UNITED STATES GOVERNMENT

Memorandum

NATIONAL SCIENCE FOUNDATION

TO : Congressional Liaison Office

Date Reported: April 29, 1974

Date of Conversation: April 29

FROM : Michael Weinberg

SUBJECT: Conversation with Member of Congress or His Staff

I conferred with Tom Van der Voort, Senator William Proxmire (Wisc.)
(Title, Name, and State)

[ ] in person, [XX] by telephone, at 225-5653

with respect to the following:

He called and referred to that portion of the appropriations hearings where Senator Proxmire discussed our patent policy and our policy on royalties.

He would like to discuss this with someone from our general council's office. Specifically, he would like to see a draft of legislation that we would propose to permit NSF to recover costs of our grants through royalties, etc.

I told Tom that I would have someone from OGC call him back on this.

cc: TWW
AD/A
OGC

(Check, if applicable)
[ ] which requires the following further action: (Indicate who shall take action.)
XXX

Mr. Brown, OGC -- could you call Van der Voort (or have someone in your office call) and discuss this with him.

MW

Michael Weinberg
(Signature)

(Title)

NSF Form 375, July 1969

We have reviewed the patent management performance of the university community through analysis of three separate surveys conducted by the Department of Health, Education, and Welfare (DHEW), The National Association of College and University Business Officers (NACUBO) and Northwestern University. Their findings were remarkably similar.

First, the DHEW 1974 survey of over 60 institutions managing 329 patent properties generated by DHEW sponsored research indicated that 122 licenses were granted under these properties. Seventy-eight of these licenses were exclusive, while the remaining 44 were nonexclusive. Accordingly, 64 percent of all the licenses were exclusive. Now, assuming that all the 44 nonexclusive licenses were granted under one patent property (which is very unlikely), we know that at least 79 different patent properties have been licensed (78 and 1). This means that as a minimum, 24 percent of all the patent properties identified have been licensed (79 divided by 329). However, if each nonexclusive license represents a different patent property, up to 37 percent of such patent properties have been licensed (122 divided by 329).

The 1973 Northwestern survey of 50 institutions managing 236 patent properties indicated that 86 licenses were granted under these properties. Northwestern did not determine what percent of these licenses were exclusive, but using the DHEW figure of 64 percent, we

calculate that 55 were probably exclusive licenses. Now again assuming that all the remaining 31 nonexclusive licenses were granted under one patent property, we know that at least 56 different patent properties have been licensed (55 and 1). This means that as a minimum an identical 24 percent of all the patent properties in the Northwestern survey have been licensed (56 divided by 236).

But here again, if each nonexclusive represents a different patent property, again up to 37 percent of the Northwestern identified properties have been licensed (86 divided by 236).

Last, the NACUBO survey, which covered 16 institutions through 1958-1968, identified 548 patent properties under management in the most representative year of 1966. The survey indicated that 227 licenses were granted under these properties. Using the same format as above, we calculate that as a minimum, 27 percent (146 divided by 548) properties were licensed, and as a maximum 41 percent (227 divided by 548).

Combining the results of these three surveys, we calculate that somewhere between 24 to 41 percent of all the patent properties being managed by universities are ultimately licensed. For purposes of discussion, the midpoint of 32 percent would seem justified.

It should be noted that the figures are an average of the performance of all the institutions surveyed, some of which do not have aggressive patent management capabilities. This type of university, of course, brings down the average of the universities with aggressive patent licensing capabilities. For example, one university considered in the NACUBO survey is managing a portfolio of 142 patent properties and, at the time of the survey, had successfully granted 86 licenses indicating that at the maximum 60 percent of its properties were licensed, and the minimum 39 percent.