

Calendar No. 541

97TH CONGRESS
2D SESSION

S. 1657

[Report No. 97-381]

Entitled the "Uniform Science and Technology Research and Development Utilization Act".

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 23 (legislative day, SEPTEMBER 9), 1981

Mr. SCHMITT (for himself, Mr. CANNON, Mr. GORTON, Mrs. KASSEBAUM, Mr. LUGAR, and Mr. SYMMS) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

MAY 5 (legislative day, APRIL 13), 1982

Reported by Mr. PACKWOOD, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

Entitled the "Uniform Science and Technology Research and Development Utilization Act".

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

TITLE I—POLICY

FINDINGS

1
2
3 Sec. 101. The Congress, recognizing the profound
4 impact of science, engineering, and technology policy on the
5 economic, social, political, and technological well-being, and
6 the health and safety of the Nation as a whole, hereby finds
7 and declares that:

8 (1) The United States has recently experienced a
9 decline in the process of industrial innovation and pro-
10 ductivity which is integrally related to, and adversely
11 impacts upon, domestic productivity, the rate of eco-
12 nomic growth, the level of employment, the balance of
13 trade, and the attainment of other national goals.

14 (2) The national support of scientific and techno-
15 logical research and development is indispensable to
16 sustained growth and economic stability, and it is in
17 the national interest to maximize the benefits to the
18 general public from such investment.

19 (3) Scientific and technological developments and
20 discoveries resulting from work performed with Gov-
21 ernment contracts constitute a valuable national re-
22 source which should be developed in a manner consist-
23 ent with the public interest and the equities of the re-
24 spective parties.

1 (4) Current Federal policy with respect to the al-
 2 location of rights to the results of federally sponsored
 3 research and development deters contractor participa-
 4 tion in Government contracts, delays technological
 5 progress, and stifles the innovative process.

6 (5) There is a need for the establishment and im-
 7 plementation of a flexible Government-wide policy for
 8 the management and utilization of the results of feder-
 9 ally funded research and development. This policy
 10 should promote the progress of science and the useful
 11 arts, encourage the efficient commercial utilization of
 12 technological developments and discoveries, guarantee
 13 the protection of the public interest, and recognize the
 14 equities of the contracting parties.

15 PURPOSE

16 SEC. 102. It is the purpose of this Act to—

17 (1) establish and maintain a uniform Federal
 18 policy for the management and use of the results of
 19 federally sponsored science and technology research
 20 and development; and

21 (2) insure the effective uniform implementation of
 22 the provisions of this Act, and to monitor on a continu-
 23 ing basis the impact of Federal science and technology
 24 policies on innovation and technology development.

1 (5) "Government" means the Government of the
2 United States of America;

3 (6) "invention" means any invention, discovery,
4 innovation, or improvement which is or may reasonably
5 be patentable subject matter as defined in title 35,
6 United States Code;

7 (7) "inventor" means any person, other than a
8 contractor, who has made an invention under a con-
9 tract but who has not agreed to assign his rights in
10 such invention to the contractor;

11 (8) "made under the contract" or "made under a
12 contract" when used in relation to any invention
13 means the conception or first actual reduction to prac-
14 tice of such invention in the course of any work under
15 the contract or under a contract, respectively;

16 (9) "nonprofit organization" means universities
17 and other institutions of higher education or an organi-
18 zation of the type described in section 501(c)(3) of the
19 Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and
20 exempt from taxation under section 501(a) of the Inter-
21 nal Revenue Code of 1954 (26 U.S.C. 501(a)) or any
22 nonprofit scientific or educational organization qualified
23 under a State nonprofit organization statute;

24 (10) "person" means any individual, partnership,
25 corporation, association, institution, or other entity;

1 (11) "practical application" means to manufacture
 2 in the case of a composition or product, to practice in
 3 the case of a process or method, or to operate in the
 4 case of a machine or system, and, in each case, under
 5 such conditions as to establish that the invention is
 6 being worked and that its benefits are available to the
 7 public either on reasonable terms or through reason-
 8 able licensing arrangements;

9 (12) "Secretary" means the Secretary of Com-
 10 merce; and

11 (13) "small business firm" means a small business
 12 concern, as defined in section 2 of Public Law 85-536
 13 (15 U.S.C. 632) and implementing regulations of the
 14 Administrator of the Small Business Administration.

15 For the purpose of this Act, size standards for small
 16 business concerns involved in Government procure-
 17 ment, contained in section 121.3-8 of title 13, Code of
 18 Federal Regulations, and in subcontracting, contained
 19 in section 121.3-12 of title 13, Code of Federal Regu-
 20 lations, will be used.

21 ~~TITLE II~~ IMPLEMENTATION

22 RESPONSIBILITIES

23 SEC. 201. (a) The Secretary shall coordinate, direct,
 24 and review the implementation and administration of the
 25 Federal policy set forth in this Act with respect to the owner-

1 ship of inventions resulting from federally sponsored research
2 and development, and promote the efficient and effective uti-
3 lization of the results of federally sponsored research and de-
4 velopment.

5 (b) With a view to obtaining consistent application of
6 the policies of this Act, the Secretary is authorized and di-
7 rected—

8 (1) to consult and advise with Federal agencies
9 concerning the effective implementation and operation
10 of the policies, purposes, and objectives of this Act;

11 (2) in consultation with the Office of Federal Pro-
12 curement Policy, to formulate and recommend to the
13 President such proposed rules, regulations, and proce-
14 dures as are necessary and desirable to assure the con-
15 sistent application of the provisions of this Act;

16 (3) to accumulate, analyze, and disseminate data
17 necessary to evaluate the administration and effective-
18 ness of the policies set forth in this Act;

19 (4) to determine with administrative finality, in an
20 expeditious manner without unnecessary delay, any
21 dispute between a Federal agency and an aggrieved
22 party arising under title III of this Act; and

23 (5) to perform such other duties as may be pre-
24 scribed by the President or by statute.

1 (c) For the purpose of assuring the effective manage-
2 ment of Government owned inventions, the Secretary is au-
3 thorized to—

4 (1) assist and coordinate agency efforts to promote
5 the licensing and utilization of Government-owned in-
6 ventions;

7 (2) coordinate and advise the Federal agencies in
8 seeking protection and maintaining inventions in for-
9 eign countries, including the payment of fees and costs
10 connected therewith;

11 (3) consult and advise Federal agencies as to
12 areas of science and technology research and develop-
13 ment with potential for commercial utilization; and

14 (4) receive funds from fees, royalties, sales, or
15 other management of Government-owned inventions
16 authorized under this Act: *Provided, however, That*
17 *such funds will be used only for the purpose of this*
18 *Act.*

19 (d) The Secretary shall submit to Congress an annual
20 report of activities pursuant to this Act. Such report shall
21 include (1) relevant statistical data regarding the disposition
22 of invention disclosures resulting from federally funded re-
23 search and development, including those inventions disclosed
24 by small businesses and nonprofit organizations; (2) any legis-
25 lative or administrative recommendations to better achieve

1 the policy and purposes of this Act; and (3) an analysis of the
2 impact of Federal policies on the purposes of this Act.

3 ~~EXPIRATION~~

4 ~~SEC. 202.~~ The authorities conferred upon the Secretary
5 under this title shall expire seven years following the effec-
6 tive date of this Act, unless renewed by action of Congress.

7 ~~TITLE III—ALLOCATIONS OF RIGHTS—~~

8 ~~GOVERNMENT CONTRACTORS~~

9 ~~RIGHTS OF THE GOVERNMENT~~

10 ~~SEC. 301.~~ (a) Each Federal agency shall acquire on
11 behalf of the United States, at the time of entering into a
12 contract, title to any invention made under the contract of a
13 Federal agency if the agency determines that—

14 (1) the services of the contractor are for the oper-
15 ation of Federal research and development centers, in-
16 cluding Government-owned research or production
17 facilities;

18 (2) following a finding by a Government authority
19 which is authorized by statute or Executive order to
20 conduct foreign intelligence or counterintelligence ac-
21 tivities, the restriction or elimination of the right of the
22 contractor to retain title to any subject invention is
23 necessary to protect the security of such activities;

24 (3) in exceptional circumstances, restriction or
25 elimination of the right of the contractor to retain title

1 to any subject invention will better promote the policy
2 and objectives of this Act; and

3 (4) the principal purpose of the contract is to de-
4 velop or improve products, processes, or methods
5 which will be required for use by Government regula-
6 tions: *Provided, however,* That the Federal agency may
7 subsequently waive all or any part of the rights of the
8 United States under this section to such invention in
9 conformity with the provisions of section 303.

10 (b) The rights of the Government under subsection (a)
11 shall not be exercised by the Federal agency unless it first
12 determines that at least one of the conditions, identified in
13 paragraphs (1) through (4) exist and it files with the Secre-
14 tary a statement stating such determination.

15 (c) Each contract entered into by a Federal agency shall
16 include appropriate provisions to—

17 (1) require periodic written reports at reasonable
18 intervals in the commercial use of other forms of utili-
19 zation or efforts at obtaining commercial utilization
20 made by the inventor or contractor or their licensees or
21 assignees: *Provided,* That any such report shall be
22 treated by the Federal agency as commercial or finan-
23 cial information obtained from a person and privileged
24 or confidential and not subject to disclosure under the
25 Freedom of Information Act (5 U.S.C. 552); and

1 (2) reserve to the United States at least an irrevocable,
2 nonexclusive, nontransferable, paid-up license to
3 make, use, and sell the invention throughout the world
4 by or on behalf of the United States and States and
5 domestic municipal governments, unless the agency de-
6 termines that it would not be in the public interest to
7 acquire the license for the States and domestic municipal
8 governments.

9 **RIGHTS OF THE CONTRACTOR**

10 **SEC. 302. (a)** Whenever a contractor enters into a con-
11 tract with a Federal agency other than in those circum-
12 stances identified in section 301(a), the contractor or inventor
13 shall have the option of retaining title to any invention made
14 under the contract. Such rights shall be subject to the limita-
15 tions set forth in section 304 and the provisions of section
16 305. Such option shall be exercised by notifying the Govern-
17 ment at the time of disclosure of the invention or within such
18 time thereafter as may be provided in the contract. The Gov-
19 ernment shall obtain title to any invention for which this
20 option is not exercised.

21 **(b)** When the Government obtains title to an invention
22 under section 301, the contractor shall retain a nonexclusive,
23 royalty-free license which shall be revocable only to the
24 extent necessary for the Government to grant an exclusive
25 license.

1 ~~MARCH-IN RIGHTS~~

2 SEC. 304. (a) Where a contractor has elected to retain
3 title to an invention under section 302 or 303, the Federal
4 agency shall have the right, pursuant to regulations and sub-
5 ject to the provisions of subsection (b), to grant, or require
6 the contractor to grant, a nonexclusive, partially exclusive,
7 or exclusive license to a responsible applicant or applicants,
8 upon terms reasonable under the circumstances, if the agency
9 determines such action is necessary—

10 (1) because the contractor has not taken, or is not
11 expected to take within a reasonable time, effective
12 steps to achieve practical application of the invention;

13 (2) to alleviate serious health or safety needs
14 which are not reasonably satisfied by the contractor, or
15 its licensees;

16 (3) to meet requirements for public use specified
17 by Federal regulation which are not reasonably satis-
18 fied by the contractor or its licensees; or

19 (4) because the actions of the contractor beyond
20 the exercise of the exclusive rights in the invention
21 have tended substantially to lessen competition or to
22 result in undue market concentration in any section of
23 the United States in any line of commerce to which
24 the technology relates, or to create and maintain other
25 situations inconsistent with the antitrust laws.

1 (b) The rights of the Federal agency under subsection
 2 (a) shall be subject to the prior approval of the Secretary,
 3 who shall make a determination after a formal hearing with
 4 affected parties present and conducted in accordance with
 5 rules, regulations, and procedures adopted by the Secretary.

6 GENERAL PROVISIONS

7 SEC. 305. (a) Each contract entered into by a Federal
 8 agency shall employ a single patent rights clause containing
 9 such terms and conditions as the agency deems appropriate
 10 for the protection of the interests of the United States and
 11 the general public, including appropriate provisions to—

12 (1) require the timely disclosure by the contractor
 13 or inventor to that agency of any invention made under
 14 the contract: *Provided*, That Federal agencies are au-
 15 thorized to withhold from disclosure to the public, in-
 16 formation disclosing any invention made under the con-
 17 tract of an agency for a reasonable time in order for a
 18 United States or foreign patent application to be filed;

19 (2) require an election by the contractor within a
 20 reasonable time after disclosure as to whether the con-
 21 tractor intends to file a patent application on any in-
 22 vention made under the contract;

23 (3) require a declaration by the contractor within
 24 a reasonable time after disclosure of the contractor's

1 intent to commercialize or otherwise achieve the wide-
2 spread utilization of the invention by the public;

3 (4) an obligation on the part of the contractor, in
4 the event a United States patent application is filed by
5 or on its behalf or by any assignee of the contractor, to
6 include within the specification of such application and
7 any patent issuing thereon, a statement specifying that
8 the invention was made with Government support and
9 that the Government has certain rights in the inven-
10 tion; and

11 (5) allow deviation to the minimum rights ac-
12 quired under section 301 on a class basis in—

13 (A) contracts involving cosponsored, cost
14 sharing or joint venture research when the con-
15 tractor is required to make a substantial contribu-
16 tion of funds, facilities, or equipment to the work
17 performed under the contract;

18 (B) special contracting situations such as
19 Federal price or purchase supports and Federal
20 loan or loan guarantees; and

21 (C) no deviation under this subsection shall
22 waive in whole or in part, the minimum rights to
23 be secured for the Federal Government set forth
24 in section 304(a)(4).

1 (b) When it is determined that the right to require li-
2 censing or the right of the Federal agency to license should
3 be exercised pursuant to section 304, the Federal agency
4 may specify terms and conditions, including royalties to be
5 charged, if any, and the duration and field of use of the li-
6 cense, if appropriate. Agency determinations as to the rights
7 to inventions under this title shall be made in an expeditious
8 manner without unnecessary delay.

9 **BACKGROUND RIGHTS**

10 **SEC. 306.** Nothing contained in this Act shall be con-
11 strued to deprive the owner of any background patent or to
12 such rights as the owner may have thereunder.

13 **GOVERNMENT LICENSING AUTHORITY**

14 **SEC. 307.** A Federal agency may grant exclusive or
15 partially exclusive licenses in any invention to which the
16 Government has acquired title if the agency determines
17 that—

18 (1) the desired practical application has not been
19 achieved, or is not likely to be achieved within a rea-
20 sonable period of time by the granting of a nonexclu-
21 sive license;

22 (2) exclusive or partially exclusive licensing is a
23 reasonable and necessary incentive to call forth the in-
24 vestment of risk capital to bring the invention to prac-
25 tical application; and

(3) the proposed terms and scope of exclusivity are not greater than reasonably necessary to provide the incentive for bringing the invention to practical application.

TITLE IV—MISCELLANEOUS

REPEAL OF EXISTING STATUTORY RESEARCH AND DEVELOPMENT AUTHORIZATIONS

SEC. 401. The following Acts are hereby amended as follows:

(1) Section 205(a) of the Act of August 14, 1946 (7 U.S.C. 1624(a); 60 Stat. 1090), is amended by striking out the last sentence thereof.

(2) Section 501(e) of the Federal Coal Mine Health and Safety Act of 1969 (30 U.S.C. 951(e); 83 Stat. 742) is amended by striking out the last sentence thereof.

(3) Section 106(e) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(e); 80 Stat. 721) is repealed.

(4) Section 12 of the National Science Foundation Act of 1950 (42 U.S.C. 1871(a); 82 Stat. 360) is repealed.

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

(6) The National Aeronautics and Space Act of 1958 (42 U.S.C. 2451 et seq.; 72 Stat. 426) is amended—

1 (A) by repealing section 305 thereof (42 U.S.C.
 2 2457): *Provided, however,* That subsections (c), (d), and
 3 (e) of such section shall continue to be effective with
 4 respect to any application for patents in which the
 5 written statement referred to in subsection (e) of such
 6 section has been filed or requested to be filed by the
 7 Commissioner of Patents and Trademarks prior to the
 8 effective date of this Act;

9 (B) by inserting the following new section 305:
 10 "INVENTIONS AND CONTRIBUTIONS BOARD
 11 "SEC. 305. Each proposal for any waiver of patent
 12 rights held by the Administrator shall be referred to an In-
 13 ventions and Contributions Board which shall be established
 14 by the Administrator within the Administration. Such Board
 15 shall accord to each interested party an opportunity for a
 16 hearing, and shall transmit to the Administrator its findings
 17 of fact with respect to such proposal and its recommendations
 18 for action to be taken with respect thereto.";

19 (C) by repealing section 306 thereof (42 U.S.C.
 20 2458);

21 (D) by inserting at the end of section 203(e)
 22 thereof (42 U.S.C. 2473(e)) the following new para-
 23 graph:

24 "(14) to provide effective contractual provisions
 25 for reporting of the results of the activities of the Ad-

1 ministration, including full and complete technical re-
2 porting of any innovation made in the course of or
3 under any contract of the Administration.”;

4 (E) by inserting at the end of section 203 thereof
5 (42 U.S.C. 2478) the following new subsection:

6 “(d) For the purpose of chapter 17 of title 35 of the
7 United States Code, the Administration shall be considered a
8 defense agency of the United States.”; and

9 (F) by striking out the following in section
10 203(e)(3) thereof (42 U.S.C. 2473(e)(3)) “(including
11 patents and rights thereunder).”;

12 (7) Section 6 of the Act of July 7, 1960 (30 U.S.C. 666;
13 74 Stat. 337), is repealed.

14 (8) Section 4 of the Helium Act Amendments of 1960
15 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out
16 both proviso clauses at the end thereof.

17 (9) Section 32 of the Arms Control and Disarmament
18 Act (22 U.S.C. 2572; 75 Stat. 634) is repealed.

19 (10) Subsection (e) of section 302 of the Appalachian
20 Regional Development Act of 1965 (40 U.S.C. App. 302(e);
21 79 Stat. 5) is repealed.

22 (11) Section 9 of the Federal Nonnuclear Energy Re-
23 search and Development Act of 1974 (42 U.S.C. 5908; 88
24 Stat. 1887) is amended by striking all after “hours” the

1 second time it appears therein, and inserting in lieu thereof a
2 period.

3 (12) Section 5(i) of the Tennessee Valley Authority Act
4 of 1933 (16 U.S.C. 831d(i); 48 Stat. 61) is amended by strik-
5 ing both proviso clauses at the end thereof.

6 (13) Section 5(d) of the Consumer Product Safety Act
7 (15 U.S.C. 2054(d); 88 Stat. 1211) is repealed.

8 (14) Section 3 of the Act of April 5, 1944 (30 U.S.C.
9 323; 58 Stat. 191), is repealed.

10 (15) Section 8001 of the Solid Waste Disposal Act (42
11 U.S.C. 6981; 90 Stat. 2892) is repealed.

12 (16) Sections 200 through 209 and section 211 of title
13 35, United States Code, are repealed.

14 (17) Section 6e (1) and (2) of the Stevenson-Wydler
15 Technology Innovation Act of 1980 (15 U.S.C. 3705(e) (1)
16 and (2); 94 Stat. 2313) is repealed.

17 **EFFECTIVE DATE**

18 **SEC. 402.** This Act shall take effect 6 months after the
19 date of enactment of this Act.

20 **TITLE I—POLICY**

21 **FINDINGS**

22 **SEC. 101.** *The Congress, recognizing the profound*
23 *impact of science, engineering, and technology policy on the*
24 *economic, social, political, and technological well-being, and*

1 *the health and safety, of the Nation as a whole, hereby finds*
2 *and declares that—*

3 *(1) the United States has recently experienced a*
4 *decline in the process of industrial innovation and pro-*
5 *ductivity which adversely affects domestic productivity,*
6 *the rate of economic growth, the level of employment,*
7 *the balance of trade, and the attainment of other na-*
8 *tional goals;*

9 *(2) the national support of scientific and techno-*
10 *logical research and development is indispensable to*
11 *sustained growth and economic stability, and it is in*
12 *the national interest to maximize the benefits to the*
13 *general public from such investment;*

14 *(3) scientific and technological developments and*
15 *discoveries resulting from work performed with Gov-*
16 *ernment contracts constitute a valuable national re-*
17 *source which should be developed in a manner consist-*
18 *ent with the public interest and the equities of the re-*
19 *spective parties;*

20 *(4) current Federal policy with respect to the allo-*
21 *cation of rights to the results of federally sponsored re-*
22 *search and development delays technological progress,*
23 *and inhibits commercial utilization of those results;*
24 *and*

1 (5) there is a need for the establishment and im-
2 plementation of a flexible Government-wide policy for
3 the management and utilization of the results of feder-
4 ally funded research and development, and this policy
5 should promote the progress of science and the useful
6 arts, encourage the efficient commercial utilization of
7 technological developments and discoveries, guarantee
8 the protection of the public interest, and recognize the
9 equities of the contracting parties.

10 **PURPOSE**

11 **SEC. 102.** It is the purpose of this Act to—

12 (1) establish and maintain a uniform Federal
13 policy applicable to the management and use of the re-
14 sults of federally sponsored science and technology re-
15 search and development to stimulate more widespread
16 commercial utilization of those results for the public
17 good; and

18 (2) insure the effective uniform implementation of
19 the provisions of this Act, and to monitor on a continu-
20 ing basis the impact of Federal science and technology
21 policies on innovation and technology development.

22 **DEFINITIONS**

23 **SEC. 103.** As used in this Act, the term—

24 (1) “contract” means any contract, grant, or coop-
25 erative agreement entered into between any Federal

1 agency (other than the Tennessee Valley Authority)
2 and any person other than a small business firm or
3 nonprofit organization (as defined in section 201 of
4 title 35, United States Code) where a purpose of the
5 contract is the conduct of experimental, developmental,
6 or research work; such term includes any assignment,
7 substitution of parties or subcontract of any tier en-
8 tered into or executed for the conduct of experimental,
9 developmental, or research work in connection with the
10 performance of that contract;

11 (2) "contractor" means any person or entity
12 (other than a Federal agency, nonprofit organization,
13 or small business firm, as defined in section 201 of
14 title 35, United States Code) which is a party to the
15 contract;

16 (3) "Director" means the Director of the Office of
17 Management and Budget, or his designee;

18 (4) "Federal agency" means an executive agency
19 (as defined in section 105 of title 5, United States
20 Code), and the military departments (as defined in sec-
21 tion 102 of title 5, United States Code);

22 (5) "Government" means the Government of the
23 United States of America;

24 (6) "invention" means any invention or discovery
25 which is or may be patentable or otherwise protectable

1 under title 35, United States Code, or any novel vari-
2 ety of plant which is or may be protectable under the
3 Plant Variety Protection Act (7 U.S.C. 2321 et seq.);
4 (7) "practical application" means to manufacture
5 (in the case of a composition or product); to practice
6 (in the case of a processor method); or to operate (in
7 the case of a machine or system); in each case, under
8 such conditions as to establish that the invention is
9 being utilized and that its benefits are, to the extent
10 permitted by law or Government regulations, available
11 to the public on reasonable terms or through reasonable
12 licensing arrangements;

13 (8) "Secretary" means the Secretary of Com-
14 merce; and

15 (9) "subject invention" means any invention of a
16 contractor conceived or first actually reduced to prac-
17 tice in the performance of work under a contract. Pro-
18 vided, That, in the case of a variety of plant, the date
19 of determination (as defined in section 41(d) of the
20 Plant Variety Protection Act (7 U.S.C. 2401(d)) must
21 also occur during the period of contract performance.

22 TITLE II—IMPLEMENTATION

23 RESPONSIBILITIES

24 SEC. 201. (a) The Director shall issue such policies,
25 procedures, and guidelines applicable to Federal agencies as

1 are necessary and desirable to achieve uniform and consistent
2 implementation of the provisions of title III of this Act.

3 (b) For the purpose of obtaining consistent application
4 of the policies of this Act, the Secretary is authorized and
5 directed to—

6 (1) consult with and advise Federal agencies con-
7 cerning the effective implementation and operation of
8 the policies, purposes, and objectives of this Act;

9 (2) accumulate, analyze, and disseminate data ob-
10 tained from Federal agencies; and

11 (3) perform such other duties as may be pre-
12 scribed by the President or by statute.

13 (c) For the purpose of assuring the effective manage-
14 ment of Government-owned inventions, the Secretary is au-
15 thorized to—

16 (1) assist Federal agency efforts to promote the li-
17 censing and utilization of Government-owned inven-
18 tions;

19 (2) assist Federal agencies in seeking protection
20 and maintaining inventions in foreign countries, in-
21 cluding the payment of fees and costs connected there-
22 with; and

23 (3) consult with and advise Federal agencies as to
24 areas of science and technology research and develop-
25 ment with potential for commercial utilization.

1 (d) *Within 1 year after the date of enactment of this Act*
 2 *and annually thereafter, the Secretary shall submit to Con-*
 3 *gress a report of activities pursuant to this Act. Such report*
 4 *shall include—*

5 (1) *relevant statistical data regarding the disposi-*
 6 *tion of subject invention disclosures resulting from fed-*
 7 *erally funded research and development, including*
 8 *those inventions disclosed by small businesses and non-*
 9 *profit organizations;*

10 (2) *any legislative or administrative recommenda-*
 11 *tions to better achieve the policy and purposes of this*
 12 *Act; and*

13 (3) *an analysis of impact of Federal policies on*
 14 *the purposes of this Act.*

15 (e) *The authorities conferred upon the Secretary by sub-*
 16 *sections (b) through (d) of this section shall expire 7 years*
 17 *following the effective date of this Act, unless renewed by*
 18 *action of Congress.*

19 **TITLE III—ALLOCATIONS OF RIGHTS—**

20 **GOVERNMENT CONTRACTORS**

21 **RIGHTS OF THE GOVERNMENT**

22 **SEC. 301.** (a) *Each Federal agency may acquire on*
 23 *behalf of the United States, at the time of entering into a*
 24 *contract, title to or rights to license any subject invention, or*

1 may limit the rights of a contractor under section 302(b) of
2 this title, if—

3 (1) it is determined by a Government authority
4 which is authorized by statute or Executive order to
5 conduct foreign intelligence or counterintelligence activ-
6 ities that such action is necessary to protect the secu-
7 rity of such activities;

8 (2) the agency determines, on a case-by-case
9 basis, that there are exceptional circumstances requir-
10 ing such action to better promote the policy and objec-
11 tives of section 101(5) of this Act;

12 (3) the contractor is not located in the United
13 States or does not have a place of business located in
14 the United States, or is a foreign government; or

15 (4) the contract is entered into under a program
16 that implements a formal international agreement or
17 arrangement of cooperation in science and technology,
18 and rights in the Government greater than a nonexclu-
19 sive license are necessary for the agency to fulfill its
20 obligations under the international agreement or ar-
21 rangement.

22 (b)(1) The rights of the Government under subsection
23 (a) of this section shall not be exercised by the Federal
24 agency unless it first determines that at least one of the con-
25 ditions identified in paragraphs (1) through (4) of subsection

1 (a) of this section exist. Except in the case of paragraph (1)
2 of such subsection, the agency shall, within 30 days after the
3 award of the applicable contract, file with the Secretary a
4 statement stating such determination. In the case of a deter-
5 mination under subsection (a) (2) or (4) of this section, the
6 statement shall include an analysis supporting the determi-
7 nation and justifying the limitations and conditions being
8 imposed. If the Secretary believes that any individual deter-
9 mination or pattern of determinations is contrary to the
10 terms, policy, or objectives of this Act, the Secretary shall so
11 advise the head of the agency concerned and the Director and
12 recommend corrective actions.

13 (2) Whenever the Director has determined that one or
14 more Federal agencies are utilizing the authority of subsec-
15 tion (a) (2) or (4) of this section in a manner that is
16 contrary to the terms, policy, or objectives of this Act, the
17 Director is authorized to issue policies, procedures, and
18 guidelines describing classes of situations in which agencies
19 may not utilize the provisions of subsection (a) (2) or (4) of
20 this section.

21 (c) Each contract entered into by a Federal agency shall
22 include appropriate provisions—

23 (1) to require written reports on the commercial
24 use or other forms of utilization or efforts toward ob-
25 taining commercial utilization made by the contractor

1 or its licensees or assignees with respect to any subject
2 invention to which the contractor elects title, pursuant
3 to section 302 of this title: Provided, That any such
4 report, as well as any information on utilization or ef-
5 forts toward obtaining utilization obtained as part of a
6 proceeding under section 304 of this title, shall be
7 treated by the Federal agency as commercial or finan-
8 cial information obtained from a person and privileged
9 or confidential and not subject to disclosure under the
10 Freedom of Information Act (5 U.S.C. 552); and
11 (2) unless greater rights are acquired by the
12 United States under section 301(a) of this title, to re-
13 serve to the United States at least an irrevocable, non-
14 exclusive, nontransferable, paid-up license to make,
15 use, and sell any subject invention throughout the
16 world by or on behalf of the United States.

17 RIGHTS OF THE CONTRACTOR

18 SEC. 302. (a) Whenever a contractor enters into a con-
19 tract, unless limited in those circumstances identified in sec-
20 tion 301(a) of this title, the contractor shall have the option of
21 retaining title to any subject invention. Such title shall be
22 subject only to the limitations set forth in sections 301, 304,
23 and 305 of this title, and such title shall not be subject to any
24 other limitations or conditions.

1 (b) When the Government obtains title to a subject in-
 2 vention under section 301 of this title, the contractor shall
 3 retain a nonexclusive, royalty-free, paid-up, worldwide li-
 4 cense, including the right to sublicense affiliates, subsidiar-
 5 ies, and existing licensees to whom the contractor is legally
 6 obligated to sublicense, which shall be revocable only to the
 7 extent necessary for the Government to grant an exclusive
 8 license.

9 **WAIVER**

10 **SEC. 303. (a)** A Federal agency may at any time waive
 11 all or any part of the rights of the United States under sec-
 12 tion 301 or 304 of this title to any subject invention or class
 13 of subject inventions made or which may be made under a
 14 contract or class or contracts if the agency determines that—

15 (1) the interests of the United States and the gen-
 16 eral public will be best served thereby; or

17 (2) the contract involves cosponsored, cost-sharing
 18 or joint venture research or development and the con-
 19 tractor or other sponsor or joint venturer is required to
 20 make a substantial contribution of funds, facilities, or
 21 equipment to the work performed under the contract.

22 (b) The agency shall maintain a record, which shall be
 23 made public and periodically updated, of determinations
 24 made under this section.

1 (c) In making determinations under subsection (a)(1) of
2 this section, the agency shall consider at least the following
3 objectives:

4 (1) encouraging wide availability to the public of
5 the benefits of the experimental, developmental, or re-
6 search programs in the shortest practicable time;

7 (2) promoting the commercial utilization of such
8 inventions;

9 (3) encouraging participation by private persons
10 (including the most highly qualified persons) in the
11 Government-sponsored experimental, developmental, or
12 research programs; and

13 (4) fostering competition and preventing the cre-
14 ation or maintenance of situations inconsistent with
15 the antitrust laws of the United States.

16 **MARCH-IN-RIGHTS**

17 **SEC. 304.** (a) Where a contractor has elected to retain
18 title to a subject invention under section 302 of this title, the
19 Federal agency shall have the right (unless waived under sec-
20 tion 303 of this title), pursuant to policies, procedures, and
21 guidelines of the Director and subject to the provisions of
22 subsection (b) of this section, to grant or require the contrac-
23 tor or his assignee to grant a nonexclusive, partially exclu-
24 sive, or exclusive license to a responsible applicant or appli-
25 cants, upon terms reasonable under the circumstances, if the

1 (1) that the contractor disclose each subject inven-
2 tion to the Federal agency within a reasonable time
3 after it becomes known to contractor personnel respon-
4 sible for the administration of invention and patent
5 matters, and that the Federal Government may receive
6 title to any subject invention not disclosed to it within
7 such time; and

8 (2) unless the Government acquires title to the
9 subject invention under section 301(a) of this title,
10 that—

11 (A) the contractor make a written election to
12 the Federal agency within 2 years after disclosure
13 under paragraph (1) of this subsection or such ad-
14 ditional time as may be approved by the Federal
15 agency whether the contractor will retain title to a
16 subject invention pursuant to the provisions of
17 section 302 of this title: Provided, That, in any
18 case where publication, on sale, or public use has
19 initiated the 1-year statutory period wherein valid
20 patent protection can still be obtained within the
21 United States, the period for election of title may
22 be shortened by the Federal agency to a date that
23 is no more than 60 days prior to the end of the
24 statutory period;

1 (B) a contractor which elects rights in a sub-
2 ject invention agrees to file a patent application
3 prior to any statutory bar date that may occur
4 under title 35, United States Code, due to publi-
5 cation, on sale, or public use, and shall thereafter
6 file corresponding patent applications in other
7 countries in which it wishes to retain title within
8 reasonable times, and that the Federal Govern-
9 ment may receive title to any subject inventions
10 in the United States or other countries in which
11 the contractor has not filed patent applications on
12 the subject invention within such times; and

13 (C) the contractor, in the event a United
14 States patent application is filed by or on its
15 behalf or by any assignee of the contractor, will
16 include within the specification of such applica-
17 tion and any patent issuing thereon a statement
18 specifying that the invention was made with Gov-
19 ernment support and that the Government has
20 certain rights in the invention.

21 **BACKGROUND RIGHTS**
22 **SEC. 306.** Nothing contained in this Act shall be con-
23 strued to deprive the owner of any background patent or of
24 such rights as the owner may have under such patent.

1 *TITLE IV—MISCELLANEOUS*2 *REPEAL OF EXISTING STATUTORY RESEARCH AND*
3 *DEVELOPMENT AUTHORIZATIONS*4 *SEC. 401. The following Acts are hereby amended as*
5 *follows:*6 (1) *Section 205(a) of the Act of August 14, 1946 (7*
7 *U.S.C. 1624(a)), is amended by striking the last sentence*
8 *thereof.*9 (2) *Section 501(c) of the Federal Coal Mine Health and*
10 *Safety Act of 1969 (30 U.S.C. 951(c)) is amended by strik-*
11 *ing the last sentence thereof.*12 (3) *Section 106(c) of the National Traffic and Motor*
13 *Vehicle Safety Act of 1966 (15 U.S.C. 1395(c)) is repealed.*14 (4) *Section 12(a) of the National Science Foundation*
15 *Act of 1950 (42 U.S.C. 1871(a)) is repealed.*16 (5)(A) *Section 152 of the Atomic Energy Act of 1954*
17 *(42 U.S.C. 2182) is repealed: Provided, however, That such*
18 *section shall continue to be effective with respect to any appli-*
19 *cation for a patent in which the statement under oath referred*
20 *to in such section has been filed or requested to be filed by the*
21 *Commissioner of Patents and Trademarks prior to the effec-*
22 *tive date of this Act.*23 (B) *The item relating to section 152 in the table of con-*
24 *tents of the Atomic Energy Act of 1954 is amended to read*
25 *as follows:*

"Sec. 152. Repealed."

1 (6) *The National Aeronautics and Space Act of 1958*
2 *(42 U.S.C. 2451 et seq.) is amended by—*

3 (A) *repealing section 305 thereof (42 U.S.C.*
4 *2457): Provided, however, That subsections (c), (d),*
5 *and (e) of such section shall continue to be effective*
6 *with respect to any application for patents in which the*
7 *written statement referred to in subsection (c) of such*
8 *section has been filed or requested to be filed by the*
9 *Commissioner of Patents and Trademarks prior to the*
10 *effective date of this Act;*

11 (B) *repealing section 306 thereof (42 U.S.C.*
12 *2458);*

13 (C) *adding at the end of section 203 thereof (42*
14 *U.S.C. 2473) the following new subsection:*

15 “(d) *For the purpose of chapter 17 of title 35, United*
16 *States Code, the Administration shall be considered a defense*
17 *agency of the United States.”;*

18 *and*

19 (D) *striking “(including patents and rights there-*
20 *under)” in section 203(c)(3) thereof (42 U.S.C.*
21 *2473(c)(3)).*

22 (7) *Section 6 of the Act of July 7, 1960 (30 U.S.C.*
23 *666), is repealed.*

1 (8) Section 4 of the Helium Act Amendments of 1960
2 (50 U.S.C. 167b) is amended by striking all after "utiliza-
3 tion" and inserting in lieu thereof a period.

4 (9) Section 32 of the Arms Control and Disarmament
5 Act (22 U.S.C. 2572) is repealed.

6 (10) Subsection (e) of section 302 of the Appalachian
7 Regional Development Act of 1965 (40 U.S.C. App. 302(e))
8 is repealed.

9 (11) Subsections (a) through (k), (m), and (n) of section
10 9 of the Federal Nonnuclear Energy Research and Develop-
11 ment Act of 1974 (42 U.S.C. 5908) are repealed.

12 (12) Section 5(d) of the Consumer Product Safety Act
13 (15 U.S.C. 2054(d)) is repealed.

14 (13) Section 3 of the Act of April 5, 1944 (30 U.S.C.
15 323), is repealed.

16 (14) Section 8001(c)(3) of the Solid Waste Disposal
17 Act (42 U.S.C. 6981(c)(3)) is repealed.

18 (15) Chapter 38 of title 35, United States Code, is
19 amended—

20 (A) by adding "or any novel variety of plant
21 which is or may be protectable under the Plant Variety
22 Protection Act (7 U.S.C. 2321 et seq.)" immediately
23 after "title" in section 201(d);

24 (B) by adding "Provided, That, in the case of a
25 variety of plant, the date of determination (as defined

1 in section 41(d) of the Plant Variety Protection Act (7
2 U.S.C. 2401(d)) must also occur during the period of
3 contract performance” immediately after “agreement”
4 in section 201(e);

5 (C) in section 202(a), (i) by amending clause (i)
6 to read as follows: “(i) when the contractor is not locat-
7 ed in the United States or does not have a place of
8 business located in the United States,” and (ii) by
9 striking “or (iii)” and inserting in lieu thereof the fol-
10 lowing: “, (iii) when the funding agreement is entered
11 into under a program that implements a formal inter-
12 national agreement or arrangement of cooperation in
13 science and technology, and rights in the Government
14 greater than a nonexclusive license are necessary for
15 the agency to fulfill its obligations under the interna-
16 tional agreement or arrangement; or (iv)”;

17 (D) by amending section 202(b) to read as fol-
18 lows:

19 “(b)(1) The rights of the Government under paragraph
20 (a) of this section shall not be exercised by a Federal agency
21 unless it first determines that at least one of the conditions
22 identified in subparagraphs (i) through (iv) of paragraph (a)
23 exists. Except in the case of paragraph (a)(iv), the agency
24 shall file with the Secretary of Commerce, within 30 days
25 after the award of the applicable funding agreement, a state-

1 ment stating such determination. In the case of a determina-
2 tion under paragraphs (a) (ii) or (iii), the statement shall
3 include an analysis justifying the determination. If the Sec-
4 retary of Commerce believes that any individual determina-
5 tion or pattern of determinations is contrary to the policies
6 and objectives of this chapter or otherwise not in conformance
7 with this chapter, the Secretary shall so advise the head of
8 the agency concerned and the Administrator of the Office of
9 Federal Procurement Policy, and recommend corrective ac-
10 tions.

11 “(2) Whenever the Administrator of the Office of Feder-
12 al Procurement Policy has determined that one or more Fed-
13 eral agencies are utilizing the authority of subparagraphs (i)
14 through (iv) of paragraph (a) of this section in a manner that
15 is contrary to the policies and objectives of this chapter, the
16 Administrator is authorized to issue regulations describing
17 classes of situations in which agencies may not exercise the
18 authorities of those subparagraphs.”;

19 (E) by amending subparagraphs (1), (2), and (3)
20 of section 202(c) to read as follows:

21 “(1) That the contractor disclose each subject invention
22 to the Federal agency within a reasonable time after it be-
23 comes known to contractor personnel responsible for the ad-
24 ministration of patent matters, and that the Federal Govern-

1 ment may receive title to any subject invention not disclosed
2 to it within such time.

3 “(2) That the contractor make a written election within
4 2 years after disclosure to the Federal agency (or such addi-
5 tional time as may be approved by the Federal agency)
6 whether the contractor will retain title to a subject invention:
7 Provided, That, in any case where publication, on sale, or
8 public use, has initiated the 1 year statutory period in which
9 valid patent protection can still be obtained in the United
10 States, the period for election may be shortened by the Feder-
11 al agency to a date that is not more than sixty days prior to
12 the end of the statutory period: And provided further, That
13 the Federal Government may receive title to any subject in-
14 vention in which the contractor does not elect to retain rights
15 or fails to elect rights within such times.

16 “(3) That a contractor electing rights in a subject inven-
17 tion agrees to file a patent application prior to any statutory
18 bar date that may occur under this title due to publication, on
19 sale, or public use, and shall thereafter file corresponding
20 patent applications in other countries in which it wishes to
21 retain title within reasonable times, and that the Federal
22 Government may receive title to any subject inventions in the
23 United States or other countries in which the contractor has
24 not filed patent applications on the subject invention within
25 such times.”;

1 (F) by adding the following new paragraph at the
2 end of section 202:

3 "(g) A Federal agency may at any time waive all or
4 any part of the rights of the United States under paragraphs
5 (c) (4) through (8) of this section, section 203, and section
6 204 of this chapter, to any subject invention or class of sub-
7 ject inventions made or which may be made under a funding
8 agreement or class of funding agreements if the agency deter-
9 mines (A) that the interests of the United States and the
10 general public will be best served thereby; or (B) the funding
11 agreement involves cosponsored, cost sharing or joint venture
12 research or development when the contractor or other sponsor
13 or joint venturer is required to make or has made a substan-
14 tial contribution of funds, facilities, or equipment to the work
15 performed under the funding agreement. The agency shall
16 maintain a record, which shall be made public and periodi-
17 cally updated, of determinations made under this paragraph.
18 In making such determinations under clause (A) of this
19 paragraph, the agency shall consider at least the following
20 objectives:

21 "(1) encouraging the wide availability to the
22 public of the benefits of the experimental, developmen-
23 tal, or research programs in the shortest practicable
24 time;

1 “(2) promoting the commercial utilization of such
2 inventions;

3 “(3) encouraging participation by private persons,
4 including the most highly qualified persons, in Gov-
5 ernment-sponsored experimental, developmental, or re-
6 search programs; and

7 “(4) fostering competition preventing the creation
8 or maintenance of other situations inconsistent with the
9 antitrust laws.”;

10 (G) by striking “may” in section 202(c)(5) and
11 inserting in lieu thereof “as well as any information
12 on utilization or efforts at obtaining utilization ob-
13 tained as part of a proceeding under section 203 of this
14 chapter shall”;

15 (H) by striking clause (B) in section 202(c)(7)
16 and redesignating clauses (C) and (D) of such section
17 as clauses (B) and (C), respectively;

18 (I) by adding at the end of section 203 the follow-
19 ing:

20 “A determination pursuant to this section shall not be
21 considered a contract dispute and shall not be subject to the
22 Contract Disputes Act (41 U.S.C. 601 et seq.). Any contrac-
23 tor, assignee, or exclusive licensee adversely affected by a
24 determination under this section may, at any time within 60
25 days after the determination is issued, file a petition in the

1 *United States Court of Claims, which shall have jurisdiction*
2 *to determine the matter de novo and to affirm, reverse, or*
3 *modify as appropriate, the determination of the Federal*
4 *agency.”; and*

5 (J) *by amending section 209 by striking subsec-*
6 *tion (c)(2); by redesignating subsection (c)(3) as sub-*
7 *section (c)(2); and by striking all in paragraph (d)*
8 *after “objections” and inserting in lieu thereof a*
9 *period.*

10 (16) *Section 6(e) of the Stevenson-Wydler Technology*
11 *Innovation Act of 1980 (15 U.S.C. 3705(e)) is repealed.*

12 (17) *Section 10(a) of the Act of June 29, 1935 (7*
13 *U.S.C. 427i(a)) is amended by striking the last sentence*
14 *thereof.*

15 (18) *Section 427(b) of the Federal Mine Safety and*
16 *Health Act of 1977 (30 U.S.C. 937(b)) is amended by strik-*
17 *ing the last sentence thereof.*

18 (19) *Section 306(d) of the Surface Mining Control and*
19 *Reclamation Act of 1977 (30 U.S.C. 1226(d)) is amended*
20 *by striking the first two sentences thereof.*

21 (20) *Section 21(d) of the Federal Fire Prevention and*
22 *Control Act of 1974 (15 U.S.C. 2218(d)) is repealed.*

23 (21) *Section 6(b) of the Solar Photovoltaic Energy Re-*
24 *search, Development, and Demonstration Act of 1978 (42*

1 *U.S.C. 5585(b)) is amended by striking "7, 8, and 9" and*
 2 *inserting in lieu thereof "7 and 8".*

3 (22) *Section 12 of the Native Latex Commercialization*
 4 *and Economic Development Act of 1978 (7 U.S.C. 178j) is*
 5 *repealed.*

6 (23) *Section 408 of the Water Research and Develop-*
 7 *ment Act of 1978 (42 U.S.C. 7879) is repealed.*

8 (24) (A) *Section 173 of the United States Synthetic*
 9 *Fuels Corporation Act of 1980 (42 U.S.C. 8773) is re-*
 10 *pealed.*

11 (B) *The item relating to section 173 in the table of con-*
 12 *tents of the Energy Security Act (42 U.S.C. 8701 et seq.) is*
 13 *amended to read as follows:*

"Sec. 173. Repealed."

14 **RELATIONSHIP TO ANTITRUST LAWS**

15 *SEC. 402. Nothing in this Act shall be deemed to*
 16 *convey to any person immunity from civil or criminal liabili-*
 17 *ty, or to create any defenses to actions, under any antitrust*
 18 *law of the United States.*

19 **EFFECTIVE DATE**

20 *SEC. 403. (a) This Act shall take effect 6 months after*
 21 *the date of enactment of this Act.*

22 (b) *After the effective date of this Act, each Federal*
 23 *agency is authorized, notwithstanding any other law govern-*
 24 *ing the disposition of rights in subject inventions, to allow a*
 25 *contractor or an inventor to retain title to subject inventions*

1 *made under contracts awarded prior to the effective date of*
2 *this Act, subject to the same terms and conditions as would*
3 *apply under this Act and the Director's implementing poli-*
4 *cies, procedures, and guidelines had the contract been entered*
5 *into after the effective date of this Act.*

1 The first section of the report deals with the
 2 general situation in the country and the
 3 progress made during the year. It also
 4 contains a list of the main projects
 5 which are being carried out at present.

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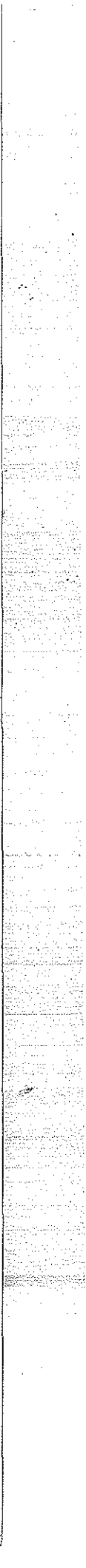
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Calendar No. 541

97TH CONGRESS
2D SESSION

S. 1657

[Report No. 97-381]

A BILL

Entitled the "Uniform Science and Technology
Research and Development Utilization Act".

MAY 5 (legislative day, APRIL 13), 1982

Reported with an amendment