

PATENT FILING CRITERIA

For

ILZRO RESEARCH CONTRACTORS

by

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PATENT FILING CRITERIA FOR ILZRO RESEARCH CONTRACTORS

1. Introduction

In the ILZRO brochure entitled "INFORMATION FOR CONTRACTORS", which you received in connection with your research AGREEMENT with ILZRO, two references were made to patents in the "General Contract Form - Appendix A", namely, Section "IX. PATENT POLICY" and Section "12. Disclosure of Patentable Material". These references relate to procedures for handling patentable material, arising from your ILZRO-sponsored research Project, and define the ownership, disclosure, assignment, execution, filing, prosecution, liability for patent expenses, confidentiality, and ILZRO policy with regard to such patentable material.

It is the purpose of this document to define certain criteria by which you, as an ILZRO Research Contractor, can recommend to ILZRO which of the inventions, evolving from your Project, justify the filing of a patent application. The statements in this document, however, do not in any way alter or diminish your duty to report all inventions to ILZRO, as provided for in your research AGREEMENT.

II. ILZRO Patent Policy

Normally, ILZRO will file patent applications to enhance the commercial utilization of the inventions derived from your ILZRO-sponsored research Project. Accordingly, ILZRO has declared the following Patent Policy:

(From "INFORMATION FOR CONTRACTORS, IX. PATENT POLICY")

"The results of all investigations, studies and research undertaken by the Corporation (ILZRO) shall be made freely available to the public, or, if any such investigations, study or research results in a patent, process or formula, the patent, process or formula shall be licensed for a reasonable, or no, royalty to all members of the public soliciting the same, on a non-discriminatory basis; provided, however, that one or more persons may be granted exclusive rights to the use of any patent, process or formula resulting from scientific research undertaken by the Corporation (ILZRO) for purposes of obtaining scientific information which is to be published in a treatise, thesis, trade publication, or in any other form that is available to the interested public, if the granting of such exclusive rights is the only practicable manner in which the patent, process or formula can be utilized to benefit the public".

III. Disclosure of Patentable Material

In Section 12 of your research Agreement with ILZRO, the specific procedure to be followed for the disclosure of patentable material is stated as follows:

"Contractor shall promptly call Sponsor's (ILZRO's) attention to any technical data flowing from work on the Project which appear to contain patentable inventions. Contractor shall not include information as to such technical data in the reports required by Section II, but shall furnish Sponsor with copies of a special report marked "Confidential" containing a full disclosure as to such technical data".

IV. Criteria For Filing ILZRO Patent Applications

ILZRO recognizes four criteria for filing patent applications.

These are:

(a) To permit selection among potential users of an invention to assure, to the extent necessary, technical control and skills, conformance to high standards and active publicity and sales effort in reducing inventions to commercial use;

(b) To permit exclusive licensing of manufacturing rights to the invention for limited periods of time when uncertain market potential and the need for large investments in facilities or product or market development make impossible the commercialization of the invention without granting exclusive rights;

(c) To prevent others from obtaining patents on the same invention and thereby restricting its commercial availability;

(d) To obtain royalty revenue through licensing agreements in areas, such as chemical catalysts and veterinary drugs, in which the potential markets for lead or zinc are, with the present state of knowledge, relatively small, for the purpose of funding continued ILZRO research in such areas.

The establishment and maintenance of the ILZRO patent estate entails considerable expense to the ILZRO sponsors in addition to the costs of the research Projects. Furthermore, since ILZRO is international in scope, its patents are filed in the United States as well as in the principal industrialized nations of the world. Thus, to justify the filing of an ILZRO patent application, there should be a reasonable possibility that the patent will result in either a substantial increase in the consumption of lead or zinc, or (in areas in which such an increase is not presently feasible) a royalty - producing license.

In order to assist the contractor in justifying to ILZRO the desirability of filing a patent application the questions in Section V below were prepared.

V. Patent Justification

When a patentable invention is made by the Contractor and disclosed to ILZRO under Section 12 of the research Agreement, the following questions (where applicable) shall be answered by the Contractor and submitted to ILZRO prior to the filing of a patent application:

1. a) Does the invention have immediate marketing possibilities, that is, could a commercial product or process be developed from the invention without further basic research?

b) What organizations would be likely to seek an ILZRO license under the proposed patent? In what geographical areas?

c) What royalty could reasonably be charged by ILZRO in a licensing agreement under the proposed patent? How would the royalty be computed?

d) What would be the estimated annual market potential, in U.S. dollars, resulting from the proposed patent? What would be the equivalent tonnage of lead or zinc consumed annually, on a world-wide basis?

e) What is the size of the present competitive market, in U.S. Dollars? How would this position change by the time the proposed patent is commercialized?

2. If further research is required before the proposed patent can be commercialized,

- a) What is the technical nature of the additional research?
- b) What is the estimated cost of the additional research?
- c) What is the time required to complete the research?
- d) What would be the increased consumption of lead or zinc resulting from the successful completion of further research? How was this estimated?

3. What would be the estimated investment, in U.S. dollars, that would be required to commercialize the proposed patent:

- a) For manufacturing facilities?
- b) For market development?
- c) For all other costs?

4. a) Describe the types of facilities and organizations required to practice this invention on a commercial scale.

b) How long would it take to reduce the invention to commercial practice?

c) Would the proposed patent significantly improve the operating efficiency of an existing ILZRO licensee? By how much, approximately?

5. If ILZRO did not file the proposed patent application,

a) What competitive industries, or companies, might be able to restrict the consumption of lead or zinc by filing for a similar patent? Why would they do so?

b) Could a profit-making organization enter a monopolistic position by patenting this invention, or one similar to it? Explain.

In cases where the Contractor is unable to develop the marketing information requested, the ILZRO staff is prepared to lend assistance.

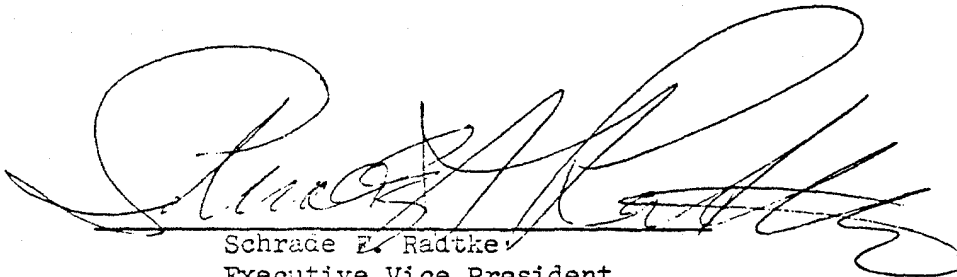
VI. Filing Procedures For Chemical Patents

In practice, the first patent application covering a new lead or zinc chemical process, compound, or application may be filed by the ILZRO contractor, in the country where it is located, after consultation with and approval by ILZRO. Then, during the priority year (one year following the original filing date) ILZRO will consider whether or not to file corresponding patent applications

in the other countries of the ILZRO patent estate. The decision to file in other countries will depend upon the willingness of present and potential ILZRO licensees to bear their proportionate shares of the patenting costs.

In no case should the Contractor publish any material without the prior written consent of ILZRO .

INTERNATIONAL LEAD ZINC RESEARCH ORGANIZATION, INC.

A large, stylized handwritten signature in dark ink, likely belonging to Schrade E. Radtke, is written over a horizontal line.

Schrade E. Radtke
Executive Vice President
& Director of Research

January 2, 1969

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