



July 30, 2018

National Institute of Standards and Technology
Department of Commerce
100 Bureau Drive
Gaithersburg, MD 20899

Via e-mail: roi@nist.gov

RE: Response to RFI Regarding Federal Technology Transfer Authorities and Processes

Dear Ms. Silverthorn:

Intellectual Property Owners Association (IPO) appreciates the opportunity to respond to your request for comments on the current state of Federal technology transfer and the public's ability to engage with Federal laboratories and access federally-funded R&D through collaborations, licensing, and other mechanisms.

IPO is an international trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property rights. IPO's membership includes about 200 companies and close to 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members. IPO membership spans over 30 countries.

IPO advocates for effective and affordable IP ownership rights and offers a wide array of services, including supporting member interests relating to legislative and international issues; analyzing current IP issues; providing information and educational services; and disseminating information to the public on the importance of IP rights.

IPO's members invest tens of billions of dollars annually on research and development, employing hundreds of thousands of scientists, engineers, and others in the United States to develop, manufacture, and market innovative new products and services. In many cases, the basic research ultimately resulting in these innovations originates in programs and initiatives funded by the Federal government. Turning basic research into practical applications and commercial products typically requires years of additional research, development, and refinement, and is often accompanied by missteps and outright failure. As your request recognizes, for "the results of ...investment [of the Federal government in research and development] to produce economic gain and maintain a strong national security innovation base, the results must be put to productive use through applied research, services to the public, and transfer to private companies to create new products and services." Because many of our member companies are performing that role, IPO has a direct interest in facilitating and improving the process of transferring scientific findings and technology resulting from federally-funded research to organizations for further development and commercialization.

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We, therefore, applaud the National Institute of Standards and Technology's (NIST) efforts to determine whether and how current laws, regulations, policies, and practice could more effectively promote technology transfer to productive uses.

NIST acknowledges in the RFI that "existing federal technology transfer laws have served the Nation well over nearly four decades." We agree.

Bayh-Dole has been highly successful in facilitating timely and effective commercialization of federally-funded research. The Act has allowed universities, small businesses, and nonprofit institutions that received federal government support to retain title to patents covering inventions arising from federally-funded research and has enabled them to license these inventions to private sector partners who can then commercialize them.

In addition to recognizing what works well, NIST also seeks to understand "the issues that pose systemic challenges to the effective transfer of technology... resulting from Federal R&D." One of the specific challenges identified includes: "Limitations to intellectual property rights, such as ... industry concern about the scope of required government use licenses and whether and under what circumstances the government may exercise march-in rights."

To ensure timely and effective commercialization of federally-funded research, the Bayh-Dole Act provides federal funding agencies limited authority, also known as march-in rights, to require the owner of a patent developed through federal funding to grant additional licenses to the technology. The federal funding agency may exercise this march-in authority under certain circumstances, such as if the current licensee fails to achieve practical application of the invention or fails to reasonably satisfy public health and safety needs.

There is no need to modify the scope of march-in rights and doing so could have detrimental effects on innovation. As a 2012 Congressional Research Service report notes, "one of the major factors in the reported success of the Bayh-Dole Act is the certainty it conveys concerning ownership of intellectual property." Broadening march-in rights beyond what was intended by the statute could create substantial uncertainty, significantly impacting the willingness of private industry to invest in the commercialization of inventions that received government funding support. As a result, this could have a chilling effect on collaboration and innovation, leaving promising inventions to languish on academic shelves.

Technology transfer benefits the public in many ways, including through the products that reach the marketplace and the jobs that are generated by the continued research and development of these inventions. It is important to protect what is working in the system, while also continuing to explore further improvements.

The path to commercialization should have as few toll booths as possible, so that the U.S. taxpayers who indirectly finance research and development ultimately benefit from new and innovative products and services. We suggest conducting a thorough

assessment of the entire process by which federally-funded research and development is rendered into commercial products, with a view to streamlining that process and removing impediments to technology transfer. One area that NIST might explore is whether it should recommend standard terms and conditions for exclusive and non-exclusive technology transfer, in order to streamline licensing discussions.

We also believe that university leaders should articulate a clear mission for intellectual property. For example, public reports from universities regarding their successes in technology transfer, and the status of federally-funded technology that has not been licensed, could be a valuable resource for potential licensees. Universities might also consider additional ways to engage faculty in commercializing their inventions, as successful commercialization often depends on inventor involvement. In addition, because Bayh-Dole did not establish a stable, effective framework for government oversight, such responsibilities should be clearly assigned within the federal system.

Thank you for the opportunity to provide these comments. We look forward to following this important work.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry Hadad". The signature is fluid and cursive, with a large initial "H" and a long, sweeping underline.

Henry Hadad
President