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STATEMENT  
OF  
AEROSPACE INDUSTRIES ASSOCIATION  
OF AMERICA, INC.  
ON  
HR 12112  
SUBMITTED TO THE  
SUBCOMMITTEE ON ECONOMIC STABILIZATION,  
COMMITTEE ON BANKING CURRENCY AND HOUSING  
U.S. HOUSE OF REPRESENTATIVES

June 2, 1976

The Aerospace Industries Association of America, Inc. (AIA) is the national trade association representing the major manufacturers of aeronautical and astronautical vehicles, both manned and unmanned, as well as the power plants and components thereof. AIA member companies, being at the forefront of highly complex advanced technology, have learned through many years of experience the benefits of the U.S. Patent System. AIA continues to foster the U.S. Patent System and to support Federal legislation and practices which seek to improve and strengthen the benefits derived by the public from that System or to maximize the incentives inherent therein. Therefore, the opportunity is welcomed to present views on certain provisions of H.R. 12112, which would amend Section 7(a) of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 USC 5906). These provisions are subparagraph (g)(4) which would make certain proprietary rights in patents and technology of participants in the program subject to mandatory licensing and subparagraph (r) which would make applicable Sec. 9 of the Act which establishes a "title" patent policy for the Energy Research and Development Administration (ERDA).

The combined experiences of our member companies have led AIA to these inescapable conclusions: legislation which subjects or exposes proprietary rights in patent and technology developed with private funds to mandatory licensing; or which establishes a "title" policy under which the Government takes "title" to inventions made under Government contracts: 1) negates patent incentives; 2) inhibits the investment of private funds and skilled manpower in areas of research and development of unique concern to the Government, and 3) reduces competition for Government programs by the firms most technically qualified, and hence, most likely to innovate. From time to time, AIA has expressed similar views to the Congress and Executive Agencies. Most recently, this Association testified along the foregoing lines in public hearings held by ERDA

on November 19, 1975. Since that time ERDA has reported to the Congress and has acknowledged that its patent policy may not take full advantage of the incentives of our Patent System and that there is no apparent present need for mandatory licensing.

It is respectfully submitted that AIA's conclusions set forth above as to the adverse impact of mandatory licensing and "title" policies on industry's participation in Government research and development programs apply with even greater force and effect to the proposed provisions of H.R. 12112 which, for the first time, would extend these policies to loan guarantees. In summary, therefore, AIA believes that ERDA's present efforts to solve the energy crisis are being significantly inhibited by the "title" policy imposed by Sec. 9, and to impose this policy and that of mandatory licensing on the loan guarantee legislation proposed by H.R. 12112, would most certainly contribute to the defeat of the purposes of the bill. Accordingly, the deletion of Section 18 subparagraphs (g) (4) and (r) is respectfully suggested.