

Department of the ... to file ... March 27, 1953

Ernest H. Allen, Chief
Division of Research Grants
Public Health Service
Federal Security Agency
Bethesda 14, Maryland

Dear Mr. Allen:

This is in response to your letter of March 10, 1953 addressed to Mr. J. E. Marks on the subject of patents and patent policy in connection with research grants.

The Iowa State College requests consideration under Section 2 (b) of Agency Order 110-1 which accompanied your letter. In support of this request the following information is given.

The first patent assigned to Iowa State College was issued in 1924 and the first formal statement of policy was formulated in 1934. This policy has continued substantially unchanged until the present time and is exemplified by the attached revision dated November 1, 1950. During the period from 1924 to 1953 the following actions are noted:

Applications filed	113
Applications rejected or abandoned	16
Patents issued	71
Patents expired	31
Patents subject to license	40
Patents pending	26
Patents and applications licensed	19
Licenses producing income	14

Royalty earnings throughout the years totals approximately \$300,000 which has been utilized as follows:

Administrative and legal expense	\$ 85,000
Grants and bonuses awarded	\$ 90,000
Invested endowment reserve	\$125,000

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Objective of the endowment reserve is to accumulate sufficient funds to make the Iowa State College Research Foundation perpetually self-supporting on a minimum expense basis and independent of capricious royalty fluctuations. If this objective is achieved the patent management agency can continue to serve the College indefinitely without resort to tax funds or other outside support.

Please note from the attached statement that it is not our purpose to secure patents merely because there appears to be the possibility of revenue accruing. On those patents not dedicated to the public our royalty demands are very modest, never exceeding 5 percent of the net selling price of the product for an exclusive license or 3 percent for a non-exclusive license. A typical example is the non-exclusive license under our blue-veined cheese patent which carries a royalty rate of one-half cent per pound on the first 60,000 pounds of each year's production; then one-quarter cent per pound on the next 1,000,000 pounds and thereafter reducing to one-eighth cent.

In view of the above presentation favorable action is requested.

Sincerely yours,

Quincy C. Ayrse
Assistant to the President

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Copy: Mr. Marks
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