

STATEMENT OF
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BEFORE THE SENATE JUDICIARY SUBCOMMITTEE
ON PATENTS, COPYRIGHTS, AND TRADEMARKS
on behalf of
AMERICAN COUNCIL ON EDUCATION
ASSOCIATION OF AMERICAN UNIVERSITIES
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES
COUNCIL ON GOVERNMENT RELATIONS

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Mr. Chairman, and members of the Senate Judiciary Subcommittee on Patents, Copyrights, and Trademarks

My name is John S. Toll, I am the President of the University of Maryland. I am here to testify in favor of Senate Bill 2171, the Uniform Patent Procedures Act of 1983. I do so, not only as a representative of the University of Maryland, but also on behalf of four prestigious national associations of universities. They are: the American Council on Education, the Association of American Universities, the National Association of State Universities and Land-Grant Colleges, and the Council on Government Relations.

The University and Small Business Patent Procedures Act of 1980, now Public Law 96-517, cleared away many of the impediments in the application of technological discoveries to commercial use. It was truly landmark legislation that resolved very complicated ownership issues that arose when an invention was made by university scientists in the performance of a federal grant or contract. It was extremely important legislation and the provisions which allow universities clear ownership to inventions have already eased some of the problems in developing collaborations with private firms. Small businesses under the 1980 legislation shared similar patent rights, but these rights were not extended to large businesses.

Senate Bill 2171, which I am here to support, is aimed at providing all performers of federally funded research with all the rights they need to deal with each other in collaborative arrangements. It does this, in large part, by creating uniform policies and procedures regarding patent rights and inventions developed with federal assistance, thus extending ownership rights to all businesses whether large or small.

The bill also allows ownership rights to contractors other than universities who manage government-owned laboratories. Senate Bill 2171 removes certain restrictions on universities in licensing of their inventions. For example, it removes a five year cap on granting an exclusive license to an industrial firm (other than a small business). The bill also permits federal agencies to waive conditions attached to the ownership of university inventions. Agencies may waive those conditions if it is the public interest to do so, and if the federally assisted university research involves co-sponsors, cost sharing, or joint venture research. Taken together, these provisions will create needed flexibility for universities and for other performers of federally-funded research to structure collaborative projects.

Let me give one example: Recently, the University of Maryland joined with Maryland's Montgomery County and the National Bureau of Standards in an undertaking that illustrates, not only the new kinds of research relationships that are being conceived across America, but also the kind of collaborations that would be fostered and enhanced by S. 2171. The University of Maryland, Montgomery County, and the National Bureau of Standards entered a formal agreement to establish a Center for Advanced Research in Biotechnology. The Center will be located in a tract at Shady Grove that Montgomery County has designated for the nation's first Biotechnology Research Park. The Center will be a research resource for biotechnology firms throughout the nation. Our goal is to encourage close collaboration with many industrial partners in this rapidly developing field. Several high technology

firms, already committed to establishing biotechnology laboratories in the park, enthusiastically support plans for the Center.

The development of agreements with industries for collaborating with the Maryland Center for Advanced Research in Biotechnology will be greatly assisted by the flexibility S. 2171 intends to provide. For example, Litton Industries manages a federally-owned laboratory for the National Institutes of Health. Under the bill, ownership rights to inventions would be extended to contractors such as Litton, who operates government-owned research facilities. With that provision, Litton could enter into new and useful kinds of collaborative projects with the Center.

As universities across the country develop new research arrangements with private enterprises, flexibility in structuring these relations will become increasingly important. These growing research collaborations will often involve government as well as universities and industry, and I am convinced that they will be very beneficial, not only to the participants, but also to the nation's technological base. Senate Bill 2171 provides a timely incentive to enhance these desirable trends in research. The bill also provides incentives for private performers who have not yet participated individually, or as collaborators, in federally assisted projects. With the passage of S. 2171, they will be able to do so without concern for the loss of proprietary positions.

I have emphasized our support for the provisions of the bill that will ease the development of research cooperation between universities and private industries. I must not fail to mention other improvements in the bill as well. For example, the bill would expand the definition of inventions to include certain novel plant varieties, and this would

assure university ownership of some inventions from agricultural research not previously covered by Public Law 96-517. We are pleased also that the bill will incorporate certain reporting provisions that universities favor and which are now only regulatory provisions.

In summary, the provision of S. 2171 will benefit American business, will benefit the nation's universities, and will foster research collaborations between universities and private firms. I believe that the bill will enhance collaborations in ways that will significantly shorten the time line from discovery to commercial application; in that way it will benefit American technology and the nation as a whole. I strongly urge adoption of S. 2171.