period of performance for the work is from June 2001 to May 31, 2003.

It is expected that Trane's experience and market position will contribute substantially to commercialization of the inventions made under the sub-subcontract. Trane's annual sales of air conditioning equipment is \$4.3 billion. Trane is the leading manufacturer of commercial air conditioning products and is one of the largest manufacturers of large absorption chillers in the world, with high-efficiency gas, steam and hot-water fired product available from 112 to 1660 tons of refrigeration. Furthermore, Trane has extensive experience in the development, qualification, and commercialization of numerous HVAC products. Work on this project will be performed at Trane's Technology Center in LaCrosse, Wisconsin which houses significant R&D and product development staff and expertise. In addition, investing over \$12 million over the last five years, Trane has completely redesigned its absorption water chiller product lines, known collectively as Horizon® products. It is expected that the design of the absorption chiller that will be developed under the present project will be based on Horizon® absorption chillers technology and will have similar feature content.

Trane has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent and data provisions, retention of by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.

Trane has also agreed 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 Trane 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. Trane 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 Trane 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.

Granting of the waiver should have little effect on competition and market concentration. The technology has not been commercially demonstrated and must compete with already existing technologies.

Granting of the requested waiver should serve as encouragement to other DOE contractors and subcontractors that significant cost sharing will be recognized as an acceptable consideration for granting greater rights in Subject Inventions.

In view of the acceptable level of cost sharing by Trane and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.

[Redacted signature]

Emily G. Schneider  
Assistant Chief Counsel for  
Intellectual Property

Date: 8/26/02

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted. This waiver shall not apply to a modification or extension of the cost-shared contract where, through such a modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:

[Redacted signature]

William P. Parks, Jr.  
Associate Deputy Assistant Secretary for  
Power Technologies

Date: 9/26/02

APPROVAL:

[Redacted signature]

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

Date: 10-1-02

(r) Publication.

It is recognized that during the course of work under this contract, the contractor or its employees may from time to time desire to release or publish information regarding scientific or technical developments conceived or first actually reduced to practice in the course of or under this contract. In order that public disclosure of such information will not adversely affect the patent interests of DOE or the contractor, approval for release of publication shall be secured from Patent Counsel prior to any such release or publication. In appropriate circumstances, and after consultation with the contractor, Patent Counsel may waive the right of prepublication review.

(s) Forfeiture of rights in unreported subject inventions.

(1) The contractor shall forfeit and assign to the Government, at the request of the Secretary of Energy or designee, all rights in any subject invention which the contractor fails to report to Patent Counsel within six months after the time the contractor:

- (i) Files or causes to be filed a United States or foreign patent application thereon; or
- (ii) Submits the final report required by paragraph (e)(2)(ii) of this clause, whichever is later.

(2) However, the Contractor shall not forfeit rights in a subject invention if, within the time specified in paragraph (m)(1) of this clause, the contractor:

- (i) Prepares a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract and delivers the decision to Patent Counsel, with a copy to the Contracting Officer; or
- (ii) Contending that the subject invention is not a subject invention, the contractor nevertheless discloses the subject invention and all facts pertinent to this contention to the Patent Counsel, with a copy to the Contracting Officer, or
- (iii) Establishes that the failure to disclose did not result from the contractor's fault or negligence.

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to subject inventions.

(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.

(End of clause)