

STATEMENT OF CONSIDERATIONS

REQUEST BY FORD MOTOR COMPANY FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE CONTRACT NO: DE-AC02-94CE50389; W(A)-94-027; CH-842 AND FOR LARGE BUSINESS LOWER TIER SUBCONTRACTS THEREUNDER

The Ford Motor Company has petitioned the DOE for an advance waiver of patent rights, both domestic and foreign, for all subject inventions arising under the above identified contract and under all lower tier subcontracts entered into thereunder with parties other than domestic small businesses, nonprofit organizations and universities, and National Laboratories. The purpose of the agreement is to conduct research and development to advance proton-exchange-membrane (PEM) fuel cell propulsion systems for transportation applications.

The objective of this agreement is to advance the PEM fuel cell technology for automotive applications. The program is expected to culminate in the development and demonstration of a fully functional PEM fuel cell power system for testing as a prospective electric vehicle power source. Additional objectives are to demonstrate onboard hydrogen storage methods, analyze hydrogen infrastructure components to insure hydrogen can be safely supplied, and identify future R&D needs.

The total estimated cost of the project is expected to be approximately \$13,803,279 over a period of 30 months. Of this amount, the estimated cost to the Government is \$11,042,543 and the estimated cost to Ford and its lower-tier subcontractors is \$2,760,736, for approximately 20% cost sharing.

As brought out in its waiver petition, Ford has an extensive ongoing research and development program related to fuel cell technology and hybrid vehicles. In its petition, Ford states that, over the last several decades, it has invested more than \$100 million in the research and development relating to electric vehicle technology, hybrid electric vehicle technology and alternative fuel technology. Ford believes that, given its strong technical and patent position in the field of hybrid vehicles and alternative fuel technology, if the envisioned objectives of this agreement were obtained, it would quickly become an active force in the commercialization of fuel cell technologies. Given the level of Ford's investment and involvement in hybrid vehicle technologies to include fuel cell technology, it is anticipated that Ford will be committed to the development of the PEM fuel cell technology, as well as the subsequent commercialization of that technology.

Ford has agreed that this waiver shall be subject to the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, comparable to those set out in 35 U.S.C. 202-204. Further, Ford has agreed to the U.S. competitiveness provisions as attached to this Statement. In brief, Ford has agreed that for five (5) years after the termination or expiration of this agreement, major fuel cell components using subject inventions will be manufactured

substantially in the United States. In addition, Ford has agreed that the patent rights in subject inventions will not be sold or transferred to a non-U.S. company or entity without prior written approval of DOE and to use this clause in subcontracts having as a purpose the conduct of research, development and demonstration.

With respect to lower tier subcontracts, Ford has agreed to leave title to all inventions arising from lower tier subcontracts in the hands of the lower tier subcontractors, provided that the lower tier subcontractors agree to the same terms and conditions by which Ford will be granted the advance waiver, including the U.S. competitiveness provisions as discussed above. It is anticipated that the advance waiver to lower tier subcontractors will provide greater flexibility and ability to Ford in negotiating and organizing its work under this agreement. In recognition of the lower tier subcontractors' right to request a waiver of patent rights under their own subcontract, this waiver will apply only to such lower tier subcontractors who provide to the DOE, in writing, acknowledgement of their waiver rights and agreement to the terms of their subcontract. This waiver shall not impact the rights of those parties subject to Public Law 96-517, as amended, nor shall it grant any rights in inventions made by employees of the National Laboratories.

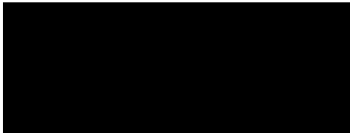
Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. Given the numerous alternative fuel cell technologies currently under development, the success of the PEM fuel cell technology developed as a result of this agreement can be expected to stimulate further investment and competition in this area.

Considering the foregoing, it is believed that granting this waiver will provide Ford with the necessary incentive to invest its resources in the commercialization of the results of this agreement in a fashion which will make the PEM fuel cell 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 41 CFR 9-9.109-6, all of which have been considered, it is recommended that the requested waiver be granted.



Thomas G. Anderson
 Assistant Chief Counsel
 Intellectual Property Law Division

Date: 11/21/94



Daniel D. Park
 Patent Attorney
 Intellectual Property Law Division

Date: 11/21/94

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 shall not apply to any modification or extension of the agreement, where through such modification or extension, the purpose, scope or cost of the agreement has been substantially altered.

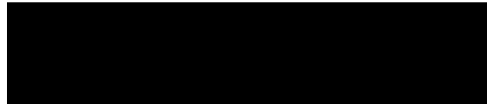
CONCURRENCE:



Kenneth F. Barber, Director
Electric and Hybrid
Propulsion Division

Date: 12/9/94

APPROVAL:



Jason R. Highower
Acting Assistant General Counsel
for Technology Transfer and
Intellectual Property

Date: 12/9/94

U.S. Competitiveness

- (a) The Parties recognize that an object of this Contract is to improve the economic competitiveness of U.S. based companies by maintaining or increasing U.S. employment. Notwithstanding any other provision of this Contract, the Parties agree that neither they nor any assignee will grant to any person the exclusive right to use or sell any Subject Invention in the United States unless such person agrees that products embodying the Subject Invention or produced through the use of the Subject Invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by DOE upon a showing by a Party or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.
- (b) Patent Rights in Subject Inventions shall not be sold or transferred to a non U.S. company or entity without prior written approval of DOE.
- (c) In the event a Party or any assignee is or becomes a company or an entity which is majority owned or controlled, directly or indirectly, by a non U.S. company or entity, or a Party or any assignee transfers title, in any Subject Invention or patent or patent application based thereon to any such foreign owned or controlled entity, then such Party or assignee shall, at DOE's request, grant sublicenses under such invention, patent and/or patent application to U.S. owned or controlled companies identified to such Party or assignee by DOE, under fair and reasonable terms. Such fair and reasonable terms shall include a royalty paid to the patent owner and take into account the Government's contribution to the work under this agreement.
- (d) In the event that a Party, any assignee or licensee elects to grant licenses to non-affiliated third parties under any Subject Invention or patent or patent application based thereon, such Party, assignee or licensee as the case may be, will give preference to U.S. manufacturers (especially small and disadvantaged businesses) who have demonstrated the capability of providing high quality products and services.
- (e) For five (5) years after the termination or expiration of this Contract, major fuel cell components that use Subject Inventions will be manufactured substantially in the United States. This provision shall not abrogate or otherwise modify any other requirements of this agreement.
- (f) The Parties agree that DOE may sublicense Subject Inventions, under reasonable royalty bearing terms, for use or sale in the United States, beginning five (5) years after the termination or expiration of this Contract. Such reasonable royalty bearing terms shall include a royalty paid to the patent owner and take into account the Government's contribution to the work under this agreement.
- (g) Unless otherwise directed by the contracting officer, the contractor agrees to use this clause in subcontracts having as a purpose the conduct of research, development and demonstration work.

WAIVER ACTION - ABSTRACT
W(A)-94-027

| <u>REQUESTOR</u> | <u>CONTRACT SCOPE OF WORK</u> | <u>RATIONALE FOR DECISION</u> | <u>DISPOSITION</u> |
|------------------|---|--------------------------------------|--------------------|
| Ford Motor Co. | Culminate in the development and demonstration of a fully functional PEM fuel cell power system | Twenty percent (20%) Cost Sharing | Recommended |