

STATEMENT OF CONSIDERATIONS

REQUEST BY CUMMINS POWER GENERATION FOR AN ADVANCE WAIVER OF PATENT RIGHTS TO INVENTIONS MADE UNDER DOE COOPERATIVE AGREEMENT DE-EE0003392; W(A)-10-070 ; CH-1595

Cummins Power Generation (Cummins), requests an advance waiver of domestic and foreign patent rights for all subject inventions made under the above cooperative agreement with the Department of Energy. The purpose of the cooperative agreement is to develop a flexible, 330 kWe packaged CHP system that can be deployed to commercial and light industrial applications at a lower cost than current CHP solutions. The program intends to reduce the total installed cost for a CHP system via volume manufacturing and minimization of custom site engineering. The customer input and technology development work from this project also forms the foundation for commercialization and product development projects at other CHP power nodes. Further details of the project are provided in Cummins' response to question 2 of the waiver petition. The waiver is to apply to Cummins' employee invention only.

The work under this cooperative agreement is expected to take place between October 1, 2010 and September 30, 2013. The total estimated cost of the cooperative agreement is \$8,194,395 with DOE providing \$5,592,578 or 68.2%. Cummins will provide the remaining \$2,601,817 or 31.8% cost share.

With respect to its technical competency in the field of power generation systems, Cummins states that it is a worldwide developer and manufacturer of power generation systems from 2.5 to 2,700 kW. Cummins designs, develops, and manufactures reciprocating engine generator sets, advanced paralleling natural gas generator set controls and network equipment, switch gear, power electronics for conditioning and inversion, transfer switches, and turn-key power plant installations. Cummins further states that globally, it has over 400 MW of installed CHP systems, including about 50MW in North America. Cummins has had several commercially successful generator set packaging systems in the past, including 20' to 48' ISO containers in the 500kWe to 1500 kWe range. Cummins has also worked with other integrators to create standard product offerings in the 60kWe to 300 kWe range. Cummins has attached representative sales brochures and its 2009 Annual Report. Cummins has demonstrated its technical competency in the field of power generation technology.

Cummins states that granting this waiver will not place it in a preferred or dominant position in the distributed power generation (DG) field. The new technology being developed does not give a significant technological advantage due to the large amount of competing companies, the large size of the overall market, and the diverse set of requirements among the potential customers. In addition, Cummins states that there a number of additional possible sources of DG such as micro-turbines, reciprocating engines, fuels cells, wind turbines and photovoltaic generators, however, few of these solutions are cost competitive with central power plants. Cummins states that the development of the new technology will add a cost competitive solution to the DG marketplace, provide a wider choice for the consumer and thereby lower the overall price of competing markets. Thus grant of the waiver will not place Cummins in a dominant position and should have a positive effect on competition and market concentration.

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.

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Mark P. Dvorscak
Deputy Chief Counsel
Office of Intellectual Property Law, CH
December 22, 2010

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:

[Redacted signature area]

Robert Gemmer, EE-2F
Office of Industrial Technology Program
Office of Energy Efficiency and
Renewable Energy

Date 1/25/11

APPROVAL:

John T. Lucas, GC-62
Acting Assistant General Counsel
for Intellectual Property and
Technology Transfer

Date 1/3/11

(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.