

*Proposed  
Response  
re # 22*

MEMORANDUM TO: O. A. Neumann

SUBJECT: Treasury Department Reaction to Patent Bill

The following points could be made in response to the Treasury Department reaction:

The patent licensing activity is a special program that must be operated on a business-like basis. Flexibility is required which is not available through the traditional budgetary process.

The incentive to build a viable self-sustaining special program exists only if the program managers have the clear goal to be self-sustaining, that is, to recover program costs through program income. The general taxpayer should not be required to pay these program costs. By funding this program through the normal budgetary process from appropriated funds, the program managers will seek to build and maintain their appropriated program funds rather than royalty income which <sup>is</sup> ~~will be~~ the true measure of program success.

Most other industrialized nations have patent licensing activities for the licensing of government inventions to private industry. Examples include the National Research and Development Corporation of the UK, the Japan Research and Development Corporation, <sup>and ANVAR</sup> ~~and VAR~~ of France, ~~etc.~~ All of these ~~central~~ government licensing organizations operate on a self-sustaining basis with royalty income offsetting operating costs.

The bill provides (?) that any income in excess of costs would be deposited in miscellaneous receipts.