To: The Executive Board of the Trustees,  
Paul F. Miller, Chairman  

From: Martin Meyerson, President  

Date: April 28, 1980  

Re: Implementing Patent Policy  

In the Research Investigators Handbook published by the University in 1977, the following general patent policy of the University is included.  

PATENT POLICY OF THE UNIVERSITY OF PENNSYLVANIA  

The Trustees have declared it to be the policy of the University of Pennsylvania that any invention or discovery which may result from work carried out on University time or at University expense by special grants or otherwise is the property of the University. Patents on such inventions or discoveries may be applied for in any country by the University in which case the inventor shall assign his interest in the patent application to the University. The University will exercise its ownership of such patent, with or without profit, with due regard for the public interest as well as the interest of all persons concerned. Procedures for implementation of this policy shall be developed and promulgated by the President of the University.  

The Handbook\(^1\) goes on to add:  

In stating the patent policy of the University of Pennsylvania the Trustees have made use of the expression "the public interest." In implementing the announced policy this expression is interpreted to include (1) the stimulation of support of basic and applied research, (2) the stimulation of investment to develop inventions or discoveries to the point where they become generally available to the public, and (3) the stimulation of prompt disclosure of scientific information. Except where otherwise stated, the patent policy and these procedures apply to all members of the staff of the University whether fully or partially affiliated.  

1. The Handbook also includes other patent information useful and necessary to research investigators.
In implementing this policy, these steps will be followed:

-- The internal research foundation I proposed some years ago and included in the Program for the 80's, will be instituted by the beginning of the fall term.

-- The research foundation will be an internal office within the University chaired by the President with the Provost as Vice Chairman; the Vice Provost for Research will serve as executive officer of the foundation.

-- There will be a division of royalties between the University and the investigators, using a sliding scale which is attached.

-- The University's share of the returns from patents will go to the research foundation and be used in such ways as to further research and scholarship, research facilities and equipment, research-related graduate education and involvement, when appropriate, of undergraduates in faculty research programs. On occasions, and they should be of the rarest kind, the President, the Provost and the Trustees may find it justifiable to use the resources from the research foundation for other academic purposes than those noted above.

-- Each year the foundation which will be made up of administrators and faculty (the Senate Committee on Consultation will review the yearly proposals for membership on the foundation) will report on its substantive and financial achievements to the Trustees of the University.

### SCALE FOR DISTRIBUTION OF PATENT REVENUES ACCRUING TO THE UNIVERSITY

Royalties or other income received by the University from patent revenues will be distributed as follows:

a) 50% of the first $200,000 net patent revenue will be distributed to the inventor(s);

b) 25% of the next $800,000 net patent revenue will be distributed to the inventor(s);

c) 15% of the net patent revenue of the next $4,000,000 will be distributed to the inventor(s);

d) 10% of the net patent revenue of all subsequent returns will be distributed to the inventor(s).

2. This scale applies only to patent revenues accruing on patents filed after April 28, 1980.
Net patent revenues are defined as revenues from patents retained by the University after payment of expenses associated with the preparation, filing, marketing, exploitation or defense of the patent.

For patents managed by a patent management organization, only the University's share of patent revenues, after payment of other significant expenses, will be considered to be net patent revenues. All patent revenues from patents managed by a patent management organization will be subject to the terms of the agreement between the University and the patent management organization.

Distribution of patent revenues from patents arising from sponsored research will be subject to the terms of the grant or contract, as negotiated between the agency and the University.

3. Questions regarding division of the foregoing revenues among inventors where there are patents to multiple inventors, patents to different or overlapping inventors, and multiple patents to a single inventor, and all other questions of interpretation of these guidelines, will be referred to the Vice Provost for Research.
## DISPOSITION OF INCOME FROM PATENTS AT SELECTED PRIVATE INSTITUTIONS*

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<tr>
<th>INSTITUTION</th>
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<tr>
<td>Chicago</td>
<td>25% of net income to inventor</td>
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<tr>
<td>Cornell</td>
<td>15% of net income to inventor</td>
</tr>
<tr>
<td>Dartmouth</td>
<td>Distribution negotiated on a case by case basis between Dean of School and Inventor. Policy currently under review.</td>
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| Harvard     | 35% of first $50,000 net income to inventor  
25% of next $50,000 net income to inventor  
15% of amount over $100,000 income to inventor  
Balance as follows:  
First $32,500 to support inventor's research  
Next $67,500 split under inventor's research and department  
Remaining net income divided between central University and Faculty |
| Princeton   | 50% of first $50,000 net income to inventor  
40% of next $50,000 net income to inventor  
30% of amount over $100,000 net income to inventor  
Balance "will generally be used for the purpose of research and scholarly activity with preferential consideration being given to the field of activity in which the invention arose."
| Stanford    | 33 1/3% of income after deduction of direct expenses and 15% for indirect expenses to inventor  
Balance split equally between inventor's department and generally university unrestricted fund. |
| Yale        | 50% of net income distributed to inventor  
Balance returned to support research in academic area from which invention arose. |
| Brown       | Currently under review. It has been proposed that a minimum of 25% and a maximum of 75% of net income will be distributed to the inventor. Actual rate will be determined on a case by case basis with the principal criteria being the level of use |

*SECRETARY*
Title of University Inventions

Harvard: Agreement with the inventor(s) includes the following, if there is no sponsor requirement that title vests with the institution:

"... except in case of discoveries or inventions primarily concerned with medical therapeutics or the public health an individual may elect to pursue the patenting and commercial introduction of a potential invention without the assistance of the University. In this event the University must be so notified in writing at the time of disclosure and plans for so doing briefly described."

If the commercialization of the invention is not pursued, then title reverts to the University.

Stanford: Has a similar clause in the agreement:

"Except in cases where other arrangements are required by contracts or grants for sponsored research and where other arrangements have been specifically agreed upon in writing, it shall be the policy of the University to permit employees of the University, both faculty and staff, and students, to retain all rights to retain inventions made by them."
**INSTITUTION**  | **POLICY**
---|---
Brown (continued)  | of university resources. A patent committee will recommend rate to President who will make the final decision. Balance of funds are divided between inventor's department and General Research Fund. Percentage split determined as above. Currently under revision. In past, most inventions handled by Research Corporation which provided 15% of gross royalties to inventor. Balance of income received usually given to inventor's department.
Columbia  | *NOTES*
---|---
1. Policies reflect institution's disposition of patent income when a particular sponsor has not specified a sharing arrangement. (i.e. HEW under institutional patent agreements).
2. Term "net income" represents total income to the institution less its direct expenses in obtaining and maintaining patent protection, as well as any share of income retained by a patent management organization.

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*Secretary*
The United Way and the University of Pennsylvania

To: Robert W. Reifnyder, Executive Director
From: Martin Meyerson, President
Date: April 16, 1980

Our University Council, which is composed of faculty, some students and a few administrators, advises the Provost and me on policy matters. It is not the only group whose advice is valuable on the University's ties with United Way, but it is a most significant one. Last week, members of Council discussed in detail for the second time concerns which they have about the United Way. For a variety of reasons, Council did not vote on a set of resolutions before it. However, I shall summarize what I sense to be widespread worries on our campus:

--The United Way ought not to be hostage to any minority groups which may want to deny participation of other groups. A question which came up often was whether some groups do exert disproportionate influence over the choice of agencies to be supported and over the allocation of funds to those agencies.

--Another recurring question relates to what guidelines United Way uses and should use in choosing agencies for its support. Back of this question is the issue of how the United Way can be broader based in its coverage while also adhering to a community consensus.

--There are many at the University who favor a donor system of designation. It is a system which will reduce the pressure which can be applied by constituent groups against the participation of other organizations but it does carry operating problems.

--Finally, there is much sentiment that, if issues such as the above cannot be dealt with satisfactorily by the United Way, the University should consider doing away with its payroll deduction arrangement.

We all hope that your meeting in late April will provide answers and reassurances to the queries and concerns raised here.

Secretary