

## STATEMENT OF CONSIDERATIONS

PETITION FOR ADVANCE WAIVER OF PATENT RIGHTS BY CREE, INC. ("CREE") UNDER A SUBCONTRACT FOR COOPERATIVE AGREEMENT NO. DE-FC26-06NT42932 BETWEEN COLOR KINETICS INC. ("CK") AND DOE; W(A)-06-026; CH-1383

The Petitioner, CREE, has requested a waiver of domestic and certain foreign patent rights for all subject inventions that may be conceived or first actually reduced to practice by CREE arising from its participation under the above referenced cooperative agreement entitled "Solid State Lighting Product Development." Although this work is funded under DOE's Solid State Lighting Program (SSL), it is funded under the product development portion of the program. Therefore, the licensing requirements under the Exceptional Circumstances determination do not apply to inventions developed under this subcontract.

The objective of the Solid State Lighting Product Development project is to develop a solid state LED lamp that is a viable replacement for inefficient incandescent general lighting sources. This work is funded under DOE's Office of Energy Efficiency and Renewable Energy's Building Technologies Program (EE-2J).

Petitioner's subcontract is designed to further develop CREE's technology, fabrication processes, and prototypes to demonstrate that solid-state lamps based on GaN semiconductor LED's are viable replacements for energy inefficient incandescent lighting solutions.

The total cost of the project with CK is approximately \$1.9 million. The anticipated cost of CK's subcontract with Petitioner is approximately \$1.1 million, with the Petitioner providing about twenty-five percent (25%) cost sharing. This waiver is contingent upon the Petitioner maintaining, in aggregate, the above cost sharing percentage over the course of its subcontract.

As noted in its waiver petition, Petitioner is a pioneer and worldwide leader in designing and manufacturing GaN-based LED products. Although CREE performs work under a significant number of government R&D contracts, CREE's principal business is the design, manufacture and sale of commercial semiconductor products utilizing SiC and GaN technologies. CREE has a business unit devoted solely to the development of solid state lighting products in which it has invested significant capital expenses including several million dollars in internal R&D efforts.

Considering Petitioner's technical expertise, established market position, and significant investment in this technology including sizable cost sharing in this subcontract, it is reasonable to conclude that Petitioner will continue to develop and ultimately commercialize the technology and products which may arise from this subcontract.

Petitioner has agreed that this waiver shall be subject to the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, comparable to those set out in 35 U.S.C. 202-204. Further, Petitioner has agreed to the

attached U.S. Competitiveness provision paragraph (t). In brief, Petitioner has agreed that products embodying a waived invention or produced through the use of a waived invention will be manufactured substantially in the United States unless the Petitioner can show to the satisfaction of the DOE that is not commercially feasible to do so.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition. If anything, the technology forming the subject matter of the collaboration can be expected to stimulate competition. CREE's ability to establish a patent portfolio for the developed technology will enable it to compete effectively with domestic and international companies.

Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the subcontract in a fashion which will make the above technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and 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 be granted.

[REDACTED]  
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Mark P. Dvorscak  
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Intellectual Property Law Division

Date: 1/5/07

Date: 1/5/07

Based upon the foregoing Statement of Considerations and 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 patent rights of the scope described above, and therefore the waiver is granted. This waiver shall not apply to any modification or extension of the subcontract, where through such modification or extension, the purpose, scope or cost of the subcontract has been substantially altered.

CONCURRENCE:

[REDACTED]  
Steven G. Chalk  
Acting Program Manager  
Building Office Technologies  
Office of Energy Efficiency and  
Renewable Energy  
EE-2J

Date: 2/22/07

APPROVAL:

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

Date: 2-27-07

(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)-06-026

REQUESTOR  
CREE, Inc.

CONTRACT SCOPE  
Development of energy efficient  
LED lighting technologies.

RATIONALE FOR DECISION  
25% Cost Sharing