THE UNIVERSITY OF WISCONSIN
THE PRESIDENT FOR BUSINESS AFFAIRS

MEMORANDUM

From R. Lorenz 10-20 1964

To Howard Bremer Subject

WARF

The attached language will be included in all future DOD contracts. (I am quite sure) This document is an amendment to our basic Navy contract.

. . . Avoid Verbal Instructions . . .

"27- PATENT RIGHTS (DEFERRED) (MAY 1964) (1)

(a) Definitions Used in This Clause.

(1) Subject Invention means any invention or discovery, whether or not patentable, conceived or first actually reduced to practice in the course of or under this contract. The term "Subject Invention" includes, but is not limited to, any art, machine, manufacture, design or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the patent laws of the United States of America or any foreign country.

(2) Governmental purpose means the right of the Government of the United States (including any agency thereof, state or domestic municipal government) to practice and have practiced (make or have made, use or have used, sell or have sold) any Subject Invention throughout the world by or on behalf of the Government of the United States.

(3) Contract means any contract, agreement, grant, or other arrangement, 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.

(4) Subcontract and subcontractor mean any subcontract or subcontractor of the Contractor, any lower-tier subcontract or subcontractor under this contract.

(5) 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 or system and, in each case, under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(b) Rights Granted to the Government. Except as provided in (e) and (h) of this clause, the Contractor agrees to grant the Government all right, title and interest in and to each Subject Invention (made by the Contractor), subject to the reservation of a nonexclusive and royalty-free license to the Contractor. The license shall extend to existing and future associated and affiliated companies, if any, within the corporate structure of which the Contractor is a part and shall be assignable to the successor of that part of the Contractor's business to which such Invention pertains. Nothing contained in this Patent Rights clause shall be deemed to grant any rights with respect to any invention other than a Subject Invention.

(c) Invention Disclosures and Reports.

(1) With respect to Subject Inventions (made by the Contractor) the Contractor shall furnish to the Contracting Officer:

(i) a written disclosure of each such Invention within four (4) months after conception or first actual reduction to practice, whichever occurs first under this contract, sufficiently complete as to technical detail to convey to one skilled in the art to which the Invention pertains a clear understanding of the nature, purpose, operation and, as the case may be, physical, chemical or electrical characteristics of the Invention;

(ii) interim reports at least every twelve (12) months, the initial period of which shall commence with the date of this contract, each report listing all such Inventions conceived or first actually reduced to practice more than three (3) months prior to the date of the report and not listed on a prior interim report, or certifying that there are no such unreported Inventions;

(iii) prior to final settlement of this contract, a final report listing all such Inventions including all those previously listed in interim reports, or certifying that there are no such unreported Inventions;

(iv) information in writing, as soon as practicable, of the date and identity of any public use, sale, or publication of such Invention made by or known to the Contractor or of any contemplated publication by the Contractor;

(v) upon request, such duly executed instruments and other papers (prepared by the Government) as are deemed necessary to vest in the Government the rights granted it under this clause and to enable the Government to apply for and prosecute any patent application, in any country, covering such Invention where the Government has the right under this clause to file such application; and

(vi) upon request, an irrevocable power of attorney to inspect and make copies of each United States patent application filed by, or on behalf of, the Contractor covering any such Invention.

(2) With respect to each Subject Invention in which the Contractor has been granted greater rights under paragraph (h) of this clause, the Contractor agrees to provide written reports at reasonable intervals, when requested by the Government as to:

(i) the commercial use that is being made or is intended to be made of such Invention; and

(ii) the steps taken by the Contractor to bring the Invention to the point of practical application, or to make the Invention available for licensing.

(d) Subcontracts.

(1) The Contractor shall, unless otherwise authorized or directed by the Contracting Officer, include a patent rights clause containing all the provisions of this Patent Rights clause in any subcontract hereunder where a purpose of the subcontract is the conduct of experimental, developmental, or research work. In the event of refusal by a subcontractor to accept this Patent Rights clause, or if in the opinion of the Contractor this Patent Rights clause is inconsistent with the policy set forth in ASPR 9-107.2 and 9-107.3, the Contractor:

(i) shall promptly submit a written report to the Contracting Officer setting forth the subcontractor's reasons for such refusal or the reasons Contractor is of the opinion that the inclusion of this clause would be so inconsistent, 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 Contracting Officer.

The Contractor shall not, in any subcontract or by using such a subcontract as consideration therefor, acquire any rights to Subject Inventions for his own use (as distinguished from such rights as may be required solely to fulfill his contract obligations to the Government in the performance of this contract). Reports, instruments, and other information required to be furnished by a subcontractor to the Contracting Officer under the provisions of such a patent rights clause in a subcontract hereunder may, upon mutual consent of the Contractor and the subcontractor (or by direction of the Contracting Officer) be furnished to the Contractor for transmission to the Contracting Officer.

(2) The Contractor, at the earliest practicable date, shall also notify the Contracting Officer in writing of any subcontract containing a patent rights clause, furnish him a copy of such clause, and notify him when such subcontract is completed. 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 Contractor hereby assigns to the Government all the rights that the Contractor would have to enforce the subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. If there are no subcontracts containing patent rights clauses, a negative report is required. 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.

(e) Domestic Filing of Patent Applications by Contractor. If greater rights are granted in and to a Subject Invention pursuant to paragraph (h) of this clause, the Contractor shall file in due form and within six (6) months of the granting of such greater rights a United States Patent application claiming the Invention referred to in said paragraph, and shall furnish, as soon as practicable, the serial number and filing date of each such application and the patent number of any resulting patent. As to each Invention in which the Contractor has been given greater rights, the

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Contractor shall notify the Contracting Officer at the end of the six (6) month period if he has failed to file or caused to be filed a patent application covering such invention. If the Contractor has filed or caused to be filed such an application within the six (6) month period, but elects not to continue prosecution of such application, he shall so notify the Contracting Officer not less than sixty (60) days before the expiration of the response period. In either of the situations covered by the two immediately-preceding sentences, the Government shall be entitled to all rights, title and interest in such Invention subject to the reservation to the Contractor of a license as specified in paragraph (b).

(f) Foreign Filing of Patent Applications.

(1) If the Contractor acquires greater rights in a Subject Invention pursuant to paragraph (h) of this clause and has filed a United States patent application claiming the Invention, the Contractor, or those other than the Government deriving rights from the Contractor, shall as between the parties hereto, have the exclusive right, subject to the rights of the Government under paragraph (i) of this clause, to file applications on the Inventions in each foreign country within:

(i) nine (9) months from the date a corresponding United States patent application is filed;

(ii) six (6) months from the date permission is granted to file foreign applications where such filing has been prohibited for security reasons; or

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

The Contractor shall notify the Contracting Officer of each foreign application filed and, upon written request of the Contracting Officer, convey to the Government the entire right, title and interest in the Invention in each foreign country in which an application has not been filed within the time specified above, subject to the reservation of a royalty-free license as specified in paragraph (b).

(2) If the Contractor does not acquire greater rights pursuant to paragraph (h) of this clause and the Government determines not to file a patent application on any Subject Invention (made by the Contractor) in any particular foreign country, the Contracting Officer, upon request of the Contractor, may authorize the Contractor to file a patent application on such Invention in such foreign country and retain ownership thereof, subject to an irrevocable, nonexclusive and royalty-free license to practice and have practiced such Subject Invention throughout the world for Governmental purposes. In addition, the Government shall have the right to grant licenses to any foreign government or international organization specifically for use in programs established by International Agreements for research, development, or production of weapons or equipment for mutual defense, and shall include the

practice of such Subject Invention in the manufacture, use, and disposition of any article or material, in the use of any method, or in the performance of any service acquired by or for the Government or with funds derived through the Military Assistance Program of the Government or otherwise through the Government.

(g) Withholding of Payment. If the Contractor fails to deliver to the Contracting Officer the interim reports required by (c)(1)(ii) of this clause, or fails to furnish the written disclosures for all Inventions required by (c)(1)(i) of this clause shown to be due in accordance with any interim report delivered under (c)(1)(ii) or otherwise known to be unreported, there shall be withheld from payment until the Contractor shall have corrected such failures either ten percent (10%) of the amount of this contract, as from time to time amended, or ten thousand dollars ($10,000), whichever is less. After payment of eighty percent (80%) of the amount of this contract, as from time to time amended, payment shall be withheld until a reserve of either ten percent (10%) of the amount of this contract, or ten thousand dollars ($10,000), whichever is less, shall have been set aside, such reserve or balance thereof to be retained until the Contractor shall have furnished to the Contracting Officer:

(i) the final report required by (c)(1)(iii) of this clause;

(ii) written disclosures for all Inventions required by (c)(1)(i) of this clause which are shown to be due in accordance with interim reports delivered under (c)(1)(ii) or in accordance with such final report, or are otherwise known to be unreported; and

(iii) the information as to subcontracts required by paragraph (d)(2) of this clause.

No amount shall be withheld under this paragraph when the amount specified by this paragraph is being withheld under other provisions of this contract. The withholding of any amount or subsequent payment thereof to the Contractor shall not be construed as a waiver of any rights accruing to the Government under this contract. This paragraph shall not be construed as requiring the Contractor to withhold any amounts from a subcontractor to enforce compliance with the patent provisions of a subcontract. In cost-type contracts, "amount of this contract" shall mean "estimated cost of this contract."

(h) Contractor's Request for Greater Rights. The Contractor at the time of disclosing a Subject Invention pursuant to paragraph (c) of this clause, but not later than three (3) months thereafter, may submit in writing to the Contracting Officer, in accordance with applicable regulations, a request for greater rights in such Invention than the license reserved to the Contractor in paragraph (b) of this clause. Each such request shall include, but need not be limited to, information concerning the Contractor's intention and plan to bring the Invention to the point of commercial application. The Contracting Officer shall review the Contractor's request for greater rights and shall notify the Contractor whether, and the extent to which, such request is granted. Any rights granted to the Contractor shall be subject to the provisions of (i) of this clause.

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(i) Reservation of Rights to The Government.

(1) In the event greater rights in any Subject Invention are vested in or granted to the Contractor pursuant to paragraph (h) above, such greater rights shall, as a minimum, be subject to an irrevocable, nonexclusive and royalty-free license to practice and have practiced the Invention throughout the world for Governmental purposes. In addition, the Government shall have the right to grant licenses to any foreign government or international organization specifically for use in programs established by International Agreements, for research, development, or production of weapons or equipment for mutual defense, and shall include the practice of such Subject Invention in the manufacture, use, and disposition of any article or material, in the use of any method, or in the performance of any service acquired by or for the Government or with funds derived through the Military Assistance Program of the Government or otherwise through the Government.

(2) In the event greater rights are vested in the Contractor, the Contractor further agrees to and does hereby grant to the Government the right to require the granting of a license to an applicant under any such Invention:

(i) on a nonexclusive, royalty-free basis, unless the Contractor, his licensee, or his assignee demonstrates to the Government, at its request, that effective steps have been taken within three (3) 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 title should be retained for a further period of time; or

(ii) royalty-free or on terms that are reasonable in the circumstances to the extent that the Invention is required for public use by Governmental regulations or as may be necessary to fulfill health needs, or for other public purposes stipulated in the Schedule of this contract.

(j) Right to Disclose Subject Inventions. The Government may duplicate and disclose reports and disclosures of Subject Inventions required to be furnished by the Contractor pursuant to this Patent Rights clause.

(k) Pursuant to the provisions of ASPR 7-402.22, paragraph (g) of this clause is hereby deleted.

2. Effective as of the date of this amendment, add the following new clause:

CONTRACT NUMBER: Nonr-1202(00)
AMENDMENT NUMBER: 25

"40. PATENT POLICY APPROVAL

"It is understood and agreed that the Contractor's acceptance of the provisions of ASPR Clause 9-107.5(c), as set forth in clause 27, is based on the understanding that in the event of approval of the Contractor's patent policy by the Department of Defense, the provisions of ASPR Clause 9-107.5(b) will be substituted therefor, effective as of the date of the original incorporation of the provisions of ASPR Clause 9-107.5(c)."

NAME OF CONTRACTOR	**UNITED STATES OF AMERICA**
BY _____ SIGNATURE _____ DATE	BY _____ SIGNATURE OF CONTRACTING OFFICER _____ DATE
TYPED NAME	
TITLE	

NAVEXOS 4280/ID

A-84530