

Statement of Considerations

REQUEST BY EATON CORPORATION FOR ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER A SUBCONTRACT LET BY MARTIN MARIETTA ENERGY SYSTEMS, INC., UNDER MANAGEMENT AND OPERATING CONTRACT NO. DE-AC05-84OR21400; DOE WAIVER DOCKET W(A)-93-003 [ORO-548]

Eaton Corporation (Eaton) has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Subcontract 86X-SL807C with Martin Marietta Energy Systems, Inc., (Energy Systems) under its management and operating contract. The scope of the work calls for the development of a single step rough-finishing process suitable for producing high-quality silicon nitride ceramic parts at high material removal rates and at a lower cost than can be achieved using conventional multi-stage grinding processes. The work is sponsored by the Office of Transportation Technology, B&R Code EE5101000.

The dollar amount of the contract is \$324,818 with Eaton cost sharing \$97,005, about 30% of the contract.

Eaton is a major supplier of automobile and truck components as well as appliances and industrial equipment. It is the largest domestic producer of engine valves, being the sole source of valves for Ford Motor Company and supplies 85% of truck transmission suspensions on U. S. highways.

Eaton began development of ceramic materials about 15 years ago when it became clear that efficiency and antipollution requirements mandated moving in that direction. Its goal is to minimize production changes while substituting ceramics for the metals now in use. It holds patents in ceramic materials as well as grinding processes and is in a good position to commercialize improved processes for grinding ceramic components. Therefore, Eaton's experience and expertise will contribute substantially to commercialization of the inventions made under the subcontract.

Eaton's financial investment relating to ceramic development includes about \$2,000,000.00 for ceramics, processing technology and equipment. Additionally, Eaton has put in place a staff of five to support corporate-wide advanced manufacturing process development in the field of high speed grinding and machining. Over the past five years, internal corporate development funds of about \$300,000.00 have been designated for structural ceramic grinding activities.

The subcontract has been executed and is proceeding with the standard DOE long form Patent Rights Clause. If the requested waiver is approved, a Patent Rights clause embodying the standard DOE waiver terms and conditions, approved by Eaton, including march-in rights, retention by the government of a license and preference for U.S. industry clauses will be substituted by a no-cost modification to the subcontract. The advance patent waiver will also contain a paragraph that limits Eaton's ability to alienate waived rights.

Specifically, Eaton shall not transfer rights in any invention without prior approval of DOE. Also, should there be a change in ownership of Eaton, Eaton's rights in inventions will be suspended until approval by DOE of the entity obtaining controlling interest having the waiver.

Eaton agrees that any products embodying any waived invention or produced through the use of any waived invention during the term of a United States patent covering the waived invention will be manufactured substantially in the United States unless Eaton can show to the satisfaction of the Contracting Officer that it is not commercially feasible to do so.

Although the granting of the waiver will serve to expedite the domestic development of the specific technology and enhance the domestic industry's position relative to foreign competition, it is not anticipated that it will place Eaton in a preferred or dominant position in the field. Eaton will use the developed process to apply the same grinding processes used for its metal fabrication to fabricate ceramics, thus maximizing its resources. Other companies, such as TRW, are machining ceramics using different processes that would not serve the purposes of Eaton. Also, grant of the requested waiver should serve as encouragement to other DOE 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 Eaton and the objectives and considerations set forth in DOE 41 CFR 9-9.109, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.



Katherine Lovingood
Senior Patent Attorney

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 subcontract where, through such a modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:

APPROVAL:



Thomas Gross
Deputy Assistant Secretary
for Transportation Technologies

Date: 1/20/95



Judson R. Hightower Acting
Assistant General Counsel
for Technology Transfer
and Intellectual Property

Date: 1-20-95