STATEMENT OF CONSIDERATIONS

Request by Cummins, Inc. for an Advance Waiver of Domestic and Foreign Invention Rights under DOE Contract No. DE-EE0003403, W(A) 2011-020, CH-1607

The Petitioner, Cummins, Inc. (Cummins) was awarded the subject cooperative agreement with DOE for the performance of work entitled, "Recovery Act-System Level Demonstration of Highly Efficient and Clean, Diesel Powered Class 8 Trucks (SuperTruck)." The objective of the work in Phase I is targeted to minimize the engine losses, aerodynamic losses, tire rolling resistance, and engine accessories and driveline friction. The project also seeks fuel efficiency that encompasses the need to address extended idle for a line haul vehicle over a 24 hours duty cycle. The program consists of four phases. Phase I will conclude with the demonstration of 50% or greater engine BTE (Objective 1). Phase 2 will conclude with the vehicle demonstration of 50% or greater freight efficiency over the drive cycle (Objective 2a). Phase 3 will conclude with the final vehicle demonstration of 68% or greater freight efficiency over the 24 hour duty cycle (Objective 2b). Finally, Phase 4 will conclude with an engine demonstration of 55% BTE (Objective 3). The waiver will apply to Cummins employees and it subcontractor employees, except for inventions made by subcontractors eligible to retain title to inventions pursuant to P.L. 96-517, and National Laboratories. Cummins states that it has established subcontracts with Paccar Inc., Eaton Corp, Delphi, Inc., VanDyne SuperTurabo, Inc., Modine Manufacturing Inc., Purdue University, and UT-Batelle.

The work under this agreement is expected to take place from May 5, 2010 through May 4, 2014. The total amount of the contract is $77,662,230, with Cummins cost-sharing 50% or $38,83115. DOE is thus providing the remaining 50% or $38,831,115.

In its response to questions 5 of the attached waiver petition Cummins has described its technical competence in the field of vehicle engine technologies. Cummins has a long history of achieving engine efficiency improvement through internal technology development and cooperative agreements with DOE. It has shown continued efficiency improvement up to the year 2002 when an efficiency reduction resulted in order to meet the associated emissions regulations. Cummins achieved advancements in combustion and component technologies as on outcome of the Heavy Duty Truck Engine program (DE-FC26-00OR22804). Cummins states that it has also been involved in a DOE co-sponsored program to develop highly efficient, clean combustion (HECC) diesel engines for Class 6, 7, and 8 vehicles (DE-FC26-05NT42418), and in developing waste heat recovery technology in another DOE program. Cummins further states it has many domestic and foreign patents covering various aspects of reciprocating engines, which are described in response to question 5. In addition, Cummins notes the technical competence and patent portfolio of its subcontractor Paccar. Paccar's response demonstrates its technical competency in the field of vehicle engine technologies.

In its response to question 10 of the attached waiver petition, Cummins states that granting the waiver will have a positive effect on competition and market concentration. There are currently many competing technologies being tested and applied to engines to reduce engine fuel consumption and improve transportation freight efficiency. The competing technologies share a goal of promoting efficiency and reliability while at the same time reducing emissions and cost. Grant of the waiver should result in increased competition. Therefore grant of the waiver will have a positive effect on competition and market concentration.

The subject contract will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Cummins has agreed to the provisions of 35 U.S.C §§

The subject contract will be modified to add the Patent Rights--Waiver clause in conformance with 10 CFR 784.12, wherein Cummins has agreed to the provisions of 35 U.S.C §§ 202, 203, and 204. This waiver clause will also include a paragraph entitled U.S. Competitiveness, in which Cummins agrees to substantial U.S. manufacture of subject inventions (attached hereto). Additionally, Cummins 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 Cummins 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 Cummins' 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 Cummins 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 Cummins' 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]

Mark P. Dvorscak
Deputy Chief Counsel
Office of Intellectual Property Law
Date: February 16, 2011

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 of the scope described, 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]

Roland Gravel, EE-2G
Office of Vehicle Technologies Program
Office of Energy Efficiency and
Renewable Energy

APPROVAL:

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

(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.