

STATEMENT OF CONSIDERATIONS

REQUEST BY ECR INTERNATIONAL FOR AN ADVANCE WAIVER OF PATENT RIGHTS TO INVENTIONS MADE UNDER DOE COOPERATIVE AGREEMENT NO. DE-FC26-04NT42216; W(A) 04-054 ; CH-1225

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, ECR International (ECR) has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above subject cooperative agreement: "Research, Development, and Demonstration of Micro-CHP Systems for Residential Application". Further details of the project's objectives can be found in Attachment B to this petition, the Statement of Project Objectives form the Cooperative Agreement. According to this Statement, ECR will work with its affiliated company, Climate Control LLC. The waiver will apply to inventions made by ECR 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 purpose of this agreement is the development and commercialization of a residential micro-CHP (Combined Heat and Power) system for specific application to gas-fired warm air heating systems typically found in the United States. The technological approach is to utilize a modern embodiment of the water-based Rankin (steam) power cycle that is particularly suited to small scale applications.

The work under this agreement is expected to take place from October 1, 2004 through September 30, 2009 at a total cost of \$813,331. ECR will be obligated to cost share \$313,331, or 38.5% of the total cost of the project. DOE is providing the remaining cost share of 500,000 or 61.5%.


In view of the cost sharing and other equities provided by ECR 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 ECR 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 ECR 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 ECR'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. At this time, subcontractors to ECR are identified as Lennox Industries, and Yankee Scientific; however the waiver can apply to any subcontracts as described above.

Referring to items 5 and 6 in ECR's waiver petition, ECR states it has several patents in the technological area that is the subject of this cooperative agreement. An e-mail from ECR to DOE Patent Counsel has identified these patents and is attached as Attachment C to this petition. ECR is a leading producer of home heating appliances in the United States, and references its web site, www.ecrinternational.com. This, coupled with ECR's cost sharing, demonstrates the likelihood that ECR will continue development and commercialization of the results of this agreement.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition as there are a variety of alternative technologies in the relevant market.

This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver licensing provisions, and the government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes the attached U.S. Competitiveness clause (paragraph t) which requires products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. The contractor further agrees to make the above condition binding on any assignee, licensee or other entity 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.

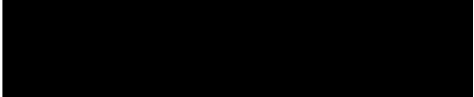
Considering the foregoing, it is believed that granting this waiver will provide Petitioner with the necessary incentive to invest its resources in the commercialization of the results of the agreement in a fashion which will make the technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and in view of the objectives and considerations set forth in 10 CFR Part 784, all of which have been considered, it is recommended that the requested waiver be granted.


Mark P. Dvorscak
Assistant Chief Counsel
Intellectual Property Law Division

Date: _____

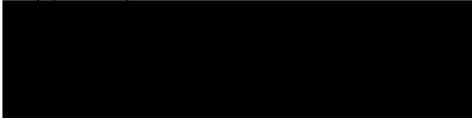
Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver will not apply to any modification or extension of the cooperative agreement, where through such modification or extension, the purpose, scope or cost of the cooperative agreement has been substantially altered.

CONCURRENCE:


Patricia Hoffman
Research and Development Division
Office of Electricity Delivery
And Renewable Energy, OE-10

Date: 1/24/07

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and Intellectual
Property, GC-62

Date: 2-7-07

(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.