

RESEARCH CORPORATION

405 LEXINGTON AVENUE, NEW YORK, NEW YORK 10017

WILLARD MARCY
VICE PRESIDENT-PATENTS

(212) 986-6622

April 9, 1975

Dr. R. W. Lamont-Havers
Acting Director
National Institutes of Health
9000 Rockville Pike
Bethesda, Maryland 20010

Dear Dr. Lamont-Havers:

In the Conference Report of the Senate Appropriations Committee meeting of December 10, 1974, we have noted that that Committee instructed the Director of NIH to develop a specific course of action to help improve the dissemination of research findings resulting from NIH-sponsored programs. The Committee felt that prompt and orderly dissemination of such knowledge would be expected to contribute to the development of better prevention, diagnostic or therapeutic measures for public use, thereby increasing the effective use of the total tax dollar.

Through personal contact with Mr. Carl Fretts, Director, Division of Contracts and Grants, NIH, and Mr. Norman J. Latker, Chief-Patent Branch, Department of Health, Education and Welfare, we understand your office is engaged in developing a suitable plan to enhance the dissemination of research results in response to this request.

An effective plan for the dissemination of information will undoubtedly increase the likelihood of better utilization of research results. However, unless such a procedure is coupled with the additional impetus provided by well organized efforts to develop these results into such forms as to be of interest to manufacturers, little or no public use will occur.

While Research Corporation has no direct or special experience in the relatively straightforward task of publishing results of research or in the widespread distribution of knowledge per se, it does have a highly developed and unique expertise which has been used successfully for over 35 years in bringing the results of scientific research into commercial use through effective use of the patent system. This expertise has been developed during this period as a result of providing evaluation, patenting and

licensing services to over 280 educational and scientific institutions, such as universities, medical research organizations and hospitals. In many cases the research from which such useful inventions resulted was sponsored by Federal granting agencies, such as NIH and the National Science Foundation.

Because we believe our interests may coincide with yours with respect to obtaining the earliest, most practical and widest use of results stemming from NIH-sponsored research, whether intra- or extra-mural, we have outlined on the attached chart a proposal for the evaluation, patenting and licensing of inventions resulting from NIH-sponsored research which you might wish to consider in developing the specific program responding to the request of the Congressional Committee. If, on studying this proposal, you would like to have additional detail concerning its components, we would be pleased to furnish these in a more formal, detailed proposal, including expected costs for a continuing program.

In general, the program visualized in the chart contemplates the use of expertise not now available to NIH but complementary to it. The program does not suggest the replacement of the Institute's present, or contemplated future, capabilities relating to the publication or actual dissemination of scientific knowledge, nor diminution or elimination of the use of the patenting and licensing expertise of the Patent Branch of HEW.

In our long-term experience in dealing with the useful development of the results of scientific research, we have come to understand and believe, particularly in the health area, that an objective evaluation of inventive concepts and the proper use of the patent system are essential steps in bringing such ideas into public use. Obtaining strong and broad patent coverage and licensing patent rights to manufacturers complete the process. It is in these three areas - evaluation, patenting and licensing - that we have developed our expertise. Although our capabilities have been applied primarily to university research, these same capabilities appear to us to have equally valid application to in-house research performed at NIH laboratories.

In the event that you may wish to have detailed information about Research Corporation, we are enclosing certain publications describing its activities. Briefly, Research Corporation is a not-for-profit tax-exempt foundation, originally chartered by the State of New York in 1912 for two major purposes. These purposes are:

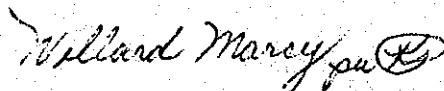
1. To receive and acquire inventions and to render the same more available and effective in the useful arts, and
2. To provide means for the advancement of scientific investigations by contributing the net earnings of the foundation to scientific and educational institutions.

Founded by Dr. Frederick Gardner Cottrell, a scientist, educator and inventor, its initial endowment was donated patent rights covering basic inventions relating to electrostatic precipitation. Cottrell's concept was to have part of the income from his and other inventions used to support scientific research and to help other inventors bring their ideas into public use. He was deeply concerned with the problems faced by scientific investigators whose occasional inventions frequently lay fallow for lack of a readily available means for bringing them into public use as useful products or processes. Cottrell's patents were developed first by licensing, and then through the establishment of an engineering and manufacturing organization. In 1954 this organization was separated from Research Corporation, and exists independently today as a taxable entity, Research-Cottrell, Inc., with the foundation retaining only a minority stock ownership.

The foundation currently owns a diversified investment portfolio from which part of its income is derived. The remainder of the foundation's income results from royalties on patents assigned to it by faculty or research workers in educational and scientific institutions and by individual inventors who are motivated by Dr. Cottrell's precepts. After expenses the foundation's entire net income is distributed as grants-in-aid to universities, colleges and scientific institutions for the support of basic scientific research and practical programs of public health nutrition. Since its inception some \$50 million has been awarded to hundreds of institutions and well over 4,000 scientists.

If you feel that Research Corporation can aid the National Institutes of Health in its program to more effectively realize the potential for public good of the research carried on under its sponsorship, we would be pleased to explore the matter further with you at your convenience.

Sincerely yours,



Willard Marcy

WM:kp
Attachment
Enclosures

Copy: Mr. Carl Fretts, Director
Division of Contracts & Grants (with enclosures)

Evaluation, Patenting and Licensing of Inventions
Resulting from NIH-sponsored Research

Part I Inventions Resulting from Extramural Grants and Contracts

These inventions arise primarily from research performed at universities, colleges, medical institutes and hospitals.

<u>Task</u>	<u>Estimated Number Per Year</u>	<u>Estimated Man Years Required</u>	<u>Estimated Annual Cost, including Overhead</u>
1. Initial screening of disclosures of research results and invention reports	2,000	5	\$ 350,000
2. Technical evaluation, including patentability and commercial viability, of those inventions surviving the initial screening Assumption: a) Most promising (5% of total screened) b) Marginally acceptable (20% of total screened)	100)) 400)	15	1,050,000
3. Preparation, filing and prosecution of patent applications, both in the United States and foreign countries. Assumption: 12% survive evaluation (3% of total screened) 10% of survivors will warrant obtaining foreign patent coverage.	60	Use of patent counsel in private practice recommended.	250,000
4. Negotiating and administering licenses covering patent rights	60	5 licensing experts 2 lawyers	500,000
Estimated total annual cost	\$2,150,000.		

If proportionately fewer or more inventions are processed, the costs will be proportionately less or greater.

For example, for approximately \$200,000 per year the four tasks could be accomplished for approximately 200 disclosures.

Research Corporation would be responsible for all Tasks, 1 through 4.

Part II Inventions Resulting from Research Conducted in NIH Laboratories

<u>Task</u>	<u>Estimated Number Per Year</u>	<u>Estimated Man Years Required</u>	<u>Estimated Amount Cost, including Overhead</u>
1. Initial screening of disclosures of research results	1,000	2.5	\$ 175,000 (This task could be performed within the Institutes or through consultants hired by the Institutes)
2. Technical evaluation including patent-ability and commercial viability of those inventions surviving the initial screening Assumption: 25% survive initial screening	250	7	500,000 (This task requires expertise not readily available within NIH)
3. Preparation, filing and prosecution of patent applications, U.S. only Assumption: 3% of initial screening survive through the evaluation step	30	(Use of Patent Branch, HEW recommended)	60,000
4. Preparation, filing and prosecution of foreign patent applications Assumption: 20% of U.S. filings	6	Use of patent counsel in private practice recommended coordinated with Patent Branch, HEW	60,000
5. Negotiating and administering licenses covering patent rights, both U.S. and foreign	30	2.5 licensing experts 1 lawyer (This task could be performed by Patent Branch, HEW, or by outside experts depending in part on the complexity of the technology and on the extent of foreign licensing necessary)	250,000

Estimated total annual cost \$1,045,000

(continued)

If Tasks 1, 3 and 5 were handled with personnel available within NIH or HEW, the total annual cost for outside consultants and other experts would approximate \$560,000 per 1,000 disclosures subjected to the initial screening procedure.

Research Corporation could be responsible for all Tasks 1 through 5, or, if internally available personnel were to be used, Tasks 2 and 4.

Dr. R. W. Lamont-Havers
National Institutes of Health

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Enclosures:

Research Corporation 1974 Annual Report
Science, Invention and Society
Evaluating and Patenting Faculty Inventions
Putting Academic Inventions to Work