SUBMITTED BY	COMMENT	DISPOSITION	RATIONALE
TTOA	"Agencies" on last line should be "Agency's"	Adopted.	Editorial.

9/ Insert the names of any patent management organizations that have been approved. If none are approved, insert "none."

10/ Different dates may be substituted depending on the Agency's needs.

11/ Insert applicable addresses and officers.

No comments received

4. Add a new section 1-9.109-7 as follows:

§1-9.109-7 Negotiation of Institutional Patent Agreements

(a) Information to be submitted by Institution

SUBMITTED BY	COMMENT	DISPOSITION	RATIONALE
U. of Calif.	Mr. Norman Latker has transmitted to me a copy of the proposed amendment to Sub-part 1-9.1 of the Federal Procurement Regulations. Although I feel that the information which is required to be filed by institutions seeking Institutional Patent Agreements is somewhat detailed any may be onerous for an educational institution to readily gather together, I nonetheless feel that the overall approach is one that is most commendable and therefore, on balance, I feel that the proposed amendments are satisfactory and would be of benefit to educational institutions.	No action.	Acknowledged.

An institution desiring to enter into an Institutional Patent Agreement shall provide the agency with the following information:

(1) General information concerning the institution, including:

(i) A copy of its Articles of Incorporation;

The change in Article IX(c) dealing with royalty rebates is, perhaps, more substantive, but is a significant improvement and does not affect, except probably for the better, the Government's rights. We believe it makes more sense to bar a contractor from changing royalties on sales by his licensees to the Government than for the Government to allow him to charge them and then collect them back. It would seem that in this way the seller would have no reason to charge the Government for royalties in the first place. And if it did charge, clearly the Government would have an action against the seller either for fraud or under the Cost and Pricing Data/Truth in Negotiations procedures.

The second sentence of Article V(c) is an attempt to deal with the problem created by the interplay of the current FPR language and the FOIA. It should be noted that as written the FPR might have the effect of creating a statutory bar to patenting when a disclosure is made because of the availability of the disclosure under the FOIA. We urge SIP members to be prepared at the next meeting to discuss and either accept the proposed language or draft alternative language to deal with this problem.

We further recommend that SIP, either at its next meeting or at a meeting soon after review of the IPA amendment is completed, focus on the following items which represent language that was contained in the prior draft but that has been dropped from this draft:

1. The time for reporting of inventions.

2. The last paragraph in Article IV(b) dealing with march-in procedures.

3. The language of III(c)(ii) dealing with foreign filings prior to an agency request for transfer of rights. (This is a minor technical improvement which might possibly be reconsidered at the next meeting and treated in the same manner as suggested for the royalty, FOIA, and time period variations. It is not nearly as important as 1 and 2.)

(iii) Number of patents obtained during each of the past ten years;

(iv) Number of exclusive licenses issued during each of the past ten years;

(v) Number of nonexclusive licenses, other than those to sponsoring Government agencies, issued during each of the past ten years;

(vi) Gross royalty income during each of the past ten years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

SUBMITTED BY	COMMENT	DISPOSITION	RATIONALE
University of Washington	Sub-clause (a) requires the applicant to furnish detailed data regarding invention and patent administration experience covering the past 10 years. In our opinion, it will be burdensome for most applicants to develop the required statistics for so many years back. We believe that data covering the most recent five years would be adequate to demonstrate the applicants' experience, and would not require as much research of past records in order to summarize the requested information.	Adopted in draft.	5 years of records was deemed enough.

SUBMITTED BY	COMMENT	DISPOSITION	RATIONALE
Research Triangle Institute	Further, the information requested in subparagraphs (9)(ii) through (9)(vi) of section 1-9.109-7(a) should be broken down by the patent management agent used. This will give the Agency an opportunity to evaluate the effectiveness of the current patent management agent in those cases where a change may have been made recently.	No action.	Nothing now precludes advising on this matter.

JEL:DRAFT:5/23/77

L-5 Kent

PROPOSED FPR REVISION

Prepared by Ad Hoc Subcommittee on University Patent Policy

As Marked-up at SIP Meeting of May 19, 1977

1. Add the following subsection (6) to §1-9.107-4(a):

(6) In accordance with the exceptional circumstances language of §1-9.107-3(a) and/or the special situations language of §1-9.107-3(c), agencies may enter into Institutional Patent Agreements as set forth in §1-9.107-6(c)(2) with nonprofit organizations having a technology transfer program meeting the criteria of §1-9.109-7(b). Such agreements provide the organization the right to retain the entire right, title and interest in inventions made in the course of or under contracts subject to certain conditions. When such an agreement has been made with a nonprofit organization, it shall be made applicable to each contract with the organization in lieu of the Patent Rights clauses in §1-9.107-5 and §1-9.107-6 (unless a determination has been made to exclude the contract from the agreement.)

2. Retitle §1-9.107-6 as follows: "Clauses for domestic contracts (short form) and Institutional Patent Agreements."

3. Add the following new subsection (c) to §1-9.107-6:

(c) Patent Rights - Institutional Patent Agreement. (1) When an agency has determined in accordance with §1-9.109-7 that a nonprofit organization should receive an agreement as authorized under §1-9.107-4(a)(6), the Agreement set forth in paragraph (c)(2) of this section appropriately completed as indicated in the numbered notes appearing after the Agreement shall be used. Changes in the agreement should be limited to changes dictated by statutes applicable to the agency or by special administrative needs. In making any changes an agency shall seek to ensure that the agreement continues to include at least the following features:

(A) A requirement for the prompt reporting of all inventions to the applicable agency along with an election of rights;

(B) Reservation of all rights specified in §1-9.107-3(e)-(h);

(C) A requirement that the organization make such inventions available on a nonexclusive basis except where the desired practical or commercial application has not been achieved or is not likely to be expeditiously achieved through such licensing;

(10) A list of subsidiary or affiliate institutions, which would be covered by an agreement signed by the institution;

(11) If the institution is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of Government support for research and development activities currently being administered by the institution, giving Government agency and breakdown;

(14) A statement of the institution's policies with respect to the sharing of royalties with employees; and

(15) A description of the uses made of any net income generated by the institution's patent management program.

(b) Criteria for evaluation of a technology transfer program

Before an Institutional Patent Agreement is entered into with an institution, the institution shall have a technology transfer program which, as a minimum shall include:

(1) An established patent policy which is consistent with the policy in 81-9.107-3 and is administered on a continuous basis by an officer or organization responsible to the institution;

No comments received

(2) Agreements with employees requiring them to assign to the institution or its designee or the Government any invention conceived or first actually reduced to practice by them in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government-supported research and development projects;

SUBMITTED BY	COMMENT	DISPOSITION	RATIONALE
SUPA	(b)(2) A requirement that employees must assign to the institution or its designee or the Government is too inflexible. It does not allow for the unusual but occasional case where neither the institution nor the designee nor the Government wants to prosecute a patent application, but the inventor does (many university patent policies permit this). Exactly the same protection would be provided by a clause stating "Agreements with employees requiring them to assign or license as directed by the institution any invention conceived ...."	No action.	Rights to an inventor may be available.

WHEREAS, the Institution is desirous of entering into an agreement whereby it may retain the entire right, title, and interest in and administer inventions made in the course of or under research supported by the Agency, subject to certain rights acquired by the Government:

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

I. Scope of Agreement

This Agreement defines the rights of the parties hereto regarding the allocation of rights in subject inventions made under contracts with the agency entered into after the execution of the Agreement ~~and prior to September 30, 19__,~~ 3/ except such contracts as may be specifically excluded by the Agency. 3/

II. Definitions

(a) "Subject Invention" means any invention or discovery of the Institution conceived or first actually reduced to practice in the course of or under a contract with the Agency, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, and any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) "Contract" means any contract, (agreement, grant, or other arrangement) 4/ or subcontract entered into with or for the benefit of the Government, where a purpose of the contract is the conduct of experimental, developmental, or research work.

(c) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(d) "To bring to the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(e) "Made," when used in relation to any invention or discovery, means the conception or first actual reduction to practice of such invention in the course of or under a contract.

SUBMITTED BY	COMMENT	DISPOSITION	RATIONALE
	Under section 1-9.109-7(b)(5) the wording does not make clear the evaluation criteria for assessing "an active and effective promotional program." This is of particular concern to us since the Department of the Navy, for example, has interpreted technology transfer capability to mean that the grantee must demonstrate representative patents and licenses in specific fields of technology. (ONR memorandum of February 17, 1976, ref: 610:JKP;dcl). The Navy's interpretation thus clearly favors those organizations which have already secured patents and licenses and effectively eliminates the entry of other institutions into the field of technology transfer. We would therefore recommend that part 1-9.109-7(b)(5) be worded to read "Procedures for insuring an active and effective program of licensing and marketing of inventions."	No action.	Based evaluation of agency.

(d) A conveyance, requested pursuant to Sections III(b) or (c) of this Agreement, shall be made by delivering to the Agency duly executed instruments (prepared by the Agency) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of such invention.

IV. Minimum Rights Acquired by the Government

(a) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution hereby grants to the Government of the United States a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the Agency determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments;

~~(b) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution~~ agrees to grant to responsible applicants, upon request of the Agency, a license on terms that are reasonable under the circumstances;

(i) unless the Institution, its licensee, or its assignee, demonstrates to the Government that effective steps have been taken within three years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) to the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health or safety needs, or for other public purposes stipulated in the applicable contract.

(c) Nothing contained in this section shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

I have invited the members of the University Subcommittee not already represented on SIP to attend the meeting in order to aid SIP in its review.

The entire University Subcommittee joins with me in thanking Jesse Lasken, our draftsman, for his timely and precise work produce and his perseverance in accommodating the demands of the Subcommittee.

Sincerely yours,

Norman J. Latker
Chairman, University Patent
Policy Subcommittee

cc: To SIP members w/attachments
University Patent Policy Subcommittee w/attachments
Mr. Charles H. Herz, General Counsel, NSF, w/attachments

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VI. Filing of Domestic Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain domestic rights pursuant to Section III(a) of this Agreement, the Institution shall have a domestic patent application filed within six months after an election has been made pursuant to Section III(a) of this Agreement or such longer period as may be approved in writing by the Agency.

(b) For each Subject Invention on which a patent application is filed by or on behalf of the Institution, the Institution shall:

(i) within six months after such filing, or within six months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency (A) a copy of the application as filed, including the filing date and serial number: (B) a copy of an assignment from the inventor or inventors to the Institution of all right, title, and interest in the invention properly recorded in the United States Patent and Trademark Office; and (C) a duly executed and approved instrument on the form specified in Exhibit A which is attached hereto and made a part hereof;

(ii) include the following statement, appropriately completed, in the second paragraph of the specification of the application and any patents issued on the Subject Invention, "The Government has rights in this invention pursuant to Contract(s) (or Grant(s)) No(s). _____ awarded by (identify the Agency or Agencies)";

(iii) not less than thirty days before the expiration of the response period for any action required by the United States Patent and Trademark Office, notify the Agency of any decision not to continue the prosecution of the application and deliver to the Agency ( ) executed instruments granting the Government a power of attorney;

(iv) upon request, fully advise the Agency concerning all actions taken during the prosecution of any patent application and furnish copies of any relevant documents as requested; and

(v) provide the Agency with a copy of the patent within six months after a patent issues on the application.

DAJA-PA 4 March 1977

MEMORANDUM FOR: CHAIRMAN, UNIVERSITY AD HOC TASK FORCE

SUBJECT: Recommended Changes in Draft FPR Amendments

1. I will be out of town until about the 17th of March and probably unable to attend the next meeting of the task force. The following changes in the draft of 25 February 1977 are therefore recommended for your consideration.

2. Page 3: The several parenthetical repetitions of numbers have been deleted in most places from the new draft. I recommend they be deleted in every place, including paragraph (3).

3. Page 6: In Section (b)(ii), capitalize the word "Section". In Section (c)(iii), eliminate the parenthetical number 60.

4. Page 7: In Section IV(b)(i), eliminate the parenthetical number 3. In Section IV(b) at the paragraph which has no number, change the word "agent" in the second line to read "designee", as that term is more common for the representative of the head of an agency. In the same Section, eliminate the parenthetical number 30.

5. Page 8: In Section V(b), place a comma after the word "contract" in the third line and eliminate the comma after the word "personnel" in the fourth line. After the word "clerical" insert the word "employees".

6. Page 9: In Section VI(a), delete the parenthetical number 6. In Section VI(b)(i), on the seventh line insert a comma after the word "title". On the eleventh line, the words "by this reference" seem to be redundant and could be eliminated.

7. Page 10: In Section VI(b)(iii), delete the parenthetical number 30. In Section VI(b)(iv), delete the redundant words "as requested" in the fourth line.

8. Page 13: In Section IX(b), it appears that we have limited

Patent Rights

(a) The Contractor hereby agrees to report fully and promptly to _____ (Institution) any invention conceived or first actually reduced to practice in the course of or under this contract (hereinafter referred to as "Subject Invention(s)," and, subject to (b), below, to assign all right, title, and interest in and to such invention to _____ (Institution) or its designee.

(b) At the time the Contractor reports any "Subject Invention" to _____ (Institution), the Contractor, at its option, may also report the invention to the agency with which the Institution holds the prime contract and request that the agency make a determination whether and on what terms the contractor may retain principal rights in the invention in lieu of assigning it to _____ (Institution). Such determinations by the agency shall be in accordance with the policies and procedures of Part 1-9 of the Federal Procurement Regulations and/or applicable agency regulations. Such determinations shall be final on both the Contractor and _____ (Institution), provided that Contractor may elect not to accept the Agency determination and instead assign all right, title, and interest in the invention to _____ (Institution) or its designee.

(c) In addition, the Contractor agrees to furnish the following materials, disclosures and reports:

(i) Upon request, such duly executed instruments (prepared by the _____ (Institution) or its designee) and such other papers as are deemed necessary to vest in the _____ (Institution) or its designee the rights granted under this clause and to enable the _____ (Institution) or its designee to apply for and prosecute any patent application, in any country, covering such invention.

(ii) Prior to final settlement of this contract, a final report listing all Subject Inventions or certifying that no inventions were conceived or first actually reduced to practice under the contract.

DRAFT

JEL: Feb. 25, 1977 in accordance with subcommittee mark-up sessions of 2/4/77 and 2/23/77 and 3/10/77

Proposed FPR Revision

Prepared by Ad Hoc Subcommittee on University Patent Policy

February 1977

1. Add the following subsection (6) to 1-9.107-4(a):

(6) In accordance with the exceptional circumstances language of 1-9.107-3(a) and/or the special situations language of 1-9.107-3(c), agencies may enter into Institutional Patent Agreements with nonprofit organizations having a technology transfer program meeting the criteria set forth in 1-9.109-7(b). ~~Such agreements shall be substantially the same as the standard agreement of 1-9.107-6(a)(ii) and provide~~ whereby the organization the right to retain the entire right, title and interest in inventions made in the course of or under contracts subject to certain conditions. When such an agreement has been made with a nonprofit organization, it shall be made applicable to each contract with the organization in lieu of the Patent Rights clauses in 1-9.107-5 and 1-9.107-6 (unless a determination has been made to exclude the contract from the agreement.)

2. Retitle 1-9.107-6 as follows: "Clauses for domestic contracts (short form) and Institutional Patent Agreements."

3. Add the following new subsection (c) to 1-9.107-6:

(c) Patent Rights - Institutional Patent Agreement . (1) When an agency has determined in accordance with 1-9.109-7 that a nonprofit organization should receive an agreement as authorized under 1-9.107-4(a)(6), ~~the Institutional Patent Agreement substantially similar to the standard~~ as follows.

IX. Administration of Inventions in Which the Institution Elects to Retain Rights

(a) The Institution shall administer those Subject Inventions to which it elects to retain title in the public interest and shall, except as provided in subsection (b), below, make them available through licensing on a nonexclusive, royalty-free or reasonable royalty basis to all qualified applicants.

(b) The Institution may license a Subject Invention on an exclusive basis if it determines that an exclusive license is required in the public interest because it is necessary as an incentive for development of the invention or because market conditions are such as to require licensing on an exclusive basis in order to bring the invention to the point of practical application. Any exclusive license issued by the Institution under a U.S. patent or patent application shall be for a limited period of time and such period shall not, unless otherwise approved by the Agency, exceed five years from the date of the first commercial sale or use in the United States of America of a product or process embodying the invention, or eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, whichever occurs first. Such license shall also provide that the licensee shall use all reasonable effort to effect introduction into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Any extension of the maximum period of exclusivity shall be subject to approval of the Agency. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be offered to all qualified applicants at a reasonable royalty rate not in excess of the exclusive license royalty rate.

(c) Royalties shall not normally be in excess of accepted trade practice. The Institution also agrees that no royalties shall be payable by its licensees or sublicensees with respect to any Subject Invention in procurements for or on behalf of the Government and to so provide in any instrument transferring rights to any party in any Subject Invention.

(d) The balance of the royalty income after payment of expenses, including payments to inventors, incidental to the administration of all inventions assigned to it pursuant to the provisions of this Agreement shall be utilized for the support of education or research.

(F) A requirement that the organization's royalty receipts, after payment of administrative costs, and ~~including~~ payments to inventors, be utilized for educational or research purposes;

(G) A provision permitting the agency to except individual contracts ~~or grants~~ from the operation of the agreement;

(H) A requirement for progress reports after designated periods;

(I) A prohibition against assignment of inventions without Governmental approval to persons or organizations, other than assignments to approved patent management organizations subject to the above conditions; and

(J) A provision permitting termination for convenience by either party upon thirty days written notice.

(2) The following is the standard Institutional Patent Agreement:

XIII. Termination.

This Agreement may be terminated by either party for convenience upon thirty days written notice. Disposition of rights in, and administration of inventions made under contracts subject to this Agreement will not be affected by such a termination; except that in the event the Government terminates this Agreement because of a failure or refusal by the Institution to comply with any of its obligations under sections V(a), VI, IX, and X of this Agreement, the Agency has the right to require that the Institution's entire right, title, and interest in and to the particular invention with respect to which the breach occurred be assigned to the United States of America, as represented by the Agency.

XIV. Communications 10/

Requests for Agency approvals, extensions, or similar actions and other correspondence required by this Agreement should be addressed to _____. Except where specifically provided otherwise in this Agreement, the _____ or his designee shall act as the point of authority within the Agency to grant such approvals, extensions, or take such other Agency actions as may be authorized in this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year below.

UNITED STATES OF AMERICA

By _____
Title _____
Date _____

(Corporate Seal)

_____
(Institution)

By _____
Title _____
Date _____

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named above; that _____ who signed this Agreement on behalf of said Institution is _____

or any new and useful improvement thereof, and any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) "Contract" means any contract, [agreement, grant, or other arrangement] 5/ or subcontract entered into with or for the benefit of the Government, where a purpose of the contract is the conduct of experimental, developmental, or research work.

(c) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(d) "To bring to the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(e) "Made," when used in relation to any invention or discovery, means the conception or first actual reduction to practice of such invention in the course of or under a contract.

III. Allocation of Principal Rights

(a) The Institution may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to Section V., below, subject to the provisions of this Agreement. The Institution shall include with each Subject Invention disclosure an election whether it will retain the entire right, title, and interest in the invention throughout the world or in any country thereof subject to the rights, acquired by the Government in Section IV of the Agreement; provided that the Institution may request an extension of the time for election. ~~If the Institution elects not to retain rights in a Subject Invention, it shall supply the Agency with any written reports upon which this decision was made, such as marketing reports, patent searches, or other similar reports.~~

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19__.

_____
(Institution)

_____
(Signature)

_____
(Print or type name)

_____
(Official title)

CERTIFICATE

I, _____, certify that I am the of the Institution named as licensor herein; that _____, who signed this License on behalf of the Institution is _____ of said Institution; and that said License was duly signed for an in behalf of said Institution by authority of its governing body, and is within the scope of its corporate powers.

_____
(Signature)

IV. Minimum Rights Acquired by the Government

(a) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution hereby grants to the Government of the United States a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the Agency determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments;

(b) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution agrees to grant to responsible applicants, upon request of the Agency, a license on terms that are reasonable under the circumstances;

(i) unless the Institution, its licensee, or its assignee, demonstrates to the Government that effective steps have been taken within three (3) years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) to the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health or safety needs, or for other public purposes stipulated in the applicable contract.

Strike doesn't conform to FPR.

~~Any requests made pursuant to this subparagraph (b) shall be by the head of the Agency or a duly authorized designee, and the Institution shall be given written notice of any proposed request not less than thirty days prior to the issuance of a formal request and, if it so requests, shall be granted a hearing before the request is issued and otherwise made effective.~~

Strike doesn't conform to FPR

~~(c) Notwithstanding Section III(a) or any other provisions of this Agreement, the Institution agrees to license or assign Subject Inventions as directed by the Agency to comply with the terms of any applicable international agreement. At the request of the Institution, the Agency will, after an invention is identified, identify the specific obligations of the Institution with respect to such invention which might otherwise conflict with the provisions of this Agreement. 6/~~

(d) Nothing contained in this section shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

9/ Different dates may be substituted depending on the Agency's needs.

10/ Insert applicable adresses and officers.

4. Add a new section §1-9.109-7 as follows:

§1-9.109-7 Negotiation of Institutional Patent Agreements

(a) Information to be submitted by nonprofit organization. A nonprofit organization desiring to enter into an Institutional Patent Agreement shall provide the agency with the following information:

(1) General information concerning the institution, including:

(i) A copy of its Articles of Incorporation;

(ii) A statement of the institution's purpose and aims; and

(iii) A statement indicating the source of the institution's funds;

(2) A copy of the organization's established patent policy, together with the date and manner of its adoption;

(3) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the organization's patent management capabilities;

(4) A description of the organization's procedures for identifying and reporting inventions and a description of the procedures for evaluation of such inventions for inclusion in the organization's promotional program;

VI. Filing of Domestic Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain domestic rights pursuant to section III(a) of this Agreement the Institution shall have a domestic patent application filed within six months after an election has been made pursuant to section III(a) of this Agreement or such longer period as may be approved in writing by the Agency. However, if the Agency determines that there has been such use or publication of the invention so as to initiate a one-year statutory period which ends less than six months after the election, the Agency may require the application to be filed one month or less before the end of the statutory period. With respect to such invention, the Institution shall promptly notify the Agency of any decision not to file an application.

(b) For each Subject Invention on which a patent application is filed by or on behalf of the Institution, the Institution shall

(i) within six months after such filing, or within six months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency (A) a copy of the application as filed, including the filing date and serial number; (B) a copy of an assignment from the inventor or inventors to the Institution of all right, title, and interest in the invention properly recorded in the United States Patent and Trademark Office; and (C) a duly executed and approved instrument on the form specified in Exhibit A which is attached hereto and made a part hereof;

(ii) include the following statement, appropriately completed, in the second paragraph of the specification of the application and any patents issued on the Subject Invention, "The Government has rights in this invention pursuant to Contract(s) (or Grant(s)) No(s). _____ awarded by (identify the Agency or Agencies)";

(10) A list of subsidiary or affiliate organizations, which would be covered by an agreement signed by the organization;

(11) If the organization is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of Government support for research and development activities currently being administered by the organization, giving Government agency and breakdown;

(13) A statement of the organization's policies with respect to the sharing of royalties with employees; and

(14) A description of the uses made of any net income generated by the organization's patent management program.

(b) Criteria for evaluation of a technology transfer program.

Before an Institutional Patent Agreement is entered into with a nonprofit organization, the organization shall have a technology transfer program which, as a minimum shall include:

(1) An established patent policy which is consistent with the policy in §1-9.107-3 and is administered on a continuous basis by an officer or organization responsible to the organization;

(2) Agreements with employees requiring them to assign to the organization or its designee or the Government any invention conceived or first actually reduced to practice by them in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government-supported research and development projects;

(3) Procedures for prompt invention identification and timely disclosure to the officer or organization administering the patent policy of the institution;

(4) Procedures for invention evaluation; and

(5) An active and effective promotional program for the licensing and marketing of inventions.

(b) The Institution shall notify the Agency of foreign applications filed and, upon request, shall furnish an English version of such foreign application without additional compensation.

VIII. Subcontracts

(a) Except as provided in (b), below, or when the subcontractor holds an Institutional Patent Agreement with the Agency, the Institution shall include in any subcontract where a purpose of that subcontract is the conduct of experimental, developmental, or research work either the "Patent Rights - Acquisition by the Government" clause found at 41 CFR 1-9.107-5(a) or the following clause:

Patent Rights

(a) The Contractor hereby agrees to report fully and promptly to _____ any
(Institution).
invention conceived or first actually reduced to practice in the course of or under this contract (hereinafter referred to as "Subject Invention(s)," and to assign all right, title, and interest in and to such invention to _____ or its designee.
(Institution)

(b) In addition, the Contractor agrees to furnish the following materials, disclosures and reports:

(i) Upon request, such duly executed instruments (prepared by the _____ or its designee)
(Institution)
and such other papers as are deemed necessary to vest in the _____ or its designee the
(Institution)
rights granted under this clause and to enable the _____ or its designee to apply for and
(Institution)
prosecute any patent application, in any country, covering such invention.

(ii) Prior to final settlement of this contract, a final report listing all Subject Inventions or certifying that no inventions were conceived or first actually reduced to practice under the contract.

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

NJL

§611
main Comm.

TO : Norm Latker
Gene Pawlikowski

DATE: May 24, 1977

PATENT BRANCH, OGC
DHEW
JUN 3 1977

FROM : Jesse E. Lasken

SUBJECT: Revised FPR/IPA Amendment

Enclosed is a new FPR/IPA amendment revised as per the last SIP meeting. Let me know if you have any comments. I leave it up to Norm as to whether it should also be sent to Joe Rusz for review. The draft is now on tape so it should be easy to make any further changes.

Also enclosed is a draft memorandum to accompany it. I would like to have the three of us sign it. I doubt that Joe Rusz would, and again I leave it to Norm as to how that should be handled.

I believe it is preferable to get the substantive changes discussed at the next SIP meeting and, if possible, get agreement on the changes then. Only as a last resort should we agree to delay consideration to a later meeting.

Enclosures

IX. Administration of Inventions in Which the Institution Elects to Retain Rights

(a) The Institution shall administer those Subject Inventions to which it elects to retain title in the public interest and shall, except as provided in subsection (b), below, make them available through licensing on a nonexclusive, royalty-free or reasonable royalty basis to all qualified applicants.

(b) The Institution may license a Subject Invention on an exclusive basis if it determines that an exclusive license is required in the public interest because it is necessary as an incentive for development of the invention or because market conditions are such as to require licensing on an exclusive basis in order to bring the invention to the point of practical application. Any exclusive license issued by the Institution under a U.S. patent or patent application shall be for a limited period of time and such period shall not, unless otherwise approved by the Agency, exceed five years from the date of the first commercial sale or use in the United States of America of a product or process embodying the invention, or eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, whichever occurs first. Such license shall also provide that the licensee shall use all reasonable effort to effect introduction into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Any extension of the maximum period of exclusivity shall be subject to approval of the Agency. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be offered to all qualified applicants at a reasonable royalty rate not in excess of the exclusive license royalty rate.

(c) Royalties shall not normally be in excess of accepted trade practice. The Institution also agrees that no royalties shall be payable by its licensees or sublicensees with respect to any Subject Invention in procurements for or on behalf of the Government and to so provide in any instrument transferring rights to any party in any Subject Invention.

(d) The balance of the royalty income after payment of expenses, including payments to inventors, incidental to the administration of all inventions assigned to it pursuant to the provisions of this Agreement shall be utilized for the support of education or research.

(e) All licenses issued by the Institution to other than the Government of the United States under any patent application or patent on a Subject Invention shall be made expressly subject to the conditions of this Agreement. The Institution shall, upon request, promptly furnish copies of any license agreements entered into by it to the Agency.

32-635 O - 78 - 52

NATIONAL SCIENCE FOUNDATION
WASHINGTON, D.C. 20550

Al Sopp
Comments on FPR

OFFICE OF THE
GENERAL COUNSEL

June 15, 1977

Memorandum to: Members of the Subcommittee on Intellectual Property

From: Jesse E. Lasken, NSF JEL

Subject: Revised IPA/FPR amendment draft

As requested at the SIP meeting of May 19, 1977, Norm Latker, Joe Rusz, Gene Pawlikowski, and I are submitting a redraft with those changes that were agreed to at that meeting. Changes are also made to parts of the draft not discussed at SIP's last meeting as well as parts that were discussed in order to bring the proposed IPA in closer conformity with FPR language. At its last meeting, the SIP went through Article V(a) of the IPA. SIP concurred in §1-9.107-7(a) of the FPR.

We note, however, that the attached draft still contains certain variations from current FPR language in the following sections which were not reached by SIP at its last meeting:

1. Second sentence of Article IX(c) of the IPA.

2. Some of the time periods in Article VI(b) of the IPA. Otherwise the substance of this paragraph is the same as the FPR although the grammatical arrangement is an improvement.

3. The second sentence of Article V(c) of the IPA which is an attempt to deal with FOIA problems.

4. "Welfare" is deleted from the march-in provision in IV(a)(2)(ii).

We urge SIP to retain the above provisions and to transmit to GSA, along with the IPA amendment, some additional amendments to the FPR to change the other FPR clauses to conform with the above cited language. We believe these changes should not be controversial and should be considered by SIP as part of its review of the draft. All but the last were changes recommended by some of the commentators on the draft sent out by GSA and are, we believe, eminently worthwhile changes.

To elaborate on these variations in language, we believe the changes to the time periods in Article VI(b) deal with routine administrative matters and merely extend slightly various time periods that are arbitrary in any case. These changes in no way affect the substantive rights of the Government.

XII. Inventions by Federal Employees

Nothing in this Agreement shall preclude the Government from obtaining greater rights in a Subject Invention made by an inventor while a Federal employee.

XIII. Termination

This Agreement may be terminated by either party for convenience upon thirty days written notice. Disposition of rights in, and administration of inventions made under contracts subject to this Agreement will not be affected by such a termination; except that in the event the Government terminates this Agreement because of a failure or refusal by the Institution to comply with any of its obligations under sections V(a), VI, IX, and X of this Agreement, the Agency has the right to require that the Institution's entire right, title and interest in and to the particular invention with respect to which the breach occurred be assigned to the United States of America, as represented by the Agency.

XIV. Communications 10/

Requests for Agency approvals, extensions, or similar actions and other correspondence required by this Agreement should be addressed to _____. Except where specifically provided otherwise in this Agreement, the _____ or his designee shall act as the point of authority within the Agency to grant such approvals, extensions, or take such other Agency actions as may be authorized in this Agreement.

JEL:DRAFT: 6/15/77

PROPOSED FPR REVISION

Prepared by Ad Hoc Subcommittee on University Patent Policy

As Marked-up at SIP Meeting of May 19, 1977

1. Add the following subsection (6) to §1-9.107-4(a):

(6) In accordance with the exceptional circumstances language of §1-9.107-3(a) and/or the special situations language of §1-9.107-3(c), agencies may enter into Institutional Patent Agreements as set forth in §1-9.107-6(c)(2) with nonprofit organizations having a technology transfer program meeting the criteria of §1-9.109-7(b). Such agreements provide the organization the right to retain the entire right, title and interest in inventions made in the course of or under contracts subject to certain conditions. When such an agreement has been made with a nonprofit organization, it shall be made applicable to each contract with the organization in lieu of the Patent Rights clauses in §1-9.107-5 and §1-9.107-6 (unless a determination has been made to exclude the contract from the agreement.)

2. Retitle §1-9.107-6 as follows: "Clauses for domestic contracts (short form) and Institutional Patent Agreements."

3. Add the following new subsection (c) to §1-9.107-6:

(c) Patent Rights - Institutional Patent Agreement. (1) When an agency has determined in accordance with §1-9.109-7 that a nonprofit organization should receive an agreement as authorized under §1-9.107-4(a)(6), the Agreement set forth in paragraph (c)(2) of this section appropriately completed as indicated in the numbered notes appearing after the Agreement shall be used. Changes in the agreement should be limited to changes dictated by statutes applicable to the agency or by special administrative needs. In making any changes an agency shall seek to ensure that the agreement continues to include at least the following features:

(A) A requirement for the prompt reporting of all inventions to the applicable agency along with an election of rights;

(B) Reservation of all rights specified in §1-9.107-3(e)-(h);

(C) A requirement that the organization make such inventions available on a nonexclusive basis except where the desired practical or commercial application has not been achieved or is not likely to be expeditiously achieved through such licensing;

Exhibit A

CONFIRMATORY INSTRUMENT

Application for: _____ (Title of Invention)
Inventor(s): _____
Serial No. _____ Contract (Grant) No. _____
Filing Date: _____ Institution: _____

The invention identified above is a "Subject Invention" under _____ (identify Institutional Patent Agreement number) to which contract (grant) No. _____ with _____ _____ (specify Government agency) was subject.

This document is confirmatory of the paid-up license granted to the Government under this contract (grant) in this invention, patent application and any resulting patent, and of all other rights acquired by the Government by the referenced Agreement.*

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19__.

_____
(Institution)

_____
(Signature)

_____
(Print or type name)

_____
(Official Title)

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named as licensor herein; that _____, who signed this License on behalf of the Institution is _____ _____ of said Institution; and that said License was duly signed for and in behalf of said Institution by authority of its governing body, and is within the scope of its corporate powers.

_____
Signature

* If in accordance with Section IV(a) of the Agreement, the Agency has determined that a license for state and domestic municipal governments will not be obtained, the following should be added to the Confirmatory Instrument:

"The license granted to the Government does not include state and domestic municipal governments."

WHEREAS, the Institution is desirous of entering into an agreement whereby it may retain the entire right, title, and interest in and administer inventions made in the course of or under research supported by the Agency, subject to certain rights acquired by the Government:

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

I. Scope of Agreement

This Agreement defines the rights of the parties hereto regarding the allocation of rights in subject inventions made under contracts with the agency entered into after the execution of the Agreement except such contracts as may be specifically excluded by the Agency. 3/

II. Definitions

(a) "Subject Invention" means any invention or discovery of the Institution or its contractors conceived or first actually reduced to practice in the course of or under a contract with the Agency, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, and any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) "Contract" means any contract, (agreement, grant, or other arrangement) 4/ or subcontract entered into with or for the benefit of the Government, where a purpose of the contract is the conduct of experimental, developmental, or research work.

(c) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(d) "To bring to the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(e) "Made," when used in relation to any invention or discovery, means the conception or first actual reduction to practice of such invention in the course of or under a contract.

4. Add a new section 1-9.109-7 as follows:

§1-9.109-7 Negotiation of Institutional Patent Agreements

(a) Information to be submitted by nonprofit organization

A nonprofit organization desiring to enter into an Institutional Patent Agreement shall provide the agency with the following information:

(1) General information concerning the institution, including:

(i) A copy of its Articles of Incorporation;

(ii) A statement of the intitution's purpose and aims; and

(iii) A statement indicating the source of the institution's funds;

(2) A copy of the organization's established patent policy, together with the date and manner of its adoption;

(3) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the organization's patent management capabilities;

(4) A description of the organization's procedures for identifying and reporting inventions and a description of the procedures for evaluation of such inventions for inclusion in the organization's promotional program;

(5) A copy of the agreement signed by employees engaged in research and development, indicating their obligation in regard to inventions conceived or for the first time reduced to practice in the course of their assigned duties;

(d) A conveyance, requested pursuant to Sections III(b) or (c) of this Agreement, shall be made by delivering to the Agency duly executed instruments (prepared by the Agency) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of such invention.

IV. Minimum Rights Acquired by the Government

(a) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution:

(1) hereby grants to the Government of the United States a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the Agency determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments; and

(2) agrees to grant to responsible applicants, upon request of the Agency, a license on terms that are reasonable under the circumstances;

(i) unless the Institution, its licensee, or its assignee, demonstrates to the Government that effective steps have been taken within three years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) to the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health or safety needs, or for other public purposes stipulated in the applicable contract.

(b) Nothing contained in this section shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

(10) A list of subsidiary or affiliate organizations, which would be covered by an agreement signed by the organization;

(11) If the organization is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of Government support for research and development activities currently being administered by the organization, giving Government agency and breakdown;

(14) A statement of the organization's policies with respect to the sharing of royalties with employees; and

(15) A description of the uses made of any net income generated by the organization's patent management program.

(b) Criteria for evaluation of a technology transfer program

Before an Institutional Patent Agreement is entered into with a nonprofit organization, the organization shall have a technology transfer program which, as a minimum shall include:

(1) An established patent policy which is consistent with the policy in §1-9.107-3 and is administered on a continuous basis by an officer or organization responsible to the organization;

(2) Agreements with employees requiring them to assign to the organization or its designee or the Government any invention conceived or first actually reduced to practice by them in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government-supported research and development projects;

VI. Filing of Domestic Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain domestic rights pursuant to Section III(a) of this Agreement, the Institution shall have a domestic patent application filed within six months after an election has been made pursuant to Section III(a) of this Agreement or such longer period as may be approved in writing by the Agency.

(b) For each Subject Invention on which a patent application is filed by or on behalf of the Institution, the Institution shall:

(i) within six months after such filing, or within six months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency (A) a copy of the application as filed, including the filing date and serial number; (B) a copy of an assignment from the inventor or inventors to the Institution of all right, title, and interest in the invention properly recorded in the United States Patent and Trademark Office; and (C) a duly executed and approved instrument on the form specified in Exhibit A which is attached hereto and made a part hereof;

(ii) include the following statement, appropriately completed, in the second paragraph of the specification of the application and any patents issued on the Subject Invention, "The Government has rights in this invention pursuant to Contract(s) (or Grant(s)) No(s). _____ awarded by (identify the Agency or Agencies)";

(iii) not less than thirty days before the expiration of the response period for any action required by the United States Patent and Trademark Office, notify the Agency of any decision not to continue the prosecution of the application and deliver to the Agency executed instruments granting the Government a power of attorney;

(iv) upon request, fully advise the Agency concerning all actions taken during the prosecution of any patent application and furnish copies of any relevant documents as requested; and

(v) provide the Agency with a copy of the patent within ~~six~~ Two months after a patent issues on the application.

FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY
COMMITTEE ON INTELLECTUAL PROPERTY AND INFORMATION

~~FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY~~
~~COMMITTEE ON INTELLECTUAL PROPERTY~~

U.S. DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D.C. 20230

UNIVERSITY AD HOC TASK FORCE

Minutes of Meeting - February 14, 1977

The meeting convened at 9:30 a.m. in Room 338 of the National Science Foundation, 1800 G Street, N.W., Washington, D. C.

Attendees

Members Present

Norman J. Latker, Chairman	HEW
Jesse Lasken	NSF
Martin S. Postman	AF
Frank Lukasik	AFSC
L/C H.M. Hougen	Army
A. F. Kwitnieski	ONR
Robert Kempf	NASA
John H. Raubitschek	NSF
Eugene Pawlikowski	NBS

Executive Secretary Present

O. A. Neumann	DOC

Members Absent

Robert Poteat	ERDA

General

The Chairman briefly discussed the actions taken to date by Messrs. Latker and Lasken in compiling the comments received on the proposed amendment to the FPR, and Mr. Lasken's proposed revisions suggested thereby.

Mr. Latker noted and distributed the materials submitted by Mr. Denny setting forth suggested ERDA waiver procedures for nonprofit institutions having a patent management capability. Mr. Latker also advised that Mr. Henderson indicated DOD would probably agree to accept any list of institutions approved by the interagency group.

Mr. Kempf asked if the proposed amendment to the FPR covering nonprofit institutions would deviate with respect to reporting and other procedures set forth in the basic short form patent rights clauses of the FPR. Mr. Lasken suggested that the short form clauses of the FPR be modified to accommodate the changes made to the clauses for use under the IPA's. It was the consensus of the task force that any deviations would also be recommended for the short form clause of the FPR to assure the desired uniformity.

furnish a complete technical report

Patent Rights

(a) The Contractor hereby agrees to ~~report fully and promptly~~ to within eight months after completion or first actual reduction to practice _____ (Institution) any invention conceived or first actually reduced to practice in the course of or under this contract (hereinafter referred to as "Subject Invention(s)," and, subject to (b), below, to assign all right, title, and interest in and to such invention to _____ (Institution) or its designee.

(b) At the time the Contractor reports any "Subject Invention" to _____ (Institution), the Contractor, at its option, may also report the invention to the agency with which the Institution holds the prime contract and request that the agency make a determination whether and on what terms the contractor may retain principal rights in the invention in lieu of assigning it to _____ (Institution). Such determinations by the agency shall be in accordance with the policies and procedures of Part 1-9 of the Federal Procurement Regulations and/or applicable agency regulations. Such determinations shall be final on both the Contractor and _____ (Institution), provided that Contractor may elect not to accept the Agency determination and instead assign all right, title, and interest in the invention to _____ (Institution) or its designee.

(c) In addition, the Contractor agrees to furnish the following materials, disclosures and reports:

(i) Upon request, such duly executed instruments (prepared by the _____ (Institution) or its designee) and such other papers as are deemed necessary to vest in the _____ (Institution) or its designee the rights granted under this clause and to enable the _____ (Institution) or its designee to apply for and prosecute any patent application, in any country, covering such invention.

(ii) Prior to final settlement of this contract, a final report listing all Subject Inventions or certifying that no inventions were conceived or first actually reduced to practice under the contract.

NJL

FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY
COMMITTEE ON INTELLECTUAL PROPERTY AND INFORMATION

FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY
COMMITTEE ON GOVERNMENT PATENT POLICY
U.S. DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D.C. 20230

PATENT DIVISION
DHEW

UNIVERSITY AD HOC TASK FORCE

Minutes of Meeting - February 23, 1977

The meeting convened at 9:30 a.m. in Room 321 of the National Science Foundation, 1800 G Street, N.W., Washington, D. C.

Attendees

Members Present	
Norman J. Latker, Chairman	HEW
Jesse Lasken	NSF
Eugene Pawlikowski	NBS
John Raubitschek	NSF
Robert Crawford for A.F. Kwitnieski	ONR
LTC H.M. Hougen	Army
Thomas Kundert	AF
Capt. John J. Bartus	AF (BAFB)
Executive Secretary Present	
O. A. Neumann	DOC
Members Absent	
Frank Lukasik	AFSC
Robert Poteat	ERDA
Robert Kempf	NASA

The Executive Secretary distributed the minutes of the February 4, 1977 meeting.

REVIEW OF THE FPR AMENDMENT

The Task Force continued its page-by-page review of the proposed amendment to the FPR concerning Institutional Patent Agreements.

The 6-month period for reporting under subparagraph V.(a)(i) [page 30] was discussed at length. All agreed that this period was in practice too short. It was suggested first that the words "promptly but in any event immediately upon" replace the specific time period. The Chairman noted that this was a suggested change to the Subcommittee on Intellectual Property and that agencies were not to be bound by it.

The Task Force completed its review of the comments and revised the proposed amendment to the FPR as appropriate.

IX. Administration of Inventions in Which the Institution Elects to Retain Rights

(a) The Institution shall administer those Subject Inventions to which it elects to retain title in the public interest and shall, except as provided in subsection (b), below, make them available through licensing on a nonexclusive, royalty-free or reasonable royalty basis to all qualified applicants.

(b) The Institution may license a Subject Invention on an exclusive basis if it determines that an exclusive license is required in the public interest because it is necessary as an incentive for development of the invention or because market conditions are such as to require licensing on an exclusive basis in order to bring the invention to the point of practical application. Any exclusive license issued by the Institution under a U.S. patent or patent application shall be for a limited period of time and such period shall not, unless otherwise approved by the Agency, exceed five years from the date of the first commercial sale or use in the United States of America of a product or process embodying the invention, or eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, whichever occurs first. Such license shall also provide that the licensee shall use all reasonable effort to effect introduction into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Any extension of the maximum period of exclusivity shall be subject to approval of the Agency. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be offered to all qualified applicants at a reasonable royalty rate not in excess of the exclusive license royalty rate.

(c) Royalties shall not normally be in excess of accepted trade practice. The Institution also agrees that no royalties shall be payable by its licensees or sublicensees with respect to any Subject Invention in procurements for or on behalf of the Government and to so provide in any instrument transferring rights to any party in any Subject Invention.

(d) The balance of the royalty income after payment of expenses, including payments to inventors, incidental to the administration of all inventions assigned to it pursuant to the provisions of this Agreement shall be utilized for the support of education or research.

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : Members of the University Ad Hoc Task Force

DATE: FEB 28 1977

FROM : Jesse E. Lasken

PATENT BRANCH, OGC
DHEW

SUBJECT: Revised Draft of FPRs

MAR 1 1977

Enclosed for your review is a revised draft of the proposed FPR amendments based on our meetings of February 4 and 23, 1977. If you find any typographical errors please let me know so that these can be corrected. Any substantive comments that might require additional meetings to resolve should be addressed to Norm Latker.

It is my understanding that Norm is to determine whether we should also prepare other FPR changes to bring the "Short Form" clauses in line with the proposed language in the IPA. Assuming this is to be done, I would be prepared to submit a draft to the Task Force for consideration at another meeting. I have done a preliminary draft, and it would be a relatively easy task to complete a draft.

Distribution:
Norman J. Latker ←
Martin S. Postman
H. M. Hougen
A. F. Kwitnieski
Robert Kempf
John H. Raubitschek
Eugene Pawlikowski
O. A. Neumann
Robert Poteat

XII. Termination.

This Agreement may be terminated by either party for convenience upon thirty days written notice. Disposition of rights in, and administration of inventions made under contracts subject to this Agreement will not be affected by such a termination; except that in the event the Government terminates this Agreement because of a failure or refusal by the Institution to comply with any of its obligations under sections V(a), VI, IX, and X of this Agreement, the Agency has the right to require that the Institution's entire right, title, and interest in and to the particular invention with respect to which the breach occurred be assigned to the United States of America, as represented by the Agency.

XIII. Communications 9/

Requests for Agency approvals, extensions, or similar actions and other correspondence required by this Agreement should be addressed to _____. Except where specifically provided otherwise in this Agreement, the _____ or his designee shall act as the point of authority within the Agency to grant such approvals, extensions, or take such other Agency actions as may be authorized in this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year below.

UNITED STATES OF AMERICA

By _____
Title _____
Date _____

(Corporate Seal)

_____
(Institution)

By _____
Title _____
Date _____

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named above; that _____ who signed this Agreement on behalf of said Institution is _____

agreement set forth in paragraph (c)(2) of this section (and appropriately completed as indicated in the numbered notes appearing after the Agreement) shall be used. Changes in the agreement should be kept to a minimum and should be limited to changes dictated by statutes applicable to the agency or by special administrative needs. In any event, agreements should include at least the following features:

(A) A requirement for the prompt reporting of all inventions to the applicable agency along with an election of rights;

(B) Reservation of all rights specified in 1-9.107-3(e)-(h);

(C) A requirement that the institution make such inventions available on a nonexclusive basis except where the desired practical or commercial application has not been achieved or is not likely to be expeditiously achieved through such licensing;

(D) A condition limiting any exclusive license to a period not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial application and to permit the licensee to recoup its costs and a reasonable profit thereon;

(E) A restriction that royalty charges be limited to what is reasonable under the circumstances or within the industry involved;

32-635 O - 78 - 53

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19__.

_____
(Institution)

_____
(Signature)

_____
(Print or type name)

_____
(Official title)

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named as licensor herein; that _____, who signed this License on behalf of the Institution is _____ of said Institution; and that said License was duly signed for an in behalf of said Institution by authority of its governing body, and is within the scope of its corporate powers.

_____
(Signature)

INSTITUTIONAL PATENT AGREEMENT

This Agreement is made and entered into by and between the United States of America as represented by the _____ 1/, hereinafter sometimes referred to as the "Agency," and _____ _____, hereinafter referred to as the "Institution,"

WITNESSETH:

WHEREAS, in accordance with the President's Memorandum and Statement of Government Patent Policy dated August 23, 1971, and the provisions of 41 CFR 1-9.107-4(a)(6), it has been determined by the Agency that the Institution has a technology transfer program meeting the criteria of 41 CFR 1-9.109-7 in that the Institution's patent policy as set forth in _____ 2/ and its technology transfer practices have been reviewed and found acceptable; and

WHEREAS, the Institution is desirous of entering into an agreement whereby it may retain the entire right, title, and interest in and administer inventions made in the course of or under research supported by the Agency, subject to certain rights acquired by the Government;

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

I. Scope of Agreement

This Agreement defines the rights of the parties hereto regarding the allocation of rights in Subject Inventions reported after the date of this Agreement and made under contracts entered into with the Agency, including contracts entered into prior to this Agreement, except contracts specifically excluded by the Agency. 3/ 4/

II. Definitions

(a) "Subject Invention" means any invention or discovery of the Institution conceived or first actually reduced to practice in the course of or under a contract with the Agency, and includes any art, method, process, machine, manufacture, design, or composition of matter,

4. Add a new section §1-9.109-7 as follows:

§1-9.109-7 Negotiation of Institutional Patent Agreements

(a) Information to be submitted by nonprofit organization. A nonprofit organization desiring to enter into an Institutional Patent Agreement shall provide the agency with the following information:

(1) General information concerning the institution, including:

(i) A copy of its Articles of Incorporation;

(ii) A statement of the institution's purpose and aims; and

(iii) A statement indicating the source of the institution's funds;

(2) A copy of the organization's established patent policy, together with the date and manner of its adoption;

(3) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the organization's patent management capabilities;

(4) A description of the organization's procedures for identifying and reporting inventions and a description of the procedures for evaluation of such inventions for inclusion in the organization's promotional program;

(b) The Institution agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Institution:

(i) does not elect under Section III(a) to retain such rights; or

(ii) fails to have a United States Patent Application filed on the invention in accordance with section VI(a), or decides not to continue prosecution of such application; or

(iii) at any time, no longer desires to retain title.

(c) The Institution agrees to convey to the Government, upon request, the entire right, title, and interest in any Subject Invention in any foreign country when the Institution:

(i) does not elect under Section III(a) to retain such rights in the country; or

(ii) fails to have a patent application filed in the country on the invention in accordance with Section VII(a); except that if an application has been filed in a foreign country after the times specified in Section VII(a) but prior to such request by the Government, the Institution shall retain the entire right, title, and interest in the Subject Invention in the country involved; or

(iii) decides not to continue prosecution of such application or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Institution shall notify the Agency not less than sixty (60) days before the expiration period for any action required by the foreign patent office.

(d) A conveyance, requested pursuant to Sections III(b) or (c) of this Agreement, shall be made by delivering to the Agency duly executed instruments (prepared by the Government) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of such invention.

(10) A list of subsidiary or affiliate organizations, which would be covered by an agreement signed by the organization;

(11) If the organization is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of ~~Government~~ Federal support from Federal agency for research and development activities currently being administered by the organization, ~~giving Government agency and breakdown;~~

(13) A statement of the organization's policies with respect to the sharing of royalties with employees; and

(14) A description of the uses made of any net income generated by the organization's patent management program.

(b) Criteria for evaluation of a technology transfer program.

Before an Institutional Patent Agreement is entered into with a nonprofit organization, the organization shall have a technology transfer program which, as a minimum shall include:

(1) An established patent policy which is consistent with the policy in §1-9.107-3 and is administered on a continuous basis by an officer or organization responsible to the organization;

(2) Agreements with employees requiring them to assign to the organization ~~or~~ its designee or the Government any invention conceived or first actually reduced to practice ~~by them~~ in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government-supported research and development projects;

(3) Procedures for prompt invention identification and timely disclosure to the officer or organization administering the patent policy of the institution;

(4) Procedures for invention evaluation; and

(5) An active and effective promotional program for the licensing and marketing of inventions.

V. Invention Identification, Disclosures, and Reports

(a) The Institution shall furnish the Agency

(i) a complete technical disclosure for each Subject Invention promptly after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event immediately upon any on sale, public use, or publication of the invention known to the Institution. The disclosure shall identify the contract and inventor and shall be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the invention. Such disclosure shall be furnished directly to the Agency in addition to any other requirement under the contract for the submission of progress or other reports and whether or not reference to the Subject Invention has been made in any such reports.

(ii) Complete information concerning the date and identity of any on sale, public use, or publication of the invention which may constitute a statutory bar under 35 USC 102, which was authorized by or known to the Institution or any contemplated action of this nature.

(iii) A final report within three months after completion of the work under any contract, listing all Subject Inventions or certifying that there were no such inventions. 7/

(b) The Institution shall obtain patent agreements to effectuate the provisions of this Agreement from all persons in its employ who perform any part of the work under any contract except nontechnical personnel, such as clerical and manual laborers.

(c) The Institution agrees that the Government may duplicate and disclose Subject Invention disclosures and, subject to Section XI, all other reports and papers furnished or required to be furnished pursuant to this Agreement. [Notwithstanding, the Agency will take reasonable care to ensure that such disclosures are not released to the public unless the Agency determines, after consultation with the Institution, that the proposed release will not adversely affect the Institution's opportunity to obtain patent protection.] *

(d) The Institution shall not bar or prohibit publication of disclosures of Subject Invention on which patent applications have been filed.

June 21, 1977

FINAL

PROPOSED FPR REVISION

As Approved by the Subcommittee on Intellectual Property

at its Meeting of June 21, 1977

1. Add the following subsection (6) to §1-9.107-4(a):

(6) In accordance with the exceptional circumstances language of §1-9.107-3(a) and/or the special situations language of §1-9.107-3(c), agencies may enter into Institutional Patent Agreements as set forth in §1-9.107-6(c)(2) with nonprofit organizations having a technology transfer program meeting the criteria of §1-9.109-7(b). Such agreements provide the organization the right to retain the entire right, title and interest in inventions made in the course of or under contracts subject to certain conditions. When such an agreement has been made with a nonprofit organization, it shall be made applicable to each contract with the organization in lieu of the Patent Rights clauses in §1-9.107-5 and §1-9.107-6 (unless a determination has been made to exclude the contract from the agreement.)

2. Retitle §1-9.107-6 as follows: "Clauses for domestic contracts (short form) and Institutional Patent Agreements."

3. Add the following new subsection (c) to §1-9.107-6:

(c) Patent Rights - Institutional Patent Agreement. (1) When an agency has determined in accordance with §1-9.109-7 that a nonprofit organization should receive an agreement as authorized under §1-9.107-4(a)(6), the Agreement set forth in paragraph (c)(2) of this section appropriately completed as indicated in the numbered notes appearing after the Agreement shall be used. Changes in the agreement should be limited to changes dictated by statutes applicable to the agency or by special administrative needs. In making any changes an agency shall seek to ensure that the agreement continues to include at least the following features:

(A) A requirement for the prompt reporting of all inventions to the applicable agency along with an election of rights;

(B) Reservation of all rights specified in §1-9.107-3(e)-(h);

(C) A requirement that the organization make such inventions available on a nonexclusive basis except where the desired practical or commercial application has not been achieved or is not likely to be expeditiously achieved through such licensing;

(iii) not less than thirty (30) days before the expiration of the response period for any action required by the United States Patent and Trademark Office, notify the Agency of any decision not to continue the prosecution of the application and deliver to the Agency upon request executed instruments granting the Government a power of attorney;

(iv) upon request, fully advise the Agency concerning all actions taken during the prosecution of any patent application and furnish copies of any relevant documents as requested; and

(v) provide the Agency with a copy of the patent within six months after a patent issues on the application.

VII. Filing of Foreign Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain principal rights in a foreign country pursuant to section III(a) of this Agreement, the Institution shall have a patent application filed on the invention in such country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) eight months from the date of a corresponding United States application filed by or on behalf of the Institution; or if such an application is not filed, six months after an election is made pursuant to section III(a) of this Agreement:

(ii) six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications when such filing has been prohibited by security reasons; or

(iii) such longer period as may be approved in writing by the Agency.

supported by the Agency, subject to certain rights acquired by the Government:

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

I. Scope of Agreement

This Agreement defines the rights of the parties hereto regarding the allocation of rights in subject inventions made under contracts with the agency entered into after the execution of the Agreement except such contracts as may be specifically excluded by the Agency. 3/

II. Definitions

(a) "Subject Invention" means any invention or discovery of the Institution or its contractors conceived or first actually reduced to practice in the course of or under a contract with the Agency, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, and any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) "Contract" means any contract, (agreement, grant, or other arrangement) 4/ or subcontract entered into with or for the benefit of the Government, where a purpose of the contract is the conduct of experimental, developmental, or research work.

(c) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(d) "To bring to the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(e) "Made," when used in relation to any invention or discovery, means the conception or first actual reduction to practice of such invention in the course of or under a contract.

III. Allocation of Principal Rights

(a) The Institution may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to Section V., below, subject to the provisions of this Agreement. The Institution shall include with

(c) The Contractor shall include in any subcontract either a clause identical to this clause or the "Patent Rights - Acquisition by the Government" clause found at 41 CFR 1-9.107-5(a) if a purpose of the subcontract is experimental, developmental, or research work. If a subcontractor refuses to accept either of these clauses or if, in the opinion of the Contractor, these clauses are inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor (i) shall promptly notify the Institution and (ii) shall not proceed with the subcontract without the written authorization of the Institution. It is understood that the Institution will seek direction from the _____ (insert name of appropriate Agency).

(d) The Contractor shall report any subcontracts containing a patent rights clause to the Institution. The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

[End of Clause]

(b) In the event of a refusal by a subcontractor to accept either of the clauses specified in (a), or if, in the opinion of the Institution, these clauses are inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Institution (i) shall promptly submit a written notice to the Agency setting forth reasons for the Subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and (ii) shall not proceed with the subcontract without the written authorization of the Agency.

(c) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Institution hereby assigns to the Government all rights that it would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Institution shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

(d) Nothing in this Agreement is intended to preclude the Institution from granting a subcontractor rights or an option to rights in any inventions made by the subcontractor to the extent such rights are consistent with the provisions of this Agreement.

(1) hereby grants to the Government of the United States a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the Agency determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments; and

(2) agrees to grant to responsible applicants, upon request of the Agency, a license on terms that are reasonable under the circumstances;

(i) unless the Institution, its licensee, or its assignee, demonstrates to the Government that effective steps have been taken within three years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) to the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health or safety needs, or for other public purposes stipulated in the applicable contract.

(b) Nothing contained in this section shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

V. Invention Identification, Disclosures, and Reports

(a) The Institution shall furnish the Agency:

(i) a complete technical disclosure for each Subject Invention within six months after conception or first actual reduction to practice whichever occurs first in the course of or under the contract or within six months from the time a contractor of the Institution reports an invention to it pursuant to Article VIII, but in any event prior to any on sale, public use, or publication of the invention known to the Institution. The disclosure shall identify the contract and inventor and shall be

X. Patent Management Organizations

The Institution shall not assign any Subject Invention to parties (other than the Agency) except that it may assign rights in the invention to the following patent management organizations -- _____ 8/ -- or any other patent management organization if subsequently approved by the Agency. Any reference to an Institution in this Agreement shall also include a patent management organization where applicable and an assignment to such an organization shall specifically be made subject to all the terms and conditions of this Agreement.

XI. Reports on Development and Commercial Use

The Institution shall provide a written annual report to the Agency on or before December 31st of each year covering the preceding year ending September 30th, regarding the status of development and commercial use that is being made or intended to be made or each Subject Invention left for administration to the Institution and the steps that have been taken by the Institution to bring the invention to the point of practical application. 9/ Such reports shall include information regarding status of development, the date of first commercial sale or use, gross royalties received by the Institution, and such other data and information as the Agency may reasonably specify. To the extent data or information supplied pursuant to this section is considered by a licensee to be privileged or confidential and is so marked, the Agency agrees that to the extent permitted by law it will not disclose such information to persons outside the Government.

instrument on the form specified in Exhibit A which is attached hereto and made a part hereof;

(ii) within two months after the filing, or within two months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency (A) a copy of the application as filed, including the filing date and serial number, and (B) a copy of an assignment from the inventor or inventors to the Institution of all right, title, and interest in the invention properly recorded in the United States Patent and Trademark Office.

(iii) include the following statement, appropriately completed, in the second paragraph of the specification of the application and any patents issued on the Subject Invention, "The Government has rights in this invention pursuant to Contract(s) (or Grant(s)) No(s). _____ awarded by (identify the Agency or Agencies)";

(iv) not less than thirty days before the expiration of the response period for any action required by the United States Patent and Trademark Office, notify the Agency of any decision not to continue the prosecution of the application and deliver to the Agency executed instruments granting the Government a power of attorney;

(v) upon request, fully advise the Agency concerning all actions taken during the prosecution of any patent application and furnish copies of any relevant documents as requested; and

(vi) provide the Agency with a copy of the patent within two months after a patent issues on the application.

(c) For each Subject Invention in which the Institution initially elects not to retain rights or requests an extension of the election period, the Institution shall inform the Agency promptly in writing of the date and identity of any on sale, public use, or publication of the invention which may constitute a statutory bar under 35 USC 102, which was authorized by or known to the Institution or any contemplated action of this nature.

VII. Filing of Foreign Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain principal rights in a foreign country pursuant to Section III(a) of this Agreement, the Institution shall have a patent application filed on the invention in that country, in

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year below.

UNITED STATES OF AMERICA

By _____
Title _____
Date _____

(Corporate Seal)

_____
(Institution)

By _____
Title _____
Date _____

CERTIFICATE

I, _____, certify that I am the Secretary of _____ named above; that _____, who signed this Agreement on behalf of said Institution was then _____ of said Institution ; and that this Agreement was duly signed for and in behalf of said Institution by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and the seal of said corporation this _____ day of _____, 19__.

(Corporate Seal)

By _____

agency shall be in accordance with the policies and procedures of 41 CFR 1-9.109-6 and/or applicable agency regulations. Such determinations shall be final on both the Contractor and _____, provided that the Contractor
(Institution)
may elect not to accept the Agency determination and instead assign all right, title, and interest in the invention to _____ or its designee.
(Institution)

(c) In addition, the Contractor agrees to furnish the following materials, disclosures and reports:

(i) Upon request, such duly executed instruments (prepared by the _____ or its designee) and such
(Institution)
other papers as are deemed necessary to vest in the _____ or its designee the rights granted
(Institution)
under this clause and to enable the _____ or its
(Institution)
designee to apply for and prosecute any patent application, in any country, covering such invention.

(ii) Prior to final settlement of this contract, a final report listing all Subject Inventions or certifying that no inventions were conceived or first actually reduced to practice under the contract.

(d) The Contractor shall include in any subcontract a clause identical to this clause, if a purpose of the subcontract is experimental, developmental, or research work. If a subcontractor refuses to accept this clauses or if, in the opinion of the Contractor, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor (i) shall promptly notify the Institution and (ii) shall not proceed with the subcontract without the written authorization of the Institution. It is understood that the Institution will seek direction from the (insert name of appropriate Agency).

(e) The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

[End of Clause]

Notes for Completion of IPA

1/ Insert name of agency

2/ Insert reference to Institution's official policy statements.

3/ If any current grants or contracts are to be excluded from the agreement, a statement such as the following should be inserted here: "This Agreement shall not apply to the following contracts..."

4/ Agencies may wish to limit the scope of the agreement to contracts entered into after the date of the Agreement. In such case, this section would have to be revised. If such an approach is used, consideration should be given as to how contract extensions will be treated.

5/ The bracketed language may be deleted but normally it is expected that Institutional Patent Agreements will apply to grants as well as contracts.

6/ Some agencies may wish to include additional or alternative provisions concerning international matters including such language as they consider necessary pursuant to 1-9.107-3(h)(2).

7/ Agencies may find it useful to include more detailed instructions here on the format of these reports and the persons to whom they should be supplied. The exact clause may have to be varied according to the agency's normal contract close-out procedures.

8/ If none are to be used, insert "none."

9/ Different dates may be substituted depending on the Agency's needs.

10/ Insert applicable addresses and officers.

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maximum period of exclusivity shall be subject to approval of the Agency. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be offered to all qualified applicants at a reasonable royalty rate not in excess of the exclusive license royalty rate.

(c) Royalties shall not normally be in excess of accepted trade practice. The Institution agrees to refund any amounts received as royalty charges on any Subject Invention in procurements for or on behalf of the Government and to provide for that refund in any instrument transferring rights to any party in the invention.

(d) The balance of the royalty income after payment of expenses, including payments to inventors, incidental to the administration of all inventions assigned to it pursuant to the provisions of this Agreement shall be utilized for the support of education or research.

(e) All licenses issued by the Institution to other than the Government of the United States under any patent application or patent on a Subject Invention shall be made expressly subject to the conditions of this Agreement. The Institution shall, upon request, promptly furnish copies of any license agreements to the Agency.

X. Patent Management Organizations

The Institution shall not assign any Subject Invention to parties (other than the Agency) except that it may make such an assignment to the following patent management organizations -- _____ 7/ -- or any other patent management organization if subsequently approved by the Agency. Any assignment to a patent management organization shall specifically be made subject to all the terms and conditions of this Agreement.

XI. Reports on Development and Commercial Use

The Institution shall provide a written annual report to the Agency on or before December 31st of each year covering the preceding year ending September 30th, regarding the status of development and commercial use that is being made or intended to be made of each Subject Invention left for administration to the Institution and the steps that have been taken by the Institution to bring the invention to the point of practical application. 8/ Such reports shall include information regarding status of development, the date of first commercial sale or use, gross royalties received by the Institution and such other data and information as the Agency may reasonably specify. To the extent data or information supplied to this section is considered by a licensee to be privileged or confidential and is so marked, the Agency agrees that to the extent permitted by law it will not disclose such information to persons outside the Government.

(6) A copy of the invention report form or outline utilized for preparation of invention reports;

(7) A statement whether the institution has an agreement with any patent management organizations or consultants and a copy of any such agreements;

(8) A description of the plans and intentions of the institution to bring to the marketplace inventions to which it retains title, including a description of the efforts typically undertaken by the institution to license its inventions;

(9) A description of the institution's past patent application and patent licensing activities, including the following:

(i) Number of inventions reported to the institution during each of the past five years;

(ii) Number of patent applications filed during each of the past five years;

(iii) Number of patents obtained during each of the past five years;

(iv) Number of exclusive licenses issued during each of the past five years;

(v) Number of nonexclusive licenses, other than those to sponsoring Government agencies, issued during each of the past five years;

(vi) Gross royalty income during each of the past five years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named above; that _____ who signed this Agreement on behalf of said Institution is _____ of said Institution; and that this Agreement was duly signed for and in behalf of said Institution by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and the seal of said corporation this _____ day of _____, 19 _.

(Corporate Seal) By _____

EXHIBIT A

CONFIRMATORY INSTRUMENT

Application for: _____ (Title of Invention)
Inventor(s) _____
Serial No. _____ Contract (Grant) No. _____
Filing Date: _____ Institution _____

The invention identified above is a "Subject Invention" under _____ (identify Institutional Patent Agreement number) to which contract (grant) No. _____ with _____ (specify Government agency) was subject.

This document is confirmatory of the paid-up license granted to the Government under this contract (grant) in this invention, patent application and any resulting patent, and of all other rights acquired by the Government by the referenced Agreement.*

It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of said Agreement or of any other agreement between the Government and the Contractor, or any other rights of the Government with respect to the above identified invention.

*If in accordance with Section IV (a) of the Agreement, the Agency has determined that a license for state and domestic municipal governments will not be obtained, the following should be added to the Confirmatory Instrument:

"The license granted to the Government does not include state and domestic municipal governments."

(3) Procedures for prompt invention identification and timely disclosure to the officer or organization administering the patent policy of the institution;

(4) Procedures for invention evaluation; and

(5) An active and effective promotional program for the licensing and marketing of inventions.

"This Agreement defines the rights of the parties hereto regarding the allocation of rights in Subject Inventions reported after the execution of the Agreement, including contracts entered into prior to this Agreement, except such contracts as may be specifically excluded by the Agency."

Agencies using this language which wish to exclude any current contracts from the agreement should add a statement such as the following:

"This Agreement shall not apply to the following contracts:..."

4/ The bracketed language may be deleted but normally it is expected that Institutional Patent Agreements will apply to grants as well as contracts.

5/ Agencies may specify a form.

6/ Agencies may find it useful to include more detailed instructions here on the format of these reports and the persons to whom they should be supplied. The exact clause may have to be varied according to the agency's normal contract close-out procedures.

7/ If none are to be used, insert "none."

8/ Different dates may be substituted depending on the Agency's needs.

9/ Insert applicable addresses and officers.

4. Add a new section §1-9.109-7 as follows:

§1-9.109-7 Negotiation of Institutional Patent Agreements.

(a) Information to be submitted by nonprofit organization. A nonprofit organization desiring to enter into an Institutional Patent Agreement shall provide the agency with the following information:

(1) General information concerning the organization including:

(i) A copy of its Articles of Incorporation;

(ii) A statement of the organization's purpose and aims; and

(iii) A statement indicating the source of the organization's funds;

on the IPA. This statement is intended to provide the correction.

The meeting adjourned at 11:45 a.m.

O. A. Neumann
Executive Secretary

cc: Frank Lukasik

(vi) Gross royalty income during each of the past five years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

(10) A list of subsidiary or affiliate organizations, which would be covered by an agreement signed by the organization;

(11) If the organization is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of support from each Federal agency for research and development activities currently being administered by the organization;

(13) A statement of the organization's policies with respect to the sharing of royalties with employees; and

(14) A description of the uses made of any net income generated by the organization's patent management program.

(b) Criteria for evaluation of a technology transfer program.

Before an Institutional Patent Agreement is entered into with a non-profit organization, the organization shall have a technology transfer program which, as a minimum, shall include:

(1) An established patent policy which is consistent with the policy in Section 1-9.107-3 and is administered on a continuous basis by an officer or organization responsible to the organization;

(2) Agreements with employees requiring them to assign to either the organization, its designee or the Government any invention conceived or first actually reduced to practice in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government supported research and development projects;

(3) Procedures for prompt invention identification and timely disclosure to the officer or organization administering the patent policy of the institution;

(4) Procedures for invention evaluation; and

Members continued
Robert F. Kempf, NASA
Jerry A. Cooke, NRC
Jay W. Maynard, NRC Alternate
John H. Raubitschek, NSF
Jesse Lasken, NSF Alternate
Observers
Ralph C. Oser, AID
Abraham R. Richstein, AID Alternate
Robert J. Bladergroen, CIA
Robert L. Malech, HUD
Maxwell C. Freudenberg, DLA
Harvey J. Winter, DOS
Walter B. Lockwood, DOS Alternate
Forest D. Montgomery, Treasury
Charles Goodwin, OFPP
Luther A. Marsh, Postal Service
Lewis E. Wallace, TVA
Ex-Officio
Dr. Jordan J. Baruch, DOC
William C. Bartley, FCCSET
Executive Secretary
O. A. Neumann, DOC

cc: William T. Knox, NTIS
Martin S. Postman, AF

Report on the 1973 Survey of University Patent Programs

by

Northwestern University

Report prepared by the staff of the Office of Research and Sponsored Programs under the direction of the Vice President for Research and Dean of Science

July 1, 1974

For further information contact
Earl J. Freise
Assistant Director
Office of Research and Sponsored Programs
Northwestern University
Rebecca Crown Center
Evanston, Illinois 60201
(312) 492-3003

Mr. Denny opened the meeting by suggesting that the Subcommittee review the various action items presented in Mr. Neumann's March 2, 1977 draft memorandum.

GENERAL OVERVIEW OF THE ACTION ITEMS LISTED

Action Item No. 1. The Executive Secretary was asked to make the completion of the Combined Report on Government Patent Policy a priority item. Mr. Neumann advised that Messrs. Kempf and Postman still are to provide inputs.

Action Item No. 2. Mr. Denny noted that an informal group met to discuss the comments received by OMB following the circulation of the draft legislation to the Federal agencies, but nothing has been done by the Subcommittee to date.

Mr. Latker noted that he believes the work of the Subcommittee has been taken over by events, and any efforts of the Congress at this point are out of the hands of the Subcommittee. Mr. Neumann suggested a review of the comments so agencies would have a better fix on the problems if and when legislation is introduced. Mr. Denny concluded the discussion by stating he would entertain a motion for the Subcommittee to take further action on the legislative proposal. No motion was made and it was struck from the record as an agenda item.

Action Item No. 3. (Intellectual Property - Commission Recommendations)

(1) Mr. Denny noted that the remaining work on Recommendation 1 was that of the University Ad Hoc Group with respect to the drafting of an amendment to the FPR concerning the Institutional Patent Agreement. Mr. Latker advised that the Ad Hoc Group would present the material to the Subcommittee for its April meeting. The new target date for completing the work on the implementation of the Executive Branch position on the recommendation was established for June 1, 1977.

(2) Mr. Denny stated that he believed no further work by the Subcommittee is necessary on Recommendation 2.

interpretation. However, I believe that they are of value to other administrators faced with similar decisions regarding their institutions's patent programs and can well serve as a base for further surveys.

I would like to acknowledge my gratitude to the staff of the Office of Research and Sponsored Programs at Northwestern University for collecting the data and assisting in the preparation of this report.

I welcome any criticisms or suggestions on the interpretation of the results of this survey.

David Mintzer
Vice President for Research
and Dean of Science
Northwestern University
Evanston, Illinois 60201
July 1, 1974

(8) No action necessary - rejected.

(9) Mr. Kempf, Chairman of the Legislation Working Group, would also provide a report to the Subcommittee three months after Recommendations 10 and 12 have been approved by the Subcommittee.

(10) It was decided to suspend Subcommittee action on the report on Recommendation 10, and to consider it later during this meeting, or during the next meeting. A new target date would be established then.

(11) Mr. Kempf's Legislation Working Group would consider Recommendation 11 along with Recommendations 6 and 7.

(12) The report on Recommendation 12 would be considered along with Recommendation 10.

(13) With respect to Recommendation 13, Mr. Kempf, Chairman of the Legislation Working Group, agreed to provide a report to the Subcommittee three months after Recommendations 10 and 12 have been approved by the Subcommittee.

(14) Mr. Kempf, Chairman of the Legislation Working Group, agreed to provide a report to the Subcommittee three months after the report on Recommendation 16 has been approved by the Subcommittee.

(15) Mr. Kempf, Chairman of the Legislation Working Group, advised that he would try to get a report to the Subcommittee by June 1, 1977, and the Subcommittee should receive a complete report by August 1, 1977.

(16) The report on Recommendation 16 was deferred until later in the meeting.

Following the discussion of the recommendations, Mr. Denny asked Mr. Neumann to prepare a letter for his signature addressed to Mr. Goodwin of OFPP noting the status and expected completion dates for Recommendations 1 through 3, 6, 7, and 9 through 16.

(large and small; public and private; and various geographical locations.) A sample of the questionnaire sent is shown in Appendix B. Since at the time it was felt that this was probably the first such wide scale survey made, the information requested was to be estimated by the respondent and few details were requested. The purpose of the survey was to get "order of magnitude" results and determine what gross correlations seemed to occur. A detailed survey should be done by some interested research group, since the results of this initial survey seem to show the desirability of further work in this area.

A total of 54 replies (including Northwestern University) were received, although not all questions were answered by every one. Thus, the information contained in the following figures comes from as many as 54 schools, and as few as 25 (in each case, the number of usable responses is shown). The interest in the information, and a possible measure of how relatively uninformed are most schools concerning policies of other schools, may be seen in the fact that 52 of the 54 respondents requested copies of the survey results. Two responding institutions are in the process of developing a patent

these items prior to publication. He also noted the problem of covering computer programs. Mr. Latker further noted the widespread infringement of copyrights. He advised that NTIS is attempting to reserve its right to copyright in foreign countries and the Policy Statement does not cover this point, and probably should.

Mr. Rusz had problems with respect to the general policy statement set forth on page 5 because of security problems, and suggested that the policy statement be restated to avoid any problems.

Mr. Postman believed that perhaps the Employee Works section ought to be expanded and agreed to do so if desirable.

Mr. Denny noted that the Copyright Policy Statement seems to be less definitive than the Presidential Statements on Government Patent Policy. Mr. Read asked if this is the intent of Recommendation 16. Mr. Denny queried if there ought to be 1(a), 1(b), and 1(c)-type categories. He stated he did not believe the Statement would produce consistency or unformity which the Commission on Government Procurement was looking for. He added perhaps the Subcommittee should go back and state that the report is the best it can do with the guidance provided. Query, Is the Subcommittee stating that the Federal agencies do not need and should not have a Federal copyright policy? Mr. Denny concluded by stating that the report does not give the type of guidance he thought the Commission was looking for.

Action Taken

Mr. Lasken suggested that the Subcommittee determine whether the work product ought to be made specific with respect to providing guidance. The Chairman took a poll of the members who virtually unanimously agreed to keep the style of the report as presented. Areas of concern were:

Governmental purpose;
Security;
Dedication to Public;
Assignment to Government; and
Reserving the right to obtain copyrights in foreign countries.

Legal Office	2%
Separate Patent Office	6%
Academic Officer (e.g., Provost)	10%

One additional institution apparently has its patent program completely operated by a university-associated research foundation. At approximately 10% of the institutions, the responsibility for operating the program appears to be divided between a Research Office and either an Academic Officer or the Legal Office of the University. The results shown in Table I report the responsibility for these cases as residing with the Research Office since it was generally an individual from such an office who completed the questionnaire.

Question 2. In making a decision as to whether or not to pursue a patent application for an invention disclosed to the University, approximately 50% of the universities employ more than one approach in reaching such a decision. Twenty-seven of the fifty institutions indicated that some type of patent committee composed either of faculty members or faculty and administrators were instrumental in making a decision on whether to make a patent application. Of these twenty-seven,

FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY
COMMITTEE ON INTELLECTUAL PROPERTY AND INFORMATION
~~FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY~~
~~COMMITTEE ON GOVERNMENT PATENT POLICY~~
U.S. DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D.C. 20230

RJL
ACK

PATENT BRANCH, OGC
DHEW

MAY 1 3 1977

May 12, 1977

MEMORANDUM FOR Members of the Subcommittee on Intellectual Property

From: for J. A. Thomson at James E. Denny, Chairman
Subcommittee on Intellectual Property

Meeting: Thursday, May 19, 1977, 9:30 a.m.
Room 5141A, Main GSA Building
18th & F Streets, N.W.
Washington, D. C.

AGENDA

Review of the Ad Hoc Group report on the amendment to the FPR regarding the Institutional Patent Agreement.

A copy of the report was attached to Mr. Latker's letter to Mr. Denny dated April 12, 1977.

Enclosed is a copy of the minutes of the April 21, 1977 meeting of the Subcommittee.

Enclosure

ADDRESSEES

Members

M. Howard Silverstein, USDA
Robert B. Ellert, DOC
Barry L. Grossman, DOC Alternate
Joseph E. Rusz, AF
William G. Gapcynski, Army
William O. Quesenberry, Navy
Norman J. Latker, HEW
Donald A. Gardiner, DOI
Miles F. Ryan, Jr., DOJ
Joseph A. Hill, DOJ Alternate
Harold P. Deeley, Jr., DOT
Benjamin Bochenek, EPA
Philip G. Read, GSA
Robert F. Kempf, NASA
Jay W. Maynard, NRC Alternate
Jerry A. Cooke, NRC
Jesse Lasken, NSF

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the fifty report that they do use Research Corporation and/or the Battelle Foundation to promote their patents (see below, Question 5), but only twenty-two report that they use them in making a decision on obtaining a patent.

Question 3. The percentage of time and types of individuals devoted to the patent program within the University vary widely. If the percentage of professional staff time was not reported, it was presumed to be an unstaffed position and the percentage of effort was taken to be zero. Generally, for professional staff efforts of 6% of an individual's time or less, the number of licenses is either unreported or reported to be zero, although there are one or two minor (small number of licenses) exceptions. Approximately 40%, or twenty-one of the reporting institutions, show 6% or less professional staff time; these generated 147 disclosures, 27 patent applications and eight licenses per year. The remaining 29 institutions can be broken into a group of twenty institutions having professional staff devoting the equivalent of one person spending between 10 and 50% of "his" time, and nine institutions devoting more than 50% of "his" time. The following table

Mr. Denny noted the move to take "computer software" outside of technical data. DOD did so and GSA is making an attempt to do so. Mr. Postman advised that the reason for switching to the term "data" from "technical data" was that sometimes "data" was not actually "technical data". However, the Working Group believed all data should be covered by the Policy Statements.

Mr. Denny MOVED that the report adopt NASA's definition of "data" instead of the one used in the report. [This motion was withheld pending a discussion.] Mr. Kempf read the NASA definition and noted that the term does not include financial, administrative, cost and pricing, management data, and other information incidental to contract administration.

Mr. Cooke suggested that the report be returned to the Working Group asking that the deliberations of the Subcommittee be taken into consideration. Mr. Denny suggested that the term "protectable data" be redefined bringing in the FOIA concepts using the language of the FOIA.

With respect to the report on I-10, under Part III entitled, Considerations, Mr. Denny stated he believed item 2 entitled, Government Financed Work, should be redrafted. He noted that in drafting the ERDA technical data regulation, ERDA became more sensitive to problems as knowledge and experience weregained. Mr. Neumann suggested that this is precisely why it appears that Mr. Goodwin's idea of writing regulations rather than a policy statement may make sense. He advised that a policy statement is difficult to change, and we could easily get boxed-in in writing implementing regulations. A regulation, however, may be readily revised. He also noted that in all probability, OFPP would return the statement with the added direction that regulations be drafted to implement it.

Mr. Kempf noted that it would take a real concentrated effort to draft regulations. He suggested that he would prefer that the policy statement go to OFPP and that OFPP advise whether regulations should be drafted so that a concentrated effort may then be made.

Dvorkovitz being listed by five institutions. Eight do not use any outside firms. However, of these eight, four have their own research foundations. Of the remaining twenty-one who listed only one outside firm, eighteen use Research Corporation, two use Battelle and one uses Dvorkovitz. In all, thirty-nine institutions have agreements with Research Corporation, nineteen with Battelle and five with Dvorkovitz.

Question 6. The results of the answers to this question regarding the number of disclosures, number of patent applications and number of licenses processed per year are summarized in Figure 1.

Question 7. Forty-nine institutions gave a response to the question. However, only eight indicated actual percentages for the distribution of the expenses. The remaining institutions merely checked one or more of the methods of supporting the patent program administrative costs. If only one answer was checked, 100% of the expenses was taken to be covered by this method of recovery; whereas, if two answers were checked, the expense was equally divided between the two methods of recovery. The results are summarized in Table III.

FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY
COMMITTEE ON INTELLECTUAL PROPERTY AND INFORMATION

U.S. DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D.C. 20230

SUBCOMMITTEE ON INTELLECTUAL PROPERTY

Minutes of Meeting - May 19, 1977

The meeting convened at 9:35 a.m. in Room 5141A, General Services Building, 18th and F Streets, N.W., Washington, D. C.

Attendees

Members Present	
James E. Denny, Chairman	ERDA
Eugene Pawlikowski for Robert B. Ellert	DOC
Barry L. Grossman, Alternate	DOC
Joseph E. Rusz	AF
William G. Gapcynski	Army
William O. Quesenberry	Navy
Norman J. Latker	HEW
Miles F. Ryan, Jr.	DOJ
Harold P. Deeley, Jr.	DOT
Benjamin Bochenek	EPA
Robert F. Kempf	NASA
Jesse Lasken	NSF
Observers Present	
Maxwell C. Freudenberg	DLA
Charles Goodwin	OFPP
Executive Secretary	
O. A. Neumann	DOC
Guest Present	
Albert Sopp	ERDA
Members Absent	
M. Howard Silverstein	USDA
Donald A. Gardiner	DOI
Philip G. Read	GSA
Jerry A. Cooke	NRC
Jay W. Maynard, Alternate	NRC
Observers Absent	
Ralph C. Oser	AID
Abraham R. Richstein, Alternate	AID
Robert J. Bladergroen	CIA
Robert L. Malech	HUD
Harvey J. Winter	DOS
Walter B. Lockwood, Alternate	DOS
Forest D. Montgomery	Treasury
Luther A. Marsh	Postal Service
Lewis E. Wallace	TVA
Ex-Officio	
Dr. Jordan J. Baruch	DOC
William C. Bartley	FCCSET

It is possible that a number of the universities which report the expenses as being covered by a direct contribution from the university may actually be recovering some portion of the actual costs as indirect cost recovery, since the salaries or other costs involved in administering the patent program may eventually be included in the indirect cost pool.

Question 8. This question was optional on the questionnaire. Twenty-nine institutions answered some or all parts of this question. The cost of administration ran as high as $100,000 per year, with the average for twenty-five schools being $17,500. The annual royalty income was as high as $200,000, with the average for the twenty-five schools being $30,500. If one examines the net income to the university, ten schools showed a net income ranging from $5,000 to $160,000 while twelve schools showed a net deficit ranging from $500 to $60,000. Three schools reported no administrative expenses and no royalty income.

gross?

The third part of the question was difficult to interpret since only six schools reported any percentage of university resources devoted to in-house development. Obviously, this question was poorly stated and difficult to answer.

Mr. Quesenberry MOVED that, notwithstanding the assignment to this Subcommittee, the IPA arrangement not be extended to the Section 1(a) "exceptional circumstances" provision of the 1971 Presidential Patent Policy Statement. Mr. Deeley seconded the motion.

Following a discussion of the motion, the motion failed to carry, with Air Force, Army, Navy and DOJ voting for the motion.

Substantive Discussion

Mr. Denny noted that it appeared that the amendment to the FPR on the IPA was developed by infusing the language of the NSF and DHEW IPA arrangement, rather than infusing the language of the FPR with the IPA concepts. Mr. Denny gave as an example, the words "granted a hearing" in Section IV.b as opposed to the FPR language of the "right to be heard."

Mr. Quesenberry noted five substantive problems -

1. substitution of "prompt" for "6-month period" (the statutory law problem was noted);
2. subcontract area (requirement to assign inventions to IPA holders - contrary to ASPR);
3. approved patent management organization (what does this consist of - who is to establish?);
4. royalty income utilized in education and research (isn't this so broad that it could encompass anything, for instance, is rasing salaries of professors contemplated?); and
5. is detailed information requested necessary (particularly relating to financial matters, personal information, gross royalties, etc.).

In discussing revisions to the proposed amendment to the FPR, Mr. Denny suggested that perhaps the Subcommittee ought to recommend that certain revisions be made to the FPR and ASPR.

With respect to item 1, it was agreed that the 6-month reporting period be maintained with a view that the revisions to the FPR and ASPR could be made later.

Mr. Quesenberry MOVED that the Subcommittee whittle down the information obtained from the universities. Mr. Rusz seconded the motion which did not carry.

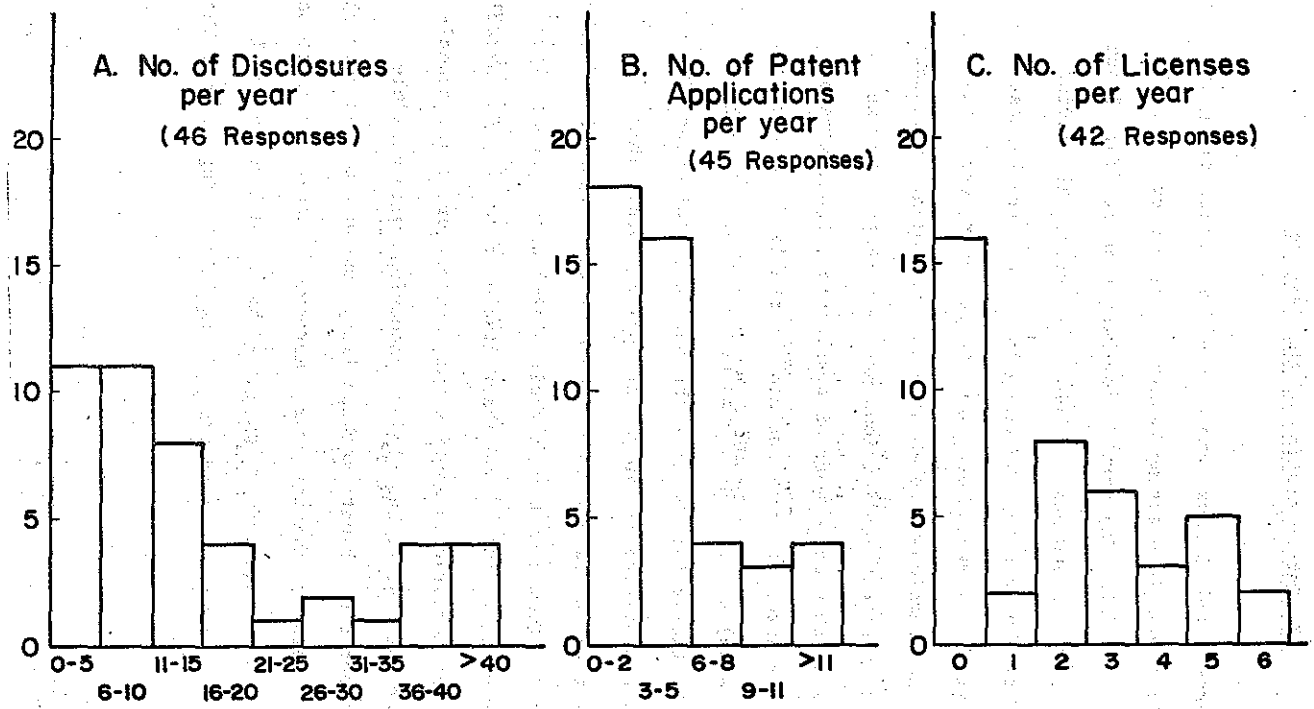

A. No. of Disclosures per year
(46 Responses)
20
15
10
5
0
0-5
6-10
11-15
16-20
21-25
26-30
31-35
36-40
>40
B. No. of Patent Applications per year
(45 Responses)
20
15
10
5
0
0-2
3-5
6-8
9-11
>11
C. No. of Licenses per year
(42 Responses)
20
15
10
5
0
0
1
2
3
4
5
6

Figure I

DRAFT: JEL: 5/20/77

To: Members of the Subcommittee on Intellectual Property

From: Jesse E. Lasken, NSF; Norm Latker, DHEW; and Gene Pawlikowski, NBS

Subject: Revised IPA/FPR amendment draft

As requested at the SIP meeting of May 19, 1979, the attached redraft is submitted with those changes that were agreed to at that meeting. Some changes are also made to parts of the draft not discussed at SIP's last meeting in order to bring the proposed IPA in closer conformity with FPR language. At its last meeting, the SIP went through Article V(a) of the IPA. SIP concurred in §1-9.107-7(a) of the FPR.

We note, however, that the attached draft still contains certain variations from current FPR language in the following sections which were not reached by SIP at its last meeting:

1. Second sentence of Article IX(c) of the IPA.

2. Some of the time periods in Article VI(b) of the IPA. Otherwise the substance of this paragraph is the same as the FPR although the grammatical arrangement is an improvement.

3. The second sentence of Article V(c) of the IPA which is an attempt to deal with FOIA problems.

We urge SIP to retain the above provisions and to transmit to GSA, along with the IPA amendment, some additional amendments to the FPR to change the other FPR clauses to conform with the above cited language. We believe these changes should not be controversial and should be considered by SIP as part of its review of the draft. These were all changes recommended by some of the commentators on the draft sent out by GSA and are, we believe, eminently worthwhile changes.

To elaborate on these variations in language, we believe the changes to the time periods in Article VI(b) deal with routine administrative matters and merely extend slightly various time periods that are arbitrary in any case. These changes in no way affect the substantive rights of the Government.

is taken from the time a disclosure is made to the school administrator until a patent is applied for, an additional number of years may pass before an item is licensed. One should really view the process as involving a large store of patented items in a portfolio, which is decreased very slowly by either licensing or loss of patent protection due to age, and increasing (at a much greater rate than the decrease) by new patents. Although it seems reasonable to assume that the most likely candidates for licensing are the newer patented items, increasing pressure on universities to market patents may result in a number of older patents being licensed. Thus, while the populations of research results may be nearly identical for Figures IA and IB, that for Figure IC could be quite different; only a more detailed survey could tell. This effect may well become of even greater importance in the future. With increased pressure from the government to quickly bring research results into practice, and the hope by university administrators for a new source of revenue, the patent portfolios of universities may well increase rapidly during the next decade; with increased pressure for marketing patented items, older patents may be brought forth in a renewed attempt to license them.

from where?

Figures IIA and B show, respectively, the distribution among the respondents of annual administrative costs and annual

Items 1 and 2 evoked considerable comment from persons commenting on the draft regulations and were discussed at length by the Subcommittee on University Patent Policy. It appears that SIP's action was based solely on the fact that the language in the draft is different from that of the FPR without any consideration of the fact that it may represent a substantial improvement. We believe it is important that in the near future these two items be taken up by SIP for discussion. We would prefer that this be done in conjunction with the IPA amendments, but agree that it could be deferred to a later meeting as long as there is a commitment by SIP to discuss these problems.

The other changes that have been dropped from this draft were intended to add to the rights of the Government, and we have no objection to leaving these out if the other agencies do not consider them necessary. Thus, this draft does not include the following items found in the prior draft:

1. The last sentence of Article III(a).

2. The last two sentences of Article VI(a).

royalties from licenses. The two schools having the largest annual administrative costs have a large number of disclosures and licenses (they are members of the "high eight" mentioned before), but it will be shown that the correlations are not simple ones. The disparity in royalties is not too surprising: the two schools earning more than $100,000 per year each have licensed a major "winner"; the vast majority of the other schools have, most probably, only one licensed item which earns something for them (although we have no actual data on that point).

It is, of course, of interest to see if there are any correlations among the variables. One might assume, a priori, that a large value for the total federal obligations would, through supporting a great deal of research, result in a large number of disclosures. The correlation between these variables, however, is not that simple. Figure III shows that most of the 46 respondents fall roughly into two groups. Lines marked I and II have been drawn (by eye) on the graphs, with parallel lines drawn nearby (at ± $5M and ± $2M, respectively); perhaps eight of the points don't seem closely related to either line but, for the sake of simplicity, will be assumed associated with its nearest straight line. The open and solid circles refer to schools who provided additional data on administrative costs (Figures IV and V) while the triangles represent responses from schools which did not supply such information. The I-group is characterized by a relatively large number of disclosures per federal dollar (approximately

(D) A condition limiting any exclusive license to a period not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial application and to permit the licensee to recoup its costs and a reasonable profit thereon;

(E) A restriction that royalty charges be limited to what is reasonable under the circumstances or reasonable within the industry involved;

(F) A requirement that the organization's royalty receipts, after payment of administrative costs and payments to inventors, be utilized for educational or research purposes;

(G) A provision permitting the agency to except individual contracts from the operation of the agreement;

(H) A requirement for progress reports after designated periods;

(I) A prohibition against assignment of inventions without Governmental approval to persons or organizations, other than assignments to approved patent management organizations subject to the above conditions; and

(J) A provision permitting termination for convenience by either party upon thirty days written notice.

(2) The following is the Institutional Patent Agreement:

INSTITUTIONAL PATENT AGREEMENT

This Agreement is made and entered into by and between the United States of America as represented by the _____ 1/ hereinafter referred to as the "Agency," and _____ hereinafter referred to as the "Institution."

WHEREAS, in accordance with the President's Memorandum and Statement of Government Patent Policy dated August 23, 1971, and the provisions of 41 CFR 1-9.107-4(a)(6), it has been determined that the Institution has a technology transfer program meeting the criteria of 41 CFR 1-9.109-7 in that the Institution's patent policy as set forth in _____ 2/ and its technology transfer practices have been reviewed and found acceptable; and

3.5 disclosures per million dollars); the fact that the II-group has less than 0.5 disclosures per million dollars of total federal obligations, would indicate that there is a quite different attitude toward inventions in these schools. Eighteen respondents obviously belong to the I-group; twelve respondents to the II-group. Five respondents belong in the overlap region of the groupings (although other correlations will be shown to distinguish the group to which four of these five belong). Of the eleven remaining points, eight others could be reasonably associated with one of the two lines, especially in view of the coarseness of the data; the remaining three are rather arbitrarily assigned "by eye". It should be noted that 28% of the respondents whose answers could be used in this graph were private schools, although about 38% of the questionnaires were sent to private schools. This grouping will be further discussed later.

It might also be assumed that the administrative costs are closely related to the number of disclosures. However, Figure IV does not show any special relation between the variables. Some respondents with a relatively small number of disclosures per year were having costs as great as respondents having double the number. Unfortunately, this area of annual administrative cost is a difficult one to assess. Many schools have administrators and staff who spend a small portion of their time

III. Allocation of Principal Rights

(a) The Institution may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to Section V., below, subject to the provisions of this Agreement. The Institution shall include with each Subject Invention disclosure an election whether it will retain the entire right, title, and interest in the invention throughout the world or in any country thereof subject to the rights acquired by the Government in Section IV of the Agreement; provided that the Institution may request an extension of the time for election.

(b) The Institution agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Institution:

(i) does not elect under Section III(a) to retain such rights; or

(ii) fails to have a United States Patent Application filed on the invention in accordance with Section VI(a), or decides not to continue prosecution of such application; or

(iii) at any time, no longer desires to retain title.

(c) The Institution agrees to convey to the Government, upon request, the entire right, title, and interest in any Subject Invention in any foreign country when the Institution:

(i) does not elect under Section III(a) to retain such rights in the country; or

(ii) fails to have a patent application filed in the country on the invention in accordance with Section VII(a); or decides not to continue prosecution of such application or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Institution shall notify the Agency not less than sixty days before the expiration period for any action required by the foreign patent office.

on patent matters; the tendency is, probably to underestimate this cost. One might be tempted, however, to feel that such costs are not incurred to a great extent with the disclosure but, rather, with the patent application. The disclosure can be handled relatively routinely, with most of the work being done by the faculty member and a secretary; and, perhaps, a faculty committee for evaluation (and rarely is that cost ever considered!). Once a decision is made to patent the item, an administrator and a patent attorney, and their staffs, become involved in voluminous correspondence, discussion of claims, searches, etc. It seems probable that this leads to a good part of the administrative cost.

The graph of annual administrative costs vs. number of patent applications is shown in Figure V. Here, again, the variables seem to fall into two groups, each centered around the lines marked A and B. Although no parallel lines (or, perhaps, lines which fan out from the origin around the A- and B- lines) have been drawn, it seems reasonable to associate thirteen points with line A, eight with B, and five undetermined because of closeness to the origin (all of which can be distinguished on the basis of other correlations). However, if one notes that these points can be found from Figure III to be in the groups I or II, we find that: of the thirteen "obvious" A- points, three are II- points, and the other ten are I- points; of the eight "obvious" B- points, three are I- points

V. Invention Identification, Disclosures, and Reports

(a) The Institution shall furnish the Agency:

(i) a complete technical disclosure for each Subject Invention within six months after conception or first actual reduction to practice whichever occurs first in the course of or under the contract, but in any event prior to ~~immediately upon~~ any on sale, public use, or publication of the invention known to the Institution. The disclosure shall identify the contract and inventor and shall be sufficiently complete in technical detail to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the invention.

(ii) Interim reports 6/ for each contract at least every twelve months from the date of the contract listing Subject Inventions for the period and certifying that all Subject Inventions have been disclosed or that there are no such inventions.

(iii) A final report within three months after completion of the work under any contract, listing all Subject Inventions or certifying that there were no such inventions. 6/

(b) The Institution shall obtain patent agreements to effectuate the provisions of this Agreement from all persons in its employ who perform any part of the work under any contract except nontechnical personnel, such as clerical employees and manual laborers.

(c) The Institution agrees that the Government may duplicate and disclose Subject Invention disclosures and, subject to Section XI, all other reports and papers furnished or required to be furnished pursuant to this Agreement. However, if the Institution is to file a patent application on a Subject Invention, the Agency agrees, upon written request of the Institution, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed theron, but in no event shall the Government or its employees be liable for any publication thereof.

(d) The Institution shall not bar or prohibit publication of disclosures of Subject Inventions on which patent applications have been filed. delete

and the remaining five are II- points; the five points close to the origin can be associated with the I- or II- groups by assuming that the above correlations hold. One can recapitulate the associations in Figures III and V: of the 26 responses plotted in Figure V, which can be found as I- or II- points from Figure III, 14 points can be associated with the A- line and 12 with the B- line. Of the 14 A- points, all but three are I- points; of the 12 B- points, all but three are II- points. Similarly, in Figure III, of the 46 responses, all 26 points of Figure V are plotted. Of the 14 points of the A- or B- variety which can be associated with the I- line, all but three are A- points; of the 12 points of the A- or B- variety associated with the II- line, all but three are B- points.

One may infer from the associations between the points on Figures III and V that there is a group of schools, the I- group, in which it is seen as desirable to make as many patent disclosures per year as is possible, even though the total research support, as measured by the total federal yearly obligation, is not particularly high; this patent effort leads to a high administrative cost per actual patent application (A- group). The other group of schools (the II-B group) makes few disclosures per year for the total research support involved, and incurs relatively small administrative costs for the number of actual patent applications. This is a matter which certainly

(c) For each Subject Invention in which the Institution initially elects not to retain rights or requests an extension of the election period, the Institution shall inform the Agency promptly in writing of the date and identity of any on sale, public use, or publication of the invention which may constitute a statutory bar under 35 USC 102, which was authorized by or known to the Institution or any contemplated action of this nature.

VII. Filing of Foreign Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain principal rights in a foreign country pursuant to Section III(a) of this Agreement, the Institution shall have a patent application filed on the invention in ~~each~~ that country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) eight months from the date of a corresponding United States application filed by or on behalf of the Institution, or if such an application is not filed, six months from the date the invention is disclosed ~~after an election is made~~ pursuant to ~~Section III(a)~~ Section V(a) of this Agreement;

(ii) six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications when such filing has been prohibited by security reasons; or

(iii) such longer period as may be approved ~~requesting~~ by the Agency.

(b) The Institution shall notify the Agency of foreign applications filed and, upon request, shall furnish an English version of such application without additional compensation.

VIII. Subcontracts

(a) Except as provided in (b), below, or when the subcontractor holds an Institutional Patent Agreement with the Agency, the Institution shall include in any subcontract where a purpose of that subcontract is the conduct of experimental, developmental, or research work ~~either the "Patent Rights - Acquisition by the Government" clause found at 41 CFR 1-9.107-5(g) or~~ the following clause:

the following clause:

the value of these results to the public (admittedly, a very imperfect measure). Several points can be made on the basis of these 25 responses, all of which can be categorized as in Figure V, but with one IB school not responding to the royalty question. Of the five respondents having over $40,000 per year net royalties, three do not fall into the IIA or IIB categories; only two of the remaining twenty are not IA's or IIB's! The implication is strong that, in each case of the five, the incidence of a patent which brought in a large royalty was not related to any particular institutional patent policy. A second point to be noted is that all of the respondents claiming a net loss of $10,000 per year or greater (greater administrative costs than royalty income) are of the A group, with two IIA's and six IA's. Of these six IA's, none are private institutions. Finally, of the remaining 12 schools, which lost no more than $5,000 per year (nor had a gain over $20,000 per year), there is a mixture of four IA's and eight IIB's. Thus, this Figure implies that the strong administrative effort to obtain disclosures, when associated with a research program that is not well funded, will most probably lead to a significant yearly financial loss.

It must be realized that these conclusions can be con-

(d) The Contractor shall include in any subcontract either a clause identical to this clause or the "Patent Rights - Acquisition by the Government" clause found at 41 CFR 1-9.107-5(a) if a purpose of the subcontract is experimental, developmental, or research work. If a subcontractor refuses to accept either of these clauses or if, in the opinion of the Contractor, these clauses are inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor (i) shall promptly notify the Institution and (ii) shall not proceed with the subcontract without the written authorization of the Institution. It is understood that the Institution will seek direction from the _____ (insert name of appropriate Agency).

(e) The Contractor shall report any subcontracts containing a patent rights clause to the Institution. The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

[End of Clause]

(b) In the event of a refusal by a subcontractor to accept either of the clauses specified in (a), or if, in the opinion of the Institution, these clauses are inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Institution (i) shall promptly submit a written notice to the Agency setting forth reasons for the Subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and (ii) shall not proceed with the subcontract without the written authorization of the Agency.

(c) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Institution hereby assigns to the Government all rights that it would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Institution shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Invention.

(d) Nothing in this Agreement is intended to preclude the Institution from granting a subcontractor rights or an option to rights in any inventions made by the subcontractor to the extent such rights are consistent with the provisions of this Agreement.

sidered, at best, rather tentative in view of the rough nature of the data. Moreover, the individual circumstances of each school must be considered in developing a patent policy. However, the manner in which the data does lead to correlations among the variables, and thus to conclusions which agree with one's intuitive feelings, make it desirable to carefully consider these results in developing a university patent policy. It certainly seems important to do further research in this area in greater detail than has been done previously.

(e) All licenses issued by the Institution to other than the Government of the United States under any patent application or patent on a Subject Invention shall be made expressly subject to the conditions of this Agreement. The Institution shall, upon request, promptly furnish copies of any license agreements entered into by it to the Agency.

X. Patent Management Organizations

The Institution shall not assign any Subject Invention to parties (other than the Agency) except that it may make such an assignment to the following patent management organizations -- _____ 8/ -- or any other patent management organization if subsequently approved by the Agency. Any assignment to a patent management organization shall specifically be made subject to all the terms and conditions of this Agreement.

XI. Reports on Development and Commercial Use

The Institution shall provide a written annual report to the Agency on or before December 31st of each year covering the preceding year ending September 30th, regarding the status of development and commercial use that is being made or intended to be made of each Subject Invention left for administration to the Institution and the steps that have been taken by the Institution to bring the invention to the point of practical application. 9/ Such reports shall include information regarding status of development, the date of first commercial sale or use, gross royalties received by the Institution and such other data and information as the Agency may reasonably specify. To the extent data or information supplied to this section is considered by a licensee to be privileged or confidential and is so marked, the Agency agrees that to the extent permitted by law it will not disclose such information to persons outside the Government.

XII. Inventions by Federal Employees

Nothing in this Agreement shall preclude the Government from obtaining greater rights in a Subject Invention made by an inventor while a Federal employee.

1964

Johns Hopkins University, Maryland
Kansas State University, Kansas
University of Kansas, Kansas
University of Kentucky, Kentucky
Louisiana State Medical Center-Shreveport, Louisiana
Louisiana State University-Baton Rouge, Louisiana
University of Maryland-Baltimore, Maryland
University of Maryland-College Park, Maryland
Massachusetts Institute of Technology, Massachusetts
University of Massachusetts-Amherst, Massachusetts
Meharry Medical College, Tennesee
University of Miami, Florida
Michigan State University, Michigan
University of Michigan, Michigan
University of Minnesota, Minnesota
University of Missouri-Columbia, Missouri
University of Missouri-Kansas City, Missouri
University of Nebraska-Lincoln, Nebraska
New Mexico State University, New Mexico
University of New Mexico, New Mexico
New York Medical College, New York
New York University, New York
North Carolina State University-Raleigh, North Carolina
University of North Carolina-Chapel Hill, North Carolina
Northwestern University, Illinois
Ohio State University-Columbus, Ohio
Oklahoma State University, Oklahoma
University of Oklahoma, Oklahoma
Oregon State University, Oregon
University of Oregon-Eugene, Oregon
Pennsylvania State University, Pennsylvania
University of Pennsylvania, Pennsylvania
University of Pittsburg, Pennsylvania
Princeton University, New Jersey
Purdue University, Indiana
University of Rochester, New York
Rutgers, The State University, New Jersey
St. Louis University, Missouri
University of Southern California, California
Stanford University, California
SUNY State University-Buffao, New York
Temple University, Pennsylvania
University of Tennessee-Knoxville, Tennessee
University of Tennessee Medical Units-Memphis, Tennessee

of said Institution; and that this Agreement was duly signed for and in behalf of said Institution by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and the seal of said corporation this day of _____, 19__.

(Corporate Seal) By _____

EXHIBIT A

CONFIRMATORY INSTRUMENT

Application for: _____ (Title of Invention)
Inventor(s) _____
Serial No. _____ Contract (Grant) No. _____
Filing Date: _____ Institution _____

The invention identified above is a "Subject Invention" under _____ (identify Institutional Patent Agreement number) to which contract (grant) No. _____ with _____ (specify Government agency) was subject.

This document is confirmatory of the paid-up license granted to the Government under this contract (grant) in this invention, patent application and any resulting patent, and of all other rights acquired by the Government by the referenced Agreement.*

*If in accordance with Section IV (a) of the Agreement, the Agency has determined that a license for state and domestic municipal governments will not be obtained, the following should be added to the Confirmatory Instrument:

"The license granted to the Government does not include state and domestic municipal governments."

APPENDIX B

NORTHWESTERN UNIVERSITY
REBECCA CROWN CENTER
EVANSTON, ILLINOIS 60201

VICE PRESIDENT FOR RESEARCH
AND
DEAN OF SCIENCE

(312) 492-3485

August 17, 1973

Dear Sir:

Northwestern University has recently revised its Patent Policy and is now reviewing its internal procedures for administering the policy and for promoting its inventions and patents.

In view of the federal government's increased emphasis on transferring the inventions resulting from research to industry for the benefit of the general public, there appears to be increased pressure on universities to develop successful and aggressive patent programs. In order to establish a program appropriate to the environment at Northwestern University, I am asking for your assistance by supplying answers to an enclosed questionnaire. When all of the results have been collected, I would be most pleased to share the results with you or with the official at your university who is responsible for administering your patent program.

Thank you for your assistance in this undertaking.

Sincerely yours,

David Mintzer

DM/tj
Enclosure

Notes for Completion of IPA

1/ Insert name of Agency.

2/ Insert reference to Institution's official policy statements.

~~3/ Insert a date so that the agreement will run approximately five years.~~

4/ Some agencies may wish to have the agreement apply to all inventions reported after the execution of the agreement, even where the contract was entered into prior to the agreement. In such cases, the following language may be substituted:

"This Agreement defines the rights of the parties hereto regarding the allocation of rights in Subject Inventions reported after the execution of the Agreement and made under contracts entered into with the Agency ~~prior to September 30, 19__~~, including contracts entered into prior to this Agreement, except such contracts as may be specifically excluded by the Agency."

Agencies using this language which wish to exclude any current contracts from the agreement should add a statement such as the following:

"This Agreement shall not apply to the following contracts:..."

~~The blank for the date should be completed so that the agreement will run approximately five years.~~

5/ The bracketed language may be deleted but normally it is expected that Institutional Patent Agreements will apply to grants as well as contracts.

6/ Agencies may specify a form.

7/ Agencies may find it useful to include more detailed instructions here on the format of these reports and the persons to whom they should be supplied. The exact clause may have to be varied according to the agency's normal contract close-out procedures.

8/ If none are to be used, insert "none."

6. a) Number of Disclosures processed per year _____

   b) Number of Patent Applications filed each year _____

   c) Number of licenses processed per year _____

7. How are the expenses incurred in the University Patent Program covered? (percentages)

   _____ From Royalties

   _____ As an indirect cost item

   _____ As a direct contribution from the University

   _____ Other _____

8. a) (Optional) What is the estimated annual cost of administering the university's Patent Program? _____

   b) (Optional) What is the approximate royalty income to the University from patents and inventions? _____

   c) (Optional) What is the average percentage of in-house development? _____

9. Is your institution interested in reviewing the results of this survey? Yes _____ No _____

_____

_____

Name and title of official responding to questionnaire

Please return to:

Dr. Earl J. Freise
Office of Research & Sponsored Programs
Northwestern University
633 Clark Street
Evanston, Illinois 60201

(5) A copy of the agreement signed by employees engaged in research and development, indicating their obligation with regard to inventions conceived or for the first time reduced to practice in the course of their assigned duties;

(6) A copy of the invention report form or outline utilized for preparation of invention reports;

(7) A statement whether the organization has an agreement with any patent management organizations or consultants and a copy of any such agreements;

(8) A description of the plans and intentions of the organization to bring to the market place inventions to which it retains title, including a description of the efforts typically undertaken by the organization to license its inventions;

(9) A description of the organization's past patent application and patent licensing activities, including the following:

(i) Number of inventions reported to the organization during each of the past five years;

(ii) Number of patent applications filed during each of the past five years;

(iii) Number of patents obtained during each of past five years;

(iv) Number of exclusive licenses issued during of each of the past five years;

(v) Number of nonexclusive licenses, other than those to sponsoring Government agencies, issued during each of the past five years;

(vi) Gross royalty income during each of the past five years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

UNIVERSITY PATENT POLICY QUESTIONNAIRE

1. What office and/or university official has responsibility for administering your patent policy?

   _____

2. How is the decision made on whether to obtain a patent?

   _____ Faculty Patent Committee

   _____ By outside consulting firm (such as Battelle or Research Corporation)

   _____ By University Patent Administrator

   What University Rank? _____

   _____ By Professional Patent Promotion Consultant

   _____ Other _____

   _____

3. How is the patent program staffed within the university and what percentage of time does each devote to the program? (Use "professional" categories, e.g. engineer, lawyer, secretary, etc.)

   A _____

   B _____

   C _____

   D _____

   E _____

   F _____

4. What type of firms outside the university are used in the patent application program (e.g. patent attorneys)?

   _____

5. Which outside firms does your institution use to promote patents and inventions?

   _____ Research Corporation

   _____ Batelle

   _____ None

   _____ Other _____

(c) FCCSET List.

(1) The Federal Coordinating Council for Science, Engineering, and Technology has appointed a subcommittee to prepare a list of organizations that have technology transfer programs meeting the criteria set forth in §1-9.109-7(b). In accordance with individual agency regulations or procedures, this list may be used in lieu of individual agency determinations of eligibility for Institutional Patent Agreements; although the inclusion of an organization on this list, unless otherwise provided in an agency's regulations, will not preclude the agency from declining an application for an Institutional Patent Agreement. It is also expected that this list may be used by some agencies in connection with greater rights determinations or requests for the inclusion of clauses in contracts giving the nonprofit organization the first option to principal rights in inventions made under the contract.

(2) Nonprofit organizations wishing to be included on the list should submit a request accompanied by the information set forth in §1-9.109-7(a) to ASBT.

Texas A & M University, Texas
University of Texas-Austin, Texas
University of Texas-Houston Medical School, Texas
University of Texas Southwestern Medical School, Texas
Tufts University, Massachusetts
Tulane University, Louisiana
University of Utah, Utah
Vanderbilt University, Tennessee
University of Virginia, Virginia
University of Washington, Washington
Washington University, Missouri
Wayne State University, Michigan
West Virginia University, West Virginia
University of Wisconsin-Madison, Wisconsin
Woods Hole Oceanographic Institute, Massachusetts
Yale University, Connecticut
Yeshiva University, New York

UNITED STATES DEPARTMENT OF COMMERCE
National Bureau of Standards
Washington, D.C. 20234
OFFICE OF THE DIRECTOR

N5L

PATENT BRANCH, OGC
DHEW

JUN 14 1977

June 3, 1977

MEMORANDUM FOR Distribution Below

From: Eugene J. Pawlikowski
Patent Adviser

Subject: Revised FPR/IPA Amendment

I am enclosing a copy of the IPA which I have revised in order to (1) reflect certain substantive changes agreed to by SIP at its May 19 meeting and (2) bring the IPA into conformance with the FPR clause to the maximum extent possible. I have performed this rather laborious chore for the benefit of SIP, so that both detractors and supporters of the IPA may have at last a common ground from which the IPA and the FPR may be compared.

Rather than attempt here any analysis of the changes made, I would suggest that we get together prior to June 21 in order to present to each of SIP's members a copy of the IPA in a form evidencing our agreement as to all, or as many as possible, of its provisions. Any forwarding letter to accompany the IPA could be prepared at that time. I leave it to Jesse Lasken to arrange such a meeting. I am unavailable June 14 because of personal plans.

Viewing the changes to the IPA as a whole, I think it needs to be kept in mind that despite the changes in wording which I have proposed in the attached revision, the Section 1(a) basis of the IPA, which was endorsed by the Committee on Government Patent Policy on September 23, 1975, and again renewed by vote at the last SIP meeting, is preserved intact.

In reviewing the following material, omit the parts struck through and insert the parts underlined. Marginal entries are references to applicable sections of 41 CFR Part 1-9 and are intended as explanation of many of the added and/or deleted parts.

Enclosure

Distribution

Norman J. Latker
Jesse Lasken
Joseph E. Rusz

32-635 O - 78 - 57

APPENDIX A

LIST OF SCHOOLS

University of Alabama-Birmingham, Alabama
University of Arizona, Arizona
University of Arkansas, Arkansas
Auburn University, Alabama
Baylor College of Medicine, Texas
Boston University, Massachusetts
California Institute of Technology, California
University of California-Berkeley, California
University of California-Davis, California
University of California-Los Angeles, California
University of California-San Diego, California
University of California-San Francisco, California
Carnegie Mellon University, Pennsylvania
Case Western Reserve University, Ohio
University of Chicago, Illinois
University of Cincinnati, Ohio
Colorado State University, Colorado
University of Colorado, Colorado
Columbia University, New York
University of Connecticut, Connecticut
Cornell University, New York
CUNY Mt. Sinai School of Medicine, New York
Dartmouth College, New Hampshire
Duke University, North Carolina
Emory University, Georgia
Florida State University, Florida
University of Florida, Florida
Gallaudet College, D. C.
George Washington University, D. C.
Georgetown University, D. C.
University of Georgia, Georgia
Harvard University, Massachusetts
University of Hawaii, Hawaii
Howard University, D. C.
University of Illinois-Urbana, Illinois
Indiana University-Bloomington, Indiana
Indiana University-Indianapolis, Indiana
Iowa State University of Science & Technology, Iowa
University of Iowa, Iowa

The change in Article IX(c) dealing with royalty rebates is, perhaps, more substantive, but is a significant improvement and does not affect, except probably for the better, the Government's rights. We believe it makes more sense to bar a contractor from changing royalties on sales by his licensees to the Government than for the Government to allow him to charge them and then collect them back. It would seem that in this way the seller would have no reason to charge the Government for royalties in the first place. And if it did charge, clearly the Government would have an action against the seller either for fraud or under the Cost and Pricing Data/Truth in Negotiations procedures.

The second sentence of Article V(c) is an attempt to deal with the problem created by the interplay of the current FPR language and the FOIA. It should be noted that as written the FPR might have the effect of creating a statutory bar to patenting when a disclosure is made because of the availability of the disclosure under the FOIA. We urge SIP members to be prepared at the next meeting to discuss and either accept the proposed language or draft alternative language to deal with this problem.

We further recommend that SIP, either at its next meeting or at a meeting soon after review of the IPA amendment is completed, focus on the following items which represent language that was contained in the prior draft but that has been dropped from this draft:

Deletion of the "welfare" language in IV(a)(2)(ii) was done because the FPR language is inconsistent with the President's policy.

1. The time for reporting of inventions.

2. The last paragraph in Article IV(b) of the prior draft dealing with march-in procedures.

3. The language of III(c)(ii) dealing with foreign filings prior to an agency request for transfer of rights. (This is a inor technical improvement which might possibly be reconsidered at the next meeting and treated in the same manner as suggested for the royalty, FOIA, and time period variations. It is not nearly as important as 1 and 2.)

Items 1 and 2 evoked considerable comment from persons commenting on the draft regulations and were discussed at length by the Subcommittee on University Patent Policy. It appears that SIP's action was based solely on the fact that the language in the draft is different from that of the FPR without any consideration of the fact that it may represent a substantial improvement. We believe it is important that in the near future these two items be taken up by SIP for discussion. We would prefer that this be done in conjunction with the IPA amendments, but agree that it could be deferred to a later meeting as long as there is a commitment by SIP to discuss these problems.

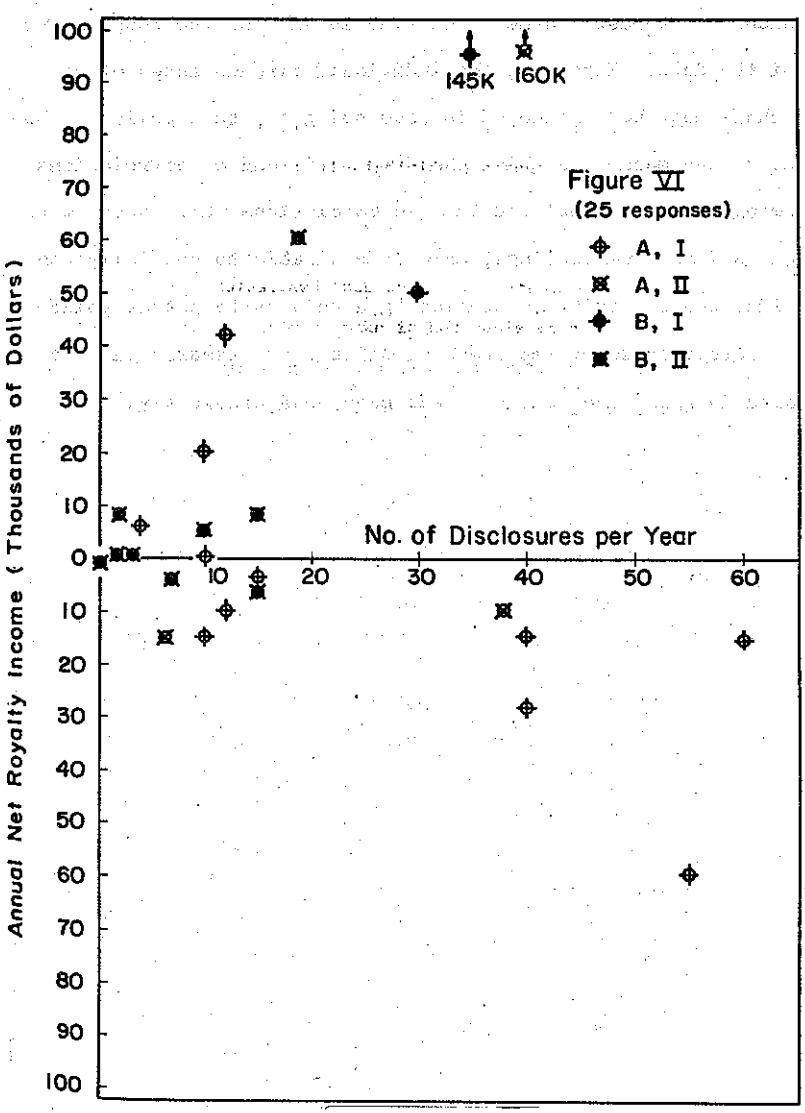


Figure VI
(25 responses)
A, I
A, II
B, I
B, II
145K
160K
No. of Disclosures per Year
Annual Net Royalty Income (Thousands of Dollars)
100
90
80
70
60
50
40
30
20
10
0
10
20
30
40
50
60

(D) A condition limiting any exclusive license to a period not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial application and to permit the licensee to recoup its costs and a reasonable profit thereon;

(E) A restriction that royalty charges be limited to what is reasonable under the circumstances or reasonable within the industry involved;

(F) A requirement that the organization's royalty receipts, after payment of administrative costs and payments to inventors, be utilized for educational or research purposes;

(G) A provision permitting the agency to except individual contracts from the operation of the agreement;

(H) A requirement for progress reports after designated periods;

(I) A prohibition against assignment of inventions without Governmental approval to persons or organizations, other than assignments to approved patent management organizations subject to the above conditions; and

(J) A provision permitting termination for convenience by either party upon thirty days written notice.

(2) The following is the Institutional Patent Agreement:

INSTITUTIONAL PATENT AGREEMENT

This Agreement is made and entered into by and between the United States of America as represented by the _____ 1/ hereinafter referred to as the "Agency," and _____ hereinafter referred to as the "Institution."

WHEREAS, in accordance with the President's Memorandum and Statement of Government Patent Policy dated August 23, 1971, and the provisions of 41 CFR 1-9.107-4(a)(6), it has been determined that the Institution has a technology transfer program meeting the criteria of 41 CFR 1-9.109-7 in that the Institution's patent policy as set forth in _____ 2/ and its technology transfer practices have been reviewed and found acceptable; and

deserves greater study, especially in light of the fact that Figure IV does not show any such correlations. The fact that the number of patent applications per year is not proportional to the number of disclosures per year causes the double-grouping of Figure V to disappear in Figure IV. One may infer "scenarios" in which, in one case, an administrative group has been set up to press for disclosures, and patent and market them--although there is not a research base sufficiently large to expect a great number of marketable items; and, in the other case, a school in which disclosures and applications are treated as a rather secondary matter by an administrator, who does not put much time or effort (or money) into the program. It is, presumably, the strong research base of the second case which does produce patent applications, in spite of the uninterested administrative attitude! Finally, it should be noted that the eleven IA respondents include only one private school; of the nine IIB respondents, there were six private schools.

Figure VI is a graph of the "end result," the annual net royalty income (royalty income minus administrative costs) vs. the number of disclosures per year. The purpose of all of the patent policies is presumably to get research results to the public; it is not unreasonable to assume that royalty income is a measure of

III. Allocation of Principal Rights

(a) The Institution may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to Section V., below, subject to the provisions of this Agreement. The Institution shall include with each Subject Invention disclosure an election whether it will retain the entire right, title, and interest in the invention throughout the world or in any country thereof subject to the rights acquired by the Government in Section IV of the Agreement; provided that the Institution may request an extension of the time for election.

(b) The Institution agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Institution:

(i) does not elect under Section III(a) to retain such rights; or

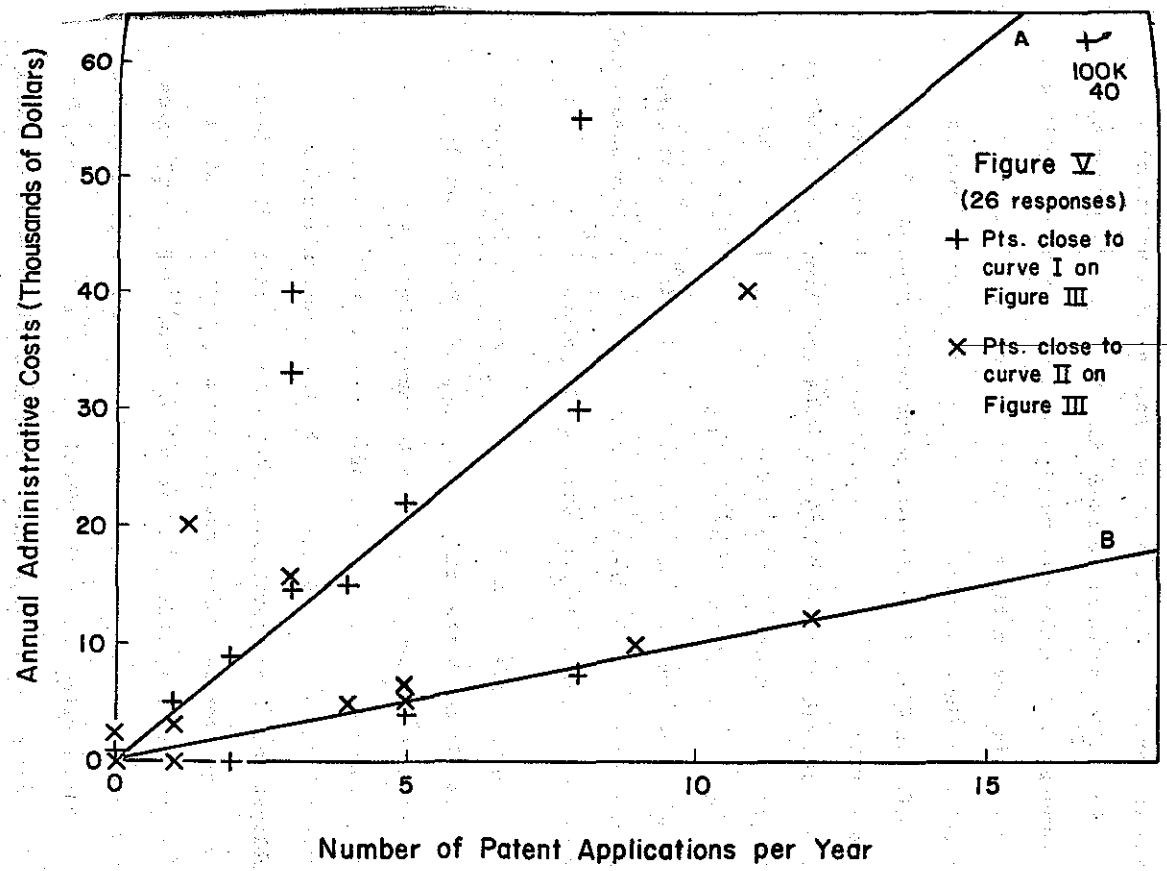
(ii) fails to have a United States Patent Application filed on the invention in accordance with Section VI(a), or decides not to continue prosecution of such application; or

(iii) at any time, no longer desires to retain title.

(c) The Institution agrees to convey to the Government, upon request, the entire right, title, and interest in any Subject Invention in any foreign country when the Institution:

(i) does not elect under Section III(a) to retain such rights in the country; or

(ii) fails to have a patent application filed in the country on the invention in accordance with Section VII(a); or decides not to continue prosecution of such application or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Institution shall notify the Agency not less than sixty days before the expiration period for any action required by the foreign patent office.


Annual Administrative Costs (Thousands of Dollars)
60
50
40
30
20
10
0
0
5
10
15
Number of Patent Applications per Year
A
B
100K
40
Figure V
(26 responses)
+ Pts. close to curve I on Figure III
× Pts. close to curve II on Figure III

1957

V. Invention Identification, Disclosures, and Reports

(a) The Institution shall furnish the Agency:

(i) a complete technical disclosure for each Subject Invention within six months after conception or first actual reduction to practice whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of the invention known to the Institution. The disclosure shall identify the contract and inventor and shall be sufficiently complete in technical detail to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the invention.

(ii) Interim reports 5/ for each contract at least every twelve months from the date of the contract listing Subject Inventions for the period and certifying that all Subject Inventions have been disclosed or that there are no such inventions.

(iii) A acceptable final report within three months after completion of the work under any contract, listing all Subject Inventions or certifying that there were no such inventions. 6/

(b) The Institution shall obtain patent agreements to effectuate the provisions of this Agreement from all persons in its employ who perform any part of the work under any contract except nontechnical personnel, such as clerical employees and manual laborers.

(c) The Institution agrees that the Government may duplicate and disclose Subject Invention disclosures and, subject to Section XI, all other reports and papers furnished or required to be furnished pursuant to this Agreement. However, if the Institution is to file a patent application on a Subject Invention, the Agency agrees, upon written request of the Institution, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed theron, but in no event shall the Government or its employees be liable for any publication thereof.

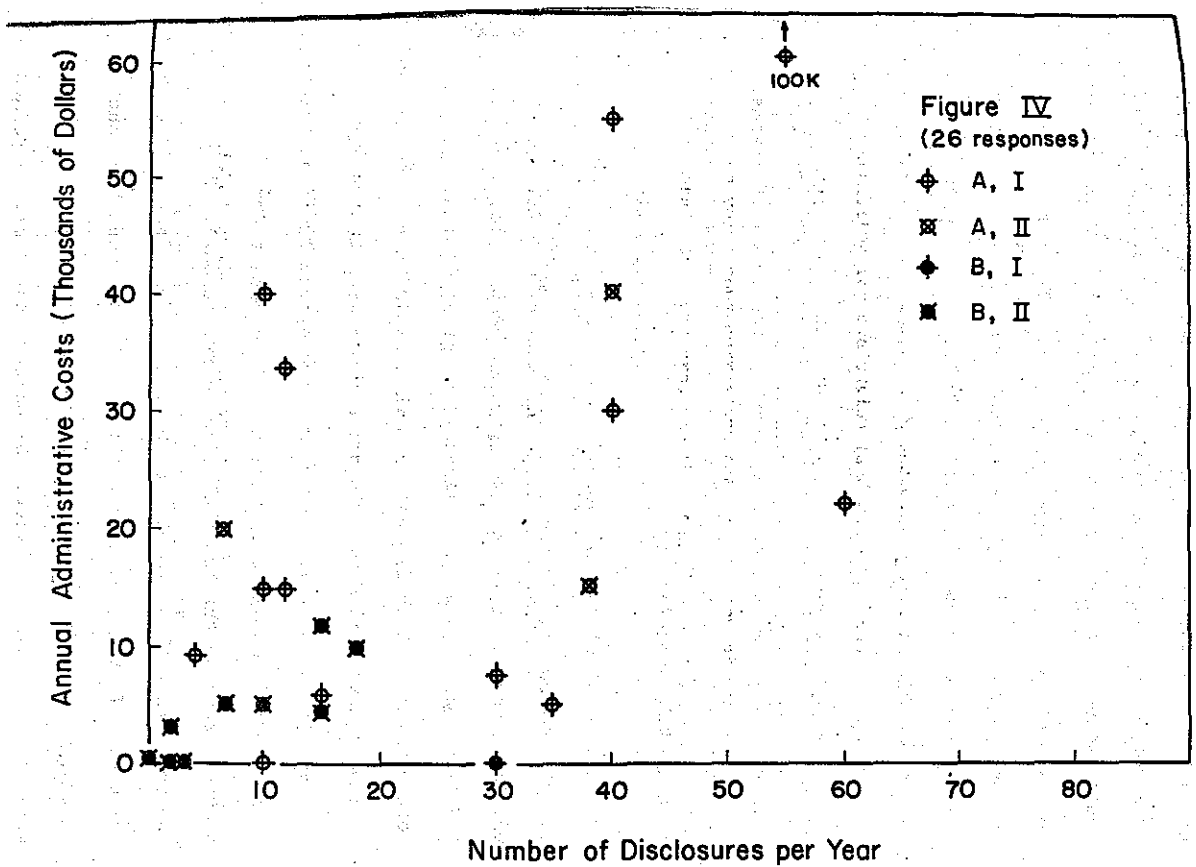


Figure IV
(26 responses)
A, I
A, II
B, I
B, II
100K
Annual Administrative Costs (Thousands of Dollars)
0
10
20
30
40
50
60
70
80
Number of Disclosures per Year

(c) For each Subject Invention in which the Institution initially elects not to retain rights or requests an extension of the election period, the Institution shall inform the Agency promptly in writing of the date and identity of any on sale, public use, or publication of the invention which may constitute a statutory bar under 35 USC 102, which was authorized by or known to the Institution or any contemplated action of this nature.

VII. Filing of Foreign Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain principal rights in a foreign country pursuant to Section III(a) of this Agreement, the Institution shall have a patent application filed on the invention in that country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) eight months from the date of a corresponding United States application filed by or on behalf of the Institution; or if such an application is not filed, six months from the date the invention is submitted in a disclosure pursuant to Section V(a) of this Agreement;

(ii) six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications when such filing has been prohibited by security reasons; or

(iii) such longer period as may be approved by the Agency.

(b) The Institution shall notify the Agency of foreign applications filed and, upon request, shall furnish an English version of such application without additional compensation.

VIII. Subcontracts

(a) Except as provided in (b), below, or when the subcontractor holds an Institutional Patent Agreement with the Agency, the Institution shall include in any subcontract where a purpose of that subcontract is the conduct of experimental, developmental, or research work the following clause:

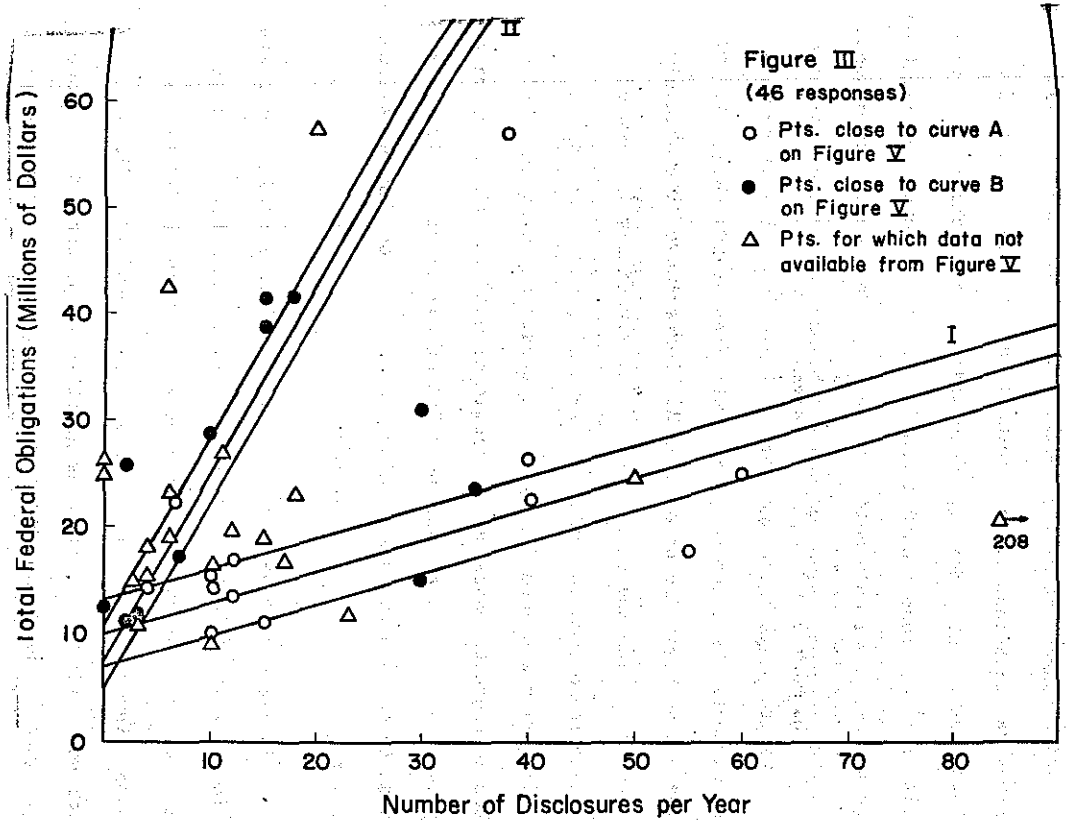


Figure III
(46 responses)
○ Pts. close to curve A on Figure V
● Pts. close to curve B on Figure V
△ Pts. for which data not available from Figure V
I
II
Δ→ 208
Total Federal Obligations (Millions of Dollars)
0
10
20
30
40
50
60
70
80
Number of Disclosures per Year

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(d) The Contractor shall include in any subcontract a clause identical to this clause, if a purpose of the subcontract is experimental, developmental, or research work. If a subcontractor refuses to accept this clauses or if, in the opinion of the Contractor, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor (i) shall promptly notify the Institution and (ii) shall not proceed with the subcontract without the written authorization of the Institution. It is understood that the Institution will seek direction from the (insert name of appropriate Agency).

(e) The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

[End of Clause]

(b) In the event of a refusal by a subcontractor to accept of the clause specified in (a), or if, in the opinion of the Institution, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Institution (i) shall promptly submit a written notice to the Agency setting forth reasons for the Subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and (ii) shall not proceed with the subcontract without the written authorization of the Agency.

(c) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Institution hereby assigns to the Government all rights that it would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Institution shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Invention.

(d) Nothing in this Agreement is intended to preclude the Institution from granting a subcontractor rights or an option to rights in any inventions made by the subcontractor to the extent such rights are consistent with the provisions of this Agreement.

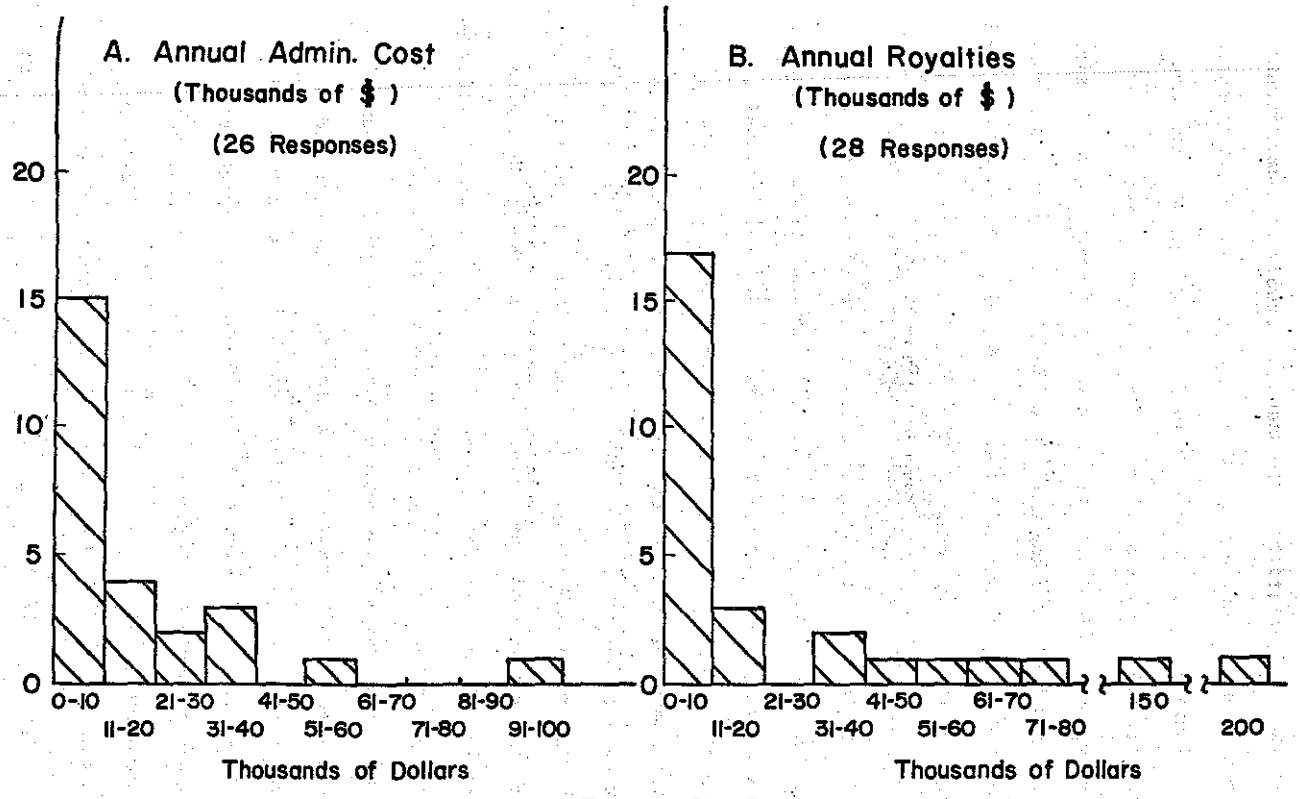
A. Annual Admin. Cost
(Thousands of $)
(26 Responses)
20
15
10
5
0
0-10
11-20
21-30
31-40
41-50
51-60
61-70
71-80
81-90
91-100
Thousands of Dollars
B. Annual Royalties
(Thousands of $)
(28 Responses)
20
15
10
5
0
0-10
11-20
21-30
31-40
41-50
51-60
61-70
71-80
150
200
Thousands of Dollars

Figure II

(e) All licenses issued by the Institution to other than the Government of the United States under any patent application or patent on a Subject Invention shall be made expressly subject to the conditions of this Agreement. The Institution shall, upon request, promptly furnish copies of any license agreements ~~entered into by it to the Agency.~~

X. Patent Management Organizations

The Institution shall not assign any Subject Invention to parties (other than the Agency) except that it may make such an assignment to the following patent management organizations -- _____ 7/ -- or any other patent management organization if subsequently approved by the Agency. Any assignment to a patent management organization shall specifically be made subject to all the terms and conditions of this Agreement.

XI. Reports on Development and Commercial Use

The Institution shall provide a written annual report to the Agency on or before December 31st of each year covering the preceding year ending September 30th, regarding the status of development and commercial use that is being made or intended to be made of each Subject Invention left for administration to the Institution and the steps that have been taken by the Institution to bring the invention to the point of practical application. 8/ Such reports shall include information regarding status of development, the date of first commercial sale or use, gross royalties received by the Institution and such other data and information as the Agency may reasonably specify. To the extent data or information supplied to this section is considered by a licensee to be privileged or confidential and is so marked, the Agency agrees that to the extent permitted by law it will not disclose such information to persons outside the Government.

XII. Inventions by Federal Employees

Nothing in this Agreement shall preclude the Government from obtaining greater rights in a Subject Invention made by an inventor while a Federal employee.

four of the seven schools applying for the most patents per year are among the nine schools having the greatest number of disclosures per year. However, since they have a median number of 11 applications per year, the median of this group patents about the same percentage of disclosures as does the respondent group as a whole. The median school licenses two items per year, indicating a 66% license-to-patent application ratio, but the numbers are so small that this figure is probably meaningless. However, the ten schools having the highest number of licenses per year, which includes eight of the nine schools having the highest number of disclosures, license about 50% of the items for which patent applications have been made. The median school in the remaining group places about one license per year, which gives a license for only 33% of its patent applications. These are still remarkably high figures, since Research Corporation licenses only about 10% of the items for which it makes patent applications.

It must be noted, however, that these figures should be treated with some caution. In the first place, they are estimates and, although reasonable care was undoubtedly taken, the small numbers involved lead to large errors in taking ratios. Secondly, the process of "disclosure to application to license" is a time-dependent one; while one may assume that only six months to a year

of said Institution; and that this Agreement was duly signed for and in behalf of said Institution by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and the seal of said corporation this day of _____, 19__.

(Corporate Seal) By _____

EXHIBIT A

CONFIRMATORY INSTRUMENT

Application for: _____ (Title of Invention)
Inventor(s) _____
Serial No. _____ Contract (Grant) No. _____
Filing Date: _____ Institution _____

The invention identified above is a "Subject Invention" under _____ (identify Institutional Patent Agreement number) to which contract (grant) No. _____ with _____ (specify Government agency) was subject.

This document is confirmatory of the paid-up license granted to the Government under this contract (grant) in this invention, patent application and any resulting patent, and of all other rights acquired by the Government by the referenced Agreement.*

*If in accordance with Section IV (a) of the Agreement, the Agency has determined that a license for state and domestic municipal governments will not be obtained, the following should be added to the Confirmatory Instrument:

"The license granted to the Government does not include state and domestic municipal governments."

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III. Interpretation of the Results

Figures I and II show some of the disparities among the schools, and some interesting results. The number of disclosures per year (Fig. IA) varied from less than 10 (for almost half of the 46 respondents) to 208 in one case. The median number of disclosures for the group is 11; but the highest nine schools had a median of almost 40 per year, while the median of the remainder was about eight. As might be expected, the number of patent applications per year (Figure IB) is markedly less than the number of disclosures, indicating a considerable effort to cull out non-patentable (and, perhaps, non-marketable) items. The median number of patent applications is 3, indicating that for the median school about 27% of the disclosures result in patent applications. This is in contrast to the experience of the Research Corporation (verbal communication from a member of their staff) which patents less than approximately 10% of the items disclosed to it. Undoubtedly, the Research Corporation applies much harsher criteria, especially since their staff has closer connections with possible licensees and can evaluate marketability somewhat better than the average university administrator. Moreover, faculty pressure on university administrators to patent a disclosed item may well result in an easing of standards. It is interesting to note that only

Notes for Completion of IPA

1/ Insert name of Agency.

2/ Insert reference to Institution's official policy statements.

3/ Some agencies may wish to have the agreement apply to all inventions reported after the execution of the agreement, even where the contract was entered into prior to the agreement. In such cases, the following language may be substituted: subjects

"This Agreement defines the rights of the parties hereto regarding the allocation of rights in Subject Inventions reported after the execution of the Agreement, including contracts entered into prior to this Agreement, except such contracts as may be specifically excluded by the Agency."

Agencies using this language which wish to exclude any current contracts from the agreement should add a statement such as the following:

"This Agreement shall not apply to the following contracts:..."

4/ The bracketed language may be deleted but normally it is expected that Institutional Patent Agreements will apply to grants as well as contracts.

5/ Agencies may specify a form.

6/ Agencies may find it useful to include more detailed instructions here on the format of these reports and the persons to whom they should be supplied. The exact clause may have to be varied according to the agency's normal contract close-out procedures.

7/ If none are to be used, insert "none."

8/ Different dates may be substituted depending on the Agency's needs.

9/ Insert applicable addresses and officers.

Table III - A - Recovery of Expenses

No. of Universities	Method of Recovery
11	Royalties
8	Indirect Cost — cf. OMB on cost sharing
14	Direct Univ. Support
2	Royalties + Indirect
7	Royalties + Direct
1	Direct + Indirect

The remaining six institutions were those giving exact percentages which differed from the above breakdown. These are:

Table III - B - Recovery of Expenses

University (arbritrary number)	Royalties (%)	Indirect (%)	Direct (%)
1	90		10
2	75	25	
3	40		60
4	82		18
5	28	36	36
6	50	25	25

(5) A copy of the agreement signed by employees engaged in research and development, indicating their obligation with regard to inventions conceived or for the first time reduced to practice in the course of their assigned duties;

(6) A copy of the invention report form or outline utilized for preparation of invention reports;

(7) A statement whether the organization has an agreement with any patent management organizations or consultants and a copy of any such agreements;

(8) A description of the plans and intentions of the organization to bring to the market place inventions to which it retains title, including a description of the efforts typically undertaken by the organization to license its inventions;

(9) A description of the organization's past patent application and patent licensing activities, including the following:

(i) Number of inventions reported to the organization during each of the past five years;

(ii) Number of patent applications filed during each of the past five years;

(iii) Number of patents obtained during each of past five years;

(iv) Number of exclusive licenses issued during each of the past five years;

(v) Number of nonexclusive licenses, other than those to sponsoring ~~Government~~ Federal agencies, issued during each of the past five years;

(vi) Gross royalty income during each of the past five years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

summarizes the patent activity for these three groups:

Table II - Time Spent by Professional Staff

Total No. of:	Less than 6%	10 to 49%	50% or more
Respondents	21	20	9
Disclosures/yr.	147	331	468
Discl./Inst./yr.	7.0	16.6	52.0
Patent Appl./yr.	27	79	128
Patent Appl./Inst./yr.	1.3	4.0	14.2
License/yr.	8	40	37
License/Inst./yr.	0.4	2.0	4.1

Question 4. Thirty-four institutions indicated that they use a patent attorney from outside the institution. Of these, twenty-six indicated that they also use firms such as Research Corporation or Battelle. The remaining sixteen institutions of the fifty who answered the question depend solely on outside firms such as Battelle or Research Corporation.

Question 5. Twenty-one out of fifty use two or more outside firms, mainly Research Corporation or Battelle, with

(c) FCCSET List.

(1) The Federal Coordinating Council for Science, Engineering, and Technology, has appointed a subcommittee to prepare a list of organizations that have technology transfer programs meeting the criteria set forth in §1-9.109-7(b). In accordance with individual agency regulations or procedures, this list may be used in lieu of individual agency determinations of eligibility for Institutional Patent Agreements; although the inclusion of an organization on this list, unless otherwise provided in an agency's regulations, will not preclude the agency from declining an application for an Institutional Patent Agreement. It is also expected that this list may be used by some agencies in connection with greater rights determinations or requests for the inclusion of clauses in contracts giving the nonprofit organization the first option to principal rights in inventions made under the contract.

~~(2) Nonprofit organizations wishing to be included on the list should submit a request accompanied by the information set forth in §1-9.109-7(a) to [illegible]~~

nine relied on additional information from an outside firm such as Research Corporation. Six others worked with an individual who was classified as a "patent administrator," an individual generally associated with the Research Office of the university; titles associated with this individual are Director of an Office of Research, Associate Dean of Research, or Vice President. The remaining twelve institutions, at which the patent committee is reported as the sole body making a decision on patents, have the committee report its decision to either the President, the Vice President for Research or some other academic officer. In some cases, the responding institutions did not indicate to whom such a patent committee may have reported. Besides the nine institutions that used an outside firm in conjunction with a patent committee, an additional thirteen institutions reported that they depended on an outside firm to aid them in making a decision on obtaining a patent. Seven of these used the outside firm exclusively and, judging from the number of disclosures and licenses reported by these seven, only one would appear to be active in pursuing patents through the exclusive use of an outside firm. Also, it is rather surprising to find that forty-two institutions out of

(D) A condition limiting any exclusive license to a period not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial application and to permit the licensee to recoup its costs and a reasonable profit thereon;

(E) A restriction that royalty charges be limited to what is reasonable under the circumstances or reasonable within the industry involved;

(F) A requirement that the organization's royalty receipts, after payment of administrative costs and payments to inventors, be utilized for educational or research purposes;

(G) A provision permitting the agency to except individual contracts from the operation of the agreement;

(H) A requirement for progress reports after designated periods;

(I) A prohibition against assignment of inventions without Governmental approval to persons or organizations, other than assignments to approved patent management organizations subject to the above conditions; and

(J) A provision permitting termination for convenience by either party upon thirty days written notice.

(2) The following is the Institutional Patent Agreement:

INSTITUTIONAL PATENT AGREEMENT

This Agreement is made and entered into by and between the United States of America as represented by the _____ 1/ hereinafter referred to as the "Agency," and _____ hereinafter referred to as the "Institution."

WHEREAS, in accordance with the President's Memorandum and Statement of Government Patent Policy dated August 23, 1971, and the provisions of 41 CFR 1-9.107-4(a)(6), it has been determined that the Institution has a technology transfer program meeting the criteria of 41 CFR 1-9.109-7 in that the Institution's patent policy as set forth in _____ 2/ and its technology transfer practices have been reviewed and found acceptable; and

WHEREAS, the Institution is desirous of entering into an agreement whereby it may retain the entire right, title, and interest in and administer inventions made in the course of or under research

policy, and two other institutions indicated that their policy permitted the inventor to work directly with a patent development firm such as Research Corporation. Ten of the remaining 50 institutions appear to operate their patent programs in cooperation with a research foundation affiliated with the university. In such cases, there is some question in the interpretation of the replies since it is not clear whether the answers pertain to the university or the research foundation.

We shall first discuss the responses to the individual questions, and then attempt some interpretation of the results. The latter must be considered quite tentative, especially in view of the roughness of the data; however, some interesting possibilities seem to emerge which warrant further study.

Question 1. The responses to this question can be grouped according to the following Table.

Table 1

Official/Office of University Responsible for Patent Program	Percentage of 49 Respondents
Research Office	67%
Fiscal Office	14%

each Subject Invention disclosure an election whether it will retain the entire right, title, and interest in the invention throughout the world or in any country thereof subject to the rights acquired by the Government in Section IV of the Agreement; provided that the Institution may request an extension of the time for election.

(b) The Institution agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Institution:

(i) does not elect under Section III(a) to retain such rights; or

(ii) fails to have a United States Patent Application filed on the invention in accordance with Section VI(a), or decides not to continue prosecution of such application; or

(iii) at any time, no longer desires to retain title.

(c) The Institution agrees to convey to the Government, upon request, the entire right, title, and interest in any Subject Invention in any foreign country when the Institution:

(i) does not elect under Section III(a) to retain such rights in the country; or

(ii) fails to have a patent application filed in the country on the invention in accordance with Section VII(a); or decides not to continue prosecution of such application or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Institution shall notify the Agency not less than sixty days before the expiration period for any action required by the foreign patent office.

(d) A conveyance, requested pursuant to Sections III(b) or (c) of this Agreement, shall be made by delivering to the Agency duly executed instruments (prepared by the Agency) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of such invention.

IV. Minimum Rights Acquired by the Government

(a) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution:

II. Patent Policy and Procedures Surevey: The Questionnaire

In order to determine some of the characteristics of the patent programs at other universities, a survey was made of a number of them. A group of 76 was chosen how? from a list of the 100 universities having the largest (dollar) amount of government research and development funds obligated during a recent year as compiled by the National Science Foundation. There is no correlation between the total federal funds obligated and either the size of the student body or faculty, or the school's geographical location. It might be expected that the presence of a medical school, an engineering school and, perhaps, a school of agriculture are the most important factors in the size of the federal funding. (These are probably also the most important areas from which patentable items originate.) The complete list of schools (all 100) is given in Appendix A, alphabetically; the 76 schools from which information was solicited were chosen from the list so as to give a good sample of the various types of schools

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sufficiently complete in technical detail to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the invention.

(ii) Interim reports 5/ for each contract at least every twelve months from the date of the contract listing Subject Inventions for the period and certifying that all Subject Inventions have been disclosed or that there are no such inventions.

(iii) An acceptable final report within three months after completion of the work under any contract, listing all Subject Inventions or certifying that there were no such inventions. 6/

(b) The Institution shall obtain patent agreements to effectuate the provisions of this Agreement from all persons in its employ who perform any part of the work under any contract except nontechnical personnel, such as clerical employees and manual laborers.

(c) The Institution agrees that the Government may duplicate and disclose Subject Invention disclosures and, subject to Section XI, all other reports and papers furnished or required to be furnished pursuant to this Agreement. However, if the Institution is to file a patent application on a Subject Invention, the Agency agrees, upon written request of the Institution, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed theron, but in no event shall the Government or its employees be liable for any publication thereof.

VI. Filing of Domestic Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain domestic rights pursuant to Section III(a) of this Agreement, the Institution shall have a domestic patent application filed within six months after an election has been made pursuant to Section III(a) of this Agreement or such longer period as may be approved in writing by the Agency.

(b) For each Subject Invention on which a patent application is filed by or on behalf of the Institution, the Institution shall:

(i) within six months after the filing, or within six months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency a duly executed and approved

I. Introduction

In the fall of 1973 Northwestern University undertook a review of its existing patent policy and patent program administration. Since the emphasis of many of the research programs was shifting from basic research to applied technology and contract research such a review was deemed necessary. Furthermore, the trends of many funding agencies, especially within the Federal Government, were towards more mission or task oriented projects requiring solutions to specific problems. Finally, the University administration, faced with increased operating costs and limited financial resources, believed that a thorough review of patent operations might indicate a potential source of additional revenue.

As part of the review process a questionnaire on the patent programs at other institutions of higher education was prepared and circulated. The accompanying report covers the results of this survey and presents some tentative conclusions based on the returns. The resulting conclusions, by the very nature of the questionnaire and the results obtained are speculative and open to criticism or alternative

accordance with applicable statutes and regulations, and within one of the following periods:

(i) eight months from the date of a corresponding United States application filed by or on behalf of the Institution; or if such an application is not filed, six months from the date the invention is submitted in a disclosure pursuant to Section V(a) of this Agreement;

(ii) six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications when such filing has been prohibited by security reasons; or

(iii) such longer period as may be approved by the Agency.

(b) The Institution shall notify the Agency of foreign applications filed and, upon request, shall furnish an English version of such application without additional compensation.

VIII. Subcontracts

(a) Except as provided in (b), below, or when the subcontractor holds an Institutional Patent Agreement with the Agency, the Institution shall include in any subcontract where a purpose of that subcontract is the conduct of experimental, developmental, or research work the following clause:

Patent Rights

(a) The Contractor hereby agrees to furnish a complete technical disclosure to the _____ within six months after
(Institution)
any invention is conceived or first actually reduced to practice in the course of or under this contract (hereinafter referred to as "Subject Invention(s)") and, subject to (b), below, to assign all right, title, and interest in and to such invention to _____ or its designee.
(Institution)

(b) At the time the Contractor reports any "Subject Invention" to _____, the Contractor, at its option, may also
(Institution)
report the invention to the agency with which the Institution holds the prime contract and request that the agency make a determination whether and on what terms the contractor may retain principal rights in the invention in lieu of assigning it to _____. Such determinations by the
(Institution)

(5) An active and effective promotional program for the licensing and marketing of inventions.

(c) FCCSET List.

The Committee on Intellectual Property and Information of the Federal Coordinating Council for Science, Engineering, and Technology is authorized to appoint a subcommittee to prepare a list of organizations that have technology transfer programs meeting the criteria set forth in §1-9.109-7(b). In accordance with individual agency regulations or procedures, this list may be used in lieu of individual agency determinations of eligibility for Institutional Patent Agreements. However, the inclusion of an organization on the list, unless otherwise provided in an agency's regulations, will not preclude the agency from declining an application for an Institutional Patent Agreement. It is also expected that the list may be used by some agencies in connection with greater rights determinations or requests for the inclusion of clauses in contracts giving the nonprofit organization the first option to principal rights in inventions made under the contract.

(b) In the event of a refusal by a subcontractor to accept the clause specified in (a), or if, in the opinion of the Institution, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Institution (i) shall promptly submit a written notice to the Agency setting forth reasons for the Subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and (ii) shall not proceed with the subcontract without the written authorization of the Agency.

(c) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Institution hereby assigns to the Government all rights that it would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Institution shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Invention.

(d) Nothing in this Agreement is intended to preclude the Institution from granting a subcontractor rights or an option to rights in any inventions made by the subcontractor to the extent such rights are consistent with the provisions of this Agreement.

IX. Administration of Inventions in Which the Institution Elects to Retain Rights

(a) The Institution shall administer those Subject Inventions to which it elects to retain title in the public interest and shall, except as provided in subsection (b), below, make them available through licensing on a nonexclusive, royalty-free or reasonable royalty basis to all qualified applicants.

(b) The Institution may license a Subject Invention on an exclusive basis if it determines that an exclusive license is required in the public interest because it is necessary as an incentive for development of the invention or because market conditions are such as to require licensing on an exclusive basis in order to bring the invention to the point of practical application. Any exclusive license issued by the Institution under a U.S. patent or patent application shall be for a limited period of time and such period shall not, unless otherwise approved by the Agency, exceed five years from the date of the first commercial sale or use in the United States of America of a product or process embodying the invention, or eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, whichever occurs first. Such license shall also provide that the licensee shall use all reasonable effort to effect introduction into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Any extension of the

(2) A copy of the organization's established patent policy, together with the date and manner of its adoption;

(3) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the organization's patent management capabilities;

(4) A description of the organization's procedures for identifying and reporting inventions and a description of the procedures for evaluation of such inventions for inclusion in the organization's promotional program;

(5) A copy of the agreement signed by employees engaged in research and development, indicating their obligation with regard to inventions conceived or for the first time reduced to practice in the course of their assigned duties;

(6) A copy of the invention report form or outline utilized for preparation of invention reports;

(7) A statement whether the organization has an agreement with any patent management organizations or consultants and a copy of any such agreements;

(8) A description of the plans and intentions of the organization to bring to the market place inventions to which it retains title, including a description of the efforts typically undertaken by the organization to license its inventions;

(9) A description of the organization's past patent application and patent licensing activities, including the following:

(i) Number of inventions reported to the organization during each of the past five years;

(ii) Number of patent applications filed during each of the past five years;

(iii) Number of patents obtained during each of the past five years;

(iv) Number of exclusive licenses issued during each of the past five years;

(v) Number of nonexclusive licenses, other than those to sponsoring Federal agencies, issued during each of the past five years;

XII. Reporting of Policy and Administrative Changes

The Institution shall promptly notify the Agency of any significant changes in the information submitted by it in support of its request for an Institutional Patent Agreement; in particular, changes in its patent policies or its administrative capabilities.

XIII. Termination.

This Agreement may be terminated by either party for convenience upon thirty days written notice. Disposition of rights in and administration of inventions made under contracts subject to this Agreement will not be affected by such a termination; except that in the event the Government terminates this Agreement because of a failure or refusal by the Institution to comply with any of its obligations under sections V(a), VI, IX, and X of this Agreement, the Agency has the right to require that the Institution's entire right, title, and interest in and to the particular invention with respect to which the breach occurred be assigned to the United States of America, as represented by the Agency.

XIV. Communications 9/

Requests for Agency approvals, extensions, or similar actions and other correspondence required by this Agreement should be addressed to _____. Except where specifically provided otherwise in this Agreement, the _____ or his designee shall act as the point of authority within the Agency to grant such approvals, extensions, or take such other Agency actions as may be authorized in this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year below.

UNITED STATES OF AMERICA

By _____
Title _____
Date _____

(Corporate Seal)

_____
(Institution)

By _____
Title _____
Date _____

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19__.

_____
(Institution)

_____
(Signature)

_____
(Print or type name)

_____
(Official title)

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named as licensor herein; that _____, who signed this License on behalf of the Institution is _____ of said Institution; and that said License was duly signed for an in behalf of said Institution by authority of its governing body, and is within the scope of its corporate powers.

_____
(Signature)

Notes for Completion of IPA

1/ Insert name of Agency.

2/ Insert reference to Institution's official policy statements.

3/ Some agencies may wish to have the agreement apply to all Subject Inventions reported after the execution of the agreement, even where the contract was entered into prior to the agreement. In such cases, the following language may be substituted: