

Statement of Considerations

REQUEST BY CATERPILLAR INC. FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTIONS MADE IN THE COURSE OF OR UNDER DEPARTMENT OF ENERGY COOPERATIVE AGREEMENT NO. DE-FC05-00OR22806; AND FOR CERTAIN LARGE BUSINESS SUBCONTRACTS THEREUNDER; DOE WAIVER DOCKET W(A)-00-036 [ORO-760]

Caterpillar, Inc. (Caterpillar) has made a timely request for an advance waiver to worldwide rights in Subject Inventions made in the course of or under Department of Energy (DOE) Cooperative Agreement No. DE-FC05-00OR22806 and under certain subcontracts entered thereunder with parties who do not qualify for treatment under Public Law 96-517. The primary program goal of this work is the development of a high efficiency heavy-duty truck engine that meets 2002 and 2007 emissions targets while achieving an eventual 50% overall engine system thermal efficiency. The work is sponsored by the Office of Transportation Technologies (Energy Efficiency and Renewable Energy).

The total estimated dollar amount of the above cooperative agreement is \$~~38~~⁷,249,132 with Caterpillar itself committing to provide a minimum of 50% cost-sharing or approximately \$18,624,574 of the cooperative agreement over a five year period.

For work performed under the subject cooperative agreement, Caterpillar, as stated above, has committed to a substantial cost share and may solicit the participation of selected subcontractors in such cost sharing to further leverage the technology advancements. Where such subcontractors do not cost share, Caterpillar is willing to cost share in the subcontracted work (as part of its over 50% cost share) so long as Caterpillar receives direct benefit from the subcontracted work, including ownership rights in resulting subject inventions.

With respect to all subcontractors not subject to P.L. 96-517, as well as DOE national laboratories, it is the intention of Caterpillar to allow any subcontractor who cost shares the opportunity to retain title to inventions made in the performance of the subcontract. In addition, Caterpillar and the subcontractor would be free to negotiate, at arms length, appropriate terms for the division and utilization of intellectual property developed under the proposed subcontract.

It is recognized that subcontractors not subject to P.L. 96-517 have the right to request a waiver in their own subcontracts regardless of whether they cost share and can also request a waiver of rights in identified inventions on a case-by-case basis. Accordingly, the waiver of subcontractor inventions to Caterpillar only applies where the subcontractor acknowledges its right to ask for greater rights in its subject inventions and agrees to Caterpillar obtaining rights in these inventions by providing a letter to

DOE containing a statement or by signing a subcontract having terms indicating such acknowledgment and agreement. Further, Caterpillar acknowledges that it is to negotiate within the bounds of minimum rights and conditions required by the cooperative agreement and this waiver with subcontractors. These minimum rights include a U.S. Government license, march-in rights, and U.S. Preference and Competitiveness provisions.

If the requested waiver is approved, the attached Patent Rights - Waiver clause will be included in the cooperative agreement. Caterpillar has approved the Patent Rights - Waiver clause which includes march-in rights, granting of licenses to background patents necessary for practicing subject inventions, retention of a government license, and preference for U.S. industry. These provisions, together with the fact that the heavy duty truck market is served by several large, competitive manufacturers, provide adequate assurance that granting of the waiver will not adversely affect competition. To effect commercial availability and to meet U.S. competitiveness goals, Caterpillar will assure that each subcontract not subject to P.L. 96-517, including with DOE national laboratories, includes U.S. Competitiveness, and background patent and data provisions acceptable to DOE.

In addition, Caterpillar 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 Caterpillar 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. Caterpillar further agrees 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 Caterpillar 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.

Caterpillar is a world leader in the design, development, production, and marketing of medium and heavy duty diesel engines, and thus has the capability to commercialize engine technology developed under the cooperative agreement. In addition, as stated in its petition, Caterpillar has made significant investments in the U.S. in research, development, and manufacturing of diesel engines, and will utilize research and development facilities in the performance of work under this cooperative agreement.

In summary, this waiver provides Caterpillar with title in inventions made by Caterpillar and its subcontractors which do not cost share and which agree to the waiver to Caterpillar, except U.S. small businesses, universities, and non-profit contractors subject to P.L. 96-517.

In view of the significant level of cost sharing by Caterpillar and the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the waiver described above be granted.

[Redacted Signature]

Emily G. Schneider
Assistant Chief Counsel for
Intellectual Property

4/2/01
Date

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public 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 a modification or extension of the cost-shared cooperative agreement where, through such a modification or extension, the purpose, scope or cost of the cooperative agreement has been substantially altered.

CONCURRENCE:

[Redacted Signature]

Thomas J. Gross
Deputy Assistant Secretary for
Transportation Technologies

Date: 8/7/01

APPROVAL:

[Redacted Signature]

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

Date: 8-7-01

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.

(u) 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 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 Contractor further agrees 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 Contractor 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.

(End of clause)