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To: Senator  
From: Joe *file*  
Re: President's Innovation Announcement (for your Chicago Speech)  
Nov. 1, 1979

FUE

The President yesterday announced the results of the Domestic Policy Review on Innovation and Productivity which began last year and was initially scheduled for release on March 1, 1979. You might get some questions on this tonight at Chicago.

The President's plan closely parallels legislation that you have already introduced or cosponsored.

Patents- One of the centerpieces of the President's statement is on patent policy. The President announced that he will be formulating a plan to devise a uniform government patent policy which uses your bill S. 414 as the basis for patent ownership by universities and small businesses and would allow other contractors (read big business) to have an exclusive license for a specific field of use.

If you are asked about your views on the President's plan I would suggest saying that it certainly seems consistent with your bill but because the licensing provisions regarding big businesses are bound to be very controversial and complex you plan to proceed with S. 414 to address the very serious needs of the university and small business community.

The President will also either endorse your patent reexamination bill, S. 1679, or introduce one which will be virtually identical. Your bill provides that an issued patent can be sent back to the Patent Office for reexamination if it is challenged on the basis that not all of the relevant materials were considered by the patent examiner prior to granting the patent. You might also want to mention that the Judiciary Committee will be holding hearings on your bill on November 30 (which you will chair).

60/000  
12/000  
42/000

The President also is recommending up-dating the Patent and Trademark Office. As you know, you tried to do this earlier this year when you offered amendments to the Commerce Department budget to appropriate an additional \$14 million to the Patent and Trademark Office just to bring it up-to-par. The Commerce Dept. undercut your efforts by saying that they were not convinced more money was needed and that they were "studying the problem." Your efforts received very enthusiastic support from the patent bar and from much of the business community.

Other parts of the President's Package

1. More small business involvement in Government contracting-

The President is calling on all of the agencies to make a good faith effort to include more small business contractors in their R and D efforts. You are a cosponsor of the Small Business Innovation Act, S. 1860, which would require more small business contracting. Your bill S. 414 has been called the most important small business bill before the Congress by the Small Business Administration and clears the way for more small business involvement by guaranteeing small businesses patent rights and by protecting their background rights (privately held patents or data which the agencies can now require be licensed to competitors as a part of the Government contract).

2. Clarify the Justice Department's antitrust policy- this is supposed to let private industry know the rules for joint innovative planning and research.

3. Create innovation centers to promote cooperation between industry and universities-- This idea has been introduced by Sen. Stevenson. I am

skeptical about the practicality of Government serving as a matchmaker for licensing university research. Many universities have told me that the best thing that the Government could do is simply get out of the way. If your patent bill, S. 414, is passed universities will have the incentive to aggressively license their patents to private industry anyway.

There are other parts of the President's statement that include making Government regulations less burdensome on industry (S. 1860 which you cosponsored requires any Government agency to consider the impact on small businesses of any new regulations), expanding National Science Foundation small business related research programs, and giving attention to the contributions that can be made by minority and small business firms to Federal procurement.