

COMPARISON OF BILLS

*Mark up of  
Senate Bill  
Revised 30 Oct*

The attached is a draft Administration mark-up of a Senate Staff Working Draft of a Bill entitled the "Uniform Science and Technology Research and Development Utilization Act." The table below indicates those sections of the Administration mark-up which contain provisions that are the same or similar in subject matter and basic substance to provisions in the Staff Working Draft.

Staff Working Draft Section	Topic	Mark-up Section
201(b)(2)	Implementing Regulations	201(a), 301(b)(2), 303(a), 303(c), 306, and 402.
201(b)(4)	Resolution of Disputes	301(b), 303(b), 304, and 306
301(a)	Exceptions	301(a)
301(b)	Procedures for Invoking Exceptions	301(b)
301(c)(1)	Periodic Reporting by Contractors	301(c)(10)
301(c)(2)	Government's License	301(c)(8), But License to State and Local Govt's Dropped
302(a)	Title in Contractor	301(a)
302(b)	Contractor's License	301(c)(13)
303	Waivers	301(d) and (e)
304	March-ins	303
305(a)(1)-(4)	Various Conditions on Contractor	301(c)
305(a)(5)	Waivers	301(d)
305(b)	Certain March-in Procedures	303
306	Background Rights	305(b)
307	Government Licensing	Title IV
401	Repealers	501
402	Effective Date	503

In addition, the Administration mark-up adds the following provisions which are derived from the provisions of Public Law 96-517, 35 USC 200 et. seq. and which have no counterpart in the Senate Staff Working Draft:

1. Sec. 302, although 302(c) has a partial counterpart in section 305(a)(3) of the Staff Working Draft. Sec. 302 covers waivers to inventors, coinvention situations, and confidentiality.

2. Section 305(a), background rights of small businesses and domestic nonprofit organizations.

3. Title IV. Much more detailed licensing provisions are included.

4. Sec. 502 , antitrust defenses.

Finally, a new section 306 has been added dealing with disputes as to whether an invention is a subject invention. And section 503, effective date has been expanded. These changes are based on experience derived during OFPP efforts to implement Pub.L. 96-517.

It should also be noted that in Section 301 of the Administration Draft Mark-up an attempt has been made to follow the basic format of 35 U.S.C. 202 with some changes and additions based on experience in the preparation of implementing regulations.

~~[STAFF WORKING DRAFT]~~

~~SEPTEMBER 15, 1981~~

97TH CONGRESS  
1ST SESSION

S.

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

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IN THE SENATE OF THE UNITED STATES

~~SEPTEMBER~~ , 1981

Mr. \_\_\_\_\_ introduced the following bill; which was read twice  
and referred to the Committee on Commerce, Science, and Transportation

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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,*

3 TITLE I—POLICY

4 FINDINGS

5 SEC. 101. The Congress, recognizing the profound  
6 impact of science, engineering, and technology policy on the  
7 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 is integrally related to, and adversely  
6 impacts upon, domestic productivity, the rate of eco-  
7 nomic growth, the level of employment, the balance of  
8 trade, and the attainment of other national 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 al-  
21 location of rights to the results of federally sponsored  
22 research and development deters contractor participa-  
23 tion in Government contracts, delays technological  
24 progress, and stifles the innovative process.

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. 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 for the management and use of the results of  
14 federally sponsored science and technology research  
15 and development; and

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

#### 20 DEFINITIONS

21 SEC. 103. As used in this Act the term—

22 (1) "contract" means any contract, grant,<sup>or</sup> cooper-  
23 ative agreement, ~~commitment, understanding, or other~~  
24 ~~arrangement~~ entered into between any Federal agency  
25 and any person where a purpose of the contract is the

1 conduct of experimental, developmental, or research  
2 work. Such term includes any assignment, substitution  
3 of parties or subcontract of any type entered into or  
4 executed for the conduct of experimental, developmen-  
5 tal, or research work in connection with the perform-  
6 ance of that contract;

Subject  
Invention

7 ~~(2) "contractor" means any person or other entity~~  
8 ~~that is a party to the contract;~~

(2) "contractor" means any person, other than the  
Government or a Federal agency, that is a party to a contract;

(3) <sup>"Administrator"</sup> ~~"Director"~~ means the <sup>Administrator</sup> ~~Director~~ of the Office of  
Federal Procurement Policy or such other official as may be  
designated by the President.

9 ~~(3) "disclosure" means a written statement, suffi-~~  
10 ~~ciently complete as to technical detail to convey to one~~  
11 ~~skilled in the art to which the invention pertains a~~  
12 ~~clear understanding of the nature, purpose, operation,~~  
13 ~~and, to the extent known, the physical, chemical, or~~  
14 ~~electrical characteristics of the invention;~~

DIRECTOR

15 (4) "Federal agency" means an "executive  
16 agency" as defined by section 105 of title 4, United  
17 States Code, and the military departments as defined  
18 by section 102 of title 4, United States Code;

19 (5) "Government" means the Government of the  
20 United States of America;

21           (6) ~~"invention" means any invention, discovery,~~  
22           ~~innovation, or improvement which is or may reason-~~  
23           ~~ably be patentable subject matter as defined in title 35,~~  
24           ~~United States Code;~~

(6) "invention" means any invention or discovery which is  
or may be patentable or otherwise protectable under Title 35,  
United States Code; *in title 7 section 2321*

5

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

5           <sup>7</sup>(8) ~~"made under the contract" or "made under a~~  
6           ~~contract" when used in relation to any invention~~  
7           means the conception or first actual reduction to prac-  
8           tice of such invention ~~in the course of any work under~~  
9           ~~the contract or under a contract, respectively;~~

10           <sup>8</sup>(9) "nonprofit organization" means <sup>a</sup>universities <sup>y</sup>  
11           ~~and~~ <sup>or</sup> other institutions of higher education or an organi-  
12           zation of the type described in section 501(c)(3) of the  
13           Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and  
14           exempt from taxation under section 501(a) of the Inter-  
15           nal Revenue Code of 1954 (26 U.S.C. 501(a)) or any  
16           nonprofit scientific or educational organization qualified  
17           under a State nonprofit organization statute;

18 (9) "person" means any individual, partnership, } Title I  
19 corporation, association, institution, or other entity;

20 (10) "practical application" means to manufacture  
21 in the case of a composition or product, to practice in  
22 the case of a process or method, or to operate in the  
23 case of a machine or system, and, in each case, under  
24 such conditions as to establish that the invention is  
25 being worked and that its benefits are available to the

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6

1 public either on reasonable terms or through reason-  
2 able licensing arrangements;

3 ~~(12) "Secretary" means the Secretary of Com-~~  
4 ~~merce; and~~

(11) "Secretary" means the Secretary of Commerce or such  
other official as may be designated by the President; and

5 (13) "small business firm" means a small business  
6 concern, as defined in section 2 of Public Law 85-536  
7 (15 U.S.C. 632) and implementing regulations of the  
8 Administrator of the Small Business Administration.

9 For the purpose of this Act, size standards ~~for small~~  
established by the Administrator <sup>OF SBA</sup> for Government  
procurement purposes shall be applicable.



10 ~~business concerns involved in Government procure-~~  
 11 ~~ment, contained in section 121.3-8 of title 18, Code of~~  
 12 ~~Federal Regulations, and in subcontracting, contained~~  
 13 ~~in section 121.3-12 of title 18, Code of Federal Regu-~~  
 14 ~~lations, will be used.~~

15 TITLE II—IMPLEMENTATION

16 RESPONSIBILITIES

17 ~~SEC. 201. (a) The Secretary shall coordinate, direct,~~  
 18 ~~and review the implementation and administration of the~~  
 19 ~~Federal policy set forth in this Act with respect to the owner-~~  
 20 ~~ship of inventions resulting from federally sponsored research~~  
 21 ~~and development, and promote the efficient and effective uti-~~  
 22 ~~lization of the results of federally sponsored research and de-~~  
 23 ~~velopment.~~

*Administrator*

SEC. 201. (a) The ~~Director~~<sup>*Administrator*</sup> shall issue regulations [which  
 may be made] applicable to Federal agencies which are  
 necessary and desirable to achieve uniform and consistent  
 implementation of Title III of this Act. The Director <sup>*A*</sup>  
 shall issue standard contract provisions implementing  
 the rights and terms and conditions specified in sections  
 301 and 303 which shall be used by all Federal agencies and  
 which shall be incorporated in appropriate agency and  
 Government-wide regulations.

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

4 (1) to consult <sup>with</sup> and advise ~~with~~ Federal agencies <sup>and others</sup>  
 5 concerning the effective implementation and operation  
 6 of the policies, purposes, and objectives of this Act;

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

12 (2) ~~to obtain from Federal agencies,~~  
~~(2) to~~ <sup>to</sup> accumulate, analyze, and disseminate data  
 13 necessary to evaluate the administration and effective-  
 14 ness of the policies set forth in this Act;

15 ~~(4) to determine with administrative finality, in an~~  
 16 ~~expeditious manner without unnecessary delay, any~~  
 17 ~~dispute between a Federal agency and an aggrieved~~  
 18 ~~party arising under title III of this Act; and~~

19 (3) to establish <sup>ad hoc</sup> advisory <sup>groups</sup> ~~committees~~ to provide advise  
 20 concerning the effective implementation and operation of the  
 21 policies, purposes, and objectives of this Act; and

22 <sup>4</sup>  
 23 (2) to perform such other duties as may be pre-  
 24 scribed by the President or by statute.

25 (c) For the purpose of assuring the effective manage-  
 26 ment of Government-owned inventions, the Secretary is au-  
 27 thorized to—

1 (1) assist ~~and coordinate~~ <sup>Federal</sup> agency efforts to promote  
 2 the licensing and utilization of Government-owned in-  
 3 ventions;

4 (2) ~~coordinate and advise~~ <sup>assist</sup> the Federal agencies in  
 5 seeking protection and maintaining inventions in for-  
 6 eign countries, including the payment of fees and costs  
 7 connected therewith; ~~and~~

8 (3) consult <sup>with</sup> and advise Federal agencies as to  
 9 areas of science and technology research and develop-  
 10 ment with potential for commercial utilization; ~~and~~

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

} 3.

16 (d) The Secretary <sup>Administrator</sup> ~~and Director~~ shall submit to Congress an annual <sup>joint</sup>  
 17 report of activities pursuant to this Act. Such report shall  
 18 include (1) relevant statistical data regarding the disposition  
 19 of invention disclosures resulting from federally funded re-  
 20 search and development, including those inventions disclosed  
 21 by small businesses and nonprofit organizations; (2) any leg-  
 22 islative or administrative recommendations to better achieve  
 23 the policy and purposes of this Act; and (3) an analysis of the  
 24 impact of Federal policies on the purposes of this Act.

EXPIRATION

1  
2 ~~SEC. 202. The authorities conferred upon the Secretary~~  
3 ~~under this title shall expire 7 years following the effective~~

SEC. 202. Subsections (b)-(d) of ~~this~~ section <sup>201</sup>  
shall expire seven years following the effective  
4 date of this Act, unless renewed by action of Congress.

5 TITLE III—ALLOCATIONS OF RIGHTS—

6 GOVERNMENT CONTRACTORS

7 ~~RIGHTS OF THE GOVERNMENT~~

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

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

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

22 ~~(3) in exceptional circumstances, restriction or~~  
23 ~~elimination of the right of the contractor to retain title~~  
24 ~~to any subject invention will better promote the policy~~  
25 ~~and objectives of this Act; and~~



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

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

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

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

24           (2) reserve to the United States at least an irrevoc-  
25      able, nonexclusive, nontransferable, paid-up license to

1 make, use, and sell the invention throughout the world  
2 by or on behalf of the United States and States and  
3 domestic municipal governments, unless the agency de-  
4 termines that it would not be in the public interest to  
5 acquire the license for the States and domestic municipi-  
6 pal governments.

7 RIGHTS OF THE CONTRACTOR

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

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

## WAIVER

1  
2 ~~SEC. 303. A Federal agency may at any time waive all~~  
3 ~~or any part of the rights of the United States under this title~~  
4 ~~to any invention or class of inventions made or which may be~~  
5 ~~made by any person or class of persons under the contract of~~  
6 ~~the agency if the agency determines that the condition justi-~~  
7 ~~fying acquisition of title by the Government under section~~  
8 ~~301 no longer exists or the interests of the United States and~~  
9 ~~the general public will be best served thereby. The agency~~  
10 ~~shall maintain a record, which shall be made public and peri-~~  
11 ~~odically updated, of determinations made under this section.~~  
12 ~~In making such determinations, the agency shall consider the~~  
13 ~~following objectives:~~

14           (1) ~~encouraging the wide availability to the public~~  
15           ~~of the benefits of the experimental, developmental, or~~  
16           ~~research programs in the shortest practicable time;~~

17           (2) ~~promoting the commercial utilization of such~~  
18           ~~inventions;~~

19           (3) ~~encouraging participation by private persons in~~  
20           ~~the Government-sponsored experimental, developmen-~~  
21           ~~tal, or research programs; and~~

22           (4) ~~fostering competition and preventing undue~~  
23           ~~market concentration or the creation or maintenance of~~  
24           ~~other situations inconsistent with the antitrust laws.~~

DISPOSITION OF RIGHTS

SEC. 301 (a) Subject to subsection (c) of this section and to section 303, each contractor may elect to retain title, either worldwide or in such countries as it may choose, to any subject invention; provided, however, that a Federal agency may limit or eliminate this right, place additional restrictions or conditions in the contract that go beyond those set forth in subsection (c) of this section or in section 303, and may eliminate or alter the contractor's right under subsection (c)(13) of this section if--

(1) it is determined by a Government authority which is authorized by statute or executive order to conduct foreign intelligence or counterintelligence activities that this is necessary to protect the security of such activities; or

(2) the contract is for the operation of a Federally Funded Research and Development Center or a Government-owned production facility; or

(3) the contract is to be performed outside the United States and the contractor is a business entity organized for profit that does not have a place of business located in the United States; or

(4) the contractor is not located in the United States and is a university, an institution of higher education, or an organization not organized for profit; or

(5) the contractor is or is subject to the control of any foreign government; or

(6) the agency determines, on a case-by-case basis, that

out subject to appeal

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✓

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there are exceptional circumstances such that this will better promote the policy and objectives of this Act.

(b)(1) Any determination under subsection (a) of this section shall be in writing and accompanied by a written statement of the facts and, in the case of a determination under subsection (a)(6), an analysis justifying the determination and limitations or conditions being imposed. A copy of each determination and statement made under subsections (a)(2) through (a)(6) shall be sent to the Secretary within thirty days after the award of the applicable contract. If the Secretary believes that any individual determination or pattern of determinations is contrary to the terms, policy, or objectives of this Act, the Secretary shall ~~so~~ advise the head of the agency concerned.

The head of the agency shall advise the Secretary within one hundred and twenty days of what action, if any, the agency has taken or plans to take with respect to the matters raised by the Secretary.]

*advice  
and OMB  
and recommend  
corrective actions.*

(2) Whenever the <sup>Dir. of OMB</sup> [Secretary] has determined that one or more Federal agencies are utilizing the authority of subsection (a)(6) of this section in a manner that is contrary to the terms, policy or objectives of this Act, the <sup>Administration</sup> Director is authorized to issue regulations describing classes of situations in which agencies may not use subsection (a)(6) of this section, ~~without~~ <sup>Dir. of OMBs</sup> the ~~Secretary's~~ specific approval.

(c) Each contract shall contain appropriate provisions to effectuate the following:

is disclosed by <sup>the</sup> inventor to the contractor.

(1) that the contractor disclose each subject invention to the Federal agency within a reasonable time after the subject invention becomes known to contractor officials responsible for the administration of invention and patent matters;

(2) that employees of the contractor or others performing research or other potentially inventive work under the contract are obligated to report subject inventions to the contractor and to make any assignments, licenses, or other transfers of right to the contractor or the Federal agency to establish the Government's rights in any subject invention;

(3) that the Government may receive title to any subject invention not reported to the Federal agency by the contractor with an intent to deprive the Government of its license or other rights as set forth in this Act; or the applicable contract provision;

(4) that the contractor make a written election of rights by the later of <sup>with a reasonable time</sup> either (i) ninety days prior to the date upon which a statutory bar to patenting under Title 35, United States Code, will occur due to publication, on sale, or public use; or (ii) such time after the period in (i) as may be agreed to by the Federal agency;

(5) that a contractor electing rights in a subject invention agree to file an initial patent application prior to any statutory bar date that may occur under Title 35, United States Code, due to publication, on sale, or public use; (6) that a contractor electing rights and making an initial filing shall thereafter file corresponding

DOD/NASA will appeal.

- are concepts stated somewhere which we could quote.

reasonable

patent applications in other countries in which it wishes to retain title within ~~the~~ <sup>at reasonable times;</sup> later of (i) ten months from the date of the initial filing, (ii) six months from the date a permit is granted by the Commissioner of Patents and Trademarks to file foreign applications where such filing has been prohibited by a Secrecy Order, or (iii) such time as may be agreed to by the agency.]

(7) that upon written request of the Federal agency the contractor will transfer title to any subject invention to the Government in any country in which the contractor (i) decides not to elect rights; or (ii) fails to make an election <sup>of times set</sup> ~~within the times~~ <sup>permitted pursuant to</sup> specified in subsection (c)(4) of this section; or (iii) fails to file a patent application within the times set forth in subsection (c)(6) of this section, or (iv) <sup>or intends to</sup> abandon prosecution of a patent application; or (v) <sup>phr</sup> ~~decides not to or fails to pay~~ any required maintenance fees or take other actions necessary to protect patent rights in that country;

could delete

(8) that with respect to any subject invention, the Federal agency shall have a nonexclusive, nontransferrable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world;

(9) that, when the agency determines at the time of contracting that all or certain classes of subject inventions that may be made under a contract will or may be subject to the terms of any existing treaties or other international agreements, the contractor (i) will convey to the Government

NSF Report.

for transfer to the parties so entitled under the applicable treaty or agreement or directly to such parties such licenses or assignments of rights in specific countries as are necessary to effectuate the terms of the applicable treaty or agreement and (ii) will otherwise fulfill its obligations to such parties with respect to subject inventions in accordance with any applicable provisions of the treaties or agreements;

(10) that the Federal agency may require periodic reporting on the utilization or efforts at obtaining utilization that are being made by the contractor or his licensees or assignees with respect to any subject invention to which the contractor elects title; provided, that any such information as well as information on utilization or efforts at obtaining utilization received by a Federal agency under section 303 of this Act shall be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code;

(11) that the contractor, in the event a United States patent application is filed by or on its behalf or by any assignee of the contractor, will include within the specification of such application and any patent issuing thereon, a statement specifying that the invention was made with Government support and that the Government has certain rights in the invention;

(12) that, in the case of a nonprofit organization

*move to reporting ?*

*B-3  
B-4  
exempted ?*

located in the United States (i) the organization will not assign rights to a subject invention in the United States without the approval of the Federal agency, except where such assignment is made to any organization which has as one of its primary functions the management of inventions and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention (provided that such assignee shall be subject to the same provisions as the contractor); (ii) the contractor will share royalties (net or gross in accordance with its normal policies) with the inventor of a subject invention; and (iii) the contractor will utilize the balance of any royalties or income earned by the contractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, for the support of scientific research or education;

(13) that the contractor shall retain a nonexclusive, royalty-free, paid-up, worldwide license, including the right to sublicense to affiliates in any subject invention to which the Government obtains title, which license shall be revocable only to the extent necessary for the Government to grant an exclusive license; *and*

(14) such other administrative requirements that the Director determines to be necessary to effectuate the rights

of the Government as specified in this section and section 303 which are not inconsistent with this Act.

(d) A Federal agency may at any time waive as to an identified subject invention or omit from any contract or class of contracts all or any part of the rights of the United States described under subsections (c)(8) through (c)(14) of this section or under section 303 if the agency determines and prepares a written justification that either (1) the interests of the United States and the general public will be best served thereby taking into account at least the objectives of (A) encouraging the wide availability to the public of the benefits of the experimental, developmental, or research programs in the shortest practicable time; (B) promoting the commercial utilization of such inventions; (C) encouraging participation by private persons, including the most highly qualified persons, in Government sponsored experimental, developmental, or research programs; and (D) fostering competition and preventing undue market concentration or the creation or maintenance of other situations inconsistent with the antitrust laws; or (2) the contract involves or involved cosponsored, cost-sharing, or joint venture research or development and the contractor or other sponsor or joint venturer is required or has made a substantial contribution of funds, facilities, or equipment to the work performed or to be performed under the contract.

(e) With respect to contracts that are within subsections

(a)(1) through (a)(6) of this section, a Federal agency may, after a subject invention has been identified, waive any limits or additional restrictions or conditions placed on a contractor beyond those set forth in section 301(c) and section 303 and may allow the contractor to retain the license rights set forth in subsection (c)(13) of this section if such license rights were otherwise limited in the contract.

#### GENERAL PROVISIONS

SEC. 302(a). If a contractor does not elect to retain worldwide title to a subject invention, the Federal agency may consider, and after consultation with the contractor, grant requests for retention of rights by the inventor on such terms and conditions as deemed appropriate by the agency and subject to section 303 of this Act.

(b). In any case when a Federal employee is a coinventor of any subject invention, the Federal agency employing such coinventor is authorized to transfer or assign whatever rights it may acquire in the subject invention from its employee to the contractor subject to the same conditions set forth in this title as are applicable to the rights the contractor derived through its own contract.

(c) Federal agencies are authorized to withhold from disclosure to the public information disclosing any invention in which the Federal Government owns or may own a right, title, and interest (including a nonexclusive license) for a reasonable

*either*  
*or closely related to*  
*information*

time in order for a patent application to be filed. Furthermore, Federal agencies shall not be required to release copies of any document which is part of an application for patent filed with the United States Patent and Trademark Office or with any foreign patent office.

13

## MARCH-IN-RIGHTS

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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.~~

MARCH-IN RIGHTS

SEC. 303. (a) Where a contractor or inventor has elected or otherwise been allowed to retain title to a subject invention, the Federal agency shall have the right (unless this right has been waived in accordance with section 301(d)), in accordance with regulations issued by the <sup>Administrator</sup> Director and subject to subsections (b)-(d), below, to grant or require the contractor, inventor, or other person to whom title has been assigned to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, if the agency determines such action is necessary--

(1) because the contractor, inventor, assignee, or a licensee or sublicensee of any of these has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the invention;

(2) to alleviate serious health or safety needs which are not reasonably satisfied by the contractor, inventor, assignee, or the licensee or sublicensee of one of these; or

(3) to meet requirements for public use specified by Federal regulation which are not reasonably satisfied by the contractor, inventor, assignee, or their licensees or sublicensees.

(b) Agency action under this section shall be made on the record after affording the contractor, inventor, or assignee an opportunity for a hearing. The action of the agency shall be administratively final unless within 30 days after the agency action the contractor appeals to the Secretary. The ~~Secretary~~ <sup>an established appeals board.</sup> shall review the action and issue a final decision which shall be binding on the Federal agency and the contractor, inventor, or assignee and which shall have administrative finality. The ~~Secretary's~~ <sup>boards</sup> review may be de novo or based, on the record developed by the Federal agency. However, if the ~~Secretary~~ <sup>board</sup> makes a de novo review, the ~~Secretary's~~ <sup>boards</sup> decision must be one the record and after the contractor, inventor, or assignee has been afforded an opportunity for a hearing.

(c) The <sup>Administrative</sup> Director shall prescribe informal procedures under which agencies may obtain information from contractors, inventors, or assignees in order to determine whether to begin a formal administrative procedure under subsection (b) of this section.

(d) Hearings or portions of hearings held under this section may be closed to the public, including potential licensees, if the testimony or evidence provided at the hearing will include commercial and financial information which the contractor, inventor, assignee, or their licensees or sublicensees consider privileged and confidential.

APPEALS

SEC. 304. (a) The following agency actions shall be accompanied by a written explanation, which shall be provided to the contractor at the time the action is taken:

(1) A decision by an agency to take title to a subject invention under subsections (c)(3) and (c)(7)(i)-(iii).

(2) The refusal of an agency to grant approval of an assignment requested under subsection (c)(12).

(b) Within 30 days from the time the contractor receives a copy of the written explanation for any of the actions listed in subsection (a) of this section, it may appeal the action to the <sup>Agency</sup> [Secretary] in accordance with such rules and procedures as may be prescribed by the ~~Secretary~~ <sup>Agency</sup>. Pending disposition of the appeal by the <sup>Agency</sup> [Secretary] the contractor shall fully comply with the agency action or decision. The <sup>Agency</sup> [Secretary] shall review the matter, obtain such additional information from the Federal agency and the contractor as is deemed necessary by the Secretary to decide the matter, and shall issue a decision which shall be complied with by the Federal agency and the contractor and which shall have administrative finality.

*Sequential steps:*  
- show contractor to grant official decision  
- appeal of decision to Board  
- stay on Gov. license until Bd. decision

of this section involves an action of the type described in subsection (a)(1) of this section and issues of fact are raised, the Secretary shall determine such issues of fact on the record after affording the contractor an opportunity for a hearing; except that the Secretary may decide such issues on the administrative record compiled by the Federal agency if the agency has previously afforded the contractor an opportunity for hearing and administrative due process meeting at least the minimal requirements of section 554 of Title 5, United States Code.

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).



necessary for the practice of a subject invention or for the use of a work object of the funding agreement and that such action is necessary to achieve the practical application of the subject invention or work object. Any such determination shall be on the record after an opportunity for an agency hearing. Any action for judicial review of such determination shall be brought within sixty days after notification of such determination.

(b)  
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.

STATUS OF INVENTIONS

SEC. 306. The <sup>Admin</sup>Director shall issue regulations est<sup>ab</sup>lishing a procedure under which disagreements between a contractor and a Federal agency as to whether an invention is a subject invention may be resolved with administrative finality [by the Secretary.]

Some as much in appeals

GOVERNMENT LICENSING AUTHORITY

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SEC. 307. (a) A Federal agency may grant exclusive or partially exclusive licenses in any invention to which the Government has acquired title if the agency determines that—

(1) the desired practical application has not been achieved, or is not likely to be achieved within a reasonable period of time by the granting of a nonexclusive license;

(2) exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth the investment of risk capital to bring the invention to practical application; and

17

(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--LICENSING OF GOVERNMENT OWNED INVENTIONS

GENERAL AUTHORITY

SEC. 401. Each Federal agency is authorized to--

"(1) apply for, obtain, and maintain patents or other forms of protection in the United States and in foreign countries on inventions in which the Federal Government owns a right, title, or interest;

"(2) grant nonexclusive, exclusive, or partially exclusive licenses under federally owned patent applications, patents, or other forms of protection obtained, royalty-free or for royalties or other consideration, and on such terms and conditions, including the grant to the licensee of the right of enforcement pursuant to the provisions of chapter 29 of this title as determined appropriate in the public interest;

"(3) undertake all other suitable and necessary steps to protect and administer rights to federally owned inventions on behalf of the Federal Government either directly or through contract; and

"(4) transfer custody and administration, in whole or in part, to another Federal agency, of the right, title, or interest in any federally owned invention.



REGULATIONS

SEC. 402. The Administrator of the General Services Administration is authorized to promulgate regulations specifying the terms and conditions upon which any

*with Government of the District*

federally owned invention, other than inventions owned by the Tennessee Valley Authority, may be licensed on a nonexclusive, partially exclusive, or exclusive basis.

RESTRICTIONS

SEC. 403.(a) No Federal agency shall grant any license under a patent or patent application on a federally owned invention unless the person requesting the license has supplied the agency with a plan for development and/or marketing of the invention, except that any such plan may be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code.

"(b) A Federal agency shall normally grant the right to use or sell any federally owned invention in the United States only to a licensee that agrees that any products embodying the invention or produced through the use of the invention will be manufactured substantially in the United States.

"(c)(1) Each Federal agency may grant exclusive or partially exclusive licenses in any invention covered by a federally owned domestic patent or patent application only if, after public notice and opportunity for filing written objections, it is determined that—

"(A) the interests of the Federal Government and the public will best be served by the proposed license, in view of the applicant's intentions, plans, and ability to bring the invention to practical application or otherwise promote the invention's utilization by the public;

"(B) the desired practical application has not been achieved, or is not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on the invention;

"(C) exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth the investment of risk capital and expenditures to bring the invention to practical application or otherwise promote the invention's utilization by the public; and

"(D) the proposed terms and scope of exclusivity are not greater than reasonably necessary to provide the incentive for bringing the invention to practical application or otherwise promote the invention's utilization by the public.

"(2) A Federal agency shall not grant such exclusive or partially exclusive license under paragraph (1) of this subsection if it determines that the grant of such license will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates, or to create or maintain other situations inconsistent with the antitrust laws.

"(3) First preference in the exclusive or partially exclusive licensing of federally owned inventions shall go to small business firms submitting plans that are determined by the agency to be within the capabilities of the firms and equally likely, to bring the invention to practical application as any plans submitted by applicants that are not small business firms.

"(c) The Federal agency shall maintain a record of determinations to grant exclusive or partially exclusive licenses.

"(d) Any grant of a license shall contain such terms and conditions as the Federal agency determines appropriate for the protection of the interests of the Federal Government and the public, including provisions for the following:

"(1) periodic reporting on the utilization or efforts at obtaining utilization that are being made by the licensee with particular reference to the plan submitted: *Provided*, That any such information may be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code;

"(2) the right of the Federal agency to terminate such license in whole or in part if it determines that the licensee is not executing the plan submitted with its request for a license and the licensee cannot otherwise demonstrate to the satisfaction of the Federal agency that it has taken or can be expected to take within a reasonable time, effective steps to achieve practical application of the invention;

"(3) the right of the Federal agency to terminate such license in whole or in part if the licensee is in breach of an agreement obtained pursuant to paragraph (b) of this section; and

"(4) the right of the Federal agency to terminate the license in whole or in part if the agency determines that such action is necessary to meet requirements for public use specified by Federal regulations issued after the date of the license and such requirements are not reasonably satisfied by the licensee.

~~V~~  
TITLE ~~IV~~ - MISCELLANEOUS

6 REPEAL OF EXISTING STATUTORY RESEARCH AND  
7 DEVELOPMENT AUTHORIZATIONS

8 \* SEC. ~~201~~<sup>5</sup>. The following Acts are hereby amended as  
9 follows:

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

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

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\*A number of additions and technical corrections are required in this section.

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 (c) 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 (3) by repealing section 306 thereof (42 U.S.C.  
 20 2458);

21 (4) by inserting at the end of section 203(c) there-  
 22 of (42 U.S.C. 2473(c)); the following new paragraph:

23 "(14) to provide effective contractual provisions  
 24 for reporting of the results of the activities of the Ad-  
 25 ministration, including full and complete technical re-

1 reporting of any innovation made in the course of or  
2 under any contract of the Administration.”;

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

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

8 (6) by striking out the following in section  
9 203(c)(3) thereof (42 U.S.C. 2473(c)(3)) “(including  
10 patents and rights thereunder).”.

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

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

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

18 (j) Subsection (e) of section 302 of the Appalachian Re-  
19 gional Development Act of 1965 (40 U.S.C. App. 302(e); 79  
20 Stat. 5) is repealed.

21 (k) Section 9 of the Federal Nonnuclear Energy Re-  
22 search and Development Act of 1974 (42 U.S.C. 5908; 88  
23 Stat. 1887) is amended by striking all after “hours” the  
24 second time it appears therein, and inserting in lieu thereof a  
25 period.

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

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

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

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

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

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

#### RELATIONSHIP TO ANTITRUST LAWS

SEC. 502. Nothing in this Act shall be deemed to convey  
to any person immunity from civil or criminal liability, or  
to create any defenses to actions, under any antitrust law.

#### EFFECTIVE DATE

15  
16 ~~Sec. 402. This Act shall take effect 6 months after the~~  
17 ~~date of enactment of this Act.~~

EFFECTIVE DATE

SEC. 503 (a) This Act will take effect on the first day of the ninth month beginning after its enactment, but the <sup>Administrator</sup> (Director) is authorized to issue implementing regulations prior to that date.

(b) After the effective date of this Act, each Federal agency is authorized, with the agreement of the affected contractor and notwithstanding any other law governing the disposition of rights in subject inventions, to amend any contract awarded prior to the effective date of this Act to substitute the contract provisions issued by the <sup>Administrator</sup> (Secretary) under section (305) of this Act.

(c) After the effective date of this Act, each Federal agency is authorized, notwithstanding any other law governing the disposition of rights in subject inventions, to allow a contractor or an inventor to retain title to subject inventions made under contracts awarded prior to the effective date of this Act, subject to the same terms and conditions as would apply under this Act and the <sup>Administrator</sup> (Secretary's) implementing regulations had the contract been entered into after the effective date of this Act.