

THE UNIVERSITY OF WISCONSIN  
MADISON 6, WISCONSIN

OFFICE OF THE PRESIDENT

August 24, 1961

Division of Research Grants  
Public Health Service  
National Institutes of Health  
Bethesda 14, Maryland

Gentlemen:

Early in 1953 your office announced Federal Security Agency patent policy as revised December 30, 1952, covering research grants by the Public Health Service. Presumably a letter on this subject was addressed to the University of Wisconsin, among others, although we have been unable to find it and we have no record of having sent a reply. In the meantime we have not requested the Surgeon General to permit us to dispose of inventions in accordance with our own procedures.

We now respectfully request that, in accordance with the provisions of Section 2(b) of Department Order 110-1, "Inventions Resulting from Research Grants," the ownership and disposition of all rights in inventions arising under Public Health Service grants and Awards made to The Regents of The University of Wisconsin and/or the University of Wisconsin shall be left for administration to the University. In support of this request, we are enclosing the following memoranda:

- (1) Policy Statement on Patents by the President of the University
- (2) Statement of Policy Regarding Patenting, Licensing, and Disposition of Funds - Wisconsin Alumni Research Foundation

We believe these memoranda include the facts required for a determination by the Surgeon General, but if additional information is desired, please let us know.

We are informed that the Surgeon General has approved such arrangements at a considerable number of educational institutions, and we hope that our failure to make this request at an earlier date will not prejudice our case. We believe the record is clear that the patent policy of the University of Wisconsin is in the public interest and that we should be accorded the same privileges given to other institutions in the control and administration of rights in inventions by our faculty and staff.

Sincerely yours,

C. A. Elvehjem,  
President

*8/28/61 Made three copies for Abrams, Boston & Weisbach*  
cc: Ward Ross; A. W. Peterson

POLICY STATEMENT ON PATENTS  
BY THE PRESIDENT OF THE  
UNIVERSITY OF WISCONSIN ON  
August 25, 1961

Research work conducted at the University of Wisconsin is largely of a fundamental or basic nature and is generally designed to discover new facts and to understand existing facts as distinguished from applied research which is designed to develop products or methods of immediate commercial value.

The primary interest of investigators in the University is to publish their findings in scientific journals and such publication is always encouraged by department heads and by the University. Patents are an occasional by-product of the research activities.

Preparation and prosecution of patent applications, as well as the exploitation of resulting patents, are not a part of the University's functions. When a patentable invention results from the research of an investigator and, in the absence of patent restrictions imposed by outside sponsors, the investigator is the sole owner of the invention and may dispose of his discovery as he wishes. He may pursue and administer a patent at his own expense, assign his rights to private interests, or publish without obtaining a patent. As another alternative, he may elect to offer his invention to the Wisconsin Alumni Research Foundation. Assignment of inventions to the Foundation is completely compatible with University policy and has the approval of the University.

The only exception to this policy is an invention arising from a grant containing a "patent clause" which reserves for the granting agency certain rights in such inventions. When this kind of grant is accepted by the University of Wisconsin, the investigators who are paid in whole or in part from the grant agree in writing to its terms. Frequently, research projects are financed by more than one sponsor under contracts containing patent provisions with the result that there can be conflicts of interest.

The University believes that the public interest can best be served if the patent provisions of grants from outside sponsors allow investigators the following alternatives:

- a. Refer their inventions to the sponsor if that is required, or
- b. Assign whatever inventions may result from their work to the Wisconsin Alumni Research Foundation for patenting and licensing in the public interest.

The Wisconsin Alumni Research Foundation was established in 1925 by public spirited alumni to develop inventions assigned to it by members of the University of Wisconsin faculty. The Foundation has an excellent record of administering patents in the public interest. Net income received by the Foundation from its patent licensing program is put into a fund from which grants are made to the University to further scientific research. These grants are made with no restrictions or limitations as to the specific disposition of the funds. The grants are administered by the Research Committee of the Faculty under the general policies of the Regents.

MEMORANDUM  
STATEMENT OF POLICY REGARDING  
PATENTING, LICENSING, & DISPOSITION OF FUNDS  
WISCONSIN ALUMNI RESEARCH FOUNDATION

PURPOSE OF  
THE WISCONSIN ALUMNI RESEARCH FOUNDATION

The Wisconsin Alumni Research Foundation, a corporation not for private profit, was organized in December 1925. The business and purposes of the Foundation are:

"To promote, encourage, and aid scientific investigation and research at the University of Wisconsin by the faculty, staff, alumni, and students thereof, and those associated therewith, and to provide or assist in providing the means and machinery by which their scientific discoveries, inventions, and processes may be developed, applied, and patented, and the public and commercial uses thereof determined, and by which such utilization or disposition may be made of such discoveries, inventions, and processes, and patent rights or interests therein, as may be of benefit to mankind or as may tend to stimulate and promote; and provide funds for further scientific investigation and research within said University or colleges or departments thereof."

Article II  
Articles of Organization of the  
WISCONSIN ALUMNI RESEARCH FOUNDATION

## PATENT POLICY

The Wisconsin Alumni Research Foundation does not solicit inventions or patent opportunities. It takes no active interest in an invention unless the inventor has voluntarily brought it to the Foundation's attention.

Patents are generally sought if an invention relates to a process, product or apparatus which will benefit the public and which can reasonably be expected to provide revenue to support further research at the University of Wisconsin. The Foundation has obtained 72 U.S. patents in the past ten years (1951-1960).

The promise of net income through licensing is by no means a limiting factor, however, since it is the Foundation's policy to obtain a patent whenever such action appears to be the best means to control the use of the invention in the public interest.

It is the firm policy of the Foundation never to interfere with normal publication activities of the inventor. The inventor is simply asked to advise the Foundation of his plans for publication so that the Foundation can protect patent rights and not risk losing them in view of statutory bars.

## LICENSING POLICY

The Foundation prefers to license inventions whenever possible on a nonexclusive basis. It is recognized, however, that short term exclusivity is often necessary to provide the licensee with adequate incentive to develop the invention effectively and to obtain from the invention whatever values are inherent in it. Nearly all prospective licensees are busily engaged in their own development activities and will generally not invest the time and money required to convert an invention into a useful product or process unless given a reasonable headstart in marketing or using the resulting product or process. Such a headstart will help provide assurances that the company will be compensated for its investment in the invention and for the risks which are involved.

Whenever safeguards are deemed desirable to protect the public interest, provisions for such safeguards are made a part of license agreements. Among these are requirements for approval of the product by the Foundation, approval of advertising or labeling, and whatever additional safeguards may be necessary. Every effort is made to select reputable licensees which have demonstrated by past performance their interest in the public good.

Royalty rates, in general, are based upon percentage of sales. Rates are consonant with general trade practices.

## DISPOSITION OF FUNDS

Income obtained by the Foundation through patenting and licensing is put into a fund from which grants are made for scientific research at the University of Wisconsin. Since its inception in 1925, the Foundation's total research grants to the University have amounted to more than \$16,000,000, it has granted an additional \$12,400,000 for buildings. It has supported more than 4,600 research grants at the University and is currently supporting research at the rate of about 1.7 million dollars per year.

The individual inventors receive part of the net proceeds derived from their inventions. The Foundation enters into a standard memorandum agreement with inventors (Appendix A) which provides that they will share 15% of the net income.