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Government employees lose some foreign rights to their inventions

Inventions made by government employees may be patented overseas by the inventors themselves if the government agency opts not to do so under the 1986 Federal Technology Transfer Act. But a new rule issued by the Department of Commerce would restrict that right, requiring instead that agencies place conditions on employee/inventors seeking to commercialize their ideas on the foreign market.

An interim final rule issued by the Department's Undersecretary for Technology, Mary L. Good, removes a regulation dealing with the government's foreign rights in inventions made by government employees. In its place is a new rule that requires agencies to place three conditions on inventors in cases where agencies don't wish to pursue foreign rights themselves. The regulation was issued Aug. 7 as an interim final rule effective that date, but the office is soliciting comments on the proceeding and will consider changes based on them. Among points at issue is whether the department has authority under the FTTA to alter the employee/inventor rights landscape.

Instead of automatically granting foreign rights to government inventions to their inventors if the agency does not file a patent application, the rule says employees may request rights in a specific country beginning eight months after the government has filed a U.S. patent application and only under certain conditions:

- That a patent application be filed in the U.S. and/or abroad, if the government has determined that it might need to practice the invention.
- That the invention not be assigned to any foreign-owned or controlled corporation without written permission of the agency, and
- That any assignment or license of rights to use or sell the invention in the U.S. shall contain a requirement that any products embodying the invention or produced through the use of it be substantially manufactured in the U.S.

Mary Good, Commerce Department Undersecretary for Technology

The regulatory change, which also bears the authorship of Bruce Lehman, Commissioner of Patents and Trademarks, is being viewed as a housekeeping exercise by Department of Commerce officials. "This is regulatory cleanup," says John Raubitschek, patent counsel for the Undersecretary. "We revised regulations dealing with domestic rights several years ago and believe that foreign rights should conform with them." He says the government used to view the two differently, but with the increased emphasis on technology transfer, worldwide rights are now considered as important as domestic rights.

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Raubitschek says several changes in the policy are likely to be made in response to comments from the Department of Energy and the Institute of Electrical and Electronics Engineers. A new provision is likely to be added so government inventors can file provisional patent applications, while the second and third conditions concerning foreign-owned corporations and U.S.-based manufacturing may be dropped. In addition, new language concerning rights for CRADAs may also be added, he says.

Raubitschek believes the new rule is consistent with the NTTA, which is silent on the issue of conditions. "We think this is an improvement. It means that rather than just turning things over to the inventor and saying, 'good luck,' there are some responsibilities the inventor should be willing to assume."

One person who questions that logic is Norman Latker, a Washington, D.C., patent attorney and former Capitol Hill staffer who authored the FTTA. "This is definitely not housekeeping. It's a radical change in procedures relating to inventors," he says. "Foreign and domestic rights have never been equal in the past, so why must they be now?"

Latker, with the firm of Browdy & Neimark, says the law was specifically written to grant inventors foreign rights automatically if the agency doesn't act within six months. "Attaching rights that the government does not want is certainly not the intent of the act," he says. By adopting new conditions, the department is removing incentives that encourage inventors to create, he believes.

Anyone wishing to file comments on the proceeding should contact Raubitschek at 202/482-8010. ■