

## STATEMENT OF CONSIDERATIONS

REQUEST FOR ADVANCE WAIVER OF PATENT RIGHTS BY VEHMA INTERNATIONAL OF AMERICA INC., UNDER DOE AWARD NO. DE-EE0007306; W(A)-2017-003, CH-1782

Petitioner, Vehma International of America Inc. has requested a waiver of domestic and foreign patent rights for all subject inventions conceived or reduced to practice by Petitioner's employees, agents or other representatives of Petitioner and/or its affiliated sub-contractors and sub-recipients.

The objective of Petitioner's award is for the design, Computer-aided engineering (CAE) analysis, prototype, manufacture and validation testing associated with a lightweight passenger vehicle drivers-side door assembly that is 42.5% lighter than a complete 2014 or newer Chrysler 200 sedan door assembly, with no reduction in structural, functional, corrosion, durability, safety or fit/finish performance compared to the baseline door assembly.

The total anticipated cost of the award is \$8,444,584 including the Petitioner's contribution of \$4,222,292, or about fifty percent (50%) of the total cost of the work under the award. This waiver is contingent upon Petitioner maintaining, in aggregate, the above cost share percentage over the course of the award. This patent waiver is available to sub-recipients at any tier allowing them to retain their subject inventions provided they maintain a cost share of at least 50% on their portion of the project over the course of the award. A large business, whether recipient or sub-recipient, that does not accept the terms of this waiver may petition for an advanced or identified patent waiver.

Petitioner is funded by the Department of Energy's Office of Energy Efficiency and Renewable Energy (EERE). The EERE Class Waiver W(C) 2014-003 applies to the subject award, however Petitioner has petitioned to modify the U.S. Competitiveness clause, paragraph (t) and to allow foreign, large business sub-recipients, such as Magna Closures Inc. ("Magna Closures") to retain title under the waiver. As Magna Closures Inc. ("Magna Closures") is not a domestic company, they are ineligible for a waiver of rights under the EERE Class Waiver W(C) 2014-003. Therefore, this patent waiver provides the same terms of the EERE Class Waiver W(C) 2014-003 except the inclusion of foreign sub-recipients as entities eligible to receive the patent waiver and modification of the U.S. Competitiveness clause as described below. This waiver allows the Petitioner and any sub-recipients (domestic and foreign) at any tier to retain title to their subject inventions provided they maintain the above identified cost share and agree to the attached listing of terms, including a Government license, march-in rights, preference for U.S. industry provisions set out in 35 U.S.C. 202-204, and the modified U.S. Competitiveness clause paragraph (t).

The modified U.S. Competitiveness clause, paragraph (t) is necessary because the Original Equipment Manufacturers (OEMs) typically specify the manufacture of door components to take place in the region of vehicle assembly to avoid transportation and packaging costs. Therefore,

the Petitioner is not able commercialize waived inventions in compliance with the standard U.S. Competitiveness clause (requiring substantial U.S. manufacture) and seek a modification to only require substantial U.S. Manufacture for “products used or sold in connection with vehicle assembly in the United States”. This modification to the standard U.S. Competitiveness clause is necessary to expeditiously commercialize subject inventions allowing for local manufacture avoiding commercially prohibitive associated shipping, package and duty costs. Furthermore, the Petitioner has agreed that products used or sold in connection with vehicle assembly in the United States and embodying any waived invention or produced through the use of any waived invention, will be manufactured substantially in the United States.

Referring to items 5-9 of the waiver petition, Petitioner is a wholly owned subsidiary of Manga International Inc. (“Magna”). Magna is responsible for engineering and prototype build of lightweight passenger vehicle and lightweight truck body structure and chassis subsystems. Magna has numerous patents in this area. Magna’s products and services in the automotive market have a turnover of approximately \$36 billion/year and metal forming represents approximately 29% of global sales. Magna is the 3<sup>rd</sup> largest automotive supplier in the world with 312 manufacturing facilities, 98 product development/sales centers in 29 countries. 2016 sales exceeded \$36 billion USD.

Magna has significant manufacturing infrastructure associated with the manufacture of vehicle closure components, including door structure (DIW), door module and mirror components, and the supply of door components to nearly every OEM around the globe. Commercialization of the Ultralight Door technologies will secure the continued supply of door systems and enable growth in the door module and latch systems. Magna is financially capable to make substantial investment of financial resources or technology to commercialize the work to be performed under the contract based on OEM demand. OEM’s typically specify the manufacture of door components to take place in the region of vehicle assembly to avoid transportation and packaging costs. Approval of the waiver will enable commercialization of the inventions made under this award for vehicle manufacture in the US.

Referring to item 10 of the waiver petition, granting this waiver will not have an adverse impact on competition. It is believed that various efforts to reduce the weight of automotive components are being made by others in the industry. Thus, granting the Petition will not hinder competition in the field.

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 agreement in a fashion which will make the 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.



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Karen L. Blouin  
Patent Attorney  
Intellectual Property Law Division

Date: 12 Apr 17



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Michael J. Dobbs  
Acting Deputy Chief Counsel  
Intellectual Property Division

Date: 12 Apr 17

Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the U.S. 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 will not apply to any modification or extension of the award, where through such modification or extension, the purpose, scope or cost of the award has been substantially altered.

CONCURRENCE:



David Howell, *Deputy*  
Director of Vehicle Technologies Office

Date: May 3, 2017

APPROVAL:



Brian J. Lally  
Assistant General Counsel for Technology  
Transfer and Intellectual Property, GC-62

Date: 5/16/17