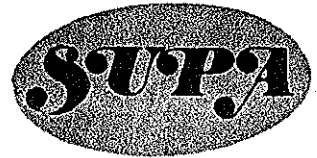


**SOCIETY OF UNIVERSITY PATENT ADMINISTRATORS**



April 7, 1978

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Dear SUPA Member:

So as to keep you fully informed of present and cogent developments regarding Federal patent policy which can have a serious impact upon the function of the university sector in transferring technology for the public benefit you will find attached several items which should command your interest and attention.

The first of these items is a notification of new regulations issued by the General Services Administration which permit all Federal Agencies, not statutorily inhibited from doing so, to utilize, on a voluntary basis, Institutional Patent Agreements of the general type now in effect between some universities and the Department of Health, Education, and Welfare and the National Science Foundation. The regulations were the result of about six years' efforts and deliberations within Government circles as to the most effective and efficient way to obtain the transfer of beneficial technology conducted with Federal Agency funds at universities to the public.

The second item is a letter from Senator Gaylord Nelson of Wisconsin which asks that the regulations be withdrawn. Although Senator Nelson's letter does pose some legitimate questions, his request reflects his previously expressed opposition to the title-in-the-contractor provisions as being a patent "give away." The general tenor of Senator Nelson's position regarding such provisions, as well as that of others, can be seen from the copy of the news release which Senator Nelson made prior to his December hearings and from the testimony of Admiral Rickover, which was presented at those hearings. Admiral Rickover's testimony is reproduced in the January 1978 volume of the Journal of the Patent Office Society and is recommended reading on this issue.

As a result of Senator Nelson's letter, and perhaps much less directly as a result of the letter from Ralph Nader's group, a copy of which is also attached, a notification went out from Mr. Fettig of the Office of Federal Procurement Policy suspending the regulations for a period of 120 days. A copy of that notice is also attached.

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Senator Nelson's staff man, Mr. Sturgis, has informed us that the Senator's subcommittee plans to hold hearings in the near future, perhaps early May, to further study this problem and has given us to understand that a representative from the University of Wisconsin will be invited to testify at such hearings. Mr. Ray Snyder, a SUPA Trustee, will probably also be called upon to testify on behalf of the University of Missouri. We are firmly convinced that from past experience and practice, and as supported by good documentation of performance, the Institutional Patent Agreement is the only really viable way to handle inventions which are generated at universities under Government Agency funds. We are concerned that Senator Nelson's action, and particularly if the withdrawal of the GSA regulation becomes permanent, will have an adverse impact upon those agencies now subscribing to Institutional Patent Agreements, namely, the Department of Health, Education, and Welfare and the National Science Foundation. In addition, it may have an extremely adverse impact upon those agencies which currently apply a reasonable waiver policy.

You are undoubtedly familiar with the fact that some pending legislation, H. R. 8596, the Thornton Bill, which was introduced in an attempt to establish a uniform patent policy for all agencies has been under attack, as evidenced by the obviously managed Nelson hearings in December. The attack finds basis in the politically expedient kind of diatribe in the press release from Senator Nelson's office which is attached and not in any sound factual documentation of the proposition it advances and supports. That proposition, without question, reflects the position espoused by the Justice Department for many years.

The foregoing problems are called to your attention since the active participation of all of the universities is urgently needed to support the Institutional Patent Agreement approach to the transfer of technology as would be allowed under the published, but now temporarily suspended, GSA regulations. It is justifiably feared that without concerted efforts of the university sector, reflecting substantial unanimity of opinion to preserve and expand the Institutional Patent Agreement approach, the handling of inventions made under Federal Agency funding will slide into an

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absolute title-in-the-government policy. In such event, it is highly unlikely that the benefits of research conducted at the universities will ever be transferred for the benefit of the public.

Your close and careful attention to these matters and appropriate action through your particular representatives in Congress expressing your views would seem to be in order.

Very truly yours,



Howard W. Bremer  
President

HWB:rw  
Enc.

Interested persons were given 30 days in which to submit comments, suggestions, or objections regarding the proposed regulation. No written comments have been received and the proposed regulation is hereby adopted without change and is set forth below.

Approved: January 27, 1978.

By direction of the Administrator,

RUFUS H. WILSON,  
Deputy Administrator.

In 38 CFR Chapter I, Part 3, § 3.359 is added to read as follows:

3.359 Determination of service connection for former members of the armed forces of Czechoslovakia or Poland.

Rating boards will determine whether or not the condition for which treatment is claimed by former members of the Armed Forces of Czechoslovakia or Poland under 38 U.S.C. 3509(c) is service connected. This determination will be made using the same criteria that applies to determinations of service connection based on service in the Armed Forces of the United States.

[FR Doc. 78-2910 Filed 2-1-78; 8:45 am]

6820-24]

Title 41—Public Contracts and Property Management

CHAPTER 1—FEDERAL PROCUREMENT REGULATIONS

[FPR Amdt. 187]

PART 1-9—PATENTS, DATA, AND COPYRIGHTS

Patents

AGENCY: General Services Administration.

ACTION: Final rule.

SUMMARY: The Federal Procurement Regulations (FPR) are amended to provide for the use of Institutional Patent Agreements in contracts with universities and nonprofit organizations. The Committee on Intellectual Property and Information, Federal Coordinating Council for Science, Engineering, and Technology, recommended that universities and nonprofit organizations with satisfactory technology transfer programs be granted rights to inventions made under contracts with Federal agencies. Institutional Patent Agreements permit these institutions to retain the rights to inventions and related patents that result from such contracts.

EFFECTIVE DATE: March 20, 1978, but may be observed earlier.

FOR FURTHER INFORMATION CONTACT:

Phillip G. Read, Director of Federal

Procurement Regulations, 703-557-8947.

SUPPLEMENTARY INFORMATION: This amendment prescribes changes in §§ 1-9.107-4, 1-9.107-6, and 1-9.109-7 of the FPR.

The table of contents for subpart 1-9.1, Patents, is amended to change an item and add an item as follows:

Sec.  
1-9.107-6 Clauses for domestic contracts (short form) and Institutional Patent Agreements.  
1-9.109-7 Negotiation of Institutional Patent Agreements.

Subpart 1-9.1—Patents

Section 1-9.107-4 is amended to add paragraph (a)(6) as follows:

§ 1-9.107-4 Procedures.

(a) \* \* \*

(6) In accordance with the language regarding exceptional circumstances in § 1-9.107-3(a) and/or the language regarding special situations in § 1-9.107-3(c), agencies may enter into Institutional Patent Agreements (see § 1-9.107-6(c)) with universities and nonprofit organizations having technology transfer programs meeting the criteria of § 1-9.109-7(b). The agreements permit those institutions, subject to certain conditions, to retain the entire right, title, and interest in inventions made in the course of their contracts. When such an agreement has been made with a university or nonprofit organization, it shall be made applicable to each contract with the institution in lieu of the Patent Rights clauses in § 1-9.107-5 and § 1-9.107-6, unless a determination has been made to exclude the contract from the agreement.

Section 1-9.107-6 is amended to change the title and add a new paragraph (c) as follows:

§ 1-9.107-6 Clauses for domestic contracts (short form) and Institutional Patent Agreements.

(c) *Patent Rights—Institutional Patent Agreement.* (1) When an agency has determined in accordance with § 1-9.109-7 that a university or a nonprofit organization should receive an agreement as authorized by § 1-9.107-4(a)(6), an agreement substantially as set forth in paragraph (c)(2) of this § 1-9.107-6 shall be used. The agreement shall be appropriately completed as indicated in the numbered notes appearing at the end of the agreement. Changes may be made in the agreement but shall be limited to changes required by applicable statutes or by special administrative needs. However, agencies shall endeavor to insure that

agreements continue to include at least the following features:

(i) A requirement for the prompt reporting of all inventions to the applicable agency along with an election of rights;

(ii) Reservation of all rights specified in § 1-9.107-3 (e) through (h);

(iii) A requirement that the Institution make such inventions available on a nonexclusive basis except where the desired practical or commercial application has not been achieved or is not likely to be expeditiously achieved through licensing;

(iv) A condition limiting any exclusive license to a period not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial application and to permit the licensee to recoup its costs and a reasonable profit thereon;

(v) A restriction that royalty charges be limited to what is reasonable under the circumstances or reasonable within the industry involved;

(vi) A requirement that the institution's royalty receipts, after payment of administrative costs and payments to inventors, be utilized for educational or research purposes;

(vii) A provision permitting the agency to exclude individual contracts from the operation of the agreement;

(viii) A requirement for progress reports after designated periods;

(ix) A prohibition against assignment of inventions without Government approval to persons or organizations, other than assignments to approved patent management organizations subject to all the conditions of this paragraph (c)(1); and

(x) A provision permitting the agreement to be terminated by either party upon 30 days written notice.

(2) The Institutional Patent Agreement prescribed for use is as follows:

INSTITUTIONAL PATENT AGREEMENT

This Agreement is made and entered into by and between the United States of America as represented by the \_\_\_\_\_ (1), hereinafter referred to as the "Agency," and \_\_\_\_\_ hereinafter referred to as the "Institution."

Whereas, in accordance with the President's Memorandum and Statement of Government Patent Policy dated August 23, 1971, and the provisions of 41 CFR 1-9.107-4(a)(6), it has been determined that the Institution has a technology transfer program meeting the criteria of 41 CFR 1-9.109-7 in that the Institution's patent policy as set forth in \_\_\_\_\_ (2), and its technology transfer practices have been reviewed and found acceptable; and

Whereas, the Institution is desirous of entering into an agreement whereby it may retain the entire right, title, and interest in and administer inventions made in the course of or under research supported by the Agency, subject to certain rights acquired by the Government;

Now, therefore, in consideration of the foregoing, the parties hereto agree as follows:

(a) *Scope of Agreement.* This Agreement defines the rights of the parties hereto regarding the allocation of rights in subject inventions made under contracts with the agency entered into after the execution of the Agreement except such contracts as may be specifically excluded by the Agency. (3)

(b) *Definitions.* (1) "Subject Invention" means any invention or discovery of the Institution or its contractors conceived or first actually reduced to practice in the course of or under a contract with the Agency, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, and any variety of plant, which is or may be patentable under the patent Laws of the United States of America or any foreign country.

(2) "Contract" means any contract (agreement, grant, or other arrangement) (4) or subcontract thereunder of the agency entered into with or for the benefit of the Government, where a purpose of the contract is the conduct of experimental, developmental, or research work.

(3) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(4) "To bring to the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(5) "Made," when used in relation to any invention or discovery, means the conception or first actual reduction to practice of such invention in the course of or under a contract.

(c) *Allocation of principal rights.* (1) The Institution may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to paragraph (e), below, subject to the provisions of this Agreement. The Institution shall include with each Subject Invention disclosure an election whether it will retain the entire right, title, and interest in the invention throughout the world or in any country thereof subject to the rights acquired by the Government in paragraph (d) of the Agreement; *Provided* That the Institution may request an extension of the time for election.

(2) The Institution agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Institution:

(i) Does not elect under paragraph (c)(1) to retain such rights; or

(ii) Fails to have a United States Patent Application filed on the invention in accordance with paragraph (f)(1), or decides not to continue prosecution of such application; or

(iii) At any time no longer desires to retain title.

(3) The Institution agrees to convey to the Government, upon request, the entire right, title, and interest in any Subject Invention when the Institution:

(i) Does not elect under paragraph (c)(1) to retain such rights in the country; or

(ii) Fails to have a patent application filed in the country on the invention in accordance with paragraph (f)(1) or decides not to continue prosecution of such application or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Institution shall notify the Agency not less than 60 days before the expiration period for any action required by the foreign patent office.

(4) A conveyance, requested pursuant to paragraphs (c)(2) or (3) of this Agreement, shall be made by delivering to the Agency duly executed instruments (prepared by the Agency) and such other papers as are deemed necessary to vest in the government the entire right, title, and interest to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish Government ownership of such invention.

(d) *Minimum rights acquired by the Government.* (1) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution:

(i) Hereby grants to the Government of the United States a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the Agency determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments; and

(ii) Agrees, upon request of the Agency, to grant licenses to responsible applicants, on terms that are reasonable under the circumstances except:

(A) When the Institution, its licensee, or its assignee, demonstrates to the Government (1) that effective steps have been taken within three years after a patent issues on such invention to bring the invention to the point of practical application or (2) that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(B) To the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health or safety needs, or for other public purposes stipulated in the applicable contract.

(2) Nothing contained in this paragraph (d) shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

(e) *Invention identification, disclosures, and reports.* (1) The Institution shall furnish the Agency:

(i) A complete technical disclosure for each Subject Invention within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, or within 6 months from the time a contractor of the Institution reports an invention to it pursuant to paragraph (h), but in any event prior to any on sale, public use, or publication of the invention known to the Institution. The disclosure shall identify the contract and inventor and shall be sufficiently complete in technical detail to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological, or electrical characteristics of the invention.

(ii) Interim reports (5) for each contract at least every 12 months from the date of the contract listing Subject Inventions for the period and certifying that all Subject Inventions have been disclosed or that there are no such inventions.

(iii) An acceptable final report within 3 months after completion of the work under contract, listing all Subject Inventions or certifying that there were no such inventions. (6)

(2) The Institution shall obtain patent agreements to effect the provisions of this Agreement, from all persons in its employ who perform any part of the work under any contract except nontechnical personnel, such as clerical employees and manual laborers.

(3) The Institution agrees that the Government may duplicate and disclose Subject Invention disclosures and, subject to paragraph (k), all other reports and papers furnished or required to be furnished pursuant to this Agreement. However, if the Institution is to file a patent application on a Subject Invention, the Agency agrees, upon written request of the Institution, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed thereon, but in no event shall the Government or its employees be liable for any publication thereof.

(f) *Filing of domestic patent applications.* (1) With respect to each Subject Invention in which the Institution elects to retain domestic rights pursuant to paragraph (c)(1) of this Agreement, the Institution shall have a domestic patent application filed within 6 months after an election has been made pursuant to paragraph (c)(1) of this Agreement or such longer period as may be approved in writing by the Agency.

(2) For each Subject Invention on which a patent application is filed by or on behalf of the Institution, the Institution shall:

(i) Within 6 months after the filing, or within 6 months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency a duly executed and approved instrument on the form specified in Exhibit A which is attached hereto and made a part hereof;

(ii) Within 2 months after the filing, or within 2 months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency (A) a copy of the application as filed, including the filing date and serial number, and (B) a copy of an assignment from the inventor or inventors to the Institution of all right, title, and interest in the invention properly recorded in the United States Patent and Trademark Office;

(iii) Include the following statement, appropriately completed, in the second paragraph of the specification of the application and any patents issued on the Subject Invention, "The Government has rights in this invention pursuant to Contract(s) or Grant(s) No(s), \_\_\_\_\_ awarded by (identify the Agency or Agencies)";

(iv) Not less than 30 days before the expiration of the response period for any action required by the United States Patent and Trademark Office, notify the Agency of any decision not to continue the prosecution of the application and deliver to the Agency executed instruments granting the Government a power of attorney;

(v) Upon request, fully advise the Agency concerning all actions taken during the prosecution of any patent application and

furnish copies of any relevant documents as requested; and

(v) Provide the Agency with a copy of the patent within 2 months after a patent issues on the application.

(3) For each Subject Invention in which the Institution initially elects not to retain rights or requests an extension of the election period, the Institution shall inform the Agency promptly in writing of the date and identity of any on sale, public use, or publication of the invention which may constitute a statutory bar under 35 U.S.C. 102, which was authorized by or known to the Institution or any contemplated action of this nature.

(g) *Filing of foreign patent applications.*

(1) With respect to each Subject Invention in which the Institution elects to retain principal rights in a foreign country pursuant to paragraph (c)(1) of this Agreement, the Institution shall have a patent application filed on the invention in that country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) Eight months from the date of a corresponding United States application filed by or on behalf of the Institution; or if such an application is not filed, 6 months from the date the invention is submitted in a disclosure pursuant to paragraph (e)(1) of this Agreement;

(ii) Six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications when such filing has been previously prohibited by security reasons; or

(iii) Such longer periods as may be approved by the Agency.

(2) The Institution shall notify the Agency of foreign applications filed and, upon request, shall furnish an English version of the application without additional compensation.

(h) *Subcontracts.* (1) The Institution shall include the following clause in any subcontract where a purpose of that subcontract is the conduct of experimental, developmental, or research work, except when the subcontractor holds an Institutional Patent Agreement with the Agency or the subcontractor refuses as provided in (2) of this paragraph (h).

#### PATENTS RIGHTS

(a) The Contractor hereby agrees to furnish a complete technical disclosure to the \_\_\_\_\_ (Institution) within six months after any invention is conceived or first actually reduced to practice in the course of or under this contract (hereinafter referred to as "Subject Invention(s)") and, subject to (b), below, to assign all right, title, and interest in and to such invention to \_\_\_\_\_ (Institution) or its designee.

(b) At the time the Contractor reports any "Subject Invention" to \_\_\_\_\_ (Institution) the Contractor, at its option, may also report the invention to the Agency with which the Institution holds the prime contract and request the Agency to determine whether and on what terms the Contractor may retain principal rights in the invention in lieu of assigning it to \_\_\_\_\_ (Institution). Such determinations by the Agency shall be in accordance with the policies and procedures of 41 CFR 1-9.109-6 and/or applicable Agency regulations. Such determinations shall be final on both the Contractor and \_\_\_\_\_ (Institution). *Provided*, That the Contractor may elect not to accept the Agency determination and instead

assign all right, title, and interest in the invention to \_\_\_\_\_ (Institution) or its designee.

(c) In addition, the Contractor agrees to furnish the following materials, disclosures and reports:

(i) Upon request, such duly executed instruments (prepared by the \_\_\_\_\_ (Institution) or its designee) and such other papers as are deemed necessary to vest in the \_\_\_\_\_ (Institution) or its designee the rights granted under this clause and to enable the \_\_\_\_\_ (Institution) or its designee to apply for and prosecute any patent application, in any country, covering such invention.

(ii) A final report, prior to final settlement of this contract, listing all Subject Inventions or certifying that no inventions were conceived or first actually reduced to practice under the contract.

(d) The Contractor shall include in any subcontract a clause identical to this clause, if a purpose of the subcontract is experimental, developmental, or research work. If a Subcontractor refuses to accept this clause or if, in the opinion of the Contractor, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor (i) shall promptly notify the Institution and (ii) shall not proceed with the subcontract without the written authorization of the Institution. It is understood that the Institution will seek direction from the (insert name of appropriate Agency).

(e) The contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

#### (End of Clause)

(2) In the event of a refusal by a subcontractor to accept the clause specified in (h)(1) of this agreement, or if, in the opinion of the Institution, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Institution (i) shall promptly submit a written notice to the Agency setting forth reasons for the subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and (ii) shall not proceed with the subcontract without the written authorization of the Agency.

(3) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Institution hereby assigns to the Government all rights that it would have to enforce the subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Institution shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the subcontractor to the Government in regard to Subject Inventions.

(4) Nothing in this Agreement is intended to preclude the Institution from granting a subcontractor rights or an option to rights in any inventions made by the subcontractor to the extent such rights are consistent with the provisions of this Agreement.

(i) *Administration of inventions in which the Institution elects to retain rights.* (1) The Institution shall administer these Subject Inventions to which it elects to retain title in the public interest and shall, except as provided in subsection (2), below, make them available through licensing on a non-exclusive, royalty-free, or reasonable royalty basis to all qualified applicants.

(2) The Institution may license a Subject Invention on an exclusive basis if it determines that an exclusive license is required in the public interest because (A) It is necessary as an incentive for development of the invention or (B) market conditions are such as to require licensing on an exclusive basis in order to bring the invention to the point of practical application. Any exclusive license issued by the Institution under a U.S. patent or patent application shall be for a limited period of time and such period shall not, unless otherwise approved by the Agency, exceed 5 years from the date of the first commercial sale or use in the United States of America of a product or process embodying the invention, or 8 years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, whichever occurs first. Such license shall also provide 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 Agency. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be offered to all qualified applicants at a reasonable royalty rate not in excess of the exclusive license royalty rate.

(3) Royalties shall not normally be in excess of accepted trade practice.

(4) The Institution agrees to refund any amounts received as royalty charges on any Subject Invention in procurements for or on behalf of the Government and to provide for that refund in any instrument transferring rights to any party in the invention.

(5) The balance of the royalty income after payment of expenses, including payments to inventors, incidental to the administration of all inventions assigned to it pursuant to the provisions of this Agreement shall be utilized for the support of education or research.

(6) All licenses issued by the Institution to parties, other than the Government of the United States, under any patent application or patent on a Subject Invention shall be made expressly subject to the conditions of this Agreement. The Institution shall, upon request, promptly furnish copies of any license agreements to the Agency.

(j) *Patent Management Organizations.* The Institution shall not assign any Subject Invention to parties other than the Agency; except that, it may make such an assignment to the following patent management organizations— \_\_\_\_\_ (7)—or any other patent management organization if subsequently approved by the Agency. Any assignment to a patent management organization shall be made subject specifically to all the terms and conditions of this Agreement.

(k) *Reports on Development and Commercial Use.* The Institution shall provide a written annual report to the Agency on or before December 31st of each year covering the preceding year ending September 30th, regarding the status of development and commercial use that is being made or intended to be made of each Subject Invention left for administration to the Institution and the steps that have been taken by the Institution to bring the invention to the point of practical application. (8) Such reports shall include information regarding the status of development, date of first commercial sale or use, gross royalties received

by the Institution, and such other data and information as the Agency may reasonably specify. To the extent data or information supplied to this section is considered by a licensee to be privileged or confidential and is so marked, the Agency agrees that, to the extent permitted by law, it will not disclose such information to persons outside the Government.

(l) *Reporting of Policy and Administrative Changes.* The Institution shall promptly notify the Agency of any significant changes in the information submitted by it in support of its request for an Institutional Patent Agreement; particularly, changes in its patent policies or its administrative capabilities.

(m) *Termination.* This Agreement may be terminated by either party upon 30 days written notice. Disposition of rights in and administration of inventions made under contracts subject to this Agreement will not be affected by such a termination; except that, in the event the Government terminates this Agreement because of a failure or refusal by the Institution to comply with any of its obligations under sections (e)(1), (f), (i), and (j) of this Agreement, the Agency has the right to require that the Institution's entire right, title, and interest in and to the particular invention with respect to which the breach occurred be assigned to the United States of America, as represented by the Agency.

(n) *Communications.* (9) Requests for Agency approvals, extensions, or similar actions and other correspondence required by this Agreement should be addressed to \_\_\_\_\_, Except where specifically provided otherwise in this Agreement, the \_\_\_\_\_ or his designee shall act as the point of authority within the Agency to grant such approvals, extensions, or take such other Agency actions as may be authorized in this Agreement.

In witness whereof, each of the parties hereto has executed this Agreement as of the day and year below.

UNITED STATES OF AMERICA

By \_\_\_\_\_  
 Title \_\_\_\_\_  
 Date \_\_\_\_\_  
 (Corporate Seal.)

(Institution)

By \_\_\_\_\_  
 Title \_\_\_\_\_  
 Date \_\_\_\_\_

EXHIBIT A.—CONFIRMATORY INSTRUMENT

Application for: \_\_\_\_\_ (Title of Invention).  
 Inventor(s) \_\_\_\_\_  
 Serial No. \_\_\_\_\_ Contract (Grant) No. \_\_\_\_\_  
 Filing Date: \_\_\_\_\_ Institution

The invention identified above is a "Subject Invention" under \_\_\_\_\_ (Identify Institutional Patent Agreement number) to which contract (grant) No. \_\_\_\_\_ with \_\_\_\_\_ (specify Government agency) was subject.

This document is confirmatory of the paid-up license granted to the Government under this contract (grant) in this invention, patent application, and any resulting patent, and of all other rights acquired by the Government by the referenced Agreement. (10)

It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of said Agreement or of any other agreement between the Government and the Contractor, or any other rights of the Government with respect to the above-identified invention.

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

(Institution)

(Signature)

(Print or type name)

(Official title)

(End of Agreement)

- (1) Insert name of Agency.
- (2) Insert reference to Institution's official policy statements.

(3) Some agencies may wish to have the agreement apply to all Subject Inventions reported after the execution of the agreement, even where the contract was entered into prior to the agreement. In such cases, the following language may be substituted:

"This Agreement defines the rights of the parties hereto regarding the allocation of rights in Subject Inventions reported after the execution of the Agreement, including contracts entered into prior to this Agreement, except such contracts as may be specifically excluded by the Agency."

Agencies using this language which wish to exclude any current contracts from the agreement should add a statement such as the following:

"This Agreement shall not apply to the following contracts: \* \* \*"

(4) The bracketed language may be deleted but normally it is expected that Institutional Patent Agreements will apply to grants as well as contracts.

(5) Agencies may specify a form.

(6) Agencies may find it useful to include more detailed instructions here on the format of these reports and the persons to whom they should be supplied. The exact clause may have to be varied according to the agency's normal contract close-out procedures.

(7) If none are to be used, insert "none."

(8) Different dates may be substituted depending on the Agency's needs.

(9) Insert applicable addresses and officers.

(10) In accordance with Section (d)(1) of the Agreement, if the Agency has determined that a license for State and domestic municipal governments will not be obtained, the following should be added to the Confirmatory Instrument:

"The license granted to the Government does not include State and domestic municipal governments."

Section 1-9.109-7 is added as follows:

§ 1-9.109-7 Negotiation of institutional patent agreements.

(a) Information to be submitted by nonprofit organization. A nonprofit organization desiring to enter into an

Institutional Patent Agreement with an agency shall be required to provide the agency with the following information:

(1) General information concerning the organization including:

(i) A copy of the organization's Articles of Incorporation;

(ii) A statement of the organization's purpose and aims; and

(iii) A statement indicating the source of the organization's funds;

(2) A copy of the organization's established patent policy, together with the date and manner of its adoption;

(3) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the organization's patent management capabilities;

(4) A description of the organization's procedures for (A) identifying and reporting inventions and (B) for the evaluation of such inventions for inclusion in the organization's promotional program;

(5) A copy of the agreement signed by employees engaged in research and development, indicating their obligation with regard to inventions conceived or for the first time reduced to practice in the course of their assigned duties;

(6) A copy of the invention report form or outline utilized for preparation of invention reports;

(7) A statement indicating whether the organization has an agreement with any patent management organizations or consultants and a copy of any such agreements;

(8) A description of the plans and intentions of the organization to bring inventions to the market place to which it retains title, including a description of the efforts typically undertaken by the organization to license its inventions;

(9) A description of the organization's past patent application and patent licensing activities, including the following:

(i) Number of inventions reported to the organization during each of the past 5 years;

(ii) Number of patent applications filed during each of the past 5 years;

(iii) Number of patents obtained during each of the past 5 years;

(iv) Number of exclusive licenses issued during each of the past 5 years;

(v) Number of nonexclusive licenses, other than those to sponsoring Federal agencies, issued during each of the past 5 years;

(vi) Gross royalty income during each of the past 5 years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

(10) A list of subsidiary or affiliate organizations, which would be covered

by an agreement signed by the organization;

(11) If the organization is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of support from each Federal agency for research and development activities currently being administered by the organization;

(13) A statement of the organization's policies with respect to the sharing of royalties with employees; and

(14) A description of the uses made of any net income generated by the organization's patent management program.

(b) *Criteria for evaluation of a technology transfer program.* Before an Institutional Patent Agreement is entered into with a nonprofit organization, the organization shall have a technology transfer program which, as a minimum, shall include:

(1) An established patent policy which is consistent with the policy in § 1-9.107-3 and is administered on a continuous basis by an officer or an organization responsible to the organization;

(2) Agreements with employees requiring them to assign to the organization, its designee, or the Government any invention conceived or first actually reduced to practice in the course of or under Government contracts or assurance that such agreements will be obtained from employees prior to the assignment of employees to Government-supported research and development projects;

(3) Procedures for prompt invention identification and timely disclosure to the officer or organization administering the patent policy of the institution;

(4) Procedures for invention evaluation; and

(5) An active and effective promotional program for the licensing and marketing of inventions.

(c) *Federal Coordinating Council for Science, Engineering, and Technology List.* A list of organizations that have technology transfer programs meeting the criteria set forth in § 1-9.109-7(b), prepared by a subcommittee of the Committee on Intellectual Property and Information of the Federal Coordinating Council for Science, Engineering, and Technology, may be used in lieu of individual agency determinations of eligibility for Institutional Patent Agreements. However, the inclusion of an organization on the list will not preclude the agency from declining an application for an Institutional Patent Agreement. It is also expected that the list may be used by some agencies in connection with greater rights determinations or requests for the inclusion of clauses in contracts giving the nonprofit organization the first option to principal

rights in inventions made under the contract.

(Sec. 205(c), 63 Stat. 390; 40 U.S.C. 486(c).)

NOTE.—The General Services Administration has determined that this document does not contain a major proposal requiring preparation of an Inflationary Impact Statement under Executive Order 11821 and OMB Circular A-107.

Dated: January 20, 1978.

JAY SOLOMON,  
Administrator of  
General Services.

(FR Doc. 78-2874 Filed 2-1-78; 8:45 am)

#### [4110-35]

##### Title 42—Public Health

#### CHAPTER IV—HEALTH CARE FINANCING ADMINISTRATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

#### PART 405—FEDERAL HEALTH INSURANCE FOR THE AGED AND DISABLED

##### Deletion of Obsolete Regulations

AGENCY: Health Care Financing Administration (HCFA), HEW.

ACTION: Final rule.

SUMMARY: This rule deletes a number of obsolete regulations of the Medicare program and revokes a footnote which is no longer legally applicable. It is based on the policy of the Department to operate under a set of regulations which are clear, logical and free of extraneous or incorrect material. Deletion of these obsolete regulations will remove the confusion and complexity they could cause a reader unfamiliar with their history.

DATE: This rule is effective on February 2, 1978.

#### FOR FURTHER INFORMATION CONTACT:

Mr. Stanley Katz, Division Director, Medicare Bureau, Health Care Financing Administration, 6401 Security Boulevard, Baltimore, Md. 21235, 301-594-9319.

SUPPLEMENTARY INFORMATION: The regulations deleted by this rule are no longer needed for the operation of the Medicare program. They consist for the most part of requirements which: (1) Applied to claims for reimbursement for services provided more than 5 years ago; or (2) involved special eligibility provisions which have not been applicable for more than 5 years. The footnote which is revoked had noted the temporary nonenforcement of an eligibility provision based on an injunction. The provision has since been upheld by the Supreme Court and the footnote is now defunct.

This rule is one step the Department is taking as part of "Operation Common Sense," an effort to make its

regulations more understandable. Future efforts will include rewriting many of the regulations in clearer style, reorganizing them in a more logical arrangement, and continuing to delete provisions which are obsolete or no longer binding.

Because no policies or requirements are altered by these changes, the Department finds that there is a good cause to waive a Notice of Proposed Rulemaking and to make the amendments effective on February 2, 1978.

42 CFR Part 405 is amended as follows:

1. Section 405.101 is amended by vacating and reserving paragraph (a)(2) and deleting the reference to § 405.156 in paragraph (b):

#### § 405.101 Hospital insurance benefits; general.

(a) An individual who meets the conditions for entitlement to hospital insurance benefits provided under Part A of title XVIII of the Act is eligible to have payment made on his behalf, or to him (for certain hospital services) subject to the conditions and limitations set out in this Part 405 and in the Act, for:

(1) Inpatient hospital services, post-hospital extended care services, and post-hospital home health services furnished to him during any month for which he meets such conditions for entitlement to hospital insurance benefits.

(2) [Vacated and reserved]

(b) Except where payment may be made to the individual for certain hospital services (see § 405.157), payment for the services covered under the hospital insurance benefits program is made to the institution or agency eligible to receive payment rather than to the individual to whom the services are furnished.

2. Section 405.120 is amended by vacating and reserving paragraph (d)(1):

#### § 405.120 Posthospital extended care services; scope of benefits.

(d) • • •

(1) [Vacated and reserved]

3. Sections 405.141 through 405.145 are vacated and reserved:

§ 405.141 [Vacated and reserved]

§ 405.142 [Vacated and reserved]

§ 405.144 [Vacated and reserved]

§ 405.145 [Vacated and reserved]

4. Paragraph (b) of § 405.152 is amended by deleting the clause in the