

## STATEMENT OF CONSIDERATIONS

### REQUEST BY EASTMAN CHEMICAL COMPANY FOR AN ADVANCE WAIVER OF PATENT RIGHTS TO INVENTIONS MADE UNDER SUBCONTRACT 1-93U-9252 UNDER COOPERATIVE AGREEMENT DE-AC26-99FT40675; W(A) 05-033; CH-1301

As set out in the attached waiver petition and in subsequent discussions with DOE Patent Counsel, Eastman Chemical Company (Eastman) has requested an advance waiver of domestic and foreign patent rights for all subject inventions made under the above subject subcontract. The waiver will apply to inventions made by Eastman 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.

Eastman is a subcontractor to Research Triangle Institute (RTI) under the subject cooperative agreement. Referring to item 2 of Eastman's petition, the purpose of the subcontract is to demonstrate RTI's High Temperature Desulfurization Process (HTDS) and Direct Sulfur Recovery Process (DSRP) using coal-derived synthesis gas. Eastman has access to a coal gasification facility that will be used to meet this purpose. Eastman also has extensive experience in the design, development, construction and operation of such a plant, as well as the ability to install, commission, shakedown, and operate RTI's plants.

The work under this agreement is expected to take place from 9/29/2004 through 9/30/2006. The value of the subcontract is \$3,536,774 of which Eastman is cost-sharing \$1,048,953 or, 30% of the total cost of the project.

In view of the cost sharing and other equities between Eastman 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 Eastman'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 Eastman 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 Eastman'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 in Eastman's waiver petition, Eastman has the experience and expertise to conduct the technical and economical evaluation and commercialization assessment of the warm gas cleanup technologies at temperatures greater than 400 degrees Fahrenheit, and reverse selective polymer membrane-based low temperature bulk desulfurization and CO2 removal technologies being developed under this subcontract. A list of Eastman patents in the gasification field is attached to the waiver petition as Exhibit 1. This, coupled with Eastman's cost sharing, clearly demonstrates the likelihood that Eastman will continue development and commercialization of the results of this agreement.

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 technologies in the relevant market.

This advance waiver of the Government's rights in inventions is subject to the usual advance patent waiver licensing provisions, and 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.


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 Part 784, all of which have been considered, it is recommended that the requested waiver be granted.

  
Mark P. Dvorscak  
Assistant Chief Counsel  
Intellectual Property Law Division

Date: 11-13-05

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

CONCURRENCE:

  
George Rudins  
Deputy Assistant Secretary  
Office of Fossil Energy  
Coal and Power Systems

Date: 12-20-05

APPROVAL:

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

Date: 1-9-06

(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.

## ***WAIVER ACTION - ABSTRACT***

**W(A)-05-033 (CH-1301)**

### REQUESTOR

Eastman Chemical  
Company under  
Subcontract 1-93U-9252  
under Cooperative  
Agreement No.  
DE-AC26-99FT40675

### CONTRACT SCOPE OF WORK

Hot Synthesis Gas Desulfurization  
Program

### RATIONALE FOR DECISION

30% cost sharing

### DISPOSITION