

STATEMENT OF CONSIDERATIONS

ADVANCE CLASS WAIVER OF PATENT RIGHTS FOR TECHNOLOGY DEVELOPED UNDER THE OFFICE OF BIOMASS PROGRAM FUNDING OPPORTUNITY ANNOUNCEMENT, "RECOVERY ACT: DEMONSTRATION OF INTEGRATED BIOREFINERY OPERATIONS" DE-FOA-0000096, W(C) 2009-018

This advance waiver will expedite implementation of the American Recovery and Reinvestment Act of 2009 ("Recovery Act") and is intended to apply to inventions of all current and future recipients, including subrecipients, awarded under the Funding Opportunity Announcement (FOA), "*Recovery Act: Demonstration of Integrated Biorefinery Operations*," regardless of tier, except recipients eligible to obtain title pursuant to P.L. 96-517, as amended, and National Laboratories.

DOE's Office of Energy Efficiency and Renewable Energy (EERE), through the Office of the Biomass Program (OBP), has funded biorefinery technology development projects since FY 2002. Under this FOA, additional funding for financial assistance is being provided, through the Recovery Act, to select integrated biorefinery projects that have the necessary technical and economic performance data that validates their readiness for the next level of scale-up. In general, "integrated biorefineries" employ various combinations of feedstocks and conversion technologies to produce a variety of products, with the main focus on producing biofuels and bioproducts.

This FOA has six topic areas. Each topic area is related to beneficial use of renewable biomass for the production of liquid transportation biofuels and bioproducts that are a replacement for fossil derived liquid transportation fuels and petroleum-based chemicals. Each of topic areas 1, 2, and 5 includes the design, construction, and operation of an integrated pilot-scale biorefinery (*i.e.*, a facility with a throughput of no less than one (1) dry tonne of feedstock per day) in order to validate the technology. Each of topic areas 3, 4, and 6 includes the design, construction, and operation of an integrated pilot-scale biorefinery (*i.e.*, a facility with a throughput of no less than fifty (50) dry tonnes of feedstock per day) in order to validate the technology. For each biorefinery under each of topic areas 1, 3, 5 and 6, an acceptable feedstock must be utilized and an acceptable bioproduct must be produced. For each biorefinery under each of topics 2 and 4, an acceptable feedstock must be utilized and an acceptable biofuel must be produced. Under this FOA, acceptable feedstocks must be domestically available and compliant with the guidelines and definitions set forth in the FOA. Similarly, acceptable bioproducts and biofuels must be compliant with the guidelines and definitions set forth in the FOA.

Although awardees or recipients have not been selected yet, DOE anticipates making up to 10-20 awards under this FOA. Institutions of higher education, non-profit entities, for-profit entities, state and local governments, Indian tribes, tribal energy resource development organizations or groups, and consortia of the foregoing entities are eligible

to be awardees. DOE and non-DOE Federally Funded Research and Development Centers (FFRDCs), and other federal agencies are allowed only as sub-awardees or sub-recipients.

Each team shall be composed of a prime recipient and one or more subrecipients. It is anticipated that each of the teams will develop an appropriate allocation of patent rights among the recipients to facilitate the commercial development of the respective technical areas forming the subject matter of each award, taking into account the provisions of the Bayh-Dole Act.

For pilot-scale projects (topic areas 1, 2, and 5), the minimum cost share is 20% and the cost share funds must come from non-Federal sources unless otherwise allowed by law. However, using the Secretary's statutory authority, under the Recovery Act, to reduce cost share requirements, a recipient may propose cost share as low as 10%. For Indian Tribes or Tribal Energy Resources Groups, cost share may be waived in full.

For demonstration-scale projects (topic area 3, 4, and 6), the minimum cost share is 50% and the cost share funds must come from non-Federal sources unless otherwise allowed by law. However, using the Secretary's statutory authority, under the Recovery Act, to reduce cost share requirements, a recipient may propose cost share as low as 25%. For academic institutions, non-profit organizations, Indian Tribes or Tribal Energy Resource Development Groups, and state and local governments, the non-Federal cost share for demonstration and commercial application activities must be at least 10% of total allowable costs.

It is the purpose of this class waiver to vest title to the parties' inventions with the recipients, including the subrecipients, in a fashion enabling them the expediently commercialize the various technologies. Accordingly, DOE will waive the Government's title to subject inventions, other than inventions made by Bayh-Dole recipients pursuant to P.L. 96-517, as amended, or National Laboratories, to the respective recipient or other recipients as may be designated by the parties agreeing to the terms of this waiver.

This advance class waiver of the Government's rights in inventions is subject to the usual Government license, march-in rights, and preference for U.S. industry provisions set out in 35 U.S.C. 202-204. The class waiver also includes the attached U.S. Competitiveness clause, paragraph t, which requires that products embodying any waived invention or produced through the use of any waived invention be manufactured substantially in the United States unless the recipient of the waiver demonstrates to the satisfaction of DOE Field Patent Counsel, with the concurrence of the cognizant DOE program, that it is not programmatically or commercially feasible to do so. Field Patent Counsel, after consultation with the cognizant DOE program, for good cause shown in writing, may grant a deviation from this U.S. Competitiveness clause in advance of contracting. The recipient further agrees to make the above condition binding on any entity acquiring rights to any waived invention, including subsequent assignees or licensees. Should the recipient 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.

The grant of this class waiver is not expected to have any adverse effects on competition or market concentration. Rather, the waiver should enhance competition and growth of OBP's goals of (1) increasing the viability and deployment of renewable energy technologies, thereby (2) spurring the creation of a domestic bio-industry, resulting in (3) a dramatic reduction in dependence on imported oil. In any event, if a recipient who has obtained title is not making reasonable efforts to utilize a waived invention, DOE can exercise march-in rights.

This advance class waiver shall apply to each of the recipients, including subrecipients, under the teaming arrangements upon the Contracting Officer's written notice to Field Patent Counsel that the recipient is obligated to provide cost sharing as set forth in the applicable FOA, and shall remain in effect for so long as such cost sharing is maintained over the term of the agreement.

In addition to the above, all recipients under this FOA, other than recipients which are domestic small businesses or non-profit organizations under P.L. 96-517, as amended, or National Laboratories, shall give DOE written notice of their acceptance of the terms and conditions of this class waiver prior to entering into any agreement incorporating the terms of this waiver. Except as otherwise specifically approved by DOE Patent Counsel, a recipient's acceptance of an agreement under this award, at any tier, shall constitute that recipient's notice to DOE of its acceptance of the terms and conditions of this class waiver.

In the event a recipient which is a member of a teaming arrangement does not participate in subsequent phases of its project, the remaining recipients in that recipient's team shall retain, as a minimum, a royalty-free, nonexclusive license throughout the world, with the right to grant sublicenses, in each subject invention held by such recipient pursuant to this class waiver, except as otherwise approved by DOE Field Patent Counsel. However, in no event will recipients eligible to obtain title pursuant to P.L. 96-517, as amended, or National Laboratories be required to license other recipients its subject inventions.


Considering the foregoing, and in view of the statutory objectives to be obtained and the factors to be considered under DOE's statutory waiver policy, all of which have been considered, it has been determined that this class waiver as set forth above will best serve the interest of the United States and the general public. It is recommended that the waiver be granted.

/Glen R. Drysdale/
Glen R. Drysdale
Patent Counsel
Golden Field Office


Date: November 27, 2009

Based upon the foregoing Statement of Considerations, it is determined that the interests of the United States and the general public will best be served by a waiver of the United States and foreign patent rights as set forth herein, and, therefore, the waiver is granted. This waiver shall not affect any waiver previously granted.

CONCURRENCE:


Joan Ferrell
Acting Program Manager
Office of the Biomass Program

APPROVAL:


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

Date: _____

Date: _____

(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.