

February 12, 1976

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Dr. Lowell T. Harmison
Special Assistant to the Assistant
Secretary for Health
Department of Health, Education,
and Welfare
Room 5067 North
330 Independence Avenue, S. W.
Washington, D. C. 20201

Dear Dr. Harmison:

It has come to the attention of the University of Wisconsin that the Committee on Government Patent Policy is again considering the question of whether a uniform patent policy can be formulated and adopted by all or at least most of the Agencies of the Federal Government and that the current debate concerns whether such policy should permit the contractor (grantee) to retain title or only an exclusive license in inventions generated in the performance of Government-funded research and development.

Because of the experience which our Foundation has had in the administration of inventions for and on behalf of the University of Wisconsin and as the designee of the University under its Institutional Patent Agreements with DHEW and NSF, Mr. Robert Gentry, Associate Vice President of the University of Wisconsin System has asked us to write to you on behalf of the University on the above matter.

The Wisconsin Alumni Research Foundation (WARF) has been the designee under the respective Institutional Patent Agreements with DHEW since 1968 and with NSF since 1973 and firmly believes that this arrangement, with title vesting in the designee, has been effective in transferring technology into the public sector. For example, of 44 disclosures received under the DHEW Institutional Patent Agreement which were sufficiently well defined to support the filing of patent applications, 28 have been licensed to 18 companies. Moreover, the public interest is well protected in all these situations through the provisions which govern the Institutional Patent Agreements calling for, among other things, march-in rights in the Government, and reasonable licensing royalties. The public interest is further protected

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through the issuing of Institutional Patent Agreements only to Universities, which, internally, or through a designated patent management organization, have demonstrated a technology transfer capability and which have an established patent and licensing policy that is reasonable and attuned to benefit of the public.

The transfer of title to inventions in such situations is essential to the functioning of a technology transfer program where an attempt is to be made to obtain support and further development effort from the private sector with private sector funds since it offers the continuity which is necessary to an effective licensing program.

For example, if instead of transferring title to inventions under the existing Institutional Patent Agreements where WARF is the designee of the University of Wisconsin, WARF was given an exclusive license for a limited period of time there would be serious questions raised as to whether WARF could continue to function in such capacity. Among these could be: Will the apparent agency relationship established adversely affect its tax exempt status? What happens when the period of exclusivity expires and the Government, through a particular Agency, is free to make its own arrangements? Will the Government be willing to enter into litigation to protect its exclusive licensee?

It has been our experience that at any time the Government itself attempts to function as a licensor it meets with reluctance on behalf of the private sector to function as licensee. More significantly, it has been our further experience that where the Government retains title there is great reluctance by inventors to even report inventions. As a consequence of these various factors any policy short of the transfer of title to a University or its approved designee will have an adverse impact on technology transfer.

Not only is it urged that transfer of title to inventions be the touchstone of a uniform patent policy, it is also urged that such transfer be accomplished under the aegis of an Institutional Patent Agreement as the most efficient and viable method for accomplishing technology transfer. The experience of past years has taught that the case-by-case determination approach to title transfer in an invention is ponderous, frustrating and very often unworkable and, therefore, in itself an impediment to the transfer of the particular technology involved.

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We wish to emphasize that the foregoing remarks are made, not as an emotional outcry, but as the result of past experience with regulations which proved to be both impractical and impracticable. The University and WARF firmly believe that their primary charge and objective is to transfer technology into the public sector and are convinced that the optimum conditions for such transfer are present when title to invention is left with the University or its approved designee.

Very truly yours,

Howard W. Bremer
Patent Counsel

HWB:rw

cc--Mr. Robert Centry

bc--Pike & Woerpel