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March 1, 1979

Nels Ackerson, Esq.
Chief Counsel and Executive Director
Subcommittee on Constitution
Committee on Judiciary
United States Senate
102-B Russell Senate Office Bldg.
Washington, D.C. 20510

not exempt - not 501(c)(3)

*non-profit in legal
sense rather than in
tax sense.*

Re: S.B. 414 - Federal Patent Procedure

Dear Mr. Ackerson:

This is with respect to the subject bill, introduced on February 9, 1979, to establish a uniform federal patent procedure for small businesses, universities, and non-profit organizations. Section 201, Subparagraph (i), defines non-profit organizations in terms of the Internal Revenue Code. We urge a more traditional definition of non-profit organizations, so as to comprehend the organizations intended. Such a change would affect Battelle Memorial Institute, a non-profit, charitable trust, as well as other organizations which are non-profit and engage in Government contracting. Battelle performs on the order of \$200,000,000. of R & D and educational work for the U.S. Government annually.

Specifically, we propose the following substitution for Subparagraph (i), which is patterned after the definition of non-profit organization appearing in the various Federal regulations and state statutes.

" (i) The term 'non-profit organization' means universities and other institutions of higher education, or an organization which is not formed for the pecuniary gain or profit of, and whose net earnings or any part thereof are not distributable to, its members, trustees, officers, or other private persons; provided, however, that the payment of reasonable compensation for services rendered and the distribution of assets on dissolution shall not be deemed to be pecuniary gain or profit, or distribution of earnings."

We believe this amendment is necessary in order to properly implement the intent of the legislation. Should you have any questions concerning this

Nels Ackerson, Esq.

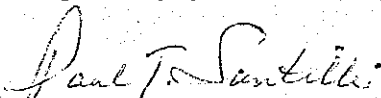
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proposal, please telephone me at (614) 424-4164. Also, should you desire, we would be glad to meet with you, or your staff, in Washington, at your convenience.

Your full consideration of this request is appreciated.

Very truly yours,


Paul T. Santilli
General Counsel

PTS:ks

cc: Joseph Allen, Esq.
Assistant Counsel