



ROBERT S. WALKER, Pennsylvania, CHAIRMAN

F. JAMES SENSENBRENNER, JR., Wisconsin  
 SHERWOOD L. BOEHLERT, New York  
 HARRIS W. FAWCETT, Illinois  
 CONSTANCE A. MORELLA, Maryland  
 CURT WELDON, Pennsylvania  
 DANA ROHRBAUGH, California  
 STEVEN M. SCHIFF, New Mexico  
 JOE BARTON, Texas  
 KEN CALVERT, California  
 BILL BAKER, California  
 ROSS W. BARTLETT, Maryland  
 VERNON J. EHlers, Michigan  
 ZACK WAMP, Tennessee  
 DAVE WILSON, Florida  
 LINDBEY G. GRAHAM, South Carolina  
 MATT SALMON, Arizona  
 THOMAS M. DAVIS, Virginia  
 STEVE STOCKMAN, Texas  
 GIL GUTENRICH, Minnesota  
 ANDREA N. SEASTRAND, California  
 TODD TIAHT, Kansas  
 STEVE LARGENT, Oklahoma  
 VAN HELLARY, Tennessee  
 BARBARA CUSH, Wyoming  
 MARK ADAM FOLEY, Florida  
 SUE MYRICK, North Carolina

DAVID D. CLEMENT  
 Chief of Staff and Chief Counsel  
 BARRY C. BERINGER  
 General Counsel  
 ROBERT E. PALMER  
 Democratic Staff Director

U.S. HOUSE OF REPRESENTATIVES  
 COMMITTEE ON SCIENCE

SUITE 2320 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6301

(202) 225-6371

Internet: SCIENCE@HR.HOUSE.GOV

GEORGE E. BROWN, JR., California RDMF  
 RALPH M. HALL, Texas  
 JAMES A. TRAFICANT, JR., Ohio  
 JAMES A. HAYES, Louisiana  
 JOHN S. TAMMER, Tennessee  
 PETE GEREN, Texas  
 TOM ROEMER, Indiana  
 ROBERT E. (BUD) GRAWER, JR., Alabama  
 JAMES A. BANGA, Michigan  
 PAUL MICHAEL, Pennsylvania  
 JANE HARRMAN, California  
 EDDIE BERNICE JOHNSON, Texas  
 DAVID MINGE, Minnesota  
 JOHN W. OLVER, Massachusetts  
 ALCEE L. HASTINGS, Florida  
 LYNN R. ARVERS, Michigan  
 KAREN MCCARTHY, Missouri  
 MIKE WARD, Kentucky  
 ZOE LOFGREN, California  
 LLOYD DOGGETT, Texas  
 MICHAEL F. DOYLE, Pennsylvania  
 SHEILA JACKSON LEE, Texas  
 WILLIAM P. LUTHER, Minnesota

\*Ranking Democratic Member

May 12, 1995

Joseph P. Allen  
 National Technology Transfer Center  
 Wheeling Jesuit College  
 316 Washington Avenue  
 Wheeling, WV 26003

Dear Mr. Allen,

Knowing of your interest in Federal technology transfer, I am submitting for your review a proposed draft text of the Technology Transfer Improvements Act of 1995, which I intend to introduce in early June. A House Science Committee hearing discussing the bill is scheduled for June 15, 1995.

The draft text is similar to the revised version of the Technology Transfer Improvements Act of 1993, which I introduced in the last Congress with Senator Rockefeller. A House hearing on the revised Technology Transfer Improvements Act of 1993 was previously held on September 20, 1994.

I invite you to offer your comments on this draft text. If you are interested in commenting, please submit your analysis, suggestions, and proposed language to me by June 1, 1995.

I appreciate your interest in federal technology transfer. If you should have any questions regarding the bill, please contact Ben Wu at (202) 225-8844.

Sincerely,



Constance A. Morella  
 Chairwoman  
 Technology Subcommittee

**ADDENDUM**  
**TO THE DRAFT TEXT OF THE**  
**TECHNOLOGY TRANSFER IMPROVEMENTS ACT**

*Please note that the draft text should reflect two additional items which are not included in your printed version:*

(1) **CLARIFYING PATENT TITLE OWNERSHIP UNDER THE ADVANCED TECHNOLOGY PROGRAM (ATP).**

Effective on the date of the enactment of this Act, section 28(d)(11) of the National Institute of Standards and Technology Act [15 U.S.C. 278n(d)(11)] is amended by adding thereto the following new subsection (D):

"(11)(D) Nothing in this paragraph shall be construed to take precedence over the application of Section 202 (a) and (b) of Title 35 of the United States Code to intellectual property conceived or first actually reduced to practice in the course of projects awarded under this program by United States universities and nonprofit independent research organizations qualifying under such Section."

(2) **PROVIDING AN ANNUAL ADJUSTMENT OF INVENTOR ROYALTIES BY INDEXING FOR INFLATION THE FIRST \$2,000.**

Section 14(a)(1)(A)(i) of the Stevenson-Wydler Technology Innovation Act of 1980 [15 U.S.C. 3701c], as amended by the draft text, requiring agencies to annually pay inventors at least 15% of the first \$2,000 in royalties received by the agency for the inventions made by the employee would be amended by inserting the following new language to the draft text:

"Effective on the full calendar year after the date of enactment of this Act, the first \$2,000 shall be indexed for inflation using the Consumer Price Index."

[DRAFT TEXT]

APRIL 17, 1995

104TH CONGRESS  
1ST SESSION

H. R. \_\_\_\_\_

---

IN THE HOUSE OF REPRESENTATIVES

Mrs. MORELLA introduced the following bill; which was referred to the  
Committee on \_\_\_\_\_

---

## A BILL

To amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes.

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

3 SECTION 1. SHORT TITLE.

4 This Act may be cited as the "Technology Transfer  
5 Improvements Act of 1995".

## 1 SEC. 2. FINDINGS.

2 The Congress finds the following:

3 (1) Bringing technology and industrial innova-  
4 tion to the marketplace is central to the economic,  
5 environmental, and social well-being of the people of  
6 the United States.

7 (2) The Federal Government can help United  
8 States business to speed the development of new  
9 products and processes by entering into cooperative  
10 research and development agreements which make  
11 available the assistance of Federal laboratories to  
12 the private sector, but the commercialization of tech-  
13 nology and industrial innovation in the United  
14 States depends upon actions by business.

15 (3) The commercialization of technology and in-  
16 dustrial innovation in the United States will be en-  
17 hanced if companies, in return for reasonable com-  
18 pensation to the Federal Government, can more eas-  
19 ily obtain exclusive licenses to inventions which they  
20 develop jointly with scientists employed by Federal  
21 laboratories.

1 SEC. 3. TITLE TO INTELLECTUAL PROPERTY ARISING  
2 FROM COOPERATIVE RESEARCH AND DEVEL-  
3 OPMENT AGREEMENTS.

4 Subsection (b) of section 12 of the Stevenson-Wydler  
5 Technology Innovation Act of 1980 (15 U.S.C. 3710a(b))  
6 is amended to read as follows:

7 "(b) ENUMERATED AUTHORITY.—(1) Under an  
8 agreement entered into pursuant to subsection (a)(1), the  
9 laboratory may grant, or agree to grant in advance, to  
10 a collaborating party patent licenses or assignments, or  
11 options thereto, in any invention made in whole or in part  
12 by a laboratory employee under the agreement, for reason-  
13 able compensation when appropriate. The laboratory shall  
14 ensure that the collaborating party has the option to  
15 choose an exclusive license for a field of use for any such  
16 invention under the agreement or, if there is more than  
17 one collaborating party, that the collaborating parties are  
18 offered the option to hold licensing rights that collectively  
19 encompass the rights that would be held under such an  
20 exclusive license by one party. In consideration for the  
21 Government's contribution under the agreement, grants  
22 under this paragraph shall be subject to the following ex-  
23 plicit conditions:

24 "(A) A nonexclusive, nontransferable, irrev-  
25 ovable, paid-up license from the collaborating party  
26 to the laboratory to practice the invention or have

1 the invention practiced throughout the world by or  
 2 on behalf of the Government. In the exercise of such  
 3 license, the Government shall not publicly disclose  
 4 trade secrets or commercial or financial information  
 5 that is privileged or confidential within the meaning  
 6 of section 552(b)(4) of title 5, United States Code,  
 7 or which would be considered as such if it had been  
 8 obtained from a non-Federal party.

9 “(B) If a laboratory assigns title or grants an  
 10 exclusive license to such an invention, the Govern-  
 11 ment shall retain the right—

12 “(i) to require the collaborating party to  
 13 grant to a responsible applicant a nonexclusive,  
 14 partially exclusive, or exclusive license to use  
 15 the invention in the applicant’s licensed field of  
 16 use, on terms that are reasonable under the cir-  
 17 cumstances; or

18 “(ii) if the collaborating party fails to  
 19 grant such a license, to grant the license itself.

20 “(C) The Government shall exercise its right re-  
 21 tained under subparagraph (B) only if the Govern-  
 22 ment finds that—

23 “(i) the action is necessary to meet health  
 24 or safety needs that are not reasonably satisfied  
 25 by the collaborating party;

1           “(ii) the action is necessary to meet re-  
2           quirements for public use specified by Federal  
3           regulations, and such requirements are not rea-  
4           sonably satisfied by the collaborating party; or

5           “(iii) the collaborating party has failed to  
6           comply with an agreement containing provisions  
7           described in subsection (c)(4)(B).

8           “(2) Under an agreement entered into pursuant to  
9           subsection (a)(1), the collaborating party shall have the  
10          option to retain title to any invention made solely by an  
11          employee of the collaborating party.

12          “(3) Under an agreement entered into pursuant to  
13          subsection (a)(1), a laboratory may—

14               “(A) accept, retain, and use funds, personnel,  
15               services, and property from a collaborating party  
16               and provide personnel, services, and property to a  
17               collaborating party;

18               “(B) use funds received from a collaborating  
19               party in accordance with subparagraph (A) to hire  
20               personnel to carry out the agreement who will not be  
21               subject to full-time-equivalent restrictions of the  
22               agency; and

23               “(C) to the extent consistent with any applica-  
24               ble agency requirements or standards of conduct,  
25               permit an employee or former employee of the lab-



1 oratory to participate in an effort to commercialize  
 2 an invention made by the employee or former em-  
 3 ployee while in the employment or service of the  
 4 Government.

*W. J. King*

5 “(4) A collaborating party in an exclusive license in  
 6 any invention made under an agreement entered into pur-  
 7 suant to subsection (a)(1) shall have the right of enforce-  
 8 ment under chapter 29 of title 35, United States Code.

9 “(5) A Government-owned, contractor-operated lab-  
 10 oratory that enters into a cooperative research and devel-  
 11 opment agreement pursuant to subsection (a)(1) may use  
 12 or obligate royalties or other income accruing to the lab-  
 13 oratory under such agreement with respect to any inven-  
 14 tion only—

- 15 “(A) for payments to inventors;
- 16 “(B) for a purposes described in clauses (i),
- 17 (iii), and (iv) of section 14(a)(1)(B); and
- 18 “(C) for scientific research and development
- 19 consistent with the research and development mis-
- 20 sions and objectives of the laboratory.”

21 **SEC. 4. DISTRIBUTION OF INCOME FROM INTELLECTUAL**  
 22 **PROPERTY RECEIVED BY FEDERAL LABORA-**  
 23 **TORIES.**

24 Section 14 of the Stevenson-Wydler Technology Inno-  
 25 vation Act of 1980 (15 U.S.C. 3710c) is amended—

1 (1) by amending subsection (a)(1) to read as  
2 follows:

3 “(1) Except as provided in paragraphs (2) and  
4 (4), any royalties or other payments received by a  
5 Federal agency from the licensing and assignment of  
6 inventions under agreements entered into by Federal  
7 laboratories under section 12, and from the licensing  
8 of inventions of Government-operated laboratories  
9 under section 207 of title 35, United States Code,  
10 or under any other provision of law, shall be re-  
11 tained by the agency whose laboratory produced the  
12 invention and shall be disposed of as follows:

13 “(A)(i) The head of the agency or labora-  
14 tory, or such individual's designee, shall pay  
15 each year the first \$2,000, and thereafter at  
16 least 15 percent, of the royalties or other pay-  
17 ments to the inventor or coinventors.

18 “(ii) An agency or laboratory may provide  
19 appropriate incentives, from royalties or other  
20 payments, to employees of a laboratory who  
21 contribute substantially to the technical devel-  
22 opment of licensed or assigned inventions be-  
23 tween the time that the intellectual property  
24 rights to such inventions are legally asserted

1 and the time of the licensing or assigning of the  
2 inventions.

3 "(iii) The agency or laboratory shall retain  
4 the royalties and other payments received from  
5 an invention until the agency or laboratory  
6 makes payments to employees of a laboratory  
7 under clause (i) or (ii).

8 "(B) The balance of the royalties or other  
9 payments shall be transferred by the agency to  
10 its laboratories, with the majority share of the  
11 royalties or other payments from any invention  
12 going to the laboratory where the invention oc-  
13 curred. The royalties or other payments so  
14 transferred to any laboratory may be used or  
15 obligated by that laboratory during the fiscal  
16 year in which they are received or during the  
17 succeeding fiscal year—

18 "(i) to reward scientific, engineering,  
19 and technical employees of the laboratory,  
20 including developers of sensitive or classi-  
21 fied technology, regardless of whether the  
22 technology has commercial applications;

23 "(ii) to further scientific exchange  
24 among the laboratories of the agency;

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

“(iii) for education and training of employees consistent with the research and development missions and objectives of the agency or laboratory, and for other activities that increase the potential for transfer of the technology of the laboratories of the agency;

“(iv) for payment of expenses incidental to the administration and licensing of intellectual property by the agency or laboratory with respect to inventions made at that laboratory, including the fees or other costs for the services of other agencies, persons, or organizations for intellectual property management and licensing services; or

“(v) for scientific research and development consistent with the research and development missions and objectives of the laboratory.

“(C) All royalties or other payments retained by the agency or laboratory after payments have been made pursuant to subparagraphs (A) and (B) that is unobligated and unexpended at the end of the second fiscal year

1 succeeding the fiscal year in which the royalties  
2 and other payments were received shall be paid  
3 into the Treasury.”;

4 (2) in subsection (a)(2)—

5 (A) by inserting “or other payments” after  
6 “royalties”; and

7 (B) by striking “for the purposes described  
8 in clauses (i) through (iv) of paragraph (1)(B)  
9 during that fiscal year or the succeeding fiscal  
10 year” and inserting in lieu thereof “under para-  
11 graph (1)(B)”;

12 (3) in subsection (a)(4)—

13 (A) by striking “income” each place it ap-  
14 pears and inserting in lieu thereof “payments”;

15 (B) by striking “the payment of royalties  
16 to inventors” in the first sentence thereof and  
17 inserting in lieu thereof “payments to inven-  
18 tors”;

19 (C) by striking “clause (i) of paragraph  
20 (1)(B)” and inserting in lieu thereof “clause  
21 (iv) of paragraph (1)(B)”;

22 (D) by striking “payment of the royalties,”  
23 in the second sentence thereof and inserting in  
24 lieu thereof “offsetting the payments to inven-  
25 tors,”; and

1 (E) by striking "clauses (i) through (iv)  
2 of"; and

3 (4) by amending paragraph (1) of subsection  
4 (b) to read as follows:

5 "(1) by a contractor, grantee, or participant, or  
6 an employee of a contractor, grantee, or participant,  
7 in an agreement or other arrangement with the  
8 agency, or".

9 **SEC. 5. EMPLOYEE ACTIVITIES.**

10 Section 15(a) of the Stevenson-Wydler Technology  
11 Innovation Act of 1980 (15 U.S.C. 3710d(a)) is amend-  
12 ed—

13 (1) by striking "the right of ownership to an in-  
14 vention under this Act" and inserting in lieu thereof  
15 "ownership of or the right of ownership to an inven-  
16 tion made by a Federal employee"; and

17 (2) by inserting "obtain or" after "the Govern-  
18 ment, to".

19 **SEC. 6. AMENDMENT TO BAYH-DOLE ACT.**

20 Section 210(e) of title 35, United States Code, is  
21 amended by striking ", as amended by the Federal Tech-  
22 nology Transfer Act of 1986,".

**ADDENDUM**  
**TO THE DRAFT TEXT OF THE**  
**TECHNOLOGY TRANSFER IMPROVEMENTS ACT**

*Please note that the draft text should reflect two additional items which are not included in your printed version:*

(1) **CLARIFYING PATENT TITLE OWNERSHIP UNDER THE ADVANCED TECHNOLOGY PROGRAM (ATP).**

Effective on the date of the enactment of this Act, section 28(d)(11) of the National Institute of Standards and Technology Act [15 U.S.C. 278n(d)(11)] is amended by adding thereto the following new subsection (D):

"(11)(D) Nothing in this paragraph shall be construed to take precedence over the application of Section 202 (a) and (b) of Title 35 of the United States Code to intellectual property conceived or first actually reduced to practice in the course of projects awarded under this program by United States universities and nonprofit independent research organizations qualifying under such Section."

(2) **PROVIDING AN ANNUAL ADJUSTMENT OF INVENTOR ROYALTIES BY INDEXING FOR INFLATION THE FIRST \$2,000.**

Section 14(a)(1)(A)(i) of the Stevenson-Wydler Technology Innovation Act of 1980 [15 U.S.C. 3701c], as amended by the draft text, requiring agencies to annually pay inventors at least 15% of the first \$2,000 in royalties received by the agency for the inventions made by the employee would be amended by inserting the following new language to the draft text:

"Effective on the full calendar year after the date of enactment of this Act, the first \$2,000 shall be indexed for inflation using the Consumer Price Index."