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January 6, 1978

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The Honorable Gaylord Nelson  
Chairman  
Select Committee on Small Business  
United States Senate  
Room 424 Russell Senate Office Building  
Washington, D.C. 20510

Dear Senator Nelson:

You ask the rhetorical question, "Are we going to continue to lather and never shave?" with respect to federal patent policy. Since you do not appear to be concerned with UTILIZATION, which is the only important end product of a research program, I will attempt to answer your question within the confines of your assumption that granting title to inventions to the contractor by the government is a patent giveaway.

First, let me respond to the following quote from Senator Long in the January 2, 1978 issue of Chemical and Engineering News: "Inventions should belong to those who pay to have them CREATED." [my capitalization] By definition, an invention is something new and not previously known. How, then, does the government pay for an invention (creation) that arises out of a federally funded program. Answer: it doesn't. To illustrate, let's look at the university sector, which is funded by the federal government at an annual three billion dollar rate. Such research is primarily basic; any invention which may arise as a result thereof is a byproduct of such research, and certainly not bargained for under the terms of the grant. Moreover, such an invention is largely attributable to the personal creativity of the investigator and the environment and research resources provided by the university. In short, the government doesn't HAVE rights to such an invention; rather, it has the ability to ACQUIRE certain rights to inventions that arise out of such research. Furthermore, by virtue of the U.S. patent laws, all rights to such inventions initially vest in the patentee, who must agree to assign his rights to either the university or the government.

One should differentiate between the grant of a contract for, say, a missile system in which the contractor has conceived an end product which the government seeks to

procure and the grant of funds to study, for example, atherosclerosis, out of which might come new methodology (creation) to treat and cure the disease.

Finally, it cannot be overemphasized that the vast majority of inventions conceived or reduced to practice in the university sector are embryonic in nature. Consequently, they require substantial investment of private risk capital to bring them to the marketplace. Without the ability to grant appropriate rights to industry, universities, which are far better situated to interest industry in their inventions than governmental agencies, would be severely hampered in their ability to grant licenses to companies willing to take the risks necessary to introduce new products to the marketplace.

I submit that (1) there is no federal patent giveaway since the government does NOT pay to have inventions created, and (2) retention of rights by the government, at least with respect to research conducted by universities and non-profits, will leave Americans with plenty of lather but no blades.

I would appreciate it if you would enter this letter as part of the record of the hearings before your Subcommittee.

Very truly yours,

Lawrence Gilbert

LG:bfq