



MEMORANDUM
STATEMENT OF PATENT POLICIES
OF THE
WISCONSIN ALUMNI RESEARCH FOUNDATION

1. Attitude toward exclusive licenses.

As a policy, the Foundation is opposed to licensing an invention exclusively for more than a few years, and exceptions to this are extremely rare and occur only under unusual and compelling circumstances. The Foundation recognizes that frequently a short-term exclusivity must be given a licensee to provide it with adequate incentive to do an effective job in developing an invention in the public interest. ~~Further, it is recognized that~~ ^{all} commercial companies are busily engaged in with their own development activities and will generally not invest the time and energy required to convert ^{an invention} a bare idea into a useful product ^{or process}, unless it is given a reasonable head start which ^{will enable it to obtain adequate income to compensate for the investment and risks involved.} ~~will enable it to obtain adequate income to compensate for the investment and risks involved.~~

2. Criteria used in determining whether or not patent should be sought.

Patents are generally sought if an invention relates to a process, product or apparatus which will benefit the public and which can reasonably be expected to provide net income for further research in the university if developed. If the occasion arises, the Foundation will attempt to obtain a patent in order to provide a licensing basis with respect to an invention ^{even though it} ~~which may hold~~ no reasonable hope of providing net income, if the obtaining of such

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invention

a patent appears to be the best means to control the use of the invention in the public interest.

3. Are royalty rates consonant with normal trade practices?

Yes. To illustrate this point there is attached Appendix A which summarizes some of the principle terms, including royalties, ^{in licenses} on inventions being licensed currently by the Foundation. From this summary it is seen that royalty rates conform to trade practices.

4. How are profits derived from patenting and licensing utilized?

Whatever income is obtained is put into a fund held for the University and from which grants are made for scientific research in the University. The Foundation has given the University \$ _____ since its inception in 1925, and is currently supporting research at the University at the rate of approximately 1.7 million dollars per year. In addition to that, certain special grants are made to provide buildings for research.

5. Is publication delayed in order to screen research results from patentable features?

It is a firm policy of the Foundation to never interfere with the normal publication activities of the inventor. All it asks of the inventor is to advise the Foundation of his plans for publication so that the Foundation can protect patent rights and not risk losing them in view of statutory bars.

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6. The extent of the patent program of the Foundation.

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The Foundation has obtained 225 patents in the last 10 years.

7. Number of exclusive licenses, the terms, the duration, the basis on which such licenses were issued.

This information is also provided in Appendix A to this report.

8. Safeguards utilized to protect the public interest.

Whenever safeguards are required to protect the public such provisions are ^{provided} ~~required~~ in license agreements. Some of the safeguards which are included in current license agreements are also listed in the summary tabulation which is Appendix A.

9. Does the inventor share in income obtained from licensing?

The Foundation enters into a standard memorandum agreement with inventors (Appendix B) which provides that the inventors will share 15% of the net income if any.

Invention

Evapor-ion Pump

Inventor

Raymond G. Herb

Period of Exclusivity

For 7 years of the life of the first patent.

Royalty Rate

5% of net sales

Performance Requirement

Licensee must spend at least \$50,000 per year in developing invention during first 3 years; \$5,000 per ^{year} minimum royalty thereafter.

Invention

Warfarin

Inventor

Karl Paul Link

Period of Exclusivity

Nonexclusive

Royalty Rate

Based on about 1.5% of the wholesale selling price of rodenticide formulation sold to retail outlets. (This translates to about 31% of the selling price of the active chemical ingredient which is used at the rate of 250 parts per million in the finished baits.)*

Performance Requirement

Licensee must use best efforts to satisfy demand.

Control

Products must be approved by Foundation.

*Note:

Consider giving information on the average selling price and corresponding royalty instead of including this parenthetical statement.

Invention

Dicumarol

Inventor

Karl Paul Link

Period of Exclusivity

Nonexclusive

Royalty Rate

5% of net sales.

Performance Requirement

Licensee must use best efforts to satisfy the demand; ~~\$100,000~~ \$ 1,000
minimum annual royalty.

Control

Products must be approved by Foundation.

Invention

Warfarin Sodium

Inventor

Karl Paul Link

Period of Exclusivity

Nonexclusive

Royalty Rate

7.5% of sales with a provision that licensee shall be supplied with the basic chemical.

Performance Requirement

Licensee must use best efforts to satisfy demand. In the most recent license issued, the licensee has agreed that its minimum royalties

will be based upon the current sales volume of warfarin sodium *at the time license agreement was entered into*
Control

Products must be approved by Foundation.

Invention

Processed Cranberries

Inventor

K. G. Weckel

Period of Exclusivity

The amended agreement provides for 2-1/2 years exclusive rights.

Royalty Rate

4% of net sales

Performance Requirement

Licensee agrees to use its best efforts to foster, promote, and develop the use of the processed cranberries and to encourage their sale and to at all times supply reasonable demands for products made therefore upon it.

Control

The product and merchandising subject to approval of Foundation.

Invention

Protein Concentrate

Inventor

Arnold Kaehler

Period of Exclusivity

This invention was brought to us by someone outside the university.

A patent had already issued and had only 7 years of life remaining.

Thus, in this instance, an exclusive license was given for this

period. *the life of this patent and under any amendments that might arise.*

Royalty Rate

\$1.40 per hundred weight of concentrate which amounts to about 1.25%

of the selling price of bread made from the concentrate.

Performance Requirement

\$25,000 per year minimum royalty.

Control

Protein concentrate must contain at least 25% protein on a dry basis.

Product subject to Foundation's approval.

Advertising claims relating to technical and nutritional matters

subject to approval of Foundation.

Invention

5-Fluorouracil and related compounds

Inventor

Charles Heidelberger

Period of Exclusivity

Licensee shall have the exclusive right to practice the inventions under a patent or patent application coming within the scope of the agreement until at least two years after the first commercial sale of a product or the product of a process coming within the scope of claims in a United States patent or patent application under this agreement or two years after the date of issue of such relevant patent, which ever shall be earlier, but in no event shall licensee's exclusive rights terminate earlier than one year after the date of issue of such patent.

Royalty Rate

United States - 5% of net sales; Foreign - 2-1/2% of net sales.

Control

Subject to the New Drug Application submitted to the Food and Drug Administration.

Invention

Triacetin Fungicide

Inventor

Stanley G. Knight

Period of Exclusivity

Exclusive for 6 years except for the license to the G. F. Harvey Company.

Royalty Rate

5% of net sales

Performance Requirement

Licensee agrees to use its best efforts to foster, promote and develop the use of the fungicides and to encourage their sale and at all times to supply reasonable demands made therefor upon it.

Control

Products must be approved by Foundation.

Invention

Apparatus for Determining Dynamic Mechanical Properties of Visco-elastic Materials

Inventor

Edwin R. Fitzgerald

Period of Exclusivity

Exclusive for the life of the patent. This invention required substantial development and production costs ^{with} but only a very limited market potential.

Royalty Rate

5% of net sales on first 5 apparatuses manufactured; 10% of net sales on apparatuses sold thereafter.

Performance Requirement

Licensee agrees to use its best efforts to foster, promote, and develop the use of the apparatuses and to encourage their sale and at all times to meet reasonable demands made therefor upon it.

Minimum royalty \$1,000 per calendar year for the first 5 years and \$2,000 per calendar year thereafter.

Control

Apparatus must meet the Foundation's specifications of performance and workmanship.

Invention

Urea-invert Sugar

Inventors

Paul H. Settlage and Manucher J. Javid

Period of Exclusivity

United States - Exclusive for 6 years from date of issue of the pertinent patent and nonexclusive thereafter.

Foreign - Exclusive in Canada, France, Belgium, Great Britain, South Africa, Venezuela, Colombia, Cuba.

Royalty Rate

5% of net sales

Performance Requirement

Royalty shall not be less than \$3,000 during 1959; \$4,000 during 1960, 1961, 1962; \$5,000 during 1963 and continuing during the life of the agreement.

Control

Products must be approved by Foundation.

Invention

Dariworld Cheese

Inventors

Donald M. Irvine and Walter V. Price

Period of Exclusivity

Nonexclusive with respect to the manufacture and sale of dariworld cheese. Exclusive for 5 years with regard to manufacture and sale of processed cheese products containing dariworld.

Royalty Rate

1¢ per pound of dariworld

Performance Requirement

\$1,000 per calendar year minimum royalty

Control

New products and advertising subject to Foundation's approval.

Invention

Nuworld Cheese

Inventor

Stanley G. Knight

Period of Exclusivity

Nonexclusive

Subject to cancellation