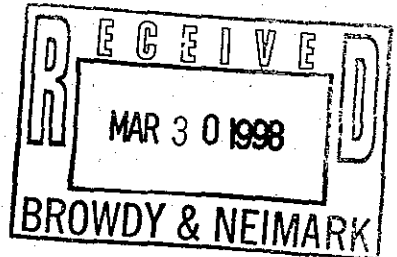




**NATIONAL TECHNOLOGY TRANSFER CENTER
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Thank you.

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
SHOWING H.R. 2544, AS AMENDED
BY THE SUBCOMMITTEE ON TECHNOLOGY**

Strike all after the enacting clause and insert the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the "Technology Transfer
3 Commercialization Act of 1998".

4 **SEC. 2. COOPERATIVE RESEARCH AND DEVELOPMENT
5 AGREEMENTS.**

6 Section 12(b)(1) of the Stevenson-Wydler Technology
7 Innovation Act of 1980 (15 U.S.C. 3710a(b)(1)) is
8 amended by inserting "or, subject to section 209 of title
9 35, United States Code, may grant a license to an inven-
10 tion which is federally owned, made before the granting
11 of the license, and directly related to the scope of the work
12 under the agreement," after "under the agreement,".

13 **SEC. 3. LICENSING FEDERALLY OWNED INVENTIONS.**

14 ~~(a) AMENDMENT.—Section 209 of title 35, United
15 States Code, is amended to read as follows:~~

16 **"§ 209. Licensing federally owned inventions**

17 ~~"(a) AUTHORITY.—A Federal agency may grant a li-
18 cense on a federally owned invention only if—~~

*gn exclusive
or
partially
ex*

1 “(1) granting the license is a reasonable and
2 necessary incentive to—

3 “(A) call forth the investment capital and
4 expenditures needed to bring the invention to
5 practical application; or

6 “(B) otherwise promote the invention’s uti-
7 lization by the public;

8 “(2) the Federal agency finds that the public
9 will be served by the granting of the license, as indi-
10 cated by the applicant’s intentions, plans, and ability
11 to bring the invention to practical application or oth-
12 erwise promote the invention’s utilization by the
13 public, and that the proposed scope of exclusivity is
14 not greater than reasonably necessary to provide the
15 incentive for bringing the invention to practical utili-
16 zation, as proposed by the applicant, or otherwise to
17 promote the invention’s utilization by the public;

18 “(3) the applicant makes a commitment to
19 achieve practical utilization of the invention within a
20 reasonable time;

21 “(4) granting the license will not tend to sub-
22 stantially lessen competition or create or maintain a
23 violation of the Federal antitrust laws; and

24 “(5) in the case of an invention covered by a
25 foreign patent application or patent, the interests of

EXCLUSIVE
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NO

1 United States industry in foreign commerce will be
2 enhanced.)

3 (b) MANUFACTURE IN UNITED STATES.—A Federal
4 agency shall normally grant ^{non-exclusive or non-exclusive} a license to use or sell any

non-exclusive or exclusive

5 federally owned invention in the United States only to a
6 licensee who agrees that any products embodying the in-
7 vention or produced through the use of the invention will
8 be manufactured substantially in the United States.

exclusive

9 (c) SMALL BUSINESS.—First preference for the
10 granting of licenses under this section shall be given to
11 small business firms having equal or greater likelihood as
12 other applicants to bring the invention to practical appli-
13 cation within a reasonable time.

new section

14 (d) TERMS AND CONDITIONS.—Licenses granted
15 under this section shall contain such terms and conditions
16 as the granting agency considers appropriate. Such terms
17 and conditions—

18 (1) shall include provisions—

19 (A) retaining a nontransferrable, irrev-
20 ocable, paid-up license for the Federal agency
21 to practice the invention or have the invention
22 practiced throughout the world by or on behalf
23 of the Government of the United States;

24 (B) requiring periodic reporting on utili-
25 zation of the invention, and utilization efforts,

1 by the licensee, but only to the extent necessary
 2 to enable the Federal agency to determine
 3 whether the terms of the license are being com-
 4 plied with; and

5 "(C) empowering the Federal agency to
 6 terminate the license in whole or in part if the
 7 agency determines that—

8 "(i) the licensee is not executing its
 9 commitment to achieve practical utilization
 10 of the invention, including commitments
 11 contained in any plan submitted in support
 12 of its request for a license, and the licensee
 13 cannot otherwise demonstrate to the satis-
 14 faction of the Federal agency that it has
 15 taken, or can be expected to take within a
 16 reasonable time, effective steps to achieve
 17 practical utilization of the invention;

18 "(ii) the licensee is in breach of an
 19 agreement described in subsection (b);

20 "(iii) termination is necessary to meet
 21 requirements for public use specified by
 22 Federal regulations issued after the date of
 23 the license, and such requirements are not
 24 reasonably satisfied by the licensee; or

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1 “(iv) the licensee has been found by a
 2 competent authority to have violated the
 3 Federal antitrust laws in connection with
 4 its performance under the license agree-
 5 ment.

Handwritten initials: F, M, W

6 “(e) PUBLIC NOTICE.—No license may be granted
 7 under this section unless public notice of the availability
 8 of a federally owned invention for licensing in an appro-
 9 priate manner has been provided at least 30 days before
 10 the license is granted, and the Federal agency has consid-
 11 ered all comments received in response to that public no-
 12 tice. This subsection shall not apply to the licensing of
 13 inventions made under a cooperative research and develop-
 14 ment agreement entered into under section 12 of the Ste-
 15 venson-Wyidler Technology Innovation Act of 1980 (15
 16 U.S.C. 3710a).

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17 “(f) DEVELOPMENT PLAN.—A Federal agency may
 18 grant a license on a federally owned invention only if the
 19 person requesting the license has supplied to the agency
 20 a basic business plan with commercialization milestones.

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21 “(g) NONDISCLOSURE OF CERTAIN INFORMATION.—
 22 Information (other than the name of an applicant or li-
 23 censee and type of license) obtained from an applicant or
 24 licensee pursuant to this section shall be treated by the
 25 Federal agency as commercial and financial information

1 obtained from a person and not subject to disclosure under
2 section 552 of title 5, United States Code.”

3 (b) CONFORMING AMENDMENT.—The item relating
4 to section 209 in the table of sections for chapter 18 of
5 title 35, United States Code, is amended to read as fol-
6 lows:

“209. Licensing federally owned inventions.”

7 **SEC. 4. TECHNICAL AMENDMENTS TO BAYH-DOLE ACT.**

8 Chapter 18 of title 35, United States Code (popularly
9 known as the “Bayh-Dole Act”), is amended—

10 (1) by amending section 202(e) to read as fol-
11 lows:

12 “(e) In any case when a Federal employee is a co-
13 inventor of any invention made under a funding agreement
14 with a nonprofit organization or small business firm, the
15 Federal agency employing such coinventor may, for the
16 purpose of consolidating rights in the invention—

17 “(1) transfer or assign whatever rights it may
18 acquire in the subject invention from its employee to
19 the nonprofit organization or small business firm; or

20 “(2) acquire any rights in the subject invention
21 from its employee or from the nonprofit organization
22 or small business firm, but only to the extent the
23 party from whom the rights are acquired voluntarily
24 enters into the transaction.”; and

25 (2) in section 207(a)—

1 (A) by striking "patent applications, pat-
2 ents, or other forms of protection obtained" and
3 inserting "or licensed inventions" in paragraph
4 (2); and

5 (B) by inserting ", including acquiring
6 rights for the Federal Government in any in-
7 vention, but only to the extent the party from
8 whom the rights are acquired voluntarily enters
9 into the transaction, to facilitate the licensing
10 of a federally owned invention" after "or
11 through contract" in paragraph (3).

12 **SEC. 5. TECHNICAL AMENDMENTS TO THE STEVENSON-**
13 **WYDLER TECHNOLOGY INNOVATION ACT OF**
14 **1980.**

15 Section 14(a)(1) of the Stevenson-Wydler Technology
16 Innovation Act of 1980 (15 U.S.C. 3710e(a)(1)) is amend-
17 ed—

18 (1) in subparagraph (A)(i), by inserting ", if
19 the inventor's or coinventor's rights are assigned to
20 the United States" after "inventor or coinventors";
21 and

22 (2) in subparagraph (B), by striking "succeed-
23 ing fiscal year" and inserting "2 succeeding fiscal
24 years".