

STATEMENT OF CONSIDERATION

REQUEST BY DOW CORNING CORPORATION (DOW CORNING) FOR AN ADVANCED
WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS UNDER COOPERATIVE
AGREEMENT NO. DE-FC22-96PC96050-W(A)-96-026, CH-0915

The Petitioner, Dow Corning, was awarded this cooperative agreement in response to an unsolicited proposal for the engineering scale development of a process for the conversion of natural gas to methyl chloride. The Petitioner was selected based on its past experience in identifying an oxyhydrochlorination catalyst and separation process for this conversion. The initial phase of this work was performed under DOE Contract No. DE-AC22-91PC91030. The Contracting Officer has found that the provisions of the 1992 Energy Policy Act P.L. 102-486 apply to this cooperative agreement and that the cost sharing requirement of §3002 of the Act are met and exceeded.

Dow Corning has requested a waiver of domestic and foreign rights for all subject inventions under this agreement as brought out in its response to question 1.

As brought out in Dow Corning's response to questions 2 and 3, and in Article VII of the agreement, the total estimated cost of the project is \$16,000,804 with Dow Corning paying 62.5% (\$10,000,501) and DOE providing the balance. Dow Corning also expects to invest an addition \$6,000,000 in capital improvements related to this agreement.

In response to questions 9, 10 and 15, Dow Corning states that it is the world's largest methyl chloride producer and has extensive experience in developing process technology to support its production units. Dow Corning has invested \$7,400,000 on Oxyhydrochlorination technology development since 1982 and expects to invest an additional \$6,000,000 under this cooperative agreement. When this technology is commercialized, it will pave the way for other chemicals and liquid fuels via the oxyhydrochlorination route. Dow Corning anticipates to license or sell the technology under an appropriate agreement which would allow other manufacturers to evaluate the technology at a relatively low technical risk.

Grant of this waiver is not expected to have an adverse effect on competition or market concentration. Dow Corning is the world's largest methyl chloride producer and as such, is in a better position to manage and advance this technology based on their knowledge, investment, global position and expertise in the field. Moreover, Dow Corning's large investment in this cooperative agreement should be an incentive for other corporations to enter into government contracts/cooperative agreements to advance U.S. competitiveness.

The Petitioner has agreed to the standard patent waiver provisions including march in rights, U.S. preference, and U.S. government license provided in 35 U.S.C. § 202-204 as well as the usual background patent provisions and third party data licensing provisions. Additionally, the Petitioner has agreed that products embodying any waived invention or produced through the use of any waived invention will be manufactured substantially in the United

States unless the recipient demonstrates to the satisfaction of DOE, that it is not commercially feasible to do so. The Waiver Recipient 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.

Considering the foregoing, it is believed that granting a waiver will provide the 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 agreement's benefits available to the public in the shortest practical time. In addition, it would appear that the 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]
Intellectual Property Law
Division, CH

Date 22 April 97

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 above, 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]
Sandra Waisley
Acting Deputy Assistant
Secretary for
Gas and Petroleum Technology

Date 6/2/97

cc: Ralph A. Avellanet
HQ

APPROVAL

[REDACTED]
Paul A. Gottlieb
Assistant Chief Counsel for
Intellectual Property

Date 6-6-97

WAIVER ACTION - ABSTRACT

W(A)-96-026 (CH-0915)

REQUESTOR

Dow Corning Corporation
DE-FC22-96PC96050

CONTRACT SCOPE OF WORK

The Engineering scale development as
a process for the conversion of natural gas
To methyl Chloride.

RATIONALE FOR DECISION

62.7% of the total is being paid by DC

DISPOSITION