UNIVERSITIES, RESEARCHERS MAKE LITTLE FROM PATENTED INVENTIONS

Only a few college and university researchers realize royalties from patented inventions resulting from federally funded research, witnesses yesterday told the Senate subcommittee on Monopoly and Anticompetitive Activities.

The federal government spends about $3.5 billion a year at universities and colleges for research. Of that sum, about 2,000 research discoveries might be expected, but only about one in ten discoveries might result in patented inventions, Willard Marcy, vice president in charge of the Invention Administration Program of the Research Corporation told the subcommittee.

Rarely does an invention bring even moderate sums to support the institution or the organization managing the universities' patent and license arrangements, Marcy said. About 50 to 67 university inventions may get to the marketplace, but only five to six may reach multibillion dollar sales, he said.

Most universities make patent arrangements through a management organization, and Research Corporation is one such nonprofit organization that manages patent and license arrangements for 274 universities and other nonprofit institutions, mostly in the U.S. Marcy said he supports a governmentwide Institutional Patent Agreement (IPA), which would give university researchers patent rights to inventions resulting from federally funded research. The subcommittee, headed by Sen. Gaylord Nelson, D-Wis., is holding three days of hearings this week and next on IPAs.

University Of Wisconsin Howard Bremer, patent counsel at the Wisconsin Alumni Research Foundation, which manages patent and licensing arrangements for the University of Wisconsin, said IPAs are necessary to help ensure inventions resulting from federally subsidized research are marketed for public use. He asked Nelson not only to support an amendment to the Federal Procurement Regulations that would establish a governmentwide voluntary IPA, but also to support a mandatory IPA (HED, Feb. 6).

The Office of Federal Procurement Policy has postponed implementation of that amendment pending a Congressional review of the agreement (HED, March 31). Currently, HEW and the National Science Foundation provide Institutional Patent Agreements to colleges and universities.

"We are convinced that not only at Wisconsin, but at other universities, discoveries are made daily but go unrecognized as invention," Marcy said. "It would appear, therefore, that some incentive is needed to get more research discoveries reported so that they can be evaluated for possible transfer to the public through our free enterprise system."

The University of Wisconsin has had an IPA with HEW since 1968, and since then 64 inventions have been processed by the Alumni Research Foundation. No patent applications were filed on 14 of them, but on the remaining 50, some 78 patent applications were filed, and 46 patents were issued, Marcy said. The university has had an IPA with NSF since 1973, and since then 21 inventions have been processed by the alumni foundation, but only eight patents have been issued.

For-Profit Management L.W. Miles, president of University Patents, Inc., said profit-making patent management organizations should have the same chance to manage patents resulting from federally funded research as do nonprofit management organizations. He said HEW policy on IPAs prohibits profit-making groups from managing patents resulting from HEW-funded research. Miles said his company processes those patents on a time-plus-cost basis at a financial loss pending an HEW review of the policy and the governmentwide IPA amendment that allows profit-making organizations to handle those patents.

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HIGH COURT RULES ON RIGHT TO APPEAL CLASS ACTION CLASSIFICATION

In two decisions handed down yesterday, the U.S. Supreme Court narrowed the grounds on which federal appeals courts can rule on allowing class action suits.

In Gardner v. Westinghouse Broadcasting Co., the 3rd U.S. Circuit Court of Appeals had said it had no jurisdiction over the district court's denial of class action status because the decision did not have "serious, perhaps irreparable, consequence." The High Court affirmed the appeals court's decision, noting that the plaintiff still could pursue her own claim and that the order denying a class action suit could be appealed after final resolution of the case.

Jo Ann Evans Gardner accused a radio station owned by Westinghouse of sex discrimination after she was turned down for a job as a talk show host. She had wanted to file a class action suit, on behalf of all the station's past, present and future female employees, seeking an injunction forbidding the station from continuing its allegedly discriminatory practices.

"Death Knell" Rule In Coopers & Lybrand v. Livesay et al., investors in a Florida land development corporation sued the company over alleged securities act violations that resulted in their losing money. The district court denied them class action status. The court of appeals subsequently ruled it could reconsider that decision based on the "death knell doctrine."

The "death knell" legal precedent allows an appeals court to hear a class action request if, for individual plaintiffs, the legal costs would outweigh the damages to be awarded.

The Supreme Court overturned the appeals court decision and the "death knell doctrine," saying a rule allowing an appeal based "on the amount of a plaintiff's claim is plainly a legislative, not a judicial, function." --RLD

CONSTITUTIONALITY OF GOVERNMENTWIDE IPA QUESTIONED

There is a serious legal question as to whether the administration has authority to transfer patent rights for inventions resulting from federally funded research to private or public institutions, Alan Morrison, a public interest lawyer yesterday told a Senate panel.

Morrison, counsel for the Public Citizen Litigation Group, told the Senate Subcommittee on Monopoly and Anticompetitive Activities that the General Services Administration does not have constitutional authority to issue regulations instituting a governmentwide Institutional Patent Agreement (IPA). The Constitution says only Congress can dispose of government property, and patents to inventions resulting from federally funded research belong to the government, Morrison said.

Although Congress has told certain agencies how they can transfer patent titles to federal contractors, it has not given general authority to the GSA to issue governmentwide regulations on the matter, Morrison said. The GSA Feb. 2 published final regulations to implement a governmentwide Institutional Patent Amendment, but postponed implementing them pending a congressional and administration review of patent policy (HED, March 31).

Morrison said the GSA does not have the right to grant patent rights for licensing on an exclusive bases. But he said there is no constitutional question an licensing on a nonexclusive basis.

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CONSTITUTIONALITY OF GOVERNMENTWIDE IPA QUESTIONED (Cont.)

IPA Supporters Donald Dunner of the American Patent Law Association and Norman Jacobs, past president of the Licensing Executives Society, lent their support to the governmentwide IPA. They said the IPA, which would give universities patent rights to inventions resulting from federally sponsored research, is an excellent vehicle to bring inventions to the public marketplace.

Both witnesses agreed that assuring exclusive license to exploit an invention often is necessary before a company will invest in a product.

Secrecy Order At the hearing Frank Cassell, assistant chancellor for public relations at the University of Wisconsin in Milwaukee, outlined events surrounding a secrecy order imposed on university researcher George Davida (HED, June 20). He told the subcommittee, which is headed by Sen. Gaylord Nelson, D-Wis., that the experience left many unanswered questions about imposing secrecy orders on university researchers. The order was lifted last week.

Questions involve the administration's authority to impose orders forbidding researchers to speak or publish material about their research without involving the courts and whether national security can be invoked without proving a threat exists. He also asked whether censorship is an appropriate function for the Patent and Trademark Office, whether defense or intelligence agencies should be able to "interfere" or "inhibit" academic research through the patent process and who is to oversee agencies on issuing secrecy orders.

"I do suspect ... that we have not heard the last of these secrecy orders," Cassell said. "Unless someone does something, we can anticipate that other professors and universities will face the same challenge to their academic integrity." --DS

Requests for Proposals

The following RFPs are available free from the agencies shown. To order, consult the Commerce Business Daily for the date and page shown here. (For $20, Washington Representative Services will send you a Xerox copy of the RFP, an executive summary, and a list of similar past contracts. WRS will also ask the agency to send you an original and put your name on the bidder's list. Call 202/223-2411.)

Agency	RFP No.	Title	CBD Date	Due Date
USDE	78-48	Five Regional Workshops for the Instructional Program on the National Vocational Education Data System (VEDS)	5/30/78 p. 8	6/30/78
HEW/OE	USOE 78-85	Combatting Sex, Race, and Handicap Stereotyping in Career Choice	6/6/78 p. 4	7/31/78
DHEW	RFP 105-78-6000	Training and Technical Assistance Provision to Intertribal/Consortia and Grantees	6/6/78 p. 7	7/18/78
DHEW	78-75	Assessment of Quality Vocational Education in State Prisons	6/12/78 p. 3	7/17/78
SSA	SSA-RFP-78-0115	Production of Public Service Programs	4/4/78 p. 3	7/20/78