

## STATEMENT OF CONSIDERATIONS

### **Request by Chrysler Group, LLC for an Advance Waiver of Domestic and Foreign Invention Rights under DOE Cooperative Agreement No. DE-EE000347; W(A)-2010-031, CH-1563**

The Petitioner, Chrysler Group, LLC (Chrysler), was awarded this cooperative agreement for the performance of work entitled "A Multi-Air®/Multi-Fuel Approach to Enhancing Engine System Efficiency". The goal of the cooperative agreement is to demonstrate a vehicle that delivers 25% better fuel economy. Chrysler will downsize and down speed the vehicle engine through fundamental combustion improvements implemented via a combination of various engine technologies with the concurrent development of other system enhancements. Chrysler's proposed project utilizes a 2-step approach to advanced combustion system development: Step 1 Multi-Air®, Boosted, Cooled Exhaust Gas Recirculation (CEGR), Direct Injection; and Step 2 – Multi-Air®, Highly Boosted, CEGR Direct Injection, MultiFuel. Further details of the project's objectives are provided in response to Chrysler's answer to question 2 of its waiver petition. Chrysler states that will achieve these objective with its cost share partners The Ohio State University, Delphi, Ricardo, and Argonne National Laboratory. The waiver is intended to apply to Chrysler's and its subcontractors' employee subject inventions (see attached e-mail from Chrysler to M. Dvorscak, dated May 21, 2010), except inventions made by subcontractors eligible to retain title to inventions pursuant to P.L. 96-517 as amended.

The total estimated cost of the cooperative agreement is \$29,992,676 with the DOE share being \$14,458,572, or 48%. Cost sharing of the project by Chrysler is \$15,534,104 or 52%. The period of performance of the agreement is from May 7, 2010 to April 30, 2013.

In its response to questions 5 and 6 of the attached waiver petition, Chrysler has described its technical competence in the field of automotive vehicle development. Specifically, Chrysler states that it has an 85 year history of successful vehicle development and that its technology leadership is evidenced by many first-in-the-industry achievements, ranging from power steering and driver-side airbags as standard equipment in cars, to the invention of the minivan. Chrysler also states that it had advocated the use of alternative fuels, and offers vehicles with a wide variety of power trains including diesels, hybrids, flexible fuel vehicles (FFVs) and fuel efficient gasoline powered vehicles. For this project, Chrysler states it will be relying on extensive intellectual property developed at its own expense outside this project. Chrysler has demonstrates it technological expertise in the area of automotive vehicle development.

From its response to question 10, Chrysler states that it is unlikely that grant of the waiver will place Chrysler in a dominant market position since any improvements resulting from this project will remain in competition with other engine technologies currently existing or under development. Granting of the waiver is not likely to place Chrysler in a dominant position since the program is directed to combining existing technologies with other enhancements to achieve a 25% improvement in vehicle fuel economy, and no single current technology is the sole focus or source of this potential improvement. It is therefore unlikely that competition will be adversely affected by grant of the waiver.

The subject cooperative agreement will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Chrysler agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, Chrysler 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 Chrysler 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 Chrysler'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 Chrysler 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 Chrysler'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 Signature]

Mark P. Dvorscak  
Deputy Chief Counsel  
Office of Intellectual Property Law

Date 8/11/2010

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 and consent to assignment of the scope described above, 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 Signature]

Patrick Davis  
Acting Program Manager  
Office of Vehicle Technologies Program,  
EE-2G

Date 8/13/10

APPROVAL:

[Redacted Signature]

John T. Lucas, Acting  
Assistant General Counsel  
for Technology Transfer and  
Intellectual Property  
for Technology Transfer and  
Intellectual Property

Date 8/13/10

(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.