

5 Your success is not going unnoticed.

The European common market research community recently advanced its attitude to abundant large scale development programs in favor of more basic research and U.S. style university-industry collaboration in furthering the results of this research to the marketplace.

6 Similarly, prompted by the threat of the end to free access to U.S. technology the most recent Japanese budget increases call for closer university-industry cooperation in Japan.

7 If any of you are frustrated by the difficulty of technology management — take heart — you are doing what the best of technological world wishes to duplicate. — Initiated as the sincerest form of flattery.

8 Now to address PL 98-620

The Act amends 96-517 as follows:

~~1. Funds the disbursement of~~

~~Q. It ends Agency discretion to exclude~~

University from Government owned

laboratories from the general

rule of university ownership of

Federally-funded inventions. This

impact primarily on the D.O.C

laboratories conducting research

3 billion dollars of research annually

these, hence forth, the first option

to ownership of inventions resulting from
but research will be in the universities/
nonprofit organizations managing the labs.

b. As part of the change affecting
university response, contractors of
Gov't owned facilities a limit was
placed on the amount of royalties
that the contractors are entitled to
retain.

c. The Act includes the favorable
patenting provisions that were developed
in OMB Circular A-124. These provisions
have been proven to work. Small Bus
and Nonprofit are now assured
of their existence beyond Feb. 198
when A-124 is scheduled for sunset
expiration.

d. The Act repeals - conditions
placed on licensing of inventions
by universities/ nonprofs.
5 yr. cap — limitations end
licensing by gov't management corp

e. Regulatory drafting is consolidated
in Commerce — easier to make
necessary changes

f. Definition of invention expanded
to cover inventions included in
the Plant Variety Act.

g. Prohibit ~~any~~ agency retention
of patent rights in any invention made
under an educational award (fellowship,
training grant, etc.) — Important
exemption follows — directly related awards

Foreign Competition

Let me try to put that ^{suggested} ~~written~~ in context.

When a Federally-funded research organization does not establish a proprietary position in its ideas, the organization is really putting those ideas into the public domain. In the public domain they are freely available not only to American but to foreign industry.

The Japanese especially understand this part policy and exploit it beyond any reasonable expectations. They bring it back to Japan — add some value to it — thus creating their own proprietary position — and then exploit the products covered worldwide.

Our change in policy has had a very visible effect on Japanese R & D. Recognizing ~~we are also~~ ^{publicly funded} ~~moving to~~ ^{our research} ideas and facilities by giving ownership of technology to our creating organizations they have increased funding their own universities and actively trying to buy access with ours. But our federal laboratories own still dealing with public domain culture and the Japanese are clearly taking advantage of that in places like N.I.H.

There are 1000 foreign ~~investments~~ ^{investments} ~~at N.I.H.~~ ^{at N.I.H.} of 1000 foreign investments of these are from Japan and 50 from Germany. Only 10-15 of the US investment are from the US industry. Only 3 U.S. industry investments are from the US industry.

Using this technique to improve the quality of the product they will take the lead in the technology by end of the decade.

These dramatic shifts are not

going UNNATURAL at N.I.H. The Wyngarden the N.I.H. director began advising U.S. industry last fall that the PL 99-562 operates a whole new environment for U.S. investigators of N.I.H. 1ST the Act permits N.I.H. to accept U.S. investigators with industry funds to pay for their 2ND give a delegation to manage technology - N.I.H. and now agree in advance to ~~develop~~ license industry sponsors under ideas developed jointly at N.I.H. with U.S. industry investigators, 3RD With the prospect of royalty, return to N.I.H., industry and the better assured that inventions will be identified & patented.

under the Act Dr. Wyngarden's initiative is clearly intended to connect the industry between foreign & U.S. investigators at N.I.H. I would further note that Dr. Wyngarden has the authority under PL 99-502 to deny entry into N.I.H. of foreign investigators whose countries do not provide reciprocal treatment to the U.S. investigators. Furthermore, the Act leads to the need to require foreign investigators to report inventions made while at N.I.H. For equitable disposition - this is not now done under any stated policy.

we hope other people will look follow N.I.H. example

What drives this entrepreneurial
 Revolution? ~~Let me answer that~~
 John Locke, the British philosopher and one
 of the earliest known supporters of constitutional
 government, asserted that constitutional
 government could only be effective if it
 guaranteed the natural rights of man
 including the right to life, liberty and
 property. To be the best way to assure
 Locke said that a man has a right to
 himself and his own labor. He found
 he has a right to what he has mixed
 his labor with "and a right to property."
 Locke's proposition is widely held
 to be the ~~foundation~~ ^{underpinning} of the
 of the U.S. Constitution. While it is
 unclear whether Locke intended to include
 intellectual property as part of man's
 natural right to property, the U.S.
 Constitution gives the Congress the
 discretion to secure for limited
 times to inventors the exclusive rights
 to their discoveries. ~~The Congress~~
~~acted in exercising the patent law~~
~~the enactment~~
 Congress's enactment of the patent law
 evidences their belief that the right
 to own intellectual property is a
 natural right of man and ~~is~~ ^{thereby}
 a necessary element for successful
 civilized government. ~~And the property~~
 such governments. Similarly state
 law protects trade secrets.

Prosperity
 and thus
 stable
 government