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Office of the Board of Patents  
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BERKELEY, CALIFORNIA 94720

January 9, 1980

Howard W. Bremer  
Patent Counsel  
Wisconsin Alumni Research Foundation  
614 North Walnut Street  
Madison, Wisconsin 53705

Dear Mr. Bremer:

We are presently engaged in negotiations with the Department of Health, Education, and Welfare with regard to the issuance of an Institutional Patent Agreement.

The only point in which we are not in accord is that of the amount of royalty that can be paid to an inventor by his employer. As you know, DHEW limits the inventor's share to:

- 50% of gross receipts up to \$3,000.
- 25% of gross receipts up to \$13,000.
- 15% of gross receipts over \$13,000.

Our position is that DHEW should impose no limitation, but allow each university to follow its usual practice. Attached is an outline of the major arguments we have used with DHEW.

This is an important point to all universities, whether they normally pay inventors more than allowed by DHEW or not. The 1977 SUPA survey makes it abundantly clear that most universities pay inventors more than DHEW allows.

Many universities accepted the DHEW limitation. We believe this was done under the duress of possible loss of funding.

If you believe DHEW should change their policy to eliminate any restriction on inventor's shares, we need your support in obtaining a change.

A first consideration of the matter by DHEW will be held on January 15. Therefore, we would appreciate it if you could

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promptly write a letter outlining your objection to the DHEW policy of limiting inventor's shares. If you currently have an IPA, and normally pay inventors more than allowed under your IPA, please indicate the reasons you accepted the IPA, and, if it is true, that you accepted with reservations, objections, or due to the possible loss of grant funds.

Letters should be addressed to:

Dr. Lowell Harrison  
Science Advisor  
Office of Environmental Affairs - DHEW  
Room 17A-55, Parklawn Building  
5600 Fishers Lane  
Rockville, Maryland 20857


A copy should be sent to:

Leroy Randall, Esq.  
Acting Chief, Patent Branch  
NIH Westwood Building  
Room 5A03  
5333 Westbard Avenue  
Bethesda, Maryland 20205

Your prompt attention will be appreciated. A short letter will be better than nothing at all!

Thanks for the cooperation.

Sincerely yours,

  
Roger G. Ditzel  
Patent Administrator

Enclosure

RGD:hl

~~EXPRESS MAIL~~

FACT BACKGROUND RELATED TO HEW, IPA POLICY  
OF LIMITING INVENTORS SHARES UNDER HEW FUNDING

1. Prior to 1968, HEW did not limit inventor shares.
2. No other federal agency limits inventor shares.
3. FPR IPA does not limit inventors share on contracts
  - a) Grants and regulations governing them should be less restrictive than contracts, not more restrictive.
  - b) HEW as a Department approved the FPR IPA.
  - c) Chairperson of FPR IPA committee was from HEW.
4. Administration position on innovation of 10/31/79:
  - a) does not restrict inventors shares
  - b) Dole Bayh, Schmitt & Ertel bills do not limit: some require inventor sharing.
5. HEW approved for profit as well as not for profit patent organization for handling HEW funded university inventions, with greater percentages of the royalties going to those third parties than HEW allows to go to inventors under current IPA practice.
6. HEW's policy is precedent-setting with other sponsoring organizations (i.e. American Heart Association) who are now demanding royalty sharing and mimicing HEW inventor share limitations. These groups often co-fund university research with HEW.

December 19, 1979