October 5, 1964

Re: N-G2-58 (D59)

Dr. David E. Price
Deputy Surgeon General
Department of Health, Education
and Welfare
Public Health Service
Washington 25, D. C.

Dear Dr. Price:

This is in reply to your letter of August 18 in which you ask the status of the patent development program arising from the Green, Crane, and Lester case and in which you request advice under paragraph 6 of your determination of December 16, 1959.

The present ownership of this patent is in the Wisconsin Alumni Research Foundation as per the determination referred to above and I am authorized by that Foundation to offer to the government by transfer all rights in and to this invention in accordance with paragraph 6 (2) of the determination.

I am sure that the University in the past has approached some of our mutual problems in the wrong way and by the wrong methods. In this case I think, and your letter of August 18 suggests that you are aware, that the Department of Health, Education, and Welfare has not acted in a way consistent with the policy of getting discoveries into the public use as quickly as possible. It is my understanding that Merck and Company, Inc., (the prospective licensee) has lost interest in this invention, abandoned all development work on the new quinone which was discovered at the University and has turned its attention to analogs of the quinone covered by patent applications owned by it. Thus, the discovery made in part with HEW funds and patented under HEW

regulations by WARF has not been made available to the public and is not likely to be. It appears to us that the policies pursued by HEW in the determination issued December 16, 1959, produced this unfortunate result - specifically, the the requirements: (1) that the period of exclusivity should be duted from the date of patent application and thus the exclusivity period expired before the patent was issued, in fact; and, (2) that all future developments based on this invention made by any exclusive licensee were to be governed by the conditions of the determination despite the fact that no government money could be spent for any developmental work.

Furthermore, the petition of the Wisconsin Alumni Research Foundation to you, to modify these requirements in the interests of establishing a workable relationship with an exclusive licensee so that such licensee could recover any developmental investment were not acted upon by your department in time to allow development to occur. (See letter from WARF to ——— of Sept 26, 1960, copy attached) The result is that the Wisconsin Alumni Research Foundation has invested some thousands dollars in the filing and prosecution of patent application and license negotiation. The government has invested several thousands in research that contributed to this discovery and the inventor ~~patent based on the discovery~~ has not gotten to the consumer.

We in the University of Wisconsin and in the Wisconsin Alumni Research Foundation readily concede the government's interest in discoveries where government funds have played a role. We all agree further that the public interest is best served by getting discoveries into public use as quickly as possible. The patent system is, in many situations, not in all, a good way to achieve this goal but only if commercial interests can expect to recover their development costs and can be given an incentive to market the product.

Sincerely yours