



September 6, 1978

Dr. Charles G. Overberger
Vice President for Research
University of Michigan
Ann Arbor, MI 48104

Dear Dr. Overberger:

It occurred to me that letters from you, Dr. Cantlon and Dr. Curtin to Michigan Senators Riegle and Griffin in support of the Dole-Bayh Small Business and Nonprofit Organization Patent Policy Act would be useful. The bill is scheduled for introduction by Senator Dole on September 13, 1978.

This assumes that you and your university are in favor of retaining rights to inventions resulting from federally-sponsored contracts and grants. Even if your patent and licensing program is not particularly strong, the proposed legislation would substantially reduce patent-reporting red tape (which would become standardized), and would enhance your research position with non-federal sponsors--for the rights of the federal government would be clearly limited. A draft copy of the legislation is attached, together with my letter to Senator Griffin.

I hope you will write or call our U.S. Senators to encourage their co-sponsorship--or at least support--of this legislation. Other university people around the country are entreating their senators to do likewise.

Sincerely yours,

A handwritten signature in cursive script that reads "Tom Evans".

Thomas P. Evans
Director of Research

TPE:mmo

Encs.

Talking Points

1. The bill gives nonprofits and small businesses the first option to rights in their inventions with limited exceptions.
2. The rights under the bill are subject to various limitations such as march-in rights, a license in the Government, recoupment of Government investment in some cases, and, in the case of nonprofits, limits on the granting of assignments and the length of exclusive licenses.
3. The bill does not deal with the rights to be left to large businesses.
4. Patent rights are critical to university and nonprofit technology transfer programs. They are also a major incentive to the development of inventions by small businesses. Without such rights many small firms could not justify the risk or attractive private risk capital. Larger competitors might soon undercut the markets they developed.
5. University inventions tend to be embryonic, "stand alone" (not part of a large portfolio of related inventions), and often require early decisions on patenting because of the creation of statutory bars because of publication. Substantial private investment is required to further develop these inventions. Patents provide the incentive for the university to seek private developers. They are also often critical to inducing private firms to undertake the risk of development.
6. Increased technology transfer will lead to new products, new competition, job creation, and economic growth. The bill also has provisions designed to encourage the development of inventions by U.S. firms so as to create jobs in the U.S.
7. In addition to improving the climate for university licensing, the bill will also stimulate increased university-industry cooperative programs by eliminating industry concerns about Government claims under related research.
8. Because a substantial portion of all medical research is done at nonprofits and because of the importance of patent rights in the pharmaceutical and related industries, the bill is critical to the development of new drugs and medical devices and procedures.
9. The bill will make it more attractive for small business firms to compete for Government R&D contracts since they will not be forced to lose rights to new inventions that may build upon their existing capabilities.

10. The Government contributes only a small portion of total development costs of the final product. The Government normally only funds the initial conception or laboratory embodiment of the invention. The cost of full development is normally at least ten times this amount and comes, if at all, from private sources.

11. Without this legislation the movement may be in a counterproductive direction. The patent provisions of the Federal Nonuclear Energy R&D Act of 1974 have been incorporated by reference in three subsequent acts. This Act favors Government retention of title and subsumes the needs of small businesses and universities under concerns about leaving rights in large companies.

12. The Presidential Policy Statement on Government Patent Policy fails to recognize the difference between large contractors on the one hand and universities and small business on the other. This, combined with various piecemeal statutes, has resulted in a maze of varying regulations and policies among the R&D agencies. This bill would create uniformity for a significant percentage of R&D grantees and contractors (probably at least 36%).