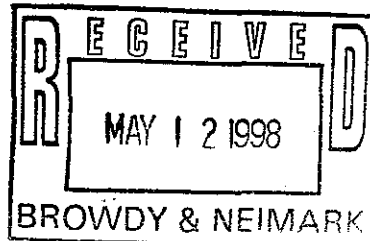




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Draft H.L.C.

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 2544
OFFERED BY MR. SENSENBRENNER**

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 an
18 exclusive or partially exclusive license on a federally owned
19 invention only if—

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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

1 the Federal Government or United States industry
2 in foreign commerce will be enhanced.

3 "(b) MANUFACTURE IN UNITED STATES.—A Federal
4 agency shall normally grant a license to use or sell any
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.

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

15 "(d) TERMS AND CONDITIONS.—Exclusive and par-
16 tially exclusive licenses granted under this section shall
17 contain such terms and conditions as the granting agency
18 considers appropriate. Such terms and conditions—

19 "(1) shall include provisions—

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

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1 “(B) requiring periodic reporting on utili-
2 zation of the invention, and utilization efforts,
3 by the licensee, but only to the extent necessary
4 to enable the Federal agency to determine
5 whether the terms of the license are being com-
6 plied with; and

7 “(C) empowering the Federal agency to
8 terminate the license in whole or in part if the
9 agency determines that—

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

20 “(ii) the licensee is in breach of an
21 agreement described in subsection (b);

22 “(iii) termination is necessary to meet
23 requirements for public use specified by
24 Federal regulations issued after the date of

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1 the license, and such requirements are not
2 reasonably satisfied by the licensee; or

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

8 "(e) PUBLIC NOTICE.—No exclusive or partially ex-
9 clusive license may be granted under this section unless
10 public notice of the availability of a federally owned inven-
11 tion for licensing in an appropriate manner has been pro-
12 vided at least 30 days before the license is granted, and
13 the Federal agency has considered all comments received
14 in response to that public notice. This subsection shall not
15 apply to the licensing of inventions made under a coopera-
16 tive research and development agreement entered into
17 under section 12 of the Stevenson-Wydler Technology In-
18 novation Act of 1980 (15 U.S.C. 3710a).

19 "(f) BASIC BUSINESS PLAN.—A Federal agency may
20 grant a license on a federally owned invention only if the
21 person requesting the license has supplied to the agency
22 a basic business plan with development milestones, com-
23 mercialization milestones, or both.

24 "(g) NONDISCLOSURE OF CERTAIN INFORMATION.—
25 Any basic business plan, and revisions thereto, submitted

1 by an applicant for a license, and any report on the utiliza-
2 tion or utilization efforts of a licensed invention submitted
3 by a licensee, shall be treated by the Federal agency as
4 commercial and financial information obtained from a per-
5 son and not subject to disclosure under section 552 of title
6 5, United States Code.”.

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

“209. Licensing federally owned inventions.”.

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

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

14 (1) by amending section 202(e) to read as fol-
15 lows:

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

21 “(1) license or assign whatever rights it may
22 acquire in the subject invention from its employee to
23 the nonprofit organization or small business firm; or

24 “(2) acquire any rights in the subject invention,
25 but only to the extent the party from whom the

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1 rights are acquired voluntarily enters into the trans-
2 action.”; and

3 (2) in section 207(a)—

4 (A) by striking “patent applications, pat-
5 ents, or other forms of protection obtained” and
6 inserting “inventions” in paragraph (2); and

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

14 **SEC. 5. TECHNICAL AMENDMENTS TO THE STEVENSON-**
15 **WYDLER TECHNOLOGY INNOVATION ACT OF**
16 **1980.**

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

20 (1) in subparagraph (A)(i), by inserting “, if
21 the inventor’s or coinventor’s rights are assigned to
22 the United States” after “inventor or coinventors”;
23 and

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

Pending Review

4 SEC. 6. REVIEW OF COOPERATIVE RESEARCH AND DEVEL-
5 OPMENT AGREEMENT PROCEDURES.

6 (a) REVIEW.—The Director of the Office of Science
7 and Technology Policy, in consultation with the Office of
8 Management and Budget, relevant Federal agencies, na-
9 tional laboratories, and any other person the Director con-
10 sider appropriate, shall review the general policies and
11 procedures used by Federal agencies to gather and con-
12 sider the views of other agencies on—

13 (1) joint work statements under section
14 12(e)(5)(C) or (D) of the Stevenson-Wydler Tech-
15 nology Innovation Act of 1980 (15 U.S.C.
16 3710a(e)(5)(C) or (D)); or

17 (2) in the case of laboratories described in sec-
18 tion 12(d)(2)(A) of the Stevenson-Wydler Tech-
19 nology Innovation Act of 1980 (15 U.S.C.
20 3710a(d)(2)(A)), cooperative research and develop-
21 ment agreements under such section 12,
22 with respect to major proposed cooperative research and
23 development agreements that involve national security or
24 may have a significant impact on domestic or international
25 competitiveness.

Pending Review

1 (b) PROCEDURES.—Within one year after the date of
 2 the enactment of this Act, the Director of the Office of
 3 Science and Technology Policy, in consultation with the
 4 Office of Management and Budget and relevant Federal
 5 agencies, shall establish and distribute to appropriate Fed-
 6 eral agencies—

7 (1) specific criteria to indicate the necessity for
 8 gathering and considering the views of other agen-
 9 cies on joint work statements or cooperative research
 10 and development agreements as described in sub-
 11 section (a); and

12 (2) procedures for carrying out such gathering
 13 and considering of agency views.

14 Procedures established under this subsection shall be de-
 15 signed to the extent possible to use or modify existing pro-
 16 cedures, to minimize burdens on Federal agencies, and to
 17 minimize delay in the approval or disapproval of joint
 18 work statements and cooperative research and develop-
 19 ment agreements.