2000 P Street, N.W., Suite 708
Washington, D.C. 20036
March 20, 1978

PATENT BRANCH, OGC
DHEW

MAR 28 1978

Jay Solomon, Administrator
General Services Administration
18th and F Streets, N.W.
Washington, D.C. 20405

Dear Mr. Solomon:

According to a notice in the February 2, 1978, Federal Register, the General Services Administration has adopted an unconstitutional rule, to become effective today, March 20, 1978, allowing universities and non-profit organizations--subject to certain minimal conditions--to retain the entire right, title, and interest in patents on inventions made in the course of all Federally-funded research and development contracts.

If this policy is implemented, it is likely that--over the next decade--these institutions will reap hundreds of millions of dollars of profits from work supported by the Federal government. Three Federal agencies alone--HEW, the Department of Energy, and the Department of Defense--fund thousands of contracts, many of which result in the discovery of medical devices such as artificial hearts, energy-saving devices, and electronic equipment.

We believe that such a policy is unconstitutional, unwise, and contrary to the public interest. In Public Citizen v. Sampson (Civil #781-73--D.D.C. January 17, 1974) District Judge Barrington D. Parker declared that the granting of exclusive licenses to existing patents and inventions owned by the United States is unconstitutional in violation of article IV, section 3, clause 2. Although that decision was vacated on appeal because the plaintiffs were found to lack standing to raise the legal arguments, the District Judge's decision on the merits remains untouched.

The regulations to be adopted by the GSA are potentially even more pernicious because they permit the give-away of patents whose nature, utility and value are unknown at the time of disposal, whereas under the regulations declared

unconstitutional, the Executive branch was at all time aware of the nature of the patent that it was making available on an exclusive basis. In addition, the earlier regulations provide only disposition of royalty-free licenses; whereas in this case the grant is of full title subject to a right of the U.S. to use the patent royalty-free.

In addition, in 1972 Roger C. Cramton, the Assistant Attorney General for the Department of Justice's Legal Counsel, in response to a request for a legal opinion, found the granting of exclusive rights unconstitutional, and then Attorney General Elliot Richardson stated that "...such disposal of patent rights through a Government contract would be Constitutionally suspect unless such disposal were based on valid statutory authority."[1]

The General Services Administration has no such statutory authority. In fact, as far back as 1947 the Justice Department held that the Government owns those patents and inventions which are the result of research and development financed by the United States. The Constitution reserves to Congress the exclusive authority to make rules and regulations regarding their use and disposition.

Nor does the Government Property Act, enacted in 1949[2] "to simplify the procurement, utilization, and disposal of Government property," give GSA such authority. A thorough reading of the Act makes it clear that Congress has denied GSA the authority to dispose of valuable rights to government-owned patents and inventions. Congress gave the Administrator of the GSA authority to transfer excess property among Federal agencies,[3] and to dispose of surplus property.[4] Thus, if the rights to government-financed patents and inventions are excess property, they may only be transferred from one federal agency to another; only if they are surplus property can they be disposed of outside the government. Since these patent rights are obviously not "surplus property;" nothing in the Government Property Act authorizes the GSA to dispose of them

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1. Letter from Attorney General Elliot Richardson to Mr. A.H. Helvering, Chairman, Implementation Subcommittee on Government Patent Policy, Federal Council on Science and Technology, August 23, 1973.

2. 40 U.S.C. Sec. 471 et seq.

3. 40 U.S.C. Sec. 483(a).

4. 40 U.S.C. Sec. 484.

to private persons.

Congress itself has not considered 35 U.S.C. Sec. 261 sufficient to permit agencies of the Government to dispose of government-owned patents and inventions, for when it has wanted to grant such authority, it has done so in clear and unmistakable language. Congress granted to the Tennessee Valley Authority the right to grant licenses on patents and inventions belonging to TVA. In 1944 Congress authorized the Secretary of the Interior to grant licenses on patents acquired by that agency. In 1954 the Atomic Energy Commission was also given specific congressional authorization to transfer ownership of patents and inventions belonging to that agency. In the National Aeronautics and Space Act of 1958 Congress gave the Administrator of NASA authority to "promulgate regulations specifying the terms and conditions upon which licenses will be granted by the Administration for the practice by any person...of any invention for which the Administrator holds a patent on behalf of the United States." Finally, section 9 of the 1974 Energy Act[5] demonstrates that when Congress wanted to provide the Executive Branch with the right to dispose of rights to future patents developed through Government-financed R&D contracts, it did so directly, clearly, and in considerable detail. When Congress has specifically granted a particular power in one instance, "its silence [in another analogous situation] is strong evidence that it did not intend to grant the power."[6]

Finally, aside from the lack of authority to give away the Government's patent rights to private persons, the General Services Administration has not presented even a shred of evidence to show how the proposed policy will benefit the United States. If the General Services Administration believes that the evidence of benefit to the United States is compelling, then Congressional authority should be sought.

Sincerely yours,

Ralph Nader

Sidney M. Wolfe

5. 42 U.S.C. Sec. 5908.

6. Alcoa Steamship Co. v. Federal Maritime Comm., 121 U.S. App. D.C. 144, 146, 348 F.2d 756, 758 (1965). State Highway Commission of Missouri v. Volpe, 479 F.2d, 1144 (8th Cir. 1973).