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56th House District

House Economic and Workforce Development Committee
Sponsor Testimony – H.R. 562
December 3, 2024

Chairman Lorenz, Vice Chair Santucci, Ranking Member Upchurch, and Members of the House Economic and Workforce Development Committee, thank you for the opportunity to provide sponsor testimony on House Resolution 562, which defends Ohioans' intellectual property rights by opposing the Biden-Harris Administration's proposed use of "march in" rights.

"March in" rights refer to the permission the federal government has to seize patent rights from research institutions and businesses that receive even a penny of federal funding in the research or development of a product or idea. The Biden-Harris Administration has introduced "draft guidance" that proposes allowing the federal government to seize patent rights from Ohio's research universities and businesses that receive any level of federal funding. This guidance suggests that the government can arbitrarily reinterpret and mangle a decades-old statute to claim rights over inventions created right here in Ohio, simply because somewhere along the chain of creation, federal money was used for a test, a trial, or a salary, in whole or in part.

These rights have never been invoked because the circumstances required for their use have never existed; however, with the false premise of lowering drug prices, The Biden-Harris Administration has proposed that the federal government utilize these "march in" rights in an expansive and inappropriate context.

The guidelines, as drafted, would apply to inventions that are already commercialized, undermining the trust that licensees have placed in the established system. Entrepreneurs and researchers who shoulder the majority of the costs and risks of innovation would have their patents taken and the benefits swallowed by the government. This would be disastrous for Ohio.

Intellectual property rights are fundamental to American progress and are enshrined in the United States Constitution. Despite this, the federal government has previously attempted to overreach and claim what does not belong to it.

In 1980, Congress passed the Bayh-Dole Act to protect innovators, creators, and inventors across the United States from government overreach. This act empowered academic institutions and

other entities to retain control over inventions they developed, even if federal support found its way into their budgets. This collaborative model has been successful for decades, resulting in groundbreaking innovations in agriculture, technology, and medicine. Since 1996, there have been over half a million new inventions, and nearly 70% of these innovations have been used and developed nationwide, according to the Bayh-Dole Coalition. Now, to score cheap wins, the federal government risks disrupting this successful system of public-private partnerships.

If the draft guidance is enacted, the consequences would include reduced research, fewer cures and technological developments, decreased investment in our world-class universities, and fewer jobs created as a result. The new proposal contradicts the United States Constitution and violates the rights of every innovator in Ohio.

This overreach would cripple research and development at a time when Ohio is poised to reclaim its mantle as the economic engine of the Midwest. Ohio stands as a national leader in economic growth, technological advancements, and progress. As the birthplace of Thomas Edison and the Wright Brothers, Ohio has long been a state of doers, creators, and innovators. We will not stand by while the federal government uses its bureaucratic power to infringe on the rights of Ohio's brightest minds.

This is not about politics or partisanship. Both Democrats and Republicans oppose this new move from Washington. Ohio has and should lead the world in innovation, and no bureaucrat in Washington should have the right to steal that away. Your support of House Resolution 562 marks your commitment to protecting Ohio's intellectual property, protecting our small businesses, and protecting the rights of innovators across the state.

Chairman Lorenz and members of the House Economic and Workforce Development Committee, thank you for this opportunity to present sponsor testimony on House Resolution 562. I know that several organizations have submitted proponent testimony, and they are able to speak to the industry-specific impact of this situation. Thank you again for your time, and I am happy to answer any questions you may have.