-C O P Y-

September 17, 1953

Mr. Raymond J. Woodrow
Executive Officer and Secretary
Princeton University
Princeton, New Jersey

Dear Mr. Woodrow:

Mr. Hinkley has asked me to send you the information requested by Miss Katherine Parent in her letter of August 19, 1953.

In paragraph three, the terms of the Princeton-Research Corporation agreement are requested. Instead of trying to describe the agreement, we feel it would be simpler to send her the enclosed copy.

Paragraph four apparently calls for some general statements as well as specific information. Research Corporation's licensing practices and royalty rates are difficult to categorize. The object is to encourage the development and introduction of a new product to the market by offering an attractive license to a potential licensee and at the same time obtain terms that will adequately protect the interests of the universities, the inventors and our own grants program. No fixed royalty rate could possibly be determined which would cover every situation which might arise; however, the rate is always consonant with normal trade practice. It is the policy of Research Corporation never to issue an exclusive license for the full life of a patent. Exclusive licenses are issued occasionally, but only for two or three years and the maximum in the past has been for four years. An exclusive license for a few years may be issued in a case where a potential manufacturer will have to spend a great deal of money in developing and introducing a new product. The short period of exclusivity is designed to afford the manufacturer an opportunity of recapturing some of his initial capital outlay before competitors enter the field. We have found this policy has encouraged the early development of inventions which otherwise might have lain dormant. Another case where an exclusive feature is attractive is where the market for a product is known to be so small that a manufacturer would not otherwise introduce the product.