

## STATEMENT OF CONSIDERATIONS

### REQUEST BY NIAGARA MOHAWK POWER CORPORATION FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER CONTRACT NO. DE-FC36-96GO10132, W(A)-96-018, CH-0910

The Niagara Mohawk Power Corporation (hereafter NMPC), a large business, has petitioned for an advance waiver of patent rights under DOE Contract No. DE-FC36-96GO10132. NMPC is the lead company of a group of organizations call the Salix Consortium which expects to demonstrate that a process called the "Swedish Willow Biomass System" is suitable for electrical power production in the Northeastern United States.

NMPC has requested a waiver of domestic and foreign patent rights for all subject inventions of its employees, including those of its wholly owned or controlled subsidiaries or affiliates, as well as those of its subcontractors, at any tier, other than those of domestic small businesses, non-profit organizations and universities, and National Laboratories. Under the terms of the waiver, all such subject inventions will be waived by the Department and vested in NMPC or its subcontractors, as determined by the parties, subject to the standard Government license, march-in, preference for U.S. industry, and background patent provisions, as well as the attached U.S. competitiveness provision. Additionally, NMPC has agreed to a third party background data licensing provision generally comparable to the background patent provision. It is anticipated that NMPC, its various subcontractors, and other members of the Salix Consortium will allocate rights to any subject inventions consistent with their respective contributions to the technology and the total cost of the subcontract, subject to the U.S. competitiveness provision noted above. In recognition of the lower tier subcontractors' right to request a waiver of patent rights under their own subcontracts, this waiver will apply only to such lower tier subcontractors who provide to the DOE, in writing, acknowledgment of their waiver rights and agreement to the terms of the waiver. This waiver shall not impact the rights of those parties having the right to elect title to inventions pursuant to Public Law 96-517, as amended, nor shall it grant any rights in inventions made by employees of the National Laboratories.

The Swedish Willow Biomass System to be demonstrated under this agreement is a willow energy crop system utilizing a biomass fuel source (i.e., willow trees) which can be used in coal-powered power plants as an alternative, less expensive, and cleaner fuel. NMPC believes that the successful demonstration of this technology will lead to significant commercialization and ultimately a means for reducing pollution by the power generation industry.

This agreement contemplates a two phase program having an estimated total cost of \$13,427,544. The total approved budget for Phase I is \$2,768,240. Of that amount, NMPC has agreed to privately cost share \$2,193,578, or about 79 percent of the total. If DOE determines to participate in Phase II, NMPC anticipates maintaining at least the same cost sharing percentage as in Phase I as a condition of the waiver.

Given the level of cost sharing and technical competence of the members of the Salix Consortium, NMPC and the Salix Consortium are clearly committed to the development of this technology and can be expected to ultimately commercialize the results of this agreement.

Considering the foregoing, it is believed that granting the waiver will provide NMPC and the other consortium members with the necessary incentive to invest their resources in the commercialization of the results of the contract in a fashion which will make the contract's benefits available to the public in the shortest practicable time. The waiver is not expected to have any adverse impact on competition due to the various other biofuel systems currently under development.

Therefore, in view of the objectives and considerations set forth in <sup>CFR</sup> 10 784, all of which have been considered, it is recommended that the requested waiver be granted, provided NMPC's cost sharing over the term of agreement is at least fifty percent, in aggregate, of the total cost of the contract.

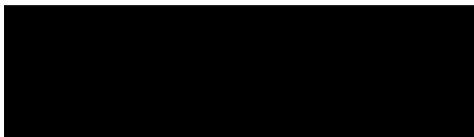


Thomas G. Anderson  
Assistant Chief Counsel  
Office of Intellectual Property Law

Date 2/21/97

Based on the foregoing Statement of Considerations and the 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 shall not apply to any modification or extension of this contract where through such modification or extension, the purpose, scope, or cost of the agreement is substantially altered.

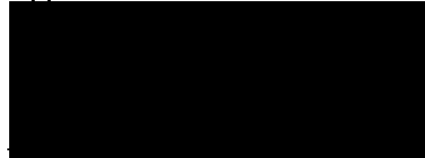
Concurrence:



Gary D. Burch, Director  
Office of Solar Thermal Biomass  
Power and Hydrogen Technologies

Date: 5/9/97

Approval:



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

Date: 5-9-97

(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.