July 12, 1976 263-2831

Mrs. Analoyce Clapp
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University of Wisconsin
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Dear Analoyce:

Re: Comments on HR 12112

Section 18R

As I mentioned to you some of the comments made in the position papers with which you were supplied are good expressions of the inequities of this provision. The major thrust, of course, lies in the establishment of a rather dangerous precedent in the assumption of title to inventions where the Government in fact has done no direct funding.

In the most simplistic terms to make it more readily understood we might suggest that the provision would function in a manner which is out of keeping with standard commercial practices. For example, one might liken this to a farmer borrowing money to obtain additional land for farming purposes from some lending institution and having that loan guaranteed, perhaps by a personal friend or some other institution, but where the guarantor of the loan requires that title to all of the crops produced on such land be passed to him, even where no default on the loan had occurred. This would be functionally an unworkable and inequitable demand.

Section 18G4

In this situation we might use the following as an example. The University of Wisconsin, through WARF, has a number of issued patents and pending applications relating to the cryogenic energy storage system proposed by Boom et al. The inventions of these patents and patent applications are directed to certain structural and other devices which may be essential to

the emplacement of the central storage magnet for the system and to methods for obtaining efficient energy input to that system and energy output to that system. (The concept of the total system we do not believe is basically patentable.) All of these patents and patent applications were based upon investigation made without the expenditure of any Federal funding and hence no existing obligation to the U. S. Government exists on the inventions of them.

In addition, the University of Wisconsin, through WARF, also owns an invention relating to a support structure which it appears would lend itself well to the static support of some cryogenic installation where one encountered an interface between a cold structure and a hot (ambient temperature) structure. This invention too was made without the support of any Federal agency funds.

The University of Wisconsin, through WARF, licenses such inventions to industry and it is wholly conceivable that any one or more of these inventions may be licensed to an entity for incorporation into the building of a demonstration unit directed to cryogenic energy storage utilizing a magnet as the storage facility. Such licensing, in addition to transferring the technology from the University, would, of course, contain royalty or other payment provisions which would benefit the University through supplying income which would be returned to the University to support additional research efforts.

In the event of a default by the demonstration facility builder under the provisions of this Section all of the inventions as well as technology and any other proprietary rights utilized would be considered to be project assets of the facility and, as a result, all such patents, technology, and other proprietary rights would be available to any person selected to complete and operate the demonstration facility. Yet there is no specific provision for the Government or its designee to assume the obligations under the license, including any royalty or other payments, contractually agreed to by the initial demonstration facility contractor. Moreover, there is no specific limitation to the application of such inventions to a single demonstration facility - the reference to "defaulting project" in this Section is capable of a much broader interpretation.

In the absence of specific provisions in Section 18G4 to specifically recognize a limitation to the use of the inventions to a single demonstration facility and existing obligations to a licensor it would be questionable in the specific example recited as to whether such inventions should or would be licensed to a potential demonstration facility contractor with the attendant risks imposed by the current Section 18G4 provisions.

Very truly yours,

Howard W. Bremer
Patent Counsel

HWB:rw

bc--Pike & Woerpel