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# COMMITTEE ON GOVERNMENTAL RELATIONS

National Association of College & University Business Officers

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February 16, 1979

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The Honorable Birch Bayh
United States Senate
Washington, D.C. 20510

Dear Senator Bayh:

Reference your letter requesting comments on your January 23, 1979 staff working draft bill to establish a uniform Federal Patent procedure for small businesses and non-profit organizations.

First, we wish to commend both you and Senator Dole for your proposed bill which provides a much needed solution to the long outstanding problem of how to dispose of the inventive results of government sponsored research. We endorse the basic course you have undertaken.

We are suggesting, below, one technical correction and one addition in order to clarify implementation of the bill on passage:

1) On page 8, line 21, change the word "Proprietary" to "Ownership".

   Explanation - We believe "Proprietary" is susceptible of being defined as Ownership of intellectual property. This raises the possibility of prohibiting licensing an invention to a party on the basis that the invention may be utilized in competition with embodiments of an invention licensed earlier by the same licensor.

   We believe the intent of the section is to assure that the assigned Licensor has no Ownership interest itself or in a prospective Licensor engaged in the manufacture or the sale of products. Accordingly, the recommended change appears justified.

2) Add to page 9, line 12, and before (c):

   "A first commercial use or sale with respect to a product of the invention shall not be deemed to end the exclusive period to different subsequent products covered by the same invention."

Explanation - It is very likely while performing research at Universities that an investigator will develop new processes for making novel compounds. For example, an investigator may develop an economic process for making a key intermediate for preparing a series of analogs of a compound such as Streptomycin. These analogs in all probability will be developed over a period of time; hence if more than one is commercially successful, the time limitations serve as a disincentive for a Company to develop and introduce successive analogs, as long as the exclusive period begins to run when the first analog is introduced. Since the intent of the bill is to create an incentive toward development of new products, we believe the suggested change to be appropriate.

Sincerely,

Reagan Scurlock

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