IPO INTELLECTUAL PROPERTY OWNERS, INC.
1800 K STREET, N.W. SUITE 402
WASHINGTON, D.C. 20006

NEWSLETTER

DHEW
JAN 11 1978

File w/ Nelson Hearings

SPECIAL REPORT December 23, 1977

Norm - This is the material I mention in our telecon of today. Nick 1/4/78

Report on Hearings of the Monopoly Subcommittee of the Senate Small Business Committee

The above identified committee conducted hearings December 19-21, 1977 on government patent policies. Senator Nelson and Consultant Benjamin Gordon were present for the Committee.

This newsletter provides a condensation of each witness's testimony.

In addition, I append comments on some of the testimony.

See Adams testimony on Betsy /Chang report

* * *

Mr Gordon asked Mr. Seiberling's views on several questions relating to the Thornton-Teague bill.

In response, Mr. Seiberling stated that the Thornton-Teague bill should not be taken seriously. Business was serious in its advocacy but business was not unanimous and is giving some support to his mandatory licensing approach.

He is not surprised that Commerce pushed its policy against mandatory licensing. He noted that the Assistant Secretary was "almost fanatic in opposition." Ms. Ancker-Johnson was the leading protagonist in doing everything she could to stymie compulsory licensing.

He said that there are patent lawyers supportive of his view.

See also Seiberling + Shenefield Long

* * *

In connection with Mr. Shenefield's testimony, Mr. Gordon elicited the views that it is not in the public interest for the government to waive rights to dominant contractors, that assessment of the effect of every waiver on competition should somehow be made in advance of waiver, and that waivers are improper before inventions are made.

Senator Nelson added that he wished someone would have the guts to say "no" to more waivers. The government should stop giving away public money.

Mr. Shenefield said that a new administration position is espected within the next few weeks and that the Justice Department expects to prevail.

* * *

During Senator Long's colorful exposition of his views, he reviewed his old argument that a license policy results in the government paying twice. He suggested that if an owner should sell a building and furniture and then again sell the furniture, he'd go to the penitentiary.

His testimony seemed to evidence numerous misconceptions. He cited an example of a government program on weather control. He didn't see how rain could be caused to fall only within government fences. He seems to believe that all inventions are useful only in the field of intended application. Thus, if use is only in governmental areas, why should contractors receive rights?

It was my understanding that he believes it common, under a license policy, for contractors to suppress all knowledge and inventions developed until development is complete, including generation of every conceivable alternative and modification for fencing pruposes. All information should be available to all scientists so that all can work on it, he said. According to his view, the public pays and the license policy guarantees that the public gets no benefit.

* * *

During Mr. Pertschuk's testimony, Mr. Gordon expressed the view that since a patent restricts, how can there be maximum utilization if exclusive rights are given to contractors?

* * *

T. L. Bowes
Executive Director