

Statement of Considerations

REQUEST BY DETROIT DIESEL CORPORATION FOR AN
ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS
IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR
UNDER DEPARTMENT OF ENERGY CONTRACT NO. DE-
FC05-97OR22581; DOE WAIVER DOCKET W(A)-97-009
[ORO-653]

Detroit Diesel Corporation (DDC) 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) Contract No. DE-FC05-97OR22581. The scope of the work calls for the development of advanced materials for low emissions, high efficiency diesel engine components. The work is sponsored by the Office of Transportation Technologies.

The dollar amount of the contract is \$6,811,639 with DDC cost sharing \$3,405,819, or 50% of the contract.

DDC is a world leader in the design, development, and production of diesel engines. It has a history of investing its own resources to develop, test, manufacture and introduce monolithic ceramics, ceramic coatings, and other advanced materials to diesel engines. Examples of such products include ceramic roller followers for Series 50 and 60 engines, partially stabilized zirconia coatings for pistons and fire decks of DDC's two stroke engines and titanium nitride coatings for unit injector plungers. Therefore, DDC's experience and expertise will contribute substantially to commercialization of the inventions made under the contract.

DDC sells heavy duty trucks, buses, and marine, industrial and automotive products worldwide to diverse markets. In these products they incorporate advanced materials such as ceramic piston rings, valves and valve guides, piston crowns, rocker arm bushings, clevis pins, and injector needles. Considering its market position, it has the capability to commercialize the advanced materials and engine parts developed under the contract.

DDC has a history of research and development leading to commercialization of advanced materials for diesel engine parts and as a result has maintained its position in an increasingly competitive market. It is committing resources previously used in these activities, such as personnel, equipment, and expertise, to develop the materials under this contract.

The contract has been executed and is proceeding with the standard DOE Patent Rights - acquisition by the Government clause/ If the requested waiver is approved, the Patent Rights - acquisition by the Government clause will be replaced by the Patent Rights- Waiver clause as a no-cost modification to the contract. Petitioner has approved the Patent Rights - Waiver clause, including march-in rights, the granting of licenses to background patents necessary for practicing subject inventions, retention by the government of a license, preference for U.S. industry, and

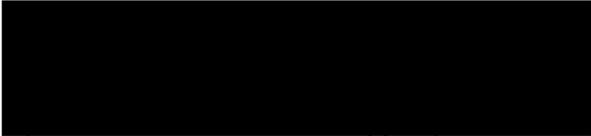
U.S. Competitiveness clauses. The advance patent waiver will also contain a paragraph that limits DDC's ability to alienate waived rights. Specifically, DDC shall not transfer rights in any invention without prior approval of DOE. Also, should there be a change in ownership of DDC, rights in inventions will be suspended until approval by DOE of the entity obtaining controlling interest having the waiver.

DDC agrees that any product, process or service used or sold by DDC or its affiliates embodying subject inventions must be manufactured, practiced or provided substantially in the United States, and further, any license or other transfer in rights of a subject invention to third parties must be approved by DOE prior to any such transfer.

Granting of the waiver should have little effect on competition since there are several technology options, this being one of many previously or yet-to-be developed in the marketplace, therefore there should not be undue market concentration of DDC products.

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

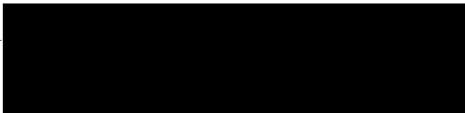
In view of the acceptable level of cost sharing by DDC and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide rights be granted.



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

CONCURRENCE:



Thomas J. Gross
Deputy Assistant Secretary for
Transportation Technologies

Date: 7/24/97

APPROVAL:



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

Date: 8/14/97

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 product, process or service using any intellectual property arising from the performance of this contract, including that resulting from a subject invention, shall be manufactured, practiced or provided substantially in the United States.