Mr. Joseph J. Keeley
119 Cooley Memorial Laboratory
The University of Michigan
Ann Arbor, Michigan 48105

Mr. Thomas R. Rogers
Director
Office of Academic Funding
Cornell University
Ithaca, New York 14850

Dr. Carl J. Lange
Assistant Vice President for
Research
George Washington University
Washington, D. C. 20006

Dr. Henry E. Bredeck
238 Administration Building
Michigan State University
East Lansing, Michigan 48823

Robert Vanpin
Dr. ~~Olaf P. Bergelin~~
College of Graduate Studies
University of Delaware
Newark, Delaware 19711

Mr. R. N. Parker
Associate Vice President of
Financial Affairs
University of Illinois
342 Administration Building
Urbana, Illinois 61801

Mr. G. Willard Fornell
Patent Adviser
University of Minnesota
332 Merrill Hall
Minneapolis, Minnesota 55455

Dr. Robert M. Johnson
Graduate Dean & Director of Research
The Florida State University
Tallahassee, Florida 32306

Dr. D. C. Spriestersbach
Vice President for Educational
Development and Dean
The University of Iowa
Iowa City, Iowa 52240

Mr. Robert Dowdy
Contracts and Grants Officer
The University of Mississippi
University, Mississippi 38677

Mr. H. Philip Mettger
Assistant Secretary
Salk Institute
P. O. Box 1809
San Diego, CA 92112

mr Clark Fuller, VP for Adm
Dr. ~~George E. Williams~~
~~Acting Executive Secretary~~
The Institute of Medical Sciences
P. O. Box 7999 - A303
Clay and Webster Streets
San Francisco, CA 94120

Dr. David Sparks
Dean, Graduate Studies
University of Maryland
College Park, Maryland 20742

Mr. Milton Sisselman
Associate Director
Mt. Sinai Hospital
100th St. and Fifth Avenue
New York, New York 10029

Dr. David Pramer
Research Council
Van Dyck Hall 305C
Rutgers University
New Brunswick, New Jersey 08903

Mr. H. Donald Putney
Vice President & Treasurer
~~Institute for Cancer Research~~
7701 Burholme Avenue
Philadelphia, PA 19111

Fox Chase Cancer Center

The Florida State University
Tallahassee, Florida 32306

~~Institute for Cancer Research~~
7701 Burholme Avenue
Philadelphia, PA 19111

Fox Chase Cancer Center

Dr. Herbert McArthur
Associate Provost for Research
State University of New York
99 Washington Avenue
Albany, New York 12246

Mr. Howard W. Bremer
Patent Counsel
Wisconsin Alumni Research Fdn.
P. O. Box 7365
Madison, Wisconsin 53707

Dr. Martin Rachmeler
Research Services Administrator
Northwestern University
633 Clark Street
Evanston, Illinois 60201

Mr. Henry C. Meadow
Harvard Medical School
Building A, 25 Shattuck St.
Boston, MA 02115

Dr. Eugene H. Man
University of Miami
Post Office Box 248293
Coral Gable, Florida 33124

Mrs. Pat Gentle
Administrative Assistant
Oregon Research Institute
P. O. Box 3196
Eugene, Oregon 97403

Mr. George R. Herbert
President, Research Triangle Institute
P. O. Box 12194
Research Triangle Park, N.C. 27709

Mr. Urban H. Faubion
Patent Counsel
SRI International
333 Ravenswood Avenue
Menlo Park, CA 94025

Mr. Leonard Carlew
Research Administrator
Harbor General Hospital
1124 West Carson Street
Torrance, California 90502

Dr. T. Ralph Shay
Asst. Dean of Research
Oregon State Univ.
Corvallis, Oregon 97331

Mr. Roger Ditzel
Office of the Board of Patents
491 University Hall
2200 University Av.

Earl Freise
Dir. of Research and
Program Development
U. of North Dakota
University Station
Grand Forks
North Dakota
58202

Mr. Leonard Carlew
Research Administrator
Harbor General Hospital
1124 West Carson Street
Torrance, California 90502

Dr. T. Ralph Shay
Asst. Dean of Research
Oregon State Univ.
Corvallis, Oregon 97331

Mr. Roger Ditzel
Office of the Board of Patents
491 University Hall
2200 University Av.

Earl Freise
Dir. of Research and
Program Development
U. of North Dakota
University Station
Grand Forks
North Dakota
58202

Robert F. Boord, Dir.
Research Services
Cleveland St. Univ.
1209 University Tower
Cleveland, Ohio 44115

Jos. N. Goodman, Exec. Dir.
Southern Ill. Univ. Found.
909 West Chautauqua Street
Carbondale, Illinois 62901

Wayne L. Ryan, Ph.D.
Asst. Dean for Res.
Univ. of Nebraska Med. Cent
42nd & Dewey Avenue
Omaha, Nebraska 68105

E. Haslam, Univ. Counsel
Duke University
Old Allen Building
Durham, NC 27706

A. D. Rychlik, Assoc. Dir.
Texas A & M Res. Found.
P. O. Box H
College Station, Texas 778

Dr. Alan H. Coogan
Associate Dean for Research
Kent State University
102 Kent Hall, Kent State University
Kent, Ohio 44242

Dr. E. L. Holmes
Dir. of Res. Admin.
University of Waterloo
Waterloo, Ontario
CANADA

Dr. Bruce M. Smackey
Assist. to Vice Pres. - Re
Lehigh University
Whitaker Laboratory Room 4
Bethlehem, PA 18017

Dr. Robert G. Corbett
Coordinator of Research
The Univ. of Akron
302 E. Bucktel Avenue
Akron, Ohio 44325

Dr. Wm. C. Huffman, Vice. Pres.
University of Louisville Found.
University of Louisville
2301 South Third Street
Louisville, Kentucky 40208

Charles E. Smith, Jr.
Director, Office of Res.
Ball State University
Muncie, IN 47306

E. L. Crowley, Assoc. Dir.
Grant and Contract Admin.
Yale University
333 Cedar Street
New Haven, Connecticut 06510

Sam A. Kimble, Admin.
Sponsored Programs
Georgetown University
37th and O Streets
Washington, D.C. 20057

Raymond D. Daniels
Exec. Dir.
University of Oklahoma
Office of Res. Admin.
1000 ASP, Room 314
Norman, Oklahoma 73069

A. Carl Leopold
Asst. Vice Pres. for Res.
University of Nebraska
3835 Holdrege Street
Lincoln, Nebraska 68583

Ferris M. Stout
Licensing Consultant
3 Barnfield Road
Rowayton, CT 06853

Dr. Vladimir Dvorkovitz
Dr. Dvorkotiz & Assoc.
P. O. Box 1748
Ormond Beach, Florida 32074

Willard Marcy, Vice. Pres.
Patent Programs
Research Corporation
405 Lexington Avenue
New York, New York 10017

Gerald G. Udell, Dir.
Experimental Center for t
Advancement of Inv. and
Univ. of Oregon
Box 83 College of Busines
Univ of Oregon
Eugene, Oregon 97403

Robert F. Boord
Dir. Research Services
Cleveland St. Univ.
1209 University Tower
Cleveland, Ohio
44115

James Y. McDonald, Exec. Dir.
Univ. of Kentucky Res. Found.
Kenkead Hall, University Station
Lexington, KY 40506

Charles Douglass Waring,
Secretary
University Committee on P
V.P.I. and State Universi
Room 340, Burress Hall
Blacksburg, VA 24061

Robert E. Gentry
Vice Pres. for Fiscal Affairs
Southern Illinois Univ. at Cardondale
Carbondale, Illinois 62901

Ms. Ann H. Greenberg, Director
Office of Sponsored Programs
New York University
15 Washington Place, Apt. 1-H
New York, New York 10003

Dr. G. A. Webb, Pres. Em
Carnegie-Mellon Inst. of
4400 Fifth Avenue
Pittsburgh, PA 15213

Robert F. Boord
Dir. Research Services
Cleveland St. Univ.
1209 University Tower
Cleveland, Ohio
44115

James Y. McDonald, Exec. Dir.
Univ. of Kentucky Res. Found.
Kenkead Hall, University Station
Lexington, KY 40506

Charles Douglass Waring,
Secretary
University Committee on P
V.P.I. and State Universi
Room 340, Burress Hall
Blacksburg, VA 24061

Robert E. Gentry
Vice Pres. for Fiscal Affairs
Southern Illinois Univ. at Cardondale
Carbondale, Illinois 62901

Ms. Ann H. Greenberg, Director
Office of Sponsored Programs
New York University
15 Washington Place, Apt. 1-H
New York, New York 10003

Dr. G. A. Webb, Pres. Em
Carnegie-Mellon Inst. of
4400 Fifth Avenue
Pittsburgh, PA 15213

Assist. to the Vice-Rector
Laval University
Quebec, CANADA G1K 7P4

Mr. Francis B. Smith
Dir., Office of Res.
University of Houston
4800 Calhoun
Houston, TX 77004

Dr. George C. Yeh
Assistant to Vice Pres. for
Academic Affairs
Villanova University
Villanova, PA 19085

Mr. Reagan Scurlock
Dir., Committee on
Government Relations
NACUBO, Suite 510
1 Dupont Circle, Wash, D.C. 20036

Dr. George C. Brumlik
Prof. of Chemistry
Cooper Union
Cooper Square
New York, New York 10003

Ray E. Snyder
Suite 606
135 LaSalle St.
Chicago, Ill. 60603

Ms Alexandra Van Gelder
Univ of Connecticut
Grad. School U-133
Storrs, Connecticut 06268

Dr. Charles Dalton
Assoc. Dir., Office of Res.
University of Houston
4800 Calhoun
Houston, Texas 77004

F. Philip Dufour
Dir., Spon. Progs. Division
Univ. of Maine
28 Coburn Hall
Orono, Maine 04473

Dr. Donald C. Thomas, Dir.
Univ. Research Services
Wright State University
Dayton, Ohio 45435

William H. Honstead
Exec. Vice-Pres.
Kansas State Univ. Res. Found.
Kansas St. University
Mannattan, Kansas 66506

Mr. Richard Everett
Eastman Kodak Co.
1995 Lake Ave.
Rochester, N. Y. 14650

Edmund B. Kasner, Dir.
Res. and Fellowship Services
The Univ. of New Mexico
Scholes Hall 235 N
Albuquerque, New Mexico 87131

George Stetler
University Patent Inc.
537 Newfoun Av.
P.O. Box 6080
Norwalk Ct.
06852

Dr. Milton A. Netter
Prof. of Indust. Engineering
and Chairman of Pat. Committee
University of Toledo
2801 W. Bancroft
Toledo, Ohio 43606

Norman Jacobs
President Amicon Corp.
25 Hartwell Av.

Edmund B. Kasner, Dir.
Res. and Fellowship Services
The Univ. of New Mexico
Scholes Hall 235 N
Albuquerque, New Mexico 87131

George Stetler
University Patent Inc.
537 Newfoun Av.
P.O. Box 6080
Norwalk Ct.
06852

Dr. Milton A. Netter
Prof. of Indust. Engineering
and Chairman of Pat. Committee
University of Toledo
2801 W. Bancroft
Toledo, Ohio 43606

Norman Jacobs
President Amicon Corp.
25 Hartwell Av. 02173

Peter Goldschmidt
1225 Connecticut Avenue
Suite 407
Washington, D.C. 20036

L. Louis Wolk
American Bar Association
99 Park Avenue
New York, New York 10016

Newton O. Cattell
Association of American Universities
1 Dupont Circle, NW
Washington, D.C. 20036

OMIT

Eric Schellin
National Patent Counsel
2001 Jefferson Davis Highway
Arlington, Virginia 22202

William Lyons
Director, Federal Government Relations
Rutgers University, Johnston Hall
New Brunswick, New Jersey 08903

Dr. Betsy Ancker-Johnson
Asst. Director for Physical Research
Argonne National Laboratory
9700 South Cass Avenue
Argonne, Illinois 60439

Charles Haughy
Hughes Aircraft
P.O. Box 90515
Los Angeles, CA 70009

Thomas Arnold
Arnold,White,and Durkue
2100 Transco Tower
Houston, Texas 77056

George Stadler
University Patent
2777 Summer Street
Stanford, Connecticut 06905

OMIT

Dr. John Sherman
Vice-President
Association Of American Medical Colleges
1 Dupont Circle
Washington, D.C. 20036

Dr. Joseph A. Keyes
Director
Division for Institutional Studies
Association of American Medical Colleges
1 Dupont Circle - Room 200
Washington, D.C. 20036

Jerold Roschwalb
Land Grant Colleges
Room 710
1 Dupont Circle
1 Dupont Circle
Washington, D.C. 20036

Dr. Joseph A. Keyes
Director
Division for Institutional Studies
Association of American Medical Colleges
1 Dupont Circle - Room 200
Washington, D.C. 20036

Jerold Roschwalb
Land Grant Colleges
Room 710
1 Dupont Circle
Washington, D.C. 20036

Sheldon Steinbach
Assistant Director
Office of General
Relations and Staff
Counsel
American Council on
Education
Room 824
1 Dupont Circle
WASH. D.C.
20036

Office of General
Relations and Staff
Counsel
American Council on
Education
Room 824
1 Dupont Circle
WASH. D.C.
20036

Dr. Leroy Hamilton
Health Industry Manufacturers Association
1030 15th St., N.W.
Washington, D. C. 20005

452-8240

Dr. Robert F. Furgason
Vice President for Academic Affairs and Research — 208 885 7069, FTS 554 1111
UNIVERSITY OF IDAHO
Moscow, Idaho 83843

Dr. Vernon Lestrude
Executive Assistant to the President
Dean of Continuing Research — 208 236 0211, FTS Pocatello 554 1111
Idaho State University
Pocatello, Idaho 83201

Dr. Raymond C. Murray
Associate Vice President for Research & Dean, Graduate School — 406 243 6670, FTS 585 3011
Main Hall, 104
UNIVERSITY OF MONTANA
Missoula, Montana 59801

Dr. John Nellor
Coordinator for Research — 702 784 6869, FTS 470 5911
239 Getschell Library
University of Nevada
Reno, Nevada 89557

Dr. John W. Jutila
Vice President for Research — 406 994 2381, FTS Bozeman 585 4411
MONTANA STATE UNIVERSITY
Bozeman, Montana 59715

Dr. Joseph V. Scaletti
Acting Associate Provost for Research — 505 277 5064, FTS Albuquerque 474 5
#235 Scholes Hall
UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico 87131

Dr. Harold A. Daw
Assistant Academic Vice President — 505 646 2022, FTS Albuquerque 474 5
NEW MEXICO STATE UNIVERSITY
P.O. Box 3004
Las Cruces, New Mexico 88003

Mr. Jerry Kasner
Office of Vice President Research — 505 277 3749, FTS Albuquerque 474 5
UNIVERSITY OF NEW MEXICO
Albuquerque, New Mexico 87131

Dr. Leo P. Vernon
Assistant Academic Vice President for Research & Planning — 801 374 1211 (ext. 3
B346 ASB
BRIGHAM YOUNG UNIVERSITY
Provo, Utah 84602

Albuquerque, New Mexico 87131

Dr. Leo P. Vernon
Assistant Academic Vice President for Research & Planning — 801 374 1211 (ext. 3
B346 ASB
BRIGHAM YOUNG UNIVERSITY
Provo, Utah 84602

IMURA MEMBERS

page 4 of 8

1.	Dean Charles Woolf	
2.	Vice President for Graduate	
3.	Studies & Research	602-965-7270
4.	Wilson Hall, Room 111	FTS 766 7270
5.	ARIZONA STATE UNIVERSITY	
6.	Tempe, Arizona 85281	
7.		
8.	Dr. Harold Hunnicutt	
9.	Associate Dean, Graduate College	
10.	Director of Res. Grants & Contracts	602 965 3101
11.	ARIZONA STATE UNIVERSITY	FTS 766 3101
12.	Tempe, Arizona 85281	
13.		
14.	Dr. A. Richard Kassander, Jr.	
15.	Vice President for Research	
16.	Room 603 Administration Bldg.	602 884 3511
17.	UNIVERSITY OF ARIZONA	FTS Tucson 762 6011
18.	Tucson, Arizona 85721	
19.		
20.	Mr. Howard L. Mai	
21.	Director of Grants & Contracts	
22.	Office of Grants & Contracts	303 753 3241
23.	2190 South High Street	FTS Denver
24.	UNIVERSITY OF DENVER	
25.	Denver, Colorado 80210	
26.		
27.	Dr. Milton E. Lipetz	
28.	Vice Chancellor for Research and	
29.	Dean of Graduate Studies	303 492 7393
30.	UNIVERSITY OF COLORADO	FTS 323 3151
31.	Regent Hall 308	
32.	Boulder, Colorado 80309	
33.		
34.	Dr. George G. Olson	
35.	Vice President for Research &	303 491 7194
36.	Development	FTS Denver
37.	CSU Administration Building	
38.	Office of Sponsored Research	
39.	COLORADO STATE UNIVERSITY	
40.	Fort Collins, Colorado 80523	
41.		
42.	Dr. Shirley Johnson, Director	
43.	Research Institute	303 753 2271
44.	UNIVERSITY OF DENVER	FTS Denver
45.	Denver, Colorado 80210	
46.		
47.	Dr. John Golden	
48.	Director of Research Development	303 279 0300 (Ext. 41
49.	COLORADO SCHOOL OF MINES	FTS Denver
50.	Golden, Colorado 80401	
51.		

Barry Leshowitz
Associate Professor of Psychology
Arizona State University
Tempe, Arizona 85281

45.	Denver, Colorado 80210	
46.		
47.	Dr. John Golden	
48.	Director of Research Development	303 279 0300 (Ext. 41
49.	COLORADO SCHOOL OF MINES	FTS Denver
50.	Golden, Colorado 80401	
51.		

Barry Leshowitz
Associate Professor of Psychology
Arizona State University
Tempe, Arizona 85281

Dr. Bartell C. Jensen
Vice President for Research
UMC 14
UTAH STATE UNIVERSITY
Logan, Utah 84321

801 752 4100 (ext 7571)

Dr. E. Gerald Meyer
Vice President for Research
Box 3355 University Station
UNIVERSITY OF WYOMING
Laramie, Wyoming 82017

307 766 5353
FTS 328 1110

Dr. William S. Partridge
Vice President for Research
304 Park Building
UNIVERSITY OF UTAH
Salt Lake City, Utah 84112

801 581 7236

cy to
Harrison
Fenner
McCarthy

PATENT BRANCH, OGC
DHEW

MAY 10 1978

NJL

GAYLORD NELSON, WIS., CHAIRMAN
THOMAS J. MC INTYRE, N.H.
SAM NUNN, GA.
WILLIAM D. HATHAWAY, MAINE
FLOYD K. HASKELL, COLO.
JOHN C. CULVER, IOWA
LOWELL P. WEICKER, JR., CONN.
DEWEY F. BARTLETT, OKLA.
BOB PACKWOOD, OREG.

WILLIAM B. CHERKASKY, EXECUTIVE DIRECTOR
HERBERT L. SPIRA, CHIEF COUNSEL
ROBERT J. DOTCHIN, MINORITY STAFF DIRECTOR

United States Senate
SELECT COMMITTEE ON SMALL BUSINESS
WASHINGTON, D.C. 20510

May 2, 1978

PATENT BRANCH, OGC
DHEW
MAY 9 1978

Norman Latker, Patent Counsel
Office of the General Counsel
Office of the Secretary
Department of Health, Education and Welfare
Washington, D. C. 20201

Dear Mr. Latker:

You are requested to appear before the Monopoly and Anticompetitive Activities Subcommittee at 9:00 o'clock on the morning of Monday, May 22, 1978, to testify at a hearing on the history, legal basis and implications of Institutional Patent Agreements (IPAs) as an implement of Government patent policy.

The hearing will be held in Room 318 of the Russell Senate Office Building. Witnesses from the National Science Foundation and the General Services Administration are also being requested to testify.

As you know, I asked the administrator of the Office of Federal Procurement Policy to stay the March 20 effective date of a GSA amendment to the Federal Procurement Regulations providing for the use of IPAs in contracts with universities and nonprofit organizations for experimental, development and research work. He granted a stay of 120 days, until July 18, to permit further consideration of this amendment by the Executive Office of the President and certain Congressional committees.

As patent counsel for the Department of Health, Education and Welfare, which has used an IPA since 1968, you oversee administration of its patent program and provision of legal services to HEW relating to patents, inventions and other forms of intellectual property resulting from its $2 billion annual research and development program.

In addition, you have served on the executive subcommittee of the Committee on Government Patent Policy of the Federal Council for Science, Engineering and Technology, and as chairman of the Subcommittee on University Patent Policy. You also served on the interagency committee that drafted the new patent section for the Federal Procurement Regulations. Given your prominent role in patent matters over the years, your testimony will be invaluable.

$2 billion annual research and development program.

In addition, you have served on the executive subcommittee of the Committee on Government Patent Policy of the Federal Council for Science, Engineering and Technology, and as chairman of the Subcommittee on University Patent Policy. You also served on the interagency committee that drafted the new patent section for the Federal Procurement Regulations. Given your prominent role in patent matters over the years, your testimony will be invaluable.

In your testimony, please discuss the history and legal basis of HEW's IPA and note:

(1) Whether HEW regulations covering inventions resulting from research grants, fellowship awards and contracts for research (45 CFR Parts 6 and 8) have been amended since January 7, 1969; and

(2) The statutory or other authority for Sec. 8.8 of those regulations headed, "Screening of compounds generated under DHEW grants and awards" (34 F.R. 201, Jan. 7, 1969).

Please attach to your prepared statement a list of all universities and other nonprofit organizations which hold an IPA administered by HEW, as well as:

(a) A list of the patent management organizations with which these IPA holders have agreements assigning them the rights in subject inventions, and an example of such an agreement; and

(b) A list of approved patent management organizations, if any, not presently having an agreement with an IPA holder.

Further, please furnish a list of IPA holders, patent management organizations and non-IPA holders having agreements with drug screening organizations for screening services to be performed at nongovernmental facilities pursuant to Sec. 8.8(c) of the regulations referred to above.

Based on the written annual reports HEW receives from grantees as required by Article XI of the IPA, please answer:

(1) How many licenses have been granted to the inventor or to associates of the inventor?

(2) How many subject inventions covered by IPAs failed to be marketed because the developer/licensee miscalculated the market or for such other reasons as insufficient financing, multiple infringers or simple inability to convert the invention into a commercial product? How many of these inventions have been relicensed?

the invention into a commercial product? How many of these inventions have been relicensed?

(3) What are the average annual expenses reported to HEW by IPA holders?

(4) How many IPA holders are in the black with respect to their efforts to commercialize subject inventions?

(5) What is the gross amount of royalties received by IPA holders as reported to HEW in the written annual reports they were required to provide on or before last September 30?

Also, please supply a copy of your Information Item No. 59 pertaining to the subcommittee's December hearings on patent policy, plus any subsequent items in the series dealing with the subcommittee's study of Government patent policy or these hearings.

Finally, in your testimony please address the question on intellectual property rights -- and the degree of protection they do receive or should receive in the peer review process.

A separate letter is being sent to Secretary Califano explaining that your appearance as a witness is essential to the subcommittee's examination of the history, legal basis and implications of IPA's as an implement of Government patent policy. A copy of my letter to you will be enclosed. It would be greatly appreciated if you would provide us with 10 copies of your prepared statement by May 18 and 50 copies on the day of your appearance before the subcommittee.

If you have any questions about the hearing, please communicate with Gerald Sturges of the committee staff at 224-5175. Thank you.

Sincerely,

Gaylord Nelson

GAYLORD NELSON
Chairman

GN/gsy

Encl.

Encl.

INFORMATION SHEET FOR WITNESSES APPEARING BEFORE THE
U.S. SENATE SMALL BUSINESS COMMITTEE

(The following standard procedures have been developed by the Committee for the overall convenience of our members, the witnesses and the press and to conform with the requirements of S. Res. 278, 91st Congress, 1st Session.)

STATEMENTS

A. Please place identification information at the top of the first page of your statement substantially as follows;

1. Name
2. Title and association, business, college, etc., designation
3. Business address (Street, City & State)
4. Subcommittee of the Senate Small Business before whom you are testifying
5. Date of appearance

EXAMPLE:
(STATEMENT BY
(DR. JAMES A. BROWN, PRESIDENT, ABC PAPER COMPANY
(BEFORE SUBCOMMITTEE ON _____
(SENATE SMALL BUSINESS COMMITTEE
((Insert date of your testimony))

B. Please furnish to the Committee Offices, 424 Russell Senate Office Bldg., Washington, D. C. 20510, the following number of your prepared statement:

1. 10 copies to be received no later than May 18

2. 50 copies on the day of your testimony to be provided to the Committee staff handling the hearing.
(for Committee use and press purposes)

(for Committee use and press purposes)

ROUTING AND TRANSMITTAL SLIP		ACTION
1 TO *(Name, office symbol or location)* Norm Latker	INITIALS	CIRCULATE
	DATE	COORDINATION
2	INITIALS	FILE
	DATE	INFORMATION
3	INITIALS	NOTE AND RETURN
	DATE	PER CONVERSATION
4	INITIALS	SEE ME
	DATE	SIGNATURE

REMARKS

FOI

PATENT BRANCH, OGC
DHEW

MAR 31 1978

File w/ Nelson

Do NOT use this form as a RECORD of approvals, concurrences, disapprovals, clearances, and similar actions

FROM *(Name, office symbol or location)*	DATE
Bob Willett	3/28
	PHONE 35280

OPTIONAL FORM 41 048—16—81594-1 552-103 GPO 5041-101

of funding 12 years ago as "underinvestment in the future" and a "loss of the U.S. empire in science and technology." For more than a decade, says Price, "academic research in science and technology has been running effectively at half speed compared with the world growth rate of a 6% per annum increase in scientific and technological activity. Many of the other most developed nations of the world have followed our lead a few years later, but still, relative to the rest of the world, the United States is falling back at about 3% per annum. It is this loss in our 'scientific and technical empire' [I make an analogy with the loss of British empire which I experienced in my youth] which makes itself felt in the adverse balance of our dominant high technology international trade and thereby devalues the dollar in the world exchanges.

"In 1967, at peak, the United States was about 33% of all world science and technology across the board. The decline, due to saturation at the previously mentioned 3% per annum, has been producing a 1% fall in our share of the world's science and technology every year and we are now, so far as I can make a guesstimate, only about 25% world science. Since the United States has only about 7% of the world population, one can express these figures by saying that at peak in 1967 we had about five times the average share of world affluence or per capita GNP. It is now, in 1978, about 3½ times the average and unless heroic measures are taken we will have been reduced to only about double the world average before the year 2000 A.D."

Before taking such "heroic measures," Price thinks that a useful first step would be to "disaggregate" the basic science budget which is now combined with other items, including technology purchases and civil service science, to form a "dangerously misleading aggregation." Then he would treat the basic science budget to "moderate increases instead of decline." He sees the 11 percent boost requested for basic research in the Carter budget as helpful but not sufficient. What academic science needs, he says, is funding over perhaps a 10-year period to make up for the cuts it has suffered. To do this would require an increase of 16 percent a year in the academic science budget and, if funds were provided to compensate for a 6 percent inflation rate, Price calculates a 22 percent increase would be in order.

These would be heroic measures indeed, but Price insists that the choice is between such action or rapid decline.

Price's bid for support of basic science was not subjected to questioning by either legislators or his fellow panelists because he departed immediately after giving his testimony. Price, a versatile academic whose interests and expertise range from the development of scientific instruments to the wilder shores of science policy, was scheduled to chair a session on "Science and the Ism's of the 20th Century," set for the same hour.

Challenges to Price's views seem predictable from those who feel that improvement of U.S. performance in industrial innovation is the main problem for science policy today and that heroic increases in the basic research budget are not the way to solve it. Senate staff members say that Senator Adlai Stevenson III found Price's paper provocative, and Price's analyses have a way of getting noticed in academia, so there could be a delayed reaction.

—JOHN WALSH

Patent Policy Changes Stir Concern

Acting on recommendations that date as far back as 1971, the General Services Administration (GSA) has amended federal procurement regulations to permit universities to get a larger share of the commercial benefits of federally financed research.

The new regulations were based primarily on suggestions by a subcommittee of the Federal Council for Science and Technology that greater incentives are needed for universities to pursue commercialization of their research. The GSA regulations would provide this incentive by encouraging federal agencies to allow universities to retain possession and control of their federally financed discoveries; universities, in turn, would be encouraged to license these discoveries to private industry.

Specifically, the regulations provide for a standard agreement between federal agencies and universities, known as an Institutional Patent Agreement (IPA). "The agreements permit . . . institutions, subject to certain conditions, to retain the entire right, title, and interest in inventions made in the course of their contracts" with the federal government.

Such agreements are in common use by federal agencies now, but each may have a slightly different form. The GSA regulations require that all new IPA's, meaning any written or rewritten after the effective date of 20 March, must follow a single standard.

Moreover, the standard specified in the regulations is different from the IPA's being used now in several respects, according to several federal patent officials.

1) The new IPA can be used to cover research funded through contracts as well as grants.

2) The new IPA increases the period of exclusive control that a university can give to a licensee from 3 years after the initial marketing of a product to 5 years after the initial marketing.

3) The time that a licensee spends trying to get a federal regulatory agency to approve the product will be exempted from the time limits on exclusive marketing.

4) It permits universities to affiliate with for-profit patent management companies, which are organized to promote the licensing of university discoveries to private industry.

5) It removes the ceiling on the amount of royalties from a discovery that can be returned to the researcher who invented it, essentially allowing each university to set its own policy on the amounts.

Although this patent policy is intended to facilitate the transfer of research results from laboratory to marketplace, there is some concern on Capitol Hill that it goes too far in the direction of allowing profit-making firms to benefit from federally funded research. Also of concern is a provision that could pressure researchers to withhold publication pending patent filings. Senator Gaylord Nelson (D-Wis.), chairman of the Small Business Committee, hopes to hold hearings before the policy goes into effect next week. If that cannot be done, he intends to ask the Office of Management and Budget to delay implementation until hearings can be scheduled.—R. JEFFREY SMITH

0036-8075/78/0317-1190$00.50/0 Copyright © 1978 AAAS

coveries to private industry.

5) It removes the ceiling on the amount of royalties from a discovery that can be returned to the researcher who invented it, essentially allowing each university to set its own policy on the amounts.

Although this patent policy is intended to facilitate the transfer of research results from laboratory to marketplace, there is some concern on Capitol Hill that it goes too far in the direction of allowing profit-making firms to benefit from federally funded research. Also of concern is a provision that could pressure researchers to withhold publication pending patent filings. Senator Gaylord Nelson (D-Wis.), chairman of the Small Business Committee, hopes to hold hearings before the policy goes into effect next week. If that cannot be done, he intends to ask the Office of Management and Budget to delay implementation until hearings can be scheduled.—R. JEFFREY SMITH

session on "Science and the Ism's of the 20th Century," set for the same hour.

Challenges to Price's views seem predictable from those who feel that improvement of U.S. performance in industrial innovation is the main problem for science policy today and that heroic increases in the basic research budget are not the way to solve it. Senate staff members say that Senator Adlai Stevenson III found Price's paper provocative, and Price's analyses have a way of getting noticed in academia, so there could be a delayed reaction.

—JOHN WALSH

 0036-8075/78/0317-1190$00.50/0 Copyright © 1978 AAAS

Patents

N.Y. Times

Edmund L. Andrews 7/6/91

Anger Over Fee Rise

Independent inventors are irked by Bush Administration proposals to nearly double fees at the Patent and Trademark Office. Individuals, small businesses and nonprofit organizations now pay fees only half as large as those for large companies. The new proposal would eliminate that subsidy for issuance fees and maintenance fees over the life of the patent to keep it in force. According to Intellectual Property Owners Inc., a trade association for inventors, fees for an individual inventor would surge to $6,365 from $3,340. House and Senate subcommittees overseeing the Patent Office are expected to develop their own recommendations soon.

BROWDY AND NEIMARK
ATTORNEYS AT LAW
PATENT AND TRADEMARK CAUSES
SUITE 300
419 SEVENTH STREET, N. W.
WASHINGTON, D. C. 20004
TELEPHONE (202)-628-5197

SHERIDAN NEIMARK
ROGER L. BROWDY
ANNE M. KORNBAU
NORMAN J. LATKER
JEROME J. NORRIS*
ROBERT K. CARPENTER
TERESA J. BANTA*
(*NOT ADMITTED IN D.C.)
OF COUNSEL
IVER P. COOPER
RONALD R. SNIDER
A. FRED STAROBIN

TELECOPIER FACSIMILE
(GROUPS I, II, & III)
(202) 737-3528
TELEX: 248633
SENIOR COUNSEL
ALVIN BROWDY
PATENT AGENT
SHMUEL LIVNAT, PH.D.

June 21, 1991

Senator Dennis DeConcini
HART SENATE OFFICE BUILDING
SH-328
Washington, D.C. 20510

Dear Senator DeConcini:

As you know, the United States Patent and Trademark Office announced in a May 10, 1991, Federal Register Notice of a new proposal to raise Patent Office Fees above the already undebated 69% increase put into place on November 5, 1990.

Only cursory review reveals that the bulk of the proposed increase is intended to come from substantially eliminating the small entity tier of fees established by law. Given the PTO's prior attempts to attain this result, we believe they will continue to persevere until the patent community (including your committee) make it clear that there will be no retreat from this law.

Because the PTO has provided no rationale to justify their attack on the law (other than suggestions that the small entity fee structure is a subsidy paid for by others and PTO has a need for additional funding), we can only speculate that their persistence is based on a belief that there was, in the first instance, no sound justification for the two tier fee system established by the law.

Further, and ominously, the PTO position strongly suggests that this new fee increase is a first step toward a 100% user supported PTO without contribution from the tax paying public. Given achieving this goal, the next predictable step will be toward a private independent PTO answerable to the public in some yet to be determined manner.

As you might suspect, we strongly oppose the proposed fee increase and the elimination of the small entity fee tier based on the underlying reasons for initially establishing the small entity status in law.

Much of the support for the law came from those who were well aware of the loss of world market to new foreign technologies

public. Given achieving this goal, the next predictable step will be toward a private independent PTO answerable to the public in some yet to be determined manner.

As you might suspect, we strongly oppose the proposed fee increase and the elimination of the small entity fee tier based on the underlying reasons for initially establishing the small entity status in law.

Much of the support for the law came from those who were well aware of the loss of world market to new foreign technologies

and its detrimental impact on the domestic economy. In answer to this threat, the Congress wisely crafted a series of laws including P.L. 97-247 and amendments thereto, to create stronger incentives for the delivery of new American technology to the market place. All these laws were crafted to encourage "small entities", and other research performers who do research outside the scope of established and marketed product lines, with the idea that new bridges and incentives to bring their inventive results to the marketplace were urgently needed.

In particular, the passage of P.L. 97-247 was supported by the belief that there are two rough divisions between patent applications filed in the PTO. One division is represented by patent applications filed on improvements or variants of existing marketed products. These so-called "defensive patents" are presumed to be in most part financed by the profits from the existing products being defended from competition, usually by large foreign and domestic corporations (and these are increasingly multi-national and foreign corporations).

The second division represents patent applications on new product lines that had not previously existed and may or may not displace an existing product line. This type of patent application is best understood by people in the life science and pharmaceutical industry where the goal for remaining competitive is new drugs, diagnostic tests, etc., that did not previously exist for treatment of disease.

Given the rough existence of these divisions, P.L. 97-247 was built on the theory that a large segment of the second division of patent applications would normally arise from small entities (small business, universities and other nonprofit organizations and individuals) as the research they conduct is either fundamental or risk oriented and outside an existing product line producing profits. Our experience supports the belief that new products which create new industries and jobs emerge from small entity research out of proportion to other research performers.

But inherent to the above is the problem of funding patent protection and marketing of such new products given that there is no existing product line owned by the small entity generating the profits necessary to proceed. It was on this point that we would suggest that the founding fathers understood the need for a <u>publicly</u> supported patent system. Indeed, note the wording of Art I, Section 8:

> Congress shall have power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive rights to their

there is no existing product line owned by the small entity generating the profits necessary to proceed. It was on this point that we would suggest that the founding fathers understood the need for a <u>publicly</u> supported patent system. Indeed, note the wording of Art I, Section 8:

> Congress shall have power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive rights to their

respective writings and discoveries.

First, please remember that at the time this great innovation in public policy was written there were no large entities. The creation of the patent system was aimed only at serving a rural community made up of what are now called small entities on the basis of both serving the public as a whole by promoting "...the progress of science and useful arts" and by providing to small entities the means through the value of "...exclusive rights" of reaching the marketplace.

The PTO goals are headed in the direction of ignoring the fact that Art I, Section 8 contemplates a benefit to the public in exchange for the grant of exclusive rights. We believe the public has recognized this through years of supporting the patent system. The benefit to the public is particularly clear when noting that a large percent of small entity inventions covered by patents never reach the marketplace. In this instance, the small entity has gained little or nothing whereas the public has gained the teaching of the invention.

We would go so far as saying that most domestic corporations involved primarily in defensive patent filing are sophisticated enough to recognize that it is in their own best interest to support the small entity fee tier. This is based on the fact that our free economy allows for acquisition or licensing of the successful small entity innovation which is an increasing occurrence fostered by the laws which the PTO now would unravel for what appears to be parochial interests.

Sincerely,
BROWDY and NEIMARK

By: _____
Sheridan Neimark

By: _____
Roger L. Browdy

By: _____
Iver P. Cooper

By: _____
Norman J. Latker

cc: Dennis Burke
(Senate Patent Subcommittee)

By: _____
Iver P. Cooper

By: _____
Norman J. Latker

cc: Dennis Burke
(Senate Patent Subcommittee)

BROWDY AND NEIMARK
ATTORNEYS AT LAW
PATENT AND TRADEMARK CAUSES
SUITE 300
419 SEVENTH STREET, N. W.
WASHINGTON, D. C. 20004
TELEPHONE (202)-628-5197

SHERIDAN NEIMARK
ROGER L. BROWDY

ANNE M. KORNBAU
NORMAN J. LATKER
JEROME J. NORRIS*
ROBERT K. CARPENTER
TERESA J. BANTA*
(*NOT ADMITTED IN D.C.)

OF COUNSEL
IVER P. COOPER
RONALD R. SNIDER
A. FRED STAROBIN

TELECOPIER FACSIMILE
(GROUPS I, II, & III)
(202) 737-3528

TELEX: 248633

SENIOR COUNSEL
ALVIN BROWDY

PATENT AGENT
SHMUEL LIVNAT, PH.D.

June 21, 1991

Senator Dennis DeConcini
HART SENATE OFFICE BUILDING
SH-328
Washington, D.C. 20510

Dear Senator DeConcini:

As you know, the United States Patent and Trademark Office announced in a May 10, 1991, Federal Register Notice of a new proposal to raise Patent Office Fees above the already undebated 69% increase put into place on November 5, 1990.

Only cursory review reveals that the bulk of the proposed increase is intended to come from substantially eliminating the small entity tier of fees established by law. Given the PTO's prior attempts to attain this result, we believe they will continue to persevere until the patent community (including your committee) make it clear that there will be no retreat from this law.

Because the PTO has provided no rationale to justify their attack on the law (other than suggestions that the small entity fee structure is a subsidy paid for by others and PTO has a need for additional funding), we can only speculate that their persistence is based on a belief that there was, in the first instance, no sound justification for the two tier fee system established by the law.

Further, and ominously, the PTO position strongly suggests that this new fee increase is a first step toward a 100% user supported PTO without contribution from the tax paying public. Given achieving this goal, the next predictable step will be toward a private independent PTO answerable to the public in some yet to be determined manner.

As you might suspect, we strongly oppose the proposed fee increase and the elimination of the small entity fee tier based on the underlying reasons for initially establishing the small entity status in law.

Much of the support for the law came from those who were well aware of the loss of world market to new foreign technologies

user supported PTO without contribution from the tax paying public. Given achieving this goal, the next predictable step will be toward a private independent PTO answerable to the public in some yet to be determined manner.

As you might suspect, we strongly oppose the proposed fee increase and the elimination of the small entity fee tier based on the underlying reasons for initially establishing the small entity status in law.

Much of the support for the law came from those who were well aware of the loss of world market to new foreign technologies

and its detrimental impact on the domestic economy. In answer to this threat, the Congress wisely crafted a series of laws including P.L. 97-247 and amendments thereto, to create stronger incentives for the delivery of new American technology to the market place. All these laws were crafted to encourage "small entities", and other research performers who do research outside the scope of established and marketed product lines, with the idea that new bridges and incentives to bring their inventive results to the marketplace were urgently needed.

In particular, the passage of P.L. 97-247 was supported by the belief that there are two rough divisions between patent applications filed in the PTO. One division is represented by patent applications filed on improvements or variants of existing marketed products. These so-called "defensive patents" are presumed to be in most part financed by the profits from the existing products being defended from competition, usually by large foreign and domestic corporations (and these are increasingly multi-national and foreign corporations).

The second division represents patent applications on new product lines that had not previously existed and may or may not displace an existing product line. This type of patent application is best understood by people in the life science and pharmaceutical industry where the goal for remaining competitive is new drugs, diagnostic tests, etc., that did not previously exist for treatment of disease.

Given the rough existence of these divisions, P.L. 97-247 was built on the theory that a large segment of the second division of patent applications would normally arise from small entities (small business, universities and other nonprofit organizations and individuals) as the research they conduct is either fundamental or risk oriented and outside an existing product line producing profits. Our experience supports the belief that new products which create new industries and jobs emerge from small entity research out of proportion to other research performers.

But inherent to the above is the problem of funding patent protection and marketing of such new products given that there is no existing product line owned by the small entity generating the profits necessary to proceed. It was on this point that we would suggest that the founding fathers understood the need for a <u>publicly</u> supported patent system. Indeed, note the wording of Art I, Section 8:

> Congress shall have power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive rights to their

there is no existing product line owned by the small entity generating the profits necessary to proceed. It was on this point that we would suggest that the founding fathers understood the need for a <u>publicly</u> supported patent system. Indeed, note the wording of Art I, Section 8:

> Congress shall have power to promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive rights to their

respective writings and discoveries.

First, please remember that at the time this great innovation in public policy was written there were no large entities. The creation of the patent system was aimed only at serving a rural community made up of what are now called small entities on the basis of both serving the public as a whole by promoting "...the progress of science and useful arts" and by providing to small entities the means through the value of "...exclusive rights" of reaching the marketplace.

The PTO goals are headed in the direction of ignoring the fact that Art I, Section 8 contemplates a benefit to the public in exchange for the grant of exclusive rights. We believe the public has recognized this through years of supporting the patent system. The benefit to the public is particularly clear when noting that a large percent of small entity inventions covered by patents never reach the marketplace. In this instance, the small entity has gained little or nothing whereas the public has gained the teaching of the invention.

We would go so far as saying that most domestic corporations involved primarily in defensive patent filing are sophisticated enough to recognize that it is in their own best interest to support the small entity fee tier. This is based on the fact that our free economy allows for acquisition or licensing of the successful small entity innovation which is an increasing occurrence fostered by the laws which the PTO now would unravel for what appears to be parochial interests.

Sincerely,
BROWDY and NEIMARK

By: _____
Sheridan Neimark

By: _____
Roger L. Browdy

By: _____
Iver P. Cooper

By: _____
Norman J. Latker

cc: Dennis Burke
(Senate Patent Subcommittee)

By: _____
Iver P. Cooper

By: _____
Norman J. Latker

cc: Dennis Burke
(Senate Patent Subcommittee)

BROWDY AND NEIMARK
ATTORNEYS AT LAW
PATENT AND TRADEMARK CAUSES
SUITE 300
419 SEVENTH STREET, N. W.
WASHINGTON, D. C. 20004
TELEPHONE (202)-628-5197

TELECOPIER FACSIMILE
(GROUPS I, II, & III)
(202) 737-3528
TELEX: 248633

SHERIDAN NEIMARK
ROGER L. BROWDY

ANNE M. KORNBAU
NORMAN J. LATKER
JEROME J. NORRIS*
ROBERT K. CARPENTER
TERESA J. BANTA*
(*NOT ADMITTED IN D.C.)

OF COUNSEL
IVER P. COOPER
RONALD R. SNIDER
A. FRED STAROBIN

SENIOR COUNSEL
ALVIN BROWDY

PATENT AGENT
SHMUEL LIVNAT, PH.D.

June 21, 1991

Mr. William J. Hughes
207 CANNON HOUSE OFFICE BUILDING
Subcommittee on Intellectual Property
and Judicial Administration
Washington, D.C. 20515

Dear Mr. Hughes:

As you know, the United States Patent and Trademark Office announced in a May 10, 1991, Federal Register Notice of a new proposal to raise Patent Office Fees above the already undebated 69% increase put into place on November 5, 1990.

Only cursory review reveals that the bulk of the proposed increase is intended to come from substantially eliminating the small entity tier of fees established by law. Given the PTO's prior attempts to attain this result, we believe they will continue to persevere until the patent community (including your committee) make it clear that there will be no retreat from this law.

Because the PTO has provided no rationale to justify their attack on the law (other than suggestions that the small entity fee structure is a subsidy paid for by others and PTO has a need for additional funding), we can only speculate that their persistence is based on a belief that there was, in the first instance, no sound justification for the two tier fee system established by the law.

Further, and ominously, the PTO position strongly suggests that this new fee increase is a first step toward a 100% user supported PTO without contribution from the tax paying public. Given achieving this goal, the next predictable step will be toward a private independent PTO answerable to the public in some yet to be determined manner.

As you might suspect, we strongly oppose the proposed fee increase and the elimination of the small entity fee tier based on the underlying reasons for initially establishing the small entity status in law.

Further, and ominously, the PTO position strongly suggests that this new fee increase is a first step toward a 100% user supported PTO without contribution from the tax paying public. Given achieving this goal, the next predictable step will be toward a private independent PTO answerable to the public in some yet to be determined manner.

As you might suspect, we strongly oppose the proposed fee increase and the elimination of the small entity fee tier based on the underlying reasons for initially establishing the small entity status in law.

Much of the support for the law came from those who were well aware of the loss of world market to new foreign technologies and its detrimental impact on the domestic economy. In answer to this threat, the Congress wisely crafted a series of laws including P.L. 97-247 and amendments thereto, to create stronger incentives for the delivery of new American technology to the market place. All these laws were crafted to encourage "small entities", and other research performers who do research outside the scope of established and marketed product lines, with the idea that new bridges and incentives to bring their inventive results to the marketplace were urgently needed.

In particular, the passage of P.L. 97-247 was supported by the belief that there are two rough divisions between patent applications filed in the PTO. One division is represented by patent applications filed on improvements or variants of existing marketed products. These so-called "defensive patents" are presumed to be in most part financed by the profits from the existing products being defended from competition, usually by large foreign and domestic corporations (and these are increasingly multi-national and foreign corporations).

The second division represents patent applications on new product lines that had not previously existed and may or may not displace an existing product line. This type of patent application is best understood by people in the life science and pharmaceutical industry where the goal for remaining competitive is new drugs, diagnostic tests, etc., that did not previously exist for treatment of disease.

Given the rough existence of these divisions, P.L. 97-247 was built on the theory that a large segment of the second division of patent applications would normally arise from small entities (small business, universities and other nonprofit organizations and individuals) as the research they conduct is either fundamental or risk oriented and outside an existing product line producing profits. Our experience supports the belief that new products which create new industries and jobs emerge from small entity research out of proportion to other research performers.

But inherent to the above is the problem of funding patent protection and marketing of such new products given that there is no existing product line owned by the small entity generating the profits necessary to proceed. It was on this point that we would suggest that the founding fathers understood the need for a <u>publicly</u> supported patent system. Indeed, note the wording of Art I, Section 8:

> Congress shall have power to promote the progress of science and useful arts by

But inherent to the above is the problem of funding patent protection and marketing of such new products given that there is no existing product line owned by the small entity generating the profits necessary to proceed. It was on this point that we would suggest that the founding fathers understood the need for a <u>publicly</u> supported patent system. Indeed, note the wording of Art I, Section 8:

> Congress shall have power to promote the progress of science and useful arts by

> securing for limited times to authors and inventors the exclusive rights to their respective writings and discoveries.

First, please remember that at the time this great innovation in public policy was written there were no large entities. The creation of the patent system was aimed only at serving a rural community made up of what are now called small entities on the basis of both serving the public as a whole by promoting "...the progress of science and useful arts" and by providing to small entities the means through the value of "...exclusive rights" of reaching the marketplace.

The PTO goals are headed in the direction of ignoring the fact that Art I, Section 8 contemplates a benefit to the public in exchange for the grant of exclusive rights. We believe the public has recognized this through years of supporting the patent system. The benefit to the public is particularly clear when noting that a large percent of small entity inventions covered by patents never reach the marketplace. In this instance, the small entity has gained little or nothing whereas the public has gained the teaching of the invention.

We would go so far as saying that most domestic corporations involved primarily in defensive patent filing are sophisticated enough to recognize that it is in their own best interest to support the small entity fee tier. This is based on the fact that our free economy allows for acquisition or licensing of the successful small entity innovation which is an increasing occurrence fostered by the laws which the PTO now would unravel for what appears to be parochial interests.

Sincerely,
BROWDY and NEIMARK

By: _____
Sheridan Neimark

By: _____
Roger L. Browdy

By: _____
Iver P. Cooper

By: _____
Norman J. Latker

cc: Hayden Gregory

By: _____
Roger L. Browdy

By: _____
Iver P. Cooper

By: _____
Norman J. Latker

cc: Hayden Gregory

Introduction

This proposed model cooperative research and development agreement (CRDA) is presented in accordance with Section 5 of the Technology Transfer Act of 1986 (15 United States Code (USC) Sec. 3710(g)(1)(B)). In providing this model agreement our intention is to furnish advice and assistance for a generic model from which parties can add to or substract as they think is appropriate for their particular situation. The definition of cooperative agreement in the Act (15 USC 3710a(d)) excludes a procurement contract, grant, or cooperative agreement. Consequently, the CRDA does not include all the terms and conditions used in these legal instruments nor the required clauses in the Federal Acquisition Regulation (FAR). Of course, an agency or laboratory has the discretion to insert wording from selected clauses of the FAR or may paraphrase such clauses for use in the CRDA. We are available to assist you in any way relating to this matter.

Model Cooperative Research and Development Agreement

This Cooperative Research and Development Agreement ("CRDA"), dated as of _____, is entered into by and between the ABX Company, Inc., a New York Corporation ("ABX"). and the XYZ Center, a laboratory of the X Agency ("XYZ").

A. Whereas, the Congress in enacting the Federal Technology Transfer Act of 1986, Public Law No. 99-502, October 20, 1986, has found that Federal laboratories'

("XYZ").

A. Whereas, the Congress in enacting the Federal Technology Transfer Act of 1986, Public Law No. 99-502, October 20, 1986, has found that Federal laboratories'

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 1

developments should be made accessible to private industry, state and local Governments, and has declared that one of the purposes of such Act is to improve the economic, environmental and social well being of the United States by stimulating the utilization of Federally-funded technology developments by such parties;

B. Whereas, the Federal Technology Transfer Act of 1986 among other technology transfer improvements has provided each Federal agency with the authority to permit the Director of Government-operated Federal laboratories to enter into cooperative research and development agreements (CRDA) with Federal or non-Federal entities including private firms and organizations for the purpose of providing to (but not funds), or obtaining from, collaborating parties, personnel, services, property, facilities, equipment or other resources toward the conduct of specified research and development efforts which may include the disposition of patent rights in the inventions which may result from such collaboration;

C. Whereas, XYZ has performed substantial research and development with respect to {For example, radionuclides from rare earth elements with cancer therapy potential and has substantial elements with cancer therapy potential and has substantial expertise in the generation and characterization of monoclonal antibodies and their in-vivo binding abilities, hereinafter referred to as "the Technology"};

antibodies and their in-vivo binding abilities, hereinafter referred to as "the Technology"};

D. Whereas, XYZ possesses certain advanced scientific skills, facilities, special equipment, information, computer software, and know-how pertaining to the Technology;

E. Whereas, XYZ desires to pursue the development of the Technology with the objective of developing {For example, cancer therapeutic reagents consisting of specific monoclonal antibodies coupled to specific radionuclides with cell killing potential};

F. Whereas, ABX is interested in the further development of the Technology and its utilization by private and public {For example, medical institutions};

G. Whereas, ABX desires to provide resources for XYZ's further development of the Technology and subsequently, upon the successful completion of development, carry out a plan for marketing of the {For example, reagents leading to the widespread commercial availability of such reagents};

H. Whereas, XYZ views its collaboration with ABX to develop the Technology and the commitment of ABX to undertake its marketing plan to be in the furtherance of the public interest;

Now, therefore, the parties hereto agree as follows:

Article 1. Definitions

As used in this Agreement, the following terms shall have the following meanings and such meanings should be equally applicable to both the singular and plural forms of the terms defined:

As used in this Agreement, the following terms shall have the following meanings and such meanings should be equally applicable to both the singular and plural forms of the terms defined:

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 3

1.1 Cooperative research and development agreement (CRDA) means this agreements as used herein.

1.2 "Invention" means any invention or discovery which is or may be patentable under Title 35 of the United States Code or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 7321 et seq.).

1.3 "Made" in relation to any invention means the conception or first actual reduction to practice of such invention.

1.4 "Proprietary Information" means information which embodies trade secrets developed at private expense or which is confidential business or financial information provided that such information:

(i) Is not generally known or available from other sources without obligations concerning its confidentiality;

(ii) Has not been made available by the owners to others without obligation concerning its confidentiality; and

(iii) Is not already available to the Government without obligation concerning its confidentiality.

1.5 "Subject Data" means all recorded information first produced in the performance of this Agreement.

1.6 "Subject Invention" means any invention conceived or first actually reduced to practice in the performance of work under this Agreement.

in the performance of this Agreement.

1.6 "Subject Invention" means any invention conceived or first actually reduced to practice in the performance of work under this Agreement.

Article 2. Cooperative Research *

2.1 Statement of Work. Cooperative research performed under this Agreement shall be performed in accordance with the Statement of Work ("SOW") attached hereto as Appendix A. XYZ agrees to perform the cooperative research and to utilize such personnel resources, facilities, equipment, skills, know-how and information as it considers necessary, consistent with its own policies, missions and requirements.

2.2 Review of Work. Periodic conferences shall be held between XYZ and ABX, personnel for the purpose of reviewing the progress of work; however, XYZ shall have exclusive control and supervision over the conduct of all cooperative research. It is understood that the nature of this cooperative research is such that completion within the period of performance specified, or within the limits of financial support allocated, cannot be guaranteed. Accordingly, it is agreed that all cooperative research is to be performed on a best efforts basis.

2.3 Principal Investigation. XYZ agrees to assign a substantial portion of the work to be performed pursuant to the SOW to the "W" Branch. The work will be performed under the supervision of Dr. _____ who as principal investigator has the responsibility for the scientific and technical conduct of this project.

2.4 Scope Change. If at any time Dr. _____ determines that the research data justifies a substantial change

responsibility for the scientific and technical conduct of this project.

2.4 Scope Change. If at any time Dr. _____ determines that the research data justifies a substantial change

in the direction of the work, XYZ shall promptly notify ABX and the parties shall make a good faith effort to agree on any necessary change to the SOW.

2.5 "An alternative" {To the extent that the conduct of sponsored research may require a joint technical effort of ABX and XYZ, the parties agree to establish a joint research and development team (the "Team") which shall conduct sponsored research in accordance with the SOW. Each party shall make available to the Team such unique resources, facilities, equipment, skills, know-how and information as it considers necessary and appropriate. Both parties pledge to support the Team in a mutually cooperative manner, on a best efforts basis, consistent with their respective policies, missions and requirements. The Team shall prepare and submit written reports to both parties, on a periodic basis, setting forth the technical progress made, identifying such problems as may have been encountered, and establishing goals and objectives requiring further effort. The Team's progress shall be prepared as an unwritten amendment to this Agreement and subsequently subject to the joint supervision of the parties, each of whom shall make their own independent judgment regarding the Team's progress and direction. Either party may suggest changes to the SOW or to the scope and direction of the effort which, if agreed to by the other party, shall be implemented by the Team. Although the members of the Team shall be considered as having been delegated to the Team, they shall continue to remain employed by their respective employers with full benefits and salary}.

scope and direction of the effort which, if agreed to by the other party, shall be implemented by the Team. Although the members of the Team shall be considered as having been delegated to the Team, they shall continue to remain employed by their respective employers with full benefits and salary}.

Article 3. Reports

3.1 Quarterly Reports. Commencing three months after the expiration date, XYZ shall submit quarterly written reports to ABX during the term of this Agreement on the progress of its work and the results being obtained and shall make available to ABX, to the extent reasonably requested, other project information in sufficient detail to explain the progress of the work.

3.2 Final Reports. XYZ shall submit a final report of its results within four months after completing the SOW.

Article 4. Financial Obligation

4.1 Advance Payment. The performance of research by XYZ under this Agreement is conditioned on the advance payment by ABX of XYZ's full cost for the performance of such research. (Use this clause only if agency desires advance payment).

4.2 Deposit Account. ABX shall pay ${X} to XYZ for the performance of the research specified by Article 2. Such funds shall be deposited in {Department of Treasury, Special Collaborative Agreement Account No. _____} as follows:

${.4X} to be deposited upon the execution of this Agreement;

${.2%} to be deposited 30 days prior to the beginning of the second budget period;

${.2X} to be deposited 30 days prior to the beginning of the third budget period; and,

${.2%} to be deposited 30 days prior to the beginning of the second budget period;

${.2X} to be deposited 30 days prior to the beginning of the third budget period; and,

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 7

${.2X} to be deposited 30 days prior to the beginning of the fourth budget period.

XYZ shall not be obligated to perform any of the research specified herein or to take any other action required by this Agreement if the agreed to funds are not deposited as required by this Article. (An alternate clause establishing an Agency rather than a Treasury deposit account may be used).

4.3 Insufficient and Excess Funds. XYZ shall not be required to continue its research and development activities under this Agreement if the funds provided by ABX are insufficient to cover XYZ's full cost for such continued activities. Funds not expended by XYZ shall be returned to ABX upon XYZ's submission of a final fiscal report to ABX.

4.4 Accounting Records. XYZ shall maintain separate and distinct current accounts, records, and other evidence supporting all its expenditures under this Agreement. XYZ shall provide ABX a semi-annual report accounting for the use of ABX's funds and a final fiscal report within _____ months after completing the SOW or ending its research activities under this Agreement and the completion of the research work. These accounts and records of XYZ shall be available for reasonable inspection and copying by ABX and its authorized representative.

Article 5. Title to Property

5.1 Capital Equipment. All capital equipment developed or acquired under this Agreement shall be the property of XYZ,

ABX and its authorized representative.

Article 5. Title to Property

5.1 Capital Equipment. All capital equipment developed or acquired under this Agreement shall be the property of XYZ,

except that title to the following items of capital equipment provided to XYZ by ABX or acquired by XYZ with funds supplied by ABX shall remain or vest in ABX:_____ Upon completion of the research by XYZ, ABX shall be responsible for all costs attendant to the maintenance, removal, storage and shipping of the above identified capital equipment to ABX.

5.2 Disposal of Toxic or Other Waste (A clause may be necessary to govern the disposal of toxic and other waste resulting from this agreement).

Article 6. Patent Rights

6.1 Reporting. XYZ shall promptly report to ABX each Subject Invention reported to XYZ by its employees. ABX shall promptly report to XYZ each Subject Invention reported to ABX by any of its employees.

6.2 ABX Employee Inventions. XYZ, on behalf of the U.S. Government, waives any ownership rights the U.S. Government may have in Subject Inventions made by ABX employees and agrees that ABX shall have the option to retain title to any such employee Subject Invention. ABX shall notify XYZ promptly upon making this election and agrees to timely file patent applications on such Subject Invention at its own expense. ABX agrees to grant to the U.S. Government on its employee's Subject Inventions a nonexclusive, irrevocable, paid-up license in the patents covering a Subject Inventions to practice or have practiced, throughout the world by, or on behalf of the U.S. Government, and

to the U.S. Government on its employee's Subject Inventions a nonexclusive, irrevocable, paid-up license in the patents covering a Subject Inventions to practice or have practiced, throughout the world by, or on behalf of the U.S. Government, and

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 9

such other rights as we specified in Article _____. Such nonexclusive license shall be evidenced by a confirmatory license agreement prepared by ABX in a form satisfactory to XYZ. ABX may release the rights provided for by this paragraph to employee inventors subject to a license in XYZ. (See paragraph 6.4)

6.3 XYZ Employee Invention. (Note: The parties may agree to allow ABX the option of obtaining title to subject invention subject to a paid-up, nonexclusive, irrovacable license in the government. In this event paragraph 6.6 will need to be deleted). XYZ, on behalf of the U.S. Government shall have the initial option to retain title to each Subject Invention Made by its employees and in each Subject Invention Made jointly by an ABX and XYZ employee. In the event that the XYZ informs ABX that it elects to retain title to such joint Subject Invention, ABX agrees to assign whatever right, title and interest ABX has in and to such joint Subject Invention.

6.4 Filing of Patent Applications. The party having the right to retain title and file patent applications on a specific Subject Invention may elect not to file patent applications thereon provided it so advises the other party within 90 days from the date it reports the Subject Invention to the other party. Thereafter, the other party may elect to file patent applications on such Subject Invention and the party initially reporting such Subject Invention agrees to assign its right title and interest in such Subject Invention to the other party and cooperate with such party in the preparation and filing of patent

applications on such Subject Invention and the party initially reporting such Subject Invention agrees to assign its right title and interest in such Subject Invention to the other party and cooperate with such party in the preparation and filing of patent

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 10

applications thereon. The assignment of the entire right title and interest to the other party pursuant to this paragraph shall be subject to the retention by the party assigning title of a nonexclusive, irrevocable, paid-up license to practice, or have practiced, the Subject Invention throughout the world. In the event neither of the parties to this agreement elect to file a patent application on subject invention, either or both (if a joint invention) may, at their sole discretion and subject to reasonable conditions, release the right to file to the inventor(s) with a license in each party of the same scope as set forth in the immediate preceeding sentence.

6.5 Patent Expenses. The expenses attendant to the filing of patent applications as specified in 6.4 above, shall be borne by the party filing the patent application. Each party shall provide the other party with copies of the patent applications it files on any Subject Invention along with the power to inspect and make copies of all documents retained in the official patent application files by the applicable patent office.

6.6 Exclusive License

6.6.1 Grants. XYZ, on behalf of the Government, hereby agrees to grant to ABX an exclusive license in each U.S. patent application, and patents issued thereon, covering a Subject Invention, which is filed by XYZ on behalf of the U.S. Government subject to the reservation of an irrevocable, royalty-free license to practice and have practiced the Subject Invention on

application, and patents issued thereon, covering a Subject Invention, which is filed by XYZ on behalf of the U.S. Government subject to the reservation of an irrevocable, royalty-free license to practice and have practiced the Subject Invention on

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 11

behalf of the U.S. Government, and such other terms and conditions as are specified by XYZ in such exclusive license.

6.6.2 Exclusive License Terms. Upon filing of a patent application on a Subject Invention by XYZ, ABX shall have the option to acquire a limited term exclusive license in the resulting patents at reasonable royalty rates upon the execution of an exclusive license agreement containing the terms and conditions and substantially in the form specified in Exhibit A. The specific royalty rate and term of exclusivity shall be negotiated promptly after the Subject Invention is filed in the U.S. Patent and Trademark Office, provided however, that this option must be exercised by ABX by written notice to XYZ within ____ months from the date the U.S. Patent Application is so filed. {The reasonable royalty rate for each exclusive license shall be based upon a portion of the selling price of the {item} attributable to the presence of claimed subject matter where such {item} is a machine, article of manufacture, product made by a process, or composition of matter as defined by the claims of the patents. Where the claimed subject matter relates to a process or method to be practiced under the claims of the patent, the royalty will be based upon the net savings attributable to the implementation of said process or method.}

6.6.3 Extension of Exclusive Licenses. The term for each exclusive license acquired by ABX pursuant to 6.6.2 above shall extend from the issuance date of the U.S. patent on the Subject Invention. Requests by ABX for extensions of an exclusive

6.6.3 Extension of Exclusive Licenses. The term for each exclusive license acquired by ABX pursuant to 6.6.2 above shall extend from the issuance date of the U.S. patent on the Subject Invention. Requests by ABX for extensions of an exclusive

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 12

license may be filed at any time prior to the expiration of the exclusive license and must be supported by a factual showing that such a renewal is necessary to permit ABX to recapture its investment and make a reasonable profit. The decision to extend an exclusive license shall be within the sole discretion of XYZ. (Note: If premarketing approval is required by a federal agency, the extended term time period for the patent grant should be taken into consideration by providing for an extension by the period of exclusivity).

Article 7. Data and Publication

7.1 Rights. Subject to the provisions of paragraph 7.3, subject data which is required to be delivered to ABX under this Agreement shall be the property of ABX. ABX shall, upon request, have the right to review all Subject Data first produced under this Agreement which has not been delivered to ABX, except to the extent that such Subject Data is subject to a claim of confidence or privilege by a third party.

7.2 Proprietary Information. ABX shall place a Proprietary notice on all information it delivers to XYZ under this Agreement which it asserts is proprietary. XYZ agrees that any information designated as proprietary which is furnished by ABX to XYZ under this agreement, or in contemplation of this agreement, shall be used by XYZ only for the purpose of carrying out this agreement. Information designated as proprietary shall not be disclosed, copied, reproduced or otherwise made available in any form whatsoever to any other person, firm, corporation, partnership,

this agreement, or in contemplation of this agreement, shall be used by XYZ only for the purpose of carrying out this agreement. Information designated as proprietary shall not be disclosed, copied, reproduced or otherwise made available in any form whatsoever to any other person, firm, corporation, partnership,

association or other entity without the consent of ABX except as such information may be subject to disclosure under the Freedom of Information Act (5 U.S.C. 552). XYZ agrees to use its best efforts to protect information designated as proprietary from unauthorized disclosure. ABX agrees that XYZ is not liable for the disclosure of information designated as proprietary which, after notice to and consultation with ABX, XYZ determines may not lawfully be withheld or which a court of competent jurisdiction requires disclosed.

7.3 Release Restrictions. XYZ shall have the right to use all Subject Data for any Governmental purpose, but shall not release such Subject Data publicly except: (i) XYZ when reporting on the results of sponsored research may publish Subject Data, subject to the provisions of paragraph 7.4 below, and provided ABX is given a ninety (90) day opportunity to review the manuscript and provide suggestions before publication; and (ii) XYZ may release such Subject Data where such release is required pursuant to a request under the Freedom of Information Act (5 U.S.C. Section 552); provided, however, that such data shall not be released to the public if a patent application is to be filed (35 U.S.C. Section 205) until the party having the right to file has had a reasonable time to file.

7.4 Publication. XYZ and ABX agree to confer and consult prior to the publication of Subject Data to assure that no Proprietary Information is released and that patent rights are not jeopardized. Prior to submitting a manuscript for review which

7.4 Publication. XYZ and ABX agree to confer and consult prior to the publication of Subject Data to assure that no Proprietary Information is released and that patent rights are not jeopardized. Prior to submitting a manuscript for review which

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 14

contains the results of the research under this Agreement, or prior to publication if no such review is made, each party shall be offered an ample opportunity to review such proposed publication and to file patent applications in a timely manner, if it is so entitled under this Agreement.

Article 8. Representations and Warranties

8.1 Representations and Warranties of XYZ. XYZ hereby represents and warrants to ABX as follows:

8.1.1 Organization. XYZ is a Federal laboratory of the X Agency and is wholly owned {or leased} by the U.S. Government of the United States whose substantial purpose is the performance of research, development, or engineering by employees of said Government;

8.1.2 Mission. The performance of the activities specified by this Agreement are consistent with the mission of XYZ.

8.1.3 Authority. 8.2.1 (1) All prior reviews and approvals required by regulations or law have been obtained by XYZ prior to the execution of this Agreement. The XYZ official executing this Agreement has the requisite authority to do so.

8.1.4 Statutory Compliance. XYZ's Laboratory Director, prior to entering into this Agreement, has given special consideration to the entering into CRDAs with small business firms and consortia involving small business firms.

prior to entering into this Agreement, has given special consideration to the entering into CRDAs with small business firms and consortia involving small business firms.

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 15

8.2 Representations and Warranties of ABX. ABX hereby represents and warrants to XYZ as follows:

8.2.1 Corporate Organization. ABX, as of the date hereof, is a corporation duly organized, validly existing and in good standing under the laws of the State of {New York}, and (if applicable) is a wholly owned subsidiary of Y, Inc., a Delaware corporation.

8.2.2 Power and Authority. ABX has the requisite power and authority to enter into this Agreement and to perform according to the terms thereof.

8.2.3 Due Authorization. The Board of Directors and stockholders of ABX have taken all actions required to be taken by law, ABX's Certificate or Articles of Incorporation, its bylaws or otherwise, to authorize the execution and delivery of this Agreement.

8.2.4 No Violation. The execution and delivery of this Agreement does not contravene any material provision of, or constitute a material default under any material agreement binding on ABX or any valid order of any court, or any regulatory agency or other body having authority to which ABX is subject.

Article 9. Termination

9.1 Termination by Mutual Consent. ABX and XYZ may elect to terminate this Agreement, or portions thereof, at any time by mutual consent. In such event the parties shall specify the

Article 9. Termination

9.1 Termination by Mutual Consent. ABX and XYZ may elect to terminate this Agreement, or portions thereof, at any time by mutual consent. In such event the parties shall specify the

disposition of all property, patents and other results of work accomplished or in progress, arising from or performed under this Agreement. Upon a termination by mutual consent, XYZ shall not make any new commitments and shall, to the extent feasible, cancel all outstanding commitments that relate to this Agreement or portions thereof mutually terminated, by the termination date, or as soon thereafter as feasible.

9.2 Termination by Unilateral Action

9.2.1 Written Notice. Either party may unilaterally terminate this entire Agreement at any time by giving the other party written notice, not less than 30 days prior to the desired termination date. If ABX unilaterally terminates this Agreement, any exclusive license entered into by the parties shall be simultaneously terminated unless the parties agree to retain such exclusive license.

9.2.2 New Commitments. XYZ shall make no new commitments after receipt of a written termination notice from ABX and shall, to the extent feasible, cancel all outstanding commitments and contracts by the termination date.

9.3 Termination Costs. Within 90 days following termination of this Agreement, XYZ shall submit a statement of all costs incurred prior to the date of termination and for all termination costs for removal of abandoned property. Any unspent funds provided to XYZ by ABX shall be used to fund termination costs. In the event such funds are insufficient to cover all the

incurred prior to the date of termination and for all termination costs for removal of abandoned property. Any unspent funds provided to XYZ by ABX shall be used to fund termination costs. In the event such funds are insufficient to cover all the

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 17

termination costs, ABX agrees to promptly meet with XYZ to reach a settlement agreement regarding the payment of the remaining termination costs.

Article 10. Disputes

10.1 Settlement. Any dispute arising under this Agreement which is not disposed of by agreement of the { } shall be submitted jointly to the signatories of this Agreement. A joint decision of the signatories or their designees shall be the disposition of such dispute.

10.2 If the signatories are unable to jointly receive a dispute within a reasonable period of time after submission of the dispute for resolution, the matter shall be submitted to the head of the agency or his designee for resolution.

10.3 Continuation of Work. Pending the resolution of any dispute or claim pursuant to this Article, the parties agree that performance of all obligations shall be pursued diligently in accordance with the direction of the XYZ signatory.

Article 11. Liability

11.1 Property. The U.S. Government shall not be responsible for damages to any property of ABX provided to XYZ or acquired by XYZ pursuant to this Agreement.

11.2 Sponsor's Employees. ABX agrees to idemnify and hold harmless the U.S. Government for any loss, claim, damage, or liability of any kind involving an employee of ABX arising in

XYZ pursuant to this Agreement.

11.2 Sponsor's Employees. ABX agrees to idemnify and hold harmless the U.S. Government for any loss, claim, damage, or liability of any kind involving an employee of ABX arising in

connection with this Agreement, except to the extent that such loss, claim, damage or liability arises from the negligence of XYZ or its employees. XYZ shall be solely responsible for the payment of all claims for the loss of property, personal injury or death, or otherwise arising out of any negligent act or omission of its employees in connection with the performance of work under this Agreement.

11.3 No Warranty. Except as specifically stated in Article 8, XYZ makes no express or implied warranty as to any matter whatsoever, including the conditions of the research or any invention or product, whether tangible or intangible, made, or developed under this Agreement, or the ownership, merchantability, or fitness for a particular purpose of the research or any invention or product.

11.4 Indemnification. ABX holds the U.S. Government harmless and indemnifies the Government for all liabilities, demands, damages, expenses and losses arising out of the use by ABX, or any party acting on its behalf or under its authorization, of XYZ's research and technical developments or out of any use, sale or other disposition by ABX, or others acting on its behalf or with its authorization, of products made by the use of XYZ's technical developments. This provision shall survive termination of this Agreement.

11.5 Force Majeure. Neither party shall be liable for any unforeseeable event beyond its reasonable control not caused by the fault or negligence of such party, which causes such party to

of this Agreement.

11.5 Force Majeure. Neither party shall be liable for any unforeseeable event beyond its reasonable control not caused by the fault or negligence of such party, which causes such party to

be unable to perform its obligations under this Agreement (and which it has been unable to overcome by the exercise of due diligence), including, but not limited to, flood, drought, earthquake, storm, fire, pestilence, lightning and other natural catastrophes, epidemic, war, riot, civic disturbance or disobedience, strikes, labor dispute, or failure, threat of failure, or sabotage of the XYZ facilities, or any order or injunction made by a court or public agency. In the event of the occurrence of such a force majeure event, the party unable to perform shall promptly notify the other party. It shall further use its best efforts to resume performance as quickly as possible and shall suspend performance only for such period of time as is necessary as a result of the force majeure event.

Article 12. Miscellaneous

12.1 No Benefits. No member of, or delegate to the United States Congress, or resident commissioner, shall be admitted to any share or part of this Agreement, nor to any benefit that may arise therefrom; but this provision shall not be construed to extend to this Agreement if made with a corporation for its general benefit.

12.2 Governing Law. The construction validity, performance and effect of this Agreement for all purposes shall be governed by the laws applicable to the Government of the United States.

12.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subject matter

effect of this Agreement for all purposes shall be governed by the laws applicable to the Government of the United States.

12.3 Entire Agreement. This Agreement constitutes the entire agreement between the parties concerning the subject matter

hereof and supersedes any prior understanding or written or oral agreement relative to said matter.

12.4 Headings. Titles and headings of the Sections and Subsections of this Agreement are for the convenience of references only and do not form a part of this Agreement and shall in no way affect the interpretation thereof.

12.5 Waivers. None of the provisions of this Agreement shall be considered waived by any party hereto unless such waiver is given in writing to all other parties. The failure of any party to insist upon strict performance of any of the terms and conditions hereof, or failure or delay to exercise any rights provided herein or by law, shall not be deemed a waiver of any rights of any party hereto.

12.6 Severability. The illegality or invalidity of any provisions of this Agreement shall not impair, affect or invalidate the other provisions of this Agreement.

12.7 Amendments. If either party desires a modification in this Agreement, the parties shall, upon reasonable notice of the proposed modification by the party desiring the change, confer in good faith to determine the desirability of such modification. Such modification shall not be effective until a written amendment is signed by all the parties hereto by their representatives duly authorized to execute such amendment.

12.8 Assignment. Neither this Agreement nor any rights or obligations of any party hereunder shall be assigned or otherwise

amendment is signed by all the parties hereto by their representatives duly authorized to execute such amendment.

12.8 Assignment. Neither this Agreement nor any rights or obligations of any party hereunder shall be assigned or otherwise

transferred by either party without the prior written consent of the other party except that ABX may assign this Agreement to the successors or assignees of a substantial portion of ABX's business interests to which this Agreement directly pertains.

12.9 Notices. All notices pertaining to or required by this Agreement shall be in writing and shall be signed by an authorized representative and shall be delivered by hand or sent by certified mail, return receipt requested, with postage prepaid, addressed as follows:

If to ABX: Mr.
Vice President
ABX Company, Inc.
New York, New York

If to XYZ: Dr. John Doe
Laboratory Director
XYZ Center
X Agency
Washington, D. C.

Any party may change such address by notice given to the other party in the manner set forth above.

12.10 Independent Contractors. The relationship of the parties to this Agreement is that of independent contractors and not as agents of each other or as joint venturers or partners. XYZ shall maintain sole and exclusive control over its personnel and operations.

12.10 Independent Contractors. The relationship of the parties to this Agreement is that of independent contractors and not as agents of each other or as joint venturers or partners. XYZ shall maintain sole and exclusive control over its personnel and operations.

12.11 Use of Name or Endorsements. (a) ABX shall not use the name of the XYZ or X Agency on any product or service which is directly or indirectly related to either this Agreement or any patent license or assignment agreement which implements this Agreement without the prior approval of XYZ. (b) By entering into this Agreement XYZ does not directly or indirectly endorse any product or service provided, or to be provided, by ABX, its successors, assignees, or licensees. ABX shall not in any way imply that this Agreement is an endorsement of any such product or service.

Article 13. Duration of Agreement and Effective Date

13.1 It is mutually recognized that the development program, cannot be rigidly defined in advance, and that the contemplated time periods for completion of each phase are good faith guidelines subject to adjustment by mutual agreement, to fit circumstances as the development program proceeds. In no case will this Agreement extend beyond , unless it is revised in accordance with Article 12 of this Agreement.

The provisions of Article 6, _____ shall survive the termination of this Agreement.

13.2 Effective Date.

This Agreement shall enter into force as of the date of the last signature of the parties.

13.2 Effective Date.

This Agreement shall enter into force as of the date of the last signature of the parties.

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 23

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as follows:

For the Company: _____

_____ _____

Date

For the U.S. Government _____

_____

_____

_____

_____ _____

Date

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 24

Appendix A

Statement of Work

DEPT OF COMMERCE/OFC OF FED TECH MGMT-DRAFT-11/4/87 Page 25

Can you give us any help in distinguishing Johnson?

1. Present Policy Statement indicates that Commerce regs apply.
2. 83 - Says Parts 6+8 apply
3. 7/15/82 -

Gallaso 496-5356

M. Jeffery Gnuse
301-496-5967

1. Howard Tenenicle
301-402-0850
83 - Parts 6+8
OMB A-124
7/15/82 - Interim - Amend PL 96-517

2. 301 - Fed. Reg.
83 - Parts 6+8
OMB A-124
7/15/82 - Interim - Amend PL 96-517
Fed. Reg.
7/20/82 -

BROWDY AND NEIMARK, P.L.L.C.
ATTORNEYS AT LAW
PATENT AND TRADEMARK CAUSES
SUITE 300
419 SEVENTH STREET, N. W.
WASHINGTON, D. C. 20004-2299
TELEPHONE (202)-628-5197

SHERIDAN NEIMARK
ROGER L. BROWDY

ANNE M. KORNBAU
NORMAN J. LATKER
NICK BROMER*
(*PA BAR ONLY)

OF COUNSEL
IVER P. COOPER

TELECOPIER FACSIMILE
(202) 737-3528
(202) 393-1012

E-MAIL
BrwdyNmrk@nmaa.org

SENIOR COUNSEL
ALVIN BROWDY

PATENT AGENT
ALLEN C. YUN, PH.D.

TELEFAX CONTROL SHEET

SENT TO: Dr. Ashley Stevens

DATE SENT: 10/25/96

SUBJECT: 5FU

No. of pages (including this cover sheet):

Sent by: Norm Latker

Remarks: Ashley
See pgs. 382 + 3 for comment on 5FU. However I think you should read entire article before synopsizing 5FU. Give me a call
N.

CONFIDENTIALITY NOTE

This confidential facsimile message is intended only for the individual entity named above, and may contain information that is privileged and exempt from disclosure under applicable law. If you, the reader of this message, are not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that you should not copy this facsimile or distribute it to anyone other than the intended recipient. In addition, if you have received this telecopy in error, please immediately notify us by telephone or telefax and return the original message to us at the address above via the United States Postal Service. Finally, if it would not inconvenience you, we would appreciate it if you would first refax this message to the intended recipient. Thank you.

If this transmission is not well received, please advise us at our telecopier no. 202-737-3528 or by telex at 248633, or call our voice telephone no. 202-628-5197.

CONFIDENTIALITY NOTE

This confidential facsimile message is intended only for the individual entity named above, and may contain information that is privileged and exempt from disclosure under applicable law. If you, the reader of this message, are not the intended recipient, or the employee or agent responsible for delivering this message to the intended recipient, you are hereby notified that you should not copy this facsimile or distribute it to anyone other than the intended recipient. In addition, if you have received this telecopy in error, please immediately notify us by telephone or telefax and return the original message to us at the address above via the United States Postal Service. Finally, if it would not inconvenience you, we would appreciate it if you would first refax this message to the intended recipient. Thank you.

If this transmission is not well received, please advise us at our telecopier no. 202-737-3528 or by telex at 248633, or call our voice telephone no. 202-628-5197.

NJL

SOCIETY OF UNIVERSITY PATENT ADMINISTRATORS

SUPA

PRESIDENT
Mr. Ray Woodrow
Princeton University
P. O. Box 36
Princeton, N. J.
08540

PAST PRESIDENT
Dr. George H. Pickar
Patents & Lincensing
University of Miami
P. O. Box 249133
University Branch
Coral Gables, Fla.
33124

VICE PRESIDENT
EASTERN REGION
Mr. Lawrence Gilbert
Patent Administrator
Boston University
881 Commonwealth Avenue
Boston, Ma.
02215

VICE PRESIDENT
CENTRAL REGION
Dr. Ralph L. Davis
Patent Manager
Purdue Research Fdn.
West Lafayette, Ind.
47907

VICE PRESIDENT
WESTERN REGION
Mr. Clarence W. Martin
Director
Patent & Product Dev.
University of Utah
Salt Lake City, Utah
84112

SECRETARY-
TREASURER
Dr. Earl J. Freise
Assistant Director
Office of Research &
Sponsored Programs
Northwestern Univ.
Evanston, Ill.
60201

January 6, 1978

The Honorable Gaylord Nelson
Chairman
Select Committee on Small Business
United States Senate
Room 424 Russell Senate Office Building
Washington, D.C. 20510

PATENT BRANCH, OGC
DHEW

JAN 17 1978

Dear Senator Nelson:

You ask the rhetorical question, "Are we going to continue to lather and never shave?" with respect to federal patent policy. Since you do not appear to be concerned with UTILIZATION, which is the only important end product of a research program, I will attempt to answer your question within the confines of your assumption that granting title to inventions to the contractor by the government is a patent giveaway.

First, let me respond to the following quote from Senator Long in the January 2, 1978 issue of Chemical and Engineering News: "Inventions should belong to those who pay to have them CREATED." [my capitalization] By definition, an invention is something new and not previously known. How, then, does the government pay for an invention (creation) that arises out of a federally funded program. Answer: it doesn't. To illustrate, let's look at the university sector, which is funded by the federal government at an annual three billion dollar rate. Such research is primarily basic; any invention which may arise as a result thereof is a byproduct of such research, and certainly not bargained for under the terms of the grant. Moreover, such an invention is largely attributable to the personal creativity of the investigator and the environment and research resources provided by the university. In short, the government doesn't HAVE rights to such an invention; rather, it has the ability to ACQUIRE certain rights to inventions that arise out of such research. Furthermore, by virtue of the U.S. patent laws, all rights to such inventions initially vest in the patentee, who must agree to assign his rights to either the university or the government.

One should differentiate between the grant of a contract for, say, a missile system in which the contractor has conceived an end product which the government seeks to

to such inventions initially vest in the patentee, who must agree to assign his rights to either the university or the government.

One should differentiate between the grant of a contract for, say, a missile system in which the contractor has conceived an end product which the government seeks to

procure and the grant of funds to study, for example, atherosclerosis, out of which might come new methodology (creation) to treat and cure the disease.

Finally, it cannot be overemphasized that the vast majority of inventions conceived or reduced to practice in the university sector are embryonic in nature. Consequently, they require substantial investment of private risk capital to bring them to the marketplace. Without the ability to grant appropriate rights to industry, universities, which are far better situated to interest industry in their inventions than governmental agencies, would be severely hampered in their ability to grant licenses to companies willing to take the risks necessary to introduce new products to the marketplace.

I submit that (1) there is no federal patent giveaway since the government does NOT pay to have inventions created, and (2) retention of rights by the government, at least with respect to research conducted by universities and non-profits, will leave Americans with plenty of lather but no blades.

I would appreciate it if you would enter this letter as part of the record of the hearings before your Subcommittee.

Very truly yours,

Lawrence Gilbert

LG:bfg

UTING AND TRANSMITTAL SLIP

Date 1-5-78

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. Mr Lather		
2.		
3.		
4.		
5.		

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	X For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

REMARKS

PATENT BRANCH, OGC
DHEW

JAN 6 1978

File w/ Nelson hearings

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)
William H. Gommer, Ph.D.
Collab. Programs Policy Officer
OCR/NIH

Room No.—Bldg. 209 1
Phone No. 496-2241

5041-102

* GPO : 1976 O - 241-530 (3103

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

The net effect, though, of large and mixed packages of aid is the expansion of States' and localities' fiscal and program options.

Along the same lines, there is evidence that the purposes and conditions of categorical grants can be altered fairly easily, especially in a situation whereby the recipient receives a large number of intergovernmental fiscal transfers, and has a number of independent revenue sources, and provides a growing range of public services. The more frequently these circumstances occur, the more control recipients will have over the use of funds. In addition, in such cases, the shift from categorical grants to block grants and GRS will have less impact on recipient discretion than it does now, the report says.

On the subject of sunset legislation, ACIR contends that "restructuring or system controls" is impossible if people fail to recognize the importance of grant design, which according to the report reveals "as much about the real purpose(s) of an assistance program as the goals stated in the initial purpose 'section' (or title) to the enabling statute." (A combination of these features has yielded a range of grants that can be reduced to six -- the four forms of categoricals, the block grant, and GRS.)

- 0 -

Good review

PATENTS: SHENEFIELD SAYS CARTER WILL CHANGE POLICY FOR R&D CONTRACTS

Assistant Attorney General John H. Shenefield last week predicted that the Carter Administration will oppose granting patent rights to firms making inventions under federal contracts.

If Shenefield is correct, President Carter, who is said to be personally interested in the subject, would be advocating a move from the current hodge-podge of agency regulations to a more uniform policy embodying the presumption that the Government would retain title. Mr. Carter would thus be acting against the recommendations of the Commerce Department and his National Science Adviser.

Shenefield said "a struggle" is occurring within the Administration about the patent policy issue, and he told the Senate Small Business Monopolies Subcommittee: "I anticipate that our view (Justice's) will probably prevail."

Subcommittee Chairman Gaylord Nelson (D-Wis) strongly urged Shenefield to play an active role in the Administration's review of who should control patentable inventions resulting from Federally-funded research and development contracts. "Show a little guts," exhorted Nelson, who said recently that the Government "plays the Tooth Fairy, the Candy Man, and Guardian Angel to these giant corporations" by surrendering the rights to inventions developed with $26 billion in federal grants.

Nelson's hearings are devoted to critics of present patent policies, which essentially vary from agency to agency in the extent to which they permit contractors to retain patent title or obtain a waiver of title from the Government.

The hearings also come in the face of an industry-backed bill introduced by Rep. Ray Thornton (D-Ark), HR 6249, on which hearings are now expected in March. Patent rights would presumptively belong to contractors under Thornton's bill. Leading off the three days of hearings was Admiral Hyman G. Rickover, who has spoken to Mr. Carter about current patent policy, according to Administration sources.

"In my opinion," Rickover said December 19, "the rights to inventions developed at public expense should be vested in the Government and made available for use by any U.S. citizen."

Taking the traditional Justice Department position, Shenefield said: "When the Government underwrites R&D risks, the Government--that is the public--should be entitled to the full rewards of any invention." Granting "nonexclusive, nondiscriminatory licenses to qualified applicants" would result in maximum availability of the invention, he said.

Copyright © 1977 by THE BUREAU OF NATIONAL AFFAIRS, INC., Washington, D.C. 20037

of hearings was Admiral Hyman G. Rickover, who has spoken to Mr. Carter about current patent policy, according to Administration sources.

"In my opinion," Rickover said December 19, "the rights to inventions developed at public expense should be vested in the Government and made available for use by any U.S. citizen."

Taking the traditional Justice Department position, Shenefield said: "When the Government underwrites R&D risks, the Government--that is the public--should be entitled to the full rewards of any invention." Granting "nonexclusive, nondiscriminatory licenses to qualified applicants" would result in maximum availability of the invention, he said.

Copyright © 1977 by THE BUREAU OF NATIONAL AFFAIRS, INC., Washington, D.C. 20037

Shenefield balked at Nelson's suggestion that the Antitrust Division should be required to automatically review all applications for waivers to determine whether competition might be adversely affected. The Division head agreed competition reviews should be conducted, and said waivers should "certainly not" be granted if a firm's competitive lead would be enhanced, but he argued that automatic review might tax Division resources without adequate benefit.

For the most part, however, Shenefield and Nelson agreed in their analysis of what reforms are necessary. Shenefield supported permitting pre-waiver reviews by Justice and the Federal Trade Commission, advocated requiring agencies to spell out their reasons for granting waivers, and urged allowing the Government to change its mind about waivers after they had been granted. Shenefield said he would oppose granting waivers unless national security were involved.

Shenefield said the "only discernible general effect" of giving such rights to private parties would be to "confer a substantial private benefit without compensating public gain." He continued: "There are no studies, statistics or experiences that have demonstrated to our satisfaction the thesis that such allocation of rights will protect the public investment in research and development by promoting the widespread utilization of inventions." Shenefield said it is "very unlikely" that granting exclusive patent rights is necessary to encourage commercial exploitation.

Despite his opposition to current policies, Shenefield said the Antitrust Division was not developing new legislative proposals. Likewise, an aide to Nelson would say only that Nelson "might" propose legislation. (Text of the Shenefield statement appears in Section D.

In other testimony, the subcommittee heard from a Firestone Tire and Rubber Company patent lawyer and the patent counsel for SCM corporation concerning their adverse experiences with patent rights granted by the Government to competitors.

Nelson said his subcommittee is commencing a two-year study of the subject, which will include later hearings for industry and patent bar representatives.

Rickover, speaking for himself, and not the Navy, recommended that "except in exceptional circumstances," the Government be required to retain patent rights. Prior to waiving the Government's right to a patent, according to Rickover, the Attorney General should be required to make a written determination that the waiver is required "to obtain performance of work essential to the mission of the agency and that granting the waiver will not adversely affect competition or small business."

He also testified that all inventors should be required to certify on their patent applications that the invention was developed under a government contract and duly reported, subject to criminal penalty for not reporting.

Rickover doubted that contractors would be less inclined to seek part of the $26 billion in Government-funded research and development if patent protection were eliminated. "These rights are not all that important to most firms," according to Rickover, who said the Atomic Energy Commission operated successfully for 25 years under a policy of retaining title to inventions under AEC contracts. "Likewise, I have no trouble finding contractors even though they know they will not receive patent rights on my Nuclear Propulsion Program contracts," he said.

Waiver requests in the energy field have increased dramatically, Rickover said, pointing out that in fiscal 1975, the Energy Research and Development Administration received two such requests, but in fiscal 1976, the number increased to 106. He predicted continued increases in waiver requests, pushed by the patent lobby.

Copyright © 1977 by THE BUREAU OF NATIONAL AFFAIRS, INC., Washington, D.C. 20037

in Government-funded research and development if patent protection were eliminated. "These rights are not all that important to most firms," according to Rickover, who said the Atomic Energy Commission operated successfully for 25 years under a policy of retaining title to inventions under AEC contracts. "Likewise, I have no trouble finding contractors even though they know they will not receive patent rights on my Nuclear Propulsion Program contracts," he said.

Waiver requests in the energy field have increased dramatically, Rickover said, pointing out that in fiscal 1975, the Energy Research and Development Administration received two such requests, but in fiscal 1976, the number increased to 106. He predicted continued increases in waiver requests, pushed by the patent lobby.

Copyright © 1977 by THE BUREAU OF NATIONAL AFFAIRS, INC., Washington, D.C. 20037

Testimony by Rep. John Seiberling (D-Ohio) concentrated on energy-related matters. Seiberling called for mandatory licensing of all non-nuclear energy technology, and drew attention to his bill (HR 7780) that would amend the Clayton Act to give a private cause of action to any person who was unfairly denied a license to use energy technology upon the payment of a reasonable royalty." Seiberling also criticized major oil companies for spending little of their own money on research and development contrasted with other industries.

Other Testimony

Senator Russell B. Long (D-La) blasted the patent legislation proposed by Rep. Thornton, calling it "one of the most radical, far-reaching, and blatant giveaways that I have seen in the many years that I have been a member of the United States Senate."

Both Long and Federal Trade Commission Chairman Michael Pertschuk advocated that the Government retain title to inventions discovered during the course of federally-funded research and development contracts.

Long has for many years worked to attach the so-called Long amendment to many bills to insure that no research would be conducted without making the resulting information freely available to the general public.

The legislation Long attacked (HR 6249), which is supported by the Commerce Department, generally would grant patent rights to contractors doing the federal research. Long said the bill was "proposing to give away everything the Government has and get nothing for it."

Pertschuk echoed Long's arguments, concluding that "granting patent rights to Government (research and development) contractors often is not needed as an incentive for having such research performed, and granting such rights to large firms who perform R&D for the Government would provide a windfall to those least in need of such help and might create significant obstacles to competition with such firms."

- 0 -

EQUAL OPPORTUNITY: EEOC PROPOSES GUIDELINES TO PROTECT EMPLOYERS FROM "REVERSE BIAS"

EEOC issues proposed guidelines assuring employers that if they voluntarily take affirmative action steps to correct discrimination, then it won't find them liable for charges of "reverse discrimination" against, for example, white males.

The intent of the guidelines, according to EEOC Chair Eleanor Holmes Norton, is to create "a zone of reasonableness" within which employers can feel safe in going ahead with affirmative action plans to hire and promote more blacks and women. Without such guidelines, she stressed, "reverse discrimination" cases will have a "chilling effect on future efforts by employers to take voluntary action."

The guidelines, approved by the agency's commissioners December 20, would apply to federal, state and local government employers and to private employers throughout the country. The public has until March 1, 1978 to comment on them before they become final. They soon will be published in the FEDERAL REGISTER.

In a statement, Norton explained:

"The guidelines make clear that employers have an obligation to comply with the law voluntarily without waiting for any government agency to commence enforcement action ... Employers who do comply with the law voluntarily will be protected to the greatest extent possible from liability by those who may oppose or misconstrue such action. Specifically, EEOC will find no violation if an employer conducts a self-analysis which indicates that he has 'a reasonable basis for concluding' that he may be held in violation of Title VII and then takes voluntary 'action reasonably calculated' to avoid that risk."

Copyright © 1977 by THE BUREAU OF NATIONAL AFFAIRS, INC., Washington, D.C. 20037

In a statement, Norton explained:

"The guidelines make clear that employers have an obligation to comply with the law voluntarily without waiting for any government agency to commence enforcement action ... Employers who do comply with the law voluntarily will be protected to the greatest extent possible from liability by those who may oppose or misconstrue such action. Specifically, EEOC will find no violation if an employer conducts a self-analysis which indicates that he has 'a reasonable basis for concluding' that he may be held in violation of Title VII and then takes voluntary 'action reasonably calculated' to avoid that risk."

Copyright © 1977 by THE BUREAU OF NATIONAL AFFAIRS, INC., Washington, D.C. 20037