

STATEMENT BY JOHN A. JOHNSON, GENERAL COUNSEL OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, BEFORE THE SUBCOMMITTEE ON PATENT LAW OF THE COMMITTEE ON SCIENCE AND ASTRONAUTICS, HOUSE OF REPRESENTATIVES, MONDAY, NOVEMBER 30, 1959.

NO. The National Aeronautics and Space Administration proposes that section 305 of the National Aeronautics and Space Act of 1958 be repealed and a provision enacted in its place to read as follows:

Sec. 305. (a) Each contract or other arrangement entered into by the Administration, and each subcontract at all tiers thereunder, which has as one of its purposes the performance of experimental, developmental, or research work, shall contain provisions prescribed by the Administrator governing the disposition of the rights to inventions conceived or first actually reduced to practice thereunder in a manner calculated to protect the public interest and the equities of the contractor.

(b) The Administrator or his designee may, whenever the contract provides for the vesting of title to an invention in the United States, waive the rights of the United States to such invention on such terms and conditions as he determines to be in the best interest of the United States: Provided, That any such waiver shall be subject to the reservation of an irrevocable, nonexclusive, nontransferable, royalty-free license for the practice of such invention throughout the world by or on behalf of the United States or any foreign government pursuant to any treaty or agreement with the United States.

(c) The Administrator may waive, upon the same terms as provided in subsection (b) of this section, all or any part of the rights of the United States to inventions made in the performance of any work under any contract heretofore entered

into by or for the Administration which have become the exclusive property of the United States. Any contract heretofore entered into by or for the Administration, on which final payment has not been made, may be amended without consideration to effectuate the purposes of this section: Provided, That no such amendment shall affect the status of inventions which have become the exclusive property of the United States.

(d) The Administration shall be considered a defense agency of the United States for the purpose of chapter 17 of title 35 of the United States Code.

The purpose of this recommendation, which is patterned after the patent legislation of the National Science Foundation enacted in 1950, is to enable the National Aeronautics and Space Administration (NASA) to adopt patent policies and practices which appear after careful study and experience to be best suited to its particular needs. The National Aeronautics and Space Act of 1958, which created NASA, was intended to foster a vigorous and comprehensive program of aeronautical and space activities and to preserve thereby the role of the United States as a leader in aeronautical and space science and technology. It is believed that NASA's ability to achieve these objectives would be enhanced by a revision of the patent provisions of the National Aeronautics and Space Act of 1958.

At the present time NASA is required, by section 305 of the National Aeronautics and Space Act of 1958, upon the

determination of certain facts by the Administrator, to take title to inventions made in the performance of its contracts, unless the Administrator determines that the interests of the United States would be served by waiver of all or any part of the Government's rights. It is clear that the law in this form recognizes that the Government's objectives in the field of aeronautical and space activities do not require Government ownership of every invention made under NASA contracts. Yet the emphasis on taking title imposes restraints which prevent NASA from contracting for lesser rights in inventions made by contractors where the interests of the Government do not require acquisition of title.

It is well known that NASA's contractors by and large are from the same segments of American industry which do most of the contracting with the Department of Defense in defense aspects of the aeronautics and space field. In most cases, in fact, not only the same industrial units are involved, but essentially the same technology forms the basis for both NASA and Department of Defense contracts. Often contracts are jointly sponsored. Since NASA practice required by the present law differs from that of the Department of Defense, the disposition of patent rights in inventions under contracts which are basically similar and often with the same contractors, may

depend solely upon whether the source of funds is NASA or Department of Defense appropriations. From an equitable as well as an administrative standpoint, it is believed that the Government ought to deal equally, regardless of the agency involved, with contractors engaged in substantially similar work. To this end, in almost every procurement aspect except patents, NASA has the same legal authority and has adopted the same policies and practices as the Department of Defense in conducting its business with contractors.

The single exception concerning property rights in inventions is of the utmost importance to contractors. It is therefore necessary, to assure itself of the continuing willingness of contractors to participate in projects of great national importance, that NASA be given discretionary authority to adopt contractual patent provisions in line with those of the Department of Defense where necessary to meet the equities of the situation.

The Atomic Energy Act, on the other hand, requires that "any invention or discovery, useful in the production or utilization of special nuclear material or atomic energy, made or conceived under any contract, arrangement, or other relationship with the Commission"

shall be deemed to have been made by the Commission, except that the Commission may waive its claim to any such invention or discovery. This statutory standard is also at variance with section 305(a) of the NASA Act. If the proposed legislation were enacted, it would enable NASA to adopt patent provisions in its contracts identical with those of the Atomic Energy Commission in cases where the production or utilization of special nuclear material or atomic energy is involved.

The merits of both the title and the license approaches to the so-called "Government patent problem" are under study; nevertheless, NASA believes that the Government, regardless of the agency involved, should deal equally with contractors engaged in substantially identical work. This is an overriding consideration. Accordingly, NASA should be able to do its contracting in accordance with the patent policies of the Department of Defense or the Atomic Energy Commission or any other agency of Government when the procurement situation and the special interests of the Government require it.

The suggested amendment is substantively like the legislation enacted in 1950 for the National Science

Foundation (40 U.S.C. 1871). The principle of that legislation is to authorize the adoption of contract provisions, taking either title or license, whichever will protect the public interest and the equities of contractors. By following the precedent of the National Science Foundation patent legislation, NASA would be able to cut the cloth to fit the pattern.

In summary, we think that the requirements of good government call for giving NASA greater flexibility so as to eliminate inequities to contractors, lighten its own administrative burden, and minimize contractor opposition, all of which, in our opinion, will serve the best interests of the National Space Program.