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AMERICAN COUNCIL ON EDUCATION
ONE DUPONT CIRCLE
WASHINGTON, D. C. 20036

OFFICE OF GOVERNMENTAL RELATIONS

January 13, 1978

PATENT BRANCH, OGC
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The Honorable Gaylord Nelson
Chairman, Subcommittee on Monopoly
and Anticompetitive Activities
Select Committee on Small Business
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On behalf of the American Council on Education, an association of over 1,400 colleges, universities, and organizations in higher education, and the associations listed hereunder, I am forwarding herewith our statement for inclusion in the record of the hearings held on December 19-21, 1977, by the Senate Subcommittee on Monopoly and Anticompetitive Activities concerning rights to inventions developed under government-financed research.

Our associations endorse a government policy which permits the contractor to retain exclusive rights to inventions subject to a nonexclusive, nontransferable, irrevocable, paid-up license in the government.

The process of education at most colleges and universities embraces the conduct of basic research which may or may not develop a patentable item. The occurrence of an invention during the course of the research is virtually always incidental to the main objectives of the research agreement. An invention, when it occurs, is largely attributable to the personal creativity of the investigator backed up by his years of professional training and experience, and to the scholarly environment and research resources provided by the university.

Since such inventions are generally developed in performance of basic research, they tend to be embryonic in nature and, therefore, usually require substantial investment of private risk capital for the further development necessary to introduction into the market. Accordingly, if university inventions are to be used, institutions must seek to interest industrial concerns who have the commercial capability the university lacks. Therefore, unless the university has the ability to grant exclusive licenses, it may be unable to attract the necessary risk capital. When the government retains title, the patents are made available to all comers on a nonexclusive or even royalty free basis. This is tantamount to "dedication" of the invention to the public. In such cases, a commercial concern will not have sufficient incentive to invest in the necessary development effort to make the product or process useful to the public.

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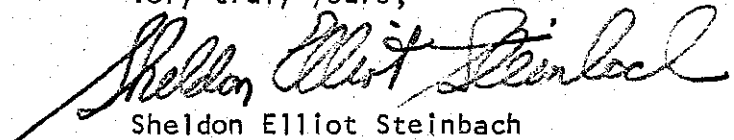
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Inventions resulting from research sponsored by Federal agencies involve equities of the government, the contractor, and the inventor. When a patentable invention is made by an investigator in an academic institution with the help of Federal funds, rarely, if ever are the Federal funds the sole or even the major factor contributing to the invention. The insight of the investigator, derived from his career working in a given field, is generally paramount. The university itself virtually always helps to finance the laboratories, equipment, and personnel contributing to the invention.

We strongly support H.R. 8596, the Uniform Federal Research and Development Utilization Act of 1977, as an enlightened government policy. We firmly believe that the uniform regulations provided for in the bill will achieve the government goal of making inventions available to the public. We urge your support of this bill.

We would be pleased to meet with you or your staff to discuss these issues further.

Very truly yours,



Sheldon Elliot Steinbach
Staff Counsel

The following associations join in this statement:

American Association of Community and Junior Colleges
American Association of State Colleges and Universities
American Council on Education
Association of American Universities
Association of Jesuit Colleges and Universities
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
National Association of State Universities and Land-Grant Colleges
National Catholic Educational Association, College and University Department