

STATEMENT OF CONSIDERATIONS

REQUEST BY AIR PRODUCTS AND CHEMICALS, INC. (AIR PRODUCTS)
FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN INVENTION RIGHTS
UNDER COOPERATIVE AGREEMENT NO. DE-FC22-95PC93052 - W(A)-95-009, CH-0856

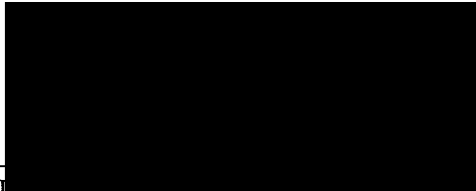
The Petitioner, Air Products, was awarded this cooperative agreement to demonstrate in the LaPorte, Texas Alternative Fuels Development Unit (AFDU), new technologies for the synthesis of value-added syngas-derived products from non-traditional feedstocks. The project is to demonstrate the broad applicability of slurry-phased technology by using syngas. Air Products has requested a waiver of domestic and foreign rights for all subject inventions created by their employees under this agreement. This approach should focus development and lead to the ultimate commercialization of this technology.

As brought out in section 1, the Petitioner understands that all universities and nonprofit organizations subject to this Cooperative Agreement, whose employees either conceive or reduce to practice any inventions in performance of this cooperative agreement, will be subject to the provisions of this waiver request. In response to questions 3, and 8 in the attached copy of its petition for waiver, the total estimated cost of this agreement is about \$35.7 million with DOE providing \$28.6 million and Air Products and its industrial subcontractors providing the balance for a total cost sharing of about 20%.

In its response to question 5, Air Products explains that it considers itself eminently qualified to perform the scope of work, in that the initial Liquid Phase Methanol process was conceived and patented by Chem Systems Inc., a small business, in the mid 1970s. Air Products and Chem Systems continued development and testing of the process under a series of DOE funded contracts. DOE granted Advance Waivers of all inventions to Chem Systems Inc. in the earlier contracts and Air Products states it has obtained these inventions under a recent agreement. According to the response to question 6, Air Products has invested heavily in the development of synthesis gas technology since this will enhance the commercial acceptance of coal gasification. Gasification projects require a large air separation unit of which Air Products is an international marketer of oxygen and oxygen plants. In addition, Air Products has arranged cost sharing in amounts of 5 - 12% in the government funded projects directed to Liquid Phase Methanol technology conducted since the early 1980s. This private investment clearly demonstrates Air Products' commitment to the technology and indicates a likelihood of an effort to commercialize the results of the agreement.

The Petitioner has agreed to the inclusion of standard provisions with respect to invention waivers including march in rights, U.S. manufacturing preference and U.S. government license provided in 35 U.S.C. 202-204. Additionally, Air Products has accepted standard background patent and data provisions of paragraphs (k), (h), (j), and U.S. competitiveness clause to assure commercialization of the technology.

Considering the foregoing, it is believed that granting the 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 practicable time. In addition, it would appear that a 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 41 CFR part 9-9.109-6, all of which have been considered, it is recommended that the requested waiver, as set forth above, be granted.


Tyrone Davis
Patent Attorney
Office of Patent Counsel

Date 8/23/95

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:


Howard Feibus
Associate Deputy Assistant Secretary
for Research and Development

Date 10/12/95

APPROVAL:


Paul A. Gottlieb
Assistant General Counsel
for Technology Transfer and Intellectual
Property

Date 10-19-95

WAIVER ACTION - ABSTRACT

W(A)-92-029; CH-0741

<u>REQUESTER</u>	<u>CONTRACT SCOPE OF WORK</u>	<u>RATIONAL FOR DECISION</u>	<u>DISPOSITION</u>
Air Products and Chemicals, Inc.	Demonstrate the broad applicability of slurry-phased technology by using syngas.	20% cost sharing	Recommended

(FOR INSERTION IN ADVANCE WAIVER OF PATENT RIGHTS)

U.S. COMPETITIVENESS (Reference (c)(3)(ix))

The Participant (Air Products & Chemicals, Inc.) 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, to the extent such manufacture involves practicing the waived invention, unless the Participant (Air Products & Chemicals, Inc.) 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 Participant (Air Products & Chemicals, Inc.) 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 Participant (Air Products & Chemicals, Inc.) 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.