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Thank you.

COUNCIL ON GOVERNMENTAL RELATIONS

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Date: 4/23/98

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SUBJECT:

Number of Pages (including coversheet): 3

Comments:

COUNCIL ON GOVERNMENTAL RELATIONS

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April 23, 1998

Mr. Ben Wu
Counsel
Subcommittee on Technology
House Science Committee
2319 Rayburn Building
Washington, D.C. 20515

Dear Ben:

As requested in our brief conversation regarding H.R. 2544, the Technology Transfer Commercialization Act of 1998, I am sending you by fax comments which university representatives in our membership have expressed on Sec. 4 of the Bill. That section contains amendments to 35 USC Chapter 18, the Bayh-Dole Act, specifically with regard to Sec. 202(e). These comments reflect views by members of the Council on Governmental Relations and the Association of University Technology Managers.

If we read the intent of the bill correctly, the proposed consolidation of rights will serve to increase the flexibility of the federal agency and its co-owner (when those are either a not-for-profit organization or a small business) to make sensible arrangements to commercialize jointly owned inventions. We fully support such outcome.

However, as drafted, Sec. 202(e)(2) contains an unintended ambiguity. It seems intended to protect the voluntary nature of transactions from the nonfederal co-inventor to the government. However, as written, it implies that federal employees would only have to assign rights to the government "to the extent...the rights are acquired voluntarily." We suggest that the intended meaning would be clearer if the words: "...from its employee or..." were deleted. The language would then read:

> "(2) acquire any rights in the subject invention from the nonprofit organization or small business firm, but only to the extent the party from whom the rights are acquired voluntarily enters into the transaction"; and...

The fact that federal employees are required to assign rights to the government impacts in other areas, including the case when such employees make an invention while enrolled at a university for a residency or advanced education program. In these cases, the ownership rights present problems for both parties, especially when the federal employee is the sole inventor. Although technically a problem outside of this Bill, we suggest that a change in this policy, expressed in Executive Order 10096, would benefit the commercialization of technology. We would like to see a technical amendment that says:

"Inventions made by federal employees in the course of activities at institutions of higher learning while enrolled in a degree granting program, are outside of the scope of employment and are the property of the employee".

This would permit the individual to meet his/her obligations to assign rights to the educational institution as required by the institution's policy, and would permit the universities to place these students on research programs that will provide the greatest benefit to the student, without regard to the potential loss of patent rights or violations of contractual obligations that now cause universities to place these students only selectively.

The proposed amendments to Sec. 207(a) seem designed to allow the government to acquire rights to jointly owned inventions via licensing as well as well as by acquiring title. However, this change does not provide for the government to license its rights to the co-owning small business or nonprofit organization. Is this an oversight?

In conclusion: for many years, universities have entered into inter-institutional agreements for the purpose of commercialization when inventions are made by members of different institutions. This option has proven to be effective and useful. Legislative changes that will make it possible for federal agencies to enter into similar agreements, on a reciprocal and voluntary basis, should be welcome.

Sincerely,

Kate

Kate Phillips
Vice President

cc: Technology Transfer and Research Ethics Committee
Karen Hersey, Massachusetts Institute of Technology