



VICE PRESIDENT AND CONTROLLER / 1752 Van Hise Hall / Madison, Wisconsin 53706 / 608/262-1311

February 20, 1974

Chancellor Werner A. Baum  
University of Wisconsin-Milwaukee  
Milwaukee, Wisconsin 53201

Dear Werner:

Enclosed is a copy of my letter to President Weaver dated December 19, 1973, in which I notified him of our Institutional Patent Agreement with the National Science Foundation. Some additional information is included in Bob Gentry's letter addressed to all Chancellors dated January 22, 1974. These two letters, along with the IPA itself, provide about all the information we have.

I will attempt to describe our procedures for the administration of inventions and how they are affected by the IPA's with NSF and HEW. The University's patent policy reserves nothing for the University. Rather, the inventor gets all rights unless there is an outside sponsor who has contracted for some or all of the rights. The policy provides that an invention is to be disclosed promptly in a format described in the enclosed booklet. The disclosure is routed to the Dean and then to my office for a determination as to whether or not there is an obligation to a sponsor. If there is an obligation, we will make sure the terms of the agreement are met. If no obligation to a sponsor is determined, the inventor will be advised that he is free to dispose of the invention as he sees fit.

If an invention is developed with the use of NSF or HEW support, the inventor has two choices. The invention may be assigned to WARF for development in accordance with its policies and practices or it may be assigned to the government.

In the cases involving most other federal government agencies, all rights in inventions belong to the government, and only after a lengthy process following a detailed request for rights in the invention may WARF be authorized to apply for a patent. These requests take a long time and are not always successful. The NSF and HEW IPA's save a lot of time and unsuccessful requests.

In no situation is an inventor required to assign his invention to WARF. When and if he does, WARF has an inflexible policy which provides that the net royalties are divided 15% to the inventor(s) and 85% to the campus where the inventor is employed. The term "net" in this case means that only the payments to outsiders for services in obtaining the patent are charged against royalties. WARF's internal administrative costs are not so charged.

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When merger was debated, there was real concern that WARF's annual gift to the University for the support of research would be allocated to all campuses of the merged system, with a resultant substantial reduction for the Madison Campus. WARF trustees determined at that time to adopt a policy whereby campuses would benefit in proportion to the invention contributions of their faculties. Since, up to this time, all of WARF's inventions have been developed by Madison Campus faculty, a phasing out of UWM's support was started. As you know, UWM was given \$400,000 for 1973-74 but will receive \$100,000 less each year until July 1, 1977, at which time the support will be discontinued. Of course, if UWM faculty, in the meantime, develop commercially valuable inventions which are assigned to WARF, 85% of the net royalties will be paid to UWM for support of research of your choosing.

I believe my response has touched on questions which you haven't raised. However, I would prefer to err on the side of providing too much rather than too little information. Inventions, patents and the University's relationship to WARF are most important subjects which I would be pleased to discuss with you at any time.

Cordially,



Reuben H. Lorenz  
Vice President  
and Controller

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cc: William Walters  
William Komsí