RESEARCH CORPORATION
405 LEXINGTON AVENUE, NEW YORK, NEW YORK 10017

WILLARD MARCY
VICE PRESIDENT-PATENT PROGRAM

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Dr. Betsy Ancker-Johnson
Chairman, Committee on
Government Patent Policy
Department of Commerce
Room 3862
Washington, D.C. 20230

Dear Dr. Ancker-Johnson:

It is my understanding that your committee is endeavoring to arrive at a uniform patent policy for all Government agencies. Such a uniform policy is expected to provide Government-wide administrative procedures which would obviate the necessity of special legislation by Congress.

In my opinion, providing for such procedures administratively requires unusually thoughtful and wide-ranging study by a diverse group so that all aspects of the proposed policy are studied and all foreseeable consequences are considered. Such a study by such a group would require input from all those who would be affected by the policy and procedures derived therefrom. Since the membership of your committee, while broadly representative of the Government agencies involved in contracts and grants, is made up wholly of Government employees, it may not yet have considered adequately the needs and requirements of the private sector which must be brought into action in order to transfer technology for use of the general public in an expeditious and economical fashion.

In particular one aspect of the present Government patent policy, which, I understand, is being very seriously considered for retention and even strengthening is the notion that title to all patents derived from Government-supported grants and contracts will reside with the Government. Grantees or contractors would be allotted at most a time-limited exclusive license under the patent, with, perhaps, in isolated cases on a showing of adequate justification, a right to sub-license others.

The alternative to this procedure is the assignment of title to such patents to the grantee or contractor.

It should be understood that these two alternative are not equivalent, nor is there only a "cosmetic" difference between them. The difference

is so substantial that many inventions conceived and/or developed in part or in whole with Government funding will remain mere scientific curiosities or simply fillers for the scientific literature for many years after their discovery, if the first alternative, retention of title by the Government, is invariable in the new policy.

Use of the second alternative, assignment of title to a third party, such as a grantee, contractor or other organization at mutual interest, would facilitate and expedite the further development of such inventions for the benefit of the general public, a goal to be devoutly pursued. This is particularly so in the case of patentable inventions resulting from Government-supported research at educational and scientific research institutions, such as universities, colleges and non-profit research organizations in the private sector.

The rationale for this situation results from the uses which can be made of such inventions by the private sector third party. Under the presently conceived Government retained title policy the spectre of extreme Government control at all stages of development and marketing - the dead hand of Government, one might say - will be ever present. The licensee will be required to report on and justify almost every move to a bureaucratic agency to ensure, in the eyes of this bureaucracy, that the licensee is acting in the public interest. If any dissent with the licensee's approach occurs, the Government has the right to "march in" by cancelling the license thus negating the work already done by the licensee as well as causing him a severe financial and economic loss. The risk of having this happen is just too great for most industrial licensees to be willing to take.

This argument might not have strong merit in those cases where little or no further research, development, tooling up or market development work needs to be done. But in the case of universities and scientific research institutions, especially inventions in the public health area even the simple straightforward ones, invariably require extensive further study and development before final marketing is realized. This situation arises from the many Government regulations imposed by regulatory agencies such as the Food and Drug Administration. For this reason the institutions must arrange with industrial organizations with adequate capitalization, capable personnel and production and marketing know-how to bring the inventions into public use. Unless the industrial organizations can be assured that it is dealing with a bona fide owner and can arrange with that owner bona fide assurances that the risks to be assumed will be minimal, undue delay and even inability or refusal to develop the inventions will result. Title resident with the Federal Government with only limited exclusive licenses, and perhaps the right to sublicense, simply does not give these assurances, especially when the Government has placed not only onerous and unrealistic, but unnecessary as well as potentially financially ruinous restrictions on the license terms, as appears to be the present trend in Government licenses.

Transfer of title by the Government to the non-profit educational scientific institution or other knowledgeable and experienced non-profit organization working in concert alleviates greatly the misgivings and perceived threats to the final industrial licensee, thus accelerating rather than inhibiting transfer of this vital technology to the market place. Moderate strings can be attached to the arrangement made with the non-profit organization to which title has been transferred along the lines of the present Institutional Patent Agreement being issued by the Department of Health, Education and Welfare. Even these, moderate as they are, impose on both the institutions and the licensees unnecessarily restrictive requirements and should be moderated in the future as experience allows. However, they are presently workable and can be tolerated provided they are not arbitrarily applied.

I have noted that other Government agencies such as the National Science Foundation, the Energy Research and Development Administration and the Environmental Protection Agency, while using the DHEW Institutional Patent Agreement as models, are tending to add complications and restrictions to these agreements. Such inhibitory provisions should be avoided, as they work to the disadvantage of all concerned, including the Government itself and the ultimate benefactor - the taxpayer.

It is hoped that your committee will continue to study this matter in depth and that it will give full consideration to the matter of where title to patents is to reside before a final decision is made. In my opinion the thrust of the Government patent policy must be in support of the Patent System and the Patent System must be used in the optimum manner for the enhancement and promotion of the transfer of technology, especially that derived from the input of Government funds. Such advantageous use cannot result from the imposition of unnecessary restrictions.

Sincerely yours,

Willard Marcy

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