FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY
COMMITTEE ON GOVERNMENT PATENT POLICY
U.S. DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D.C. 20230

COMMITTEE ON GOVERNMENT PATENT POLICY

Minutes of Meeting - September 23, 1975

The meeting convened at 9 a.m. in Room 543, National Science Foundation, 1800 G Street, N.W., Washington, D. C.

ATTENDEES

COMMITTEE ON GOVERNMENT PATENT POLICY

Members Present

Dr. Betsy Ancker-Johnson, Chairman	DOC
Philip G. Read, Vice Chairman	GSA
Leonard Rawicz for R. Tenney Johnson	ERDA
Nelson Getchell for Dr. Michael J. Pallansch	USDA
Dale R. Babione	DOD
Walter Henderson, Alternate	DOD
*Norman J. Latker for Dr. Lowell Harmison	HEW
*Donald R. Fraser for Moody R. Tidwell, III	DOI
Douglas M. Parker	HUD
Milton Grossman for Bruce B. Wilson	DOJ
*Walter Lockwood for Joel W. Biller	DOS
Barnett Anceleitz	DOT
*Benjamin Bochenek for Robert V. Zener	EPA
S. Neil Hosenball	NASA
Charles F. Brown	NSF
Joseph Nakamura for C. Marshall Dann	PTO
*Jay Maynard for Howard K. Shapar	NRC

Observers Present

Hugh Witt	OFPP
*Charles Goodwin, Alternate	OFPP

Observers Absent

Dr. John V. Granger	FCST

EXECUTIVE SUBCOMMITTEE

Members Present

James E. Denny, Chairman	ERDA
Robert B. Ellert	DOC
Joseph E. Rusz	AF
Robert Baylor for William G. Gapcynski	DOA
William O. Quesenberry	DON
Miles F. Ryan	DOJ
Joseph Hill, Alternate	DOJ
Robert F. Kempf	NASA
John H. Raubitschek	NSF
Jesse Lasken, Alternate	NSF

* Also Executive Subcommittee member or observer.

EXECUTIVE SUBCOMMITTEE

Observers Present	
Luther A. Marsh	PO
Maxwell C. Freudenberg	DSA
Members Absent	
M. Howard Silverstein	USDA
Harold P. Deeley, Jr.	DOT
Observers Absent	
Jan W. Miller	AID
Abraham R. Richstein, Alternate	AID
Robert J. Bladergroen	CIA
Robert L. Malech	HUD
Harvey J. Winter	DOS
Forest D. Montgomery	Treasury
Lewis E. Wallace	TVA
GUESTS PRESENT	
Jerry A. Cooke	DON
William T. Knox	NTIS
Peter Urbach	NTIS
Charles E. VanHorn	Com Sci w/ERDA
EXECUTIVE SECRETARY	
O. A. Neumann	DOC

INTRODUCTORY REMARKS

Dr. Ancker-Johnson opened the meeting by welcoming the members and guests, and by asking each one to introduce himself.

After introductions, she stated that the standing subcommittees, ad hoc subcommitttees and working groups are really the working force behind the Committee efforts and she thanked the Chairmen of these groups for their fine work, asking them in turn to thank the members.

HISTORICAL INFORMATION

Dr. Ancker-Johnson then addressed herself to the December 31, 1972 Report to Congress by the bipartisan Commission on Government Procurement. She stated that the report contained 16 recommendations in the area of patent, data and copyright matters on which the Committee was assigned the task of preparing the Executive Branch positions. She further stated that implementation of these positions is yet to be accomplished and the agenda items of this meeting are directly or indirectly

related to the implementation of the Executive Branch positions of the first three recommendations.

Dr. Ancker-Johnson explained that Public Law 93-400 dated August 30, 1974 provided for the establishment of the Office of Federal Procurement Policy (OFPP) within OMB, and made OFPP responsible for the implementation of the 149 recommendations of the Commission's report, which includes the 16 assigned to the Committee. She recognized the presence of Mr. Hugh Witt, who has been appointed the Administrator of OFPP by the President, and who is an observer on the Committee.

At this time, Dr. Ancker-Johnson briefly reviewed the major agenda items to be considered at this meeting and called the members' attention to TABS A, B and H, relating to Commission Recommendations 1, 2 and 3 respectively. She then directed the attention of the members to TABS F, G and I relating to (a) Mr. Quesenberry's thesis which provides one method of implementing the Alternate Approach of the Commission's Report (TAB F); (b) A proposed patent policy for Government use in contracts and grants with universities and nonprofit organizations (TAB G); and (c) Guidance for the acquisition of background patent rights from Government R&D contractors (TAB I).

MAJOR AGENDA ITEM - Recommendation I-1 (TABS A, B, C, D.)

Background

At this point, the Chairman proceeded to the major agenda item which restated is:

> Should the Committee recommend to the Federal Council for Science and Technology that the Administration submit Government-wide patent policy legislation, and if so, what guidance should it give the Executive Subcommittee in formulating such legislation.

She stated that the questions to be considered are - should legislation be drafted; what basic form should the draft policy take; should it include special provisions for universities and nonprofit organizations; should it include authority for exclusive licensing, or should this authority be sought by a separate bill; and should the draft legislation include provisions regarding "march-in rights" and "background patent rights".

In reviewing TAB A, the Chairman noted the judicial attack on the policy of the 1971 Presidential Statement. She advised that in the court cases against the Government, Public Citizen I and II, the Court of Appeals for the District of Columbia found that the plaintiffs lacked the standing to bring suit; however, the plaintiffs have petitioned for reconsideration and these petitions are still pending. She further advised that while a decision "on the merits" was not rendered, an unfavorable decision to the Government is still possible in the Public Citizen cases and in other lawsuits involving the same issues. The Chairman also noted that Congressional piecemeal legislation is still occurring, the ERDA patent policies being the most recent expression of Congress with respect to a large R&D effort. She further noted that if the Executive Branch recommends legislation different from Recommendation 1, it would require a modification of the Executive Branch position and would require OFPP concurrence. In this connection, Dr. Ancker-Johnson stated that the Presidential Statement may not be standing the test of time because of the continued criticism and erosion of its base, and therefore, different legislation than what was recommended by the Commission may be necessary.

In reviewing TAB B, the Chairman noted that submission of the proposed legislation to implement Recommendation 2, because of its similarity to the ERDA patent licensing provisions, carries with it the prospects of Congress legislating the ERDA Government-wide patent provisions for all Government agencies. She advised that this may not be the optimum policy, and the Administration may wish to propose a viable alternative.

The Chairman noted that TAB C requests the views of the Executive Subcommittee concerning the questions raised by TABS A and B, and that TAB D, Mr. Denny's letter to the Chairman, provides the views of the Executive Subcommittee concerning the matter of seeking legislation. She advised that the minutes attached to TAB D set forth some of the considerations of the Subcommittee in reaching its views. Mr. Denny was asked to review the deliberations of the Executive Subcommittee in arriving at its views. At this point, Mr. Denny focused attention on TAB D and the minutes of the September 5 Executive Subcommittee meeting.

General Discussion

The Chairman opened the meeting for discussion.

Mr. Read made a statement on GSA's involvement in the lawsuits, Public Citizen I and II, starting with GSA's issuance of the licensing regulations, the judicial attack on the licensing regulations, the Crampton Memorandum concerning the constitutionality of certain provisions of the procurement regulations, and the withdrawal by the Department of Justice of its support of the memorandum. Mr. Read remarked that he agreed with the Chairman that a "cloud" continues to exist over the Government-sponsored inventions owned by contractors and the inventions licensed by the Government because of the legal questions raised. He further stated that he believed GSA's issuance of the Federal Procurement Regulations was an expeditious implementation of the 1971 Presidential Patent Policy Statement, but because of the lawsuits, Government agencies have not as yet operated effectively under the regulations. It was his belief that it may be better stragetically to live with this cloud and to gain additional operating experience under both of the regulations, than to go forward with legislation.

Mr. Leonard Rawicz provided additional background by noting that the Commission on Government Procurement believed that the Alternate Approach was the "best policy" the Executive Branch could offer if the Government was going to move forward with legislation, but because of the highly technical and emotional aspects of Government patent policy the Commission felt that if legislation was introduced along the lines of the Commission's Alternate Approach proposed in December 1972, it would jeopardize the other 148 recommendations of the Commission. He noted that if the Administration submits legislation, it was his belief that the proposed legislation would probably go to the Judiciary Committee and that may pose a problem. Dr. Ancker-Johnson agreed with Mr. Rawicz, but added that she believed there is a strong possibility that the House Science and Technology Committee may obtain concurrent jurisdiction with the Judiciary since it appears that this Committee is interested in Government patent policy.

Others provided additional thoughts pertaining to the problem of how well any proposed legislation may be received. Mr. Charles Brown believed added supportive data may be desirable before going forward, and Mr. Neil Hosenball stated that it may be desirable to draft the legislation so that it goes to

the Government Operations Committee on the Senate side inasmuch as this Committee is getting more knowledgeable and is expressing an interest in the procurement area. He felt it might be worthwhile to explore the question with the Committee staff.

Desirability of Seeking Legislation

Mr. Read MOVED that the Committee vote on the desirability of moving forward with comprehensive legislation in the area of Government patent policy. Mr. Brown seconded the motion.

The Chairman briefly reviewed the risks of moving forward with legislation. She agreed with Neil Hosenball and Hugh Witt that there are representatives in the Congress who would support the Administration's position in the area of Government patent policy.

Mr. Witt commented on the Executive Branch positions regarding the Commission Recommendations 1, 2 and 3 indicating that they are not set in concrete and actually should be revised or modified if an appropriate case for doing so is made. He did, however, advise that the political situation certainly would have to be looked at again, prior to the time the Administration submits its legislation.

The vote taken on Mr. Read's MOTION resulted in all members voting FOR the motion with the exception of the DOJ representative who abstained.

Two Proposed Options

(a) ERDA-PPS.

At this time, Dr. Ancker-Johnson asked Mr. Denny to discuss in greater detail the options recommended by the Executive Subcommittee. He stated that in drafting the ERDA-PPS option, the provisions of Section 1(b) of the Presidential Policy Statement would be added in the ERDA patent provisions, or the ERDA waiver considerations could be shifted around to bring about the desired results created by the Section 1(b) provision. It was noted that under this option, hearings would not be required at the time of waiver, but that a "beefed-up" march-in rights provision 3 or 4 years down the road probably should be included. This option of course would also include provisions for granting exclusive licenses.

Because of the great number of contract actions containing a patent rights clause let by DOD, Mr. Dale Babione advised that a case-by-case approach for waiver would not be acceptable to DOD. Dr. Ancker-Johnson concurred noting that any policy requiring an uncalled for administrative burden would be unacceptable.

(b) Alternate Approach

Mr. William Quesenberry was asked to describe the Alternate Approach. He noted the six desirable attributes of any Government patent policy set forth in the minutes of the September 5, 1975 meeting of the Executive Subcommittee, putting strong emphasis on "utilization" and "administrative ease". In a review of the desirable attributes, the Chairman lumped "utilization" and "competition" together, stating that the product has to be on the market before any "competition" can be achieved. She also noted that to achieve "administrative ease" and to reduce the "costs" certainly would be desirable.

(c) General discussion of the two options.

Mr. Charles Goodwin noted that the real difference between the two options is really in the area of administering the provisions of Section 1(a). Mr. Barnett Anceleitz spoke of mission-oriented R&D. Mr. Latker believed disposition of rights should not have anything to do with mission. Mr. Latker noted that the experience gained by a change in the HEW policy from title taking to practically a license policy has increased HEW's capability for transferring technology.

Mr. Latker MOVED that the Executive Subcommittee be directed to draft legislation along the lines of the Alternate Approach with the right to modify the proposal as appropriate. Mr. Babione seconded the motion. The vote on the motion, which did not carry, was as follows:

FOR	AGAINST	ABSTAINED
HEW	HUD	NRC
NSF	GSA	
DOS	EPA	
PTO	DOT	
DOI	NASA	
DOD	USDA	
	DOJ	
	ERDA	

[It should be noted that the vote on Mr. Latker's motion was not against the Alternate Approach, but was against drafting legislation to implement this one option, and not the ERDA-PPS option as well.]

(d) Draft of both options.

Mr. Read MOVED that the Executive Subcommittee be charged with drafting legislation on both options discussed. Mr. Hosenball seconded the motion which carried unanimously.

The Chairman asked the Executive Subcommittee to proceed with this difficult assignment as rapidly as possible.

UNIVERSITY PATENT POLICY REPORT (TAB G)

After thanking Mr. Latker and the other Ad Hoc Subcommittee members for their excellent report, Dr. Ancker-Johnson called upon Mr. Latker to describe the basic concepts of the University Patent Policy Report.

Mr. Latker advised that the basic concept of the University Patent Policy Report parallels the concept of the Alternate Approach already discussed, but advised that the policy is limited to universities and nonprofit organizations having a patent management capability. He further advised that the university policy of the report is consistent with the 1971 Presidential Patent Policy Statement, referring to footnotes 5 and 6 on page 3 of the report.

Mr. Rawicz MOVED to approve the University Patent Policy Report as submitted. Mr. Bochenek seconded the motion which, with the exception of the DOT and DOJ representatives who abstained, carried unanimously.

Following the approval of the report, it was agreed that the concepts of the University Patent Policy Report would be incorporated in the draft legislation.

Mr. Read noted that implementation of the report could be accomplished by publishing regulations in either the Federal Procurement Regulation (FPR) or the Federal Management Circular (FMC) or both.

Mr. Read then MOVED that the Executive Subcommittee be instructed to implement the University Patent Policy Report by drafting appropriate regulatory language for promulgation in the FPR and ASPR, and if appropriate, in a parallel FMC. Mr. Rawicz seconded the motion which, with the exception of DOJ, USDA DOS and DOT representatives who abstained, carried unanimously.

The Chairman advised that the approved report would be submitted to the Federal Council for its approval.

RECOMMENDATION I-2 (TAB B)

It was agreed that the report on the implementation of Recommendation I-2 and the draft licensing legislation would move forward with the draft legislative options.

RECOMMENDATION I-3 (TAB H)

After thanking Mr. Cooke and the Subcommittee members for their efforts in drafting the report, the Chairman asked Mr. Cooke to describe the basic contents of the Task Force's implementing report of Recommendation I-3.

Following Mr. Cooke's presentation, Mr. Rawicz called the Committee's attention to the long form questionnaire (Tab D) of the Data Collection and Analysis Subcommittee Report, set forth in Appendix B of the Task Force Report recommended for use by the Data Subcommittee. He advised that the recommended use of the long form questionnaire was overturned by the Executive Subcommittee for the short form questionnaire attached as Appendix C of the Task Force Report.

The ensuing discussion indicated that some agencies preferred the use of the long form questionnaire. It was agreed that with OMB approval, those agencies who wish to add to the short form questionnaire could do so by asking additional questions. Keeping in mind this flexibility, Mr. Henderson MOVED that the report be approved as submitted. Mr. Fraser seconded the motion which, with the exception of the DOS representative who abstained, carried unanimously.

NTIS PATENT LICENSING ACTIVITIES

Dr. Ancker-Johnson introduced Mr. William T. Knox, who briefly described the NTIS role in publishing the inventions available

for licensing by the Government agencies. He stated that this activity of NTIS is considered its passive program. Mr. Knox noted that under the authority of the Secretary of Commerce provided by E. O. 9865, NTIS has taken steps to obtain foreign protection on select inventions and to license such foreign rights. He advised that HEW, DOI and Navy have agreements with NTIS in this endeavor and are utilizing its foreign filing and licensing services. In furtherance of NTIS's active program, Mr. Knox noted that NTIS will soon conduct a number of seminars and symposiums. The next conference will be the Biomedical Conference scheduled for November 6 and 7, 1975 at HEW. Mr. Knox also advised of the NTIS Awards program for Federal Employee inventors which was recently approved by the Civil Service Commission. [In this connection, see the enclosure to the September 5, 1975 minutes of the Executive Subcommittee attached to Mr. Denny's letter dated September 9, 1975, TAB D.]

Dr. Ancker-Johnson commented on the remarkable success of the NTIS program in the short time it has been in existence.

BACKGROUND PATENT RIGHTS REPORT (TAB I)

Dr. Ancker-Johnson asked Mr. Denny to describe the basic contents of the Background Patent Rights Report. Mr. Denny noted that Government-wide agreement on background patent policy was probably unresolvable. He advised that the report however does identify areas where there was agreement among the agencies. For instance, there was agreement that background patent rights should be acquired in some situations and preferably on a case-by-case basis. Mr. Denny concluded his remarks by calling attention to the recommendations of the report starting on page 4. In this regard, it was noted that EPA, DOT and DOI boiler plate the "background patent rights" to be acquired under their contracts.

The Chairman expressed her thanks for the efforts of the Subcommittee in drafting the report. She added that if the Committee approves this report, it really will be adopting a flexible approach to the acquisition of background patent rights.

Mr. Bochenek MOVED that the report on background patent rights be approved as submitted. Mr. Henderson seconded the motion which carried unanimously.

Mr. Hosenball recommended that the Committee undertake to include appropriate material in the FPR based on the report of the subcommittee. It was generally agreed that this would be done. Messrs. Neumann and Read were asked to take whatever steps were necessary to see that the report was implemented as appropriate.

The Chairman noted that all the agenda items had been acted upon so that another full Committee meeting would probably not be necessary until the Executive Subcommittee finished drafting the legislative options. She thanked the members and guests, and adjourned the meeting at 2:25 p.m.

O. A. Neumann
Executive Secretary

Minutes approved by
Dr. Ancker-Johnson, Chairman,
on October 25, 1975.