



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF THE SECRETARY

WASHINGTON, D.C. 20201

OFFICE OF THE  
GENERAL COUNSEL

LEGISLATION DIVISION

December 9, 1977

NOTE FOR: Henry Aaron  
Paul Elstein  
Bernie Feiner  
Grant Spaeth

I attach a draft report on H.R. 6249. Could you please give me your concurrence or comments by close of business Tuesday, December 13.

*Paul M. Spiegel*

Paul M. Spiegel  
x57773

Attachment

cc: Norman Latker  
Lowell T. Harmison ✓

To: MR Latker  
From: Lowell Harmison  
496-7735

**DRAFT**

The Honorable James T. McIntyre, Jr.  
Acting Director, Office of Management  
and Budget  
Washington, D. C. 20503

Dear Mr. McIntyre:

This is in response to your request for a report on H.R. 6249, a bill "To establish a uniform Federal System for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad; and for other purposes".

In summary, we recommend against Administration support of the bill, because the bill does not provide sufficient flexibility in allocating rights between the federal government and its contractors to inventions resulting from federally supported research and development. The Department is currently undertaking an overall assessment of federal patent policy and will present its own recommendations early next year.

The bill would establish a single patent rights clause which is to be used in all federally sponsored research and development contracts (including research grants), with certain specified exceptions. The allocation of patent rights is currently based on a number of statutes covering individual agencies and research programs, executive orders, presidential statements, and regulations. To the extent that a research program is now governed only by executive order, presidential statement, or regulation, as is the case in this Department, there is a question raised by litigation, not yet resolved, as to whether such a program has the authority to dispose of invention rights without statutory authority.

The single patent rights clause would provide to the contractor the first option to all inventions resulting from such contracts, subject to provisions requiring the contractor to license competitors upon a determination that (1) the contractor is not effectively pursuing utilization, (2) it is necessary to meet important and imminent public

ROUTING AND TRANSMITTAL SLIP		ACTION	
1 TO (Name, office symbol or location)  Dr. Paul H. Spiegel	INITIALS	CIRCULATE	
	DATE	COORDINATION	
2	INITIALS	FILE	
	DATE	INFORMATION	
3	INITIALS	NOTE AND RETURN	
	DATE	PER CON-VERSATION	
4	INITIALS	SEE ME	
	DATE	SIGNATURE	
<b>REMARKS</b> Attached are my comments re H.R. 6249. We are over due with a response to Frank Press regarding this subject.			
Do NOT use this form as a RECORD of approvals, concurrences, disapprovals, clearances, and similar actions.			
FROM (Name, office symbol or location)  Lowell T. Harrison, Special Assistant for Science		DATE 12/13/77	PHONE

OPTIONAL FORM 41  
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# MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
Public Health Service

TO : Dr. Paul H. Spiegel

DATE: December 13, 1977

FROM : Special Assistant for Science

SUBJECT: Comments on Draft Letter Regarding Report on  
H.R. 6249 - A Uniform Patent Bill for the Government

The Bill being proposed I believe will enhance our position in effectively transferring the benefits of Government R&D to the private sector and in providing improved benefits or options to the public. The single Patent Rights Clause does give significant flexibility to the Department in administering patents.

Specifically I believe:

1. That this Patent Bill will provide increased incentives for HEW to get the best contractor to carry out the work that it seeks by RFP's from the many agencies of the Department;
2. That it will reduce administrative burdens within the agencies and the Department in dealing with patents. (It will permit the Department to focus on only those which are important for public health or other reasons for which the Department should take action.);
3. That it will improve interagency cooperation on patent matters. (There exists many areas in which HEW agencies support work with an individual contractor with whom many other agencies of government also support work -- this avoids the necessity for the organization to set forth different patent policy in order to carry out its work, i.e. reduced paper work. For example, it is difficult to separate what is accomplished under a contract from NASA or a contract from HEW on work concerning biomedical research and development.);
4. That we cannot say the impact on the Department is modest or that the '71 Institutional Patent Agreements in effect cover most of the institutions under which grant resource flows from the agencies of the Department; and

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5. That the amount of contract dollars flowing out through RFP's from HEW agencies is small and should not be dealt with on a relative basis.

In summary, I do not understand why the Department would be opposing this Bill since it is now in the process of undertaking a study of departmental Patent Policy. By saying what we do not want in this Bill implies that we know what we want. It would not appear that our study of the Patent Policy would be very complete if we already know that these characteristics are undesirable. I think, it would be much better to identify the questions that we have about the Bill or the uncertainties of the Bill, and not oppose the Bill at this time since the Department's study has not been completed. A suitable course might be that of recommending a hold or no action until we have studied the issues more carefully.

  
Lowell T. Harrison,