

STATEMENT OF CONSIDERATIONS

REQUEST BY ABENGOA BIOENERGY CORPORATION FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER A DOE COOPERATIVE AGREEMENT INITIALLY IDENTIFIED AS GOV WORKS NO. 04-03-CA-79759 AND NOW INCORPORATED BY REFERENCE AND CONTINUED AS DOE COOPERATIVE AGREEMENT NO. DE-FC36-03GO13142; W(A)-05-006; CH-1267

The Petitioner, Abengoa Bioenergy Corporation (Abengoa), has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above-identified cooperative agreement by its employees and its subcontractors' employees, regardless of tier, except inventions made by subcontractors eligible to retain title to inventions pursuant to P.L. 96-517, as amended, and National Laboratories. This agreement is a continuation of work begun under Gov Works Cooperative Agreement No. 04-03-CA-79759. The Gov Works agreement was an award by the Office of Biomass Program which was handled administratively by a contracting group within the Department of Interior under the authority of the Office of Biomass Program. Abengoa is leading a teaming arrangement including various industrial participants and the National Renewable Energy Laboratory (NREL) to develop advanced biorefining of distiller's grain and corn stover blends.

Referring to item 2 of Abengoa's waiver petition, the work under this agreement encompasses (i) demonstrating a viable pretreatment process for distillers grain (DG) and corn stover (CS) to convert residual starch, cellulose and hemicellulose into ethanol and high-protein feed, (ii) identifying the optimal operating parameters for DG and CS conversion and the optimal DG/CS residue blends required to meet the nutritional values for these blends as animal feed, (iii) determining the most cost-effective enzyme complex for increased carbohydrate hydrolysis for the process, and (iv) developing a yeast biocatalyst capable of fermenting the six and five carbon sugars present in the mixed feedstock blends.

The work under this agreement and the prior Gov Works agreement now incorporated in the agreement is expected to take place over a period of four years at a total cost of \$36,138,715. Abengoa is obligated to cost share \$18,069,357, or 50 percent of the total cost of the project.

In view of the cost sharing and other equities between Abengoa 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 Abengoa's 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 Abengoa 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 Abengoa's 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. Additionally, subcontractors who receive title under this waiver shall notify DOE Patent Counsel in writing of such disposition of patent rights.

Referring to items 5-9 of Abengoa's waiver petition, Abengoa has extensive experience in the bioprocessing industry. This, coupled with Abengoa's cost sharing, clearly demonstrates

the likelihood that Abernigoa will continue development and commercialization of the results of this agreement.

This advance waiver of the Government's rights in inventions is subject to the government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The advance patent waiver also includes the attached U.S. Competitiveness clause (paragraph t) which requires products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the participant can show to the satisfaction of DOE that it is not commercially feasible to do so. The contractor further agrees to make the above condition binding on any assignee, licensee or other entity acquiring rights to any waived invention, including subsequent assignees or licensees. Should the Contractor 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.

Referring to item 10 of the waiver petition, granting this waiver is not anticipated to have any adverse impact on competition as there are a variety of competing process technologies in the relevant market.

Considering the foregoing, it is believed that granting this waiver will provide 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 technology available to the public in the shortest practicable time. Therefore, upon evaluation of the waiver petition and 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 be granted.


Thomas G. Anderson
Assistant Chief Counsel
Intellectual Property Law Division

Date: 4-15-05


Based upon the foregoing Statement of Considerations and representations in the attached waiver petition, it is determined that the interests of the United States and the general public will best be served by a waiver of patent rights of the scope described above, and therefore the waiver is granted. This waiver will not apply to any modification or extension of the contract, where through such modification or extension, the purpose, scope or cost of the contract has been substantially altered.

CONCURRENCE:


Douglas E. Kaemer, Program Manager
Office of the Biomass Program
EE-2E

Date: 5/11/05

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel for
Technology Transfer and Intellectual
Property, GC-62

Date: 5-11-05

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 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. The Contractor 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 the Contractor 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 any waived invention is suspended until approved in writing by DOE.

WAIVER ACTION - ABSTRACT

W(A)-05-006 (CH-1267)

REQUESTOR

Abengoa Bioenergy
Corporation under a
DOE Cooperative
Agreement Initially
Identified as Gov Works
No. 04-03-CA-79759
And now incorporated
by reference and continued
as DOE Cooperative
Agreement No. DE-FC36-03GO13142

CONTRACT SCOPE OF WORK

Advanced Biorefining of Distiller's
Grain and Corn Stover Blends: Pre-
Commercialization of a Bio-mass-
Derived Process Technology

RATIONALE FOR DECISION

50% cost sharing

DISPOSITION