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## **BAYH-DOLE 30 YEARS OLD - MUST THE GOVERNMENT REMAIN THE OWNER OF PATENTS OBTAINED AS A RESULT OF ITS SUBSIDIES?**

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Enacted in the United States in December 1980, the Bayh-Dole Act is celebrating its 30th anniversary. This Act settled two basic issues: 1) who obtains the ownership of intellectual property rights of an invention patented as a result of American government financing and 2) how are these IP rights to be managed?

### **The Bayh-Dole Act in the United States**

Before 1980, the U.S. government was the owner of the results of the research it financed, but obtained few patents and very rarely marketed these results. The perception at that time was that this research belonged to the public and that no financial profits could be made from it. This is why less than 5% of patents belonging to the government before that date were marketed and yielded results for American citizens.

For the purpose of restoring the competitiveness of American industry, in 1980, two senators, the Democrat Birch Bayh from Indiana and the Republican Bob Dole from Kansas, introduced a bill allowing small businesses and NPOs such as universities, hospitals and research centres to have control over these intellectual property rights, provided they marketed them.

Certain conditions apply: recipients of subsidies must comply with a precise timeline and report any invention to the subsidizing agency, notify it if they intend to retain ownership, file patent applications, negotiate licences (instead of assignments) preferably with small American businesses, to develop and market these inventions, while reinvesting the profits made into education and research. The university remains the owner of the intellectual property and thanks to the development of their own Technology Transfer Offices or "TTOs," financing is obtained to develop these preliminary results. The government also has a non-exclusive licence and certain other rights, especially in cases in which the results of research are not marketed by the subsidizing enterprise, called "March-in rights" which have never been used but which remain an important negotiation factor and an incentive to market the research results.

Thanks to this Act which applies uniformly to all federal agencies (nearly 30, including the NIH and NASA) which subsidize them, thousands of private companies were founded, billions of dollars were invested, hundreds of patents were issued and hundreds of products and various medicines were developed and marketed, thereby stimulating the economy and improving the well-being of Americans for nearly 30 years.

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### **The Situation in Canada**

Unfortunately there is no federal or provincial legislation in Canada which governs the management of IP rights resulting from research subsidized by public funds. Each public subsidizing organization has accordingly developed its own rules. Some of them, (CNRC, CRIQ) retain ownership and grant licences, while others (NSERC, FRSQ) do not retain ownership, and instead ownership is transferred to a university or to a research centre. Researchers and employees generally assign their rights to their employer who in turn assigns those rights to a tech transfer organization, which may then file patent applications and negotiate the rights regarding IP on a case by case basis by granting licences or by assigning the rights to private companies. The situation is therefore not clearly defined in Canada and the result is more than mitigated in comparison with the United States. It would undoubtedly be necessary to realize this and act accordingly...We underline the recent *2010-2013 Provincial Quebec Research and Innovation Strategy*, which barely mentions intellectual property, and does not specify any guidelines. This is a major shortcoming.

### **The Situation in Europe**

The European situation is scarcely better, with state and cultural differences as additional complexities. There is nothing equivalent to the Bayh-Doyle Act and the problems noted also relate to clauses specifying an obligation to market in only one member State and difficulties related to the subsidies of a member State which have a negative effect on competition with other member States.

### **The Situation in Asia**

The Asian situation varies from country to country. Some countries such as Korea (a very important country for filing patent applications) and India have implemented initiatives based on Bayh-Dole to stimulate the marketing of their technological developments. On this point, the purpose of a new Indian legislative bill is to have India acknowledged as an innovative country rather than a country which copies. This bill specifically includes principles dealing with the obligation to file patent applications to disclose knowledge, the responsibility to transfer knowledge and the right for researchers to receive royalties.

### **Conclusion**

The harmonization of policies between the various organizations facilitates research and development. The obligation to file patent applications and obtain patents can only make a country or a region more competitive on a global scale. It is now high time that Canada (and our provinces) take the example of the Bayh-Dole Act seriously.

Abbreviations :

CNRC : National Research Council Canada

CRIQ : Centre de recherche industrielle du Québec

FRSQ : Fonds de la recherche en santé du Québec

DOD : Department of Defense (US government)

DOE : Department Of Energy (USA)

FDA : Food & Drug Administration (USA)

IP : Intellectual Property

NASA : National Aeronautics and Space Administration (USA)

NIH : National Institute of Health (USA)

NPO : Non-profit organization

NSERC: Natural Sciences and Engineering Research Council of Canada

USC : US code

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