

## **STATEMENT OF CONSIDERATIONS**

### **Request by ABB, Inc. for an Advance Waiver of Domestic and Foreign Invention Rights under DOE Contract No. DE-OE000547, W(A) 2011-033, CH-1620**

The Petitioner, ABB, Inc. (ABB) was awarded the subject cooperative agreement with DOE for the performance of work entitled, "Smart Grid Research and Development and Demonstration." The goal of this project is to research, develop, and demonstrate a real-time electric utility distribution feeder performance monitoring, advisory control, and health management system for enhanced asset utilization and grid reliability. The waiver will apply to ABB employees and its subcontractor employees, except for inventions made by subcontractors eligible to retain title to inventions pursuant to P.L. 96-517, and National Laboratories.

The work under this agreement is expected to take place from April 1, 2011 through March 31, 2014. According to the attached cost-share documentation from the agreement, the total amount of the contract is \$4,123,923, with ABB and its subcontractors providing an average 27% cost share between the R&D and Demonstration phases, or \$1,130,917.

In its response to questions 5 and 6 of the attached waiver petition ABB has described its technical competence in the field of power and automation technologies. ABB states that it is a leader in this field, and enables utility and industry customers to improve their performance while lowering environmental impact. ABB produces distribution feeder devices that relate to the contract, such as substation and control center computers/gateways, intelligent electronic devices (IEDs), field sensors, communication devices, and switching devices, as well as software systems that monitor, manage, and control the above field devices. ABB states it has a favorable patent position in this area, and has attached its U.S. Patent 7,725,295 for illustrative purposes. ABB's response demonstrates its technical competency in the field of power and automation technologies.

In its response to question 10 of the attached waiver petition, ABB states that it sees no anti-competitive effects if a waiver is granted. There are significant competitors in this market, and ABB will not have a monopoly if allowed to retain the patent rights in the fruits of its research and development under this project. Therefore grant of the waiver will have a positive effect on competition and market concentration.

The subject contract will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein ABB 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 ABB agrees to substantial U.S. manufacture of subject inventions (attached hereto). Additionally, ABB agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements.

In view of the cost sharing and other equities between ABB 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 ABB'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 Cummins 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 ABB'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. Furthermore, a subcontractor has the right to request a waiver from DOE in its own right, rather than having to pass through the contractor to acquire title to subject inventions. Additionally, subcontractors who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

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.

[REDACTED]

Mark P. Dvorscak  
Deputy Chief Counsel  
Office of Intellectual Property Law  
Date: April 27, 2011

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, 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:



[REDACTED]

Dan Ton, OE-10  
Office of Electricity Delivery  
And Energy Reliability

APPROVAL:

[REDACTED]

John J. Lucas, GC-62  
Assistant General Counsel  
for Technology Transfer and  
Intellectual Property

(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.