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January 24, 1980

Dr. Lowell Harmison
Science Advisor
Office of Environmental Affairs
Department of Health, Education,
and Welfare
Room 17A-55, Parklawn Building
5600 Fishers Lane
Rockville, Maryland 20857

Dear Dr. Harmison:

It is our understanding that with regard to certain requests for Institutional Patent Agreements with the Department of Health, Education, and Welfare, there is a continuing question as to the share of royalties generated by an invention which can be paid to an inventor by his employer or by a patent management organization operating on behalf of his employer. This consideration is of considerable importance to all universities and it is the concensus among the members of our Society that the limitations currently imposed by the Department are not warranted.

It is now abundantly clear that the President and the Administration have directed their attention to the decreased innovation which has occurred in the United States over the past decade. It is also gratifying that there has finally been a recognition of the unique position of the university sector in the innovation process and of the incentives which are needed to foster increased innovation and the transfer of technology from the university into products and processes benefitting the public.

In this situation one must not overlook the fact that the inventor is also responsive to incentives, not the least of which is a sharing in the monetary rewards resulting from public use of his invention. As a consequence, we believe that arbitrary limitations on an inventor's participation will adversely affect

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his interest in promoting technology transfer and that, inasmuch as in the university sector the inventor's participation is key to the successful transfer of technology, such limitations as have been imposed are not in the public interest.

It is also significant in considering this problem that such limitations did not exist within DHEW policy prior to 1968; that no other Federal Agency limits inventor's share; that the Administrative position on innovation does not restrict inventor's share; that various of the innovation-oriented pieces of legislation which have been introduced into the Congress do not limit but actually require inventor sharing; and that the Federal Procurement Regulations which permit the issuance of Institutional Patent Agreements do not call for a limit on the share which the inventor can receive.

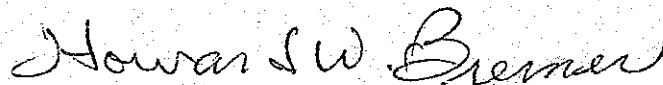
One further and disturbing result of the continued imposition by DHEW limitations on the share of royalties which an inventor can realize from his invention is the precedent it may set for other agencies sponsoring scientific investigations in the university sector. Since many investigations are conducted with co-mingled funds derived from multiple sponsors other sponsoring organizations, being aware of the DHEW limitations, have already attached limitations regarding royalty sharing to their research grants or contracts. We believe that there is a real danger that a continued adamant position by DHEW maintaining a limitation on the share of royalty which an inventor can receive will cause a proliferation of similar or greater limitations by other sponsors whether they are agencies of the U. S. Government or not.

For the foregoing reasons, and in particular in the interest of fostering innovation, we submit that DHEW should not impose any limitation on the share of royalties which an inventor can receive

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as a condition precedent to the issuance of an Institutional Patent Agreement or of a determination permitting a contractor or grantee greater patent rights.

Very truly yours,

A handwritten signature in cursive script that reads "Howard W. Bremer".

Howard W. Bremer
President

HWB:rw

cc--Mr. Leroy Randall

bc--SUPA Officers & Trustees
Roger Ditzel