November 11, 1971

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Mr. Roman C. Braun
Chairman, Study Group No. 6
Commission on Government Procurement
1717 H Street, N. W.
Washington, D. C. 20006

Re: Report by Task Force #1 of Study Group #6
Commission on Government Procurement
Allocation of Rights to Inventions Made
in the Performance of Government Research
and Development Contracts and Grants

Dear Mr. Braun:

Attached is the Final Report of Task Force #1 of Study Group #6 which we respectfully submit will provide some new and practical solutions for the allocation of government contract patent rights.

May I take this opportunity to thank each of the members of Task Force #1 for their conscientious, diligent and objective efforts in arriving at the conclusions set forth therein. It has been a great pleasure to me to serve with all of them and I have learned a great deal from the various viewpoints and expertise of the members of this widely-based group. We are especially grateful to Mr. Norman J. Latker of HEW who labored over numerous drafts of the report. While it has not been possible to resolve some of the details of the problems which we discussed, I believe the report reflects the general concensus on the more important items. It also enumerates a few of the other features which still require specific resolution.

The primary mission of the Commission and the Task Force is to provide recommendations to Congress for possible legislation, which may involve extensive hearings with resultant long-time delay. The majority of the Task Force believes that the question of allocation of patent rights under government contracts is a long-standing one which has not been satisfactorily resolved by the two Presidential Memoranda on Government Patent Policy or by the piecemeal patent legislation previously provided by the Congress. We also have been very aware of the vast differences between such statements or legislation and the specific implementations thereof by the many government agencies which have

been given wide discretion or only very broad policy criteria. Even different departments in the same agency have had quite different policies and procedures.

We have attempted to provide a much more simplified and equitable procedure and policy for resolving such questions at the more appropriate times when maximum relevant information is available to both the Government and its contractors. We have been cognizant of the attempts by Congress and the Executive to reduce government red tape and have attempted to provide means which we believe will save a great deal of presently-wasted effort in negotiation and administration. Contractor participation in R&D contracting is encouraged.

We respectfully submit that the essential features of the recommended policies and procedures could just as well be implemented by Executive Order under existing powers and legislation. Much earlier and more efficient and uniform administration could be provided with considerable manpower and tax savings. We recommend that a copy of this report be forwarded to the Committee on Government Patent Policy under the Federal Council for Science and Technology for consideration. We also submit that any such solutions cannot be reached solely by consultation between the various executive agencies, but must include resolution of the practical considerations encountered by industry in its attempts to serve the Government and public interests.

We recommend a general policy which would utilize a single government-wide Patent Rights R&D contract clause. It would provide "exclusive commercial rights" in contract inventions for a period of three years after issuance of a patent thereon to the R&D contractor, while providing the Government a non-exclusive, irrevocable, royalty-free, worldwide license for all federal government purposes. Such action would provide ease of administration of patent matters at the time of contracting. It should also provide for more widespread and effective contractor participation in government R&D contracts, especially by the portions of industry having large commercial investment, patent interests, and expertise in the related field, who could best provide the Government's needs. The contractor would be granted the initial period of exclusivity, since he would generally be the entity most likely to utilize, or license, the invention to provide new products for public use. In order to maximize competition in the commercial markets and the broadest possible utilization of the inventions, the Government would have the right, after the initial exclusive period, to acquire, or require, such additional rights for itself or for others as would be necessary and equitable.

We believe that the vast negotiation effort now wasted both in the

Government and in industry in deciding the disposition of patent rights at the time of contracting could be eliminated. Much more realistic effort could be expended on a greatly reduced scale by consideration of patent rights when the real interests of the Government, the Contractor, and the public are better defined with respect to a relatively few specific inventions of real public interest. Such a solution would be much superior to resolution of patent rights on an uninformed basis of supposedly relevant broad technical fields or agency missions prior to the time of contracting. It also always offers an acceptable degree of patent protection to the Contractor at the time of contracting.

Instead of resolution of patent rights according to the discretion of the individual agencies, we believe that issues arising under the general policies should be settled by an unbiased Board of Review comprising a permanent chairman and secretary, and expert members selected from a panel representing government, the public and industry. In unusual circumstances, preliminary appeal could be made to the Board by an agency believing that a special situation is involved in a particular contract. It is contemplated that no blanket deviations should be authorized by the Board. Prospective licensees under government contract inventions also would have the right of appeal to the Board in the event they were unable to negotiate suitable licenses with the contractor under government contract inventions. Prospective contractors could appeal unreasonable Agency actions or demands.

The Task Force has differing views on whether "exclusive commercial rights" to the contractor should involve "title" in contract inventions or "exclusive license and sublicense rights" to the contractor, all subject to the Government's license for governmental purposes. We recommend the solution of such details by the Congress, or the Executive, depending upon the specific means in which our recommendations might be implemented.

We also submit herewith a Minority Report submitted by James E. Denny, Esq., a member of the Task Force, who believes the present government patent policy should be adequate. Mr. Denny's report comments favorably on some of the features, including the Review Board, of the Majority Report, while questioning the desirability of other features. He concludes by stating that he considers the Majority policy to be an alternative he could support.

We are not forwarding herewith the numerous background items listed in Appendix A since Study Group #6 already has this

material. However, we are forwarding Appendix B which includes some additional background items of current importance which may assist in evaluating our report.

If Task Force #1 can be of further assistance, please do not hesitate to call upon us.

Very truly yours,

J. L. Whittaker

J. L. Whittaker
Chairman

cc: Members of Task Force #1
G. D. O'Brien, Esq.
O. A. Neumann, Esq.
Leonard Rawicz, Esq.