

# Patent Policies & Procedures



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University of Wisconsin-Madison

# Patent Policies & Procedures



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UNIVERSITY OF WISCONSIN-MADISON

PATENT POLICIES AND PROCEDURES

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UNIVERSITY OF WISCONSIN-MADISON  
PATENT POLICIES AND PROCEDURES

INTRODUCTION

The recent enactment of Public Law 96-517 has necessitated the need to up-date our policies and procedures in regard to the disposition of any inventions generated through Federally supported activities. PL 96-517 establishes government-wide, uniform policies for the allocation of rights to inventions so generated. Under this law, universities have first rights to take title to inventions resulting from research under Federally funded agreements.

The University of Wisconsin-Madison's tradition of not claiming proprietary rights in any invention generated by faculty, staff, and students under funding containing no patent restrictions remains unchanged.

Set forth in this document are the patent policies in regard to both Federally and non-Federally supported activities, and the procedures to be followed in reporting inventions.

The University of Wisconsin-Madison has officially designated the Wisconsin Alumni Research Foundation (WARF) as the agency which will handle all patent and licensing services pertaining to inventions made in performance of Federal grants and contracts.

WARF is also willing to provide similar service for inventions conceived through activities where no third party is contractually entitled to exercise control over proprietary rights.

The newly established patent and invention financial arrangements among WARF, the inventor(s) and the department(s) are also contained in this publication.

PURPOSE

The University's roles of discovering and transmitting knowledge, and providing public service create an environment which is highly conducive to the conception and development of many forms of intellectual property. There is always the possibility that these developments may have commercial value, which possibility may be enhanced through the use of patents. The University of Wisconsin-Madison has traditionally recognized and continues to foster and support development of inventions for public use. However, the contractual rights of extramural sponsors and the University's commitment to the principles of academic freedom and the tradition of free and open discussion of research must also be maintained.

It is the purpose, here, to re-state for University faculty, staff and students the relevant University policies, as well as the nature of faculty, staff and students' responsibilities, privileges and options when they have made an invention or discovery.

## BACKGROUND

Historically, the University of Wisconsin-Madison has not claimed proprietary rights in any invention generated by its faculty, staff, and students. In the absence of contractual provisions obligating the transfer of all or some proprietary rights in such an invention to a third party, the inventor at the University of Wisconsin-Madison traditionally has been free to dispose of these rights in the manner of his or her own choosing. This policy continues unchanged.

Much of the university research is funded by outside parties through formal grants and contracts, with various Federal agencies constituting the major research funding source. The University of Wisconsin System Board of Regents is the legal recipient of all grants and contracts which are accepted on behalf of faculty, staff and students and, as such, has the legal responsibility for complying with all contractual obligations. Consequently, when an invention is generated, it is necessary that the designated University authorities review and make determinations in regard to patent rights as set forth by those funding sources which contributed to the making of that invention.

To insure that all obligations attaching to contracts and grants will be met, faculty, staff and students who participate in programs having extramural support are required to complete a patent agreement which recognizes those obligations. (See Appendix I)

In order to secure broad patent protection, it is prudent for the inventor to file an application as soon as the invention can be adequately documented. Publication prior to filing results in the loss of foreign patent rights.

Most of the UW-Madison inventions which have resulted in patents have been processed through the Wisconsin Alumni Research Foundation (WARF), which has used the income generated to support University research. Research support made available by inventions of UW-Madison personnel, effectively patented and licensed by WARF, has been a crucial element in preserving the research excellence of this University. The outstanding stewardship of patent income by the WARF Board of Trustees has enhanced the funds available while developing expert patent and licensing services. These WARF funds support research program initiation, equipment acquisition, professorships, fellowships, research buildings, computing, travel and other research costs in ways conducive to building the research excellence for which UW-Madison is famous. The continuing innovations of our scientists and the expert services of WARF offer opportunities to further enhance our research strength.

## POLICIES

### Federal Agreements

In the interests of expanding public use of inventions and recognizing the need for establishing government-wide policies for the allocation of rights to Federally supported inventions, Section 6 of P.L. 96-517 dealing with the disposition of rights to inventions made with Federal assistance became effective on July 1, 1981. That section of the law provides, in general, that universities have first right to take title to inventions resulting from research under Federally funded agreements. The policies and regulations emanating from P.L. 96-517 are contained in OMB Circular A-124. The February 19, 1982 Federal Register states "Since one of the primary purposes of P.L. 96-517 is to foster cooperative research arrangements among government, universities and industry in order to more effectively utilize the productive resources of the nation in the creation and commercialization of new technology, it is important to remove any doubt as to the propriety of such cooperative arrangements and the proper application of the Circular to them".

The most significant aspect of the law is that the University can use a single policy document and essentially uniform policies for all Federal agencies. Because the law requires that the University initiate appropriate patent action for each invention, it is essential that University faculty, staff and students become familiar with the decision and reporting requirements. Circular A-124 contains all governing policies, but for purposes of this document, only the most relevant policies are summarized.

1. This Act gives non-profit organizations (universities or their designated patent management organization which, for the University of Wisconsin-Madison is the Wisconsin Alumni Research Foundation) a first right of refusal to title in inventions they have made in performance of Federal grants and contracts. The Act takes precedence over numerous conflicting statutory and administrative policies of individual agencies.

2. Circular A-124 took effect on March 1, 1982, and is applicable to all Federal funding agreements, contracts as well as grants, with domestic nonprofit organizations (including universities) executed on or after that date.

3. The term "invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code; the term "subject invention" means any invention conceived or first actually reduced to practice in the performance of work under a funding agreement; and, the term "practical application" means to manufacture in the case of a composition or product, to practice in the case of a process or method or, to operate in the case of a machine or system.

4. The Federal Government shall have a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

5. The University must disclose each subject invention to the appropriate Federal agency within two months after the inventor discloses it in writing to University personnel responsible for patent matters.

6. The University must elect in writing whether or not to retain title to any such invention by notifying the Federal agency within twelve months of disclosure to the University.

7. The University agrees to require by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly in writing to personnel identified as responsible for the administration of patent matters and in a format suggested by the University, each subject invention. This will permit the University to comply with the disclosure provisions of paragraph 5 above and, to execute all papers necessary to file patent applications on subject inventions and to establish the Government's rights in the subject inventions. See Appendix I.

8. The University agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization by its licensees or assignees. Such reports shall include information regarding the status of development, date of first commercial sale or use, and gross royalties received by the University.

As indicated in paragraph 1, the law permits the University itself to accept assignment of these inventions or to designate a nonprofit patent management organization to act for it. Such organization must meet certain established requirements and criteria. Inasmuch as the University itself is not in a position to provide patent management services, it has designated the Wisconsin Alumni Research Foundation (WARF), to perform these functions in its behalf. WARF has administered patents voluntarily assigned to it by University of Wisconsin inventors since 1925 and has the necessary experience, personnel and facilities to discharge these special responsibilities.

#### Other Third Party Resources

The patent expectations of the many non-Federal funding sources of university research vary. That fact plus the frequent practice of using funds from more than one source in support of a given research project can place an inventor in an ambiguous and even conflicting position with several sponsors.

When negotiating an agreement with any extramural research sponsor, principal investigators must take into consideration existing contractual obligations involving any personnel or resources to be involved in the proposed research. This is especially important where the agreement under negotiation is for research whose purpose is the same or similar to research conducted by the principal investigator with some federal support, however minimal. Obligations which exist because of Federal or other extramural sponsors must be identified in the agreement under negotiation.

The disposition of all inventions generated at the University, regardless of funding sources, is subject to review by the Dean of the College or School in which the invention originated, and the Chancellor. The purpose of the review is to determine if any contractual obligation exists in connection with and as a result of, the funding leading to the invention.



## Procedure for Reporting an Invention

When any member of the University staff makes a discovery or invention in pursuing his/her University duties, or on University premises, or with University supplies or equipment, a report of this fact must be made to the Dean of the College or School in which the invention originated. The required "Invention Record and Report" form is provided in Appendix II.

The Dean has the first responsibility for judging whether the investigator has any obligation to assign rights to such discoveries or inventions to any third party. In particular, the Dean will be expected to judge the relation of the reported discovery or invention to the purpose of any grant or contract that may be involved.

The Dean will refer the invention, with his/her recommendation as to the disposition of property rights in the invention, to the Chancellor for review of that financing identified as used in the making of the discovery or invention. The Chancellor has the ultimate responsibility for determining if an obligation to a grantor does exist and, if so, to insure that such obligations are fully met.

In the interest of protecting the inventor's patent rights by the prompt filing of appropriate patent applications, the inventor is urged to discuss patent filing at the same time that the invention report is in process. The opportunity to obtain foreign patent protection on an invention is generally lost if a publication disclosing that invention is issued prior to filing.

### Restricted Inventions

All such personnel who, having complied with the University's established reporting procedure, are advised by the Chancellor's office that their research was funded in whole or in part by a Federal grant, may recommend either of two options:

- Option 1: Submission of the invention to WARF which will examine thoroughly the invention and will, when it considers such action is warranted in the public interest, accept assignment of the invention, prepare and file patent applications, and thereafter exercise its best effort to bring the invention quickly and effectively into public use.
- Option 2: That the University assign the invention to the Federal Government to dispose of as it sees fit. Although the inventor may recommend whether the invention ought or ought not be patented, the final decision under this option will be made by the Government.

### Unrestricted Inventions

When, after review by the Dean and Chancellor, it has been determined that no third party is contractually entitled to exercise control over the proprietary rights in an invention, the inventor will be so advised and will be free to dispose of the invention. Practically speaking, any one of three options is available to the inventor:

Option 1. Submit the invention to WARF as in Option 1 under Restricted Inventions

Option 2. Under his/her own initiative and resources, seek patents on the invention and thereafter administer, dispose of, or license such patents in whatever manner seems appropriate.

Option 3. Dedicate the invention to the public by publishing findings and taking no legal action. In the United States, if a patent application has not been filed on an invention within one year after such publication, the invention is considered to be in the public domain, and there is then a statutory bar against obtaining a patent on the invention. Foreign patent protection is generally available only if a U. S. or foreign application has been filed prior to publication or other public disclosure of the invention.

It is suggested that the inventor thoroughly weigh the relative advantages and consequences of these three options in terms of which will most likely result in early public use and greater public benefit. Option 1 is clearly a way by which both the inventor and the University can benefit. Regardless of the option elected, the inventor is free, indeed urged, to establish scientific priorities through publication of research results. All inventions, whether supported by Federal or non-federal funds are to be reported on an Invention Record and Report Form (See Appendix II). Patent protection and notification of sponsors are to be processed as soon as adequate information is in hand. At the close of each University fiscal year, a summary report will be prepared by UW-Madison for transmittal to the University of Wisconsin System Board of Regents.

#### WARF AS DESIGNATED PATENT AGENT

As indicated above, WARF has been designated by the UW-Madison as the agency with the responsibility to report and pursue vigorously patent protection and licensing of inventions or discoveries made with Federal assistance as required by Public Law 96-517. In addition to the patent services required under Federal law, WARF will provide the same services for University inventions or discoveries not supported by Federal funds. Faculty, staff and students are encouraged to consider utilizing WARF for managing inventions and patents resulting from non-Federal extramural research support; the Dean of the Graduate School, the UW-Madison Office of Administrative Legal Services, the Office of Research Administration-Financial, as well as the WARF staff frequently can be helpful to individuals who have concerns about demands for proprietary rights which arise during grant/contract negotiations with private industrial funding sources.

When a multi-industry consortium is established or a federal-industry or State-industry joint funded program is negotiated, these programs may include specific description of patent and licensing rights and options of the participants. In these instances, if a University employee elects to participate in a particular consortium or joint funded program, he/she is expected to be fully informed of the patent agreement and to comply with the provisions therein.

In the absence of conflicting agreements or co-mingled support sources, principal investigators and research staff are free to enter into their own patent arrangements with the prospective sponsor as long as previous patent commitments are fully recognized and there is no substantive limitation or restriction on the principal investigator's freedom (and university obligation) to publish research results. As a patent is itself a form of publication, a short delay in publication of research results in order to permit filing of patent applications is appropriate. Prospective sponsors may request that the principal investigator's patent or licensing agreement be appended to the official University proposal to assure that the University is informed of their agreement with the principal investigator.

The cost of WARF patent services is borne by WARF. Effective October 1, 1983, when a patent application is filed, the inventor will receive a \$1,000.00 payment (shared among all co-inventors if a joint patent application is filed). Subsequently, in the event that the invention is licensed successfully, the inventor(s) receives 20% of the gross income directly from WARF. (That is, filing fees and other costs are not deducted from the income before calculating the inventor's royalties.) In addition, 15% of the gross income is provided through the Graduate School to the inventor's department as an unrestricted grant to support research. These funds are to be awarded as determined by the departmental executive committee for initiating research programs of new faculty members, providing departmental research facilities and special instrumentation, supporting research projects as selected by the committee (including those of the inventor), and otherwise enhancing the research productivity of the department. These funds are non-lapsing, and larger amounts may be retained in a segregated WARF account and invested so that additional income will also be available for departmental research purposes. The remaining 65% of the gross income becomes part of the pool of resources from which the annual WARF gift to the University is derived, and is utilized by the Graduate School for WARF fellowships, WARF professorships, Research Committee awards to faculty members, etc.

In special cases where WARF encounters unusual expenditures relating to a specific invention or patent for litigation, or similar expenses, such costs will be deducted from gross income before distribution of royalties to the inventor or the University.



UNIVERSITY OF WISCONSIN-MADISON  
Invention and Patent Agreement\*

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Name (Last) (First) (Middle Initial) SOCIAL SECURITY NUMBER

As a condition of and in consideration of my participation in any extramurally sponsored research or other extramurally supported activity at the University of Wisconsin, I hereby agree to disclose promptly to my Department Chairman and Dean any invention conceived and/or reduced to practice by me, whether solely or jointly with others, resulting in whole or in part from such extramurally supported activity. I further agree that I will comply with the provisions of any agreement between the University and any sponsor pertinent to the particular activity supported by that sponsor in which I am involved, and will cooperate in assuring that the sponsor's rights, including rights in inventions and patents, are fully protected.

If I am the Principal Investigator of any extramurally sponsored project, I shall require that each participant in such project sign this Agreement and become familiar with the provisions in the agreement between that extramural sponsor and the University pertinent to participation in the project, including invention and patent provisions, and with the University's policies concerning inventions and patents.

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Signature

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Date

\*The Office of Research Administration-Financial will assure that this agreement is on file for each Principal Investigator. The Principal Investigator is responsible for filing the agreements of the project staff with the Department.



UNIVERSITY OF WISCONSIN-MADISON  
INVENTION RECORD AND REPORT  
(Submit to the dean of your school or college)

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(person filing report)

(date)

1. Brief descriptive title of invention:
  
2. Full name of inventor(s), home address(es), and appointment title(s):
  
3. Recommendation of inventor(s) whether patent should be sought:  Yes  No
  
4. Results to be achieved by the practice of this invention:
  
  
  
  
  
  
  
  
  
  
5. Outline of means discovered for achieving above results in terms of (a) the steps in a process, or (b) the components in a composition or groups in a chemical compound (include description of process of making) or (c) elements in a machine, article or device. Point out means which are essential, others which are important or useful and any critical limitations on any of these.
  
  
  
  
  
  
  
  
  
  
6. Chronology of principal events in conception and developments:
  - (a) Earliest conception date (reference to substantiating evidence desirable):
  
  - (b) Date of disclosure (orally or in writing) to other persons and names of such persons: \_\_\_\_\_
  
  - (c) First written record pertinent to invention: \_\_\_\_\_
  
  - (d) Date and result of first test of the invention. If invention is a process, its first test is the first successful trial; if a composition of matter or a compound or a machine, article or device, its first test is its first creation and evaluation with respect to new or improved properties or behavior.





APPENDIX II (Cont.d.)

7. Source(s) and amount(s) of all grant, contract or gift funds used by inventor(s) regardless of purpose or use during the period starting with the date noted in item 6(a) and continuing to the present.
8. Identify those sources indicated in item 7 which contributed to the invention.
9. Date and place (e.g. particular periodical) of any publication regarding invention (whether publication has occurred or is projected):

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10. Background of published information and practice in the field of the invention (known practices, periodical citations, patents, etc. Attach documents if pertinent.)

11. Features embodied in this invention which would not have been obvious to or readily foreseeable by the typical skilled worker in the field:

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Signature of person filing report

Signature of Inventor(s)

Date

Witness to Inventor's Signature

Certification by Inventor's Supervisor  
(Dept. Chairman, Program Director or Coordinator)

I have reviewed the information provided above with particular reference to item 8, source of funds contributing to the invention. To the best of my knowledge, I believe the above statements to be accurate.

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Signature of Supervisor

