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March 30, 2017

Via Federal Express

Mr. James Wentzel, P.E.
Regional Manager, Waste Management
PADEP Southeast Regional Office
2 East Main Street
Norristown, PA 19401-4915

**Re: Assertion of Confidential Business Information
Elcon Recycling Services, LLC
Phase II RCRA Part B Application
Falls Township, Bucks County
ID No. PAR 000 544 486
APS No. 872052, AUTH No. 1075413**

Dear Mr. Wentzel:

We are writing on behalf of Elcon Recycling Services, LLC (Elcon) in response to your letter dated March 16, 2017, which requested additional information substantiating the claim for confidentiality that was asserted in the submittal letter that accompanied Elcon's Phase II RCRA Part B application. As you noted in your letter, Elcon has claimed, as confidential business information and trade secrets, information related to the flash evaporative distillation unit, operations on three piping and instrumentation diagrams in Appendix D-7, and a process flow diagram in Appendix D-8.

Elcon is an Israeli company that developed this proprietary waste water treatment technology for its permitted facility in Israel. It took Elcon seven years of research and development to engineer this technology and it invested millions of dollars in that effort. As a means of protecting this proprietary technology, Elcon has taken the following measures that guard against the undesired disclosure of the information it is claiming as confidential business information to third parties: (1) all of Elcon's employees must sign a Non-Disclosure Agreement; (2) all engineering contractors working for Elcon must sign a Non-Disclosure

A Pennsylvania Limited Liability Partnership

California Colorado Connecticut Delaware District of Columbia
Florida Nevada New Jersey New York Pennsylvania



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Agreement, including IES Engineers, which prepared and submitted Elcon's Phase II RCRA Part B application; (3) documents that Elcon submits to the Israeli regulatory authorities relating to its facility in Israel have a notation that claims business confidentiality; and (4) Elcon filed PCT Patent Application No. PCT/IL2016/050029 on January 11, 2016 for the technology it developed to process contaminated water containing volatile organic compounds via flash distillation, which is the same information for which it is claiming protection as confidential business information. For the Department's information, attached to this letter are the following documents:

- (1) a copy of the Non-Disclosure Agreement between Elcon and IES Engineers;
- (2) the cover page from the submission by Elcon to the Israeli regulatory authorities which includes language claiming confidentiality (the original is in Hebrew and Elcon can provide a translation if necessary); and
- (3) documentation regarding the submission of the PCT Patent Application.

For PADEP's knowledge, the United States signed the Patent Cooperation Treaty (PCT) on January 24, 1978. PCT is an international treaty with more than 145 contracting states, including the US and Israel. Under the PCT, when an application is filed, disclosure is prohibited internationally, which allows the filer to then seek a grant of patent protection from individual member states. The filing of the international patent application has the effect of a national patent application, which prohibits disclosure of the confidential business information. As noted above, Elcon has taken significant measures to protect against the undesired disclosure of the confidential business information to others.

The reason why Elcon has taken significant measures to protect the information it is claiming as confidential business information is that Elcon is the only company in the world that has developed and is now using this flash evaporative distillation technology in Israel. If this information were to become public, a competitor could use the information to develop and construct a competing facility using Elcon's proprietary information for which it has applied for international patent application. At present, it has exclusivity. If the confidential business information were to be disclosed, that would deny it exclusivity and competitors could presumably develop the technology and not have to pay Elcon any licensing fees or make other payments that would compensate Elcon for the cost of developing the technology. Elcon's entire business model is based on the fact that its technology is superior to that of its competitors that are using incineration and deep-well injection, which are not environmentally sustainable. The harm that would be suffered by Elcon would be substantial, direct and immediate. The



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substantial harm to Elcon would include the following: (1) the denial of exclusivity and protection from disclosure which is now protected by virtue of the PCT Patent application; (2) the sharing of information with competitors and potential competitors on Elcon's proprietary technology for which Elcon has invested millions in research and development, and taken significant measures to shield that information from disclosure to any competitors and potential competitors, as noted above, all without any compensation from such competitors and potential competitors; and (3) the risk that any competitor or potential competitor could use Elcon's confidential business information and then seek to permit, construct and operate a competing facility unfairly impacting the customer base and market share Elcon would expect to develop for its Falls Township facility and other facilities it intends to build around the world using this technology.

To the extent the Department needs additional information to substantiate the claim of confidential business information, please let us know. Additionally, your letter asked Elcon to advise the Department on how we wish DEP to handle the diagrams that are subject to the Elcon's claim of confidentiality when transmitting a copy of the application to US EPA. Inasmuch as Pennsylvania has been delegated authority to implement the RCRA permitting program and Elcon does not submit a separate application to US EPA, Elcon requests that the Department provide the enclosed letter to US EPA at the time it transmits a copy of Elcon's application. That letter notifies US EPA that Elcon is similarly asserting a claim of business confidentiality pursuant to applicable federal law and that US EPA should contact Elcon if additional information is needed to substantiate that claim or if third parties have requested the disclosure of the confidential information.

If there are any questions, please feel free to contact me or Dr. Rengarajan Ramesh at Elcon.

Sincerely,



M. Joel Bolstein

MJB:jrf
Enclosures



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cc: Dr. Zvi Elgat
Dr. Rengarajan Ramesh
Marjorie Fitzpatrick
Jessica Hunt, Esquire

Non-Disclosure Agreement

This Non Disclosure Agreement is duly made and executed as of ____ of ____ 2013 by and between Elcon Recycling Center (2003) Ltd, from Deshanim Industrial Park, Kiryat Ata, Israel. ("Company") and IES Engineers, Inc., of 1720 Walton Road, Blue Bell, Pennsylvania 19422 (the "Recipient").

1. Company is willing to disclose to the Recipient information (the "**Confidential Information**") in whatever form including, but not limited to, any information which can be obtained by examination, testing or analysis of any data or material samples, any component part thereof, which is now or at any time hereafter in the possession of Company. For the avoidance of doubt, nothing herein shall be deemed to impose on Company any duty or obligation to disclose any such Information to the Recipient, and such disclosure shall be at all times at Company's sole and absolute discretion.
2. The Confidential Information shall be used by the Recipient for the sole purpose of future cooperation with Company.
3. The Recipient hereby acknowledges that the Confidential Information is highly confidential, and undertakes that, for as long as it continues to receive Confidential Information from Company and for a period of five (5) years thereafter it: (i) shall treat and maintain the Confidential Information (regardless of whether or not the Confidential Information is embodied in a physical object) as confidential, and hold all such Confidential Information in trust and confidence for Company, utilizing at least the same degree of care the Recipient uses to protect its own confidential information; (ii) shall not disclose the Confidential Information (or any portion or copy thereof) to any third party whether or not for consideration.; and (iii) shall not use the Confidential Information or any part thereof for any purpose other than the limited purpose mentioned in Section 2 above, without the prior written consent of Company, except if and to the extent that:
 - 3.1. The Confidential Information is in the public domain at the time of disclosure or subsequently becomes part of the public domain, except by the breach of the Recipient of its obligations hereunder; or
 - 3.2. The Confidential Information is received by the Recipient from a third party, provided that such information was not obtained by said third party directly or indirectly in breach of obligations of confidentiality; or
 - 3.3. It can be proven by documentary evidence shown by the Recipient to be in its possession at the time of execution hereof and was not acquired directly or indirectly under obligations of secrecy to Company, provided however that Recipient shall notify Company in that regard within 7 days of receipt of Confidential Information.
 - 3.4. The Confidential Information shall not be deemed to have been known by the Recipient or to be a part of the public domain merely because it or portions thereof is expressed in publications or patents in general terms not specifically pertaining to the subject matter of the Confidential Information.
4. The Recipient undertakes to disclose the Confidential Information only to those of its consultants, employees and affiliates who have to be so informed in order to ensure its proper evaluation, on a "need-to-know" basis. The Recipient will be responsible for ensuring that the obligations of confidentiality and non-use contained herein are observed by said consultants, employees and affiliates, and it represents that it has instituted policies and procedures which provide such adequate protection for the Confidential Information. Without limiting the generality of the above said, the Recipient shall restrict access to the Confidential Information to those of its consultants, employees and affiliates who are bound, either by the terms of their employment agreements or by separate written agreements, to maintain the Confidential Information in confidence and refrain from using the same for their own benefit. The Recipient shall bear full responsibility for any harm caused to Company by disclosure to said consultants, employees and affiliates who are not bound by such agreements.

5. Any copies of Confidential Information made by the Recipient shall, upon reproduction by the Recipient, contain the same proprietary and confidential notices or legends, which appear on Confidential Information provided pursuant hereto. The Recipient's information produced as a result of the assessment of Confidential Information shall be similarly marked.
6. Upon Company's request, Recipient shall return to Company all Confidential Information, including all records, products and samples received, and any copies thereof, as well as any notes, memoranda or other writings or documentation which contain or pertain to the Confidential Information or any portion thereof, and shall erase all electronic records thereof.
7. The Confidential Information and all right, title and interest therein will remain at all times the exclusive property of Company. Nothing hereunder may be construed as granting any right, warranty or license by implication or otherwise under any patent, copyright, know-how or design rights, or other form of protection of industrial or intellectual property, or as creating any obligation on the part of Company to enter into any business relationship whatsoever or to offer for sale any service or product. The Recipient acknowledges that the Confidential Information was designed, developed or otherwise obtained by Company at great expense over lengthy periods of time, and that the Confidential Information is secret, confidential, unique and essential to the business of Company.
8. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof, and supersedes all prior written or oral agreements with respect thereto.
9. The Recipient acknowledges that Company will be irreparably harmed if the Recipient's obligations under this agreement are not specifically enforced and that Company would not have an adequate remedy at law in the event of an actual or threatened violation by the Recipient of the Recipient's obligations. Therefore, Company shall be entitled to an injunction or any appropriate decree of specific performance for any actual or threatened violation or breach by the Recipient or the Recipient's consultants, employees and affiliates, without the necessity of showing actual damages or that monetary damages would not afford an adequate remedy, and without posting a bond.
10. This Agreement may not be modified except by written instrument signed by a duly authorized representative of each party hereto.
11. The parties' rights and obligations under this Agreement will bind and inure to the benefit of their respective successors, heirs, executors and administrators and permitted assignees. Recipient shall not assign or delegate its obligations under this Agreement either in whole or in part without the prior written consent of the Company.
12. This Agreement shall be governed by the laws of the State of Israel.

For: THE COMPANY

Zvi Elgert


For: THE RECIPIENT

IES Engineers, Inc.



Ashok K. Soni, P.E.

President



מפעל נאות חובב 2015

Zero Liquid Discharge

פרשה טכנית

הקדמה

אלקון מפעילה את האתר בדשנים לטיפול בשפכי תעשייה וכן נמצאת כעת בעיצומה של הקמת המפעל החדש בנאות חובב. המפעל באתר דשנים פועל מחודש אוגוסט 2004 וטיפל עד כה בכמות של קרוב ל- 1 מיליון טון של שפכי תעשייה מסוגים שונים, עבור מפעלים רבים בארץ. בחודש אוקטובר 2015 מסתיים הסכם השכירות של האתר בדשנים אשר לא ניתן יותר להארכה ולפיכך החברה נאלצה למצוא אתר חלופי להקים בו את עיקר הפעילות בישראל. מאחר והחברה אינה יכולה לעצור את הפעילות של האתר הקיים עקב התחייבות ללקוחות החברה, מתוכננת הקמת מפעל חדש לחלוטין בנאות חובב הבאתו למצב תפעולי מלא ואז לעצור את הפעילות באתר דשנים. החברה מתכוונת להתחיל בפעולות הרצה במפעל החדש בחודש יולי 2015 ולהגיע תוך 60 יום לפעילות בהיקף מלא. לאחר הגעת המפעל החדש להיקף ייצור מלא, החברה מתכוונת לעצור את הפעילות במפעל שבאתר דשנים, לפרק את הציוד הקיים ולהעביר חלק מהציוד למפעל החדש. באופן זה יישמר רצף הפעילות של החברה מול לקוחותיה, ללא עצירה או אי מתן שירות ללקוחות התעשייתיים של החברה.

1. תיאור המפעל

- המפעל החדש של אלקון בנאות חובב מורכב משתי יחידות תפעוליות הקשורות ביניהן, אולם מטפלות בסוגים שונים של פסולות.
- **מפעל הטיפול בשפכים:** מתוכנן ומיועד לטפל בשפכי תעשייה מכל הסוגים, בדומה למפעל הפועל באתר דשנים, אולם עם שינויים ותוספות של תהליכים שיאפשרו הגדלת קיבולת שפכים עם חומרים אורגניים בריכוז גבוה. כפי שמפורט בהמשך.
 - **מפעל הטיפול בבוצות:** מפעל המבוסס על הטכנולוגיה שפועלת במפעל באתר דשנים ומטפלת בבוצות הנוצרות במפעל כתוצר לוואי של הטיפול בשפכים. המפעל ייתן שירות טיפול בבוצות תעשייתיות מסוגים שונים לתעשיות כמפורט בהמשך.

PATENT COOPERATION TREATY

From the RECEIVING OFFICE

PCT

NOTIFICATION OF THE INTERNATIONAL APPLICATION NUMBER AND OF THE INTERNATIONAL FILING DATE

(PCT Rule 20.2(c))

To: G.E EHRlich (1995) LTD. 11 Menachem Begin Road Ramat Gan 5268104 Israel		Date of mailing 18 Jan 2016 <i>(day/month/year)</i>	
Applicant's or agent's file reference 63776		IMPORTANT NOTIFICATION	
International application No. PCT/IL2016/050029	International filing date <i>(day/month/year)</i> 11 Jan 2016	Priority date <i>(day/month/year)</i> 11 Jan 2015	
Applicant ELCON RECYCLING CENTER (2003) LTD.			
Title of the invention PROCESSING CONTAMINATED WATER CONTAINING VOLATILE COMPOUNDS VIA FLASH EVAPORATION			

1. The applicant is hereby notified that the international application has been accorded the international application number and the international filing date indicated above.

2. The applicant is further notified that the record copy of the international application:

- was transmitted to the International Bureau on 18 January 2016
- has not yet been transmitted to the International Bureau for the reason indicated below and a copy of this notification has been sent to the International Bureau*:
- because the necessary national security clearance has not yet been obtained.
- because *(reason to be specified)*:

* The International Bureau monitors the transmittal of the record copy by the receiving Office and will notify the applicant (with Form PCT/IB/301) of its receipt. Should the record copy not have been received by the expiration of 14 months from the priority date, the International Bureau will notify the applicant (Rule 22.1(c)).

Name and mailing address of the receiving Office Israel Patent Office Technology Park, Bldg. 5, Malcha, Jerusalem, 9695101, Israel Facsimile No. 972-2-5651616	Authorized officer IBRAHIM Sarwat SarwatI@justice.gov.il Telephone No. 972-2-5651747
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