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Mr. Milton Goldberg
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Dear Milt:

I have taken some time to go over the proposed regulations which accompanied your letter of March 31 and certainly find some provisions as bad as we thought they might be.

First observations on the draft of regulations will only permit several conclusions:

1. The agencies want to retain control of any inventions made with their funds.

2. The regulations are being drafted to preserve rights of the Government and, specifically, rights to foreign patent applications.

3. The regulations have been drafted from the procurement viewpoint and not from the assistance (grant) viewpoint.

The legislative history, as I remember, does not support any of the above propositions. The bill was intended to give universities and small business as much choice and as much time as they needed and wanted to get an invention to the marketplace. Nothing was said or suggested about the preservation of residual rights in inventions for the Government.

If the true intent of the bill was as we surmised it was to be, namely, to establish a uniform Government patent policy, the regulations have been most effective in taking away that uniformity. In this regard, specifically,

the regulations are unreasonable in establishing time limits for reporting an invention. As I recall, during discussion of the proposed legislation it was advanced that, as a practical matter, the time for reporting must start when a report of an invention is received by a contractor. Universities are not dealing with "captive" inventors as does industry and, consequently, the university has little or no real control over the reporting. Therefore, to require submission prior to publication of an invention under the threat of losing the right of first option to title is certainly contrary to the intent and thrust of P.L. 96-517.

Further in the draft of regulations: the FOIA problem which resides in the submission of data in utilization reports is not addressed; there is no standard policy on reports - reports being submitted only on agency request - and therefore no capability for oversight by GAO or others; there is no definition of which issues are appealable or what procedure to follow in appeal (perhaps we should assume that any decision by an agency is appealable directly to the courts and not raise this issue); and there are no standrads for march-in nor any attempt to address appeals for march-in decisions. In addition to the foregoing, Section (b)(2) of 1-9.207-5 calls for an election to retain title in the U.S. and foreign countries at the time of disclosure. This is not practical from the university standpoint, where most inventions are usually embryonic in nature and where the costs of foreign filing without some knowledge of the potential patentability of the invention generated through prosecution of a patent application in the U.S. can be prohibitive. Another objection is in the legend under Section (d) which is required to be inserted in a patent and particularly in the language of that legend "including the right to require licensing under certain circumstances." I would consider this a trigger which would encourage third parties to ask for march-in. It adds nothing to the statement absent spelling out those "certain circumstances."

All in all, it appears that a strong effort must be made to curtail the kind of restrictive regulations that appear to be forthcoming. I realize that these are not the last draft but if they are any indication of the mind-set of the majority of people on the drafting committee there is a real danger that, as some of us fear, the law will not be very effective for its intended purpose. As a matter of fact with such regulations in place we probably would have been better served by the old IPA.

Very truly yours,

Howard W. Bremer
Patent Counsel

HWB:rw

cc--COGR Subcommittee Members