

96TH CONGRESS  
2D SESSION

# H. R. 6933

Entitled: "To amend the patent and trademark laws".

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 1980

Mr. KASTENMEIER (for himself, Mr. RODINO, and Mr. RAILSBACK) introduced  
the following bill; which was referred to the Committee on the Judiciary

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## A BILL

Entitled: "To amend the patent and trademark laws".

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That title 35 of the United States Code, entitled "Patents",  
4 is amended by adding after chapter 29 the following new  
5 chapter 30:

6 **"CHAPTER 30—PRIOR ART CITATIONS TO OFFICE**

7 **AND REEXAMINATION OF PATENTS**

"Sec. 301. Citation of prior art.

"Sec. 302. Request for reexamination.

"Sec. 303. Determination of issue by Commissioner.

"Sec. 304. Reexamination order by Commissioner.

"Sec. 305. Conduct of reexamination proceedings.

"Sec. 306. Appeal.

"Sec. 307. Certificate of patentability, unpatentability, and claim cancellation.

1 **“§ 301. Citation of prior art**

2 “Any person at any time may cite to the Office in writ-  
 3 ing prior art consisting of patents or printed publications  
 4 which that person believes to have a bearing on the patent-  
 5 ability of any claim of a particular patent. If the person ex-  
 6 plains in writing the pertinency and manner of applying such  
 7 prior art to at least one claim of the patent, the citation of  
 8 such prior art and the explanation thereof will become a part  
 9 of the official file of the patent. At the written request of the  
 10 person citing the prior art, his or her identity will be excluded  
 11 from the patent file and kept confidential.

12 **“§ 302. Request for reexamination**

13 “Any person at any time may file a request for reexam-  
 14 ination by the Office of any claim of a patent on the basis of  
 15 any prior art cited under the provisions of section 301 of this  
 16 title. The request must be in writing and must be accompa-  
 17 nied by payment of a reexamination fee established by the  
 18 Secretary of Commerce pursuant to the provisions of section  
 19 41 of this title. The request must set forth the pertinency and  
 20 manner of applying cited prior art to every claim for which  
 21 reexamination is requested. Unless the requesting person is  
 22 the owner of the patent, the Commissioner promptly will  
 23 send a copy of the request to the owner of record of the  
 24 patent.

1 **“§ 303. Determination of issue by Commissioner**

2 “(a) Within three months following the filing of a re-  
 3 quest for reexamination under the provisions of section 302  
 4 of this title, the Commissioner will determine whether a sub-  
 5 stantial new question of patentability affecting any claim of  
 6 the patent concerned is raised by the request, with or without  
 7 consideration of other patents or printed publications. On his  
 8 own initiative, and at any time, the Commissioner may deter-  
 9 mine whether a substantial new question of patentability is  
 10 raised by patents and publications discovered by him or cited  
 11 under the provisions of section 301 of this title.

12 “(b) A record of the Commissioner’s determination  
 13 under subsection (a) of this section will be placed in the offi-  
 14 cial file of the patent, and a copy promptly will be given or  
 15 mailed to the owner of record of the patent and to the person  
 16 requesting reexamination, if any.

17 “(c) A determination by the Commissioner pursuant to  
 18 subsection (a) of this section that no substantial new question  
 19 of patentability has been raised will be final and nonappeala-  
 20 ble. Upon such a determination, the Commissioner may  
 21 refund a portion of the reexamination fee required under sec-  
 22 tion 302 of this title.

23 **“§ 304. Reexamination order by Commissioner**

24 “If, in a determination made under the provisions of  
 25 subsection 303(a) of this title, the Commissioner finds that a

1 substantial new question of patentability affecting any claim  
 2 of a patent is raised, the determination will include an order  
 3 for reexamination of the patent for resolution of the question.  
 4 The patent owner will be given a reasonable period, not less  
 5 than two months from the date a copy of the determination is  
 6 given or mailed to him, within which he may file a statement  
 7 on such question, including any amendment to his patent and  
 8 new claim or claims he may wish to propose, for considera-  
 9 tion in the reexamination. If the patent owner files such a  
 10 statement, he promptly will serve a copy of it on the person  
 11 who has requested reexamination under the provisions of sec-  
 12 tion 302 of this title. Within a period of two months from the  
 13 date of service, that person may file and have considered in  
 14 the reexamination a reply to any statement filed by the  
 15 patent owner. That person promptly will serve on the patent  
 16 owner a copy of any reply filed.

17 **“§ 305. Conduct of reexamination proceedings**

18 “After the times for filing the statement and reply pro-  
 19 vided for by section 304 of this title have expired, reexamina-  
 20 tion will be conducted according to the procedures estab-  
 21 lished for initial examination under the provisions of sections  
 22 132 and 133 of this title. In any reexamination proceeding  
 23 under this chapter, the patent owner will be permitted to  
 24 propose any amendment to his patent and a new claim or  
 25 claims thereto, in order to distinguish the invention as

1 claimed from the prior art cited under the provisions of sec-  
 2 tion 301 of this title, or in response to a decision adverse to  
 3 the patentability of a claim of a patent. No proposed amended  
 4 or new claim enlarging the scope of a claim of the patent will  
 5 be permitted in a reexamination proceeding under this chap-  
 6 ter. All reexamination proceedings under this section, includ-  
 7 ing any appeal to the Board of Appeals, will be conducted  
 8 with special dispatch within the Office.

9 **“§ 306. Appeal**

10 “The patent owner involved in a reexamination pro-  
 11 ceeding under this chapter may appeal under the provisions  
 12 of section 134 of this title, and may seek court review under  
 13 the provisions of sections 141 to 145 of this title, with re-  
 14 spect to any decision adverse to the patentability of any origi-  
 15 nal or proposed amended or new claim of the patent.

16 **“§ 307. Certificate of patentability, unpatentability, and**  
 17 **claim cancellation**

18 “(a) In a reexamination proceeding under this chapter,  
 19 when the time for appeal has expired or any appeal proceed-  
 20 ing has terminated, the Commissioner will issue and publish  
 21 a certificate canceling any claim of the patent finally deter-  
 22 mined to be unpatentable, confirming any claim of the patent  
 23 determined to be patentable, and incorporating in the patent  
 24 any proposed amended or new claim determined to be  
 25 patentable.

1       “(b) Any proposed amended or new claim determined to  
 2 be patentable and incorporated into a patent following a reex-  
 3 amination proceeding will have the same effect as that speci-  
 4 fied in section 252 of this title for reissued patents on the  
 5 right of any person who made, purchased, or used anything  
 6 patented by such proposed amended or new claim, or who  
 7 made substantial preparation for the same, prior to issuance  
 8 of a certificate under the provisions of subsection (a) of this  
 9 section.”.

10       SEC. 2. Section 41 of title 35, United States Code, enti-  
 11 tled “Patents”, is amended to read as follows:

12       “§ 41. Patent fees

13       “(a) The Secretary of Commerce will establish fees for  
 14 the processing of an application for a patent, from filing  
 15 through disposition by issuance or abandonment, for main-  
 16 taining a patent in force, and for providing all other services  
 17 and materials related to patents. No fee will be established  
 18 for maintaining a design patent in force.

19       “(b) By the first day of the first fiscal year beginning on  
 20 or after one calendar year after enactment of this Act, fees  
 21 for the processing of an application for a patent, other than  
 22 for a design patent, from filing through disposition by iss-  
 23 ance or abandonment, will recover in aggregate 30 per  
 24 centum of the estimated average cost to the Office of such  
 25 processing. Any fee in connection with an application in a

1 particular technological field may be set higher or lower than  
 2 the corresponding fee charged for an application in other  
 3 technological fields, to the extent that costs for which the fee  
 4 is charged differ. By the first day of the first fiscal year be-  
 5 ginning on or after one calendar year after enactment, fees  
 6 for the processing of an application for a design patent, from  
 7 filing through disposition by issuance or abandonment, will  
 8 recover in aggregate 60 per centum of the estimated average  
 9 cost to the Office of such processing.

10       “(c) By the fifteenth fiscal year following the date of  
 11 enactment of this Act, fees for maintaining patents in force  
 12 will recover 30 per centum of the estimated cost to the  
 13 Office, for the year in which such maintenance fees are re-  
 14 ceived, of processing all applications for patents, other than  
 15 for design patents, from filing through disposition by issuance  
 16 or abandonment. Fees for maintaining a patent in force will  
 17 be due three years and six months, seven years and six  
 18 months, and eleven years and six months after the grant of  
 19 the patent. Unless payment of the applicable maintenance fee  
 20 is received in the Patent and Trademark Office on or before  
 21 the date the fee is due or within a grace period of six months  
 22 thereafter, the patent will expire as of the end of such grace  
 23 period. The Secretary may require the payment of a sur-  
 24 charge as a condition of accepting within such six-month

1 grace period the late payment of an applicable maintenance  
2 fee.

3 “(d) By the first day of the first fiscal year beginning on  
4 or after one calendar year after enactment, fees for all other  
5 services or materials related to patents will recover the esti-  
6 mated average cost to the Office of performing the service or  
7 furnishing the material. Any fee for providing a service or  
8 material involving a particular technological field may be set  
9 higher or lower than the fee charged for the same service or  
10 material involving other technological fields, to the extent  
11 that costs for which the fee is charged differ. The yearly fee  
12 for providing a library specified in section 13 of this title with  
13 uncertified printed copies of the specifications and drawings  
14 for all patents issued in that year will be \$50.

15 “(e) The Commissioner may waive the payment of any  
16 fee for any service or material related to patents in connec-  
17 tion with an occasional or incidental request made by a de-  
18 partment or agency of the Government, or any officer there-  
19 of. The Commissioner may provide any applicant issued a  
20 notice under section 132 of this title with a copy of the speci-  
21 fications and drawings for all patents referred to in that  
22 notice without charge.

23 “(f) Fees will be adjusted by the Secretary to achieve  
24 the levels of recovery specified in this section; however, no

1 patent application processing fee or fee for maintaining a  
2 patent in force will be adjusted more than once a year.

3 “(g) No fee established by the Secretary under this sec-  
4 tion will take effect prior to sixty days following notice in the  
5 Federal Register.”.

6 SEC. 3. Section 42 of title 35, United States Code, enti-  
7 tled “Patents”, is amended to read as follows:

8 **“§ 42. Patent and Trademark Office funding**

9 “(a) All fees for services performed by or materials fur-  
10 nished by the Patent and Trademark Office will be payable to  
11 the Commissioner.

12 “(b) All fees paid to the Commissioner and all appropri-  
13 ations for defraying the costs of the activities of the Patent  
14 and Trademark Office will be credited to the Patent and  
15 Trademark Office Appropriation Account in the Treasury of  
16 the United States, the provisions of section 725e of title 31,  
17 United States Code, notwithstanding.

18 “(c) Revenues from fees will be available to the Secre-  
19 tary of Commerce to carry out, to the extent provided for in  
20 appropriation Acts, the activities of the Patent and Trade-  
21 mark Office.

22 “(d) The Secretary may refund any fee paid by mistake  
23 or any amount paid in excess of that required.”.

24 SEC. 4. Section 154 of title 35, United States Code,  
25 entitled “Patents”, is amended by deleting the word “issue”.

1 SEC. 5. Section 31 of the Trademark Act of 1946, as  
2 amended (15 U.S.C. 1113), is amended to read as follows:

3 **“§ 31. Fees**

4 “(a) The Secretary of Commerce will establish fees for  
5 the filing and processing of an application for the registration  
6 of a trademark or other mark and for all other services per-  
7 formed by and materials furnished by the Patent and Trade-  
8 mark Office related to trademarks and other marks. Fees will  
9 be set and adjusted by the Secretary to recover in aggregate  
10 the full costs of all services performed and all materials fur-  
11 nished by the Patent and Trademark Office; however, no fee  
12 for the filing or processing of an application for the registra-  
13 tion of a trademark or other mark or for the renewal or as-  
14 signment of a trademark or other mark will be adjusted more  
15 than once a year. No fee established under this section will  
16 take effect prior to sixty days following notice in the Federal  
17 Register.

18 “(b) The Commissioner may waive the payment of any  
19 fee for any service or material related to trademarks or other  
20 marks in connection with an occasional request made by a  
21 department or agency of the Government, or any officer  
22 thereof. The Indian Arts and Crafts Board will not be  
23 charged any fee to register Government trademarks of genu-  
24 ineness and quality for Indian products or for products of  
25 particular Indian tribes and groups.”.

1 SEC. 6. Title 35 of the United States Code, entitled  
2 “Patents”, is amended by adding after chapter 37 the follow-  
3 ing new chapter 38:

4 **“CHAPTER 38—THE GOVERNMENT PATENT POLICY**  
5 **ACT OF 1980**

“Sec. 381. Title.

“SUBCHAPTER I—CONTRACT INVENTIONS

“Sec. 382. Contract inventions; reporting.

“Sec. 383. Allocation of rights—small businesses and nonprofit organizations.

“Sec. 384. Allocation of rights—other contractors.

“Sec. 385. Contractor license.

“Sec. 386. Minimum Government rights.

“Sec. 387. March-in rights.

“Sec. 388. Deviation and waiver.

“Sec. 389. Transfer of rights to contractor employees.

“Sec. 390. Regulations and standard patent rights clause.

“SUBCHAPTER II—INVENTIONS OF FEDERAL EMPLOYEES

“Sec. 391. Employee inventions.

“Sec. 392. Reporting of inventions.

“Sec. 393. Criteria for the allocation of rights.

“Sec. 394. Presumptions.

“Sec. 395. Review of agency determinations.

“Sec. 396. Reassignment of rights.

“Sec. 397. Incentive awards program.

“Sec. 398. Income sharing from patent licenses.

“Sec. 399. Regulations.

“SUBCHAPTER III—LICENSING OF FEDERALLY-OWNED INVENTIONS

“Sec. 400. Covered inventions.

“Sec. 401. Exclusive or partially exclusive licenses.

“Sec. 402. Minimum Government rights.

“Sec. 403. March-in rights.

“Sec. 404. Regulations.

“SUBCHAPTER IV—MISCELLANEOUS

“Sec. 405. Patent enforcement suits and right of intervention.

“Sec. 406. Background rights.

“Sec. 407. Notice, hearing, and judicial review.

“Sec. 408. Relationship to other laws.

“Sec. 409. Authority of Federal agencies.

“Sec. 410. Responsibilities of the Secretary of Commerce.

“Sec. 411. Definitions.

1       “SEC. 381. This chapter will be known as the ‘Govern-  
2 ment Patent Policy Act of 1980’.

3       “SUBCHAPTER I—CONTRACT INVENTIONS

4       “§ 382. **Contract inventions; reporting**

5       “(a) This title applies to ‘contract inventions’, which in  
6 this Act are inventions made in the course of or under Feder-  
7 al contracts.

8       “(b) Every contractor will provide the responsible  
9 agency with timely written reports on each contract inven-  
10 tion containing:

11           “(1) complete technical information on the inven-  
12 tion,

13           “(2) a list of each country, if any, in which the  
14 contractor elects to file a patent application on the in-  
15 vention, and

16           “(3) unless the contractor is a small business or  
17 nonprofit organization, a list of each field of use in  
18 which the contractor intends to commercialize the in-  
19 vention or otherwise achieve public use of the inven-  
20 tion. Each field will be described with sufficient par-  
21 ticularity to allow the Government to identify those  
22 fields of use not encompassed by the described field.

23 The Government neither will publish nor release these re-  
24 ports until the contractor or the Government has had a rea-  
25 sonable time to file patent applications or one year has

1 passed since receipt of all the information required by subsec-  
2 tion (b)(1) of this section, whichever is earlier, and may so  
3 withhold such information in other reports or records.

4       “(c) If the responsible agency determines that the con-  
5 tractor has unreasonably failed to file reports as required by  
6 subsection (b) of this section, the contractor may be deprived  
7 of any or all the rights it otherwise would have under this  
8 subchapter.

9       “§ 383. **Allocation of rights—small businesses and non-  
10 profit organizations**

11       “(a) A contractor that is a small business or a nonprofit  
12 organization will acquire title to its contract invention in each  
13 country it lists under section 382(b)(2) in which it files a  
14 patent application within a reasonable time. However, title  
15 will be subject to the Government’s minimum rights under  
16 section 386 and march-in rights under section 387.

17       “(b) The Government will have the right to acquire title  
18 to any patent on a contract invention in each country in  
19 which the contractor elects not to file a patent application or  
20 fails to file within a reasonable time.

21       “§ 384. **Allocation of rights—other contractors**

22       “(a) The Government will acquire title to all patents on  
23 any contract invention whenever the contractor is not a small  
24 business or nonprofit organization.

1       “(b) If such a contractor files within a reasonable time a  
2 patent application on a reported contract invention in any  
3 country it lists under section 382(b)(2), it will receive an ex-  
4 clusive license under the patent in each described field of use,  
5 with the exclusive right to grant sublicenses. However, its  
6 license will be subject to the Government’s minimum rights  
7 under section 386 and march-in rights under section 387.

8       “(c) The contractor automatically will acquire by oper-  
9 ation of law the right to receive an exclusive license, pursu-  
10 ant to subsection (b) of this section, ninety days after it pro-  
11 vides the responsible agency with all of the information re-  
12 quired to be disclosed by section 382(b), except that it will  
13 not acquire the right to receive an exclusive license in any  
14 field of use as to which the agency notifies the contractor  
15 within the ninety-day period that it has made a determination  
16 under subsection (d) of this section.

17       “(d) The contractor will not acquire an exclusive license  
18 in any field of use if the responsible agency determines that  
19 the contractor’s possession of such a license—

20               “(1) would be contrary to the requirements of the  
21 agency’s mission;

22               “(2) would impair national security; or

23               “(3) would violate the antitrust laws if the receipt  
24 by the contractor of such a license were deemed an ac-  
25 quisition of assets of another corporation.

1       “(e) An agency determination under subsection (d) of  
2 this section will include written reasons for the determina-  
3 tion. The contractor may appeal the determination to the  
4 United States Court of Claims within sixty days after the  
5 contractor has been notified of the determination. That court  
6 will have exclusive jurisdiction to determine the matter de  
7 novo and to affirm, reverse, or modify the agency determina-  
8 tion, specifically including authority to require that the con-  
9 tractor receive any exclusive license provided for by this  
10 section.

11       “(f) If the responsible agency determines that the na-  
12 tional interest would not be affected adversely, the agency  
13 may grant the contractor title to any contract invention in  
14 any foreign country in which the contractor agrees to file a  
15 patent application.

16       **“§ 385. Contractor license**

17       “Any contractor that complies with section 382(b) auto-  
18 matically will receive by operation of law nonexclusive, roy-  
19 alty-free licenses to practice the contract invention in all  
20 countries where it does not receive title under section 383  
21 and in all fields of use and in all countries in which it does  
22 not receive an exclusive license under section 384. These  
23 nonexclusive licenses may be revoked only to the extent nec-  
24 essary to allow the Government to grant exclusive licenses  
25 under subchapter III.



1 **“§ 386. Minimum Government rights**

2 “(a) The Government will have the following minimum  
3 rights in any contract invention:

4 “(1) the right to require from the contractor writ-  
5 ten reports on the use of the invention,

6 “(2) a royalty-free worldwide right or license to  
7 practice the invention or have it practiced for the Gov-  
8 ernment, and

9 “(3) the right to license or sublicense State, local,  
10 or foreign governments to practice the invention or  
11 have it practiced for them, if the agency determines at  
12 the time of contracting that acquisition of this right  
13 would serve the national interest.

14 “(b) Whenever the Government has rights in any inven-  
15 tion under this title, each patent application and patent on  
16 the invention will include a statement that the invention was  
17 made with Government sponsorship or support and that the  
18 Government has rights in the patent.

19 **“§ 387. March-in rights**

20 “(a) In any field of use, the Government may wholly or  
21 partly terminate the contractor’s title or exclusive rights in  
22 any patent on a contract invention; may require the contrac-  
23 tor to grant appropriate licenses or sublicenses to responsible  
24 applicants; or, if necessary, may grant such licenses or subli-  
25 censes itself. The Government may take such actions only—

1 “(1) if the contractor has not taken and is not ex-  
2 pected to take timely and effective action to achieve  
3 practical application of the invention in one or more of  
4 the selected fields of use;

5 “(2) if necessary to protect the national security;

6 “(3) if necessary to meet requirements for public  
7 use specified by Federal regulation;

8 “(4) if the contractor’s rights in the invention vio-  
9 late the antitrust laws if the contractor’s original re-  
10 ceipt of those rights were deemed an acquisition of  
11 assets of another corporation; or

12 “(5) if the contractor has failed to comply with  
13 the reporting requirements of this Act.

14 “(b) These march-in rights may be exercised by the re-  
15 sponsible agency on its own initiative or on a petition from an  
16 interested person justifying such action.

17 “(c) Whenever under this section an agency requires a  
18 contractor to grant a license or sublicense, it may specify  
19 reasonable terms, including the royalties to be charged, if  
20 any; the duration of the license or sublicense; the scope of  
21 exclusivity; and the fields of use to be covered.

22 **“§ 388. Deviation and waiver**

23 “(a) An agency may deviate from the allocation of  
24 patent rights in contract inventions provided for in any stand-  
25 ard patent rights clause established under section 390 acquir-



1 be deprived of any or all of the rights he otherwise would  
2 have under this subchapter.

3 **“§ 393. Criteria for allocation of rights**

4 “The responsible agency will determine the rights of the  
5 Government and of Federal employee-inventors in any inven-  
6 tions made by employee-inventors through the use of the fol-  
7 lowing criteria:

8 “(1) If the invention bears a direct relation to the  
9 duties of the employee-inventor or was made in conse-  
10 quence of his employment, the Government will ac-  
11 quire all rights in the invention.

12 “(2) If the invention neither bears a direct rela-  
13 tion to the duties of the employee-inventor nor was  
14 made in consequence of his employment, but was made  
15 with a contribution from Federal funds, facilities,  
16 equipment, materials, or information not generally  
17 available to the public, or from services of other Feder-  
18 al employees on official duty, the employee-inventor  
19 will receive all rights in the invention, except as pro-  
20 vided in paragraph (4) of this section. However, these  
21 rights will be subject to a nonexclusive, royalty-free,  
22 worldwide license to the Government to practice the  
23 invention or have it practiced for the Government.

24 “(3) If the agency finds insufficient interest in an  
25 invention to justify exercising its rights under para-

1 graph (1) of this section, it may permit the employee-  
2 inventor to receive any or all of those rights, subject to  
3 the Government’s rights as described in paragraph (2)  
4 of this section. However, nothing in this paragraph will  
5 prevent the agency from publishing the invention or  
6 otherwise dedicating it to the public.

7 “(4) If the agency determines that national secu-  
8 rity might be impaired if the employee-inventor were  
9 to receive rights in an invention under paragraphs (2)  
10 or (3) of this section, the Government will acquire all  
11 rights in the invention.

12 “(5) The Government will claim no rights under  
13 this Act in any employee-invention not covered by  
14 paragraphs (1) or (2) of this section.

15 “(6) Notwithstanding paragraph (1) of this sec-  
16 tion, an agency may enter into agreements providing  
17 for appropriate allocation of rights in inventions that  
18 result from research or development to which other  
19 parties have substantially contributed.

20 **“§ 394. Presumptions**

21 “(a) There will be a rebuttable presumption that an em-  
22 ployee invention falls within the criteria of section 393(1) if it  
23 was made by a Federal employee who is employed or as-  
24 signed to—

1           “(1) invent, improve, or perfect any art, machine,  
2           manufacture, or composition of matter;

3           “(2) conduct or perform research or development  
4           work;

5           “(3) supervise, direct, coordinate, or review feder-  
6           ally sponsored or supported research or development  
7           work; or

8           “(4) act as liaison among agencies or individuals  
9           engaged in the work specified in paragraphs (1), (2), or  
10          (3) of this subsection.

11          “(b) There will be a rebuttable presumption that an in-  
12          vention falls within the criteria of section 393(2) if it was  
13          made by any other Federal employee.

14          **“§ 395. Review of agency determinations**

15          “Agency determinations under sections 392 and 393  
16          will be reviewed whenever—

17                 “(1) the agency determines not to acquire all  
18                 rights in an invention, or

19                 “(2) an aggrieved employee-inventor requests a  
20                 review.

21          Standards and procedures for this review will be prescribed  
22          in the regulations issued under section 399.

23          **“§ 396. Reassignment of rights**

24          “If an agency finds on the basis of new evidence that it  
25          has acquired rights in an invention greater than those to

1          which the Government was entitled under the criteria of sec-  
2          tion 393, it will grant the employee-inventor such rights as  
3          may be necessary to correct the error.

4          **“§ 397. Incentive awards program**

5                 “(a) Agencies may monetarily reward and otherwise  
6                 recognize employee-inventors as an incentive to promote em-  
7                 ployee inventions and the production and disclosure of em-  
8                 ployee inventions. For this purpose agencies may make  
9                 awards under the Federal incentive awards system (5 U.S.C.  
10                ch. 45, 10 U.S.C. ch. 57, and implementing regulations), as  
11                modified by this section.

12               “(b) The amount of an award for an invention will be  
13               based on—

14                         “(1) the extent to which the invention advances  
15                         the state of the art;

16                         “(2) the scope of application of the invention;

17                         “(3) the value of the invention to the Government  
18                         or the public; and

19                         “(4) the extent to which the invention has come  
20                         into public use.

21               “(c) Awards for an invention of up to \$10,000 may be  
22               made by the head of an agency.

23               “(d) Awards of over \$10,000 but less than \$35,000 may  
24               be made by the head of an agency to—

1           “(1) civilian employees, with the approval of the  
2           Office of Personnel Management;

3           “(2) members of the Armed Forces, with the ap-  
4           proval of the Secretary of Defense;

5           “(3) members of the United States Coast Guard  
6           when not operating as a service in the Navy, with the  
7           approval of the Secretary of Transportation;

8           “(4) members of the Commissioned Corps of the  
9           United States Public Health Service, with the approval  
10          of the Secretary of Health and Human Services; and

11          “(5) members of the Commissioned Corps of the  
12          National Oceanic and Atmospheric Administration,  
13          with the approval of the Secretary of Commerce.

14          “(e) Awards of more than \$35,000 may be made to em-  
15          ployee-inventors by the President upon recommendation of  
16          the head of an agency.

17          “(f) Acceptance of a cash award under this section con-  
18          stitutes an agreement that any Government use of an inven-  
19          tion for which the award is made forms no basis for further  
20          claims against the Government by the recipient, his heirs, or  
21          his assigns.

22          “(g) Any cash award or expense for honorary recogni-  
23          tion of an employee-inventor will be paid from the fund or  
24          appropriation of the agency receiving the invention’s primary  
25          benefit.

1   **“§ 398. Income sharing from patent licenses**

2           “In addition to awards as provided in section 397, an  
3           agency may share income received from any patent license  
4           with the employee-inventor.

5   **“§ 399. Regulations**

6           “(a) The Secretary of Commerce shall issue regulations  
7           to implement this title.

8           “(b) Any determination of an appointing official under  
9           subsection 208(b) of title 18, United States Code, that relates  
10          to promotion of an employee invention by the employee-in-  
11          ventor will be subject to regulations prescribed by the secre-  
12          tary of Commerce with concurrence of the Office of Gover-  
13          ment Ethics and the Attorney General.

14   **“SUBCHAPTER III—LICENSING OF FEDERALLY**  
15   **OWNED INVENTIONS**

16   **“§ 400. Covered inventions**

17           “This subchapter applies to the licensing of all federally  
18           owned patent rights, including licenses or sublicenses granted  
19           or required to be granted by the Government under section  
20           387. However, it does not apply to licenses established by  
21           the other sections of subchapter I of this chapter.

22   **“§ 401. Exclusive or partially exclusive licenses**

23           “(a) An agency may grant exclusive or partially exclu-  
24           sive domestic licenses under federally owned patent rights  
25           not automatically licensed under section 384 only if, after

1 public notice and opportunity for filing written objections, it  
2 determines that—

3 “(1) the desired practical application is not likely  
4 to be achieved under a nonexclusive license; and

5 “(2) the scope of proposed exclusivity is not  
6 greater than reasonably necessary.

7 “(b) An agency may grant exclusive or partially exclu-  
8 sive foreign licenses under federally owned patent rights after  
9 public notice and opportunity for filing written objections and  
10 after determining whether the interests of the Government or  
11 of United States industry in foreign commerce will be  
12 enhanced.

13 “(c) An agency will not grant any license under this  
14 section if it determines that such a grant would violate the  
15 antitrust laws if the licensee’s receipt of such a license were  
16 deemed an acquisition of assets of another corporation.

17 “(d) Agencies will maintain periodically updated records  
18 of determinations to grant exclusive or partially exclusive li-  
19 censes. These records will be publicly available.

20 **“§ 402. Minimum Government rights**

21 “Each license granted under section 401 will contain  
22 such terms and conditions as the agency finds appropriate to  
23 protect the interests of the Government and the public, in-  
24 cluding provisions reserving to the Government:

1 “(1) The right to require from the licensee written  
2 reports on the use of the invention,

3 “(2) A royalty-free, worldwide right to practice  
4 the invention or have it practiced for the Government,  
5 and

6 “(3) The right to license State, local, or foreign  
7 governments to practice the invention or have it prac-  
8 ticed for them if the agency determines that reserva-  
9 tion of this right would serve the national interest.

10 **“§ 403. March-in rights**

11 “(a) The Government will have the right to terminate  
12 any license granted under section 401 in whole or in part,  
13 but only—

14 “(1) if the licensee has not taken and is not ex-  
15 pected to take timely and effective action to achieve  
16 practical application of the invention in each of the  
17 fields of use affected;

18 “(2) if necessary to protect national security;

19 “(3) if necessary to meet requirements for public  
20 use specified by Federal regulation;

21 “(4) if the licensee’s rights in the invention violate  
22 the antitrust laws if the licensee’s original receipt of  
23 those rights were deemed an acquisition of assets of  
24 another corporation; or

1           “(5) if the licensee has failed to comply with the  
2 terms of the license.

3           “(b) These march-in rights may be exercised by the re-  
4 sponsible agency on its own initiative or on a petition from an  
5 interested person justifying such action.

6 **“§ 404. Regulations**

7           “The Office of Federal Procurement Policy will direct  
8 the issuance of regulations specifying the terms and condi-  
9 tions upon which federally owned patent rights may be li-  
10 censed. An agency may deviate from such regulations on a  
11 class basis unless prohibited by the Office of Federal Procure-  
12 ment Policy.

13           **“SUBCHAPTER IV—MISCELLANEOUS**

14 **“§ 405. Patent enforcement suits and right of intervention**

15           “Any exclusive licensee under this chapter may enforce  
16 rights under the license by bringing suit without joining the  
17 United States as a party. However, the licensee will give  
18 prompt notice of the suit to the Attorney General and to the  
19 agency that granted the license, and all parties will serve  
20 copies of papers on the Attorney General and the responsible  
21 agency as though they were parties to the suit.

22 **“§ 406. Background rights**

23           “Nothing contained in this chapter will be construed to  
24 deprive the owner of any background patent or of rights  
25 under such a patent.

1 **“§ 407. Notice, hearing, and judicial review**

2           “(a) Agency determinations under sections 382, 387(a),  
3 and 387(c), and 403 will be made after public notice and  
4 opportunity for a hearing in which the United States, any  
5 agency, or any interested person may participate, and will  
6 include written reasons for the determination.

7           “(b) The United States or any participant that may be  
8 adversely affected by an agency determination covered by  
9 subsection (a) of this section may appeal the determination to  
10 the United States Court of Claims within sixty days after the  
11 determination is issued. That court will have exclusive juris-  
12 diction to determine the matter de novo and to affirm, re-  
13 verse, or modify the agency determination.

14 **“§ 408. Relationship to other laws**

15           “Nothing in this chapter creates any immunities or de-  
16 fenses to actions under the antitrust laws.

17 **“§ 409. Authority of Federal agencies**

18           “(a) Agencies may apply for, obtain, maintain, and pro-  
19 tect patent rights in the United States and in foreign coun-  
20 tries on any invention in which the Government has an inter-  
21 est in order to promote the use of inventions having signifi-  
22 cant commercial potential or otherwise advance the national  
23 interest.

24           “(b) Agencies may license federally owned patent rights  
25 on terms and conditions consistent with subchapter III.

1       “(c) Agencies may transfer patent rights to other agen-  
2 cies and accept them from other agencies, in whole or in  
3 part, without regard to the Federal Property and Administra-  
4 tive Services Act of 1949 (40 U.S.C. 471).

5       “(d) Agencies may withhold publication or release of in-  
6 formation disclosing any invention long enough for patent ap-  
7 plications to be filed.

8       “(e) Agencies may promote licensing of federally owned  
9 patent rights by making market surveys, acquiring technical  
10 information, or otherwise enhancing the marketability of the  
11 inventions.

12       “(f) Agencies may enter into contracts necessary and  
13 appropriate to accomplish the purposes of this section.

14       **“§ 410. Responsibilities of the Secretary of Commerce**

15       “(a) The Secretary of Commerce will—

16               “(1) consult with other agencies about areas of  
17 science and technology with potential for commercial  
18 development.

19               “(2) coordinate a program to help agencies in ex-  
20 ercising the authority given by section 409.

21               “(3) evaluate inventions referred by agencies to  
22 identify those with the greatest commercial potential  
23 and to promote their public use;

1               “(4) help agencies seek and maintain patents in  
2 the United States and in foreign countries by paying  
3 fees and costs and by other means;

4               “(5) develop and manage a Government-wide pro-  
5 gram, with appropriate private sector participation, to  
6 stimulate transfer to the private sector of potentially  
7 valuable federally-owned technology through dissemi-  
8 nation of information about the technology; and

9               “(6) publish notice of all federally-owned patent  
10 rights that are available for licensing;

11       “(b) There is authorized to be appropriated to the Secre-  
12 tary of Commerce such sums as may be necessary to enable  
13 the Secretary to carry out responsibilities under this section.

14       **“§ 411. Definitions**

15       “As used in this chapter—

16               “(1) ‘Agency’ means an ‘executive agency’ of the  
17 Federal Government, as defined by section 105 of title  
18 5, United States Code, and the military departments  
19 defined by section 102 of title 5, United States Code.

20               ‘Responsible agency’ means the agency which is party  
21 to a contract for the performance of research or devel-  
22 opment, has received patent rights from another  
23 agency, or has administrative jurisdiction over an em-  
24 ployee-inventor.



1           “(2) ‘Antitrust laws’ means the laws included  
2 within the definition of the term ‘Antitrust laws’ in  
3 section 1 of the Clayton Act (15 U.S.C. 12), as  
4 amended, and the Federal Trade Commission Act (15  
5 U.S.C. 41 et seq.), as amended.

6           “(3) ‘Contract’ means any Federal contract, coop-  
7 erative agreement, or grant that provides for perform-  
8 ance of research or development substantially funded  
9 by the Government. It covers any assignment, substi-  
10 tution of parties, or subcontract of the same type under  
11 such a contract. It does not cover Federal price or pur-  
12 chase supports, or Federal loans or loan guarantees.

13           “(4) ‘Contractor’ means any person other than an  
14 agency that is a party to a contract.

15           “(5) ‘Federal employee’ means any civil service  
16 employee as defined in section 2105 of title 5, United  
17 States Code, and any member of the uniformed serv-  
18 ices.

19           “(6) ‘Invention’ means any invention that is or  
20 may be patentable under the laws of the United States.  
21 ‘Contract invention’ is defined by section 382. ‘Em-  
22 ployee invention’ is defined by section 391.

23           “(7) ‘Made’ when used in relation to any inven-  
24 tion means conceived or first actually reduced to prac-  
25 tice.

1           “(8) ‘Nonprofit organization’ means universities  
2 and other institutions of higher education or an organi-  
3 zation of the type described in section 501(c)(3) of the  
4 Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and  
5 exempt from taxation under section 501(a) of the Inter-  
6 nal Revenue Code (26 U.S.C. 501(a)).

7           “(9) ‘Patent rights’ means patents and patent li-  
8 censes and sublicenses.

9           “(10) ‘Practical application’ means manufacture of  
10 a machine, composition, or product, or practice of a  
11 process or system, under conditions which establish  
12 that the invention is being worked and its benefits are  
13 available to the public on reasonable terms.

14           “(11) ‘Small business’ means a small business  
15 concern, as defined in section 2 of Public Law 85-536  
16 (15 U.S.C. 632) and implementing regulations of the  
17 Administrator of the Small Business Administration.

18           “(13) ‘State’ means a State or territory of the  
19 United States, the District of Columbia, or the Com-  
20 monwealth of Puerto Rico. ‘Local’ refers to any do-  
21 mestic county, municipality, or other governmental  
22 entity.

23           “(14) ‘Will’, except as the context otherwise re-  
24 quires, has the same meaning as ‘shall’.”.

1       SEC. 7. (a) Section 10(a) of the Act of June 29, 1935,  
 2 as added by title 1 of the Act of August 14, 1946 (7 U.S.C.  
 3 427i(a); 60 Stat. 1085) is amended by striking out the follow-  
 4 ing: "Any contracts made pursuant to this authority shall  
 5 contain requirements making the results of research and in-  
 6 vestigations available to the public through dedication, as-  
 7 signment to the Government, or such other means as the  
 8 Secretary shall determine."

9       (b) Section 205(a) of the Act of August 14, 1946 (7  
 10 U.S.C. 1624(a); 60 Stat. 1090) is amended by striking out  
 11 the following: "Any contract made pursuant to this section  
 12 shall contain requirements making the result of such research  
 13 and investigations available to the public by such means as  
 14 the Secretary of Agriculture shall determine."

15       (c) Section 501(c) of the Federal Coal Mine Health and  
 16 Safety Act of 1969 (30 U.S.C. 951(c); 83 Stat. 742) is  
 17 amended by striking out the following: "No research, demon-  
 18 strations, or experiments shall be carried out, contracted for,  
 19 sponsored, cosponsored, or authorized under authority of this  
 20 Act, unless all information, uses, products, processes, pat-  
 21 ents, and other developments resulting from such research,  
 22 demonstration, or experiments will (with such exception and  
 23 limitation, if any, as the Secretary or the Secretary of  
 24 Health, Education, and Welfare may find to be necessary in  
 25 the public interest) be available to the general public."

1       (d) Section 106(c) of the National Traffic and Motor Ve-  
 2 hicle Safety Act of 1966 (15 U.S.C. 1395(c); 80 Stat. 721) is  
 3 repealed.

4       (e) Section 12 of the National Science Foundation Act  
 5 of 1950 (42 U.S.C. 1871; 64 Stat. 149, 154) is repealed.

6       (f) Section 152 of the Atomic Energy Act of 1954 (42  
 7 U.S.C. 2182; 68 Stat. 943) is repealed.

8       (g) The National Aeronautics and Space Act of 1958  
 9 (72 Stat. 426) is amended—

10           (1) by repealing section 305 (42 U.S.C. 2457).  
 11       However, subsections (c), (d), and (e) of section 305  
 12 shall continue to be effective with respect to any appli-  
 13 cation for patents in which the written statement re-  
 14 ferred to in subsection (c) of such section has been filed  
 15 or requested to be filed by the Commissioner of Pat-  
 16 ents and Trademarks before the effective date of this  
 17 Act;

18           (2) by striking out, in section 306(a) (42 U.S.C.  
 19 2458(a), "(as defined by section 305)"; and by striking  
 20 out "the Inventions and Contributions Board, estab-  
 21 lished under section 305 of this Act" and inserting in-  
 22 stead: "an Inventions and Contributions Board which  
 23 shall be established by the Administrator within the  
 24 Administration";

1 (3) by inserting at the end of section 203(c) (42  
2 U.S.C. 2478(c)) the following new paragraph:

3 “(14) to provide effective contractual provisions  
4 for reporting the results of the activities of the Admin-  
5 istration, including full and complete technical report-  
6 ing of any innovation made in the course of or under  
7 any contract of the Administration.”;

8 (4) by inserting at the end of section 203 (42  
9 U.S.C. 2478) the following new subsection:

10 “(d) For the purposes of chapter 17 of title 35 of the  
11 United States Code the Administration shall be considered a  
12 defense agency of the United States.”; and

13 (5) by striking out the following in such section:

14 “(including patents and rights thereunder)”.

15 (h) Section 6 of the Coal Research and Development  
16 Act of 1960 (30 U.S.C. 666; 74 Stat. 337) is repealed.

17 (i) Section 4 of the Helium Act Amendments of 1960  
18 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out  
19 the following: “*Provided, however,* That all research con-  
20 tracted for, sponsored, cosponsored, or authorized under au-  
21 thority of this Act shall be provided for in such a manner that  
22 all information, uses, products, processes, patents, and other  
23 developments resulting from such research developed by  
24 Government expenditure will (with such exceptions and limi-  
25 tations, if any, as the Secretary may find to be necessary in

1 the interest of national defense) be available to the general  
2 public: *And provided further,* That nothing contained herein  
3 shall be construed as to deprive the owner of any background  
4 patent relating thereto to such rights as he may have there-  
5 under.” and by inserting instead a period.

6 (j) Section 32 of the Arms Control and Disarmament  
7 Act of 1961 (22 U.S.C. 2572; 75 Stat. 634) is repealed.

8 (k) Subsection (e) of section 302 of the Appalachian Re-  
9 gional Development Act of 1965 (40 U.S.C. App. 302(e); 79  
10 Stat. 5) is repealed.

11 (l) Except for paragraph (1), section 9 of the Federal  
12 Nonnuclear Energy Research and Development Act of 1974  
13 (42 U.S.C. 5901; 88 Stat. 1878) is repealed.

14 (m) Section 5(i) of the Tennessee Valley Authority Act  
15 of 1933 (16 U.S.C. 831d(i); 48 Stat. 61), is amended by  
16 striking both proviso clauses at the end.

17 (n) Section 5(d) of the Consumer Product Safety Act (15  
18 U.S.C. 2054(d); 88 Stat. 1211), is repealed.

19 (o) Section 3 of the Act of April 5, 1944 (30 U.S.C.  
20 323; 58 Stat. 191), is repealed.

21 (p) The Resources Conservation and Recovery Act of  
22 1976 (90 Stat. 2795) is amended—

23 (1) by repealing section 8001(c)(3) (42 U.S.C.  
24 6981(c)(3); 90 Stat. 2831); and

1           (2) by striking out, in section 8004(c)(2) (42  
2           U.S.C. 6984(c)(2)) the second sentence, "notwithstand-  
3           ing section 6881(c)(3) of this title,".

4           (q) Section 12 of the Electric and Hybrid Vehicle Re-  
5           search, Development, and Demonstration Act of 1976 (15  
6           U.S.C. 2511; Stat.       ) is repealed.

7           (r) Paragraph (r) of section 19 of the Federal Nonnu-  
8           clear Energy Research and Development Act of 1974, Public  
9           Law 93-577, as amended, Public Law 95-238, is repealed;  
10          subparagraph (g)4 of said section 19 is amended by striking  
11          "under section 9 of this Act" in the first sentence.

12          (s) Section 112(d)(2) of Public Law 95-39 enacted on  
13          June 3, 1977, is amended by striking "shall be governed by  
14          the provisions of section 9 of the Federal Nonnuclear Energy  
15          Research and Development Act of 1974 and".

16          (t) Section 408 of the Water Research and Development  
17          Act of 1978 (42 U.S.C. 7879; 92 Stat. 1316) is repealed.

18          SEC. 8. (a) Sections 2, 4, and 5 of this Act will take  
19          effect upon enactment.

20          (b) Section 1 of this Act will take effect on the first day  
21          of the seventh month beginning after its enactment and will  
22          apply to patents in force as of that date or issued thereafter.

23          (c) Section 3 of this Act will take effect on the first day  
24          of the first fiscal year beginning on or after one calendar year  
25          after enactment. However, until section 3 takes effect, the

1           Secretary may credit the Patent and Trademark Office ap-  
2           propriation account in the Treasury of the United States with  
3           the revenues from collected reexamination fees, which will be  
4           available to pay the costs to the Office of reexamination  
5           proceedings.

6           (d) Any fee in effect as of the date of enactment of this  
7           Act will remain in effect until a corresponding fee established  
8           under section 41 of title 35, United States Code, or section  
9           1113 of title 15, United States Code, takes effect.

10          (e) Fees for maintaining a patent in force will not be  
11          applicable to patents applied for prior to the date of enact-  
12          ment of this Act.

13          (f) Sections 6 and 7 of this Act will take effect on the  
14          first day of the seventh month beginning after its enactment.  
15          Implementing regulations may be issued earlier.

○