



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D.C. 20201

OFFICE OF THE SECRETARY

March 5, 1968

Dr. William H. Young
Assistant to the President
University of Wisconsin
1050 Bascom Mall
Madison, Wisconsin 53706

Dear Dr. Young:

Reference is made to your letter of October 31, 1967, regarding the University's earlier request for an institutional patent agreement under Section 8.1(b) of the Department Patent Regulations.

The Department's policy regarding institutional patent agreements has undergone a thorough review, and it was recently concluded that the policy should be continued and that agreements will be entered into with all qualified grantee institutions. A standard form agreement applicable to the grant programs of all constituent agencies of the Department will be utilized for this purpose. A draft of a standard form of agreement is presently under consideration within the Department, and I am hopeful that a final form can be agreed upon within the near future. I am enclosing a copy of the draft under consideration and would welcome any comments or suggestions which the University may have. We are anxious to proceed with this program and accordingly request that any comments be submitted within thirty days.

We will notify you as soon as the form of the institutional patent agreement has been settled upon and will advise you of any additional information that may be required to permit prompt consideration of the University's request for such an agreement.

Sincerely yours,

Charles B. Brown
Special Assistant for
Patent Policy

Enc. Mr. Howard W. Bremer ✓

Copy to
Ross
Woeppel
3/7/68

DRAFT - 1/23/68 -

INSTITUTIONAL PATENT AGREEMENT
GOVERNING GRANTS AND AWARDS FROM THE
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

This AGREEMENT made and entered into this _____ day of _____, 19____, by and between the United States of America as represented by the Assistant Secretary (Health and Scientific Affairs) of the Department of Health, Education, and Welfare, hereinafter sometimes referred to as the Grantor, and _____, hereinafter (Institution) referred to as the Grantee.

WITNESSETH

WHEREAS, the regulations of the Department of Health, Education, and Welfare, covering inventions resulting from research grants, fellowship awards, and contracts for research (45 CFR Parts 6 and 8), provide, in Secs. 8.1 through 8.5 that upon approval by the Assistant Secretary (Health and Scientific Affairs) the ownership and disposition of domestic and foreign rights to inventions arising out of activities assisted by grants and awards may be left to the Grantee pursuant to its approved established patent policy, with such modifications as may be agreed upon; and

WHEREAS, the Grantee is desirous of entering into an agreement whereby it has a first option to retain principal rights in and to administer inventions arising out of grants and awards from the Department of Health, Education, and Welfare, pursuant to the aforesaid regulations; and

WHEREAS, the Assistant Secretary (Health and Scientific Affairs) has reviewed the patent policy of the Grantee as set forth in _____, dated _____, and its practices thereunder and has found them to be acceptable subject to the provisions of this agreement and that said policy provides for administration by the Grantee of patents in the public interest and are consistent with the stated objectives of the President's Statement and Memorandum of Government Patent Policy, issued October 10, 1963; and

NOW, THEREFORE, in consideration of the foregoing, the

parties hereto agree as follows:

I. Scope of Agreement

This Agreement shall define the rights of the parties hereto regarding disposition of title to inventions made in the course of or under research supported by grants and awards from the Department of Health, Education, and Welfare, which are subject to the Department Patent Regulations and are issued after the date hereof.

II. Definitions

(a) The term "subject invention" as used throughout this Agreement means any art, machine, manufacture, design, or composition of matter, or any new or useful improvement thereof, and any variety of plant which is or may be patentable under the Patent Laws of the United States made in the course of or under research supported by grants and awards from the Department of Health, Education, and Welfare.

(b) The term "made" when used in relation to any invention or discovery means the conception or first actual reduction to practice of a subject invention.

III. Disposition of Principal Rights to Subject Inventions

The Grantee shall have the right to elect to file patent application in the United States and in foreign countries on any subject invention and to administer such invention pursuant to the provisions of this Agreement. Grantee shall notify Grantor at the time each subject invention is reported to Grantor as required by paragraph V hereof if it elects to file patent application(s) on and to administer such inventions. If Grantee does not elect to file patent application, in the United States, on and administer any such invention, it shall notify Grantor in sufficient time to permit Grantor to file patent application(s) thereon. Ownership and manner of disposition to all rights in and to such invention shall then be subject to disposition by Grantor in accordance with its Regulations then in effect.

IV. Supplementary Patent Agreements

(a) The Grantee shall obtain patent agreements from all persons who perform any part of the work under a grant or award from the Department of Health, Education, and Welfare, exclusive of clerical and manual labor personnel, requiring that such persons promptly report and assign all subject inventions to Grantee.

(b) The Grantee shall include the following provision in any contract it enters into involving research and/or development for which DHEW research grant or award funds are utilized.

"The Contractor hereby agrees to report fully and promptly to _____

(Grantee)

any invention conceived or first actually reduced to practice in performance of this contract (hereinafter referred to as "such invention(s)") and to assign all right, title and interest in and to such invention to _____ or its designee.

(Grantee)

"In addition the Contractor agrees to furnish the following materials, disclosures and reports:

(a) Upon request, such duly executed instruments (prepared by the _____

(Grantee)

or its designee) and such other papers as are deemed necessary to vest in the _____

(Grantee)

or its designee the rights granted under this clause and to enable the _____

(Grantee)

or its designee to apply for and prosecute any patent application, in any country, covering such invention.

(b) Interim reports on the first anniversary of this contract where extended or renewed and every year thereafter listing all such inventions made during the period whether or not previously reported or certifying that no inventions were conceived or first actually

reduced to practice during the applicable period.

(c) Prior to final settlement of this contract a final report listing all such inventions including all those previously listed in interim reports, or certifying that no inventions were conceived or first actually reduced to practice under the contract."

V. Report of Invention

(a) The grantee shall submit a written invention report to the Grantor of each subject invention promptly after conception or first actual reduction to practice.

(b) Such invention report shall be furnished directly to the Grantor in addition to any other requirement under any grant or award for the submission of progress or financial reports and whether or not reference to subject invention has been made in any progress or other report furnished to the Grantor; such report shall include description of such invention, appropriately illustrated by a simple sketch or diagram, to permit the invention to be understood and evaluated, and such other information as Grantor may require.

(c) The report shall, in addition, include a statement by the Grantee specifying whether or not a United States patent application or any foreign patent application claiming subject invention has been or will be filed by or on behalf of the Grantee.

(d) If the Grantee specifies that no U.S. patent application will be filed (or having specified that it will file, thereafter notifies the Grantor to the contrary), the Grantee shall promptly inform the Grantor of the date and identification of any known publication of subject invention made by or known to the Grantee, or, where applicable, of any contemplated publication to be made by or known to the Grantee, and also the date subject invention or any embodiment thereof was first in public use or on sale in the United States and shall furnish such other information (and have executed such documents as provided in VIII (f) as may be required to enable the Grantor to make disposition of subject inventions rights.

(e) Grantee shall furnish such additional reports or information relating to a subject invention as Grantor may from time to time request.

VI. Administration of Inventions on Which the Grantee Elects To File Patent Applications

(a) The Grantee shall require assignment to it of all right, title and interest in and to each subject invention on which it elects to file any patent application for administration by it in accordance with and subject to the terms and conditions herein set forth. Assignments from the inventor to the Grantee under U.S. patent applications shall be promptly obtained and recorded by the Grantee in the United States Patent Office and copies thereof shall be furnished to the Grantor.

(b) The Grantee shall grant to the Government of the United States a nonexclusive, irrevocable, royalty-free license for governmental purposes and on behalf of any foreign government, pursuant to any existing or future treaty or agreement with the United States under each U.S. or foreign patent application it elects to file on a subject invention. The form of the license to be granted shall be as set forth in Exhibit "A", attached hereto, and by this reference made a part hereof. Any license issued by Grantee shall be made expressly subject to the license to the Government of the United States.

(c) The Grantee shall administer those subject inventions to which it elects to retain title in the public interest and shall, except as provided in paragraph (d) below, make them available through licensing on a nonexclusive, irrevocable, royalty-free, or reasonable and uniform royalty basis *to competent and qualified applicants*

(d) The Grantee may license a subject invention on an exclusive basis if it determines that nonexclusive licensing will not be effective in bringing such inventions to the commercial market in a satisfactory manner. Exclusive licenses should be issued only after reasonable efforts have been made to license on a nonexclusive basis, or where the grantee has determined that an exclusive license is necessary as an incentive for development of the invention or where market conditions are such as to require licensing on an exclusive basis. Any exclusive license issued by Grantee under a U.S. patent or patent application shall be for a limited period of time and such period shall not exceed *Five* ~~three~~ years from the date of the first commercial sale in the United States of America of a product or process embodying the invention, or ~~eight~~ *five* years from the date of the exclusive license,

*and shall be considered
on its merits upon
written request and
justification.*

whichever occurs first, provided 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 Grantor. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be granted to all qualified applicants at a uniform royalty rate not in excess of the exclusive license royalty rate.

Competent and properly

(e) Any license granted by the Grantee to other than the Government of the United States under any patent application or patent on a subject invention shall include adequate safeguards against unreasonable royalty and repressive practices. Royalties shall not in any event be in excess of normal trade practice. Such license shall also provide that all sales to the U. S. Government shall be royalty free.

(f) If permitted by its patent policies and the terms of the grant or award under which an invention is made, the Grantee may share royalties received with the inventor(s), provided that the Grantee shall not pay the inventor(s) more than (1) fifty percent (50%) of the first \$3,000 gross royalty paid under the patent, (2) twenty-five percent (25%) of the gross royalty income between \$3,000 and \$13,000, and (3) fifteen percent (15%) of the gross royalty in excess of \$13,000. [The balance of the royalty income after payment of expenses incident to the administration of the invention shall be utilized for the support of educational and research pursuits.] 9

(g) All licenses issued by the Grantee to other than the Government of the United States under any patent application or patent on a subject invention shall be subject to the conditions of this agreement and shall specifically incorporate by reference all applicable provisions contained herein. The Grantee shall promptly furnish copies of any license agreements entered into by it to the Department.

VII. Patent Management Organizations

The Grantee shall not assign any subject invention to parties other than the Grantor in circumstances as set forth in this agreement except in the event the Grantee does not

have facilities for administration of its subject inventions, it may assign rights in the invention to a nonprofit patent management organization, provided that the patent administration agreement between such organization and Grantee is approved by the Grantor. Any reference to a Grantee in this agreement shall also include a patent management organization when applicable and an assignment to such an organization shall be subject to all the terms and conditions of this agreement.

VIII. Patent Applications

(a) If a patent application is filed by the Grantee or caused to be filed by the Grantee in the United States Patent Office or a patent office foreign to the United States on a subject invention, a copy of each application shall be furnished promptly to the Grantor.

(b) Upon request, the Grantee will fully advise the Grantor concerning all steps and actions taken for and during the prosecution of any patent application covering a subject invention and will further provide, upon request by the Grantor, copies of any final actions, amendments, petitions, motions, appeals, or other papers relating to the prosecution of said application.

(c) Upon request, the Grantee shall promptly furnish to the Grantor an irrevocable power of attorney granting the right to inspect and make copies of any patent application covering a subject invention or any of the final actions, amendments, petitions, motions, appeals, or other papers relating to the prosecution of said application.

(d) The Grantee shall include the following statement in the first paragraph of the specification of any patent application filed on a subject invention:

"The invention described herein was made in the course of work under a grant or award from the Department of Health, Education, and Welfare."

(e) The Grantee shall not abandon any patent application filed on a subject invention without first offering to transfer all rights in and to such invention to the Grantor. If the Grantor does not request such assignment within ninety (90) days of receipt of this offer, the Grantee may abandon its rights

in the pending application and/or invention at its discretion.

(f) If the Grantee elects to file no patent application or to abandon prosecution of a patent application on a subject invention, he shall, upon request, execute instruments or require the execution of instruments (prepared by the Grantor) and such other papers as are deemed necessary to vest in the Grantor all right, title and interest in the subject invention to enable the Grantor to apply for and/or prosecute patent applications in any country.

IX. Annual Invention Statements

Notwithstanding and in addition to the provisions of this Agreement, the Grantee shall provide Annual and Final Invention Statements as may be required by the terms of any grant or award.

X. Disclosure and Publication

The Grantee shall exert its best effort to publish disclosures of inventions on which patent applications have been filed.

The Grantor shall have the right to publish and make disclosure of any information relating to a subject invention, whenever deemed to be in the public interest provided reasonable opportunity is afforded to the Grantee to file a [United States] patent application if the Grantee determines to seek patent protection of the invention.

XI. Reports on Development and Commercial Use

The Grantee shall provide a written annual report to the Department on or before September 30 of each year covering the preceding year, ending June 30, regarding the development and commercial use that is being made or intended to be made of all subject inventions left for administration by the Grantee. Such reports shall include information regarding development, the date of first commercial sale, gross sales by licensees, gross royalties received by the Grantee, and such other data and information as the Department may specify.

XII. Additional Licenses

(a) The Grantee agrees that if it or its licensee has not taken effective steps within three years after a United States patent issues on a subject invention left for administration to the Grantee to bring that invention to the point of practical application, and has not made such invention available for licensing royalty free or on terms that are reasonable in the circumstances, and cannot show cause why he should retain all right, title and interest for a further period of time, the Grantor shall have the right to require (1) assignment of said patent to the United States, as represented by the Grantor; (2) cancellation of any outstanding exclusive licenses under said patent; or (3) the granting of licenses under said patent to an applicant on a nonexclusive, royalty-free basis or on terms that are reasonable in the circumstances.

(b) The Grantor reserves the right to license or to require the licensing of other persons under any U.S. patent or U.S. patent application filed by the Grantee on a subject invention on a royalty-free basis or on terms that are reasonable in the circumstances, upon a determination by the Assistant Secretary, (Health and Scientific Affairs) that the invention is required for public use by governmental regulations, that the public health, safety, or welfare requires the issuance of such license(s), or that the public interest would otherwise suffer unless such license(s) were granted. The Grantee and its licensees shall be given written notice of any proposed determination pursuant to this subparagraph not less than thirty (30) days prior to the effective date of such determination, and that if requested, shall be granted a hearing before the determination is issued and otherwise made effective.

XIII. Inventions by Federal Employees

Notwithstanding any provision contained in this Agreement, inventions made by Federal employees, or by Federal employees jointly with others, shall be subject to disposition under provisions of Executive Orders, Governmental and Department Regulations applicable to Federal employees.

XIV. Termination

Amended (90)

This Agreement may be terminated by either party for convenience upon [thirty (30)] days written notice. Disposition of rights in, and administration of inventions made under grants or awards entered into during and subject to this Agreement will not be affected by a termination.

XV. Limitation

It is agreed and understood that this Agreement shall not apply to any grants or awards issued under statutes containing requirements for disposition of invention rights with which the provisions of this Agreement are inconsistent. It is further agreed that any constituent agency of the Department of Health, Education, and Welfare may, at its discretion, provide as a condition of any grant or award that this Agreement shall not apply thereto. It also agreed that any constituent agency of the Department of Health, Education, and Welfare may provide, subject to approval by the Assistant Secretary, (Health and Scientific Affairs), that this Agreement shall apply to specific research contracts.

LICENSE TO THE UNITED STATES GOVERNMENT

WHEREAS, _____, of
(Inventor)
_____, has invented
(Invention)
_____ and filed a patent ap-
plication thereon in _____, bearing
(Country)
Serial No. _____, filing date _____; and

WHEREAS, the invention was made in the course of research supported by grant(s) from the Department of Health, Education, and Welfare; and

WHEREAS, the United States Government is entitled to certain rights in and to said invention and application by reason of the terms of said grant(s); and

WHEREAS, the _____, hereinafter called
(Institution)
the "Licensor" has acquired by assignment from the inventor the entire right, title, and interest of the inventor to such invention;

NOW, THEREFORE:

1. The Licensor, in consideration of the premises and other good and valuable considerations, hereby grants and conveys to the United States Government (including any agency thereof, state, or domestic municipal government) a royalty-free, nonexclusive and irrevocable license, including the power to grant sublicenses, to make and use and sell for any governmental purposes, and on behalf of any foreign government pursuant to any existing or future treaty or agreement with the United States of America, embodiments of the invention described in the aforesaid application and in any and all divisions, continuations and continuations-in-part thereof, and in any and all patents which may be granted thereon, and in any and all reissues thereof, during the full term or terms thereof.

2. The Licensor covenants and warrants that he has the right to grant the foregoing license, and that any assignment which he may make of the invention or the said patent applications or patents thereon, shall expressly be made subject to this license.

3. The Licensor agrees that the Government shall not be estopped at any time to contest the enforceability, validity, scope of, or title to, any patent or patent application herein licensed.

(Institution)

(Signature)

(Print or type name)

Date _____

(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.

12/20/67

DRAFT 12/20/67
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REQUESTS FOR DHEW
INSTITUTIONAL PATENT AGREEMENTS

Requests for DHEW Institutional Patent Agreements should be addressed to the Assistant Secretary (Health and Scientific Affairs) and should provide sufficient information to enable a thorough evaluation of the grantee's established policies and procedures for the administration of inventions arising out of research conducted at the institution. Such requests should generally include the following information:

1. A copy of the institution's formal patent policy.
2. Name and title of institutional official responsible for administration of patent and invention matters.
3. A description of the institution's procedures for identifying and reporting inventions.
4. A copy of the form of agreement required to be signed by faculty and other employees of the institution engaged in research.
5. A copy of the invention report form or outline utilized for preparation of invention reports at the institution.

6. Advice as to whether the institution has a formal agreement with any nonprofit patent management organizations, such as Research Corporation, Battelle Development Corporation, and other similar organizations. Copies of any agreements in effect should be enclosed.
7. A general description of the institution's past patent licensing activities, including the following:
 - a) Number of patents obtained during the past ten years;
 - b) Number of exclusive licenses issued;
 - c) Number of nonexclusive licenses issued;
 - d) Estimated gross royalty income over past ten years;
 - e) A general description of royalties charged including minimum and maximum royalty rates.