

## STATEMENT OF CONSIDERATIONS

### **Request by Emerson Electric Company for an Advance Waiver of Domestic and Foreign Invention Rights under DOE Contract No. DE-EE0004000, W(A) 2011-050, CH-1624**

The Petitioner, Emerson Electric (Emerson) was awarded the subject cooperative agreement with DOE for the performance of work entitled, "Recovery Act: Water Heater Zigbee Open Standard Wireless Controller." The goal of this project is the development and commercialization of an electric water heater control that will improve efficiency and allow for direct load control. The waiver will apply to inventions made by Emerson employees.

The work under this agreement is expected to take place from August 13 2011 to August 12, 2013. The total amount of the contract is \$2,082,679, with Emerson providing 22% cost share, or \$451,155. DOE is providing the remaining 78% or \$1,631,524.

In its response to questions 5 and 6 of the attached waiver petition Emerson has described its technical competence in the field of electric water heater control. Emerson states that it is the supplier of critical components to the appliance, water heater, and HVAC industry, including thermostats, compressors, gas valves, mechanical and electronic water heater thermostats, and all kinds of electronic controls. Its White-Rodgers division is a market leader in the HVAC and water heater industry, and supplies electronic controls or gas valves to all of the major OEM water heater manufacturers and has been an industry leader in water heating technology for over 40 years. Emerson further states that this division was the first to bring Silicon Nitride Hot Surface Ignition to the power vented water heater market, and developed Climate Talk, the first open standard for HVAC communications. Emerson's divisions White-Rodgers and Therm-O-Disc are the market leaders in water heater thermostats for gas and electric water heaters, manufacturing millions of water heater thermostats every year. Emerson's response demonstrates its technical competency in the field of electric water heater control technologies.

In its response to question 10 of the attached waiver petition, Emerson states that there is a great deal of existing and patented prior art regarding demand management and control of water heaters. Emerson cites three such patents issued to Battelle Memorial Institute, Whirlpool Corporation, and American Water Heater Company. Emerson further states in response to question 18 that the consumer electronics market for residential use in the U.S. is a very competitive market. 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 Emerson 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 Emerson agrees to substantial U.S. manufacture of subject inventions (attached hereto). Additionally, Emerson 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



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Mark P. Dvorscak  
Deputy Chief Counsel  
Office of Intellectual Property Law  
Date: August 10, 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:

  
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Roland Risser, EE-2J  
Building Technologies Program  
Office of Energy Efficiency  
And Renewable Energy

APPROVAL:

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

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 an 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.