6/2/79

DRAFT

Dear Senator Bayh:

Reference your letter requesting comments on your January 23, 1979 staff working draft of a 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 preseverence in pursuing a much needed solution to the long outstanding problem of how to dispose of the inventive results of government sponsored reaearch. We are delighted in the basic course you have undertaken and hope to aid in its support until the bill's promulgation.

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 of 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 a 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 ~~a useful justification.~~ appropriate.

CLARK McCARTNEY

Chairman, subcommittee on Patents Copyrights and data of the Committee on Governmental Relations, NACUBO

cc: Members of Subcommittee
Milton Goldberg. NACUBO
SENATOR DOLE