

AFTERNOON SESSION

(SUBJECT PROCEEDINGS RESUMED AT 2:00 P.M.)

1
2
3 THE COURT: SINCE OUR RECESS AT ABOUT 10:15 THIS
4 MORNING, I'VE HAD AN OPPORTUNITY TO GO THROUGH THE PAPERS THAT
5 WERE SUBMITTED TODAY AND I'M READY TO PROCEED. MR. ZIMMERMAN
6 AND MR. SAILER, DO YOU WANT TO PROCEED, OR WOULD YOU PREFER
7 TO HAVE THE COMMISSION PROCEED?

8 MR. SAILER: WELL, YOUR HONOR, AS I UNDERSTAND IT,
9 THE COMMISSION HAS NO WITNESSES AND WE HAVE, AS YOUR HONOR
10 KNOWS, A BRIEF DEMONSTRATION AND AS I ADVISED YOUR CHAMBERS
11 AT NOONTIME, I INTEND TO ASK THE SAME GENTLEMAN WHO GIVES THE
12 DEMONSTRATION ABOUT SIX SUBSTANTIVE QUESTIONS. I HAVE SO
13 ADVISED THE COMMISSION THE MOMENT I MADE THAT DECISION.

14 THE COURT: VERY WELL.

15 MR. SAILER: SO WE ARE READY TO PROCEED, YOUR HONOR.

16 THE COURT: YOU MAY PROCEED.

17 MR. SAILER: LET ME ASK YOUR HONOR'S PLEASURE. THE
18 DEMONSTRATION, I WOULD THINK, WOULD BE MUCH CLEARER, SIMPLER,
19 AND EASIER IF IT WERE NOT DONE IN AN INTERROGATIVE MODE. IT
20 IS PURELY FOR BACKGROUND AND SINCE WE'VE ALL BEEN TALKING ABOUT
21 ACS TECHNOLOGY HERE FOR DAYS, IT'S PURELY TO SHOW WHAT A VARIABLE
22 SPEED CONTROLLER IS. AND WITH YOUR HONOR'S PERMISSION, I
23 WOULD LIKE MR. RICHARD BAKER WHO IS THE INVENTOR OF THE
24 TECHNOLOGY TO SIMPLY IN A NARRATIVE WAY DEMONSTRATE IT. I,
25 THEREAFTER, WILL REQUEST PERMISSION TO PUT HIM VERY BRIEFLY ON

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1 RECORD, PLEASE?

2 A RICHARD H. BAKER, 26 WILDWOOD DRIVE, BEDFORD,
3 MASSACHUSETTS.

4 Q AND BY WHOM ARE YOU EMPLOYED, MR. BAKER?

5 A I AM CONSULTANT TO THE EXXON CORPORATION.

6 Q SPECIFICALLY EXXON ENTERPRISES?

7 A YES.

8 Q AND IS THAT A FULL-TIME EMPLOYMENT?

9 A YES.

10 Q AND HOW LONG, APPROXIMATELY, HAVE YOU BEEN EMPLOYED
11 FULL-TIME BY EXXON ENTERPRISES?

12 A SINCE NOVEMBER 1, 1976, ALMOST THREE YEARS.

13 Q AND PRIOR THERETO, WHAT WAS YOUR EMPLOYMENT?

14 A I WAS ON THE STAFF OF THE MASSACHUSETTS INSTITUTE OF
15 TECHNOLOGY AS A LECTURER IN THE DEPARTMENT OF ELECTRICAL
16 ENGINEERING.

17 Q DOES THE TERM, "ACS TECHNOLOGY," MEAN ANYTHING TO YOU?

18 A YES.

19 Q AND WHAT DOES IT MEAN TO YOU?

20 A IT MEANS AC SYNTHESIS, A METHOD OF SYNTHESIZING
21 WAVE FORMS TO DRIVE ELECTRIC MOTORS.

22 Q AND HAVE YOU HAD ANY -- PLAYED ANY PART IN THE
23 DEVELOPMENT OF THAT TECHNOLOGY?

24 A WELL, YES, I'VE BEEN WORKING ON THIS FOR TEN YEARS
25 AT MIT AND HERE AT EXXON.

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1 OF AN ACTUAL SITUATION. BECAUSE IT'S PORTABLE, WE HAD TO MAKE
2 IT SMALL. THE EQUIPMENT CONSISTS OF A SMALL RESERVOIR
3 PARTIALLY FILLED WITH LIQUID. THE LIQUID IS DRAWN FROM THE
4 TANK BY A CENTRIFUGAL PUMP, THIS WHITE OBJECT HERE (INDICATING),
5 DRIVEN BY A MOTOR, AN ORDINARY ELECTRICAL AC MOTOR.

6 IN THE ACTUAL SITUATION, THIS MOTOR AND PUMP ARE
7 VERY LARGE. A 25 HORSEPOWER MOTOR IS ABOUT THIS BIG AND
8 ROUND AND LONG (DEMONSTRATING) AND WEIGHS ABOUT 500 POUNDS.
9 THE PUMP WOULD WEIGH OVER A HUNDRED POUNDS. THIS IS A
10 ONE-EIGHTH HORSEPOWER, A SMALL ONE. THE PUMP FORCES LIQUID
11 THROUGH THIS FLOW METER AND THIS SILVER BOBBIN WILL RISE WHEN
12 THE LIQUID IS FLOWING AND ITS LEVEL INDICATES THE RATE OF FLOW.
13 THE LIQUID THEN IS FORCED THROUGH A CONTROL VALVE WHICH YOU CAN
14 OPEN AND CLOSE, A VALVE SIMILAR TO SHUTTING OFF THE WATER IN
15 THE KITCHEN SINK. THE LIQUID IN A REAL CASE GOES SOMEWHERE
16 ELSE, BUT BECAUSE IT IS A PORTABLE MODEL, WE PUT IT BACK IN
17 THE SAME TANK.

18 FINALLY, THERE IS A WATT METER HERE TO MEASURE THE
19 TOTAL ELECTRIC POWER CONSUMED BY THE MACHINE. NOW AN
20 INDUSTRIAL PUMPING APPLICATION FOR PURPOSES OF CONTROL, IT IS
21 NECESSARY THAT LIQUIDS BE PUMPED AT A VARIABLE RATE. WE WILL
22 NOW DEMONSTRATE HOW THIS IS DONE IN INDUSTRY. WE PLUG IN
23 THE MOTOR TO A NORMAL 120 VOLT 60-CYCLE POWER THAT'S COMING
24 FROM THE OUTLET (INDICATING). THE FLOW INDICATOR SCALE IS
25 85, INDICATING FULL FLOW. THE MOTOR IS RUNNING AT FULL SPEED.

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1 IT IS DRAWING -- I KNOW THIS IS DIFFICULT TO SEE, BUT THE FULL
2 SCALE IS 300 WATTS. THIS IS ZERO WATTS. STRAIGHT-UP IS
3 150 WATTS. THE MOTOR IS DRAWING ABOUT 185 WATTS OF POWER.

4 NOW THE WAY INDUSTRY DOES TODAY, COMMON PRACTICE
5 IS TO CHOKE THE FLOW OF LIQUID BY CLOSING THE VALVE. AND IF
6 YOU WATCH THE INDICATOR, YOU WILL SEE THAT THE FLOW RATE
7 CHANGES. BUT VERY IMPORTANTLY, THE POWER CONSUMED BY THE MOTOR
8 DOES NOT CHANGE WHEN YOU DO THIS. IT STAYS ABOUT THE SAME.
9 THIS IS ANALOGOUS TO DRIVING AN AUTOMOBILE ALWAYS FULL-THROTTLED
10 THE THROTTLE FULL-CLOSED, AND CONTROLLING THE SPEED OF THE CAR
11 WITH THE BREAKS. WHAT HAPPENS IS YOU USE EXTRA GASOLINE AND
12 THE BREAKS GET HOT. IN THIS CASE, THE MOTOR IS ALWAYS RUNNING
13 FULL TILT AND WE CHANGE THE FLOW RATE BY CHOKING THE OUTPUT.
14 IT WORKS WELL. THAT'S WHAT THEY USE IN INDUSTRY, BUT IT'S
15 VERY INEFFICIENT BECAUSE THERE'S NOT MUCH OUTPUT POWER AND
16 THERE'S A LOT OF INPUT POWER. THAT'S THE WAY IT IS COMMONLY
17 DONE TODAY.

18 NOW IT IS WELL KNOWN THAT IF WE COULD CONTROL THE
19 SPEED OF THE PUMP, THE SPEED OF THE MOTOR, PUMP SLOWER, THE
20 LIQUID WOULD FLOW SLOWER. WE WOULDN'T HAVE TO CHOKE WITH THE
21 VALVES. THIS IS DONE SOMETIMES IN INDUSTRY WITH DC MOTORS
22 FOR THOSE LIQUIDS THAT YOU CAN'T CHOKE DOWN WITH THE VALVES.
23 IT WOULD BE DAMAGING. BUT THE VAST MAJORITY OF MOTORS IN
24 INDUSTRY ARE AC MOTORS. THEY ARE MORE RELIABLE, LESS EXPENSIVE
25 AND THEY WORK BETTER. AND IT'S ALSO WELL KNOWN THAT THERE ARE

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1 TECHNIQUES TO CONTROL THE SPEED OF AN AC MOTOR. IT'S CALLED
2 THE VARIABLE SPEED DRIVE. THESE DRIVES ARE ON THE MARKET, BUT
3 THEY ARE RELATIVELY LARGE, RELATIVELY INEFFICIENT, AND THEY
4 ARE QUITE EXPENSIVE.

5 THIS IS A VARIABLE SPEED DRIVE MADE WITH THE ACS
6 TECHNOLOGY. IN THIS BOX ARE STANDARD COMMERCIALY AVAILABLE
7 PARTS. IT CONSISTS OF A MICROPROCESSOR, A COMPUTER ON A
8 SILICON CHIP, IF YOU WILL, AND POWER TRANSISTORS.
9 MICROPROCESSORS ARE CALCULATED--CALCULATES THE ENERGY THAT
10 THE MOTOR NEEDS, THE AMOUNT OF ELECTRICITY, AND THE POWER
11 TRANSISTORS REGULATE THE FLOW TO THE MOTOR. THIS BOX HAS NOW
12 BEEN SET TO PUT OUT THE SAME KIND OF POWER AS THE HOUSE WALL
13 OUTLET, 120 VOLTS, 60 HERTZ.

14 WE WILL NOW PLUG THE MOTOR INTO THE ACS HERE.
15 AGAIN, YOU HAVE FULL FLOW AT ABOUT THE SAME POWER. HOWEVER,
16 INSTEAD OF CHOKING THE VALVE WHICH WE COULD DO, WE LEAVE IT
17 FULL OPEN AND WE TURN DOWN THE SPEED OF THE MOTOR. NOW THE
18 FLOW GOES DOWN AND SO DOES THE POWER INPUT. THE FURTHER DOWN
19 YOU GO, THE LESS THE POWER. THE SETTING IS AT 50 PERCENT.
20 WE ARE DRAWING ABOUT 70 WATTS, INSTEAD OF THE 185, FOR A
21 SAVING OF 115 WATTS, OR TWO-THIRDS OF THE ELECTRICAL INPUT.
22 AGAIN, THIS IS LIKE THE CAR WHERE INSTEAD OF CHOKING THE OUTPUT
23 PUTTING ON THE BREAKS, YOU TAKE YOUR FOOT OFF THE GAS PEDAL.
24 THIS IS AN ELECTRONIC THROTTLE AND IT THROTTLES BACK THE MOTOR
25 AND SAVES ENERGY.

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1 THIS IS IMPORTANT BECAUSE IN INDUSTRY PUMPS NEVER
2 RUN THE FULL SPEED, ONLY ON STARTUPS. THEY USUALLY RUN BETWEEN
3 80 PERCENT AND 30 PERCENT CAPACITY. THEREFORE, A LOT OF
4 ENERGY CAN BE SAVED.

5 IN CONCLUSION, I WOULD LIKE TO SAY THAT THE ACS
6 TECHNOLOGY IS IMPORTANT. IT IS WELL KNOWN THAT ELECTRONIC
7 SPEDD DRIVES SAVES ENERGY AND COULD MAKE MOTORS RUN AT VARIABLE
8 RATES. THE ACS'S TECHNOLOGY IS IMPORTANT BECAUSE IT'S
9 INEXPENSIVE. RIGHT NOW VARIABLE SPEED DRIVES ARE NOT USED
10 WIDELY IN INDUSTRY BECAUSE THEY ARE NOT COST-EFFECTIVE. THIS
11 IS A CALCULATOR. IT IS A DIGITAL CALCULATOR. IT CALCULATES
12 THE POWER TO THE MOTOR THE WAY A HAND-HELD CALCULATOR CALCULATES
13 DATA. IN FACT, WE CALL IT POWER CALCULATION, OR POWER
14 PROCESSOR. THIS IS IMPORTANT TO INDUSTRY BECAUSE 27 PERCENT
15 OF ALL THE ELECTRICAL ENERGY USED IN THE UNITED STATES IS
16 USED BY INDUSTRY AND 85 PERCENT OF THAT ENERGY IS USED BY
17 MOTORS, ONE HORSEPOWER AND LARGER. THERE ARE 20 MILLION
18 MOTORS, LARGE MOTORS, IN INDUSTRY TODAY AND THEY ARE GOING IN
19 AT THE RATE OF TWO MILLION PER YEAR. FIFTY-FIVE PERCENT OF
20 THESE MOTORS ARE USED IN PUMPS, OR 11 MILLION OF THEM. MUCH
21 OF THAT ENERGY CAN BE SAVED, AS WE HAVE DEMONSTRATED. IN
22 ADDITION, THERE ARE SEVERAL MILLION MORE MOTORS USED IN
23 VOLUME CONTROL OF AIR, VARIABLE VOLUME CONTROL, IN COMPRESSORS,
24 IN REFRIGERATION IN INDUSTRY. THESE APPLICATIONS CAN ALSO
25 ENJOY SIMILAR SAVINGS THROUGH VARIABLE SPEED DRIVES.

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1 WHICH STATES: "THUS FOR A LICENSEE THAT IS NOT PRESENTLY IN
2 THE DRIVE INDUSTRY, I ESTIMATE THAT IT WILL TAKE TWO YEARS
3 FROM THE TIME A LICENSE IS ISSUED TO PRODUCE A MARKETABLE
4 25 HORSEPOWER UNIT SIMILAR TO THE ONES THAT EXXON IS NOW
5 TESTING."

6 DO YOU HAVE AN OPINION AS TO THE TRUTH OR FALSITY
7 OF THAT STATEMENT?

8 A YES, I DO.

9 Q AND WHAT IS YOUR OPINION?

10 A I BELIEVE THAT THAT TIME ESTIMATE IS GROSSLY
11 OVERESTIMATED.

12 Q ASSUMING A COMPANY NOT NOW IN THE DRIVES BUSINESS
13 BUT NOW IN THE ELECTRICAL EQUIPMENT INDUSTRY OR BROADLY IN THE
14 ELECTRONICS INDUSTRY, WOULD YOU HAVE AN OPINION AS TO HOW LONG
15 IF THE KIND OF TECHNOLOGY TRANSFER WE ARE TALKING ABOUT WERE
16 MADE IT WOULD IN FACT TAKE FOR SUCH A LICENSEE TO PRODUCE A
17 MARKETABLE 25 HORSEPOWER UNIT SIMILAR TO THE ONES THAT EXXON
18 IS NOW TESTING? DO YOU HAVE AN OPINION, I FIRST ASK?

19 A YES. I BELIEVE IT WOULD NOT TAKE OVER FOUR MONTHS.

20 Q NOW THE AFFIDAVIT GOES ON TO SAY THAT THE CORRESPONDING
21 PERIOD, I.E. THE PERIOD TO PRODUCE A MARKETABLE 25 HORSEPOWER
22 UNIT AFTER TECHNOLOGY TRANSFER, FOR A CURRENT DRIVE
23 MANUFACTURER WOULD BE APPROXIMATELY ONE YEAR. DO YOU HAVE
24 AN OPINION AS TO THE TRUTH OR FALSITY OF THAT STATEMENT?

25 A I BELIEVE THAT IS, ALSO, OVERESTIMATED.

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1 Q DO YOU HAVE AN OPINION AS TO APPROXIMATELY HOW LONG
2 THE PERIOD WOULD, IN FACT, BE?

3 A ABOUT TWO MONTHS.

4 Q I THEN DRAW YOUR ATTENTION TO THE NEXT SENTENCE OF
5 THE AFFIDAVIT WHICH STATES THAT, "FOR BOTH A NEW ENTRANT AND
6 A CURRENT DRIVE MANUFACTURER, I ESTIMATE IT WILL TAKE ANOTHER
7 YEAR AFTER INTRODUCING THE 25 HORSEPOWER UNIT TO THE MARKET
8 TO PRODUCE A MARKETABLE 50 HORSEPOWER UNIT." DO YOU HAVE AN
9 OPINION AS TO THE TRUTH OR FALSITY OF THAT STATEMENT?

10 A YES, I DO.

11 Q AND WHAT IS YOUR OPINION?

12 A I BELIEVE THAT THAT IS OVERESTIMATED. I BELIEVE IT
13 WOULD BE A VERY SHORT PERIOD.

14 Q TAKING THE PERIOD, OR A PERIOD, SUBSEQUENT TO THE
15 PRODUCTION OF A MARKETABLE 25 HORSEPOWER UNIT, ARE YOU ABLE
16 TO AT LEAST ROUGHLY QUANTIFY THE ADDITIONAL PERIOD THAT YOU
17 THINK WOULD BE INVOLVED BEFORE SUCH A LICENSEE COULD PRODUCE
18 A 50 HORSEPOWER UNIT?

19 A YES, I CAN. ONE OF THE ADVANTAGES OF THE ACS
20 TECHNOLOGY IS THAT IT'S DIGITAL COMPUTER TECHNOLOGY. IT WOULD
21 ONLY TAKE ABOUT TWO WEEKS.

22 Q TWO ADDITIONAL WEEKS?

23 A TWO ADDITIONAL WEEKS.

24 MR. SAILER: I HAVE NO FURTHER QUESTIONS.

25 THE COURT: DOES THE COMMISSION HAVE SOME QUESTIONS?

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1 A THAT'S A VERY DIFFICULT QUESTION. YOU SEE, YOU'RE
2 ON THE THRESHOLD OF POWER LOGIC. THE ACS TECHNOLOGY IS A
3 DIGITAL TECHNOLOGY, LIKE THE CALCULATOR. THE ENERGY-SAVINGS
4 IT AFFORD IS VERY USEFUL AND I BELIEVE THAT A LOT OF PEOPLE
5 ARE GOING TO GO THIS WAY. THIS IS THE BEGINNINGS OF A
6 POWER PROCESSING INDUSTRY LIKE THE DATA PROCESSING INDUSTRY
7 WAS SEVERAL YEARS AGO.

8 Q ARE YOU IN A POSITION TODAY TO MARKET ACS TECHNOLOGY
9 AT EXXON? COULD YOU, IF YOU WERE GIVEN A PRODUCTION FACILITY,
10 PUT SOME ACS DRIVES TOGETHER AND MARKET THEM IN UNITS OF --
11 IN PRODUCTION LOTS OF, LET'S SAY, A THOUSAND AND GO OUT AND
12 SELL THEM THE WAY THEY ARE TODAY, OR DO YOU HAVE FURTHER TESTING
13 TO DO? DO YOU HAVE FURTHER RESEARCH TO DO? CAN YOU IMPROVE
14 UPON THEM?

15 A THAT'S A SOMEWHAT COMPLICATED QUESTION. I AM THE
16 INVENTOR. MY WHOLE LIFE HAS BEEN IN RESEARCH AND DEVELOPMENT.
17 I AM NOT A MARKETING MAN, OR PRODUCTION MAN.

18 Q YOU SAID YOU ARE NOT A PRODUCTION MAN?

19 A NOT A PRODUCTION SPECIALIST, NO.

20 Q YOUR AREA OF SPECIALTY IS REALLY RESEARCH AND
21 DEVELOPMENT, ISN'T THAT CORRECT?

22 A THAT'S CORRECT.

23 Q SO YOU ARE NOT FAMILIAR WITH THE DIFFICULTIES OF
24 PUTTING THIS TECHNOLOGY INTO ACTUAL PRODUCTION, IS THAT CORRECT?

25 A WELL, I'VE HAD A LITTLE PRODUCTION EXPERIENCE. YOU

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1 Q DO YOU KNOW IF UNDER THE LICENSE AGREEMENT, UNDER
2 WHICH MIT LICENSED THOSE PATENTS TO EXXON, WHETHER EXXON HAS
3 THE RIGHT TO SUBLICENSE THOSE PATENTS TO ANYONE ELSE?

4 A I NEVER READ THE AGREEMENT. I DON'T KNOW.

5 Q YOU DON'T KNOW IF THERE ARE SUBLICENSING RIGHTS?

6 A I HAVE NO KNOWLEDGE OF THE AGREEMENT.

7 Q YOU SAID BEFORE THAT THE ACS DEVICE, WHICH WE SEE
8 THERE (INDICATING), CAN SAVE ENERGY BY CONTROLLING THE AMOUNT
9 OF ELECTRICITY THAT GOES TO THE MOTOR? ISN'T THAT CORRECT?

10 A YES.

11 Q DOESN'T ANY AC DRIVE, OR DC DRIVE, CONTROL THE AMOUNT
12 OF ENERGY THAT GOES TO A MOTOR IN ORDER TO VARY ITS SPEED?

13 A YES.

14 Q AND SO ISN'T IT TRUE THAT ANY EVSD DEVICE CAN SAVE
15 ENERGY BY CONTROLLING THE AMOUNT OF ELECTRICITY THAT GOES TO A
16 MOTOR AND THAT THE ACS DEVICE IS ONLY ONE TYPE OF A LARGE
17 NUMBER OF TYPES OF EVSD DEVICES?

18 A IT IS WELL-KNOWN THAT AN AC MOTOR CAN MADE TO RUN
19 AT VARIABLE SPEED IF YOU CONTROL BOTH THE VOLTAGE AND THE
20 FREQUENCY FED TO THE MOTOR. THERE ARE DEVICES ON THE MARKET.
21 THEY ARE RATHER COMPLEX. THIS TECHNOLOGY IS ALL DIGITAL. IT'S
22 LIKE A COMPUTER TECHNOLOGY. IT'S MUCH SIMPLER THAN THE OLDER
23 TECHNOLOGY.

24 Q ARE YOU FAMILIAR WITH THE LSI DRIVE MANUFACTURER BY
25 PTI CONTROLS?

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1 A VERY LITTLE, YOUR HONOR. HE WAS THERE ACTIVE AT
2 MIT A LONG TIME AGO BEFORE I WAS ACTIVE IN THIS AREA.

3 Q BUT YOU KNOW HIM?

4 A I KNOW HIM WHEN I SEE HIM. I HAVE MET HIM ONCE, OR
5 TWICE.

6 Q WHEN YOU DESCRIBED THE CONTROL--AND I'M REFERRING TO
7 THAT BOX--YOU ARE REFERRING TO THE BOX, ALONE, AND YOU ARE NOT
8 REFERRING TO THE MOTOR AS WELL, ARE YOU?

9 A THAT IS CORRECT.

10 Q AND WHEN YOU USE THE TERM, "DRIVE," YOU MEAN THE
11 CONTROL, OR DO YOU MEAN THE CONTROL PLUS THE MOTOR?

12 A I MEAN ELECTRONICS, VARIABLE SPEED DRIVE, THE
13 ELECTRONICS.

14 Q BUT NOT THE MOTOR?

15 A NO, SIR.

16 Q IN ANY OF YOUR PROTOTYPES, HAS THE CONTROL BEEN
17 INCORPORATED IN THE MOTOR, ITSELF?

18 A NOT AS PART OF THE MOTOR, PER SE.

19 Q BUT IT'S ALWAYS SEPARATE AND DISTINCT?

20 A YES, THAT'S CORRECT.

21 Q AND HOW BIG A PROTOTYPE HAVE YOU MADE IN TERMS OF
22 THE MOTOR TO WHICH IT WOULD BE ATTACHED?

23 A IN TERMS OF HORSEPOWER . . .

24 Q THAT'S CORRECT.

25 A . . . 100 HORSEPOWER.

1 Q YOU'VE GONE UP AS HIGH AS 100 HORSEPOWER?

2 A YES, YOUR HONOR.

3 Q SO I TAKE IT THAT FROM YOUR INVESTIGATION, YOU WOULD
4 ENVISION THAT IT COULD APPLY TO MOTORS OF ANY HORSEPOWER, IS
5 THAT CORRECT?

6 A YES, I BELIEVE IT CAN GO UP TO THOUSANDS OF HORSEPOWER.

7 Q HOW MANY PATENTS ARE INVOLVED IN THIS CONTROL THAT
8 YOU HAVE INVENTED?

9 A THERE WERE SIXTEEN ORIGINALLY AT MIT. AT EXXON,
10 WE HAVE FILED FOR TWELVE, I BELIEVE. FOUR HAVE ISSUED AND
11 THERE ARE ANOTHER TWENTY IN PREPARATION. THE TOTAL NUMBER IS
12 56.

13 Q ALTHOUGH THIS IS NOT YOUR PROVINCE, NAMELY THE
14 TRANSFER OF TECHNOLOGY, BUT HOW MANY PATENTS WOULD BE INVOLVED
15 IN THE TRANSFER OF ACS TECHNOLOGY?

16 A WELL, THERE ARE SEVERAL KEY PATENTS AND THEN SOME
17 DETAIL CIRCUIT PATENTS. I WOULD ASSUME THAT ALL OF THEM WOULD
18 BE, BUT I DON'T KNOW.

19 Q FOLLOWING ALONG THAT QUESTION, HOW MUCH IN TERMS
20 OF PERSONNEL WOULD BE REQUIRED TO MAKE A TECHNOLOGY TRANSFER
21 EFFECTIVE -- AND I'M TALKING ABOUT THE LEASING, OR THE LENDING
22 OF EXXON INDIVIDUALS TO A PARTICULAR LICENSEE, PROPOSED
23 LICENSEE?

24 A I BELIEVE SURPRISINGLY FEW AND THE REASON IS THAT
25 THIS IS A VERY SIMPLE TECHNOLOGY. IT'S DIGITAL. IT'S SIMPLY

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1 ALL SOLID-STATE, A CALCULATOR, A LITTLE COMPUTER CONTROLLING
2 TRANSISTORIZED SWITCHES, AND MOST OF INDUSTRY ARE FAMILIAR
3 WITH BOTH OF THESE VERY INTIMATELY. THE KEY TO THE ACS IS
4 THAT IT'S A DIFFERENT CONFIGURATION. IT WAS A DIFFERENT
5 CONNECTION PATTERN, IF YOU WILL, TO THE SYSTEM. ONCE YOU
6 KNOW THAT PATTERN, IT'S VERY EASY TO PRODUCE IT.

7 Q IN TERMS OF HOURS OR DAYS, HOW MUCH WOULD BE INVOLVED
8 IN ACTIVITY BY EXXON PERSONNEL TO MAKE A TECHNOLOGY TRANSFER
9 EFFECTIVE?

10 A I BELIEVE . . .

11 Q WELL, FIRST OF ALL, IT WOULD DEPEND ON HOW
12 KNOWLEDGEABLE THE PROPOSED LICENSEE IS IN THIS PARTICULAR LINE
13 OF BUSINESS, ISN'T IT?

14 A (NODDING.)

15 Q LET'S ASSUME THEY ARE ALREADY IN THE DRIVE BUSINESS
16 BUT THEY ARE INTERESTED IN BEING A PROPOSED LICENSEE OF YOUR
17 TECHNOLOGY . . .

18 A IF THEY ARE ALREADY . . .

19 Q . . . HOW LONG WOULD ONE, OR MORE INDIVIDUALS FROM
20 EXXON HAVE TO SPEND AT SUCH A PLANT?

21 A IF THEY ARE ALREADY IN THE DRIVE BUSINESS, VERY
22 LITTLE. WHEN SOMEONE SEES WHAT WE DO, IT'S READILY APPARENT
23 HOW IT'S DONE AND THE ADVANTAGES OF IT.

24 Q WELL, HOW DID YOU GET A PATENT IF IT'S ALL THAT
25 READILY APPARENT?

IN THE UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 80-2043

United States Court of Appeals
for the District of Columbia Circuit

EC'D
FILED NOV 3 1980

FEDERAL TRADE COMMISSION,

GEORGE A. FISHER
CLERK

Plaintiff-Appellee,

v.

EXXON CORPORATION,

Defendant-Appellant.

On Appeal from the United States District Court
For the District of Columbia

SUPPLEMENTAL APPENDIX OF APPELLEE

JAMES H. SNEED
Acting General Counsel

W. DENNIS CROSS
Assistant General Counsel

MICHAEL A. SCHLANGER
Assistant Director
Bureau of Competition

ERNEST A. NAGATA
Deputy Assistant Director
Bureau of Competition

Of Counsel:

DAVID W. LONG
DANIEL S. KOCH
RICHARD L. SIPPEL
JOHN R. METZ
KAREN L. CHAPMAN
Attorneys
Bureau of Competition

Federal Trade Commission
Attorneys for Appellee

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