

AMERICAN COUNCIL ON EDUCATION

ONE DUPONT CIRCLE

WASHINGTON, D. C. 20036



OFFICE OF THE PRESIDENT

February 14, 1978

Mr. Stuart E. Eizenstat
Assistant to the President
for Domestic Affairs & Policy
The White House
Washington, D.C. 20500

Dear Mr. Eizenstat:

On behalf of the higher education community, we would like to convey our views concerning the awarding of patent rights developed by colleges and universities in the performance of federally funded research.

Colleges and universities unanimously support H.R. 8596, the Uniform Federal Research and Development Utilization Act of 1977, which permits the contractor to retain exclusive rights to inventions subject to a nonexclusive, nontransferable, irrevocable paid up license in the government. We firmly believe that the uniform regulations provided for in the bill will best achieve a policy of making inventions available to the public. We urge your support of this legislation. In the absence of support for this proposal the higher education community strongly favors the maintenance of the existing federal policy permitting diverse policies within the various federal agencies rather than vesting patent rights in the government or establishing a policy of deferred determinations.

The process of education at most colleges and universities embraces the conduct of basic research which may or may not develop a patentable item. The occurrence of an invention during the course of the research is virtually always incidental to the main objectives of the research agreement and only in rare instances provides financial benefits. An invention, when it occurs, is largely attributable to the personal creativity of the investigator buttressed by his years of professional training and experience, and to the scholarly environment and research resources provided by the university.

Since such inventions are generally developed in performance of basic research, they tend to be embryonic in nature and, therefore, usually require substantial investment of private risk capital for the further development necessary to introduction into the market. Accordingly, if university inventions are to be used, institutions must seek to interest industrial concerns who have the commercial capability the university lacks. Therefore, unless the university has the ability to grant exclusive licenses, it may be unable to attract the necessary risk capital. When the government retains title, the patents are made available to all comers on a nonexclusive or even royalty free basis. This is tantamount to "dedication" of the invention to the public. In such cases, a commercial concern may often be dissuaded from investing the necessary development effort to make the product or process useful to the public.

Mr. Stuart E. Eizenstat

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Inventions resulting from research sponsored by Federal agencies involve equities of the government, the contractor, and the inventor. When a patentable invention is made by an investigator in an academic institution with the help of Federal funds, rarely, if ever are the Federal funds the sole or even the major factor contributing to the invention. The insight of the investigator, derived from his career working in a given field, is generally paramount. The university itself virtually always helps to finance the laboratories, equipment, and personnel contributing to the invention.

Our position is elaborated in recent testimony submitted to the Subcommittee on Monopoly and Anticompetitive Activities of the Senate Select Committee on Small Business, a copy of which is attached.

If you have any questions about our position, we would be pleased to discuss it with you at your convenience.

Cordially,

A handwritten signature in cursive script, appearing to read "J. W. Peltason". The signature is written in dark ink and is positioned above the printed name.

J. W. Peltason