

STATEMENT OF CONSIDERATIONS

Request by Johnson Controls, Inc. for an Advance Waiver of Domestic and Foreign Invention Rights under DOE Cooperative Agreement No. DE-EE0003841

W(A)-2010-043, CH-1573

The Petitioner, Johnson Controls, Inc. (JCI) was awarded this cooperative agreement for the performance of work entitled "Recovery Act: Integrated Building Management System (IBMS)". According to its response to question 2 of the attached waiver petition, JCI states that the objective of the proposed work is to develop an Integrated Building Management System that will transform traditional building control systems by intelligently integrating disparate building systems, achieving a 10%-30% increase in building energy efficiency through integration and automated fault detection, enabling higher penetration of renewable energy sources, and providing for more comfortable and productive buildings. The waiver is to apply only to JCI's employee subject inventions.

The total estimated cost of the cooperative agreement is \$3,211,800, with the DOE share being \$2,000,000, or 62.3%. Cost sharing of the project by Johnson is thus \$1,211,800 or 37.7%. The period of performance of the agreement is from July 2, 2010 to July 1, 2011.

In its response to question 5 of the attached waiver petition, JCI has described its technical competence in the field of building management systems. Specifically, JCI states that it is a leader in the research and development of building management systems. These types of systems include a limited level of building systems integration to increase occupant comfort. Its Metasys brand of Building Management Systems (BMS) is a market leader in this segment, and JCI personnel have decades of experience developing and manufacturing such equipment. This project enhances the capability of the JCI BMS by adding whole building integration and fault detection to reduce energy consumption. JCI has listed several patents and patent applications in response to question 5. JCI has demonstrated its technical competency in the field of building management systems.

From its response to question 10, JCI states that the BMS marketplace is characterized by robust competition. It lists the many competitors in the residential and non-residential marketplace, and states that even with patent ownership, JCI does not have a concentrated market position. JCI further states that the research from this project will allow it to incrementally improve the technology of established players, including its closest competitor, and provide incentive for them to compete and improve their products. JCI concludes that in light of its existing market share and the fragmentation in the overall BMS marketplace, it does not anticipate gaining a dominant market position with this product. It is unlikely that competition will be adversely affected by grant of the waiver.

Accordingly, DOE will waive title to all subject inventions made by JCI's employees. 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 JCI agrees to substantial U. S. manufacture of subject inventions (attached hereto). Additionally, JCI agrees not to transfer subject inventions to any other entity unless that other entity agrees to these same requirements.

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 10/7/2010

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]

Ronald Risse
Program Manager
Office of Building Technologies Program,
EE-2J

Date 10/12/10

APPROVAL:

[Redacted Signature]

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

Date 10/19/2010

(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.