IX. Administration of Inventions in Which the Institution Elects to Retain Rights

(a) The Institution shall administer those Subject Inventions to which it elects to retain title in the public interest and shall, except as provided in subsection (b), below, make them available through licensing on a nonexclusive, royalty-free or reasonable royalty basis to all qualified applicants.

(b) The Institution may license a Subject Invention on an exclusive basis if it determines that an exclusive license is required in the public interest because it is necessary as an incentive for development of the invention or because market conditions are such as to require licensing on an exclusive basis in order to bring the invention to the point of practical application. Any exclusive license issued by the Institution under a U.S. patent or patent application shall be for a limited period of time and such period shall not, unless otherwise approved by the Agency, exceed five years from the date of the first commercial sale or use in the United States of America of a product or process embodying the invention, or eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, whichever occurs first. Such license shall also provide that the licensee shall use all reasonable effort to effect introduction into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Any extension of the maximum period of exclusivity shall be subject to approval of the Agency. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be offered to all qualified applicants at a reasonable royalty rate not in excess of the exclusive license royalty rate.

(c) Royalties shall not normally be in excess of accepted trade practice. The Institution also agrees that no royalties shall be payable by its licensees or sublicensees with respect to any Subject Invention in procurements for or on behalf of the Government and to so provide in any instrument transferring rights to any party in any Subject Invention.

(d) The balance of the royalty income after payment of expenses, including payments to inventors, incidental to the administration of all inventions assigned to it pursuant to the provisions of this Agreement shall be utilized for the support of education or research.

[illegible] subject to approval of the

(e) All licenses issued by the Institution to other than the Government of the United States under any patent application or patent on a Subject Invention shall be made expressly subject to the conditions of this Agreement. The Institution shall, upon request, promptly furnish copies of any license agreements entered into by it to the Agency.

X. Patent Management Organizations

The Institution shall not assign any Subject Invention to parties (other than the Agency) except that it may make such an assignment to the following patent management organizations -- _____ 8/ -- or any other patent management organization if subsequently approved by the Agency. Any assignment to a patent management organization shall specifically be made subject to all the terms and conditions of this Agreement.

XI. Reports on Development and Commercial Use

The Institution shall provide a written annual report to the Agency on or before December 31st of each year covering the preceding year ending September 30th, regarding the status of development and commercial use that is being made or intended to be made of each Subject Invention left for administration to the Institution and the steps that have been taken by the Institution to bring the invention to the point of practical application. 9/ Such reports shall include information regarding status of development, the date of first commercial sale or use, gross royalties received by the Institution and such other data and information as the Agency may reasonably specify. To the extent data or information supplied to this section is considered by a licensee to be privileged or confidential and is so marked, the Agency agrees that to the extent permitted by law it will not disclose such information to persons outside the Government.

XII. Inventions by Federal Employees

Nothing in this Agreement shall preclude the Government from obtaining greater rights in a Subject Invention made by an inventor while a Federal employee.

XIII. Termination.

This Agreement may be terminated by either party for convenience upon thirty days written notice. Disposition of rights in, and administration of inventions made under contracts subject to this Agreement will not be affected by such a termination; except that in the event the Government terminates this Agreement because of a failure or refusal by the Institution to comply with any of its obligations under sections V(a), VI, IX, and X of this Agreement, the Agency has the right to require that the Institution's entire right, title, and interest in and to the particular invention with respect to which the breach occurred be assigned to the United States of America, as represented by the Agency.

XIV. Communications 10/

Requests for Agency approvals, extensions, or similar actions and other correspondence required by this Agreement should be addressed to _____. Except where specifically provided otherwise in this Agreement, the _____ or his designee shall act as the point of authority within the Agency to grant such approvals, extensions, or take such other Agency actions as may be authorized in this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year below.

UNITED STATES OF AMERICA

By _____
Title _____
Date _____

(Corporate Seal)

_____
(Institution)

By _____
Title _____
Date _____

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named above; that _____ who signed this Agreement on behalf of said Institution is _____

of said Institution; and that this Agreement was duly signed for and in behalf of said Institution by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and the seal of said corporation this day of _____, 19__.

(Corporate Seal) By _____

EXHIBIT A

CONFIRMATORY INSTRUMENT

Application for: _____ (Title of Invention)
Inventor(s) _____
Serial No. _____ Contract (Grant) No. _____
Filing Date: _____ Institution _____

The invention identified above is a "Subject Invention" under _____ (identify Institutional Patent Agreement number) to which contract (grant) No. _____ with _____ (specify Government agency) was subject.

This document is confirmatory of the paid-up license granted to the Government under this contract (grant) in this invention, patent application and any resulting patent, and of all other rights acquired by the Government by the referenced Agreement.*

*If in accordance with Section IV (a) of the Agreement, the Agency has determined that a license for state and domestic municipal governments will not be obtained, the following should be added to the Confirmatory Instrument:

"The license granted to the Government does not include state and domestic municipal governments."

This document is confirmatory of the paid-

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19__.

_____
(Institution)

_____
(Signature)

_____
(Print or type name)

_____
(Official title)

CERTIFICATE

I, _____, certify that I am the of the Institution named as licensor herein; that _____, who signed this License on behalf of the Institution is _____ of said Institution; and that said License was duly signed for an in behalf of said Institution by authority of its governing body, and is within the scope of its corporate powers.

_____
(Signature)

Notes for Completion of IPA

1/ Insert name of Agency.

2/ Insert reference to Institution's official policy statements.

3/ Insert a date so that the agreement will run approximately five years.

4/ Some agencies may wish to have the agreement apply to all inventions reported after the execution of the agreement, even where the contract was entered into prior to the agreement. In such cases, the following language may be substituted:

"This Agreement defines the rights of the parties hereto regarding the allocation of rights in Subject Inventions reported after the execution of the Agreement and made under contracts entered into with the Agency ~~prior to September 30, 19__~~, including contracts entered into prior to this Agreement, except such contracts as may be specifically excluded by the Agency."

Agencies using this language which wish to exclude any current contracts from the agreement should add a statement such as the following:

"This Agreement shall not apply to the following contracts:..."

~~The blank for the date should be completed so that the agreement will run~~ approximately five years.

5/ The bracketed language may be deleted but normally it is expected that Institutional Patent Agreements will apply to grants as well as contracts.

6/ Agencies may specify a form.

7/ Agencies may find it useful to include more detailed instructions here on the format of these reports and the persons to whom they should be supplied. The exact clause may have to be varied according to the agency's normal contract close-out procedures.

8/ If none are to be used, insert "none."

9/ Different dates may be substituted depending on the Agency's needs.

10/ Insert applicable adresses and officers.

4. Add a new section §1-9.109-7 as follows:

§1-9.109-7 Negotiation of Institutional Patent Agreements

(a) Information to be submitted by nonprofit organization. A nonprofit organization desiring to enter into an Institutional Patent Agreement shall provide the agency with the following information:

(1) General information concerning the institution, including:

(i) A copy of its Articles of Incorporation;

(ii) A statement of the institution's purpose and aims; and

(iii) A statement indicating the source of the institution's funds;

(2) A copy of the organization's established patent policy, together with the date and manner of its adoption;

(3) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the organization's patent management capabilities;

(4) A description of the organization's procedures for identifying and reporting inventions and a description of the procedures for evaluation of such inventions for inclusion in the organization's promotional program;

(5) A copy of the agreement signed by employees engaged in research and development, indicating their obligation with regard to inventions conceived or for the first time reduced to practice in the course of their assigned duties;

(6) A copy of the invention report form or outline utilized for preparation of invention reports;

(7) A statement whether the organization has an agreement with any patent management organizations or consultants and a copy of any such agreements;

(8) A description of the plans and intentions of the organization to bring to the market place inventions to which it retains title, including a description of the efforts typically undertaken by the organization to license its inventions;

(9) A description of the organization's past patent application and patent licensing activities, including the following:

(i) Number of inventions reported to the organization during each of the past five years;

(ii) Number of patent applications filed during each of the past five years;

(iii) Number of patents obtained during each of past five years;

(iv) Number of exclusive licenses issued during of each of the past five years;

(v) Number of nonexclusive licenses, other than those to sponsoring Government agencies, issued during each of the past five years;

(vi) Gross royalty income during each of the past five years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

(10) A list of subsidiary or affiliate organizations, which would be covered by an agreement signed by the organization;

(11) If the organization is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of Government support for research and development activities currently being administered by the organization, giving Government agency and breakdown;

(13) A statement of the organization's policies with respect to the sharing of royalties with employees; and

(14) A description of the uses made of any net income generated by the organization's patent management program.

(b) Criteria for evaluation of a technology transfer program.

Before an Institutional Patent Agreement is entered into with a nonprofit organization, the organization shall have a technology transfer program which, as a minimum shall include:

(1) An established patent policy which is consistent with the policy in §1-9.107-3 and is administered on a continuous basis by an officer or organization responsible to the organization;

(2) Agreements with employees requiring them to assign to the organization or its designee or the Government any invention conceived or first actually reduced to practice by them in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government-supported research and development projects;

(3) Procedures for prompt invention identification and timely disclosure to the officer or organization administering the patent policy of the institution;

(4) Procedures for invention evaluation; and

(5) An active and effective promotional program for the licensing and marketing of inventions.

(c) FCCSET List.

(1) The Federal Coordinating Council for Science, Engineering, and Technology has appointed a subcommittee to prepare a list of organizations that have technology transfer programs meeting the criteria set forth in §1-9.109-7(b). In accordance with individual agency regulations or procedures, this list may be used in lieu of individual agency determinations of eligibility for Institutional Patent Agreements; although the inclusion of an organization on this list, unless otherwise provided in an agency's regulations, will not preclude the agency from declining an application for an Institutional Patent Agreement. It is also expected that this list may be used by some agencies in connection with greater rights determinations or requests for the inclusion of clauses in contracts giving the nonprofit organization the first option to principal rights in inventions made under the contract.

(2) Nonprofit organizations wishing to be included on the list should submit a request accompanied by the information set forth in §1-9.109-7(a) to ASTD.

OPTIONAL FORM NO. 10
JULY 1973 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

5611
main Comm.

TO : Norm Latker
Gene Pawlikowski

DATE: May 24, 1977

PATENT BRANCH, OGC
DHEW
JUN 3 1977

FROM : Jesse E. Lasken

SUBJECT: Revised FPR/IPA Amendment

Enclosed is a new FPR/IPA amendment revised as per the last SIP meeting. Let me know if you have any comments. I leave it up to Norm as to whether it should also be sent to Joe Rusz for review. The draft is now on tape so it should be easy to make any further changes.

Also enclosed is a draft memorandum to accompany it. I would like to have the three of us sign it. I doubt that Joe Rusz would, and again I leave it to Norm as to how that should be handled.

I believe it is preferable to get the substantive changes discussed at the next SIP meeting and, if possible, get agreement on the changes then. Only as a last resort should we agree to delay consideration to a later meeting.

Enclosures



5010-110

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

UNITED STATES DEPARTMENT OF COMMERCE
National Bureau of Standards
Washington, D.C. 20234
OFFICE OF THE DIRECTOR

PATENT BRANCH, OGC
DHEW

JUN 14 1977

June 8, 1977

MEMORANDUM FOR Distribution Below

From: Eugene J. Pawlikowski
Patent Adviser

Subject: Revised FPR/IPA Amendment

I am enclosing a copy of the IPA which I have revised in order to (1) reflect certain substantive changes agreed to by SIP at its May 19 meeting and (2) bring the IPA into conformance with the FPR clause to the maximum extent possible. I have performed this rather laborious chore for the benefit of SIP, so that both detractors and supporters of the IPA may have at last a common ground from which the IPA and the FPR may be compared.

Rather than attempt here any analysis of the changes made, I would suggest that we get together prior to June 21 in order to present to each of SIP's members a copy of the IPA in a form evidencing our agreement as to all, or as many as possible, of its provisions. Any forwarding letter to accompany the IPA could be prepared at that time. I leave it to Jesse Lasken to arrange such a meeting. I am unavailable June 14 because of personal plans.

Viewing the changes to the IPA as a whole, I think it needs to be kept in mind that despite the changes in wording which I have proposed in the attached revision, the Section 1(a) basis of the IPA, which was endorsed by the Committee on Government Patent Policy on September 23, 1975, and again renewed by vote at the last SIP meeting, is preserved intact.

In reviewing the following material, omit the parts struck through and insert the parts underlined. Marginal entries are references to applicable sections of 41 CFR Part 1-9 and are intended as explanation of many of the added and/or deleted parts.

Enclosure

Distribution

Norman J. Latker
Jesse Lasken
Joseph E. Rusz

NATIONAL SCIENCE FOUNDATION
WASHINGTON, D.C. 20550

OFFICE OF THE
GENERAL COUNSEL

Al SoPP comment on FPR

June 15, 1977

Memorandum to: Members of the Subcommittee on Intellectual Property

From: Jesse E. Lasken, NSF

Subject: Revised IPA/FPR amendment draft

As requested at the SIP meeting of May 19, 1977, Norm Latker, Joe Rusz, Gene Pawlikowski, and I are submitting a redraft with those changes that were agreed to at that meeting. Changes are also made to parts of the draft not discussed at SIP's last meeting as well as parts that were discussed in order to bring the proposed IPA in closer conformity with FPR language. At its last meeting, the SIP went through Article V(a) of the IPA. SIP concurred in §1-9.107-7(a) of the FPR.

We note, however, that the attached draft still contains certain variations from current FPR language in the following sections which were not reached by SIP at its last meeting:

1. Second sentence of Article IX(c) of the IPA.

2. Some of the time periods in Article VI(b) of the IPA. Otherwise the substance of this paragraph is the same as the FPR although the grammatical arrangement is an improvement.

3. The second sentence of Article V(c) of the IPA which is an attempt to deal with FOIA problems.

4. "Welfare" is deleted from the march-in provision in IV(a)(2)(ii).

We urge SIP to retain the above provisions and to transmit to GSA, along with the IPA amendment, some additional amendments to the FPR to change the other FPR clauses to conform with the above cited language. We believe these changes should not be controversial and should be considered by SIP as part of its review of the draft. All but the last were changes recommended by some of the commentators on the draft sent out by GSA and are, we believe, eminently worthwhile changes.

To elaborate on these variations in language, we believe the changes to the time periods in Article VI(b) deal with routine administrative matters and merely extend slightly various time periods that are arbitrary in any case. These changes in no way affect the substantive rights of the Government.

The change in Article IX(c) dealing with royalty rebates is, perhaps, more substantive, but is a significant improvement and does not affect, except probably for the better, the Government's rights. We believe it makes more sense to bar a contractor from changing royalties on sales by his licensees to the Government than for the Government to allow him to charge them and then collect them back. It would seem that in this way the seller would have no reason to charge the Government for royalties in the first place. And if it did charge, clearly the Government would have an action against the seller either for fraud or under the Cost and Pricing Data/Truth in Negotiations procedures.

The second sentence of Article V(c) is an attempt to deal with the problem created by the interplay of the current FPR language and the FOIA. It should be noted that as written the FPR might have the effect of creating a statutory bar to patenting when a disclosure is made because of the availability of the disclosure under the FOIA. We urge SIP members to be prepared at the next meeting to discuss and either accept the proposed language or draft alternative language to deal with this problem.

We further recommend that SIP, either at its next meeting or at a meeting soon after review of the IPA amendment is completed, focus on the following items which represent language that was contained in the prior draft but that has been dropped from this draft:

Deletion of the "welfare" language in IV(a)(2)(ii) was done because the FPR language is inconsistent with the President's policy.

1. The time for reporting of inventions.

2. The last paragraph in Article IV(b) of the prior draft dealing with march-in procedures.

3. The language of III(c)(ii) dealing with foreign filings prior to an agency request for transfer of rights. (This is a inor technical improvement which might possibly be reconsidered at the next meeting and treated in the same manner as suggested for the royalty, FOIA, and time period variations. It is not nearly as important as 1 and 2.)

Items 1 and 2 evoked considerable comment from persons commenting on the draft regulations and were discussed at length by the Subcommittee on University Patent Policy. It appears that SIP's action was based solely on the fact that the language in the draft is different from that of the FPR without any consideration of the fact that it may represent a substantial improvement. We believe it is important that in the near future these two items be taken up by SIP for discussion. We would prefer that this be done in conjunction with the IPA amendments, but agree that it could be deferred to a later meeting as long as there is a commitment by SIP to discuss these problems.

JEL:DRAFT: 6/15/77

PROPOSED FPR REVISION

Prepared by Ad Hoc Subcommittee on University Patent Policy

As Marked-up at SIP Meeting of May 19, 1977

1. Add the following subsection (6) to §1-9.107-4(a):

(6) In accordance with the exceptional circumstances language of §1-9.107-3(a) and/or the special situations language of §1-9.107-3(c), agencies may enter into Institutional Patent Agreements as set forth in §1-9.107-6(c)(2) with nonprofit organizations having a technology transfer program meeting the criteria of §1-9.109-7(b). Such agreements provide the organization the right to retain the entire right, title and interest in inventions made in the course of or under contracts subject to certain conditions. When such an agreement has been made with a nonprofit organization, it shall be made applicable to each contract with the organization in lieu of the Patent Rights clauses in §1-9.107-5 and §1-9.107-6 (unless a determination has been made to exclude the contract from the agreement.)

2. Retitle §1-9.107-6 as follows: "Clauses for domestic contracts (short form) and Institutional Patent Agreements."

3. Add the following new subsection (c) to §1-9.107-6:

(c) Patent Rights - Institutional Patent Agreement. (1) When an agency has determined in accordance with §1-9.109-7 that a nonprofit organization should receive an agreement as authorized under §1-9.107-4(a)(6), the Agreement set forth in paragraph (c)(2) of this section appropriately completed as indicated in the numbered notes appearing after the Agreement shall be used. Changes in the agreement should be limited to changes dictated by statutes applicable to the agency or by special administrative needs. In making any changes an agency shall seek to ensure that the agreement continues to include at least the following features:

(A) A requirement for the prompt reporting of all inventions to the applicable agency along with an election of rights;

(B) Reservation of all rights specified in §1-9.107-3(e)-(h);

(C) A requirement that the organization make such inventions available on a nonexclusive basis except where the desired practical or commercial application has not been achieved or is not likely to be expeditiously achieved through such licensing;

(D) A condition limiting any exclusive license to a period not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial application and to permit the licensee to recoup its costs and a reasonable profit thereon;

(E) A restriction that royalty charges be limited to what is reasonable under the circumstances or reasonable within the industry involved;

(F) A requirement that the organization's royalty receipts, after payment of administrative costs and payments to inventors, be utilized for educational or research purposes;

(G) A provision permitting the agency to except individual contracts from the operation of the agreement;

(H) A requirement for progress reports after designated periods;

(I) A prohibition against assignment of inventions without Governmental approval to persons or organizations, other than assignments to approved patent management organizations subject to the above conditions; and

(J) A provision permitting termination for convenience by either party upon thirty days written notice.

(2) The following is the Institutional Patent Agreement:

INSTITUTIONAL PATENT AGREEMENT

This Agreement is made and entered into by and between the United States of America, as represented by the _____ 1/ hereinafter referred to as the "Agency," and _____ hereinafter referred to as the "Institution."

WHEREAS, in accordance with the President's Memorandum and Statement of Government Patent Policy dated August 23, 1971, and the provisions of 41 CFR 1-9.107-4(a)(6), it has been determined that the Institution has a technology transfer program meeting the criteria of 41 CFR 1-9.109-7 in that the Institution's patent policy as set forth in _____ 2/ and its technology transfer practices have been reviewed and found acceptable; and

_____

[illegible] thirty days [illegible]

WHEREAS, the Institution is desirous of entering into an agreement whereby it may retain the entire right, title, and interest in and administer inventions made in the course of or under research supported by the Agency, subject to certain rights acquired by the Government:

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

I. Scope of Agreement

This Agreement defines the rights of the parties hereto regarding the allocation of rights in subject inventions made under contracts with the agency entered into after the execution of the Agreement except such contracts as may be specifically excluded by the Agency. 3/

II. Definitions

(a) "Subject Invention" means any invention or discovery of the Institution conceived or first actually reduced to practice in the course of or under a contract with the Agency, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, and any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) "Contract" means any contract, (agreement, grant, or other arrangement) 4/ or subcontract entered into with or for the benefit of the Government, where a purpose of the contract is the conduct of experimental, developmental, or research work.

(c) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(d) "To bring to the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(e) "Made," when used in relation to any invention or discovery, means the conception or first actual reduction to practice of such invention in the course of or under a contract.

III. Allocation of Principal Rights

(a) The Institution may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to Section V., below, subject to the provisions of this Agreement. The Institution shall include with each Subject Invention disclosure an election whether it will retain the entire right, title, and interest in the invention throughout the world or in any country thereof subject to the rights acquired by the Government in Section IV of the Agreement; provided that the Institution may request an extension of the time for election.

(b) The Institution agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Institution:

(i) does not elect under Section III(a) to retain such rights; or

(ii) fails to have a United States Patent Application filed on the invention in accordance with Section VI(a), or decides not to continue prosecution of such application; or

(iii) at any time, no longer desires to retain title.

(c) The Institution agrees to convey to the Government, upon request, the entire right, title, and interest in any Subject Invention in any foreign country when the Institution:

(i) does not elect under Section III(a) to retain such rights in the country; or

(ii) fails to have a patent application filed in the country on the invention in accordance with Section VII(a); or decides not to continue prosecution of such application or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Institution shall notify the Agency not less than sixty days before the expiration period for any action required by the foreign patent office.

(d) A conveyance, requested pursuant to Sections III(b) or (c) of this Agreement, shall be made by delivering to the Agency duly executed instruments (prepared by the Agency) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of such invention.

IV. Minimum Rights Acquired by the Government

(a) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution:

(1) hereby grants to the Government of the United States a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the Agency determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments; and

(2) agrees to grant to responsible applicants, upon request of the Agency, a license on terms that are reasonable under the circumstances;

(i) unless the Institution, its licensee, or its assignee, demonstrates to the Government that effective steps have been taken within three years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) to the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health or safety needs, or for other public purposes stipulated in the applicable contract.

(b) Nothing contained in this section shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

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under the circumstances;

V. Invention Identification, Disclosures, and Reports

(a) The Institution shall furnish the Agency:

(i) a complete technical disclosure for each Subject Invention within six months after conception or first actual reduction to practice whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of the invention known to the Institution. The disclosure shall identify the contract and inventor and shall be sufficiently complete in technical detail to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the invention.

(ii) Interim reports 5/ for each contract at least every twelve months from the date of the contract listing Subject Inventions for the period and certifying that all Subject Inventions have been disclosed or that there are no such inventions.

(iii) A final report within three months after completion of the work under any contract, listing all Subject Inventions or certifying that there were no such inventions. 6/

(b) The Institution shall obtain patent agreements to effectuate the provisions of this Agreement from all persons in its employ who perform any part of the work under any contract except nontechnical personnel, such as clerical employees and manual laborers.

(c) The Institution agrees that the Government may duplicate and disclose Subject Invention disclosures and, subject to Section XI, all other reports and papers furnished or required to be furnished pursuant to this Agreement. However, if the Institution is to file a patent application on a Subject Invention, the Agency agrees, upon written request of the Institution, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed theron, but in no event shall the Government or its employees be liable for any publication thereof.

VI. Filing of Domestic Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain domestic rights pursuant to Section III(a) of this Agreement, the Institution shall have a domestic patent application filed within six months after an election has been made pursuant to Section III(a) of this Agreement or such longer period as may be approved in writing by the Agency.

(b) For each Subject Invention on which a patent application is filed by or on behalf of the Institution, the Institution shall:

(i) within six months after such filing, or within six months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency (A) a copy of the application as filed, including the filing date and serial number: (B) a copy of an assignment from the inventor or inventors to the Institution of all right, title, and interest in the invention properly recorded in the United States Patent and Trademark Office; and (C) a duly executed and approved instrument on the form specified in Exhibit A which is attached hereto and made a part hereof;

(ii) include the following statement, appropriately completed, in the second paragraph of the specification of the application and any patents issued on the Subject Invention, "The Government has rights in this invention pursuant to Contract(s) (or Grant(s)) No(s). _____ awarded by (identify the Agency or Agencies)";

(iii) not less than thirty days before the expiration of the response period for any action required by the United States Patent and Trademark Office, notify the Agency of any decision not to continue the prosecution of the application and deliver to the Agency executed instruments granting the Government a power of attorney;

(iv) upon request, fully advise the Agency concerning all actions taken during the prosecution of any patent application and furnish copies of any relevant documents as requested; and

(v) provide the Agency with a copy of the patent within ~~six~~ Two months after a patent issues on the application.

(c) For each Subject Invention in which the Institution initially elects not to retain rights or requests an extension of the election period, the Institution shall inform the Agency promptly in writing of the date and identity of any on sale, public use, or publication of the invention which may constitute a statutory bar under 35 USC 102, which was authorized by or known to the Institution or any contemplated action of this nature.

VII. Filing of Foreign Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain principal rights in a foreign country pursuant to Section III(a) of this Agreement, the Institution shall have a patent application filed on the invention in that country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) eight months from the date of a corresponding United States application filed by or on behalf of the Institution; or if such an application is not filed, six months from the date the invention is submitted in a disclosure pursuant to Section V(a) of this Agreement;

(ii) six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications when such filing has been prohibited by security reasons; or

(iii) such longer period as may be approved by the Agency.

(b) The Institution shall notify the Agency of foreign applications filed and, upon request, shall furnish an English version of such application without additional compensation.

VIII. Subcontracts

(a) Except as provided in (b), below, or when the subcontractor holds an Institutional Patent Agreement with the Agency, the Institution shall include in any subcontract where a purpose of that subcontract is the conduct of experimental, developmental, or research work the following clause:

furnish a complete technical report within six months after conception or first actual reduction to

Patent Rights

(a) The Contractor hereby agrees to ~~report~~, ~~fully and promptly~~ to _____ (Institution) any invention conceived or first actually reduced to practice in the course of or under this contract (hereinafter referred to as "Subject Invention(s)," and, subject to (b), below, to assign all right, title, and interest in and to such invention to _____ (Institution) or its designee.

(b) At the time the Contractor reports any "Subject Invention" to _____ (Institution), the Contractor, at its option, may also report the invention to the agency with which the Institution holds the prime contract and request that the agency make a determination whether and on what terms the contractor may retain principal rights in the invention in lieu of assigning it to _____ (Institution). Such determinations by the agency shall be in accordance with the policies and procedures of Part 1-9 of the Federal Procurement Regulations and/or applicable agency regulations. Such determinations shall be final on both the Contractor and _____ (Institution), provided that Contractor may elect not to accept the Agency determination and instead assign all right, title, and interest in the invention to _____ (Institution) or its designee.

(c) In addition, the Contractor agrees to furnish the following materials, disclosures and reports:

(i) Upon request, such duly executed instruments (prepared by the _____ (Institution) or its designee) and such other papers as are deemed necessary to vest in the _____ (Institution) or its designee the rights granted under this clause and to enable the _____ (Institution) or its designee to apply for and prosecute any patent application, in any country, covering such invention.

(ii) Prior to final settlement of this contract, a final report listing all Subject Inventions or certifying that no inventions were conceived or first actually reduced to practice under the contract.

(d) The Contractor shall include in any subcontract a clause identical to this clause, if a purpose of the subcontract is experimental, developmental, or research work. If a subcontractor refuses to accept this clauses or if, in the opinion of the Contractor, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor (i) shall promptly notify the Institution and (ii) shall not proceed with the subcontract without the written authorization of the Institution. It is understood that the Institution will seek direction from the (insert name of appropriate Agency).

(e) The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

[End of Clause]

(b) In the event of a refusal by a subcontractor to accept of the clause specified in (a), or if, in the opinion of the Institution, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Institution (i) shall promptly submit a written notice to the Agency setting forth reasons for the Subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and (ii) shall not proceed with the subcontract without the written authorization of the Agency.

(c) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Institution hereby assigns to the Government all rights that it would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Institution shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Invention.

(d) Nothing in this Agreement is intended to preclude the Institution from granting a subcontractor rights or an option to rights in any inventions made by the subcontractor to the extent such rights are consistent with the provisions of this Agreement.

IX. Administration of Inventions in Which the Institution Elects to Retain Rights

(a) The Institution shall administer those Subject Inventions to which it elects to retain title in the public interest and shall, except as provided in subsection (b), below, make them available through licensing on a nonexclusive, royalty-free or reasonable royalty basis to all qualified applicants.

(b) The Institution may license a Subject Invention on an exclusive basis if it determines that an exclusive license is required in the public interest because it is necessary as an incentive for development of the invention or because market conditions are such as to require licensing on an exclusive basis in order to bring the invention to the point of practical application. Any exclusive license issued by the Institution under a U.S. patent or patent application shall be for a limited period of time and such period shall not, unless otherwise approved by the Agency, exceed five years from the date of the first commercial sale or use in the United States of America of a product or process embodying the invention, or eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, whichever occurs first. Such license shall also provide that the licensee shall use all reasonable effort to effect introduction into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Any extension of the maximum period of exclusivity shall be subject to approval of the Agency. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be offered to all qualified applicants at a reasonable royalty rate not in excess of the exclusive license royalty rate.

(c) Royalties shall not normally be in excess of accepted trade practice. The Institution also agrees that no royalties shall be payable by its licensees or sublicensees with respect to any Subject Invention in procurements for or on behalf of the Government and to so provide in any instrument transferring rights to any party in any Subject Invention.

(d) The balance of the royalty income after payment of expenses, including payments to inventors, incidental to the administration of all inventions assigned to it pursuant to the provisions of this Agreement shall be utilized for the support of education or research.

(e) All licenses issued by the Institution to other than the Government of the United States under any patent application or patent on a Subject Invention shall be made expressly subject to the conditions of this Agreement. The Institution shall, upon request, promptly furnish copies of any license agreements ~~entered into by it to the Agency.~~

X. Patent Management Organizations

The Institution shall not assign any Subject Invention to parties (other than the Agency) except that it may make such an assignment to the following patent management organizations -- _____ 7/ -- or any other patent management organization if subsequently approved by the Agency. Any assignment to a patent management organization shall specifically be made subject to all the terms and conditions of this Agreement.

XI. Reports on Development and Commercial Use

The Institution shall provide a written annual report to the Agency on or before December 31st of each year covering the preceding year ending September 30th, regarding the status of development and commercial use that is being made or intended to be made of each Subject Invention left for administration to the Institution and the steps that have been taken by the Institution to bring the invention to the point of practical application. 8/ Such reports shall include information regarding status of development, the date of first commercial sale or use, gross royalties received by the Institution and such other data and information as the Agency may reasonably specify. To the extent data or information supplied to this section is considered by a licensee to be privileged or confidential and is so marked, the Agency agrees that to the extent permitted by law it will not disclose such information to persons outside the Government.

XII. Inventions by Federal Employees

Nothing in this Agreement shall preclude the Government from obtaining greater rights in a Subject Invention made by an inventor while a Federal employee.

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regarding status of development, the date of first

XII. Termination.

This Agreement may be terminated by either party for convenience upon thirty days written notice. Disposition of rights in, and administration of inventions made under contracts subject to this Agreement will not be affected by such a termination; except that in the event the Government terminates this Agreement because of a failure or refusal by the Institution to comply with any of its obligations under sections V(a), VI, IX, and X of this Agreement, the Agency has the right to require that the Institution's entire right, title, and interest in and to the particular invention with respect to which the breach occurred be assigned to the United States of America, as represented by the Agency.

XIII. Communications 9/

Requests for Agency approvals, extensions, or similar actions and other correspondence required by this Agreement should be addressed to _____. Except where specifically provided otherwise in this Agreement, the _____ or his designee shall act as the point of authority within the Agency to grant such approvals, extensions, or take such other Agency actions as may be authorized in this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year below.

UNITED STATES OF AMERICA

By _____
Title _____
Date _____

(Corporate Seal)

_____
(Institution)

By _____
Title _____
Date _____

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named above; that _____ who signed this Agreement on behalf of said Institution is _____

of said Institution; and that this Agreement was duly signed for and in behalf of said Institution by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and the seal of said corporation this day of _____, 19__.

(Corporate Seal) By _____

EXHIBIT A

CONFIRMATORY INSTRUMENT

Application for: _____ (Title of Invention)
Inventor(s) _____
Serial No. _____ Contract (Grant) No. _____
Filing Date: _____ Institution _____

The invention identified above is a "Subject Invention" under _____ (identify Institutional Patent Agreement number) to which contract (grant) No. _____ with _____ (specify Government agency) was subject.

This document is confirmatory of the paid-up license granted to the Government under this contract (grant) in this invention, patent application and any resulting patent, and of all other rights acquired by the Government by the referenced Agreement.*

*If in accordance with Section IV (a) of the Agreement, the Agency has determined that a license for state and domestic municipal governments will not be obtained, the following should be added to the Confirmatory Instrument:

"The license granted to the Government does not include state and domestic municipal governments."

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19__.

_____
(Institution)

_____
(Signature)

_____
(Print or type name)

_____
(Official title)

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named as licensor herein; that _____, who signed this License on behalf of the Institution is _____ of said Institution; and that said License was duly signed for an in behalf of said Institution by authority of its governing body, and is within the scope of its corporate powers.

_____
(Signature)

Notes for Completion of IPA

1/ Insert name of Agency.

2/ Insert reference to Institution's official policy statements.

3/ Some agencies may wish to have the agreement apply to all inventions reported after the execution of the agreement, even where the contract was entered into prior to the agreement. In such cases, the following language may be substituted:

"This Agreement defines the rights of the parties hereto regarding the allocation of rights in Subject Inventions reported after the execution of the Agreement, including contracts entered into prior to this Agreement, except such contracts as may be specifically excluded by the Agency."

Agencies using this language which wish to exclude any current contracts from the agreement should add a statement such as the following:

"This Agreement shall not apply to the following contracts:..."

4/ The bracketed language may be deleted but normally it is expected that Institutional Patent Agreements will apply to grants as well as contracts.

5/ Agencies may specify a form.

6/ Agencies may find it useful to include more detailed instructions here on the format of these reports and the persons to whom they should be supplied. The exact clause may have to be varied according to the agency's normal contract close-out procedures.

7/ If none are to be used, insert "none."

8/ Different dates may be substituted depending on the Agency's needs.

9/ Insert applicable addresses and officers.

4. Add a new section §1-9.109-7 as follows:

§1-9.109-7 Negotiation of Institutional Patent Agreements

(a) Information to be submitted by nonprofit organization. A nonprofit organization desiring to enter into an Institutional Patent Agreement shall provide the agency with the following information:

(1) General information concerning the institution, including:

(i) A copy of its Articles of Incorporation;

(ii) A statement of the institution's purpose and aims; and

(iii) A statement indicating the source of the institution's funds;

(2) A copy of the organization's established patent policy, together with the date and manner of its adoption;

(3) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the organization's patent management capabilities;

(4) A description of the organization's procedures for identifying and reporting inventions and a description of the procedures for evaluation of such inventions for inclusion in the organization's promotional program;

(5) A copy of the agreement signed by employees engaged in research and development, indicating their obligation with regard to inventions conceived or for the first time reduced to practice in the course of their assigned duties;

(6) A copy of the invention report form or outline utilized for preparation of invention reports;

(7) A statement whether the organization has an agreement with any patent management organizations or consultants and a copy of any such agreements;

(8) A description of the plans and intentions of the organization to bring to the market place inventions to which it retains title, including a description of the efforts typically undertaken by the organization to license its inventions;

(9) A description of the organization's past patent application and patent licensing activities, including the following:

(i) Number of inventions reported to the organization during each of the past five years;

(ii) Number of patent applications filed during each of the past five years;

(iii) Number of patents obtained during each of past five years;

(iv) Number of exclusive licenses issued during ~~of~~ each of the past five years;

(v) Number of nonexclusive licenses, other than those to sponsoring Government agencies, issued during each of the past five years;

(vi) Gross royalty income during each of the past five years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

(10) A list of subsidiary or affiliate organizations, which would be covered by an agreement signed by the organization;

(11) If the organization is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of ~~Government~~ support for research and development activities currently being administered by the organization, ~~giving Government agency and breakdown;~~

(13) A statement of the organization's policies with respect to the sharing of royalties with employees; and

(14) A description of the uses made of any net income generated by the organization's patent management program.

(b) Criteria for evaluation of a technology transfer program.

Before an Institutional Patent Agreement is entered into with a nonprofit organization, the organization shall have a technology transfer program which, as a minimum shall include:

(1) An established patent policy which is consistent with the policy in §1-9.107-3 and is administered on a continuous basis by an officer or organization responsible to the organization;

(2) Agreements with employees requiring them to assign to the organization ~~or~~ its designee or the Government any invention conceived or first actually reduced to practice ~~by them~~ in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government-supported research and development projects;

(3) Procedures for prompt invention identification and timely disclosure to the officer or organization administering the patent policy of the institution;

(4) Procedures for invention evaluation; and

(5) An active and effective promotional program for the licensing and marketing of inventions.

(c) FCCSET List.

(1) The Federal Coordinating Council for Science, Engineering, and Technology has appointed a subcommittee to prepare a list of organizations that have technology transfer programs meeting the criteria set forth in §1-9.109-7(b). In accordance with individual agency regulations or procedures, this list may be used in lieu of individual agency determinations of eligibility for Institutional Patent Agreements; although the inclusion of an organization on this list, unless otherwise provided in an agency's regulations, will not preclude the agency from declining an application for an Institutional Patent Agreement. It is also expected that this list may be used by some agencies in connection with greater rights determinations or requests for the inclusion of clauses in contracts giving the nonprofit organization the first option to principal rights in inventions made under the contract.

(2) Nonprofit organizations wishing to be included on the list should submit a request accompanied by the information set forth in §1-9.109-7(a) to

June 21, 1977 FINAL

PROPOSED FPR REVISION

As Approved by the Subcommittee on Intellectual Property

at its Meeting of June 21, 1977

1. Add the following subsection (6) to §1-9.107-4(a):

(6) In accordance with the exceptional circumstances language of §1-9.107-3(a) and/or the special situations language of §1-9.107-3(c), agencies may enter into Institutional Patent Agreements as set forth in §1-9.107-6(c)(2) with nonprofit organizations having a technology transfer program meeting the criteria of §1-9.109-7(b). Such agreements provide the organization the right to retain the entire right, title and interest in inventions made in the course of or under contracts subject to certain conditions. When such an agreement has been made with a nonprofit organization, it shall be made applicable to each contract with the organization in lieu of the Patent Rights clauses in §1-9.107-5 and §1-9.107-6 (unless a determination has been made to exclude the contract from the agreement.)

2. Retitle §1-9.107-6 as follows: "Clauses for domestic contracts (short form) and Institutional Patent Agreements."

3. Add the following new subsection (c) to §1-9.107-6:

(c) Patent Rights - Institutional Patent Agreement. (1) When an agency has determined in accordance with §1-9.109-7 that a nonprofit organization should receive an agreement as authorized under §1-9.107-4(a)(6), the Agreement set forth in paragraph (c)(2) of this section appropriately completed as indicated in the numbered notes appearing after the Agreement shall be used. Changes in the agreement should be limited to changes dictated by statutes applicable to the agency or by special administrative needs. In making any changes an agency shall seek to ensure that the agreement continues to include at least the following features:

(A) A requirement for the prompt reporting of all inventions to the applicable agency along with an election of rights;

(B) Reservation of all rights specified in §1-9.107-3(e)-(h);

(C) A requirement that the organization make such inventions available on a nonexclusive basis except where the desired practical or commercial application has not been achieved or is not likely to be expeditiously achieved through such licensing;

(D) A condition limiting any exclusive license to a period not substantially greater than necessary to provide the incentive for bringing the invention to the point of practical or commercial application and to permit the licensee to recoup its costs and a reasonable profit thereon;

(E) A restriction that royalty charges be limited to what is reasonable under the circumstances or reasonable within the industry involved;

(F) A requirement that the organization's royalty receipts, after payment of administrative costs and payments to inventors, be utilized for educational or research purposes;

(G) A provision permitting the agency to except individual contracts from the operation of the agreement;

(H) A requirement for progress reports after designated periods;

(I) A prohibition against assignment of inventions without Governmental approval to persons or organizations, other than assignments to approved patent management organizations subject to the above conditions; and

(J) A provision permitting termination for convenience by either party upon thirty days written notice.

(2) The following is the Institutional Patent Agreement:

INSTITUTIONAL PATENT AGREEMENT

This Agreement is made and entered into by and between the United States of America as represented by the _____ 1/ hereinafter referred to as the "Agency," and _____ hereinafter referred to as the "Institution."

WHEREAS, in accordance with the President's Memorandum and Statement of Government Patent Policy dated August 23, 1971, and the provisions of 41 CFR 1-9.107-4(a)(6), it has been determined that the Institution has a technology transfer program meeting the criteria of 41 CFR 1-9.109-7 in that the Institution's patent policy as set forth in _____ 2/ and its technology transfer practices have been reviewed and found acceptable; and

WHEREAS, the Institution is desirous of entering into an agreement whereby it may retain the entire right, title, and interest in and administer inventions made in the course of or under research

supported by the Agency, subject to certain rights acquired by the Government:

NOW, THEREFORE, in consideration of the foregoing, the parties hereto agree as follows:

I. Scope of Agreement

This Agreement defines the rights of the parties hereto regarding the allocation of rights in subject inventions made under contracts with the agency entered into after the execution of the Agreement except such contracts as may be specifically excluded by the Agency. 3/

II. Definitions

(a) "Subject Invention" means any invention or discovery of the Institution or its contractors conceived or first actually reduced to practice in the course of or under a contract with the Agency, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, and any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) "Contract" means any contract, (agreement, grant, or other arrangement) 4/ or subcontract entered into with or for the benefit of the Government, where a purpose of the contract is the conduct of experimental, developmental, or research work.

(c) "States and domestic municipal governments" means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(d) "To bring to the point of practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(e) "Made," when used in relation to any invention or discovery, means the conception or first actual reduction to practice of such invention in the course of or under a contract.

III. Allocation of Principal Rights

(a) The Institution may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to Section V., below, subject to the provisions of this Agreement. The Institution shall include with

each Subject Invention disclosure an election whether it will retain the entire right, title, and interest in the invention throughout the world or in any country thereof subject to the rights acquired by the Government in Section IV of the Agreement; provided that the Institution may request an extension of the time for election.

(b) The Institution agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Institution:

(i) does not elect under Section III(a) to retain such rights; or

(ii) fails to have a United States Patent Application filed on the invention in accordance with Section VI(a), or decides not to continue prosecution of such application; or

(iii) at any time, no longer desires to retain title.

(c) The Institution agrees to convey to the Government, upon request, the entire right, title, and interest in any Subject Invention in any foreign country when the Institution:

(i) does not elect under Section III(a) to retain such rights in the country; or

(ii) fails to have a patent application filed in the country on the invention in accordance with Section VII(a); or decides not to continue prosecution of such application or to pay any maintenance fees covering the invention. To avoid forfeiture of the patent application or patent, the Institution shall notify the Agency not less than sixty days before the expiration period for any action required by the foreign patent office.

(d) A conveyance, requested pursuant to Sections III(b) or (c) of this Agreement, shall be made by delivering to the Agency duly executed instruments (prepared by the Agency) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of such invention.

IV. Minimum Rights Acquired by the Government

(a) With respect to each Subject Invention to which the Institution retains principal or exclusive rights, the Institution:

(1) hereby grants to the Government of the United States a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the Agency determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments; and

(2) agrees to grant to responsible applicants, upon request of the Agency, a license on terms that are reasonable under the circumstances;

(i) unless the Institution, its licensee, or its assignee, demonstrates to the Government that effective steps have been taken within three years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) to the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health or safety needs, or for other public purposes stipulated in the applicable contract.

(b) Nothing contained in this section shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

V. Invention Identification, Disclosures, and Reports

(a) The Institution shall furnish the Agency:

(i) a complete technical disclosure for each Subject Invention within six months after conception or first actual reduction to practice whichever occurs first in the course of or under the contract or within six months from the time a contractor of the Institution reports an invention to it pursuant to Article VIII, but in any event prior to any on sale, public use, or publication of the invention known to the Institution. The disclosure shall identify the contract and inventor and shall be

sufficiently complete in technical detail to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the invention.

(ii) Interim reports 5/ for each contract at least every twelve months from the date of the contract listing Subject Inventions for the period and certifying that all Subject Inventions have been disclosed or that there are no such inventions.

(iii) An acceptable final report within three months after completion of the work under any contract, listing all Subject Inventions or certifying that there were no such inventions. 6/

(b) The Institution shall obtain patent agreements to effectuate the provisions of this Agreement from all persons in its employ who perform any part of the work under any contract except nontechnical personnel, such as clerical employees and manual laborers.

(c) The Institution agrees that the Government may duplicate and disclose Subject Invention disclosures and, subject to Section XI, all other reports and papers furnished or required to be furnished pursuant to this Agreement. However, if the Institution is to file a patent application on a Subject Invention, the Agency agrees, upon written request of the Institution, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed theron, but in no event shall the Government or its employees be liable for any publication thereof.

VI. Filing of Domestic Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain domestic rights pursuant to Section III(a) of this Agreement, the Institution shall have a domestic patent application filed within six months after an election has been made pursuant to Section III(a) of this Agreement or such longer period as may be approved in writing by the Agency.

(b) For each Subject Invention on which a patent application is filed by or on behalf of the Institution, the Institution shall:

(i) within six months after the filing, or within six months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency a duly executed and approved

instrument on the form specified in Exhibit A which is attached hereto and made a part hereof;

(ii) within two months after the filing, or within two months after submission of the invention disclosure if the patent application was filed prior to the contract, deliver to the Agency (A) a copy of the application as filed, including the filing date and serial number, and (B) a copy of an assignment from the inventor or inventors to the Institution of all right, title, and interest in the invention properly recorded in the United States Patent and Trademark Office.

(iii) include the following statement, appropriately completed, in the second paragraph of the specification of the application and any patents issued on the Subject Invention, "The Government has rights in this invention pursuant to Contract(s) (or Grant(s)) No(s). _____ awarded by (identify the Agency or Agencies)";

(iv) not less than thirty days before the expiration of the response period for any action required by the United States Patent and Trademark Office, notify the Agency of any decision not to continue the prosecution of the application and deliver to the Agency executed instruments granting the Government a power of attorney;

(v) upon request, fully advise the Agency concerning all actions taken during the prosecution of any patent application and furnish copies of any relevant documents as requested; and

(vi) provide the Agency with a copy of the patent within two months after a patent issues on the application.

(c) For each Subject Invention in which the Institution initially elects not to retain rights or requests an extension of the election period, the Institution shall inform the Agency promptly in writing of the date and identity of any on sale, public use, or publication of the invention which may constitute a statutory bar under 35 USC 102, which was authorized by or known to the Institution or any contemplated action of this nature.

VII. Filing of Foreign Patent Applications

(a) With respect to each Subject Invention in which the Institution elects to retain principal rights in a foreign country pursuant to Section III(a) of this Agreement, the Institution shall have a patent application filed on the invention in that country, in

accordance with applicable statutes and regulations, and within one of the following periods:

(i) eight months from the date of a corresponding United States application filed by or on behalf of the Institution; or if such an application is not filed, six months from the date the invention is submitted in a disclosure pursuant to Section V(a) of this Agreement;

(ii) six months from the date a license is granted by the Commissioner of Patents and Trademarks to file foreign applications when such filing has been prohibited by security reasons; or

(iii) such longer period as may be approved by the Agency.

(b) The Institution shall notify the Agency of foreign applications filed and, upon request, shall furnish an English version of such application without additional compensation.

VIII. Subcontracts

(a) Except as provided in (b), below, or when the subcontractor holds an Institutional Patent Agreement with the Agency, the Institution shall include in any subcontract where a purpose of that subcontract is the conduct of experimental, developmental, or research work the following clause:

Patent Rights

(a) The Contractor hereby agrees to furnish a complete technical disclosure to the _____ (Institution) within six months after any invention is conceived or first actually reduced to practice in the course of or under this contract (hereinafter referred to as "Subject Invention(s)") and, subject to (b), below, to assign all right, title, and interest in and to such invention to _____ (Institution) or its designee.

(b) At the time the Contractor reports any "Subject Invention" to _____ (Institution), the Contractor, at its option, may also report the invention to the agency with which the Institution holds the prime contract and request that the agency make a determination whether and on what terms the contractor may retain principal rights in the invention in lieu of assigning it to _____ (Institution). Such determinations by the

contract is the conduct of experimental, developmental, or research

agency shall be in accordance with the policies and procedures of 41 CFR 1-9.109-6 and/or applicable agency regulations. Such determinations shall be final on both the Contractor and _____, provided that the Contractor
(Institution)
may elect not to accept the Agency determination and instead assign all right, title, and interest in the invention to _____ or its designee.
(Institution)

(c) In addition, the Contractor agrees to furnish the following materials, disclosures and reports:

(i) Upon request, such duly executed instruments (prepared by the _____ or its designee) and such
(Institution)
other papers as are deemed necessary to vest in the _____ or its designee the rights granted
(Institution)
under this clause and to enable the _____ or its
(Institution)
designee to apply for and prosecute any patent application, in any country, covering such invention.

(ii) Prior to final settlement of this contract, a final report listing all Subject Inventions or certifying that no inventions were conceived or first actually reduced to practice under the contract.

(d) The Contractor shall include in any subcontract a clause identical to this clause, if a purpose of the subcontract is experimental, developmental, or research work. If a subcontractor refuses to accept this clauses or if, in the opinion of the Contractor, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor (i) shall promptly notify the Institution and (ii) shall not proceed with the subcontract without the written authorization of the Institution. It is understood that the Institution will seek direction from the (insert name of appropriate Agency).

(e) The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

[End of Clause]

(b) In the event of a refusal by a subcontractor to accept the clause specified in (a), or if, in the opinion of the Institution, this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Institution (i) shall promptly submit a written notice to the Agency setting forth reasons for the Subcontractor's refusal and other pertinent information which may expedite disposition of the matter; and (ii) shall not proceed with the subcontract without the written authorization of the Agency.

(c) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Institution hereby assigns to the Government all rights that it would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Institution shall not be obligated to enforce the agreements of any subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Invention.

(d) Nothing in this Agreement is intended to preclude the Institution from granting a subcontractor rights or an option to rights in any inventions made by the subcontractor to the extent such rights are consistent with the provisions of this Agreement.

IX. Administration of Inventions in Which the Institution Elects to Retain Rights

(a) The Institution shall administer those Subject Inventions to which it elects to retain title in the public interest and shall, except as provided in subsection (b), below, make them available through licensing on a nonexclusive, royalty-free or reasonable royalty basis to all qualified applicants.

(b) The Institution may license a Subject Invention on an exclusive basis if it determines that an exclusive license is required in the public interest because it is necessary as an incentive for development of the invention or because market conditions are such as to require licensing on an exclusive basis in order to bring the invention to the point of practical application. Any exclusive license issued by the Institution under a U.S. patent or patent application shall be for a limited period of time and such period shall not, unless otherwise approved by the Agency, exceed five years from the date of the first commercial sale or use in the United States of America of a product or process embodying the invention, or eight years from the date of the exclusive license excepting that time before regulatory agencies necessary to obtain premarket clearance, whichever occurs first. Such license shall also provide that the licensee shall use all reasonable effort to effect introduction into the commercial market as soon as practicable, consistent with sound and reasonable business practices and judgment. Any extension of the

maximum period of exclusivity shall be subject to approval of the Agency. Upon expiration of the period of exclusivity or any extension thereof, licenses shall be offered to all qualified applicants at a reasonable royalty rate not in excess of the exclusive license royalty rate.

(c) Royalties shall not normally be in excess of accepted trade practice. The Institution agrees to refund any amounts received as royalty charges on any Subject Invention in procurements for or on behalf of the Government and to provide for that refund in any instrument transferring rights to any party in the invention.

(d) The balance of the royalty income after payment of expenses, including payments to inventors, incidental to the administration of all inventions assigned to it pursuant to the provisions of this Agreement shall be utilized for the support of education or research.

(e) All licenses issued by the Institution to other than the Government of the United States under any patent application or patent on a Subject Invention shall be made expressly subject to the conditions of this Agreement. The Institution shall, upon request, promptly furnish copies of any license agreements to the Agency.

X. Patent Management Organizations

The Institution shall not assign any Subject Invention to parties (other than the Agency) except that it may make such an assignment to the following patent management organizations -- _____ 7/ -- or any other patent management organization if subsequently approved by the Agency. Any assignment to a patent management organization shall specifically be made subject to all the terms and conditions of this Agreement.

XI. Reports on Development and Commercial Use

The Institution shall provide a written annual report to the Agency on or before December 31st of each year covering the preceding year ending September 30th, regarding the status of development and commercial use that is being made or intended to be made of each Subject Invention left for administration to the Institution and the steps that have been taken by the Institution to bring the invention to the point of practical application. 8/ Such reports shall include information regarding status of development, the date of first commercial sale or use, gross royalties received by the Institution and such other data and information as the Agency may reasonably specify. To the extent data or information supplied to this section is considered by a licensee to be privileged or confidential and is so marked, the Agency agrees that to the extent permitted by law it will not disclose such information to persons outside the Government.

XII. Reporting of Policy and Administrative Changes

The Institution shall promptly notify the Agency of any significant changes in the information submitted by it in support of its request for an Institutional Patent Agreement; in particular, changes in its patent policies or its administrative capabilities.

XIII. Termination.

This Agreement may be terminated by either party for convenience upon thirty days written notice. Disposition of rights in and administration of inventions made under contracts subject to this Agreement will not be affected by such a termination; except that in the event the Government terminates this Agreement because of a failure or refusal by the Institution to comply with any of its obligations under sections V(a), VI, IX, and X of this Agreement, the Agency has the right to require that the Institution's entire right, title, and interest in and to the particular invention with respect to which the breach occurred be assigned to the United States of America, as represented by the Agency.

XIV. Communications 9/

Requests for Agency approvals, extensions, or similar actions and other correspondence required by this Agreement should be addressed to _____. Except where specifically provided otherwise in this Agreement, the _____ or his designee shall act as the point of authority within the Agency to grant such approvals, extensions, or take such other Agency actions as may be authorized in this Agreement.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement as of the day and year below.

UNITED STATES OF AMERICA

By _____
Title _____
Date _____

(Corporate Seal)

_____
(Institution)

By _____
Title _____
Date _____

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named above; that _____ who signed this Agreement on behalf of said Institution is _____

of said Institution; and that this Agreement was duly signed for and in behalf of said Institution by authority of its governing body and is within the scope of its corporate powers.

Witness my hand and the seal of said corporation this _____ day of _____, 19 _.

(Corporate Seal) By _____

EXHIBIT A

CONFIRMATORY INSTRUMENT

Application for: _____ (Title of Invention)
Inventor(s) _____
Serial No. _____ Contract (Grant) No. _____
Filing Date: _____ Institution _____

The invention identified above is a "Subject Invention" under _____ (identify Institutional Patent Agreement number) to which contract (grant) No. _____ with _____ (specify Government agency) was subject.

This document is confirmatory of the paid-up license granted to the Government under this contract (grant) in this invention, patent application and any resulting patent, and of all other rights acquired by the Government by the referenced Agreement.*

It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of said Agreement or of any other agreement between the Government and the Contractor, or any other rights of the Government with respect to the above identified invention.

*If in accordance with Section IV (a) of the Agreement, the Agency has determined that a license for state and domestic municipal governments will not be obtained, the following should be added to the Confirmatory Instrument:

"The license granted to the Government does not include state and domestic municipal governments."

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19__.

_____
(Institution)

_____
(Signature)

_____
(Print or type name)

_____
(Official title)

CERTIFICATE

I, _____, certify that I am the _____ of the Institution named as licensor herein; that _____, who signed this License on behalf of the Institution is _____ of said Institution; and that said License was duly signed for an in behalf of said Institution by authority of its governing body, and is within the scope of its corporate powers.

_____
(Signature)

Notes for Completion of IPA

1/ Insert name of Agency.

2/ Insert reference to Institution's official policy statements.

3/ Some agencies may wish to have the agreement apply to all Subject Inventions reported after the execution of the agreement, even where the contract was entered into prior to the agreement. In such cases, the following language may be substituted:

"This Agreement defines the rights of the parties hereto regarding the allocation of rights in Subject Inventions reported after the execution of the Agreement, including contracts entered into prior to this Agreement, except such contracts as may be specifically excluded by the Agency."

Agencies using this language which wish to exclude any current contracts from the agreement should add a statement such as the following:

"This Agreement shall not apply to the following contracts:..."

4/ The bracketed language may be deleted but normally it is expected that Institutional Patent Agreements will apply to grants as well as contracts.

5/ Agencies may specify a form.

6/ Agencies may find it useful to include more detailed instructions here on the format of these reports and the persons to whom they should be supplied. The exact clause may have to be varied according to the agency's normal contract close-out procedures.

7/ If none are to be used, insert "none."

8/ Different dates may be substituted depending on the Agency's needs.

9/ Insert applicable addresses and officers.

4. Add a new section §1-9.109-7 as follows:

§1-9.109-7 Negotiation of Institutional Patent Agreements

(a) Information to be submitted by nonprofit organization. A nonprofit organization desiring to enter into an Institutional Patent Agreement shall provide the agency with the following information:

(1) General information concerning the organization including:

(i) A copy of its Articles of Incorporation;

(ii) A statement of the organization's purpose and aims; and

(iii) A statement indicating the source of the organization's funds;

8/ Different dates may be substituted depending on the Agency's

(2) A copy of the organization's established patent policy, together with the date and manner of its adoption;

(3) The name, title, address, and telephone number of the officer responsible for administration of patent and invention matters and a description of staffing in this area, including all offices which contribute to the organization's patent management capabilities;

(4) A description of the organization's procedures for identifying and reporting inventions and a description of the procedures for evaluation of such inventions for inclusion in the organization's promotional program;

(5) A copy of the agreement signed by employees engaged in research and development, indicating their obligation with regard to inventions conceived or for the first time reduced to practice in the course of their assigned duties;

(6) A copy of the invention report form or outline utilized for preparation of invention reports;

(7) A statement whether the organization has an agreement with any patent management organizations or consultants and a copy of any such agreements;

(8) A description of the plans and intentions of the organization to bring to the market place inventions to which it retains title, including a description of the efforts typically undertaken by the organization to license its inventions;

(9) A description of the organization's past patent application and patent licensing activities, including the following:

(i) Number of inventions reported to the organization during each of the past five years;

(ii) Number of patent applications filed during each of the past five years;

(iii) Number of patents obtained during each of the past five years;

(iv) Number of exclusive licenses issued during each of the past five years;

(v) Number of nonexclusive licenses, other than those to sponsoring Federal agencies, issued during each of the past five years;

(vi) Gross royalty income during each of the past five years;

(vii) A general description of royalties charged, including minimum and maximum royalty rates;

(10) A list of subsidiary or affiliate organizations, which would be covered by an agreement signed by the organization;

(11) If the organization is a subsidiary or affiliate organization, the name of the other organization and a description of the relationship;

(12) The amount of support from each Federal agency for research and development activities currently being administered by the organization;

(13) A statement of the organization's policies with respect to the sharing of royalties with employees; and

(14) A description of the uses made of any net income generated by the organization's patent management program.

(b) Criteria for evaluation of a technology transfer program.

Before an Institutional Patent Agreement is entered into with a nonprofit organization, the organization shall have a technology transfer program which, as a minimum, shall include:

(1) An established patent policy which is consistent with the policy in Section 1-9.107-3 and is administered on a continuous basis by an officer or organization responsible to the organization;

(2) Agreements with employees requiring them to assign to either the organization, its designee or the Government any invention conceived or first actually reduced to practice in the course of or under Government contracts and awards or assurance that such agreements are obtained prior to the assignment of personnel to Government supported research and development projects;

(3) Procedures for prompt invention identification and timely disclosure to the officer or organization administering the patent policy of the institution;

(4) Procedures for invention evaluation; and

(5) An active and effective promotional program for the licensing and marketing of inventions.

(c) FCCSET List.

The Committee on Intellectual Property and Information of the Federal Coordinating Council for Science, Engineering, and Technology is authorized to appoint a subcommittee to prepare a list of organizations that have technology transfer programs meeting the criteria set forth in §1-9.109-7(b). In accordance with individual agency regulations or procedures, this list may be used in lieu of individual agency determinations of eligibility for Institutional Patent Agreements. However, the inclusion of an organization on the list, unless otherwise provided in an agency's regulations, will not preclude the agency from declining an application for an Institutional Patent Agreement. It is also expected that the list may be used by some agencies in connection with greater rights determinations or requests for the inclusion of clauses in contracts giving the nonprofit organization the first option to principal rights in inventions made under the contract.