

INVENTION AND PATENT POLICIES ACCEPTABLE  
TO THE PUBLIC HEALTH SERVICE

The policy of the Department of Health, Education, and Welfare on Inventions Resulting from Research Grants, Fellowship Awards, and other Research Arrangements, recognizes the cooperative nature of research aided by Public Health Service grants-in-aid. For this reason it offers alternative conditions with respect to the handling of patentable inventions which may arise out of activities assisted by the grant. Either the Surgeon General of the Public Health Service may reserve the right to determine the ownership of the invention and its disposition or such inventions may be administered by the grantee-institution in accordance with its own patent policies and procedures, provided the Surgeon General accepts these as assuring that the invention either will be dedicated to the public or, if patented, will be made available without unreasonable restrictions or excessive royalties.

Policies and procedures outlined below are types which may give such assurance. Institutions which may not as yet have formulated a policy with respect to inventions developed from research financed in part with public funds may find this outline of some assistance in the formulation of their own procedures.

A. Dedication to the public of results of research either by publication or patenting with subsequent dedication of the patents.

The Surgeon General will accept this policy in any case where it is demonstrated that the grantee-institution has a responsible body or official to see that the policy is effectuated.

As stated in the Department Regulations on grantee inventions, dedication to the public in general seems most appropriate for inventions developed with the assistance of public moneys. Many institutions, particularly insofar as inventions related to health are concerned, also adhere to this principle.

B. Patenting with royalty-free licensing.

A general policy of issuing royalty-free, unconditional and nonexclusive licenses under patents obtained is equally acceptable. In administering such a policy there may be times when in the judgment of the institution the interests of the public in a particular patent will be best served by (1) conditional licensing, providing standards as to the quality of the product or the qualifications of the manufacturer, or (2) restricted licensing for a limited period to assure the development of the invention to the point of utility and satisfactory quality. Decision as to the necessity for either such arrangement would be that of the grantee-institution, but prior to accepting the institution policy the Public Health Service would require general assurance that under the institution policy exclusive licenses would be the exception, not the rule and that they would be for a limited period only. In the case of institutions which do issue exclusive licenses, the Public Health Service would further require full information as to the basis on which such licenses are issued and the safeguards utilized to protect the public interest.

C. Patenting with licensing on a royalty basis.

Licensing as provided in B which provides for royalties in some or even all cases will also be considered acceptable policy. In such case the royalty

- (a) The institution shall obtain entire right, title and interest in and to all inventions made by any employee (1) during working hours, or (2) with a contribution by the institution of facilities, equipment, materials, funds, or information, or of time or services of other institution employees on official duty, or (3) which bear a direct relation to or are made in consequence of the official duties of the inventor.
- (b) In any case where the contribution of the institution, as measured by any one or more of the criteria set forth in paragraph (a) last above, to the invention is insufficient equitably to justify a requirement of assignment to the institution of the entire right, title and interest to such invention, or in any case where the institution has insufficient interest in an invention to obtain entire right, title and interest therein, the institution may leave title to such invention in the employee, subject, however, to the reservation to the Government of a nonexclusive, irrevocable, royalty-free license in the invention with power to grant licenses for all governmental purposes, such reservation, in the terms thereof, to appear, where practicable, in any patent, domestic or foreign, which may issue on such invention.

#### REPORTS

A report will be required on all patentable inventions as described in the following discussion of special applications of Department Regulations. In addition to the initial invention report, an annual report, for informational purposes, of the disposition of inventions in which it has an interest is requested. It is not proposed to review the institution's decision as to whether or not patenting is desirable, unless so prescribed by the institution.

September 14, 1955

#### Explanation of special applications of Department Regulations on Inventions Resulting from Research Grants, Fellowship Awards, and other Research Arrangements

Disposition of inventions: It will be noted in Paragraph 8.1 of Department Regulations that the policy provides that inventions arising under Public Health Service grants-in-aid (and awards) are to be handled (a) by the Surgeon General on a case by case determination, or (b) by the grantee institution in accordance with its established practices and policies, after those

NIH

During a meeting with Miss Parent, I learned that the following institutions have discussed the matter of general patent agreements with NIH and part or all of these institutions have such agreements:

California Institute of Technology  
Cornell University  
Florida State University  
University of Illinois  
Iowa State College  
University of Kansas  
Massachusetts Institute of Technology  
Northwestern University  
Ohio State University  
Princeton University  
Purdue University  
University of Washington  
Tufts College

W.G.H.  
4/9/59

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FILE N.I.H.

Date March 23, 1959

Telephone

Conference  with:

From

To

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Mr. Sam Lenher recommends that we should consider contacting Mr. Ames McGinnis, Assistant to the Secretary for Medical Affairs, Department of Health Education and Welfare.

Mr. Lenher believes that Mr. McGinnis can help us develop an agreement between the University of Wisconsin and the National Institutes of Health.

WGH:rw