

MINUTES OF MEETING OF THE FACULTY SENATE OF THE UNIVERSITY OF ARIZONA
Monday, November 5, 1973 Room 311 Modern Languages

The Faculty Senate convened in regular session at 3 p.m. on Monday, November 5, 1973, in Room 311 of the Modern Languages Building. Fifty-one members were present with President Schaefer presiding.

SENATE MEMBERS PRESENT: Bateman, Battan, Blecha, Brewer, Bull, D. Butler, H. Butler, Cole, Davis, Dewhirst, Drescher, Evans, S. Fahey, Fazio, Gegenheimer, Graham, R. Grant, Green, Grossman, Harris, Hull, Johnson, Kassander, Keating, Knorr, Krueger, Lane, Livermore, Mason, McConnell, McCoy, McCullough, Mees, Miller, Muramoto, Odishaw, Paulsen, Paylore, Reed, Rhodes, Rosenberg, Schaefer, Stairs, Stubblefield, Tomizuka, Trafton, Varney, Ware, Weaver, Windsor, and Yoshino. Student representatives present were Bryna Vertlieb and Stephanie Denkowicz. Dr. Robert Sankey was present as parliamentarian.

SENATE MEMBERS ABSENT: Bleibtreu, Boyer, Carr, DuVal, Edwards, W. Fahey, Frank, Freeman, Gaines, A. Grant, Joyner, Manes, Massengale, McMillan, Olson, Roby, Rosaldo, Shields, Skinner, Sorensen, Steelink, Svob, Thompson, and Vignery. Student representative absent was Chris Reece.

APPROVAL OF MINUTES: The minutes of the meeting of October 1, 1973 were approved as distributed to members.

CATALOG MATERIAL: Catalog material previously distributed to members of the Senate by means of the "Curriculum" bulletin was approved.

APPROVAL OF DEGREES COMPLETED SEPTEMBER 1, 1973: The Faculty Senate, having been provided in advance of the meeting a list of the recipients of earned degrees completed on September 1, 1973, approved the awarding of those degrees. The September 1, 1973 list included 555 bachelor's degrees, 539 master's degrees, 4 Juris Doctor degrees, 9 Specialist degrees, and 85 Doctor's (A.Mus.D., Ed.D., Ph.D.) degrees, for a total of 1,192. (A copy of this list is attached to the Secretary's official file copy of these minutes.)

ELECTION OF REPLACEMENT OF AGRICULTURE REPRESENTATIVE IN THE SENATE: The Senate was informed there was a vacancy in the Senate membership resulting from the resignation from the faculty of Mr. Barry Freeman, a college representative from the College of Agriculture. Dean Stairs reported that it was the nomination of the faculty of the College of Agriculture that Dr. Frank Wiersma be elected to replace Mr. Freeman. It was pointed out that Dr. Wiersma had been the next runner-up in the election of college representatives from the College of Agriculture in the spring of 1972. On motion by Dean Stairs with several seconds heard, Dr. Wiersma was then elected unanimously as a representative of the College of Agriculture to the Faculty Senate.

COMMITTEE OF ELEVEN OFFICERS FOR 1973-74, ANNOUNCEMENT RE: Dr. Gegenheimer, Chairman of the Faculty, announced that the officers of the Committee of Eleven for 1973-74 are Miss Patricia Paylore, Chairman, and Dr. Leonard Dewhirst, Secretary. Dr. Gegenheimer said that the Committee of Eleven would be glad to receive comments, complaints, suggestions, etc. from faculty members.

PERMITTING NEWSPAPER REPORTERS TO ATTEND FACULTY SENATE AND GENERAL FACULTY MEETINGS, DISCUSSION RE: President Schaefer explained that newspaper reporters had recently requested permission to attend meetings of the Faculty Senate. He said that his only response to such requests had been to refer to Bylaw 6 of the General Faculty which reads as follows: "That meetings of the Senate, or the General Faculty, or college faculties be closed to newspaper reporters, persons representing campus publications, and representatives of the University News Bureau. This rule shall apply also to meetings of the Committee of Eleven and all other faculty committees; but it shall not be construed to bar representatives of the University News Bureau from meetings of the general faculty.

"(This rule is based upon the assumption that while the affairs of a public institution should not be secret, nevertheless, the deliberations of the faculty and its duly constituted bodies may necessarily involve discussions which ought not to be publicized. It is an obligation that this privacy be assured essential protection.)"

Dr. Schaefer said that the University community has occasionally been criticized for holding closed meetings of such groups as the Faculty Senate. He said that the Faculty Senate of Arizona State University holds open meetings. He asked what the reaction of the members of the Senate was to this question.

Dr. Gegenheimer pointed out that the proposed new Constitution and Bylaws now under study provides for open meetings and when this document was under discussion at recent Senate meetings, no objection to the provision for open meetings had been voiced.

Referring to Bylaw 6 Dean Rhodes said that material of a sensitive nature is sometimes considered by the Graduate Council and he felt that there are some meetings of that group which should not be open ones.

Dr. Henry Butler said he would like to speak vigorously in support of open meetings. It is true that groups sometimes might experience embarrassment when discussions in open meetings are reported in the press, for example, but he felt the Faculty Senate could survive such embarrassment.

Dr. Tomizuka said he would hate to see the Faculty Senate become a body which, since its regular meetings were open, did its real business behind the scene, the open meetings then becoming simply meetings to endorse agreements reached in closed session. He said he was not speaking against holding open meetings of the Senate but he hoped that there could be provision available to go into closed session when the members felt it was appropriate or necessary. Professor Davis agreed with Dr. Tomizuka that the Senate should retain power to hold closed meetings when the occasion warranted. An example of the sort of situation when the body would probably want to go into closed session would be the discussion of a nominee for an honorary degree.

Dr. Gegenheimer pointed out that under a ruling made last year by the Senate parliamentarian a bylaw change can be proposed at one meeting but cannot be voted upon until the next. He therefore moved that the agenda for the December meeting of the Senate include a consideration of a revision of Bylaw 6 which would provide that meetings of the Faculty Senate and of the General Faculty are to be open meetings, that is, open to the press. Whether or not meetings of other groups referred to in the present Bylaw 6 should be open meetings would be determined by the members of those groups. Several seconds to this motion were heard and the motion carried with no negative vote registered.

President Schaefer then asked Dean Livermore and Professor Davis to prepare for consideration at the December meeting a revision of Bylaw 6 which would open meetings of the Senate to the press.

REPORT BY VICE PRESIDENT KASSANDER ON NEW UNIVERSITY OF ARIZONA PATENT ARRANGEMENT:
President Schaefer called on Vice President Kassander to report to the Senate on a new arrangement relating to the patent policy of the University of Arizona.

Dr. Kassander explained that the Board of Regents has authorized the designation of a new organization to apply for a patent on an invention conceived and/or developed by a University of Arizona faculty member and to commercialize the patent. Dr. Kassander reminded members of the Senate that every member of the faculty each year explicitly agrees to abide by the University of Arizona Patent Policy when he signs his letter of appointment for the ensuing contract year. A statement committing the signer to such agreement is printed on all letter-of-appointment forms. Dr. Kassander said the particular provision of the University patent policy about which he would now like to comment was Paragraph 4c of the patent policy (See Page 56-58 of the 1973 edition of the Faculty Manual) which reads as follows:

"The Vice President for Research will forward the invention to the University of Arizona Foundation, the Battelle Development Corporation, the Research Corporation of New York, or other authorized organizations, as selected by the inventor; or if the President of the University considers that the idea is of insufficient value for consideration he may release any University interest in the idea to the inventor."

Dr. Kassander said that at the present time the University of Arizona Foundation has no patent capabilities. It does assist in other ways where it can. Our agreement with the Battelle Development Corporation has been terminated by Battelle as of June 30, 1973. Battelle chose to add some conditions to the agreement which were not acceptable to the University. The agreement with the Research Corporation of New York is still in effect. However, we have had no satisfaction from the Research Corporation on any disclosures to date, Dr. Kassander said. The truth is that at present there are no viable options open to a U of A inventor. Strangely enough, even when we had the two options, the inventors never exercised their privilege of choice. After one unhappy situation where Dr. Kassander made a choice which was not acceptable to the inventor, he has always asked an inventor if he wished to select an option. There are usually one or two disclosures a month, he said. If an inventor does not wish to make an option, Dr. Kassander asks for a statement to that effect in writing. Faculty members on this campus consistently have had no interest in indicating an organization from those listed that they would like to designate to move forward in the development of the patent concerned.

In general our whole patent arrangement at the University has been completely unsatisfactory. In his early days in his position of Vice President for Research one of Dr. Kassander's big jobs was to find out what the patent policy was all about. It soon became clear to him that our system is not particularly fair either to the inventor in terms of providing supplemental income or glory or whatever, or to the institution which might have opportunity to recoup through royalties some of the funds which it had put into a particular piece of research. This matter had troubled Dr. Kassander considerably, particularly when certain problems had arisen and he had not been able to get good counsel. He found that nowhere in Arizona can one get good patent advice. We do not have patent attorneys in Tucson. One has to go to the west coast to obtain broad gauge, generally available patent advice. This troubled not only Dr. Kassander. It troubled the University Patent Committee. It had troubled Dr. Kassander's predecessors. It had also troubled one member of the Board of Regents who thought the University was losing millions of dollars in royalties because of the weakness of our patent policy! It could be we would lose a lot in case one inventor was lucky and had a big hit, Dr. Kassander said. He then gave several examples of the extent of royalty income that in perhaps rather unusual cases some universities were receiving through good royalty agreements. The University of Wisconsin was one example, through arrangements administered by the Wisconsin Alumni Research Foundation.

Dr. Kassander said that recently he had been approached by a company called University Patents, Inc., a spinoff from the Illinois Alumni Foundation, that now has responsibility for all patent matters at the University of Illinois. UPI has available additional capability and is seeking a very small stable of universities, perhaps six, that they could represent. The University of Arizona is one of those approached because of our growth in sponsored research programs. We look like a university of promise that might well want to join such a group, Dr. Kassander said. UPI is funded at the present time by a million dollars in advance royalties from IBM for the display system of the Plato Computerized System of Instruction, the patents for which UPI holds. UPI also holds the assignment of the basic Plato System patents. The new president of the corporation is William Miles who was formerly the patent executive for IBM.

UPI has presented what to Dr. Kassander seems an extraordinary opportunity. The University now has the authorization from the Board of Regents to make an agreement with them. This has been taken before the University Patent Committee and it has that group's enthusiastic endorsement. In essence, the advantages are as follows: First, UPI is a for-profit corporation. It is not a non-profit organization. They want to make money. They have listed themselves with the New York Stock Exchange. Of their initial offering of 185,000 shares of stock sold, the stock opened at \$8.50 and closed at \$10.50. Further, one of the things that will happen if we sign an agreement with UPI is that we will be presented with \$10,000 worth of shares of stock in the corporation. So we essentially would have a \$100,000 consideration for joining and becoming a part of what will hopefully become a money-making operation in which the inventor will appropriately share. In addition to this attractive financial consideration, an act of good faith if you will, UPI will also put a resident patent counsel on this campus at their expense. Inventors on our faculty, and there are at least several dozen of them here, who want perhaps to attempt to augment their own incomes and who also feel an obligation to their sponsoring organization, that is, the University, will have available competent counsel if they want it. The institution will also have full access to this counsel to handle its future patent affairs and to handle a few patents

which it already holds. Such an arrangement would be of particular interest to the faculty of the College of Mines, the College of Agriculture, the College of Pharmacy, and the College of Medicine, Dr. Kassander said. "We will have an opportunity to aggressively pursue these matters through available counsel of the highest caliber."

Dr. Kassander said the Patent Committee and the faculty members with which he has discussed the matter have reacted enthusiastically to the prospect of having counsel readily available. Another feature of the proposed arrangement which indicates the spirit in which UPI wishes to join with the U of A is that for each disclosure which they accept for processing, they will give the inventor a \$250 honorarium just for his trouble in bringing the invention to their attention.

In return, there is one important condition stipulated by University Patents, Inc. This is that the University give UPI the right of first refusal on all disclosures except those which will be covered by some kind of contractual arrangement entered into prior to the invention. (For example, where the Kennecott Copper Corporation provided the grant supporting a particular piece of research for Kennecott, Kennecott might require that they have exclusive rights to the results of the research.) Dr. Kassander said that everyone with whom he had discussed this point had agreed that the right of first refusal is eminently reasonable.

Dr. Kassander emphasized that there is a matter of principle involved in this question for the year 1973-74. That is, our present patent policy says that the right of designation, even though it is an extremely limited one and although it has never been exercised in his encounter, belongs to the inventor. Therefore the right of first refusal that would be required in our arrangement with UPI would not be consistent with the current policy.

Dr. Kassander said he suspected the institution and the Regents could change the policy at any time, but such action could result in a lawsuit if the faculty member said, "Yes, but that's not what I agreed to". Of course we can keep the matter open until the end of this year's contract period. Dr. Kassander said it was his strong wish and it is the strong urging of the Patent Committee, since there is no viable option for an inventor now, that we do proceed in negotiations with UPI. Nevertheless, since there is a matter of basic principle involved, Dr. Kassander felt the faculty should have an opportunity to express any concerns which might be felt. Presumably we could enter into an agreement with UPI for the balance of this year in which it would be assumed that we are going formally to change our policy in the future. For the balance of this year those faculty members who chose could avail themselves of the services of UPI, and those who chose not to would not have to.

Dr. Kassander then moved that it be the recommendation of the Senate that appropriate changes be made in the present patent policy of the University to accommodate the proposed arrangement with University Patents Incorporated. Several seconds to the motion were heard. Dean Livermore asked would UPI have the right of first refusal on all inventions. Dr. Kassander said that they had the right of first refusal on all disclosures in the future. Dean Livermore asked if UPI would have the right to patent in their own name. Yes, Dr. Kassander said. He explained that the original agreement UPI sent us required that we give them license to all our inventions. They would make the effort to patent them and the patent would be in our name. That was reviewed with the attorneys for the Board of Regents and they pointed out that this would be a poor arrangement indeed. We should assign the patent to UPI for one simple reason and that is that a patent is not worth the paper it is written on unless the patent holder is prepared to defend against

litigation or to prosecute anyone who has infringed on the patent. What the University of Arizona is absolutely incapable of doing, both financially and legally, is aggressively to prosecute, and it really can't very effectively defend either. In our previous patent arrangement, with both Research Corporation of New York and Battelle, we would assign the patent to them and they would have the obligation to handle litigation on either side. Our arrangement with UPI would be that we assign patents to them, the royalty is divided, they stand the cost of litigation and have the obligation to defend and/or prosecute.

Dean Livermore asked if the University's profit came simply from the appreciation of the stock. Dr. Kassander said that in addition to appreciation of the stock under patents in the future, the University would receive 60% of the gross royalties, UPI would get 40%, and UPI stands the cost of patenting. The arrangement with the inventor will be worked out. The Faculty Manual at present is vague if not silent on this point. The previous arrangements we have had with Battelle and with Research Association give the inventor 15% of the gross royalties. 15% is considered a reasonable arrangement anywhere. Under the 60-40 arrangement with UPI, the University would pay the inventor 15% out of its 60%. The total arrangement in regard to royalties is similar to that under the present policy. The cost of the patenting will come out of UPI's share.

At this point President Schaefer said that our appointment contracts now state that one agrees to abide by the patent policy of the University. The patent policy is spelled out in the Faculty Manual. We now have a new proposal for a patent policy before us. In view of the fact that faculty members have signed a contract agreeing with the existing patent policy statement, what would the import of the present motion be? Dr. Kassander said he would guess that someone could argue that this was a change in the terms of employment during the period of contract and if a faculty member really wanted to, on principle he could sue the University whether he had any interest in ever patenting anything or not. An inventor, of course, could ask to be relieved of that portion of his contract, or he could request that the patent be released to him for handling in a different way if he wished.

Dean Livermore pointed out that a faculty member indeed could insist on all terms of his contract being strictly adhered to. It would be his suggestion that the University sign an agreement with University Patents Incorporated whereby faculty members would have the option this year to assign patents to UPI, but if the individual wished to exercise other options, he would under the terms of his appointment to the University of course be free to do so during 1973-74.

Dr. Weaver asked if the contemplated arrangement with UPI would present any conflict with federal agencies. Dr. Kassander answered in the negative, explaining that the agreement with UPI would provide that any arrangement between the University of Arizona and University Patents Incorporated would be subject to any prior obligation, for instance, to federal agencies. Normally the federal government will let the University have the patent in question but the federal government has to have royalty-free license.

Dean Drescher said it behooved all concerned for the University to have patent work done in the most efficient way. The present arrangement is unacceptable. Under the present arrangement the University could agree to let an inventor have

100% of royalties and the inventor would still be "nowhere" because no effort is being expended to commercialize inventions. An aggressive group is needed, Dean Dresher emphasized. Referring to the present situation, Dr. Kassander said that the Research Corporation of New York, the only "viable" group now presumably having concern for University of Arizona patent work, represents 250 universities. Upon investigation, Dr. Kassander found that last year this corporation read 500 disclosures, accepted 50, and finally arranged for only 5 patents to be issued.

Dr. Battan asked if an individual now can get a patent on his own. The answer was no. He does not have that choice. Under certain circumstances the right to seek a patent may later be released to him, but this can be done only after a rather elaborate procedure and only after everybody else has said nobody really thinks the invention has any real value anyway.

Dr. Battan asked if he understood correctly that this University has not obtained any patents in the past four or five years. Dr. Kassander said there had been a couple. However these had been arranged under the "other authorized organizations" provided for in the present policy. In these cases an industrial concern has come to the institution because of its own interests and arranged for a particular piece of research to be done. They have later taken the initiative to obtain a patent.

Dr. Battan asked what if UPI turned out to be a "dud" as have some other organizations. Dr. Kassander responded that we were not making a life-long commitment by signing the agreement. There would be the usual provisions in the contract allowing a dissolution of the arrangement if either party found the contract unsatisfactory. Dr. Battan asked if Dr. Kassander had reviewed the arrangement with UPI with various campus personnel. Dr. Kassander said indeed he had. In the case of every invention which has been reported since June 3, and there have been at least a dozen, he has discussed the proposed UPI arrangement with the inventors concerned and has asked them if they would prefer to delay action until some formal arrangement is completed with UPI or if they would like to proceed with UPI on an informal disclosure basis. Each individual has been delighted with the prospect of the UPI arrangement, Dr. Kassander said. Nowhere has he found anything but eager response. Dr. Kassander said that on the part of the Patent Committee there has been a great sigh of relief because they feel that now the responsibility they have had could really be met in a satisfactory way. Before, they have not been able satisfactorily to meet a responsibility they in fact were carrying.

Dean Dresher asked if any attempt had been made to arrange for the University of Arizona Foundation to "tool up" for administering a program of obtaining patents, etc. Dr. Kassander answered that careful study had revealed that organizations who conduct a sound and efficient patent program, assuming the accompanying responsibilities of aggressive production, sales, etc., must be willing to expend approximately \$100,000 a year. It was felt that the Foundation might well use that amount of money on more pressing needs than a gamble that certain patents might in time pay off. Very few institutions conduct an effective patent program on their own, Dr. Kassander emphasized.

Dr. Kassander told the Senate the names of the other universities it now appears might also have an arrangement with UPI similar to that proposed for the University of Arizona. These probably will be the entire University of California system, the University of Washington, the University of Southern California, and Purdue University, along with the University of Illinois and the University of Arizona.

Dr. Muramoto asked if plants could be patented. Dr. Kassander said yes. He pointed out that pharmaceuticals could be also.

Dr. Drescher said care must be exercised as to who will handle the leg work in getting a product marketed. Sometimes administrators must take care to see that a professor does not get involved in this activity. Otherwise pretty soon the professor might be spending so much time on that enterprise that he neglects his academic duties. Dr. Kassander emphasized again that University Patents Incorporated would handle all aspects of the commercialization of patented products.

Dr. Rosenberg asked how the Senate or any other body could change the present patent policy "mid-stream". Dr. Schaefer said it could not. The new policy could not take effect until the 1974-75 academic year. Dr. Kassander confirmed that the new arrangement with UPI could not be binding until the next contract year. Meanwhile, faculty members could be urged to take advantage of an agreement with UPI, but anyone who wished not to of course would not be required to do so. Dr. Schaefer said that probably new personnel joining the faculty in the course of this year could be held exclusively to the new arrangement with UPI. Dr. Tomizuka asked what was known about the marketing capability of UPI, since it seemed to be a fairly new organization. Dr. Kassander said he could not cite extensive evidence of the capability of UPI to market products successfully. However, he did have information about a number of products developed at the University of Illinois in the sales of which UPI would now be involved. He read some of these and said he was impressed by the manner in which UPI seemed to be approaching their responsibilities to commercialize these products.

Dean McConnell said that he had in the past found himself attempting to interpret University patent policy. Under the new arrangement, would the University's responsibility remain the same? Dr. Kassander said yes that the only change this arrangement would bring about, at least initially, would be that the Vice President for Research would now forward all inventions to University Patents Incorporated or other authorized organizations. The rest of the remaining patent policy as currently stated would remain in effect, he said. Later, with the advice and counsel of UPI, Dr. Kassander hopes the entire patent policy can be completely revised to fit the needs of this campus more appropriately.

Dr. Battan asked if the University patent policy applied only to inventions that were done on University time. Dr. Kassander said no. The patent policy clearly provides that anything invented by a member of the faculty, even though it relates in no way to the person's work at the University, and though it is the result of work done at home on his own time, can be disclosed only through the University Vice President for Research. Dr. Kassander pointed out that the patent policy states that "the Vice President for Research will determine whether the invention was conceived and/or developed wholly or partly on University time or solely on the inventor's own time". Dr. Kassander then read the following paragraphs from the patent policy:

"5. The organization to which the invention is assigned will pay to the inventor a fixed percentage of the gross or net receipts not to exceed the maximum percentage provided for such payments in the agreement between that organization and the University. The University will determine the percentage to be paid to the inventor in the following manner:

- "a. The inventor who conceives and/or develops an invention as the result of work for which he is paid by the University will receive one-half of the maximum percentage provided for such payments in the agreement between the organization to which the patent is assigned and the University.
- "b. The inventor who conceives and/or develops an invention partly as the result of work for which he is paid by the University and partly on his own time will receive three-fourths the maximum percentage provided for such payments in the agreement between the organization to which the patent is assigned and the University.
- "c. The inventor who conceives and/or develops an invention solely on his own time will receive the maximum percentage provided for such payments in the agreement between the organization to which the patent is assigned and the University."

The University retains control, Dr. Kassander emphasized. That is, the inventor does not have the right to say, "Oh, I did this on my own time," and thereby deprive the University of its rights thereto. Of course the University can decline interest in the invention and release it to the inventor.

The question was asked if the institution, without paying some token fee, for example, \$1.00, has the right to make claim against the inventions of faculty members. It was pointed out that such payment would be incidental and meaningless. The thing that is significant is that by signing acceptance of an appointment to the University of Arizona faculty a person has agreed that all of his inventions will be disclosed through the University of Arizona.

Action on Dr. Kassander's motion was called for and the motion carried unanimously.

The meeting adjourned at 4 o'clock.



David L. Windsor, Secretary



David Butler, Assistant Secretary