

STATEMENT OF CONSIDERATIONS

REQUEST BY CARGILL DOW POLYMER, LLC, FOR AN ADVANCE WAIVER OF DOMESTIC AND FOREIGN PATENT RIGHTS UNDER DOE CONTRACT DE-FC36-00GO10598; W(A)-00-022; CH-1037

The Petitioner, Cargill Dow Polymers, LLC (Cargill Dow), has requested an advance waiver of domestic and foreign patent rights for all subject inventions arising from its participation under the above referenced contract entitled "Bioenergy Project for Polylactic Acid, Ethanol and Power." The Petitioner is a cooperative venture between Cargill PLA, Inc. and CD Polymers, Inc.

As brought out in the attached copy of the Petitioner's waiver petition, this award was made under DOE's Bioenergy Initiative. The objective of the contract is to develop lactic acid producing acid tolerant biocatalyst and hydrolysis processes for corn fiber and corn stover. Cargill Dow is seeking to develop the technology to convert biomass in the form of corn fiber and corn stover to polylactide, ethanol and power which it expects to use in a \$300 million processing facility it intends to build in Nebraska.

The work under the agreement is anticipated to take place over a period of about one year at a total cost of \$2,234,163, of which the Petitioner is providing \$1,117,082, for approximately a fifty percent (50%) cost share. In view of the cost sharing and other equities between Cargill Dow and its subcontractors, it is anticipated that the parties will develop an appropriate allocation of patent rights among the parties to facilitate the expeditious development of the technology forming the subject matter of this agreement. Accordingly, DOE will waive title to all subject inventions made by Cargill Dow's employees and its subcontractors' employees, regardless of tier, other than inventions made by subcontractors eligible to retain title pursuant to P.L. 96-517, as amended, or National Laboratories, to Cargill Dow or such other entities as may be designated by the parties agreeing to the terms of this waiver. Except as otherwise specifically approved by DOE Patent Counsel, a party's acceptance of a subcontract under this agreement, at any tier, shall constitute that party's notice to DOE that it accepts the terms and conditions of this advance waiver.

As indicated in its waiver petition, Cargill Dow has a well established commercial position in the bioenergy processing market. The Petitioner estimates that it, and its affiliates, have invested at least \$100 million in developing polylactide polymer technology. Given the circumstances, Cargill Dow clearly appears to be committed to the continued development and ultimate commercialization of the technology forming the subject matter of this agreement.

This advance waiver of the Government's rights in inventions is subject to the usual advanced patent waiver and background data 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 or licensee or any entity

otherwise 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

Referring to item 10 of the waiver petition, granting this waiver petition is not anticipated to have any adverse impact on competition. There are currently a variety of approaches as well as competitors for processing biomass to polylactide polymer, ethanol and power. Thus, the success of this contract can be expected to stimulate investment, not only in this technology, but also in other competing technologies.

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 subcontract in a fashion which will make the above 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.

[Redacted Signature]

Thomas G. Anderson
Assistance Chief
Office of Intellectual Property Law

Date 3/13/01

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

CONCURRENCE: [Redacted Signature]

John E. Ferrell, Director
Office of Fuels Development
EE-31

Date: 5/30/01

APPROVAL: [Redacted Signature]

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

Date: 5-30-01

(3) Pending written assignment of the patent application and patents on a subject invention determined by the Contracting Officer to be forfeited (such determination to be a Final Decision under the Disputes clause of this contract), the contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph shall be in addition to and shall not supersede any other rights and remedies which the Government may have with respect to subject inventions.

(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.

(End of clause)

WAIVER ACTION - ABSTRACT

W(C)-00-022 (CH-1037)

REQUESTOR

Cargill Dow Polymer,
LLC

CONTRACT SCOPE OF WORK

Bioenergy Project for
Polylactic Acid, Ethanol
and Power

RATIONALE FOR DECISION

50%
Cost Sharing

DISPOSITION