

STATEMENT OF CONSIDERATIONS

REQUEST FOR ADVANCE WAIVER OF PATENT RIGHTS BY BALLARD POWER SYSTEMS, UNDER SUBAWARD QZ0001 UNDER DOE GRANT NO. DE-FG36-07GO17017 BETWEEN THE DEPARTMENT OF ENERGY AND PLUG POWER L.L.C.; W(A)-08-029, CH-1438

The Petitioner, Ballard Power System (Ballard) has requested a waiver of domestic and foreign patent rights for all subject inventions made solely by Ballard made under its participation under the above referenced award entitled "Intergovernmental Stationary Fuel Cell System Demonstration."

The objective of Ballard's subcontract is to develop a fuel cell stack to meet the requirements for the next generation GenSys fuel cell product being developed under the DOE Topic 7c program. Working together with Plug Power, Ballard will focus on development of a low-cost stack that will be compatible with a low cost reformat system developed by Plug Power.

The anticipated cost of the award is approximately one million dollars, of which Ballard will provide approximately 50% in cost sharing. This waiver is contingent upon Ballard maintaining, in aggregate, the above cost sharing percentage over the course of the agreement.

Referring to items 5-9 of the waiver petition, Ballard is a leading technology company that provides commercial products throughout the world. Ballard has invested more than 20 years of research and development and hundreds of millions of dollars in capital to develop fuel cells for numerous applications in a diverse range of market segments. Ballard has been an industry leader in fostering the hydrogen economy and has in-depth experience in fuel cell stacks. Ballard has shipped over 1,000 of its third generation of the Mk1030 stack. Ballard also has spent years developing its automotive stack programs (Mk1020). As of March 4, 2008, Ballard owns approximately 212 patents and 69 patent applications and holds exclusive and non-exclusive license rights to approximately 2000 patents and patent applications. Sales to the U.S. Government amounted to approximately 2.8% of Ballard's total revenue in 2006 and approximately 10.5% of Ballard's total revenue in 2007.

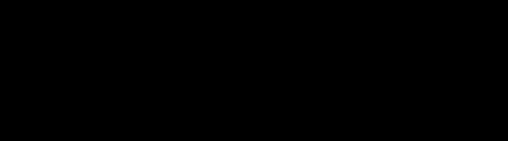
At this time a number of hydrogen technologies are in commercial or pre-commercial stages by various companies. New technologies generated under this award will offer alternatives to the existing and future commercial technologies, fostering greater competition. Therefore, the grant of this waiver should effectively promote the continued development and commercial utilization of the subject inventions since Ballard will be able to develop these technologies and incorporate them into its commercial portfolio without an adverse patent interest overshadowing its development efforts. Thus, the waiver is necessary for development to proceed given the size and nature of the investment necessary to commercialize fuel cell technology.

Ballard has agreed that this waiver will be subject to the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, set out in 35 U.S.C. 202-204. Furthermore, Ballard has agreed to the attached U.S. Competitiveness provision (paragraph (t)). In brief, Ballard has agreed that products embodying a waived invention or produced through the use of a waived invention will be manufactured substantially in the United States unless the Ballard can show to the satisfaction of the DOE that it is not commercially feasible to do so. Ballard has further agreed to make the above conditions binding on any assignee or licensee or any entity otherwise acquiring rights in the waived inventions, including subsequent assignees and licensees. Should Ballard or other such entity receiving rights in a 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 inventions is suspended until approved in writing by DOE.

Referring to item 10 of the waiver petition, granting this waiver will not have an adverse impact on competition as numerous competitors are also working towards fuel cell solutions. If anything, the technology forming the subject matter of the collaboration can be expected to provide a new entrant into the market.

Referring to item 15 of the waiver petition, Ballard has an agreement with Daimler and Ford which may grant these companies a license depending on the subject matter of the invention. Ballard has confirmed that it will ensure that Daimler and Ford will adhere to the same terms and conditions including the march-in and preference for U.S. industry provisions, as well as the U.S. Government license, set out in 35 U.S.C. 202-204. Furthermore, Ballard has agreed to ensure that Daimler and Ford will agree to the attached U.S. Competitiveness provision (paragraph (t)).

Considering the foregoing, it is believed that granting this waiver will provide Ballard 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.


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Date: 9/22/08


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Intellectual Property Law Division

Date: 9/27/08

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 grant, where through such modification or extension, the purpose, scope or cost of the award has been substantially altered.

CONCURRENCE:


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EE-2H

Date: 9/30/08

APPROVAL:


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GC-62

Date: 10/28/08

WAIVER ACTION - ABSTRACT
W(A)-08-029

REQUESTOR
Ballard Power
Systems

CONTRACT SCOPE
Develop a fuel cell stack to meet the requirements for the next generation GenSys fuel cell product being developed under the DOE Topic 7c Program.

RATIONALE FOR DECISION
Ballard Power Systems has contributed research expertise and significant capital for the development of cost-effective fuel cells and the grant of this waiver will encourage further development and commercialization.

(t) 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 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 the 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.