

MEMORANDUM
STATEMENT OF POLICY REGARDING
PATENTING, LICENSING, & DISPOSITION OF FUNDS
WISCONSIN ALUMNI RESEARCH FOUNDATION
MADISON, WISCONSIN

PURPOSE OF
THE WISCONSIN ALUMNI RESEARCH FOUNDATION

The Wisconsin Alumni Research Foundation, a corporation not for private profit, was organized in December 1925. The business and purposes of the Foundation ~~are:~~ are:

"To promote, encourage, and aid scientific investigation and research at the University of Wisconsin by the faculty, staff, alumni, and students thereof, and those associated therewith, and to provide or assist in providing the means and machinery by which their scientific discoveries, inventions, and processes may be developed, applied, and patented, and the public and commercial uses thereof determined, and by which such utilization or disposition may be made of such discoveries, inventions, and processes, and patent rights or interests therein, as may be of benefit to mankind or as may tend to stimulate and promote and provide funds for further scientific investigation and research within said University or colleges or departments thereof."

Article II

~~Charter of the Wisconsin Alumni Research Foundation~~

Articles of Organization of the
WISCONSIN ALUMNI RESEARCH FOUNDATION

PATENT POLICY

The Wisconsin Alumni Research Foundation does not solicit inventions or patent opportunities, ~~either directly or tacitly~~. It takes no active interest in an invention unless the inventor has voluntarily brought it to the Foundation's attention.

Patents are generally sought if an invention relates to a process, product or apparatus which will benefit the public and which can reasonably be expected to provide revenue to support further research at the University of Wisconsin.

The premise of net income through licensing is by no means a limiting factor, however, since it is the Foundation's policy to obtain a patent whenever such action appears to be the best means to control the use of the invention ⁱⁿ ~~for~~ the public interest.

It is the firm policy of the Foundation never to interfere with normal publication activities of the inventor. The inventor is simply asked to advise the Foundation of his plans for publication ^{so that the} ~~in order~~ ~~Foundation can protect patent rights and~~ ~~to avoid losing his patent rights owing to statutory bars.~~ ~~not miss losing them in view of statutory bars.~~
~~As an indication of the extent to which the Foundation has engaged~~
~~in patenting activities, 225 patents have been obtained by the Foundation~~
~~in the past ten years.~~

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LICENSING POLICY

The Foundation prefers to license inventions whenever possible on a non-exclusive basis, ~~since nonexclusivity, as a general rule, better serves the public interest. Of the 12 major inventions now being administered by the Foundation, five are licensed on a non-exclusive basis, five others are licensed on an exclusive basis for a limited period of time well within the life of the patent, and two have been licensed on an exclusive basis for the entire life of the patent. The terms of these licenses are summarized in Appendix A, pp. 1-12.~~

It is recognized ^{however} ~~by the Foundation~~ that short term exclusivity is often necessary to provide the licensee with adequate incentive to develop an invention effectively, ~~in the public interest.~~ ^{an incentive} When a commercial company is required to commit time, energy and expense to converting an invention into a useful ~~or gainful~~ product or process, ^{for a few years} a concession in the form of short-term exclusive rights may be proper and ^{necessary} ~~just~~ under the circumstances to compensate the firm for its investment.

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Whenever safeguards are deemed desirable to protect the public interest, provision for such safeguards is made a part of license agreements. Among these are requirements for approval of the product by the Foundation, approval of advertising or labeling, and whatever additional safeguards may be necessary. Every effort is made to select reputable licensees who have demonstrated by past performance their interest in the public good.

Royalty rates, in general, are based upon ~~production volume or~~ percentage of sales. Rates are consonant with general trade practices. ~~They are usually fixed in such a manner as to impose upon the ultimate consumer little or no additional cost. (Appendix A)~~

DISPOSITION OF FUNDS

Income obtained by the Foundation through patenting and licensing is put into a fund from which grants are made for scientific research at the University of Wisconsin. Since its inception in 1925, the Foundation's ~~total research grants to the University have~~ ^{total research grants to the University have} ~~has given the University approximately \$13,000,000 in cash grants and an~~ ^{amounted to more than \$ 16,000,000 ; it has given an} additional \$11,000,000 ^{for} in buildings. It has supported more than 4,600 research grants at the University, ^{and} ~~It~~ is currently supporting research at the ~~University of Wisconsin at~~ the rate of about 1.7 million dollars per year.

individual ^{receive part of} ~~The/inventor's~~ ^{directly} ~~share~~ in the net proceeds derived from his ^{their} invention. The Foundation enters into a standard memorandum agreement with inventors (Appendix B) which provides that ^{they} ~~the inventor~~ will ^{share} receive 15% of the net income, ~~if ~~the~~~~.

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~~As a general rule, ^{The} research ^{work} conducted at the University of Wisconsin ^{generally} is of a fundamental nature having as its objectives a better understanding of scientific facts and the development of new scientific knowledge, as distinguished from applied research which is designed to develop products or methods of more immediate commercial value.~~

Replace A
The primary interest of investigators at the University is to publish their findings in scientific journals. Such publication is encouraged by the University administration and department heads. The development of patentable inventions is an occasional by-product of these research activities.

Preparation and prosecution of patents ^{applications}, as well as their ^{of resulting} exploitation, are not a part of the University's functions. When a patentable invention results from the research of an investigator ^{and in the absence of patent restrictions imposed by outside sponsors,} the investigator is the sole owner of the invention and may dispose of his discovery as he wishes. He may pursue and administer the patent at his own expense, assign his rights to private interests, or publish without obtaining a patent at all. As another alternative, he may elect to offer his invention to the Wisconsin Alumni Research Foundation. Assignment of inventions to the Foundation is completely compatible with University policy and has the approval of the University administration.

? *u* *Replace B*
The only exception to this policy is an invention arising from a grant containing a "patent clause" which reserves for the granting agency certain rights in such inventions. When this kind of grant is accepted by the University of Wisconsin on behalf of the investigator, the latter agrees ^{in writing} ~~(and has no choice other than to accept invention to the grantor.)~~ to its terms. ~~Conflicts of interest (frequently) occur, however, when research projects are financed by ^{more than one} several sponsors under contracts containing patent provisions.)~~

The University administration believes that the public interest

can best be served if the patent provisions of grants from outside sponsors are modified to allow investigators the following alternatives:

- a. Refer their inventions to the sponsor if that is presently required, or
- b. Assign whatever inventions may result from their work to the Wisconsin Alumni Research Foundation for patenting and licensing in the public interest.

The Wisconsin Alumni Research Foundation was established in 1925 by public spirited alumni to develop inventions assigned to it by University of Wisconsin inventors, *and has an excellent record of administering patents in the public interest.* Net income received by the Foundation from its patent licensing program is put into a fund from which grants are made to the University to further scientific research. These grants are made with no restrictions or limitations as to the specific disposition of the funds.

The Foundation has agreed to act as patent advisor to the University administration on all patent matters which are brought to its attention *Faculty, staff and students* by ~~staff and employees~~ of the University.