

February 22, 2021

Oregon State Senate Committee on Energy and Environment  
900 Court Street  
NE Salem, OR 97301 (Submitted Electronically)

Dear Senators:

Digimarc (NASDAQ: DMRC) is a pioneer and world leader in the automatic identification of virtually any object (Internet of Things). Our corporate headquarters is in Beaverton, Oregon and we have been an Oregon-based company since 1994.

*Our digital watermarking technology has specific relevance to SB 582, and we are writing today to suggest an amendment.* The benefit of our technology is that we can embed information into a range of digital and printed products, including packaging. The technology can enhance the recovery opportunity for all packaging materials in our curbside recycling system. Therefore, a reference to digital watermarking innovation would give guidance and allowance to packaging and other manufacturers.

Digital watermarking can be applied to any printed or molded package, and while is nearly imperceptible to the human eye, conveys a package of information that can be detected through camera technology, including your phone and optical sorters at material recovery facilities (MRFs). Using plastics as an example, the information conveyed can be as detailed as resin type, fillers that may be present that could impact recycling, food-grade v. non-food grade, levels of recycled content, and brand information.

This powerful technology is well under extensive development in Europe to enable better sortation and recovery of packaging and provide valuable recovery data for product stewardship organizations. (Here is a [link](#) to a short BBC video on the process.) The potential of the labeling technology is being proven out in the [Holy Grail 2.0](#) effort, a consortium of more than 125 global brands and product stewardship organizations. The European Commission is considering digital watermarking to even be a requirement for packaging. Further, digital watermarking is also identified as an acceptable labeling method in the Federal GMO labeling legislation (U.S.C. 1639b(b)(2)(D), 1639b(d).)

At this time, we ask the Committee to consider language that will enable digital watermarking technology to be explored as a labeling option in the rule making process. To that end, we would ask the language for the following sections be considered:

Proposed language for Section 36 (3):

“The commission shall establish by rule labeling standards for products that make claims about the recyclability of the product or the product’s packaging. Labeling standards established under this subsection may require a statement identifying the correct recycling method for the material, ***on the package or through an electronic or digital link***. Labeling standards established under this subsection may not require the label to include information that is specific or limited to the recycling system in Oregon. Labeling standards established under this subsection may not require a standard that is prohibited by another state, or prohibit a standard that is required by another state, at the time that the rule is adopted.”

We appreciate the Committee’s consideration of this additional language, which will ensure ample space for innovation in package labeling that is both instructional to consumers – informing them how to properly discard waste based on their curbside provider – as well as the sorting technologies at MRFs.

Thank you for the opportunity to share our thoughts on how SB 582 can be optimized to allow for future labeling innovation to advance recycling. We are available at any time for your questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'R Chamness', written in a cursive style.

Robert Chamness  
EVP, Chief Legal Officer, Secretary to the Board