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September 25, 1981

bc:

Mr. Bill McCluskey
Professional Staff Member
United States Senate
Committee on Commerce, Science,
and Transportation
Washington, D.C. 20510

Dear Mr. McCluskey:

Mr. Riley has referred your letter of September 14 to me as in-coming President of LES (USA and Canada).

As you know, our Society is a nonprofit, professional and educational organization comprised of members actively involved in the field of technology transfer. We are a business-oriented society of about 1800 members from industry, law firms, universities, research institutes and various government organizations. We have sister LES societies in many other countries throughout the world. It has been estimated that LES members are involved in over 85 percent of worldwide technology transfer.

A committee selected from our Board of Trustees has reviewed the Staff Working Draft of Senator Schmitt's patent policy bill ("Uniform Science and Technology Research and Development Utilization Act") which was enclosed with your September 14 letter. A detailed analysis of and commentary upon the bill was prepared by our review committee and is presented in the enclosure.

You had requested our comments on the concept of recoupment and an analysis of the specific language dealing with that subject in Congressman Ertel's patent policy bill. Unfortunately, at the time of our Board meeting last week we had not seen Congressman Ertel's bill and therefore cannot comment on its specific language.

Mr. Bill McCluskey Page Two September 25, 1981

However, the LES Board did consider the general concept of recoupment at the meeting last In our judgment, recoupment is counterproductive and contrary to the national interest. For example, the primary purpose of a federal agency in funding research is to have the results of the research available to the government. Since the government receives a royalty-free, world-wide right to the results, it would appear that the government is receiving everything it has paid for. Furthermore, a contractor is often motivated to enter into government sponsored research by his expectation of commercializing the results, and any recoupment payment severely dilutes his interest in undertaking an R & D contract. Thus, inclusion of recoupment would result in many corporate research facilities being unwilling to make their expertise available to the government.

On behalf of LES (USA and Canada) I want to thank you for the opportunity to comment on the draft of this bill. I hope our comments are useful to you. Please let me know if we can be of any further assistance.

Very truly yours,

Wm. Marshall Lee

President

Enclosure