



THE ROCKEFELLER UNIVERSITY

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JOSHUA LEDERBERG

December 29, 1988

PRESIDENT

Dr. Robert Kahn
President
Corporation for National
Research Initiatives
1895 Preston White Drive
Suite 100
Reston, Virginia 22091

Dear Bob:

I respond to your memo of December 12th and in particularly to your query about handling patents on the part of NRI employees.

It is indispensable that you do get an agreement in writing; otherwise the employer's claim on patent rights is almost unenforceable and you will get a lot of headaches in dealing with third parties. If you like I can send you a copy of our standard form. For NRI's purposes I would include all copyright and patent rights that arise in the course of the employee's work for NRI.

You will have to remind me what latitude you give for external consulting; and the document should clearly reflect NRI's oversight about the allocation of property rights to NRI vs other sponsors.

Then how to compensate an employee? NRI will probably get higher monetary yields if it offers substantial incentives. The reason we have tended not to do that, is because of the invidious impact of having one scientist here get large rewards on the happenstance that his work comes to be of more immediate practical application than another. In those circumstances, we offer our people 50% of the University's net proceeds from patent or copyright royalties up to \$100,000. and 10% thereafter. The upfront part I think is indispensable to provide reward and motivation for

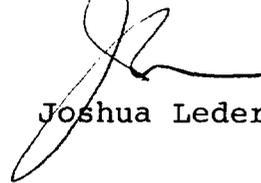
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our people to just go through the bother that must be done in order to bolster the institution's legal claims. If you think the invidious factor is not a large one; and if you think there are no sources of ambiguity about who invented what, then you might want to boost that 10% to as much as 30 or conceivably even 50. You will also have to consider whether you will impose the duty on employees to protect patentable inventions on behalf of the corporation. I would guess you should do that. In our case we do not: our position is that any one of our faculty is free to publish even though that may destroy a patent; but if a patent is to issue then the University owns it subject to the limitations just mentioned.

All of the above may well be overtaken by the language in the specific grants and contracts that you may receive from government on the one hand and from industry on the other. Government grants, as you well know from DARPA, will pass patent rights over to the institution if there is a commonsensical plan in place, but reserving a government royalty free privilege. I do not know what is in the contract with your other sponsors; but I will be surprised if they do not make some claim to intellectual property outcomes. For that reason it further behooves NRI to be sure that it is legally in the clear in its agreement from its employees. That's sufficient on this topic.

Yours sincerely,



Joshua Lederberg

P.S. Of course nothing says that employees have to be rewarded strictly according to formula. There is some merit in keeping your own discretion about how to acknowledge the corporations' appreciation for special efforts on the part of its employees including those which enhance its income.