

Statement of Considerations

REQUEST BY ALLISON TRANSMISSION FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER DEPARTMENT OF ENERGY COOPERATIVE AGREEMENT NO. DE-FC05-00OR22807; DOE WAIVER DOCKET W(A)-00-032 [ORO-758]

Petitioner, Allison Transmission, has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Cooperative Agreement No. DE-FC05-00OR22807. Petitioner is a subcontractor to Electricore, the awardee of the above Cooperative Agreement. The scope of this work is to continue development of the E^P System™, alpha configuration in an articulated bus. This work is sponsored by the Office of Transportation Technologies, Office of Heavy Vehicle Technologies.

The total dollar amount of the contract is \$63,341,470 of which Allison Transmission intends to contribute 61% or \$38,857,845. The period of performance is through July 2005.

Petitioner's experience and expertise will contribute substantially to commercialization of the inventions made under the agreement. Petitioner, a business unit in the General Motors Divisions, is well known in the field of medium and heavy duty transmissions and has been involved with propulsion systems integration for 50 years in commercial and military vehicles. Petitioner has had 13 separate military transmission projects that have gone through the development stage and into production which have resulted in over 250,000 units produced since 1949. On the commercial side, Petitioner has designed and developed more than 15 separate models that have gone to production and manufactured more than 1 million transmissions for both on-highway and off-highway applications.

Petitioner has a substantial financial investment directly related to the work to be performed under this agreement. Since 1997, Petitioner has spent over \$30 million toward the development of Hybrid Electric Vehicle technologies. Nearly \$26 million has gone toward development of the E^P System™, which is the technology specified in this agreement. Furthermore, assuming successful outcome of the proposed effort and if this waiver is granted, Petitioner will invest significant resources to implement these technologies in current and future products.

Petitioner has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent provisions, retention of by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses. Modifications to the standard provisions are underlined in the Patent Rights -Waiver Clause attachment and have been discussed with and approved by the cognizant DOE Program.

Petitioner has 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 the Petitioner can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event that the waived invention is not substantially manufactured in the United States and 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 Petitioner has further agreed 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 the Petitioner 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 since there are several competing technology options in the field of hybrid electric vehicles.

Grant 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 substantial level of cost sharing by Petitioner 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: 3/14/01

Based on the foregoing Statement of Considerations and the 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 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:

[Redacted Signature]

Thomas J. Gross
Deputy Assistant Secretary for
Transportation Technologies

Date: 8/7/01

APPROVAL:

[Redacted Signature]

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

Date: 8-8-01

should not be so terminated. Any waiver termination shall be subject to the Contractor's minimum license as provided in paragraph (e) of this clause.

(r) **Atomic Energy.** No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1954, as amended, shall be asserted by the Contractor or its employees with respect to any invention or discovery made or conceived in the course of or under this contract.

(s) **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.

(t) **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.

(u) **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 DOE that it is not commercially feasible to do so. In the event that the waived invention is not substantially manufactured in the United

States and 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 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 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.

(End of clause)