

EXPRESSING THE SENSE OF THE CONGRESS REGARDING THE SUCCESSFUL AND SUBSTANTIAL CONTRIBUTIONS OF THE AMENDMENTS TO THE PATENT AND TRADEMARK LAWS THAT WERE ENACTED IN 1980 (PUBLIC LAW 96-517; COMMONLY KNOWN AS THE “BAYH-DOLE ACT”), ON THE OCCASION OF THE 25TH ANNIVERSARY OF ITS ENACTMENT

APRIL 5, 2006.—Referred to the House Calendar and ordered to be printed

Mr. SENSENBRENNER, from the Committee on the Judiciary,
submitted the following

REPORT

[To accompany H. Con. Res. 319]

[Including the Committee Cost Estimate]

The Committee on the Judiciary, to whom was referred the concurrent resolution (H. Con. Res. 319) expressing the sense of the Congress regarding the successful and substantial contributions of the amendments to the patent and trademark laws that were enacted in 1980 (Public Law 96-517; commonly known as the “Bayh-Dole Act”), on the occasion of the 25th anniversary of its enactment, having considered the same, report favorably thereon without amendment and recommend that the concurrent resolution be agreed to.

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PURPOSE AND SUMMARY

The purpose of H. Con. Res. 319 is to recognize the successful and substantial contributions of the amendments to the patent and trademark laws that were enacted in 1980 (Pub. L. No. 96-517, commonly known as the “Bayh-Dole Act”), on the occasion of the 25th Anniversary of its enactment.

BACKGROUND AND NEED FOR THE LEGISLATION

On December 12, 1980, former President Carter signed the “Government Patent Policy Act of 1980” into law,¹ which became better known as the “Bayh-Dole Act” after its two principal Senate sponsors. To commemorate the silver anniversary of the act, Representative Sensenbrenner, the Chairman of the Judiciary Committee and a former Chairman of the Science Committee, introduced H. Con. Res. 319, along with the current Chairman of the Science Committee, Representative Boehlert, the Ranking Members of the Judiciary and Science Committees, Representatives Conyers and Gordon respectively, and 14 other Members of Congress on December 16, 2005.

Art. I, § 8, cl. 8, of the United States Constitution provides Congress with authority “to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” Two centuries after the establishment of the Republic, the drafters of the Constitution could not have foreseen that the Federal Government would, itself, become a significant catalyst for and investor in the development of advanced technologies. As such, the Federal Government and American citizens have a continuing interest in ensuring the applied research and development of innovative technologies that result from Federal funding.

Before Bayh-Dole was enacted, the Federal Government permitted the private sector to commercialize fewer than five percent of the Government’s patent portfolio. As former Senator Robert J. Dole stated in July 2005, the Government’s “track record” of promoting the adoption of new university-born technologies by industry during the 1960’s and 1970’s was “dismal.” The failure to capitalize on the knowledge that resulted from Federal funding of basic research delayed innovations and denied the benefits of further development, disclosure, exploitation, and commercialization to the American people.

This result was attributed, in part, to the prior application of at least 26 distinct Federal agency policies that governed the use of the results of federally funded research and development. Bayh-Dole fundamentally changed the Government’s patent policy by replacing the disparate agency-level patent licensing policies with a “single, uniform national policy designed to . . . encourage private industry to utilize Government financed inventions through the commitment of the risk capital necessary to develop such inventions to the point of commercial application.” The new law encouraged small businesses and non-profits, including universities, to patent inventions that resulted from federally funded research.

¹ Pub. L. No. 96-517

Today, Americans benefit from a variety of applied techniques and technologies that help to lengthen and improve their lives that are directly attributable to the enactment of the Bayh-Dole. Some of the extraordinary products and services that have been attributed to the act include: 1) Magnetic Resonance Imaging (MRI), which was developed at the University of Wisconsin—Madison; 2) a lithography system to enable the manufacturing of nano-scale devices, which was developed at University of Texas-Austin; and 3) a new effective aneurysm treatment, which was developed at University of California, Los Angeles.

The Bayh-Dole Act has helped to facilitate a culture of cooperation and collaboration among Government, university, and private sector researchers and has been credited with significantly contributing to the commercial deployment of technologies that led to the development of new industries such as biotechnology and nanotechnology. In 2003, the President's Council of Advisors on Science and Technology (PCAST) affirmed the importance of the act by reporting that it “dramatically improved the nation’s ability to move ideas from research and development to the marketplace and into commerce.” PCAST went on to find that the system for transferring technology from nonprofit institutions—which includes universities, hospitals, and Government laboratories—to the private sector has worked well.

H. Con. Res. 319 reaffirms Congress’ commitment to the policies and objectives of the Bayh-Dole Act, which has helped to catalyze a quarter century of enhanced research and development within the United States and led to dramatic improvements in public health and safety, a strengthened and better resourced higher education system in the U.S., and the development of new domestic industries that have created tens of thousands of highly skilled jobs for American citizens.

HEARINGS

The House Committee on the Judiciary held no hearings on H. Con. Res. 319.

COMMITTEE CONSIDERATION

On March 15, 2006, the Committee met in open session and ordered favorably reported the bill H. Con. Res. 319 by voice vote, a quorum being present.

VOTE OF THE COMMITTEE

In compliance with clause 3(b) of Rule XIII of the Rules of the House of Representatives, the Committee notes that there were no recorded votes during consideration of H. Con. Res. 319.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of Rule XIII of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of Rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of Rule XIII of the Rules of the House of Representatives is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

COMMITTEE COST ESTIMATE

In compliance with clause 3(d)(2) of Rule XIII of the Rules of the House of Representatives, the Committee estimates the costs of implementing the concurrent resolution would be minimal. The Congressional Budget Office did not provide a cost estimate for the concurrent resolution.

PERFORMANCE GOALS AND OBJECTIVES

H. Con. Res. 319 does not authorize funding. Therefore, clause 3(c)(4) of Rule XIII of the Rules of the House of Representatives is inapplicable.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to Rule XI, clause 2(1)(4) of the Rules of the House of Representatives, the Committee finds the authority for this legislation in art. I, § 8, cl. 8 of the Constitution.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

Introduced on December 16, 2005, H. Con. Res. 319 expresses the sense of Congress that the Bayh-Dole Act has made successful and substantial contributions to the advancement of scientific and technological knowledge, fostered dramatic improvements in public health and safety, strengthened the higher education system in the United States, served as a catalyst for the development of new domestic industries that have created tens of thousands of new jobs for American citizens, strengthened States and local communities across the country, and benefitted the economic and trade policies of the United States.

H. Con. Res. 319 reaffirms Congress' commitment to the policies and objectives of the act by acknowledging its contributions and commemorating the silver anniversary of its enactment.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of Rule XIII of the Rules of the House of Representatives, the Committee notes that H. Con. Res. 319 makes no changes to existing law.

MARKUP TRANSCRIPT

BUSINESS MEETING
WEDNESDAY, MARCH 15, 2006

HOUSE OF REPRESENTATIVES,
 COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Committee met, pursuant to notice, at 10:13 a.m., in Room 2141, Rayburn House Office Building, the Honorable F. James Sensenbrenner, Jr. (Chairman of the Committee) presiding.

[Intervening business.]

Chairman SENSENBRENNER. Pursuant to notice, I now call up House Concurrent Resolution 319, expressing the sense of Congress regarding the successful and substantial contributions of the amendments to the patent and trademark laws that were enacted in 1980, commonly known as the Bayh-Dole Act. That is spelled Bayh, B-A-Y-H, for purposes of markup and move its favorable recommendation to the House.

Ms. WATERS. Mr. Chairman.

Chairman SENSENBRENNER. Without objection, the resolution will be considered as read—

Ms. WATERS. Mr. Chairman.

Chairman SENSENBRENNER. —and open for amendment at any point, and the Chair recognizes himself for 5 minutes to explain the resolution.

[The resolution, H. Con. Res. 319, follows:]

109TH CONGRESS
1ST SESSION

H. CON. RES. 319

Expressing the sense of the Congress regarding the successful and substantial contributions of the amendments to the patent and trademark laws that were enacted in 1980 (Public Law 96–517; commonly known as the “Bayh-Dole Act”), on the occasion of the 25th anniversary of its enactment.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2005

Mr. SENSENBRENNER (for himself, Mr. CONYERS, Mr. BOEHLERT, Mr. GORDON, Mr. SMITH of Texas, Mr. BERMAN, Mr. EHLERS, Mr. WU, Mr. COBLE, Ms. ZOE LOFGREN of California, Mr. GREEN of Wisconsin, Mr. CANNON, Mr. JENKINS, Mr. FEENEY, Ms. BALDWIN, Mr. HONDA, Mr. MILLER of North Carolina, and Mr. INGLIS of South Carolina) submitted the following concurrent resolution; which was referred to the Committee on the Judiciary

CONCURRENT RESOLUTION

Expressing the sense of the Congress regarding the successful and substantial contributions of the amendments to the patent and trademark laws that were enacted in 1980 (Public Law 96–517; commonly known as the “Bayh-Dole Act”), on the occasion of the 25th anniversary of its enactment.

Whereas article I, section 8, clause 8, of the United States Constitution provides that Congress shall have Power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors

the exclusive Right to their respective Writings and Discoveries”;

Whereas the 96th Congress enacted Public Law 96–517, entitled “An Act to amend the patent and trademark laws” (commonly known as the “Bayh-Dole Act”, in honor of its two lead sponsors in the Senate, the Honorable Birch Bayh and the Honorable Bob Dole), in 1980;

Whereas for 15 to 20 years before the enactment of the Bayh-Dole Act, Members of Congress considered, discussed, and deliberated on the proper resolution of issues implicated by the Act;

Whereas before the enactment of the Bayh-Dole Act, the United States was confronted by great economic uncertainty and presented with unprecedented new challenges from foreign industrial competition;

Whereas before 1980, only 5 percent of patents owned by the Federal Government were used by the private sector—a situation that resulted in the American people being denied the benefits of further development, disclosure, exploitation, and commercialization of the Government’s patent portfolio;

Whereas the Bayh-Dole Act established a “single, uniform national policy designed to . . . encourage private industry to utilize government financed inventions through the commitment of the risk capital necessary to develop such inventions to the point of commercial application”, and eliminated the 26 different Federal agency policies that had existed regarding the use of the results of federally funded research and development;

Whereas the Bayh-Dole Act fundamentally changed the Federal Government’s patent policies by enabling inventors

or their employers to retain patent rights in inventions developed as part of federally funded research grants, thereby promoting licensing and the leveraging of contributions by the private sector towards applied research, and facilitating the transfer of technology from the laboratory bench to the marketplace;

Whereas examples of the tangible products and technologies that have resulted from the Bayh-Dole Act include, *inter alia*, an improved method for preserving organs for transplant, a lithography system to enable the manufacture of nano-scale devices, the development of new chemotherapeutic agents, the discovery of new therapies for the treatment of patients diagnosed with rheumatoid arthritis, and countless other advances in materials, electronics, energy, environmental protection, and information technologies;

Whereas these new therapies, technologies, and inventions, which have resulted from the collaborative environment fostered by the Bayh-Dole Act, have directly contributed to the ability of medical researchers to discover and commercialize new treatments that alleviate patient suffering, enhance the ability of doctors to diagnose and treat disease, and target promising new medical research;

Whereas the Bayh-Dole Act has stimulated two of the major contemporary scientific trends of the last quarter century—the development of the biotechnology and information communications industries—and the Act is poised to continue playing a central role in new fields of innovative activities, including nanotechnology;

Whereas the Bayh-Dole Act has resulted in benefitting taxpayers by generating millions of dollars in annual licensing royalties for universities and nonprofit institutions—

revenues that are reinvested in furtherance of additional research and education programs;

Whereas the incentives provided under the Act and the exchange of technology and research between and among the research community, small businesses, and industry, have resulted in new cooperative ventures and the emergence of sophisticated high-technology businesses, which provide a major catalyst for innovation and entrepreneurial activity;

Whereas more than 4,000 new companies have been created to develop and market academic research and development since 1980, and it is estimated that nearly 2300 of these companies were still in operation at the end of fiscal year 2003;

Whereas Lita Nelsen, director of the Technology Licensing Office at the Massachusetts Institute of Technology, has described the Bayh-Dole Act as “one of the most successful pieces of economic development and job-creation legislation in recent history”;

Whereas the Bayh-Dole Act was described in a 2002 article in *The Economist* (US) as “[p]ossibly the most inspired piece of legislation to be enacted in America over the past half-century . . . More than anything, this single policy measure helped to reverse America’s precipitous slide into industrial irrelevance”;

Whereas the Government Accountability Office (GAO) found that university administrators and small business representatives considered the Bayh-Dole Act to have had “a significant impact on their research and innovation efforts”;

Whereas a study of business executives found that 9 out of 10 identified the Bayh-Dole Act as an “important factor” in decisions to fund research and development in academia;

Whereas Howard Bremer, who served as patent counsel to the Wisconsin Alumni Research Foundation from 1960 to 1988, once observed that, “[o]ne important factor . . . is that the success was achieved without cost to the taxpayer. In other words, no separate appropriation of government funds was needed to establish or manage the effort”;

Whereas a 1998 GAO study found that the law had a positive impact on all involved and that the increased commercialization of federally funded research that resulted from implementation of the Act had positively affected both the Federal Government and the American people;

Whereas the President’s Council of Advisors on Science and Technology reported to the President in May 2003 that the Act “dramatically improved the nation’s ability to move ideas from research and development to the marketplace and into commerce” and that the system put in place for transferring technology from nonprofit institutions, which includes universities and Government laboratories, to the private sector has worked well;

Whereas the Bayh-Dole Act states, “[i]t is the policy and objective of the Congress to promote the utilization of inventions arising from federally-supported research or development; . . . to promote collaboration between commercial concerns and nonprofit organizations, including universities; . . . to promote the commercialization and public availability of inventions made in the United States by United States industry and labor; [and] to ensure that

the Government obtains sufficient rights in federally-supported inventions to meet the needs of the Government and protect the public against nonuse or unreasonable use of inventions”;

Whereas the Congress finds that the policies and objectives of the Bayh-Dole Act have been achieved and that the patent law has played a critical role in stimulating technological advances and disclosing useful technical information to the public;

Whereas the Congress finds that federally-funded research at universities and Government laboratories and the partnerships between such nonprofit institutions and the private sector play a critical role in developing the technologies that allow the United States to lead the world in innovation; and

Whereas the Bayh-Dole Act and its subsequent amendments, which include the Trademark Clarification Act of 1984 (Public Law 98–620), have played a vital role in enabling the United States to become renowned as the world leader in scientific research, innovation, ingenuity, and collaborative research that involves institutions of higher education and the private sector: Now, therefore, be it

1 *Resolved by the House of Representatives (the Senate*
 2 *concurring)*, That it is the sense of the Congress that—
 3 (1) the Bayh-Dole Act (Public Law 96–517)
 4 has made substantial contributions to the advance-
 5 ment of scientific and technological knowledge, fos-
 6 tered dramatic improvements in public health and
 7 safety, strengthened the higher education system in
 8 the United States, served as a catalyst for the devel-

1 opment of new domestic industries that have created
2 tens of thousands of new jobs for American citizens,
3 strengthened States and local communities across
4 the country, and benefitted the economic and trade
5 policies of the United States; and

6 (2) it is appropriate that the Congress reaffirm
7 its commitment to the policies and objectives of the
8 Bayh-Dole Act by acknowledging its contributions
9 and commemorating the silver anniversary of its en-
10 actment.

○

Chairman SENSENBRENNER. This resolution is a resolution that marks the 25th year of the patent and trademark law amendments of 1980, more commonly referred to as the Bayh-Dole Act, in honor of its two principal sponsors. Before Bayh-Dole, there were at least 26 different Federal agency policies that controlled the use of Federally funded research and development, and government licensed fewer than 5 percent of its patents to the private sector.

The act established a single uniform national policy to encourage private industry to utilize government financed inventions through the commitment of risk capital necessary to develop such inventions to the point of commercial applications.

I have a lengthier opening statement that I will put in the record at this time and recognize the gentleman from Michigan, Mr. Conyers.

[The prepared statement of Chairman Sensenbrenner follows:]

PREPARED STATEMENT OF THE HONORABLE F. JAMES SENSENBRENNER, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN, AND CHAIRMAN, COMMITTEE ON THE JUDICIARY

H. Con. Res. 319 is a resolution that marks the 25th year, of the "Patent and Trademark Laws Amendments of 1980," more commonly referred to as the "Bayh-Dole Act" in honor of its two principal sponsors.

Before Bayh-Dole, there were at least 26 different Federal agency policies that controlled the use of the results of federally-funded research and development and the government licensed fewer than five percent of its patents to the private sector.

The Act established a "single, uniform national policy designed to—encourage private industry to utilize government financed inventions through the commitment of the risk capital necessary to develop such inventions to the point of commercial application."

The legislation encouraged U.S. government laboratories and other non-profit entities that receive federal support for basic research to identify technologies that might have commercial potential, to collaborate with entities in the private sector to help finance, develop, and apply that research, and through the grant of a patent, licensing, and the receipt of royalties to reap the benefits of further innovation.

Bayh-Dole has been a clear success. It has led to many innovative technologies and techniques that have helped enable medical researchers and practicing physicians to discover, diagnose, and better treat human illnesses.

Two of the many examples that can be cited in this regard are the development of Magnetic Resonance Imaging (MRI) technology, much of which was conducted at the University of Wisconsin- Madison, and the development of a new more effective aneurysm treatment by researchers at UCLA. There are countless similar technology transfer success stories from across the nation.

Indeed, the Act led to the creation of numerous technology transfer offices within Universities, hospitals, and other non-profit entities. Technology transfer serves as the bridge between researchers who spend thousands of hours conducting basic research and the business community that can turn a discovery into a practical and marketable invention for the benefit of the public.

H. Con. Res. 319 reaffirms Congress' commitment to the policies and objectives of the Bayh-Dole Act, which has contributed substantially to our public health and safety, the strengthening and enhanced resourcing of our Universities and research centers, and the development of new cutting-edge domestic industries that have employed tens of thousands of American citizens in highly-skilled jobs.

I urge support of the resolution and recognize the Ranking Member, and cosponsor of the resolution, for his statement.

Mr. CONYERS. Mr. Chairman, I rise in support of the legislation, and as an original cosponsor, I am happy to tell everyone that it expresses the sense of Congress regarding the substantial contributions that Bayh-Dole and the amendments to the patent and trademark laws in 1980.

Prior to the Bayh-Dole Act, the United States was confronted by great economic uncertainty and presented with unprecedented new challenges from foreign industrial competition. Only 5 percent of

the patents owned by the Federal Government were used by the private sector. To further economic development and innovation, in 1980, the 96th Congress enacted the public law, and it was named in honor of its two lead sponsors, the Democratic Senator from Indiana and the Republican Senator from Kansas.

What the act did was establish a single Federal policy for commercializing inventions, eliminating the 26 agency policies that had existed regarding the use of results of Federally funded research and development. I think that this is a fitting and appropriate way to recognize that the Bayh-Dole Act has contributed to the advancement of science and resulted in tens of thousands of new jobs for American citizens.

I urge support of the measure 319 and return my unused time.

Chairman SENSENBRENNER. Without objection, all Members may place opening statements in the record at this point. Are there amendments?

Ms. WATERS. Mr. Chairman.

Chairman SENSENBRENNER. For what purpose does the gentlewoman from California rise?

Ms. WATERS. I move to strike the last word.

Chairman SENSENBRENNER. The woman is recognized for 5 minutes.

Ms. WATERS. Mr. Chairman, I rise in support of this resolution commemorating the 25th anniversary of the enactment of the Bayh-Dole Act.

Because of the great advancements in the health sciences that were facilitated by Bayh-Dole through California individuals and institutions such as the University of California, I would like to ask unanimous consent that a letter from U.C. assistant vice-president A. Scott Suddeth dated March 14, 2006, be entered into the record.

The letter references the fact that the University of California holds 5,209 patents from inventions that were generated by its faculty and scientists in the course of conducting research. It goes on to talk about what the letter states.

Society has clearly benefited from the provisions of Bayh-Dole, and we ought to celebrate its passage. On that basis, I fully support H.Con.Res 319, and I would yield back.

Chairman SENSENBRENNER. Without objection, the letter referred to in the gentlewoman's remarks will be included in the record.

[The information referred to follows:]

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A. SCOTT SUDDUTH
Assistant Vice President

March 14, 2006

The Honorable Maxine Waters
Member, House Judiciary Subcommittee on Courts, the Internet and Intellectual Property
2344 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Waters:

On behalf of the University of California (UC), I write in support of H.Con. Res. 319, honoring the 25th Anniversary of the Bayh-Dole Act of 1980. As you know, the Bayh-Dole Act has spawned an unprecedented period of innovation and invention within America's research universities that have directly benefited society. UC has been among the leaders in the number of patents granted each year by the U.S. Patent and Trademark Office for the past eleven years. UC currently holds 5,209 patents from inventions stemming from research performed by its faculty and scientists.

Some notable examples of UC technology transfer efforts that have benefited society include the Guglielmi Detachable Coil (UCLA), which helps to treat brain aneurysms and is saving lives every day; the Nicotine Patch (UCLA); a non-invasive diabetes monitoring treatment (UCSF); a new treatment for improved lung function for premature infants (UCSF); Cochlear Implants to help the deaf (UCSF); the vaccine for Hepatitis B (UCSF); the Human Growth Hormone to treat dwarfism (UCSF); and a diagnostic tool for Feline Immunodeficiency Virus (UC Davis).

The University would appreciate your support for H. Con. Res. 319, and thanks you for your continued leadership on intellectual property matters. Please contact me at (202) 974-6300 if UC can be of assistance.

Sincerely,

A. Scott Sudduth
Assistant Vice President

cc: President Dynes
SVP Darling
OTT Director Tucker

Chairman SENSENBRENNER. Are there amendments?

If there are no amendments, a reporting quorum is present. The question occurs on the motion to report the bill, House Concurrent Resolution 319 favorably. All in favor will say aye.

Opposed, no.

The aye appears to have it. [Laughter.]

The aye has it, and the motion to report favorably is agreed to. Without objection, the staff is directed to make any technical and conforming changes, and all Members will be given 2 days, as provided by the House Rules, in which to submit additional, dissenting, supplemental, or minority views.

[Intervening business.]

Chairman SENSENBRENNER. This concludes the items on the agenda. The Chair would like to thank everybody for their efficient processing of today's business, and without objection, the Committee stands adjourned.

[Whereupon, at 11:16 a.m., the Committee was adjourned.]

