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FEDERAL SECURITY AGENCY

FEDERAL SECURITY AGENCY ORDER 110-1

SUBJECT: INVENTIONS RESULTING FROM RESEARCH GRANTS

1. Policy--The Federal Security Agency each year is expending large sums in the form of grants for research. These grants are made primarily by the Public Health Service in carrying out its broad responsibility under the Public Health Service Act to promote and coordinate research in the field of health and to make available information concerning such research and its practical application. The scientific and technological advances attributable, in varying degrees, to this expenditure of public funds frequently include patentable inventions.

The Agency, as a matter of policy, takes the position that the results of research supported by grants of public moneys should be utilized in the manner which would best serve the public interest. It is believed that the public interest will in general be best served if inventive advances resulting therefrom are made freely available to the Government, to science, to industry, and to the general public.

On the other hand, in some cases it may be necessary to permit a utilization of the patent process in order to foster an adequate commercial development to make a new invention widely available. Moreover, it is recognized that inventions frequently arise in the course of esearch activities which also receive substantial support from other sources, as well as from the Federal grant. It would not be consistent with the cooperative nature of such activities to attribute a particular invention primarily to support received from any one source. In all these cases the Agency has a responsibility to see that the public use of the fruits of the research not be unduly restricted or denied.

The following conditions have been adopted to govern the ownership of inventions made in these various types of situations. They are designed to afford suitable protection to the public interest while giving appropriate recognition to the legitimate interests of others who have contributed to the invention.

2. Research Grant Provisions for the Ownership of Inventions— Subject to legislative directives or executive orders providing otherwise, all grants in aid of research shall provide as a condition that any invention arising out of the activities assisted by the grant shall be promptly and fully reported, and shall provide, as the head of the constituent unit may determine, either

(a) that the ownership and manner of disposition of all rights in and to such invention shall be subject to determination by the head of the constituent unit responsible for the grant, or

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Supersedes Agency Order 110-1 dated September 15, 1952

(b) that the ownership and disposition of all domestic rights shall be left for determination by the grantee institution in accordance with the grantee's established policies and procedures, with such modifications as may be agreed upon and specified in the grant, provided the head of the constituent unit finds that these are such as to assure that the invention will be made available without unreasonable restrictions or excessive royalties, and provided the Government shall receive a royalty-free license, with a right to issue sublicenses as provided in section 4 below, under any patent applied for or obtained upon the invention.

(c) Wherever practicable, any arrangement with the grantee pursuant to subsection (b) shall provide in accordance with Executive Order 9865 that there be reserved to the Government an option, for a period to be prescribed, to file foreign patent applications upon the invention.

3. Agency Determinations--Domestic Rights—The domestic rights in any invention not subject to disposition by the grantee pursuant to section 2 are for determination by the head of the constituent organization as follows:

(a) If he finds that there is adequate assurance that the invention will either be effectively dedicated to the public, or that any patent which may be obtained thereunder will be generally available for royalty-free and nonexclusive licensing, the effectuation of these results may be left to the grantee.

(b) If he finds that the invention will thereby be more adequately and quickly developed for widest use and that there are satisfactory safeguards against unreasonable royalties and repressive practices, the invention may be assigned to a competent organization for development and administration for the term of the patent or such lesser period as may be deemed necessary.

(c) If he finds that the interest of another contributing Government agency is paramount to the interest of the Federal Security Agency, or when otherwise legally required or in the public interest, the invention may be left for disposition by that agency in accordance with its own policy.

(d) In all other cases, he shall require that all domestic rights in the invention shall be assigned to the United States unless he determines that the invention is of such doubtful importance or the Government's equity in the invention is so minor that protective measures, except as provided in section 4, are not necessary in the public interest.

4. Licenses to the Government--Any arrangement or determination as to the disposition of rights in inventions pursuant to sections 2 and 3 shall require that there be reserved under any patent application or patent thereon a nonexclusive, irrevocable, royalty-free license to the Government with power to sublicense for all governmental purposes.

5. Agency Determinations--Foreign Rights--In any case where it is determined pursuant to section 3 or 4 that domestic rights should be assigned to the Government, or that the Government should have a license thereunder, it shall further be determined in writing by the head of the appropriate office or constituent organization, pursuant to Executive Order 9865 and Government-wide regulations issued thereunder, that the Government shall reserve an option to require the assignment of such rights in all or in any specified foreign countries, the option to expire unless exercised within such period of time as may be provided by regulations issued by the Chairman of the Government Patents Board.

In any case where the inventor is not required to assign the patent rights in any foreign country or countries to the Government, it may be determined that any application for a patent which he may file on his own behalf in such country or countries shall nevertheless be subject to the reservation to the Government of a nonexclusive, irrevocable, royalty-free license for all governmental purposes, which reservation shall whenever practicable appear in any foreign patent which may issue.

6. Ownership of Inventions in Other Cases--In the event of an invention resulting from an employment or contract relationship or any arrangement other than a grant or contract in aid of research, and made by a person not a Government employee as defined in Agency Order 110, ownership thereof shall be governed by the terms of the agreement or contract and shall be in accordance with any applicable law and regulations.

In the discretion of the head of the responsible constituent organization, the award of a fellowship to a person not a Government employee, as so defined, may provide for the reporting of any invention made during the term thereof, and for its disposition in accordance with the provisions of subsection 2 (a) of this Order, or for its disposition by the institution at which the research was performed in accordance with its established policies, if applicable to such an invention, which with any agreed modifications of such policies, meet the requirements of subsection 2 (b) or 2 (c).

7. Decisions Regarding Patentability and Patenting--The constituent organization making a grant or contract in aid of research shall be responsible for deciding in writing whether any invention, subject to assignment to the Government under section 3 hereof or otherwise, may be patentable, and whether the Agency shall seek a domestic patent thereon, and for recommending whether it should be patented in any foreign countries. Such decisions shall be consistent with Agency policy and in accordance with pertinent law and regulations and established procedures.

All determinations pursuant to section 3, 5 or 6, together with any related decisions regarding patentability or patenting, and any assignments and licenses or other documents affecting the disposition of inventions reported under these sections which may have been received by the constituent organization, shall be transmitted to the Agency Patents Officer for the central Agency patent files and for any Agency reports or further action which may be appropriate.

Any licenses to the United States or other documents evidencing the Government's rights in reported inventions left for disposition by the grantee pursuant to section 2 shall similarly be transmitted to the Agency Patents Officer.

8. Organization and General Provisions—The provisions of Part I of Agency Order 110, as revised, relating to Agency organization and general provisions, are applicable where appropriate in connection with any invention in which the Agency has an interest.

9. Effective Date--The provisions of this Agency Order shall be applicable to determinations of ownership and other decisions concerning the disposition or patenting of particular inventions even though the invention was made prior to the date of this Order, or arose out of a grant or other transaction which was made prior thereto.

/S/John L. Thurston
Acting Administrator

December 30, 1952