5414 file

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22 February 1980

Mr. Joseph P. Allen, Staff Assistant
United States Senate
Committee on the Judiciary
Sub-committee on the Constitution
Washington, DC 20510

Dear Mr. Allen:

In response to discussions held at the SUPA Meeting in Atlanta this week, three enclosures are submitted for your review or forwarding to other congressional staff representatives. The need for a definition for "gross royalties" which was discussed has two important aspects: (1) relates to the ability to accept advances solely for the purpose of the prosecution of patents in order to preserve the proprietary rights until such time as their commercial value can be determined; and (2) relates to the ability to fund extensive patent litigation (perhaps using the entire royalty obtained from a patent) in order to maintain a proprietary position. Enclosure (1) was previously submitted and addresses the first of these two aspects, and suggests a marked-up Attachment (I) of the then existing Bill. Enclosure (2) is an additional "mark-up" similar to Attachment (I) of Enclosure (1) but including both of the above-identified facets, providing that universities be able to obtain patents on marginal inventions and defend their validity and against infringements after issue before sharing with the Federal Government. It should be noted that universities in many instances are dealing with premature or marginal inventions; however, these marginal inventions may very well provide the basis for much needed technology transfer to enhance the domestic economy.

Since I do not have the latest mark-up of this Bill, would you please forward these enclosures to the appropriate individual who may then mark up the latest revision of this Bill to include one or both of these suggestions. Further, while all the changes discussed in Enclosure (1) are still considered desirable, it may be appropriate to adopt only the "insert" and related change "marked-in-red" and not the remainder of the changes shown in Attachment (I) and Enclosure (2) -- this simplified alternative is shown in Enclosure (3).

Very truly yours,

Robert F. Custard

RFC:hw

Enclosures

cc: R. G. Cunningham
W. Marcy
H. W. Bremer