

Statement of Considerations

REQUEST BY EAGLE BEND MANUFACTURING, INC. FOR DOMESTIC AND FOREIGN RIGHTS IN SUBJECT INVENTION S-124,828 MADE IN THE COURSE OF OR UNDER UT-BATTELLE, LLC. PRIME CONTRACT NO. DE-AC05-00OR22725; DOE WAIVER DOCKET: W(I) 2015-031 [ORO-819]

Eagle Bend Manufacturing, Inc. (Petitioner) has made a request for a waiver to worldwide undivided rights in a subject invention made in the course of or under Prime Contract No. DE-AC05-00OR22725 for the managing and operating of Oak Ridge National Laboratory (ORNL) by UT-Battelle, LLC. (UT-Battelle). The invention (Case No. S-124,828) is entitled, "High Strength Aluminum Stamping" and is based on technology that Petitioner is currently developing, relating to a method of manufacturing components formed of an aluminum alloy for use in automotive vehicle applications—especially those requiring high strength, light weights, and complex shapes.

The subject invention arose from an informal collaboration between Petitioner's employees and Dr. Gerard Ludtka, a member of ORNL's Materials Science & Technology Division.¹ The invention was conceived during discussions between Dr. Ludtka and Eagle Bend staff in 2013, and Eagle Bend produced a working prototype in October of that year. No formal agreement² was in place for the collaboration, and it is the Department of Energy's (DOE) view that Section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974, as amended (42 U.S.C. 5908), is applicable here. Section 9 vests title in DOE to "any invention...made or conceived in the course of or under any contract of the Administration." "Contract" is defined in Section 9 as including "any contract, grant, agreement, understanding or other arrangement, which includes research, development, or demonstration work . . . or subcontract." Thus, even though there was no formal agreement or exchange of funds, the collaboration is potentially an "arrangement" thereby requiring a waiver of rights under Section 9 in order for Petitioner to obtain joint title with UT-Battelle to this invention.

Petitioner's experience and expertise will contribute substantially to the development of the invention. Petitioner traditionally hot stamps steel to form automotive components, and will

¹ This subject invention is not covered by DOE waiver W(C) 2012-008 because the conception and reduction to practice preceded the effective date of the waiver.

² Petitioner and UT-Battelle did execute a Proprietary User Agreement (No. PR-13-0677) on July 26, 2013 that involved ORNL's High Temperature Materials Laboratory (HTML), a DOE User Facility. UT-Battelle disclosed Dr. Ludtka's co-inventorship to DOE as required by the ORNL Prime Contract, and reported the invention as arising under PE-13-0677. However, Petitioner represents that the invention was conceived more than two months before the agreement's execution. Furthermore, neither the user agreement nor its three appendices disclose a scope statement that clearly encompasses the subject of Petitioner's collaboration with Dr. Ludtka that led to this invention. In view of the uncertainty, DOE and Petitioner's patent counsel agreed to seek the instant identified waiver.

extend this experience to aluminum alloys as customer demand for more fuel-efficient and light-weight vehicles increases. Petitioner has invested over \$50,000 to develop the technology, not including the ongoing costs to file and prosecute patent applications in the US and other countries. Petitioner's corporate affiliates, including Cosma International of America, Inc. (Cosma), also invest significant resources in researching and developing this and similar technologies. Cosma also participated in a DOE award that closely relates to the invention: No. DE-EE0006847 entitled "Development of Low Cost, High Strength Automotive Aluminum Sheet."

Petitioner employs approximately 750 people at a manufacturing facility in Clinton, Tennessee. Petitioner has agreed to accept the attached DOE waiver terms and conditions if the requested waiver is granted. Specifically, Petitioner agrees to abide by the conditions set forth at 35 U.S.C. §§ 202-204—relating to the Government license, march-in rights, and preference for U.S. Industry—as well as U.S. Competitiveness.

Petitioner agreed 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 Petitioner can show to the satisfaction of DOE that it is not commercially feasible to do so. In the event 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. Petitioner further agrees to make the above condition binding on any assignee or licensee or any entity otherwise acquiring rights to any waived invention, including subsequent assignees or licensees. Should Petitioner 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.

With regard to commercialization, Petitioner filed a PCT application for the invention in January 2015, based on an earlier provisional application filed with the USPTO in January 2014. Separately, UT-Battelle elected title to its undivided rights in the invention in November 2015, in accordance with the ORNL prime contract. Petitioner and UT-Battelle have not agreed in writing with respect to commercialization strategy at this time, but DOE expects that the parties will negotiate an appropriate agreement once this waiver is granted. To this end, UT-Battelle has expressed to DOE a willingness to exclusively license its rights to Petitioner in exchange for a share of royalties and fees from any subsequent licensing, in accordance with ORNL's standard practice.

Granting of the waiver should have little effect on competition or market concentration because the general concepts of warm forming vehicle components from aluminum have been long known in the industry. Petitioner's approach is one of many alternatives that can be, or have been, employed by competitors. Furthermore, other materials (steel, carbon fiber, etc.) offer viable alternatives to aluminum for manufacturing vehicle components.

In view of the objectives and considerations set forth in 10 CFR 784.4, all of which have been considered, it is recommended that the requested waiver for worldwide patent rights in the subject inventions be granted.



Daniel T. Lamb
Patent Attorney

17 March 2017
Date

Based on the foregoing Statement of Considerations and the representations in the attached Waiver Petition, it is determined that the interest of the United States and the general public will best be served by a waiver of U.S. and foreign patent rights, and therefore, the waiver is granted.

APPROVAL:



Brian J. Lally
Assistant General Counsel for Technology
Transfer and Intellectual Property
Office of General Counsel (GC-62)

5/16/17
Date

CONCURRENCE:



David Howell
Deputy Director
Vehicle Technologies Office (EV-3V)

5/12/2017
Date