The task of negotiating this compromise fell heavily on my office.

First of all, we were obliged to anticipate a host of complex and unprecedented scenarios; second, to attempt to write happy endings in full cooperation with a temperamental playwright esteemed for his tragedies.

The fruits of these efforts were blessed by the Administration and transmitted to the Congress in a letter dated November 22, 1974. That is just a year ago this coming Saturday.

The letter, I understand, constitutes a truly unique event in the history of communiques from the Executive to the Congress.

I will read a paragraph from the communique to see if you agree.

In referring to the compromise, this missive states the following:

..."The resultant legislation strikes an extremely delicate balance between divergent preferences. Even minor changes in the text of this document are likely to upset the balance to the extent that one or the other of the parties might be obliged to withdraw its support. In the spirit of reciprocity, therefore, the Administration must ask that its endorsement of this proposal be regarded as withdrawn in the event that any changes are made in the text of the agreed-upon language notwithstanding the fact that such changes might be in the direction of the Administration's preference."

Don't you agree that that is probably unique?

My purpose in recalling these events at this hearing this morning is to dispel any notion that either the Department of Commerce or the Administration authored the ERDA Patent Policy.

Far from being offended by any criticisms your experience may have fathered or mothered, we are likely to feel vindicated.

I encourage you, therefore, to be as candid and forthright as possible in assessing the impact of ERDA's existing Patent Policy and in proposing improvements.

CHAIRMAN JOHNSON: Good morning and welcome to public hearings on ERDA patent policy.

We would like to welcome each one of you, and particularly those are are going to make remarks.

We look forward very much to hearing what you have to say.

Before you are members of the Interagency Task Force on ERDA Patent Policy. I will introduce them at this time. They will be listening to the testimony and comments, and asking questions of you during this day and tomorrow.

We are very honored to have with us the Assistant Secretary of Commerce, Dr. Betsy Ancker-Johnson. We are very delighted she is here because we owe the present form of the ERDA patent policy in the Federal Nonnuclear Research and Development Act to her more than any other single figure in the Administration.

Of course, there are many others who were involved, but Dr. Ancker-Johnson was the leading advocate within the Administration with respect to what has become the ERDA nonnuclear patent policy.

To her right is Mr. Hugh Witt, the Director of the Office of Federal Procurement Policy.

We are very delighted that he is here to study at first-hand this initiative in the field of patent policy.

His office will be having a role in the development of government-wide patent policy.

Next to him is Mr. Jefferson Hill from the Department of Justic, Office of the Assistant Attorney General for Antitrust, a member of our Interagency Task Force.

Mr. Hill also was among those who helped shape the patent policy in the Federal Nonnuclear Act.

At the extreme right is Mr. James Denny, who is the Assistant General Counsel for ERDA for Patent Matters.

To my left is Mr. Wade Blackman, who is the Deputy Assistant Administrator for Policy and Planning Analysis of ERDA.

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Group V - Individual Spokesmen

Paul L. Gomory stated that mandatory licensing would be unwise for it would discourage investment of funds, time and energy--in energy and related fields. Such a policy would discourage the most qualified contractors from taking ERDA contracts.

Professor Irving Kayton opposed mandatory licensing, pointing out that it is the small institutions, far more than large corporations, which will suffer if mandatory licensing becomes a part of ERDA's patent policy. Small firms that develop significant breakthroughs based on their work will find their patents will be impotent to preclude the large companies from taking those developments and using them to their own commercial business advantage. There is no need for mandatory licensing if the object is to prevent some party from blocking a crucial advance such as a solution to an energy crisis. The federal courts can be relied upon to force the patent owner to grant licenses in such cases, and in all events would be most unlikely to grant an injunction against infringers. Mandatory licensing will discourage small firms and individuals from working on ERDA's energy problems, and that would be most undesirable from every point of view.

Jacob Rabinow commented upon mandatory licensing by making reference to countries where they have such requirements. In Israel, he said, they have mandatory licensing because they don't like to have foreign companies sell patented items in Israel without setting up a factory in Israel. Having a great shortage of foreign exchange, Israel set up a

the company noted that a considerable amount of a contractor's background rights may be required to be made available to others but only in a very limited manner, i.e. where there is an absolute need to do so. The spokesman did not find this objectionable. As for the possibility of it having so-called blocking patents, which normally might become the object of a mandatory licensing requirement, the company stated it probably had such patents but its experience has been that its patents on its successful developments are ones that they normally are successful in licensing to others.

Texaco Development Corporation stated that the right of eminent domain and the procedures before the Court of Claims already provide ample remedy to the government where a patent is unreasonably withheld by the private sector. Hence, mandatory licensing is not needed. Denying the injunctive remedy seriously hampers the reasonable bargaining position of patent owners. Further, it seriously reduces the self-putative infringer to a reasonable royalty even where he might be caught in an intentional clandestine infringement. ERDA should oppose mandatory licensing as adding nothing to existing remedies the government already has, and at the same time would seriously limit the rights of the patent owner.

The Oil Shale Corporation took no position on the question whether ERDA should adopt a policy of mandatory licensing, or on the question of what forms of ERDA assistance might warrant application of such a policy. However, if such a policy is adopted, the corporation believes it should contain certain safeguards or criteria to assure that its

opposite direction so as to detract from rather than add to, our country's technological leadership. Not only does history show it is not necessary, but if anyone is concerned with the possible blockage of progress by patent owners the courts have shown a readiness to grant equitable relief in such cases. Even ERDA's patent provisions help alleviate this fear of blockage, for its background patent provisions require contractors to agree that they will license others if necessary to make workable a development made for ERDA under contract. To go beyond this and require mandatory licensing of privately funded developments is to cast a pall on the desirability of such work.

Hughes Aircraft Company stated it was strongly opposed to mandatory licensing, especially mandatory licensing of background patents. The company stated that it is company policy to license its patents under reasonable terms and conditions. But it still feels it necessary to have available the injunctive remedy to expedite negotiations of reasonable terms and conditions. It also feels it should have the first right to supply the marketplace with a product on which it holds a basic patent. If it cannot or is unwilling to satisfy the marketplace on a competitive basis, then it would be willing to license someone else to do so.

Monsanto declared that the proposal to require mandatory licensing of energy-related patents is of great concern to it and to others in industry. Mandatory licensing of energy-related patents will undoubtedly hasten the loss, rather than the hoped-for gain in production by seriously weakening the incentive to allocate manpower and facility resources to

adopted so as to mandate that a contractor license its background patent rights. Such a change would discourage participation in research and development work by those with the greatest capabilities of achieving the desired objectives. The potential contractors with the most extensive background would be exposed to the greatest risk by reason of mandatory licensing provisions. Thus, the greater the background the greater the deterrent to participation. In Ford's view, ERDA's Administrator should recommend to the Congress that no mandatory licensing provisions be enacted. Mandatory licensing will prove to be a counterstimulant to the achievement of new technology which Congress sought when it enacted the 1974 Act establishing ERDA. The Patent System provides the incentive for inventors to invent and disclose their inventions by giving them the right to exclude others from practicing their inventions for a limited period of time. Mandatory licensing, by depriving the inventor of this exclusive right, would remove the incentives to invent and would discourage disclosure of the inventions under the patent system in favor of trade secrecy. Economic forces will assure that any worthwhile invention is made available to the public in the shortest possible time without any need for mandatory licensing. In the absence of mandatory licensing there will continue to exist a strong incentive in others to try and "invent around" existing patents. With mandatory licensing there is a weakening of the bargaining position of an inventor in negotiating licenses, and this is disadvantageous, especially to small inventors. For all these reasons Ford recommends strongly against the adoption of mandatory

Group IV - Industrial Corporations

Aluminum Company of America stated that, in its opinion, most business organizations concerned with the continuance of a strong, viable patent system in the United States, one which promotes industrial progress, oppose the concept of mandatory licensing of energy-related patents. Such a concept involves a form of compulsory licensing, something which has been excluded from the U. S. patent system since its inception. It is hoped, said the company, that it would not appear necessary to ERDA to report any need for statutory implementation of this concept.

Chrysler Corporation was of the opinion that mandatory licensing would seriously erode the incentive to invest effort and risk capital to bring an invention to the market place. Courts have provided a satisfactory remedy under existing law where public policy necessitates licensing of competitors. Mandatory licensing was characterized as a remedy for an ill that does not exist, and as a dangerous first step toward destruction of the incentive of the patent system.

Combustion Engineering states its position that mandatory licensing of energy-related patents is not needed. It feels that such a requirement could be a deterrent to research and development in the energy area and that it would lead to the use of the trade secret route of protection where applicable. Furthermore, the company points out, it cannot be shown that mandatory licensing of an invention has ever been necessary to make a worthwhile invention available to the public. The company says it cannot imagine any situation in which it would not either pursue and

able to compete against big business. Small business depends on the exclusivity afforded it by patents in order to develop its inventions, and yet is agreeable to the exploitation of inventions if exclusivity does not produce the desired results of utilization on reasonable terms. Within these concepts small business is opposed to mandatory licensing per se. In its place, it recommends that 28 U.S.C. 1498(a) be amended to permit suit against the government in the Court of Claims as usual, but also in the Federal District Court, to permit injunctive relief in any situation where a mandatory license would be sought if the law were to provide for same.

Pharmaceutical Manufacturers Association, in a six-page, single spaced letter, presented a comprehensive "brief" in opposition to mandatory licensing. It offered its views and experiences based on its dealings over the years with efforts to provide for the compulsory licensing of pharmaceutical patents which, it maintained, would have curtailed patent protection for pharmaceuticals rather than merely cause the foregoing of injunctive remedies.

The Association observed that mandatory licensing provisions are in the Clean Air Act and the 1954 Atomic Energy Act. It expressed the view that the provision in the former statute is of no practical value in achieving a pollution free environment, and urged that ERDA not recommend adoption of a similar measure in the energy field. The Atomic Energy Act provision is essentially an eminent domain arrangement made necessary when atomic energy was partially released to the private sector from strict government monopoly.

by large companies, it was pointed out, have become an important instrument for monopolization in industry. Many such patents may, if tested in court, be held invalid. The ERDA Administrator will be in no position to judge their validity. Smaller firms have not the financial resources to carry on a prolonged litigative battle which ultimately would enable them to have the patents struck down and permit them to enter the field. Under these circumstances it is obvious that the Administrator, in the interest of expediting his statutory functions, should have full authority for mandatory licensing of proprietarily held patents.

Electronic Industries Association states with regard to mandatory licensing of background patents that if such rights are needed by the government or third parties they should be obtained by negotiation with the patent owners. With regard to mandatory licensing of backround data it is urged that full protection be given to the contractor by ERDA, or else contractors will lose all interest in taking ERDA contracts. The Association stated that it fails to see how a broad mandatory licensing program could contribute in any positive way to the success of the ERDA program. Instead, it would constitute a disincentive for firms to be placed into a position of being forced to set up competitors or deal with potential competitors from a poor bargaining position.

The Manufacturing Chemists Association was of the considered opinion that mandatory licensing of energy-related patents is neither necessary nor desirable. The Association believed that the confiscation of rights such as embodied in Subsection 113(c) of S.1283 (93rd Congress) as passed by the Senate (but removed from the bill in conference), would defeat the

in practice the problem never arises. In industry, for example, if someone needs to have use of a patent and it is important enough they just go ahead and infringe, and then the matter of rights, etc., is settled by a lawsuit. The net result is that even in the absence of mandatory licensing there is no blocking or stopping of American industry.

University of Wisconsin (and Wisconsin Alumni Research Institute) declared mandatory licensing to be an anathema to the transfer of technology. In the presence of mandatory licensing provisions little incentive can be offered to encourage development of inventions for the public benefit. No one will risk the capital necessary for such development, knowing full well that once the development has been completed and the next and perhaps even more costly stage, namely, market development, has been at least commenced, his competitor can move into the market because of his ability to force a mandatory license. The risk is greatly reduced by the certainty that the product is commercially feasible and perhaps acceptable to the public for that has already been proven by the innovating company. If there is concern over inactivity in the utilization of patents, this can be guarded against by the march-in rights clause which also protects the public interest in the event of collusive arrangements tending to accumulate market power with anyone or a small group of licensees.

Group III - Trade Associations and Other Groups

Aerospace Industries Association of America stated that it has consistently opposed mandatory licensing. It not only negates the incentives of our Patent System but also is in derogation of private property rights. AIA has proposed draft legislation containing provisions for the

needed because some companies suppress the use of their patented inventions, and did not exploit them to the fullest. He doubted the validity of this premise, stating that the only suppression of patents of which he was aware has been done by the government.

University of Southern California (and Committee on Governmental Relations, National Association of College and University Business Officers) urged that rules and procedures should not be issued that require mandatory licensing of energy-related patents. The provisions of the Federal Non-nuclear Energy Research and Development Act of 1974 do not require, in its judgment, mandatory licensing. As a matter of fact, the university representative declared, mandatory licensing is considered to be at cross purposes with the Energy Reorganization Act of 1974 which states that the objective of ERDA patent policy is to provide an incentive to stimulate commercial industrial development in energy fields as well as to protect the public's interest. As the university interprets mandatory licensing, it would require the patent owner to grant a license to any party desiring one. Mandatory licensing can be interpreted that a patent owner will be required to forego his injunctive relief provided by the patent statutes. If such rules and procedures for mandatory licensing are promulgated, the incentives of the limited monopoly granted by a patent would be destroyed. Commenting further, the university's position was expressed that the patent monopoly provides the owner with the ability to license exclusively his invention to a licensee who is willing to invest time and money necessary to license his invention. Under mandatory licensing the incentive provided to exclusive licensees would be lost and no commercial organization

an incentive for stimulating commercial industrial development in energy fields, as well as to protect the public's interest. Legislation was urged setting forth the firm policy that the licensing of energy-related patents is not needed to carry out the objects of the Energy Act of 1974.

Case Western Reserve University stated that to require nonexclusive licensing of patents almost invariably results in nonutilization of the technology. It therefore urged an arrangement such as an Institutional Patent Agreement transferring title to universities to allow them to make a realistic transfer of technology for the public benefit.

The Johns Hopkins University stressed that mandatory licensing is not needed to carry out the purposes of ERDA's enabling statute, and would work against the objective of providing stimulation of commercial industrial development in energy fields. The incentive to invent and invest in exploration of needed inventions would be destroyed and the public's interest would suffer as worthwhile inventions would not be commercialized.

Massachusetts Institute of Technology stated that mandatory licensing is based on the theory that by requiring an invention to be licensed to all interested licensees, the technology transfer process will be accelerated and the invention will thus benefit more of society more quickly. If this theory could be demonstrated as true, said the Institute, universities probably would support mandatory licensing with enthusiasm. Unfortunately, however, the view was expressed that it seems more likely that this theory suffers from much the same defect as that which encourages dedicating inventions to the public rather than licensing them at all. There is no incentive to a licensee to spend the often massive

in their foreground inventions, ERDA will be left with a concentrated pool of major corporations as the energy innovators of tomorrow. The small businessmen or corporations with valuable background rights representing expertise in energy that ERDA needs will depend on their own continued funding in order to keep exclusive rights to their developments.

William A. Marshall said the background rights provisions are vague and unclear.

Mandatory Licensing

Group I - Patent Law Associations

American Patent Law Association stated that any provision for mandatory licensing is contrary to the public interest because it diminishes the incentive to invent and the incentive to exploit inventions. It further pointed out that if the inventor or his assignee is faced with the possibility that a license to use his invention can be forced from him by governmental fiat, he will have considerably less incentive to make and publish inventions through the patent system. Moreover, his incentive to invest the time and money necessary to exploit his invention commercially will be diminished by the possibility that someone not having invested that time and money will be able to copy the product of his investment by obtaining a mandatory license.

The Patent Law Association of San Francisco took the position that "to require the patent owner to grant licenses to others, including his competitors, on royalty and other terms which appear to be 'reasonable under the circumstances' (to ERDA) is undesirable if not unconscionable."

this would almost certainly cause a public disclosure of existing background technology. The company believes this would seriously jeopardize the effectiveness of the Synthetic Fuels Commercialization Program, and suggests that the requirements of Section 9 be modified substantially to avoid this problem.

TRW stated that any requirement by ERDA that contractors license pre-existing background patents and data to third parties will tend to diminish the incentive of prospective contractors to participate in ERDA's programs. The "chilling effect" of these requirements is likely to be most pronounced with those firms having the strongest capability and know-how in energy-related technology. TRW also expressed concern on the mechanism by which the reasonableness of background licensing terms are to be established, and suggested that a procedure be established to provide for notice, hearing and an impartial determination of the "reasonableness" of such terms.

Union Carbide Corporation expressed concern over the adoption of too many detailed provisions in the regulations, stating that flexibility was much to be preferred over strict rules. The rules require negotiations, in many instances, over situations such as background patents, and such negotiations can lead to other problems. The company advocated as uncomplicated and straightforward rules on basic issues as it was possible to devise.

U.S. Steel Corporation said that it was pleased to see that considerable effort has been taken to minimize the applicability of the background patents provisions.

parties fear that without mandatory licensing presently existing patents of ERDA contractors can interfere with ongoing ERDA developments and the commercial use of those developments. General Electric feels that this apprehension can be fully met by proper use of ERDA's background patent provision. According to that provision any company accepting ERDA contracts agrees to make its background patents available to others in appropriate circumstances in the area covered by the contract, so that background patents cannot be used to unjustifiably block out the use of ERDA financed developments. To do that much, and not to get into mandatory licensing, the background patent clause would have to be carefully administered. The clause is satisfactory but ERDA's legal people should school the field personnel to understand its limitations and its proper application.

Hughes Aircraft Company stated that current ERDA policy requires that its contractors provide it with broad royalty-free rights to all contractor-owned patents and data which are utilized in the performance of the ERDA contract. The company recognizes that the final ERDA policy must provide some access to background patents and data, but believes that the present practice provides too strong a negative incentive for the contractor. The access should be limited within reason to do the job at hand, and not carry it forward indefinitely in the future with a wide scope of application. Contractors must give serious consideration to just how much of their future business may be encroached upon if they give away broad rights to their background patents.

Monsanto Company briefly mentioned the proposed background rights provisions in connection with comments concerned almost exclusively with

Dresser Industries requests that amendments be made to ERDA's proposed rules so as to safeguard the rights of contractors and the interests of the public in assuring that the licensing of background rights meets ERDA's objectives. If no such changes are made the company expressed the hope that the regulations are administered in a way as to convince industry that participation in ERDA programs is worthwhile and will not entail a give-away of intellectual property rights without possibility of commensurate return.

Fairchild Industries stated that the mere possibility that ERDA could obtain rights to unidentifiable contractor background patents would automatically decrease the value or potential value of the contractors entire portfolio of energy related patents. Entering into an ERDA contract would appear to require that the contractor maintain this portfolio in trust for ERDA, and hence could not transfer or grant certain license rights to these patents to others.

Ford Motor Company discussed background patent rights wholly within the confines of its discussion of mandatory licensing which will be dealt with in the next topical section of this analysis. Accordingly, Ford's comments on background patents will not be discussed at this point. In the question and answer period Ford's representative was asked if the proposed ERDA regulations dealing with rights to background data or know-how would be a problem. The answer was that the regulations as applied to background data would be even more onerous than those applied to patents. Here again, the response was associated with the mandatory licensing of data and will accordingly be dealt with in the next topical section dealing expressly with that subject of mandatory licensing.

National Small Business Association (and National Patent Council) advocated a basic, two-tier policy whereby ERDA would be authorized to waive rights amounting to a grant to a contractor of a nonexclusive royalty-free license up to exclusive license for a reasonable royalty for a period less than the life of the patent with a right to sue. Small business would be given special preference in the granting of licenses, particularly exclusive licenses. Consistent with those basic provisions, if a contractor already had a dominant or background patent position necessary to the practice of an invention, the Association urged that ERDA should seek to obtain rights thereunder for its own benefit and/or for an ERDA licensed third party. The same would apply to the case of a non-contractor having a dominant patent position necessary to the practice of the invention. Also recommended was that ERDA should have broad general statutory authority to purchase or license patent rights which may be the background patents of a contractor or may be the patents of a third party. As for background data, it was urged that specific statutory provisions be enacted to give owners of such data a judicial remedy for compensation when they are misused by ERDA, provided the data have been submitted to ERDA with paper restrictions on their use or disclosure.

Group IV - Industrial Corporations

Aluminum Company of America stated that ERDA's proposed patent policies are much more likely to be acceptable to most contractors than some of the earlier regulations of various agencies in the energy field. However, it is important to note, Alcoa said, that those policies contain provisions for background patent rights in most contracts. This may cause the most useful contractors in the energy R&D field to be deterred and in some cases

acquire data and patent rights to background information that could affect a company's position in the market place. What is more, stated the Institute, there are a number of large companies which have conducted large scale R&D in fossil fuel for many years, and which have acquired a proprietary position in that field. Such companies are naturally reluctant to do business with the government, and it becomes even more difficult when the government seeks to obtain background patent rights from its contractors. The Institute's representative was asked by ERDA's general counsel, R. Tenney Johnson, whether his remarks about background rights applied generally to all government agencies that require them or specifically to the much more narrowly drawn background rights clause in ERDA's regulations. The reply was that even the ERDA clause tended to discourage the taking of government contracts, mainly because of the discretionary authority vested in the contracting officers, and the apparent lack of any legal protection or recourse that the contractor might have in opposing the action. Moreover, the whole process of seeking and resisting the granting of background rights was expensively time consuming. Another concern is that if the government should acquire background rights to data and publishes the data the contractor would have no protection at all.

University of Wisconsin (Wisconsin Alumni Research Foundation) did not specifically discuss background rights. However, it strongly advocated the use of Institutional Patent Agreements in lieu of a government title-with-waiver policy in which the universities kept title to its foreground patents. It would be expected, therefore, that it would object to giving up background rights. Of course, as stated earlier in the cases of other universities, its primary objective is to license its patents, and this would most logically apply to both background and foreground patents.

the point being that if the contractor did not wish to do so it should not be compelled to do so.

The Patent Law Association of San Francisco believed that it would be inequitable for the government to obtain, at no cost, the benefit of a prior patent position which may have been developed at relatively great expense to a background patent owner.

District of Columbia Bar Association opposed and objected to ERDA's proposed background patent licensing and proprietary data licensing provisions. It contended that those provisions are in derogation of the compromise position reached by Congress during the enactment of the nonnuclear R&D law which ERDA administers. It proposed, moreover, that if ERDA insisted on seeking background rights it should amend its regulations so that such rights would be granted nonexclusively by the contractor only upon written application by the ERDA Administrator, and only to responsible parties for purposes of practicing a subject of the contract which has been brought to the point of practical application.

Philadelphia Patent Law Association stated that it saw no objection to the government's acquiring at least licensing rights and any necessary sublicensing rights in patents on inventions first conceived or reduced to practice in its development contracts. By the same token, it declared it was reasonable to obtain, in addition, licensing rights with respect to those background patents a contractor may possess which otherwise would block the government's use of the technology which that contractor evolves and, in effect, recommends to the government.

at all times. The contractor would have the right of first refusal of an exclusive license to commercially exploit the invention subject to its meeting certain specified criteria. To establish the terms or conditions of the license the contractor would have to negotiate with ERDA. In doing so this would be somewhat analogous to the process of seeking waivers which is now in the ERDA policy, the only difference being that with the ERDA waiver policy there is no guarantee that a waiver and an exclusive license will be granted. Lukasik's proposal practically guarantees that the contractor will receive an exclusive license, even if there are arguments between him and the government over the specific terms of the license.

Admiral H. G. Rickover expressed the opinion that ERDA should not encourage waivers of government patent rights. He stated that the waiver authority should be exercised in only those rare cases where essential work could not otherwise be obtained or the government elects to participate in an on-going, contractor funded program in which the contractor bears a substantial portion of the cost. In the latter case, the government's rights to patents should be commensurate with the amount of the government investment. Admiral Rickover stated that the opportunity to make a profit, and to develop at government expense additional technological capabilities that will better enable them to obtain future contracts should be sufficient inducement in nearly all cases to obtain industry participation in ERDA programs. In this opinion, the purpose of the Government taking title to inventions developed at public expense is defeated if ERDA adopts a liberal waiver policy.

case where commercial demonstration by the contractor is required, several provisions are seen which could prevent a company with valuable existing technology from obtaining acceptable terms of waiver from the administration. For this reason the company has recommended that various bills now before the Congress which will affect their operations be amended to confirm that Section 9 is not intended to be applied.

TRW stated that the proposed waiver regulations set forth a confusing welter of criteria and considerations which the Administrator or his designee must take into account in deciding whether or not to grant waivers and on what basis. TRW urged that the proposed regulations be redrafted to convey the impression that broad waivers will be granted on a substantially automatic basis to those contractors who offer to share with ERDA their existing technology and who offer a sound plan to pursue for further development and commercialization of subject inventions. TRW believes that ERDA is more likely to obtain the requisite measure of technical cooperation from private industry if the regulations contained a more explicitly articulated commitment by ERDA to a liberal advance waiver policy.

U.S. Steel Corporation was of the opinion that the proposed waiver provisions were complicated, indefinite and arbitrary because there were no indications to suggest the conditions under which a waiver will be granted, nor are there any guidelines to assure that ERDA will follow a uniform policy in granting a waiver. It considered the waiver procedures far more complicated than necessary to meet the desired objective.

in response to questions asked of its representatives by members of the interagency task force, the company stated the following regarding waivers. No problem was envisaged in applying to the nuclear area the waiver procedures proposed for the nonnuclear area. Concern was expressed that few waivers will be requested and few still be granted, mainly because of the great number of specific points which must be satisfied before waivers will be granted, and in many cases not all of those points will be capable of being met.

Hughes Aircraft Company sees as one of the greatest problems in entering into contracts with ERDA the extensive amount of time and energy required to negotiate terms and conditions. The situation would be much simpler, it suggested, if the contractors were always to receive patent rights (title) in inventions arising out of their contracts with ERDA. However, it stated, although less desirable the judicious use of waivers as provided for in ERDA's current regulations appears to be acceptable. In response to a question from the interagency task force panel as to the company's concern about the delay in negotiating waivers, Hughes stated it would be helpful to have a finite, fairly small set of options that are worked out so that each case doesn't have to be handled on an individual basis. A "blanket arrangement" that could be assigned in a particular instance would be very helpful.

Rockwell Industries stated that it recognizes that compromises have been made, in the patent provisions under the present ERDA Act, between the extremes of title or license in the government. The company stated the view that the waiver authority granted ERDA represents a definite

almost unilateral decisions being made by government officials, and they declared that this factor will discourage industrial participation in ERDA programs by firms having the most to offer, namely those possessing valuable background capabilities or new products and processes that ERDA might use, but are not yet fully proven. The recommendation is made that ERDA's rules be changed to give the contractor title as a normal situation, then provide for waivers if the contractor cannot supply the market satisfactorily.

DuPont approved ERDA's statute and implementing patent policies, including the title-with-waiver provisions. It sees sufficient flexibility in such a policy as to make its administration satisfactory to industry.

Fairchild Industries believes that a contractor is discouraged from requesting a waiver because all supporting material submitted will be made available to the public. Fairchild stated that the ability of ERDA to terminate or modify the waiver seriously detracts from its value.

Ford Motor Company, after noting that ERDA's statute requires it to acquire title to inventions conceived or first actually reduced to practice under an ERDA contract, may under specified circumstances waive all or any part of those rights to the contractor. The company finds this arrangement unsatisfactory and a deterrent to the Congressionally stated objective that ERDA build on established technology and to use established expertise to develop practical applications of all potentially beneficial energy sources and utilization technologies. Although the waiver provisions appear designed to attract participation by the private sector, the fact that ERDA

case, the Council is concerned that ERDA's policy on waivers is not clear. The Council requests that ERDA issue a clear statement that the statutory patent policy restrictions imposed on ERDA's contractors are not applicable when ERDA (or its operating contractors) are performing work for others not affiliated with ERDA (i.e., others who are not doing work for ERDA). In effect, the Council requests that ERDA include in its regulations a full governmental waiver of patent rights in such situations.

Group IV - Industrial Corporations

Aluminum Company of America states that for the best way to get industry interested in accepting contracts with ERDA, and thereby help support ERDA's basic mission of stimulating commercial industrial development in energy fields, the incentive of awarding to the corporate contractor title to its inventions should be the rule and not the exception. The company takes cognizance of ERDA's discretionary waiver provisions, but observes that since the waivers are stated as exceptions to the general policy it cannot be sure that the provisions will be used properly. It is concerned that a request for a waiver may be regarded by ERDA's contracting officials as a non-responsive proposal, and that in such instances the government would in effect be using its contract awarding ability as economic leverage to acquire title. In view of such concerns the company recommended that the regulations, if not ERDA's legislation, be modified to provide for title to go to corporate contractors.

Amoco Oil Company approved the policies in ERDA's proposed patent regulations. It expressed the hope, however, that the detailed requirements specifically listed by ERDA for advance waivers would not prove

Not only should there be a liberal policy for granting waivers to assure any benefit in the waiver principle, but the "red tape" requirements surrounding waiver applications should be reduced as much as possible so as not to discourage contractors from undertaking an ERDA contract.

Licensing Executive Society voiced its understanding that the intent of the "Waiver Provisions" in Section 9.109-6 of ERDA's proposed patent regulations is to provide an opportunity for patent rights to be granted to a contractor by waiving the government's rights. Although stating that it appreciated the support by ERDA officials for the principle of providing contractors with patent rights to encourage their subsequent or concurrent investment of private capital, the Society expressed the view that the waiver provisions are less desirable and will be less effective than the required automatic awarding to the contractor of exclusive rights which had been recommended in 1971 by Task Force No. 1 of Study Group No. 6 of the Commission on Government Procurement. The reasons given for this view are: (1) Practical experience with other government agencies indicates that the likelihood of the Administrator granting a waiver will be slim; (2) Many bidders for ERDA contracts may be reluctant to argue for waivers for fear of jeopardizing their chances of winning the award of a contract; and (3) The requirement of formally presenting an application for a waiver in each contractual situation, and in each case to present 12 or 13 separate categories of supporting evidence, will discourage smaller companies from requesting waivers.

The Manufacturing Chemists Association supports the waiver provisions as the type of incentive that is necessary to attract the

it was maintained, are especially desirable for use with university grantees or contractors because, unlike industrial contractors, the inventions which arise from university research generally are very basic, undeveloped, rarely beyond the prototype stage. Such inventions cannot attract prospective licensees unless exclusively licensed, and the IPAs generally provide for doing so.

University of Southern California (and the Committee on Governmental Relations of the National Association of College and University Business Officers) complained that ERDA's patent policies contained the same requirements for universities seeking waivers as it imposed on for-profit companies. In fact, universities were being subjected to an additional requirements, namely that they have an approved program for technology transfer. Such requirements of universities, it was contended, are inconsistent with the intent of Congress that special treatment be accorded nonprofit educational institutions. The principal objection was to the advance waiver provision on a case-by-case basis. It was described as wasteful of time of all concerned. In lieu of the waiver provisions it was proposed that qualified universities be permitted to retain title in inventions under IPAs.

University of Wisconsin (and the Wisconsin Alumni Research Foundation) subscribed to the position earlier expressed by the University of Southern California representative on behalf of the National Committee of College and University Business Officers, namely that IPAs are much more desirable and efficient than case-by-case methods (i.e., the waiver mechanism).

and each one could, upon qualifying for an IPA, receive a "permanent" waiver rather than have to apply for a waiver each time it wishes to bid on an ERDA contract.

Case Western Reserve University urged ERDA to adopt a system of leaving title with universities under IPAs and eliminate the need for case-by-case waivers.

Iowa State University Research Foundation recommended that in lieu of ERDA's waiver provisions there should be adopted a patent policy that vests title with the institution by advance waiver, using the mechanism of an Institutional Patent Agreement (IPA) such as the one currently used by the Department of Health, Education and Welfare and the National Science Foundation.

Massachusetts Institute of Technology criticized ERDA's waiver policies as adding significant administrative burdens on the existing patent structures of universities and government which would tend to discourage university invention and patenting. Further, the uncertainty created by the title-with-waiver policy would in many cases affect potential interest of licensees, and a significant element of delay and uncertainty in the technology transfer process. In lieu of such a policy it is urged that IPAs be employed for qualified universities, the statement being made that such a program will dispose of the fears and reservations caused by ERDA's waiver policies.

expense should belong to the Government - the same view that he expressed to the Senate Judiciary Committee in 1961 at hearings on Government patent policy. He believes that the mission of ERDA in promoting competition and the commercialization of alternate energy technologies is furthered when technology developed at Government expense is available for use by the public, and not reserved for the sole use of those contractors holding ERDA contracts.

Philip Sperber advocated a policy whereby the government would allow contractors to have exclusive rights, with the government retaining a non-exclusive grant, without the right to sub-license as long as the contractor is diligent in expending money and effort to convert the work product of the research or development work done for ERDA into a commercially feasible solution. A 3-year exclusive grant, with possible renewals was specifically suggested.

ERDA's Waiver Provisions

Group I - Patent Law Associations[1/]

District of Columbia Bar Association stated that it is too early to

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1/ The Section of Patent, Trademark and Copyright Law of the American Bar Association did not submit any comments to ERDA, but passed the following resolution (Resolution 49) at the annual meeting in Montreal, Canada in August, 1975:

> RESOLVED, that the Section of Patent, Trademark, and Copyright Law approves in principle that antitrust considerations should not be a factor in the consideration of contractor requests for waiver determination of rights to its inventions made under Government research and development contracts; and
>
> SPECIFICALLY, the Section favors deletion of Sections 9(c)(4), and 9(d)(10) from the Federal Nonnuclear Energy Research and Development Act of 1974, 42 U.S.C. §5516.

Group V - Individual Spokesmen

Professor Irving Kayton made it clear that he opposes any policy whereby the government takes title to inventions arising out of contracts it grants. He stated that, whereas large corporations might find it feasible to do without guarantees that they will receive title to inventions their people make under government contracts and still survive, the small and medium size corporations cannot take that risk. The payment by the government to smaller companies for the use of their laboratories, facilities and manpower is not sufficient to justify the allocation of their resources to work on ERDA's problems. They need more, such as the incentive that title to the inventions would give them.

Frank Lukasik presented a proposal for amending Section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974. It would establish a policy whereby the title to inventions and new technology made under government sponsored R&D will remain with the government at all times. If the nature and potential of the new technology is known, the contractor would be granted an exclusive license for a limited time and under limited circumstances. ERDA's Administrator would be required to establish reasonable guidelines for the exercise of his discretion in granting exclusive licenses. Finally, the government would make monetary awards to the inventors or originators of scientific or technical contributions conceived or developed in the performance of the government contracts.

Rockwell Industries stated that the fundamental theme underlying its position is that technology should better be owned by the industrial segment of a nation than by its government. Retaining title at the source (the contractor), Rockwell argues, provides added incentive, is consistent with present U.S. patent concept, promotes overall efficiency, is in the public interest, and encourages the best contractors to work for ERDA.

Standard Oil Company of Indiana commended the patent policies proposed by ERDA, and recommended their adoption. It voiced the view that cooperation between ERDA and industry will proceed to the fullest extent if it can be fostered by granting industry title to patents which are conceived in the course of a contractual work, and in this regard took note of ERDA's waiver provisions and expressed trust that they will not constitute a roadblock in any way.

The Oil Shale Corporation expressed concern that Section 9 of the Act may not be administered satisfactorily, even with the benefit of a waiver policy in the case of its industry. For several stated reasons it does not believe it would be proper to apply the patent provisions of the Nonnuclear Act to the proposed Synthetic Fuels Commercialization Program unless the requirements of Section 9 were substantially modified.

TRW observed that industry spokesmen have repeatedly warned that acquisition by the Government of title to energy-related inventions will discourage invention under government contracts and discourage those contractors who possess the most valuable proprietary technology from

to remain with the contractor, at least in instances where conception has taken place before the contract without the usage of ERDA funds.

Ford Motor Company recommends that ERDA's statutory policy of taking title to inventions arising out of research which it sponsors, in whole or in part, be changed to that of the Federal Procurement Regulations (FPR). Ford pointed out that ERDA's enabling statute requires it to take title, and that it lacks the desirable flexibility of the FPR which provide for the Government's taking of title or reserving the right to acquire title in certain cases, and for the contractor to retain rights greater than a nonexclusive license in certain other cases. In essence, a major difference between the FPR and ERDA's statute is that the former recognizes the contractor as the initial owner of all patent rights in an invention while the latter declares the government to be the owner initially. The risk of losing rights, especially title, bargained for at the time of contracting based on respective equities, is in Ford's view a severe deterrent to accepting ERDA contracts.

General Atomic Company raised no objections to ERDA's title taking policy, but suggested modifications in some of its procedural requirements and in some of the conditions whereby ERDA grants licenses to its contractors. For example, it maintained that ERDA should automatically grant to its nuclear contractors irrevocable nonexclusive licenses in all inventions made by their employees in the performance of contracts for ERDA.

Chrysler Corporation urged ERDA to propose to Congress modifications which would permit ERDA, as a matter of policy, to grant contractors title to inventions made in the course of performance of ERDA contracts. Because of his background expertise in the field of the invention, the contractor is the party most likely and able to exploit the invention. But without title to the patented inventions, the contractor could not justify the investment required to bring the invention to the market place. As part of its proposal, Chrysler urged that certain "march-in" rights be retained by the Government to assure commercial exploitation of the invention, along with a royalty free, nonexclusive license to the Government for governmental purposes.

Combustion Engineering, Inc. advocated that title be retained by the contractor with the government reserving an irrevocable, nonexclusive, paid-up license for governmental purposes. Further, it urged that such a provision further incorporate a liberal licensing policy on the part of the contractor to third parties in the event the contractor was not making the benefits of the invention reasonably accessible to the public. In the absence of a change in the statutes along these lines, the company addressed itself to ERDA's proposed title-with-waivers policy and expressed appreciation for that policy in principle, stating that its efficacy will depend upon some as yet unknown standards for applying the waiver provision. The company expressed fear that the waiver provisions will be strictly applied and the granting of waivers very limited, and saw as a serious defect the provision that the contractor retain only a revocable license. It

It advocated that exclusive commercial rights in contract inventions be granted to the contractor for a finite period of time, with the government retaining the right to practice the invention freely for all federal government purposes. After this initial exclusive period, the Government would be authorized to acquire rights or to require licensing to third parties as proves necessary to maximize competition and provide the broadest utilization of the invention. The one major change over the Commission on Government Procurement's recommendation which the Society advocated was that the proposed fixed exclusivity period of 3 years begin, instead of from the date of issuance of the patent, from the date of the first commercial utilization of the invention.

National Small Business Association urges the enactment of legislation which would enable ERDA to operate under a two tier government policy. Under such a policy, ERDA could waive rights amounting to a grant to a contractor of a non-exclusive royalty-free license up to an exclusive license for a reasonable royalty for a period less than the life of the patents with a right to sue. The recommendation would appear to accept the proposition of the government's taking title in all cases, although if it should grant the contractor an exclusive license with the right to sue it would appear that this would be equivalent to leaving title with or transferring it to the contractor. A further proposal is that qualified small business be given special preference in acquiring an exclusive license.

in fact negates, incentives of the U.S. Patent System founded by the Constitution, (2) inhibits investment of private risk capital and skilled manpower in research and development in areas of special or unique concern to the government, and (3) reduces competition by highly qualified firms for government contracts to which such a policy is applicable. The Association favors a policy in which title would be left with the government contractor with rights in the government to practice the inventions for governmental purposes, and in the public to obtain licenses thereunder in certain situations including those in which the contractor fails to satisfy public needs.

Computer and Business Equipment Manufacturers Association states that the proposed ERDA regulations are not clear as to their effect upon computer software and data cases. It urged that a policy similar to that adopted by General Services Administration be adopted by ERDA.

Corporate Accountability Research Group advocated a uniform patent policy applicable to all agencies of government in which title to inventions from federally funded research resides in the government, and the technology is made available to all qualified applicants on a non-exclusive and non-discriminatory basis. An alternative plan was submitted for consideration in the event it was deemed essential in the public interest to have some form of exclusive licensing. It is in the form of a draft of an entire patent policy bill in which the government would take title throughout the world to all technology and patents arising

North Carolina State University favors adoption of a policy of allowing universities to acquire patent rights through a mechanism similar to the Institutional Patent Agreement (IPA) used by the National Science Foundation. The university further suggested that in cases where a university failed to meet the criteria for an IPA a mechanism be devised whereby the rights to any invention could be established at the time of awarding the grant, relying on such criteria as the university's capability in the field, any previous patent or license activity, etc. A further suggestion was that in all university patent agreements a provision be included that if a university failed to exercise diligent use of a licensed patent within a specified period of time, e.g. 3-5 years, the rights would revert entirely to the government.

Purdue University recommended that ERDA adopt the Institutional Patent Agreement program.

Stanford University likewise opposes ERDA's proposed title-taking patent policies and urges ERDA to provide for IPA's in its agreements with universities.

University of California likewise opposes ERDA's proposed title-taking patent policies and urges the provision for IPA's in ERDA's agreements with universities.

University of Missouri favors uniform government patent policies

The Patent Law Association of San Francisco expressed the concern that the ERDA is perpetuating the Government-take-title philosophy which industry has objected to so strenuously over the years. It suggested that the use of patent rights as incentives to draw forth creativity, and to substantiate the investment of further money and technology to adapt and market the inventions, will be severely restrained by the proposed regulations. The Association noted that, historically, the Government's increasing patent portfolio has not been greatly utilized as a base for new products; at the same time, allowing contractors to retain title has not resulted in a concentration of economic power. It favored a policy of leaving title with the inventing contractor with a license to the Government for its purposes.

Group II - Universities

American Council on Education (an association of 179 national and regional education associations and 1,361 institutions of higher education) urged that ERDA adopt the recommendation of the University Patent Policy Ad Hoc Subcommittee of the Executive Subcommittee of the Committee on Government Patent Policy of the Federal Council for Science and Technology, that in lieu of ERDA's title-with-waiver policy there should be employed an Institutional Patent Agreement program.

Case Western Reserve University favors adoption of an Institutional Patent Agreement program.

Broadly stated, the principal points to which all of the participants directed their written or verbal comments may be classified under the following 4 subjects:

(1) Title vs. license policy (i.e., should the government take title to or just a license under inventions and patents arising out of ERDA-sponsored research and development?)

(2) ERDA's waiver provisions (i.e., the provisions in ERDA's proposed policies and procedures governing the handling of patents, data and copyrights arising out of ERDA-sponsored research and development whereby ERDA may waive its rights to take title under certain conditions, leaving title with its contractors.)

(3) Background rights (i.e., the rights to inventions and patents owned by ERDA's contractors which may become necessary to use in order to utilize developments made in the course of performing contracts sponsored by ERDA.)

(4) Mandatory licensing (i.e., requirements imposed by statute which would require patent owners to forego the injunctive remedy provided by Title 35 of the U.S. Code against the infringing acts of another -- either broadly as applied to patents covering a number of specified subject matters, or limited to patents on energy-related inventions.)

Group III - Trade Associations and Other Groups

Association of Aerospace Industries

Computer and Business Equipment Manufacturers Association

Corporate Accountability Research Group

Electronic Industries Association

Federal Council for Science and Technology

Licensing Executives Society (USA) Inc.

Manufacturing Chemists Association

National League of Cities (City of Milwaukee)

National Small Business Association

Pharmaceutical Manufacturers Association

Roane-Anderson Economic Council (Tennessee)

Group IV - Industrial Corporations

Aluminum Company of America

Amoco Oil Company

Chrysler Corporation

Combustion Engineering

Dow Chemical

Dresser Industries

DuPont

Exxon Research and Engineering Co.

Fairchild Industries

Ford Motor Company

Following Mr. Johnson's introductory comments he called upon Dr. Betsy Ancker-Johnson, Assistant Secretary of Commerce for Science and Technology, to speak. She recalled that a year earlier the Department of Commerce had been deeply involved with negotiations with the United States Senate rejecting the substance of the ERDA patent policy. She pointed out that neither the Administration (Executive Branch) nor the Department of Commerce offered the ERDA patent policy, and that Commerce would not feel in any way offended by criticism of that policy. However, she indicated that Commerce would be carefully considering and evaluating all the suggestions made at the ERDA hearings, "not only in the context of possible changes in ERDA legislation, but also in the formulation of an Administration proposal looking towards the establishment of a uniform patent policy covering all federal agencies."

With these rather comprehensive introductory remarks, the hearings ensued with 15 witnesses being heard on the first day and 13 more on the second day. In addition to the 28 participants who offered their views at the public hearings, ERDA received an additional 31 letters containing comments on ERDA patent policy and/or the issue of mandatory licensing. (ERDA also received written comments on the proposed revision of Part 9-9 of the ERDA Procurement Regulations published October 15, 1975 (40 FR 48363-48380). Because of the close relationship between comments directed to patent policy (Appendix C) and comments directed to the proposed regulations (Appendix B), some letters were summarized in both appendices.) For the sake of convenience of

Mr. Johnson explained further that the right which ERDA acquires in this situation is not that of ownership, but rather the power to provide for the licensing of third parties, at ERDA's request, on reasonable commercial terms. This license will be limited to the field of contract effort and only when it is absolutely necessary to practice the ERDA-developed technology. Moreover, it is to be invoked only when the contractor and his licensees are not meeting the commercial needs for the subject of the license.

As a final point on which to focus the hearings, Mr. Johnson emphasized that the objectives, power and authority of the Administrator granted by the Congress present one central question: "How does ERDA intend to administer this authority?" ERDA fully realizes that the administration of this policy ultimately will determine its success or failure. Its policies will become meaningless unless an enlightened Administration undertakes to implement the spirit of the two legislative enactments.

To emphasize this point, Johnson declared:

> "I can state emphatically that it is the intention of the Administrator of ERDA to make prudent use of the authority which has been granted to him, with the intention of early commercial utilization, consistent, of course, with the underlying thrust of the Act to protect the rights of the United States and the general public.

to someone else on an exclusive basis when that is necessary to meet the objectives of early utilization.

ERDA will not revoke, in fact, it does not have the power to revoke the contractor's right or license to use his own invention in any field of use in which the contractor is commercializing the invention.

Mr. Johnson pointedly commented that the Administrator is given clear authority to license ERDA inventions on an exclusive or non-exclusive basis. However, in granting exclusive licenses, the Administrator must be concerned that in doing so competition will not be lessened, and that the licenses granted will not result in undue concentration of any particular commerce, in any section of the country, in the sense that such concentration would tend to be in violation of the antitrust laws.

In those cases where the government's rights have been waived or a license granted, the government will retain certain "march-in" rights, i.e., the right to march in and take back the rights: (a) if necessary for governmental purposes; or (b) otherwise to prevent breach of existing law, e.g., the antitrust laws; or (c) if it is evident that the patent owner or licensee is not trying to achieve early commercial utilization of the invention.

from the pre-existing Atomic Energy Commission regulations interpreting the Atomic Energy Act. In April 1975, ERDA issued temporary implementing regulations to provide interim guidance for ERDA's two contracting and waiver patent policies. On October 15, 1975, ERDA published Proposed Policies and Procedures for Patents, Data & Copyrights (41 CFR Part 9-9) which, for the first time, harmonized its patent policies in regard to both nuclear and nonnuclear activities into one set of regulations.

Mr. Johnson called attention to the fact that Section 9 of the Nonnuclear Act provides more detailed guidance in the administration of patent policy than does Section 152 of the Atomic Energy Act. He pointed out, moreover, that this guidance was derived from established patent legislation and government executive patent policies, and is of the type normally considered in making determinations under any flexible government patent policy.

Discussing Section 9 of the Federal Nonnuclear Energy Research and Development Act, Mr. Johnson noted that it "provides that the Administrator may waive all or any part of the rights to any invention or class of invention made under ERDA contracts if he determines that the interests of the United States and the general public will best be served by such a waiver."

Describing the basic criteria in making such a determination, Mr. Johnson stated they are as follows:

PANEL*

for

PUBLIC HEARINGS

on

PROPOSED ERDA PATENT POLICY

November 18 and 19, 1975

James E. Denny, Assistant General Counsel for Patents, ERDA

Jefferson Hill, Department of Justice
Alternate: Kenneth Frankel

Hugh E. Witt, Office of Federal Procurement Policy
Alternate: Charles Goodwin

Dr. Betsy Ancker-Johnson, Department of Commmerce
Alternates: David Eden and Frank Cacciapaglia

R. Tenny Johnson, General Counsel, ERDA
Alternate: Leonard Rawicz, Deputy General Counsel, ERDA

J. Frederick Weinhold, APA, ERDA
Alternate: Ralph Bayrer, APA, ERDA

Dr. Philip C. White, AAFE, ERDA
Alternate: Dr. George Fumich, AFE, ERDA

Gen. Edmund F. O'Connor, DAANE, ERDA
Alternate: George Kimball, SNS, ERDA

Donald Beattie, ASGA, ERDA
Alternate: Jack Blasy, ASGA, ERDA

Robert W. Ritzmann, ISL, ERDA

Wade Blackman, ERDA

*Note: Not all of the preceding persons actually sat on the Panel, and those who did sit did not do so for both full days of the hearings. However, at all times there were at least six or more persons present, most of them participating in the question and answer sessions following presentations by the speakers who testified. The panelists, by and large, were

and corrections thereon 40 Fed. Reg. 17573, on April 19, 1975 of the two legislative enactments governing the patent, contracting and waiver policies of ERDA set forth in Section 152 of the Atomic Energy Act of 1954, as amended (42 U.S.C. 2182) and in Section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 (Public Law 93-577). ERDA will shortly publish revised regulations for ERDA-PR Part 9-9 (41 CFR Part 9-9) and will seek written comments on the regulations.

The intent of the hearings is to provide a forum for members of the public to express their view on the two legislative enactments upon which ERDA patent policy is based, rather than to consider details of proposed ERDA patent and data regulation language. Comments regarding specific ERDA regulations language should be addressed to the Assistant General Counsel for Patents, U.S. Energy Research and Development Administration, Washington, D.C. 20545.

Notice is hereby given by the U.S. Energy Research and Development Administration that a public hearing on the Subsection 9(n) Report on existing ERDA patent policy, including the desirability of mandatory licensing, will be held on November 18 and 19, 1975, at 10:00 a.m. (Local time) in the Auditorium, U.S. Energy Research and Development Administration Building, Md. State Rt. 118, Germantown, Maryland.

All persons or organizations desiring to submit comments or suggestions or participate through written or oral presentations

The study will be referred to the appropriate Congressional committees. Several committees have an interest in this area. Although the study will not necessarily lead to changes in our patent laws per se (title 35 of the United States Code), nevertheless, copies of it should be forwarded to both House and Senate Judiciary Committees. The specific responsibility for the ERDA patent policy rests in the committees with legislative jurisdiction over ERDA. These latter committees are expected to give due consideration to any suggestions which the Judiciary Committees may make regarding the report, and the Senate conferees believe that consideration of the report in the Senate should be with the full participation of the Senate Judiciary Committee."

The General Counsel of the Energy Research and Development Administration (ERDA) has been delegated responsibility to arrange and organize an inter-agency task force to complete this Congressionally mandated task. In accordance with the mission of ERDA as outlined in the "Declaration of Purpose" of the Energy Reorganization Act of 1974, Public Law 93-438, the objective of ERDA patent policy is to provide an incentive function to stimulate commercial industrial development in energy fields as well as protect the public's interest. The task force will focus on how ERDA patent policy is performing this incentive and protection function, and the desirability of mandatory licensing.

FEDERAL REGISTER NOTICE

HIGHLIGHT

ERDA: Energy Research and Development Administration publishes notice of public hearings on Subsection 9(n) of Public Law 93-577-Report on Patent Policy.

NOTICE OF HEARING

Subsection 9(n), public Law 93-577 "Federal Nonnuclear Energy Research and Development Act of 1974" provides that:

"Within twelve months after the date of the enactment of this Act, the Administrator with the participation of the Attorney General, the Secretary of Commerce, and other officials as the the President may designate, shall submit to the President and the appropriate congressional committees a report concerning the applicability of existing patent policies affecting the programs under this Act, along with his recommendations for amendments or additions to the statutory patent policy, including his recommendations on mandatory licensing, which he deems advisable for carrying out the purposes of this Act."

The Conference Report, Report No. 93-1563, accompanying this legislation amplified the scope and extent of this report by stating:

"Subsection 9(n) reflects the conferees' concern for harmonizing the patent policies within ERDA. For example, nuclear programs

