

Statement of Considerations

REQUEST BY INGERSOLL-RAND ENERGY SYSTEMS, INC., FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER SUBCONTRACT NO. 4000009528 UNDER DOE PRIME CONTRACT NO. DE-AC05-00OR22725; DOE WAIVER DOCKET W(A)-01-034 [ORO-768]

Petitioner, Ingersoll-Rand Energy Systems Corporation, has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Subcontract No. 4000009528 under DOE Prime Contract No. DE-AC05-00OR22725 with UT-Battelle, Inc., M&O Contractor of Oak Ridge National Laboratory. The scope of this work is for the development of a packaged/modular building cooling heating and power (BCHP) system, combining the commercial-ready Ingersoll-Rand Energy Systems' PowerWorks™ 70 kW recuperated micro-turbine engine with an absorption chiller by integrating components of an ammonia (GAX) absorber with the PowerWorks™ microturbine. This work is sponsored by the Office of Distributed Energy Resources, Office of Power Technologies.

The total dollar amount of the subcontract between Petitioner and UT-Battelle is \$3,103,831 of which Petitioner is cost-sharing 30%. The period of performance is 25 months through October 31, 2003.

Petitioner has already executed further subcontracts under this agreement with Energy Concepts Company and Advanced Management Technology, Inc. (Subcontractors). These subcontracts provide that Petitioner may take a royalty-bearing nonexclusive license to make, use, and sell any patented invention of the Subcontractors provided the terms of such license are agreed to by the Subcontractors and are negotiated in good faith. It has been brought to Petitioner's attention that its Subcontractors must request and obtain a patent waiver under these subcontracts in order for this license to be available from the Subcontractors. This arrangement is reflected in the attached patent waiver clause at paragraph (g)(2).

Petitioner's experience and expertise will contribute substantially to commercialization of the inventions made under the agreement. Petitioner, a wholly-owned subsidiary of the Ingersoll-Rand Company, is dedicated to the design and development of high-efficiency recuperated microturbines. Located in Portsmouth, NH, Petitioner's facility has all the necessary capabilities to design, manufacture, and test microturbines. Furthermore, Petitioner has developed the PowerWorks™ microturbine and begun commercialization in July 2001. The standard PowerWorks™ product is an electric generator, integrated with an exhaust gas heat recovery system configured for domestic water heating.

Petitioner has a substantial financial investment directly related to the work to be performed under this agreement and has invested significant funding in developing and commercializing the PowerWorks™ microturbine cogeneration products that will contribute to the proposed work.

Petitioner has agreed to the standard DOE waiver terms and conditions, including march-in rights, background patent and data provisions, retention by the government of a license, preference for U.S. industry and U.S. Competitiveness clauses.

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 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.

Grant of the waiver should have little effect on competition since there are several competing technology options being applied to develop packaged BCHP systems.

Furthermore, 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: 2/25/02

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

CONCURRENCE:

[Redacted Signature]

William P. Parks, Jr.
Associate Deputy Assistant Secretary for
Power Technologies

Date: 4/18/02

APPROVAL:

[Redacted Signature]

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

Date: 4-22-02

(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 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 the DOE that it is not commercially feasible to do so. 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. The Contractor agrees that it will not license, assign or otherwise transfer any waived invention to any entity unless that entity agrees to these same requirements. Should the Contractor or other such entity receiving rights in the 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 the DOE.

(End of clause)