

Bypassing Patents in the Pandemic?

Revisionist accounts of Sec 1498 and Bayh-Dole march-in rights

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OVERVIEW

1. Sec 1498's roots in questions over new federal gov't's rights to private and publicly funded inventions
2. The purpose and passage of 1498 and its precursor in the early 20th c.
3. Bayh-Dole and its precursor policies and bills from mid 20th c.
4. Other avenues: state sovereign immunity; 5th Amendment takings; sui generis bills (S.187 "Pandemic Emergency Manufacturing Act")
5. Rebutting 21st c. revisionist histories and policy recommendations for gov't to "seize," "break," or "bypass" private patent rights

1. BD/1498 ROOTS IN EARLY FED GOV'T PATENT OWNERSHIP/USE POLICYMAKING

- Federalist era gov't had to consider gov't rights to issued patents
 - Would the gov't have British-style Crown Rights? (patents Crown prerogatives, so not good against Crown itself)
 - If not, would gov't at least have rights to use inventions of its employees? Or even own them outright? (presaged shop rights cases)
- 1790-1855: unwritten gov't policy to have no rights to patents of gov't employees or private citizens; Congressional private bills required to purchase rights
- 1852: *Bloomer v. McQuewan* helps establish shop rights
- 1855: Court of Claims formed

1. BD/1498 ROOTS IN EARLY FED GOV'T PATENT OWNERSHIP/USE POLICYMAKING

- 1863: *Pitcher's Case*, gov't actors are not authorized to engage in torts against private patents, yet outside jurisdiction; implied contract arg fails
- 1870: *Burn's Case*, gov't does not have Crown Rights and must license private patents like anyone else
- 1876: *Cammeyer v. Newton*, patents are property for takings purposes
- 1878: *McKeever v. U.S.* (Ct. Cl.), full compensation must be paid for gov't use, BUT court has to use an implied contract theory to retain jurisdiction
- Outside of contract theory, patent owners had no legal pathway to remedies for gov't infringement

1. BD/1498 ROOTS IN EARLY FED GOV'T PATENT OWNERSHIP/USE POLICYMAKING

- 1881: *James v. Campbell*, where gov't is primary "market" (e.g., munitions) then unauthorized gov't use effectively takes all value from patent owner; patents are entitlements, not discretionary "grace and favor" as in England,
- 1888: *U.S. v. Palmer*, implied contract theory again
- 1890: *U.S. v. Solomons*, gov't has shop rights license to employee inventions
- 1894: *Schillinger v. U.S.*, gov't contractor issue (contractor indemnified gov't); BUT Court raises sovereign immunity issue, and questions whether the gov't truly authorized the contractor's actions

2. PURPOSE AND PASSAGE OF SEC 1498

1. 1910: "An Act to Provide Additional Protection for Owners of Patents of the United States, and for other Purposes"; statute did NOT provide any kind of gov't license
2. 1918: Act amended to extend to manufactures on behalf of the gov't
3. 1942: further amendments to require authorization and consent for actions of contractors to create liability in gov't
4. 1948: recodified at 28 U.S.C. 1498 (note it is in judiciary title, not patent title)

3. BAYH-DOLE AND ITS PRECURSORS

- Late 1940s: Biddle Report
- Truman Policy
- Kennedy Policy—origins of march-in rights
- Nixon Policy
- Carter bill
- Bayh-Dole as substitution in its entirety or earlier bill

4. OTHER AVENUES

- State sovereign immunity;
- 5th Amendment takings;
- Sui generis bills (e.g., S.187 “Pandemic Emergency Manufacturing Act”)

5. REBUTTING 21ST C. REVISIONIST HISTORIES

- Sec 1498 not a grand bargain between govt rights and patentee compensation; not a license, compulsory or otherwise
- “Reasonable and entire compensation” means the payments to patent owners should be no less than they would be in the private market; ergo no “cost savings”; plus all products and services must be gov’t services; do we want Fed Claims Ct deciding pricing in entire industries?

5. REBUTTING 21ST C. REVISIONIST HISTORIES

- March-In rights not about “price control”; Arno & Davis article relies on the wrong legislative history; “reasonable terms to the public” about *contractor* licenses to manufacturers, *not* retail prices to public
- Gov’t License under BD 202(c)(4) often misunderstood and underappreciated
- Finally, consider that BD applies to both constructive and *actual* reduction to practice



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