RUSSELL B. LONG
LOUISIANA

United States Senate

WASHINGTON, D.C. 20510

April 12, 1978

Mr. Warren B. Cheston
Associate Director
for Administration
The Wistar Institute
Thirty-sixth Street at Spruce
Philadelphia, Pennsylvania 19104

Dear Mr. Cheston:

Thank you very much for your thoughtful letter of March 8 concerning Institutional Patent Agreements.

As you are probably aware, the General Services Administration has recently proposed the adoption of a rule which would allow universities and non-profit organizations--subject to certain minimal conditions--to retain the entire right, title, and interest in patents on inventions made in the course of all Federally-funded research and development contracts.

I believe that such a policy is unconstitutional, unwise, and contrary to the public interest. In Public Citizen v. Sampson (Civil #781-73-D.D.C. January 17, 1974) District Judge Barrington D. Parker declared that the granting of exclusive licenses to existing patents and inventions avowed by the United States is unconstitutional, violating article IV, section 3, clause 2. Although that decision was vacated on appeal because the plaintiffs were found to lack standing to raise the legal arguments, the District Judge's decision on the merits remains untouched.

The regulations proposed by the GSA are potentially even more pernicious because they permit the giveaway of patents whose nature, utility, and value are unknown at the time of disposal; whereas under the regulations declared unconstitutional, the Executive branch was at all times aware of the nature of the patent that it was making available on an exclusive basis. In addition, the earlier regulations provide only disposition of royalty-free licenses; whereas in this case the grant is of full title subject to a right of the U.S. to use the patent royalty-free.

In addition, in 1972 Roger C. Cramton, the Assistant Attorney General for the Department of Justice's Legal Counsel, in response to a request for a legal opinion, found the granting of exclusive rights unconstitutional, and then Attorney General Elliot Richardson stated that "...such disposal of patent rights through a Government contract would be Constitutionally suspect unless such disposal were based on valid statutory authority."

The General Services Administration has no such statutory authority, nor does the Department of Health, Education, and Welfare have such authority. In fact, as far back as 1947, the Justice Department held that the Government owns those patents and inventions which are the result of research and development financed by the United States. The Constitution reserves to Congress the exclusive authority to make rules and regulations regarding their use and disposition.

Nor does the Government Property Act, enacted in 1949 "to simplify the procurement, utilization, and disposal of Government property," give GSA such authority. A thorough reading of the Act makes it clear that Congress has denied GSA the authority to dispose of valuable rights to Government-owned patents and inventions. Congress gave the Administrator of the GSA authority to transfer excess property among Federal agencies and to dispose of surplus property. Thus, if the rights to Government-financed patents and inventions are excess property, they may only be transferred from one Federal agency to another; only if they are surplus property can they be disposed of outside the Government. Since these patent rights are obviously not "surplus property," nothing in the Government Property Act authorizes the GSA to dispose of them to private persons.

Congress itself has not considered 35 U.S.C. Sec. 261 sufficient to permit agencies of the Government to dispose of Government-owned patents and inventions, for when it has wanted to grant such authority, it has done so in clear and unmistakable language. Congress granted to the Tennessee Valley Authority the right to grant licenses on patents and inventions belonging to TVA. In 1944, Congress authorized the Secretary of the Interior to grant licenses on patents acquired by that agency. In 1954, the Atomic Energy Commission was also given specific congressional authorization to transfer ownership of patents and inventions belonging to that agency. In the National Aeronautics and Space Act of 1958, Congress gave the Administator of NASA authority to

"promulgate regulations specifying the terms and conditions upon which licenses will be granted by the Administration for the practice by any person...of any invention for which the Administrator holds a patent on behalf of the United States." Finally, section 9 of the 1974 Energy Act demonstrates that when Congress wanted to provide the Executive branch with the right to dispose of rights to future patents developed through Government-financed R&D contracts, it did so directly, clearly, and in considerable detail. When Congress has specifically granted a particular power in one instance, "its silence (in another analogous situation) is strong evidence that it did not intend to grant the power."

Finally, aside from the lack of authority to give away the Government's patent rights to private persons, neither the General Services Administration nor the Department of Health, Education, and Welfare has presented even a shred of evidence to show how the proposed policy will benefit the United States. If the General Services Administration or the Department of Health, Education, and Welfare believes that the evidence of benefit to the United States is compelling, then congressional authority should be sought.

I appreciate your thoughtfulness in bringing your views to my attention.

With every good wish, I am

Sincerely yours,