STATEMENT BY
MERTON H. DOUTHITT
CORPORATE PATENT COUNSEL

SCM's Organic Chemicals Division has been adversely impacted by the patent policy of the United States Department of Agriculture. Pursuant to this policy, without public notice or hearing, title to foreign patent rights in publicly-financed research conducted by the Department is allegedly "released" to and thus vested in the Department's employee-inventors. These employees then negotiate financially advantageous exclusive arrangements with private industry. This procedure has resulted in the alleged acquisition by a major competitor of SCM's Organic Chemicals Division of exclusive foreign patent rights in one of the most important inventions to result in many years from the Department's publicly-financed research.

The Organic Chemicals Division and its competitors convert turpentine into a wide variety of chemical products.

One of the most significant results in recent years was the discovery by members of the Department's Forest Service, of a process for substantially enhancing the yield of turpentine and rosin from pine trees.

The Government employee-inventors requested a "release" of the foreign rights in the invention. Without any public hearing or any notice to the public of any kind, the Department of Agriculture granted the requested release.

The Government employee-inventors entered into an agreement with SCM's competitor Hercules, Inc., for the practice of The Invention in foreign countries. SCM was granted a license under the United States patent, but SCM's request for a license to practice the invention in countries foreign to the United States was denied.

SCM was rebuffed last year in its efforts to join the main New Zealand producers in an arrangement for the construction of a turpentine separating plant. SCM's unsuccessful effort was attributable to the fact that Hercules owned the New Zealand patent rights.

Legislation is urgently required to insure that inventions financed with public funds, in fact, inure to the benefit of the public. The legislation should guarantee that no private rights of any kind will be granted in publicly-financed inventions in the absence of an opportunity for all interested parties to be heard. As a matter of basic principle, any private rights granted to practice Government-financed inventions should be nonexclusive and royalty-free. Exclusive rights in the publicly-financed inventions should not be awarded to private enterprise except under the most unusual and compelling circumstances.