

## STATEMENT OF CONSIDERATIONS

ADVANCE CLASS WAIVER OF PATENT RIGHTS FOR TECHNOLOGY DEVELOPED UNDER DOE FUNDING AGREEMENTS RELATING TO DOE'S SOLID STATE LIGHTING U.S. MANUFACTURING - ROUND 4; DOE FUNDING OPPORTUNITY ANNOUNCEMENT DE-F0A-0000792; W(C)-2012-007; CH1673

The Department of Energy Office of Energy Efficiency and Renewable Energy anticipates providing federal financial assistance in the form of cooperative agreements that seek to reduce costs of Solid State Lighting (SSL) sources and luminaires; improve product consistency while maintaining high quality products; and, encourage the growth, leadership, and sustainability of domestic U.S. manufacturing within the SSL industry. Due to the often-compelling long-term cost-of-ownership considerations, industry has seen increasing numbers of commercial installations of LED (light emitting diode) systems. However, even as technical advances continue and improved luminaire fixtures appear on the market, there remain technical manufacturing challenges that must be addressed before prices fall to a level where LED lighting will become competitive with existing lighting on a first-cost basis.

Although OLED (organic light emitting diode) technology is not as mature as LED, recent advancements in the laboratory have shown good promise. Laboratory OLED devices have been reported that exceed 100 lpw. While OLEDs are available on the market for display purposes, the release of a luminaire for general illumination has not been fully realized. The advancements seen in the laboratory have laid a foundation for the production of OLED lamps that equal or exceed the performance of fluorescent or incandescent sources. As OLED products are introduced; significant cost reductions will likely need to occur to move sales from decorative and specialty lighting to the general lighting market.

This FOA contains four (4) Program Areas of Interest (AOI) to which an applicant must identify it is applying. These AOIs are: 1) Luminaire/Module Manufacturing; 2) LED Test and Inspection Equipment; 3) OLED Deposition Equipment; and, 4) OLED Materials Manufacturing. Recipients of cooperative agreements in these four areas must provide an aggregate cost share among project participants of at least 50%.

DOE expects to make between 4 and 6 awards with a maximum DOE share or range of \$2,500,000 per award for up to two (2) years of effort.

All types of domestic entities are eligible to apply, except for DOE/NNSA National Laboratories, Federally Funded Research and Development Center (FFRDC) Contractors, and nonprofit organizations described in section 501(c)(4) of the Internal Revenue Code of 1986 that engaged in lobbying activities after December 31, 1995.

Considering the above, it is the purpose of this class waiver to vest title in new inventions made under this program by large business awardees and subawardees in a fashion enabling them to expediently commercialize the various technologies. Accordingly, DOE will waive the Government's title to subject inventions, other than inventions made by Bayh-Dole participants pursuant to P.L. 96-517, as amended, or National Laboratories, to the above identified large business entities. Since cost sharing is at least 50%, it is expected that patent rights will be allocated among the participants on the basis of cost.

This advance class waiver of the Government's rights in inventions is subject to the usual advance patent waiver terms and conditions--Government license, march-in rights, and preference for U.S. industry provisions comparable to those set out in 35 U.S.C. §§ 202-204. This advance patent waiver also includes the attached U.S. Competitiveness clause which requires that products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant 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. The Contractor will further agree to make this 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.

This class waiver also includes a modified paragraph (i) Preference for U.S. Industry, in which the Contractor agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention unless such person agrees

that any products embodying the subject invention will be manufactured substantially in the United States. 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.

In addition, this class waiver includes a requirement that the contractor agrees to submit annual reports every 12 months on its plans to achieve substantial U.S. Manufacture of each subject invention or on efforts at achieving substantial U.S. Manufacture. These reports are to be submitted for five (5) years following the completion of the project period or until the patent is allowed to lapse or expire. This requirement is reflected in the attached waiver clause a paragraph (h)(2).

The grant of this class waiver is not expected to result in adverse effects on competition or market concentration. Rather the waiver should enhance competition and growth of the general illumination industry of the United States. DOE has the right to require reports of the utilization or the efforts at utilization that are being made for the waived inventions.

This advance class waiver shall apply to cooperative agreements made to large business entities who meet the minimum cost-sharing requirement as set forth above for the four AOIs, and who have provided written notice to DOE of their acceptance of the terms and conditions of this class waiver. The waiver will remain in effect as long as such cost sharing is maintained, in the aggregate, over the term of the agreement. No separate waiver petition is required to be submitted.

Considering the foregoing, and in view of the statutory objectives to be obtained and the factors to be considered under DOE's waiver regulation, 10 C.F.R. 784, all of which have been considered, it has been determined that this class waiver as set forth above will best serve the interest of the United States and the general public. It is recommended that the waiver be granted.

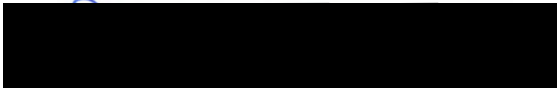


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Date: *December 7, 2012*

Based on the foregoing Statement of Considerations, it is determined that the United States and the general public will best be served by a waiver of rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of this agreement, where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

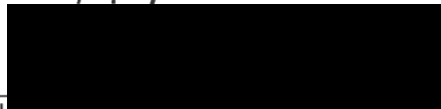
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Date: *June 26 2013*

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