

CHAPTER 6-10

REGULATIONS AND PROCEDURES

6-10-00 Scope

6-10-10 Regulations (from Federal Register of 10/1/66)

6-10-20 Patent Policy Applicable to Cancer Chemotherapy
Industrial Research Contracts

6 - 1 0 -~~SCOPE~~

This Chapter contains:

1. Department regulations relating to inventions (a) made by Department employees, or (b) resulting from research grants, fellowship awards, or research contracts under programs administered by the Department; and
2. Department patent policy, approved 7/31/58 by the Secretary, establishing the limitations referred to in section 8.7 of the Department regulations for the negotiation of cancer chemotherapy industrial research contracts.

6-10-10 REGULATIONS

TITLE 45--PUBLIC WELFARE

Subtitle A--Department of Health, Education,
and Welfare, General Administration

PART 6--INVENTIONS AND PATENTS
(GENERAL)

PART 7--EMPLOYEE INVENTIONS

PART 8--INVENTIONS RESULTING FROM RE-
SEARCH GRANTS, FELLOWSHIP AWARDS,
AND CONTRACTS FOR RESEARCH

The following parts are Department rules and policies relating to inventions which are made by Department employees having a relation to their official duties or with some contribution from the Government or which arise from research or related activities assisted by grants or otherwise under programs administered by the Department.

PART 6 -- INVENTIONS AND PATENTS (GENERAL)

Sec.

6.0 General Policy.

6.1 Publication or patenting of inventions.

6.2 General Responsibility.

(6-10-10 cont'd)

- 6.3 Government-owned patents; licensing; dedication to the public.
c.4 Central records; confidentiality.

AUTHORITY: §§ 6.0 to 6.4 issued under Reorg. Plan No. 1 of 1953, 18 F.R. 2053, 3 CFR 1949-1953 Comp., p. 1022; E.O. 10096, 15 F.R. 391, 3 CFR 1949-1953 Comp., p. 292; E.O. 10830, 26 F.R. 2553, 3 CFR 1959-1963 Comp., p. 456.

§6.0 General Policy.

Inventions developed through the resources and activities of the Department are a potential resource of great value to the public health and welfare. It is the policy of the Department:

(a) To safeguard the public interest in inventions developed by Department employees, contractors and grantees with the aid of public funds and facilities;

(b) To encourage and recognize individual and cooperative achievement in research and investigations; and

(c) To establish a procedure, consistent with pertinent statutes, Executive Orders and general Government regulations, for the determination of rights and obligations relating to the patenting of inventions.

56.1 Publication or patenting of inventions.

It is the general policy of the Department that the results of Department research should be made widely, promptly and freely **available** to other research workers and to the public. This availability can generally be adequately preserved by the dedication of a Government-owned invention to the public. Determinations to file a domestic patent application on inventions in which the Department has an interest will be made **where** the circumstances indicate that this is desirable in the public interest, and if it is **practicable** to do so. Department determinations **not** to apply for a domestic patent on employee inventions are **subject to review** and approval by the Commissioner of Patents. Except where deemed **necessary** for protecting the patent claim, the fact **that** a patent application has been or may be filed will not require any departure from normal policy regarding the dissemination of the **results of** Department research.

§6.2 General Responsibility.

The Assistant Secretary (Health and Scientific Affairs) is responsible for the administration of the invention and patent program of the Department and the determination of rights in inventions and patents in which the Department has an interest.

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§6.3 Licensing of Government-owned patents.

Licenses to practice inventions covered by patents and pending patent applications owned by the United States Government as represented by this Department will generally be royalty free, revocable and nonexclusive. They will normally be issued to all applicants and will generally contain **no** limitations or standards relating to the quality or testing of the products to be manufactured, sold, or distributed thereunder.

Where it appears however that the public interest will be served under the circumstances of the particular case by licenses which impose conditions, such as those relating to quality or testing of products, requirement of payment of royalties to the Government, etc., or by the issuance of limited exclusive licenses by the Assistant Secretary for Health and Scientific Affairs after notice and opportunity for hearing thereon. such licenses may be issued.

§6.4 Central records; confidentiality.

Central files and records shall be maintained of all inventions, patents, and licenses in which the Department has an interest, together with a record of all licenses issued by the Department under such patents. Invention reports required from employees or others for the purpose of obtaining determinations of ownership, and documents and information obtained for the purpose of prosecuting patent applications shall be confidential and shall be disclosed only as required for official purposes or with the **consent** of the inventor.

PART 7 -- EMPLOYEE INVENTIONS

Sec.

- 7.0 Who are employees.
- 7.1 Duty of employee to report inventions.
- 7.3 Determination as to domestic rights.
- 7.4 Option to acquire foreign rights.
- 7.7 Notice to **employee** of determination.
- 7.8 **Employee's** right of appeal.

AUTHORITY: §§ 7.0 to 7.8 issued under **Reorg.** Plan No. 1 of 1953, 18 F.R. 2053, 3 CFR 1949.1953 Comp., p. 1022; E.O. 10096, 15 F.R. 391, 3 CFR **1949-1953 Comp.**, p. 292; E.O. 10930, 26 P.R. 2583, 3 CFR 1959-1963 **Comp.**, p. 4%.

Q7.0 Who are employees.

As used in this part, the term "**Government** employee" means any officer or employee, civilian or military, except such part-time employees or part-time consultants as may be excluded **therefrom** by a determination made in writing by the head of the employee's office or constituent organization, pursuant to an exemption approved by the Commissioner of Patents that to include him or them-would be

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impracticable or inequitable, giving the reasons therefor. A person shall not be considered to be a part-time employee or part-time consultant for this purpose unless the terms of his employment contemplate that he shall work for less than the minimum number of hours per day, or less than a minimum number of days per week, or less than the minimum number of weeks per year, regularly required of full-time employees of his class.

§7.1 Duty of employee to report inventions.

Every Department employee is required to report to the Assistant Secretary (Health and Scientific Affairs) in accordance with the procedures established therefor, every invention made by him (whether or not jointly with others) which bears any relation to his official duties or which was made in whole or in any part during working hours, or with any contribution of Government facilities, equipment, material, funds, or information, or of time **or** services of other **Government** employees on official duty.

57.3 Determination as to domestic rights.

The determination of the ownership of the domestic right, title, and interest in and to an invention which is **or may** be patentable, made by a **Government** employee while under the administrative jurisdiction of the Department, **shall** be made in writing by the Assistant Secretary (Health and Scientific Affairs), in accordance with the provisions of Executive Order 10096 and **Government-wide** regulations issued thereunder by the Commissioner of Patents as follows:

(a) The Government as represented by the Assistant Secretary (Health and Scientific Affairs) shall obtain the entire domestic right, title and interest in and to all inventions made by any Government employee (1) during working hours, or (2) with a contribution by the Government of facilities, equipment, materials, funds, or information, or of time or services of other Government employees on official duty, or (3) which bear a direct relation to or are made in consequence of the official duties of the inventor.

(b) In any case where the contribution of the Government, as measured by any one **or more** of the criteria **set** forth in paragraph (a) of this section, to the invention is insufficient equitably to justify a requirement of assignment to the **Government** of the entire domestic right, title and interest in and to such invention, or in any case where the Government has insufficient interest in an invention to obtain the entire domestic right, title, and interest therein (although the Government could obtain same under paragraph (a) of this section), the Department, subject to the approval of the Commissioner, shall leave title to such invention in the employee, subject, however, to the reservation to the Government of a nonexclusive, irrevocable, royalty-free license in the invention with

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power to grant licenses for all governmental purposes, such reservation to appear, where practicable, in **any** patent, domestic or foreign, which may issue on such invention.

(c) In applying the provisions of paragraphs (a) and (b) of this section **to** the facts and **circumstances** relating to the making of **any** particular invention, it shall be presumed that an invention made by an employee who is employed or assigned (1) to **invent or** improve or perfect any art, machine, manufacture, or composition of matter, (2) to **conduct or** perform research, development work, **or** both, (3) to supervise, direct, coordinate, or review Government financed or conducted research, development work, or both, or (4) to act in a liaison capacity among governmental or nongovernmental agencies **or** individuals engaged in such work, falls **within** the provisions of paragraph (a) of this section, and it shall be presumed that any invention made by any other employee falls within the provisions of paragraph (b) of this section. Either presumption may be rebutted by a showing of the facts and circumstances and shall not preclude a determination that these facts and circumstances justify leaving the entire right, title and interest in and to the invention in the **Government** employee, subject to law.

(d) **In** any case wherein the Government neither (1) obtains the entire domestic right, title and interest in and to an invention pursuant to the provisions of paragraph (a) of this section, nor (2) **reserves** a nonexclusive, irrevocable, royalty-free license in the invention, with power to grant licenses for all governmental purposes, pursuant to the provisions **of** paragraph (b) of this section, the Government shall leave the entire right, title and interest in and to the invention in the Government employee, subject to law.

57.4 Option to acquire foreign rights.

In any case where it is determined that all domestic rights should be assigned to the **Government, it** shall further be determined, pursuant to Executive Order 9865 and **Government-wide** regulations issued thereunder, that the Government shall reserve an option to require the assignment of such rights in all or in any specified foreign countries. In case where the inventor is **not** required to assign the patent rights in any foreign country or countries to the Government or the Government fails **to** exercise its option within such period of time as may be provided by regulations issued by the **Commissioner** of Patents, **any** application for a patent which may be filed in such country or countries by the inventor or his assignee shall nevertheless be subject to a nonexclusive, irrevocable, royalty-free license to the Government for all governmental purposes, including the **power** to issue sublicenses for use in behalf of the Government and/or in furtherance of the foreign policies of the **Government.**

(6-10-10 cont'd) §7.7 Notice to employee of determination.

The employee-inventor shall be notified in writing of the Department's determination of the rights to his invention and of his right of appeal, if any. Notice need not be given if the employee stated in writing that he would agree to the determination of ownership which was in fact made.

§7.8 Employee's right of appeal.

An employee who is aggrieved by a determination of the Department may appeal to the Commissioner of **Patents**, pursuant to section 4(d) of Executive Order 10096, as amended by Executive Order 10930, and regulations issued **thereunder**, by filing a written appeal with the Commissioner, in duplicate, and a copy of the appeal with the Assistant Secretary (Health and Scientific Affairs), within 30 days (or such longer period as the Commissioner may, for good cause, fix in any case) after receiving written notice of such determination.

PART 8 -- INVENTIONS **RESULTING FROM RESEARCH GRANTS, FELLOWSHIP AWARDS, AND CONTRACTS FOR RESEARCH**

Sec.

8.0 Policy.

8.1 Conditions to be included in research grants.

8.2 Determination as to domestic rights.

8.3 Licenses to the **Government**.

8.4 Option to acquire foreign rights,

8.5 Fellowships.

8.6 Contracts for research.

8.7 **Cancer** chemotherapy industrial research contracts.

AUTHORITY: §§ 8.0 to 8.7 issued under Reorg. Plan No. 1 of 1953, 18 F.R. 2053, 3 CFR 1949-1953 Comp., p. 1022; 9.0. 10096, 15 F.R. 391, 3 CFR 1949-1953 Comp., p. 292; E.O. 10930, 25 F.R. 2583, 3 CFR 1959-1963 Comp, p. 456.

98.0 Policy.

(a) The **Department of Health, Education, and Welfare** each year is expending large sums in the form of grants for research. These grants are made **primarily** by the Public Health **Service** in carrying out its broad responsibility under the Public Health Service Act to promote and coordinate research in the field of health and to make available information concerning such research and its practical application. The scientific and technological advances attributable in varying degrees to this expenditure of public funds frequently include patentable inventions.

(6-10-10 continued)

(b) The Department, **as** a matter of policy, takes the position that the results of research supported by grants of public moneys should be utilized in the manner which would best **serve** the public interest. It is believed that the public interest will in general be best served if inventive advances resulting therefrom are made freely available to the Government, to science, to industry, and to the general public.

(c) On the other hand, in some cases it may be advisable to permit a utilization of the patent process in order to foster an adequate commercial development to make a new invention widely available. **Moreover**, it is recognized that inventions frequently arise in the course of research activities which also receive substantial support from other sources, as well as from the Federal grant. It would not be consistent with the cooperative nature of such activities to attribute a particular invention primarily to support received from any one source. In all these cases the Department has a responsibility to see that the public use of the fruits of the research will not be unduly restricted or denied.

(d) The following conditions have been adopted to govern the treatment of inventions made in these various types of situations. They are designed to afford suitable protection to the public interest while giving appropriate recognition to the legitimate interests of others who have contributed to the invention.

58.1 Conditions to be included in research grants.

Subject to legislative directives **or** Executive Orders providing otherwise, all grants in aid of research shall provide as a condition that any invention arising out of the activities assisted by the grant shall be promptly and fully reported, and shall provide, either

(a) That the ownership and manner of disposition of all rights in and to such invention shall be subject **to** determination by the Assistant Secretary (Health **and** Scientific Affairs), or

(b) That the ownership a&disposition of all domestic rights shall be left for determination by the grantee institution in accordance with the grantee's established policies and procedures, with such modifications as may be agreed upon and specified in the grant, provided the Assistant Secretary (Health and Scientific Affairs) finds that these are such as **to** assure that the invention will be made available without unreasonable restrictions or excessive royalties, and provided the Government shall receive a royalty-free license, with a right to issue sublicenses as provided in 08.3, under any patent applied **for or** obtained upon the invention.

(6-10-10 cont 'd) (c) **Wherever** practicable, any arrangement with the grantee pursuant to paragraph (b) of this section shall provide in accordance with Executive Order 9865 that there be reserved to the Government an option, for a period to be prescribed, to file foreign patent applications upon the invention.

E8.2 Determination as to domestic rights.

Rights in any invention not subject to disposition by the grantee pursuant to paragraph (b) of **§8.1** are for determination by the Assistant Secretary (Health and Scientific Affairs) as follows:

(a) **If** he finds that there is adequate assurance that the invention will either be effectively dedicated to the public, or that any patent which may be obtained thereunder will be generally available for royalty-free and nonexclusive licensing, the effectuation of these results may be left to the grantee.

(b) If he finds that the invention will thereby be **more** adequately and quickly developed for widest use and that there are satisfactory safeguards against unreasonable royalties and repressive practices, the invention may be assigned to a competent organization for development and administration for the term of the patent or such lesser period as may be deemed necessary.

(c) If he finds that the interest of another contributing Government agency is paramount to the interest of the Department of Health, Education, and Welfare, or when otherwise legally required or in the public interest, the invention may be left for disposition by that agency in accordance with its own policy.

(d) In all other cases, he shall require that all domestic rights in the invention shall be assigned to the United States unless he determines that the invention is of such doubtful importance or the Government's equity in the invention is so minor that protective measures, except as provided in 58.3, are not necessary in the public interest.

§8.3 Licenses to the Government.

Any arrangement or determination as to the disposition of rights in inventions pursuant to 68.1, 68.2, §8.5, or 58.6 shall require that there **be** reserved under any patent application or patent thereon, domestic or foreign, a nonexclusive, irrevocable, **royalty-free** license to the Government with power to sublicense for all governmental purposes.

58.4 Option to acquire foreign rights.

In any case where it is determined that all domestic rights should be assigned to the Government, there shall be reserved to the Government, pursuant to Executive Order 9865 and Government-wide

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regulations issued thereunder, an option to require the assignment of all rights in the invention in all or in any specified foreign countries. In any case where the inventor is not required to assign the patent rights in any foreign country or countries to the Government, or the Government fails to exercise its option within such period of time as **may** be provided by regulations issued by the Chairman of the Government Patents Board, any application for a patent which **may** be filed in such country or countries by the inventor or his assignee shall nevertheless be subject to a nonexclusive, irrevocable, royalty-free license to the Government for **all** governmental purposes, including the power to sublicense for all governmental purposes.

58.5 Fellowships.

In the discretion of the **Assistant** Secretary (Health and Scientific Affairs), the **award** of a fellowship to a person not a **Government** employee may provide for the reporting of any invention made during the term thereof, and for its disposition in accordance with the provisions of paragraph (a) of **§8.1**, or for its disposition by the institution at which the research was performed in accordance with its established policies, if applicable to such an invention, which meet the requirements of **paragraph** (b) of such section.

§8.6 Contracts for research.

(a) Contracts for research, with other than nonprofit institutions, shall provide that any invention first conceived or actually reduced to practice in the course of the performance of the contract shall be promptly and fully reported to the Assistant Secretary (Health and Scientific Affairs), for determination by him as to the **manner of** disposition of all rights in and to such invention, including the right to require assignment of **all** rights to the United States or dedication to the public. In the exercise of this power he will be guided by the policy specified in 58.2 with respect to grants.

(b) Contracts for research with nonprofit institutions shall contain provisions as in paragraph (8) of this section except that, if it is determined that the institution's policies and procedures are acceptable as meeting the requirements of **§8.1(b)** with respect to grants, the contract may provide, **with** such special stipulations in the contract as **may** be deemed necessary in the public interest, for leaving the ownership and disposition of all domestic rights for determination by the contracting institution in **accordance** with such policies and procedures.

§8.7 Cancer chemotherapy industrial research contracts.

Notwithstanding the provisions of **§8.6**, the Surgeon General in the negotiation of contracts with other than nonprofit organizations for the cancer chemotherapy research program shall be subject only to such limitations and alternatives as the Assistant Secretary (Health and Scientific Affairs) may approve for such **program**.

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§8.8 Screening of compounds generated under DHEW grants and awards

(a) General Policy

(1) Chemical compounds having **potential** medicinal and other utilities are often synthesized or identified during the course of research financed under DHEW research grants and awards. Reporting, filing patent applications on, and determining ownership in inventions relating to such compounds pose problems which require special attention, **After** a compound has been synthesized, it generally will not constitute a patentable invention under the patent laws of **the** United States until a specific utility for the compound has been established. It is the policy of the Department that all compounds synthesized or identified during the course of grant-supported research should be adequately screened and tested in Government or nongovernment facilities in order that **all** possible utilities may be ascertained and that any promising **compounds** may be fully developed for widest possible use. The Department encourages the utilization, whenever appropriate, of the screening services of the Cancer Chemotherapy National Service Center and the Walter Reed **Army** Institute of Research.

(2) It is the policy of the Department notwithstanding anything to the contrary under patent law of the United States or requirements of U.S. Patent Office practice, to acquire no ownership rights to inventions claiming novel methods of using compounds, where such use inventions are first conceived and reduced to practice solely by the screening or testing organization without the use of grant funds.

(b) Screening performed with use of grant funds

Where nongovernmental facilities are utilized for screening services to be performed and paid for by the *grantee* (as used in this section, the term "grantee" refers to awardees in addition to grantee institutions) with grant funds, the grantee shall obtain an agreement with the screening organization providing that the screener shall promptly report to the grantee the details of any positive findings of utility for the compound and that all invention rights relating to the **compound** and its utility shall, as between the grantee and the screener, vest in the grantee. Upon receipt of such report of positive findings, the grantee shall promptly forward copies to DHEW. Ownership of all invention rights to **the compound** or reported utilities shall be subject to the disposition by the Assistant Secretary (Health and Scientific Affairs) as provided by the terms of the grant or award in accordance with Section 8.2, except that **where** the **grantee** institution has entered into an Institutional **Patent** Agreement with the Department pursuant to Section **8.1(b)** above, **ownership** of the invention **rights shall** be in accordance with the-terms of that Agreement.

(c) Screening performed without the use of grant funds

Where screening is to be performed at nongovernmental facilities without the use of grant funds, the grantee may proceed to have compounds screened under one of the following arrangements:

(6-10-10 continued)

(1) Institutional Patent Agreement -- Where the grantee institution has entered into an Institutional Patent Agreement with the Department under Section 8.1(b) of the Department Patent Regulations, the grantee shall enter into an agreement with the screener which shall be consistent with, and will permit the grantee to fully comply with its obligations under such Institutional Patent Agreement. The agreement with the screener shall, as a minimum, provide that ownership of patent rights to inventions resulting from the screening process shall vest, depending on the law of inventorship, in the grantee, the screener, or both, except that such agreement may leave to screening or testing organizations ownership rights to inventions claiming novel methods of using compounds, where such use inventions are first conceived and reduced to practice solely by the screening or testing organization without the use of grant awards. The grantee shall administer all invention rights to the compound and all other invention rights vested in the grantee in accordance with the terms of the Institutional Patent Agreement.

(2) Patent Agreements for Screening -- Where an Institutional Patent Agreement is not in effect, the grantee shall enter into an agreement with a screener to govern disposition of rights to inventions resulting from the screening. Such agreements shall be in the form prescribed by or as may be approved by the Department and shall be consistent with the policy set forth in (a).

(3) Determination of Invention Rights Prior to Screening -- Where a grantee has not entered into an Institutional Patent Agreement, it may, prior to making arrangements for screening, petition the Assistant Secretary (Health and Scientific Affairs) requesting a determination that invention rights pertaining to an identified compound be assigned to the grantee for administration, pursuant to the provisions of Section 8.2(b) above. Determinations under Section 8.2(b) normally permit the grantee to grant exclusive licenses for a limited period of time. Such petition must demonstrate that an assignment is required in order to achieve effective screening of the compound and any resulting inventions will thereby be more adequately and quickly developed for widest use.

6-10-20 PATENT POLICY APPLICABLE TO CANCER
CHEMOTHERAPY INDUSTRIAL RESEARCH CONTRACTS

A. General

1. The cancer chemotherapy **program** of the Public Health Service is **an** intensified effort, with special appropriations made available **tier** a Congressional directive, to explore exhaustively **and** rapidly the potentialities of chemical compounds in the control of cancer. **Because** of the peculiar exigencies of this program **and in order** that the resources of **pharmaceutical and chemical firms** may be brought to bear with a **minimum** of delay, certain exceptions to **general Department** policy will be **permitted** in the negotiation of industrial contracts for this program,
2. Industrial research contracts for this program may **contain** either:
 - a. the **standard** patent clauses, reserving to the Surgeon **General** the right to determine the disposition of inventions arising **from** the performance of the contract or, in lieu of such **right**,
 - b. **standard** alternative clauses leaving **the** right to patent **and** exploit such inventions with the contractor, subject to **certain** limitations deemed **necessary** to **protect the** public's **interest** in the **results** of the contracted research.
3. Department policy **concerning the negotiation and** operation of the alternative **clauses**:
 - a. **Contract negotiations**: The **alternatives indicated** will be made available in the **negotiations** with all contracting companies without discrimination.
 - b. **Public interest**: The operation of these **alternative clauses** **will** be closely reviewed to assure that the **following basic Objectives** are maintained in the public **interest**:
 - (1) The availability **of information** concerning the results of **research and** the right, without **undue** delay, to **make** disclosures to the **extent essential** to serve **the research** **n e e d** ;
 - (2) **The** availability for development and use of health **purposes, on reasonable terms, of inventions** arising from **the research** contract, **whether actual development and production is** to be mad⁸ by the **contractor** himself or by others; **and**

(6-10-20.A3 continued)

(3) Sustained concentration on the anti-cancer objective of all **resources mobilized** for the purposes of the contract.

c. Contractor's interests: The Surgeon General or his representatives shall maintain close consultations with **the** contractor concerning questions affecting **the** public need for **the** products of inventions which are subject to the limitations prescribed in **the** alternative clauses for the protection of the public **interest** with respect to their supply, price, and quality. The objective of these consultations **shall be** to promote a mutual awareness of such matters in **order** to assure to the contractor (**under** his right to exploit **the** invention) an opportunity on his own initiative to take such actions regarding **them** as he believes would be in his **and** in the public interest.

B. Contracts for research--Rights left to contractor. When the **contract** is for research (**including contracts** for product **development necessary for purposes** of research; to be performed **by** the company (with or without provision for subcontracting), **the** contract, as an **alternative** to the **standard patent** clauses, **may** provide for leaving to the contractor the right to **patent and** exploit any invention conceived or first actually reduced to practice **in** the course of **the** performance of **the** contract subject, however, to the **following** limitations which are deemed necessary to protect the public interest:

1. Reporting. Agreement that the contractor will report promptly to **the** Surgeon General any such invention **and** will also report **promptly** the **filing** of any domestic or foreign patent application thereon or his election not to **file** such application. **Invention** Report shall be required **after** the conception or first actual reduction to practice **of** each **invention** that reasonably appears to be patentable **and**, in any **event**, as soon as any **evidence** of utility has been developed (whether in a health or other field of **use**).

2. Disclosure. Reservation to the Surgeon **General** of the right to make disclosure of the invention, whenever he deems it in **the** public interest, after **taking** into consideration a reasonable opportunity to the contractor to protect such rights as **he may** have in **the** invention. The contract **may** specify that such **dis-**
closure shall not in any case, without the consent of the contractor, **be** made in less than six months **from** the **time** the **Surgeon General determines** the **invention was** or should **have** been reported.

(6-10-20B continued)

3. License to the Government. Reservation to the Government of an irrevocable, nonexclusive, royalty-free license to practice or cause to be practiced, by or for the Government throughout the world, each subject invention (whether patented or unpatented) in the manufacture, use **or** disposition according to law of any article or material or in the use of any **method** or process.
4. Failure to meet health needs.
- a, In recognition of the **Government's** investment and the public interest in the results of contracted research, agreement that whenever, subsequent to the contractor's filing of a patent application for any invention conceived or first actually **reduced** to practice in the course of the performance of a contract, the **Surgeon General**, after obtaining and **considering** the advice of such **advisory** bodies or consultants as he deems appropriate and competent, has **ground** to believe that such invention, whether related to a product, process, **or** otherwise, is at such stage of development that if it were more **generally** available it would meet a health need **and** that the public interest **-1/-** requires the invention to be available for health purposes to others than the contractor **and** his licensees, he shall so notify the contractor, giving **reasons therefor, and request** him, within a time specified, to take appropriate steps to meet the public need, which may **include** the issuance of licenses to additional manufacturers of the contractor's own selection. (Such requests shall be supplementary to such informal consultations between the **Surgeon General** or his representative and the contractor as have taken place in accordance with the provisions of section **A.3c** above.)
- b. **If, upon expiration of the time** specified, or such extension thereof as approved **by the Surgeon General**, the Surgeon General find⁸ that the contractor has failed to take appropriate steps adequate to **meet** the public need, he shall notify the contractor, with reasons therefor, that at the **end** of 90 days from such notice he will exercise the rights specified below. If within 20 days of receipt of such notice the contractor fails to **file** a written request for a hearing as provided below, the Surgeon General shall upon expiration of the above **90-day period** have the right:

1/ With respect to supply, quality, or price

(6-10-20.B4 continued)

- (1) to dedicate to the public all rights in the invention ^{2/} or;
- (2) to issue (~~under or~~ in anticipation of the issuance of any such patent) nonexclusive, royalty-free licenses (for practice of the invention for ~~any~~ health purpose) on a **nondiscriminatory** basis to all qualified applicants to use, manufacture and **sell** **embodiments** of the **invention** for any health purpose. ^{3/}

c. If, within 20 days of **receipt** of notice, the contractor files such request for a hearing, the **Surgeon** General, or a **representative** or representatives designated by him for this purpose, shall afford the contractor a reasonable opportunity to be heard, to be represented by counsel, to present any pertinent information **and** argument, **and** to rebut any other information to be considered in reaching a **decision**. The **findings** by the Surgeon General or such representative(s) shall **be in** writing, **shall** be based solely **on** the material presented at the hearing, **and** shall be final **and binding** on the contractor. **If** the Surgeon General's decision based on these findings be that the contractor has not met the public need **and** that public dedication or additional **licensing** by the Surgeon General is necessary in the public interest, he may so dedicate or license, effective at the **end** of the above-provided **90-day** period or at the conclusion of the hearing, whichever **is** later.

5. Contractor's determination not to patent--Failure to pursue application. **Agreement** that in the event the contractor elects, within a period (not to exceed six months after the invention **was** or **should** have been **reported**) specified in the contract, not to file a patent application on the invention, **or, having** elected to file thereafter fails to file **and** diligently prosecute a patent application, the Surgeon General, when he deems it **necessary** in order to protect the availability of the invention for health purposes, **shall** have the right to **require** the assignment to the Government of all domestic rights therein except for the **reservation** of a nonexclusive royalty-free license to the contractor.

^{2/} Such dedication to be effective against the contractor **and** any persons claiming from him upon filing by the Surgeon General with the Commissioner of Patents of notice of **same**.

^{3/} Either one or both of these alternatives shall be **specified** in the contract.

(6-10-20B continued)

6. **Foreign Rights.** Similarly, agreement that **if** the contractor fails to file, or elects not to file, foreign patent applications which the Surgeon General determines are necessary to protect the availability of the invention for health purposes in other countries, the Surgeon General may require the assignment of the foreign rights.
7. **Renegotiation on new leads.** (Such a provision not **mandatory**). The contract may provide that if, in the course of the performance of the contract, the contractor identifies any new **lead** which it wishes to develop at its own expense, without utilisation of facilities financed **by** the Government, the Surgeon General may, when he deems it consistent with advancement of the research purposes of the Government, renegotiate the application of the patent provisions of the contract to such new lead. Any modification of the terms of the contract shall be upon such consideration (**which may** be used to reduce the obligation of the Government **under** the contract) as the Surgeon General may deem equitable **under** the circumstances, after taking into **consideration** the extent of the investment of the Government in relation to the probable cost of further development.

C. Contracting with suppliers for screening and testing only.

1. **When** a **company** furnishes, for controlled screening and testing only, **compounds** or products not otherwise available to the Service **and** in which the **company** has a proprietary Interest, the contract may provide that all rights in the compound or product shall remain in the company, It may additionally provide for confidentiality of the results for a limited **period** after the completion of the screening process **and** the report of the results **by** the Service to the supplier. Such period, as **to** results deemed significant for the **re-**searchpurpose, **shall** not exceed 12 **months**.
2. When the screening and testing of **compounds** obtained from the supplier **under** such a contract is carried out **by** an outside laboratory, the contract of the **Service** with the laboratory will contain provisions to safeguard the rights of the **supplier** under its contract with the **Service**.

(6-10-20 continued)

- D. Inventions by Federal Employees. Inventions made by Federal employees or **by** Federal employees jointly with others, are subject to determination **under** applicable **Executive Orders and** Department regulations. Appropriate reference to this requirement will be made **in connection** with contracts with suppliers of chemical **compounds** for use in research to **be conducted** by the **Service, and** contracts for research **and** development in which Federal employees may in **any** way participate.
- E. Background patents or rights. Nothing in this policy statement shall be **deemed** to limit the authority of the Surgeon General to negotiate for a license or other rights **under** existing patents or involving the use of patented or **unpatented compounds** or processes, as he may **deem** necessary for the effective prosecution of the cancer chemotherapy **program.**



CHAPTER 6-30

CRITERIA FOR PATENTING OR ~~PUBLICATION~~---PROOF OF INVENTION

6-30-00 Purpose

- 10 General Assumptions
- 20 Determination as to Patentability
- 30 Inventions of Trivial Value or **Significance**
- 40 Inventions of Substantial Value or **Significance**
- 50 Publication as an Alternative to **Patenting**---
 "Printed" Publication
- 60 Notebooks and Original Records--Evidence of Invention

6-30-00 PURPOSE

This chapter **provides** supplementary **criteria** for **Department** personnel **who** are charged with responsibility for making recommendations as to the patenting or **publication** of **inventions** **in** which the Department has an interest (45C.F.R. 7.5). **It** is issued, **with** the approval of the Department Patents Board, pursuant to Department **Regulations** (45 C.F.R. 6.5).

6-30-10 GENERAL ASSUMPTIONS

- A. The Department's interest in inventions is almost the reverse of that which generally prompts a private patent application. Its **concern** is not to withhold the **invention** **from** the public or to charge royalties for its use but to assure the availability of the invention to all (45 C.F.R. 6.2). This assurance with respect to an invention may be lost if an individual claiming priority of invention files a patent application.
- B. The Department therefore does have an interest, **and under Executive Order 10096** it has an obligation, to take appropriate defensive action, to protect the interest of **the** Government **and** the public against potential adverse claims. Such action may take the form of initiating a patent application or by full disclosure through publication.
- C. **Since** not all inventions **are** of sufficient importance to **warrant** the labor and **expense** of patenting, and since the Department does not itself **maintain** staff or facilities for such purpose, the need for patenting and the resources available for handling a patent **application** need to be **weighed** carefully **before** a determination as **to** patenting is **made**.

6-30-20 DETERMINATION AS TO PATENTABILITY

- A. No **recommendation as** to patenting should in any case be made **unless** it is first determined that the invention may be patentable.

(6-30-20 continued)

3. The determination as to whether the invention **"may be patentable"** should identify the **originality** of concept, as well as the **elements** of novelty **and** usefulness, **believed** to be present in the **invention**. This is for the reason that, **even though** an invention is **"new and useful"** it is **not patentable "if the differences** between the **subject matter** sought to be **patented and** the prior art are such that the subject matter as a whole **would** have been obvious at the time the **invention was made to a person having ordinary skill in the art** to which the subject matter **pertains."** (35 U.S.C. 103)
- C. **Whether it is determined** that the invention **may or may not be patentable**, the basis for the conclusions reached should be **indicated in** the determination. For example, a written report on **these points by** research workers who **have** familiarity with the art in the particular field is valuable, because it **may indicate** that the **invention** has been **fully anticipated**. **In any event**, the report itself **will constitute** a record bearing on the relation of the **invention to** the prior art, **and so may serve a protective purpose**.
- D. The **determination** should set forth fully the **dates of conception and of reduction to practice (or of the successful test or performance)** of the **invention, and of any prior disclosure** (speeches, writings, printed **publication, etc.**) or use thereof. These are **important because the invention will not be patentable if at the time of the determination it has been for more than one year either--**
1. **described in a printed publication in this country or abroad; or**
 2. **in public use or on sale in this country (35 U.S.C 102(b)).**

6-30-30 INVENTIONS OF TRIVIAL VALUE OR SIGNIFICANCE

- A. Unless **"useful"** to **some** degree, the invention **will not be patentable**.
- B. **Even though** the invention is possibly **patentable, it may be recommended** that title be left with the inventor, **pursuant to section 7.3 (b) of the Department Regulations on grounds of "insufficient interest,"** subject to license to the **Government under any patent which may be secured**.
- C. Government **"interest"** has two aspects. First, the Government has an interest as a potential user of the invention in its own operation **or as a purchaser of products embodying** the invention. Second, it has **an interest (particularly strong in the field of research) of preserving for the public the products of its work and investment. Ordinarily, therefore, a recommendation of dedication to the public by publication rather than a finding of insufficient interest is appropriate in the case of all but patently trivial gadgets in which there has been no substantial investment of Government time or facilities,** .
- D. **Determinations of "insufficient interest"** are subject to review by the Chairman of the **Government Patents Board**.

6-30-40 INVENTIONS OF SUBSTANTIAL VALUE OR SIGNIFICANCE

- A. In general patenting should not **be recommended** when printed publication of a technically adequate description can **be**, or has been, arranged, or **disclosure** to or use by others can be, or has been, arranged under safeguards which will assure the availability of proofs **as** to time of conception, reduction to practice, **and** disclosure. (A person is not entitled to a patent if "the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the **applicant for patent.**" 35 U.S.C. 102 (a).) Certainly patenting should not in the absence of unusual **justification be recommended** if the one year period which may elapse between a printed publication and the filing of an application has almost elapsed.
- B. Patenting, however, is appropriately **recommended when--**
1. it is deemed advisable, in the case of an invention of high **potential** significance to the public health, safety, **or welfare**, to obtain maximum **assurance** against potential rival claims by establishing priority of invention **and** diligence in reducing to practice; or
 2. it is deemed advisable, for **reasons** of health or safety, to retain control (beyond that afforded under the Federal Food, Drug, and Cosmetic Act, as **amended**, or the Public Health Service Act, as amended, or other Federal control legislation) of the invention itself, with legal authority to impose restrictive **conditions** on its use; or
 3. other Federal agencies have such interest in the invention that they would **be** prepared to prosecute the patent application.
- C.
1. Filing may be especially important as a **protective device** when there is likely to be a considerable lag between conception **and** actual reduction to practice **and** the invention is in a highly competitive field or when the invention is a **basic** one likely to **constitute** a key to subsequent advances in the art.
 2. The filing of a patent application may be of great practical **importance** in case of competing claims because the **Commissioner** of Patents is **under** a duty to give notice and have questions of priority determined **by** a board of patent interferences whenever an application is made which would seem to interfere with any **pending** application or any unexpired patent. (35 U.S.C. 135)
 3. **"In** determining priority of invention there shall be considered not only the respective dates of a conception and reduction to practice of the invention, but **also** the reasonable diligence of one who was first to conceive and last to reduce to practice, for a time prior to conception **by** the other." (35 U.S.C. 102 (g))

(6-30-400continued)

4. If a patent has **issued**, the filing of an allowable application is **regarded** in **litigation** involving priority or "invention as a constructive reduction to practice and as evidence that **the** inventor **made** his invention at least as early as **the** date of filing,
- D. The inventor's interest, as a matter of **prestige and** professional reputation, in having a patent issued in his name does not justify a **recommendation** for a patent application to **be** prosecuted at the **expense** Of the **Government**.
- E. In order that **final determinations** as to ownership may not be delayed **pending resolution of the question** of patenting, **the** operating agency may make a determination to patent contingent upon the availability of **timely** arrangements for the prosecution of a patent **appli cation**, with reliance, in the **event** that these **are** not **feasible**, upon publication to protect the public interest.

6-30-50 PUBLICATION AS AN ALTERNATIVE TO PATENTING"PRINTED" PUBLICATION

- A. Publication, to be **effective** as an anticipation, requires a full disclosure setting forth the essential elements of the invention, and the manner of making and using it.
- B. **Such** publication may be mad8 in a technical journal **or** digest, in a publication of **the** operating agency (e.g., Public **Health Reports**, Social Security Bulletin) or in any other printed publication.
- c. Additionally, the Office of Technical **Services** in the Department of **Commerce**, through **the** monthly publication of "**U. S. Government Research Reports**", provides a means of achieving technical "**publica-tion**" as **well** as a **means** of disseminating papers which disclose the results of research. Original **reports filed** with the Office of Technical Cervices are deposited in the Library of **Congress** and copies may be ordered from the Library in photocopy or **microfilm**. In addition, Office of Technical Services is prepared to distribute stock copies of **scientific** research reports **for government** agencies. Listing in "**Research Reports**", **together** with **the** deposit of a type-written or other copy in an appropriate Federal library, **and** published announcement of a means provided for duplication of copies for the public have been held to constitute 'printed **publication**' under 35 U.S.C. 102(b). An operating agency wishing to avail **itself** Of this channel should communicate with **the Chief, Technology** Division, Office Of Technical **Services**, Department of **Commerce**.

6-30-60 NOTEBOOKS AND ORIGINAL RECORDS-EVIDENCE OF INVENTION

- A. **Whether** or not a patent application is filed, written records, **and** particularly original **records**, properly dated, are important evidence of invention both as to **completeness** and the time when **made**. **When** these exist they may be used defensively to prevent the issuance of a patent on an invention subsequently conceived, or to contest the validity of **a** patent which **may** have been **granted** to **some** other **person**. **For** such purpose, the conception should be recorded, **with indication** of the date of **conception**, **and immediately corroborated** by **communication** to a competent **witness** who may be asked to read **and** initial **the record**, indicating the date of his initialing. **Reduction** to practice **should** be **corroborated by** a witness who observes the actual test or **performance**. Accurate dating is an **essential** factor in such **records**.
- B. The operating agency, to the extent deemed consistent with good research practice, should require of its research workers the making and preservation of records which will serve a **probative purpose**. This is especially **desirable in** the case **of developments** failing within section **6-30-40.B1**.

