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Profits of Research

Comes now Dr. Sidney Wolfe of the Health Research Group, a Ralph Nader-umbrellaed organization, to protest government policies of managing the benefits of government-financed research.

University laboratories license their inventions, made possible by government grants, to private companies for developing and marketing. Money from the licenses is plowed back into research and development. The companies can keep the licenses only long enough to earn back their costs of testing and development. The government gets nothing back.

The General Services Administration now intends to publish a model contract to coordinate the licensing activities of several agencies, especially the National Science Foundation and the Department of Health, Education and Welfare. This plan Dr. Wolfe attacks as a "giveaway of patents whose nature, utility and value are unknown at the time of disposal." The government should "recoup some of its investment."

The Office of Management and Budget has jumped in, asking GSA to hold up on the policy. Its enforcement has been suspended for 120 days.

Government laboratories, such as the Department of Agriculture research center at New Orleans, take out public patents on products they develop, then license them to companies royalty-free. It may indeed be argued that this process is a "giveaway," that the flame-retardant cotton flannels developed here, or the cotton machinery equipment pioneered by USDA here, are extremely valuable to the sleepwear industry or the ginning firms and that the government, which has developed them at taxpayers' expense, should recoup its expenditures.

But from where we sit, the licensing policy with regard to university laboratories is essentially just. It lubricates the process by which technology developed under government grants eventually reaches the public. Inventions developed in university programs, as Howard Bremer, president of the Society of University Patent Administrators, points out, tend to be "very embryonic." Private business has the capital and know-how to test and market the products.

Some reasonable and fair fraction of the resulting profits, however, should revert to the university, and another reasonable and fair slice of the pie should revert to the government. If the product is in reality a technical advance, it will reap enough in the marketplace for these royalties scarcely to be noticed by the manufacturer. But they would represent at least symbolically that the people of the United States have furnished the original endowment for their development.