



National Aeronautics and
Space Administration

Washington, D.C.
20546

SEP 3 1976

To Attn of:

Mr. James M. Frey
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, DC 20503

Dear Mr. Frey:

This is in reply to Mr. Bernard H. Martin's memorandum of August 24, 1976, requesting the comments of the National Aeronautics and Space Administration on the Department of Commerce's draft bill entitled, "Federal Intellectual Property Policy Act of 1976."

The draft bill would establish a uniform Federal policy on patentable technology and other intellectual property resulting from Federally-sponsored research and development. It establishes policies for (1) the allocation of rights in inventions made by Federal employees, (2) the allocation of rights in inventions as between the Government and its R&D contractors, and (3) the protection, licensing and commercialization of Government-owned inventions. As to (1) and (3), above, there would be little, if any, change in the present policies and procedures of NASA. Basically, these portions of the proposed bill would supersede Executive Order 10096 (dealing with employee rights, and applicable to all agencies), and sections 305(g) and (h) of the National Aeronautics and Space Act (giving NASA authority to license and protect inventions).

As to (2), above, dealing with allocation of rights between the Government and its R&D contractors (Title III, Chapter 1), the proposed bill would supersede those sections of the Space Act covering the same subject matter (particularly, section 305(a) and sections 305(c), (d), (e), and (f)). This would be a change in that, rather than requiring the Government to initially acquire title to inventions made under contract and then permitting waiver of title (in most cases) upon petition by the contractor with plans and intentions to

commercialize the invention, the proposed bill would allow the contractor to retain title upon reporting the invention, filing a patent application, and declaring an intent to commercialize. There are several additional constraints placed on the contractor in order to protect the interests of the Government and the public, including the right of the Government to either require the licensing of others or to obtain an assignment of the invention if the contractor does not live up to his commitment to commercialize. In the latter instance the Government could make the invention available to third parties through its own licensing programs.

Thus the major change in the proposed bill vis-a-vis NASA's present policies and procedures is a change in emphasis from "before the fact review" to "after the fact monitoring" for any invention for which the contractor desires to retain title and commercialize. This would be true for approximately 90 percent of the inventions for which NASA contractors now petition for waiver. Waiver is presently precluded in the other 10 percent primarily because of certain public interest considerations set forth in the Presidential Policy Statement on Government Patent Policy (also to be superseded by the proposed bill) which NASA follows in making its determinations whether or not to grant waivers. However, these public interest considerations are treated by additional rights reserved by the Government (in addition to the requirement of the contractor to commercialize) in the proposed bill.

On balance, no objection is seen to the proposed bill. While it does mean that section 305 of the Space Act is to be repealed, it does provide an acceptable alternative. Procedurally, certain adjustments may have to be made, but NASA could work under the proposed bill without any substantive impact on its missions and programs. The overriding consideration is the fact that NASA, as a major R&D agency, should support efforts to develop a Government-wide patent policy. The objectives of the proposed bill are the same as NASA's in terms of promoting commercial utilization of NASA-funded technology, while at the same time recognizing the equities of the Federal employee-inventor, the Government contractor, and interests of the public.

Sincerely,

Original Signed By:
Judith A. Cole
Joseph P. Allen
Assistant Administrator
for Legislative Affairs