

## STATEMENT OF CONSIDERATIONS

REQUEST BY EATON CORPORATION FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-04NT42071; W(A)-04-069, CH-1247

The Petitioner, Eaton Corporation (Eaton), was awarded this cooperative agreement for the performance of work entitled, "Low Cost, Robust, Threat-Aware Wireless Sensor Network for Assuring the Nation's Energy Infrastructure." In this program, Eaton will create a low-cost, robust, Wireless Sensor Network (WSN) incorporating Anticipatory Technology to enable pervasive, real time threat sensing, assessment and evaluation of the physical security of the national energy system. The waiver will apply to inventions made by Eaton employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title to inventions pursuant to P.L. 96-517, as amended, and National Laboratories.

The total estimated cost of the cooperative agreement is \$1,530,090. Eaton is cost sharing \$1,096,090 or 72%; DOE is providing the remaining \$434,000 (28%) toward this contract. The period of performance is from October 1, 2004 through September 30, 2006.

In view of the cost sharing and other equities between Eaton and its subcontractors, it is anticipated that the parties will develop an appropriate allocation of patent rights among the participants to facilitate the expeditious development of the technology forming the subject matter of the agreement. Accordingly, DOE will waive title to all subject inventions made by Eaton's employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title pursuant to P.L. 96-517, as amended, or National Laboratories, to UTC or its subcontractors, as mutually agreed by the parties. Except as otherwise approved in writing by DOE Patent Counsel, a party's acceptance of a subcontract under this agreement, at any tier, shall constitute Eaton's certification that it has provided that party with a copy of this Statement of Considerations and that party's notice to DOE that it accepts the terms and conditions of this advance waiver. Additionally, subcontractors who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

In its response to questions 5 and 6 of the attached waiver petition, Eaton has described its technical competence in the field of low cost wireless networks. Eaton has led the creation of the IEEE 802.15.4 standard focused on low-cost, low-power Wireless Sensor networks (WSN), with a vision of enabling pervasive machine-to-machine wireless communication among commercial and industrial products. Eaton is a founding member of the ZigBee Alliance and the Wireless Industrial Network Alliance (WINA). ZigBee is an industry consortium focused on creating a specification based on IEEE Std. 802.15.4 for residential and commercial products; the program management of the consortium is under the responsibility of Eaton. Eaton has provided a listing of publications authored by the principal investigator for this project, Jose A. Gutierrez, related to low cost wireless networks as Exhibit A to its petition. Eaton has also provided a listing of relevant patents, patent applications, and invention disclosures, related to this technology. Eaton's response demonstrates its technical competency in the field of low-cost wireless networks.

In its response to question 10 of the attached waiver petition, Eaton states the intended results of this project is to create a low-cost, robust, Wireless Sensor Network that will be based on Low-Rate Wireless Personal Area Network (LR-WPAN) technology. This is facilitated through various consortiums, through which standards are developed and shared by many competing companies. No one company will maintain dominance but will share in a mutually beneficial

position. Thus grant of the waiver should have a positive effect on competition and market concentration.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Eaton has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Eaton agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, Eaton agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements.

Considering the foregoing, it is believed that granting the waiver will provide the Petitioner with the necessary incentive to invest resources in the commercialization of the results of the agreement in a fashion which will make the agreement's benefits available to the public in the shortest practicable time. In addition, it would appear that grant of the above requested waiver would not result in an adverse effect on competition nor result in excessive market concentration. Therefore, in view of the objectives and considerations set forth in 10 CFR 784, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.

  
Mark P. Dvorscak  
Assistant Chief Counsel  
Intellectual Property Law Division

Date: Feb 16, 2005


Based on the foregoing Statement of Considerations and the representations in the attached waiver petition, 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.

CONCURRENCE:

  
Henry Kenchington, EA-1  
Office of Energy Assurance

Date: 3/25/05

APPROVAL:

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

Date: 4-5-05

(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.

# ***WAIVER ACTION - ABSTRACT***

**W(A)-04-069 (CH-1247)**

REQUESTOR

Eaton Corporation  
Under DOE  
Cooperative Agreement  
No. DE-FC26-04NT42071

CONTRACT SCOPE OF WORK

Low-Cost, Robust, Threat-Aware  
Wireless Sensor Network for Assuring  
the Nation's Energy Infrastructure

RATIONALE FOR DECISION

72% cost sharing

DISPOSITION