

98TH CONGRESS
1ST SESSION

S. 2171

To amend title 35 of the United States Code for the purpose of creating a uniform policy and procedure concerning patent rights in inventions developed with Federal assistance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 18 (legislative day, NOVEMBER 14), 1983

Mr. DOLE (for himself, Mr. LAXALT, and Mr. DECONCINI) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

A BILL

To amend title 35 of the United States Code for the purpose of creating a uniform policy and procedure concerning patent rights in inventions developed with Federal assistance, 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 That this Act may be cited as the "Uniform Patent Proce-
4 dures Act of 1983".

5 SEC. 2. (a) Chapter 38 of title 35, United States Code,
6 as added by Public Law 96-517 (94 Stat. 3018), is redesign-
7 nated as chapter 18 of such title and all references to such
8 chapter 38 shall be considered references to chapter 18.

5 SEC. 2. (a) Chapter 38 of title 35, United States Code,
6 as added by Public Law 96-517 (94 Stat. 3018), is redesign-
7 nated as chapter 18 of such title and all references to such
8 chapter 38 shall be considered references to chapter 18.

1 (b) Part II of title 35, United States Code, is amended
 2 by inserting chapter 18, as redesignated herein, after chapter
 3 17 of such title.

4 (c) The table of chapters for title 35 is amended by
 5 redesignating chapter 38 as chapter 18 and inserting such
 6 chapter and section designations at the end of part II.

7 SEC. 3. (a) Section 35 of the United States Code is
 8 amended by adding after chapter 18, as redesignated herein,
 9 a new chapter as follows:

10 **“CHAPTER 19—PATENT RIGHTS IN INVENTIONS**
 11 **MADE WITH FEDERAL ASSISTANCE BY OTHER**
 12 **THAN SMALL BUSINESS FIRMS OR NONPROFIT**
 13 **ORGANIZATIONS**

“Sec.

“212. Policy and objectives.

“213. Definitions.

“214. Responsibilities.

“215. Disposition of rights.

“216. March-in rights.

“217. Background rights.

14 **“§ 212. Policy and objectives**

15 “In addition to the policy and objectives set forth in
 13 **ORGANIZATIONS**

“Sec.

“212. Policy and objectives.

“213. Definitions.

“214. Responsibilities.

“215. Disposition of rights.

“216. March-in rights.

“217. Background rights.

14 **“§ 212. Policy and objectives**

15 “In addition to the policy and objectives set forth in
 16 section 200 of this title, it is the further policy and objective
 17 of the Congress to ensure that all inventions made with Fed-

1 “(1) ‘Administrator’ means the Administrator of
2 the Office of Federal Procurement Policy or his or her
3 designee;

4 “(2) ‘contract’ means any contract, grant, or co-
5 operative agreement entered into between any Federal
6 agency (other than the Tennessee Valley Authority)
7 and any person other than a small business firm or
8 nonprofit organization (as defined in section 201 of this
9 title) where a purpose of the contract is the conduct of
10 experimental, developmental, or research work; such
11 term includes any assignment, substitution of parties or
12 subcontract of any tier entered into or executed for the
13 conduct of experimental, developmental, or research
14 work in connection with the performance of that con-
15 tract;

16 “(3) ‘contractor’ means any person or entity
17 (other than a Federal agency, nonprofit organization,
18 or small business firm, as defined in section 201 of this
19 title) which is a party to the contract;

20 “(4) ‘Federal agency’ means an executive agency
21 (as defined in section 105 of title 5, United States
22 Code), and the military departments (as defined in sec-
23 tion 102 of title 5, United States Code);

24 “(5) ‘Government’ means the Government of the
25 United States of America;

S 2171 IS

22 Code), and the military departments (as defined in sec-
23 tion 102 of title 5, United States Code);

24 “(5) ‘Government’ means the Government of the
25 United States of America;

S 2171 IS

1 “(6) ‘invention’ means any invention or discovery
2 which is or may be patentable or otherwise protectable
3 under this title, or any novel variety of plant which is
4 or may be protectable under the Plant Variety Protec-

expands
definition
to cover
inventions
under
Plant
Variety
Protection
Act -
old be
new plants
generated
by
genetic
engineering.

5 tion Act (7 U.S.C. 2321 et seq.);
6 “(7) ‘practical application’ means to manufacture
7 (in the case of a composition or product), to practice (in
8 the case of a processor method), or to operate (in the
9 case of a machine or system), in each case, under such
10 conditions as to establish that the invention is being
11 utilized and that its benefits are, to the extent permit-
12 ted by law or Government regulations, available to the
13 public on reasonable terms or through reasonable li-
14 censing arrangements;

15 “(8) ‘Secretary’ means the Secretary of Com-
16 merce or his or her designee; and

17 “(9) ‘subject invention’ means any invention of a
18 contractor conceived or first actually reduced to prac-
19 tice in the performance of work under a contract: *Pro-*
13 public on reasonable terms or through reasonable li-
14 censing arrangements;

15 “(8) ‘Secretary’ means the Secretary of Com-
16 merce or his or her designee; and

17 “(9) ‘subject invention’ means any invention of a
18 contractor conceived or first actually reduced to prac-
19 tice in the performance of work under a contract: *Pro-*
20 vided, That, in the case of a variety of plant, the date
21 of determination (as defined in section 41(d) of the

1 "§ 214. Responsibilities

2 "(a) The Secretary is authorized to issue regulations
3 which may be made applicable to all Federal agencies imple-
4 menting the provisions of this chapter, and the Secretary
5 shall proscribe standard patent rights provisions for use under
6 this chapter. The regulations and the standard patent rights
7 provisions shall be subject to public comment before their is-
8 suance.

Not
of PP

References
excepted
provided
to
Department
in the
APO.

9 "(b) In order to obtain consistent practices under this
10 chapter and chapter 18 of this title, the Secretary is author-
11 ized and directed (i) to consult with and advise Federal agen-
12 cies concerning the effective and consistent implementation of
13 these chapters, and (ii) to obtain from the agencies informa-
14 tion and data relating to agency practices under these
15 chapters.

Data
base
to
measure
performance

16 "§ 215. Disposition of rights

17 "(a) Subject to subsection (c) of this section and to sec-
18 tion 216 of this title, each contractor may elect to retain title,
19 either worldwide or in such countries as it may choose, to
20 any subject invention: *Provided, however,* That a Federal
21 agency may, at the time of contracting, limit or eliminate this
22 right, place additional restrictions or conditions on the con-
23 tract that go beyond those set forth in subsection (c) of this
24 section, expand the rights of the Government to license or
25 sublicense, and alter or eliminate the contractor's right under
26 paragraph (6) of subsection (c) of this section if—

(not note
that all
exceptions
are covered)

S 2171 IS

Agency may, at the time of contracting, limit or eliminate this
22 right, place additional restrictions or conditions on the con-
23 tract that go beyond those set forth in subsection (c) of this
24 section, expand the rights of the Government to license or
25 sublicense, and alter or eliminate the contractor's right under
26 paragraph (6) of subsection (c) of this section if—

(not note
that all
exceptions
are covered)

S 2171 IS

1 “(1) it is determined by a Government authority
2 which is authorized by statute or Executive order to
3 conduct foreign intelligence or counterintelligence ac-
4 tivities that this is necessary to protect the security of
5 such activities;

6 “(2) it is determined that the contractor is not lo-
7 cated in the United States or does not have a place of
8 business located in the United States, or is a foreign
9 government; or

10 “(3) it is determined, on a case-by-case basis, that
11 there are exceptional circumstances requiring such
12 action to better promote the policies and objectives of
13 sections 200 and 212 of this title.

*but
write
subsections
provided
below.*

14 “(b)(1) Each determination required by subsection (a) of
15 this section shall be in writing and, except in the case of
16 paragraph (1) of subsection (a) of this section, the agency
17 shall, within thirty days after the award of the applicable
18 contract, file with the Secretary a copy of each such determi-
19 nation. In the case of a determination under subsection (a)(3)
13 sections 200 and 212 of this title.

*provided
below.*

14 “(b)(1) Each determination required by subsection (a) of
15 this section shall be in writing and, except in the case of
16 paragraph (1) of subsection (a) of this section, the agency
17 shall, within thirty days after the award of the applicable
18 contract, file with the Secretary a copy of each such determi-
19 nation. In the case of a determination under subsection (a)(3)
20 of this section, the statement shall include an analysis sup-

1 retary shall so advise the head of the agency concerned and
2 the Administrator and recommend corrective actions.

3 “(2) Whenever the Administrator has determined that
4 one or more Federal agencies are utilizing the authority of
5 paragraph (2) or (3) of subsection (a) in a manner that is
6 contrary to the terms, policy, or objectives of this Act, the
7 Administrator is authorized to issue policies, procedures, and
8 guidelines describing classes of situations in which agencies
9 may not utilize the provisions of paragraph (2) or (3) of sub-
10 section (a).

11 “(c) In accordance with the regulations to be issued by
12 the Secretary, after public comment, each contract that the
13 Government or any Federal agency acting on behalf of the
14 Government may enter into shall employ a patent rights
15 clause containing appropriate provisions to effectuate the fol-
16 lowing:

17 “(1) that the contractor disclose each subject in-
18 vention within a reasonable time after it is made and
19 that, upon request, the contractor will assign the Gov-
20 ernment title to any subject invention not disclosed
21 within such time;

22 “(2) that, unless the Government has acquired the
23 right to title under subsection (a) of this section—

24 “(A) the contractor make a written election,
25 as to the retention of title to the subject invention

S 2171 IS

21 within such time;

22 “(2) that, unless the Government has acquired the
23 right to title under subsection (a) of this section—

24 “(A) the contractor make a written election,
25 as to the retention of title to the subject invention

S 2171 IS

1 within a reasonable time after disclosure under
2 paragraph (1) of this subsection;

3 “(B) the Government may, upon request, re-
4 ceive title to any subject invention in any coun-
5 tries in which the contractor has not elected to
6 retain title within such time;

7 “(C) a contractor electing to retain title to a
8 subject invention will file patent applications
9 within reasonable times; and

10 “(D) the Government may, upon request, re-
11 ceive title to any subject invention in any coun-
12 tries in which the contractor has failed to file
13 patent applications within the reasonable times
14 specified pursuant to subparagraph (C) of this sub-
15 section;

16 “(3) that with respect to any subject invention to
17 which a contractor elects to retain title, the United
18 States shall have (unless additional rights have been
19 taken under subsection (a) of this section) a nonexclu-
13 sive, nontransferrable, irrevocable, paid-up license to
14 patent applications within the reasonable times
15 specified pursuant to subparagraph (C) of this sub-
16 section;

17 “(3) that with respect to any subject invention to
18 which a contractor elects to retain title, the United
19 States shall have (unless additional rights have been
20 taken under subsection (a) of this section) a nonexclu-
21 sive, nontransferrable, irrevocable, paid-up license to
make use and sell the subject invention throughout the

1 the agency as necessary for meeting the obligations of
2 the United States under any treaty or other interna-
3 tional agreement, arrangement of cooperation, memo-
4 randum of understanding, or similar international ar-
5 rangement, including military agreements relating to
6 weapons development and production;

7 “(4) that the agency may require written reports
8 on the commercial use or other forms of utilization or
9 efforts toward obtaining commercial utilization made by
10 the contractor or its licensees or assignees with respect
11 to any subject invention to which the contractor elects
12 title, pursuant to this section: *Provided*, That any such
13 report, as well as any information on utilization of ef-
14 forts toward obtaining utilization obtained as part of a
15 proceeding under section 216 of this title, shall be
16 treated by the Federal agency as commercial or finan-
17 cial information obtained from a person and privileged
18 or confidential and not subject to disclosure under the
19 Freedom of Information Act (5 U.S.C. 552);

20 “(5) that the contractor, in the event a United
21 States patent application is filed by or on its behalf or
22 by any assignee of the contractor, will include within
23 the specification of such application and any patent is-
24 suing thereon, a statement specifying that the inven-

S 2171 IS——2

22 by any assignee of the contractor, will include within
23 the specification of such application and any patent is-
24 suing thereon, a statement specifying that the inven-

S 2171 IS——2

1 tion was made with Government support and that the
2 Government has certain rights in the invention;

3 “(6) that the contractor, in cases when it does not
4 elect to retain title to a subject invention, shall retain a
5 nonexclusive, royalty free, paid-up, worldwide license,
6 including the right to sublicense affiliates, subsidiaries,
7 and existing licensees to whom the contractor is legally
8 obligated to sublicense in any subject invention to
9 (which the Government obtains title,) which license shall
10 be revocable only to the extent necessary for the Gov-
11 ernment to grant an exclusive license: *Provided, how-*
12 *ever,* That the contractor shall not be entitled to such a
13 license if the contractor has fraudulently failed to dis-
14 close the subject invention; and

15 “(7) such other administrative requirements that
16 the Secretary determines to be necessary to effectuate
17 the rights of the Government as specified in this chap-
18 ter, which are not inconsistent with this chapter.

19 “(d) Agencies are authorized to include awards to inven-
13 license if the contractor has fraudulently failed to dis-
14 close the subject invention; and

15 “(7) such other administrative requirements that
16 the Secretary determines to be necessary to effectuate
17 the rights of the Government as specified in this chap-
18 ter, which are not inconsistent with this chapter.

19 “(d) Agencies are authorized to include awards to inven-
20 tors to stimulate reporting of subject inventions as an allow-
21 able element of cost if such reporting results in the agency

1 or section 216 of this title to any subject invention or class of
2 subject inventions made or which may be made under a con-
3 tract or class of contracts if the agency determines that—

4 “(A) the interests of the United States and the
5 general public will be best served thereby; or

6 “(B) the contract involves cosponsored, cost-shar-
7 ing or joint venture research or development and the
8 contractor or other sponsor or joint venturer is required
9 to make a substantial contribution of funds, facilities,
10 or equipment to the work performed under the con-
11 tract.

12 “(2) The agency shall maintain a record, which shall be
13 available to the public and periodically updated, of determina-
14 tions made under paragraph (1) of this subsection.

15 “(3) In making determinations under paragraph (1) of
16 this subsection, the agency shall consider at least the follow-
17 ing objectives:

18 “(A) encouraging wide availability to the public of
19 the benefits of the experimental, developmental, or re-
20 search programs in the shortest practicable time;

21 “(B) promoting the commercial utilization of such
22 inventions;

23 “(C) encouraging participation by private persons
24 (including the most highly qualified persons) in the

S 2171 IS

22 inventions;

23 “(C) encouraging participation by private persons
24 (including the most highly qualified persons) in the

S 2171 IS

1 Government-sponsored experimental, developmental, or
2 research programs; and

3 “(D) fostering competition and preventing the cre-
4 ation or maintenance of situations inconsistent with the
5 antitrust laws of the United States.

6 “(4) With respect to contracts in which an agency in-
7 vokes paragraphs (1) through (3) of subsection (a) of section
8 215, a Federal agency may, after a subject invention has
9 been identified, waive any limits or additional restrictions or
10 conditions placed on a contractor beyond those set forth in
11 sections 215 and 216 and may allow the contractor to retain
12 the license rights set forth in subsection (c)(6) of this section
13 if such license rights were otherwise limited in the contract.

14 “(f) If a contractor does not elect to retain worldwide
15 title to a subject invention, the Federal agency may consider
16 and, after consultation with the contractor, grant requests for
17 retention of rights by the inventor on such terms and condi-
18 tions as the agency deems appropriate, subject to section 216
19 of this Act.

13 if such license rights were otherwise limited in the contract.

14 “(f) If a contractor does not elect to retain worldwide
15 title to a subject invention, the Federal agency may consider
16 and, after consultation with the contractor, grant requests for
17 retention of rights by the inventor on such terms and condi-
18 tions as the agency deems appropriate, subject to section 216
19 of this Act.

20 “(g) In any case when a Federal employee is a coinven-
21 tor of any subject invention, the Federal agency employing

1 in this title as are applicable to the rights the contractor de-
 2 rived through its own contract.

3 **“§ 216. March-in rights**

4 “(a) Where a contractor has elected to retain title to a
 5 subject invention under section 215 of this title, the Federal
 6 agency shall have the right (unless waived under subsection
 7 (d) of section 215 of this title), pursuant to policies, proce-
 8 dures, and guidelines of the Secretary and subject to the pro-
 9 visions of subsection (b) of this section, to grant or require the
 10 contractor or his assignee to grant a nonexclusive, partially
 11 exclusive, or exclusive license to a responsible applicant or
 12 applicants, upon terms reasonable under the circumstances, if
 13 the head of the agency or his designee determines that such
 14 action is necessary—

15 “(1) because the contractor, assignee, or licensee
 16 has not taken, or is not expected to take within a rea-
 17 sonable time, effective steps to achieve practical appli-
 18 cation of the invention;

19 “(2) to alleviate serious health or safety needs
 20 which are not reasonably satisfied by the contractor,
 21 his assignees or licensees; or

22 “(3) to meet requirements for public use specified
 23 by Federal regulation which are not reasonably satis-
 24 fied by the contractors, his assignees or licensees.

S 2171 IS

21 his assignees or licensees; or

22 “(3) to meet requirements for public use specified
 23 by Federal regulation which are not reasonably satis-
 24 fied by the contractors, his assignees or licensees.

S 2171 IS

1 “(b) A determination made pursuant to this section shall
2 not be considered a contract dispute and shall not be subject
3 to the Contract Disputes Act (41 U.S.C 601 et seq.). Any
4 contractor adversely affected by a determination under this
5 section may, at any time within sixty days after the date the
6 determination is issued, file a petition in the United States
7 Claims Court, which shall have jurisdiction to determine the
8 matter de novo and to affirm, reverse, or modify as appropri-
9 ate, the determination of the Federal agency.

10 **“§ 217. Background rights**

11 “(a) Nothing contained in this chapter shall be construed
12 to deprive the owner of any background patent or of such
13 rights as the owner may have under such patent.

14 “(b) No contract shall contain a provision allowing a
15 Federal agency to require the licensing to third parties of
16 inventions owned by the contractor that are not subject in-
17 ventions unless such provision has been approved by the
18 agency head and a written justification has been signed by
19 such agency head. Any such provision will clearly state
13 rights as the owner may have under such patent.

14 “(b) No contract shall contain a provision allowing a
15 Federal agency to require the licensing to third parties of
16 inventions owned by the contractor that are not subject in-
17 ventions unless such provision has been approved by the
18 agency head and a written justification has been signed by
19 such agency head. Any such provision will clearly state
20 whether the licensing may be required in connection with the

1 “(c) A Federal agency will not require the licensing of
 2 third parties under any such provision unless the agency head
 3 determines that the use of the invention by others is neces-
 4 sary for the practice of a subject invention or for the use of a
 5 work object of the contract and that such action is necessary
 6 to achieve practical application of the subject invention or
 7 work object. Any such determination will be made on the
 8 record after an opportunity for an agency hearing, and the
 9 contractor shall be given prompt notification of the determi-
 10 nation by certified or registered mail.”.

11 (b) The table of chapters for title 35, United States
 12 Code, is amended by adding immediately after the item relat-
 13 ing to chapter 18 as redesignated herein the following:

“19. Patent rights in inventions made with Federal assistance by other than small
 business firms or nonprofit organizations.”.

14 (c) Chapter 18 of title 35, United States Code, as reded-
 15 igned herein, is amended—

16 (1) by adding “or any novel variety of plant which
 17 is or may be protectable under the Plant Variety Pro-
 18 tection Act (7 U.S.C. 2321 et seq.)” immediately after
 19 “title” in section 201(d);

20 (2) by adding “: *Provided*, That in the case of a
 21 variety of plant, the date of determination (as defined
 22 in section 41(d) of the Plant Variety Protection Act (7
 23 U.S.C. 2401(d))) must also occur during the period of

S 2171 IS

20 (2) by adding “: *Provided*, That in the case of a
 21 variety of plant, the date of determination (as defined
 22 in section 41(d) of the Plant Variety Protection Act (7
 23 U.S.C. 2401(d))) must also occur during the period of

S 2171 IS

1 contract performance” immediately after “agreement”
2 in section 201(e);

3 (3) in section 202(a), by amending clause (i) to
4 read as follows: “(i) when the contractor is not located
5 in the United States or does not have a place of busi-
6 ness located in the United States; and

7 (4) by amending section 202(b) to read as follows:

8 “(b)(1) The rights of the Government under paragraph
9 (a) of this section shall not be exercised by a Federal agency
10 unless it first determines that at least one of the conditions
11 identified in subparagraphs (i) through (iii) of paragraph (a)
12 exists. Except in the case of paragraph (a)(iii), the agency
13 shall file with the Secretary of Commerce, within thirty days
14 after the award of the applicable funding agreement, a copy
15 of such determination. In the case of a determination under
16 paragraph (a)(ii), the statement shall include an analysis justi-
17 fying the determination. If the Secretary of Commerce be-
18 lieves that any individual determination or pattern of deter-
19 minations is contrary to the policies and objectives of this
13 shall file with the Secretary of Commerce, within thirty days
14 after the award of the applicable funding agreement, a copy
15 of such determination. In the case of a determination under
16 paragraph (a)(ii), the statement shall include an analysis justi-
17 fying the determination. If the Secretary of Commerce be-
18 lieves that any individual determination or pattern of deter-
19 minations is contrary to the policies and objectives of this
20 chapter or otherwise not in conformance with this chapter,

1 eral agencies are utilizing the authority of subparagraph (i) or
 2 (ii) of paragraph (a) of this section in a manner that is con-
 3 trary to the policies and objectives of this chapter, the Ad-
 4 ministrator is authorized to issue regulations describing
 5 classes of situations in which agencies may not exercise the
 6 authorities of those subparagraphs.”;

7 (5) by amending subparagraphs (1), (2), (3), and
 8 (4) of section 202(c) to read as follows:

9 “(1) That the contractor disclose each subject in-
 10 vention to the Federal agency within a reasonable time
 11 after it becomes known to contractor personnel respon-
 12 sible for the administration of patent matters, and that
 13 the Federal Government may receive title to any sub-
 14 ject invention not disclosed to it within such time.

15 “(2) That the contractor make a written election
 16 within two years after disclosure to the Federal agency
 17 (or such additional time as may be approved by the
 18 Federal agency) whether the contractor will retain title
 19 to a subject invention: *Provided*, That in any case
 20 where publication, on sale, or public use, has initiated
 21 the one year statutory period in which valid patent
 22 protection can still be obtained in the United States,
 23 the period for election may be shortened by the Feder-
 24 al agency to a date that is not more than sixty days
 25 prior to the end of the statutory period: *And provided*

S 2171 IS

22 protection can still be obtained in the United States,
 23 the period for election may be shortened by the Feder-
 24 al agency to a date that is not more than sixty days
 25 prior to the end of the statutory period: *And provided*

S 2171 IS

1 *further*, That the Federal Government may receive
2 title to any subject invention in which the contractor
3 does not elect to retain rights or fails to elect rights
4 within such times.

5 “(3) That a contractor electing rights in a subject
6 invention agrees to file a patent application prior to
7 any statutory bar date that may occur under this title
8 due to publication, on sale, or public use, and shall
9 thereafter file corresponding patent applications in
10 other countries in which it wishes to retain title within
11 reasonable times, and that the Federal Government
12 may receive title to any subject inventions in the
13 United States or other countries in which the contrac-
14 tor has not filed patent applications on the subject in-
15 vention within such times.

16 “(4) With respect to any invention in which the
17 contractor elects rights, the Federal agency shall have
18 a nonexclusive, nontransferrable, irrevocable, paid-up
19 license to practice or have practiced for or on behalf of
13 United States or other countries in which the contrac-
14 tor has not filed patent applications on the subject in-
15 vention within such times.

16 “(4) With respect to any invention in which the
17 contractor elects rights, the Federal agency shall have
18 a nonexclusive, nontransferrable, irrevocable, paid-up
19 license to practice or have practiced for or on behalf of
20 the United States any subject invention throughout the
21 world: *Provided*. That the funding agreement may pro-

1 States under any treaty, international agreement, ar-
2 rangement of cooperation, memorandum of understand-
3 ing, or similar arrangement, including military agree-
4 ments relating to weapons development and produc-
5 tion.”.

6 (6) by adding the following new paragraph at the
7 end of section 202:

8 “(g) A Federal agency may at any time waive all or any
9 part of the rights of the United States under paragraphs
10 (c) (4) through (8) of this section, section 203, and section 204
11 of this chapter, to any subject inventions made under a fund-
12 ing agreement or class of funding agreements if the agency
13 determines (1) that the interests of the United States and the
14 general public will be best served thereby; or (2) the funding
15 agreement involves cosponsored, cost sharing or joint venture
16 research or venturer is required to make or has made a sub-
17 stantial contribution of funds, facilities, or equipment to the
18 work performed under the funding agreement. The agency
19 shall maintain a record, which shall be available to the public
20 and periodically updated, of determinations made under this
21 paragraph. In making such determinations under clause (A)
22 of this paragraph, the agency shall consider at least the fol-
23 lowing objectives:

24 “(1) encouraging the wide availability to the
25 public of the benefits of the experimental, developmen-

S 2171 IS

22 of this paragraph, the agency shall consider at least the fol-
23 lowing objectives:

24 “(1) encouraging the wide availability to the
25 public of the benefits of the experimental, developmen-

S 2171 IS

1 tal, or research program in the shortest practicable
2 time;

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

5 “(3) encouraging participation by private persons,
6 including the most highly qualified persons, in Govern-
7 ment-sponsored experimental, developmental, or re-
8 search programs.”; and

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

14 (8) by striking out “and which is not, itself, en-
15 gaged in or does not hold a substantial interest in other
16 organizations engaged in the manufacture or sales of
17 products or the use of processes that might utilize the
18 invention or be in competition with embodiments of the
19 invention” in clause (A) of section 202(c)(7) and by
13 shall”;

14 (8) by striking out “and which is not, itself, en-
15 gaged in or does not hold a substantial interest in other
16 organizations engaged in the manufacture or sales of
17 products or the use of processes that might utilize the
18 invention or be in competition with embodiments of the
19 invention” in clause (A) of section 202(c)(7) and by
20 striking out clause (B) of section 202(c)(7) and reded-
21 ignating clauses (C) and (D) of such section as clauses

1 “A determination pursuant to this section shall not be
 2 considered a contract dispute and shall not be subject to the
 3 Contract Disputes Act (41 U.S.C. 601 et seq.). Any contrac-
 4 tor, assignee, or exclusive licensee adversely affected by a
 5 determination under this section may, at any time within
 6 sixty days after the determination is issued, file a petition in
 7 the United States Claims Court, which shall have jurisdiction
 8 to determine the manner de novo and to affirm, reverse, or
 9 modify as appropriate, the determination of the Federal
 10 agency.”;

11 (10) by amending section 206 to read as follows:

12 **“§ 206. Uniform clauses and regulations**

13 “The Secretary of Commerce may issue regulations
 14 which may be made applicable to Federal agencies imple-
 15 menting the provisions of sections 202 through 204 of this
 16 chapter and shall establish standard funding agreement provi-
 17 sions required under this chapter. The regulations and the
 18 standard funding agreement shall be subject to public com-
 19 ment before their issuance.”;

20 (11) by amending section 207 by adding the fol-
 21 lowing new paragraph at the end thereof:

22 “For the purpose of assuring the effective management
 23 of Government-owned inventions, the Secretary is authorized
 24 to—

S 2171 IS

22 “For the purpose of assuring the effective management
 23 of Government-owned inventions, the Secretary is authorized
 24 to—

S 2171 IS

1 “(A) assist Federal agency efforts to promote the
2 licensing and utilization of Government-owned inven-
3 tions;

4 “(B) assist Federal agencies in seeking protection
5 and maintaining inventions in foreign countries, includ-
6 ing the payment of fees and costs connected therewith;
7 and

8 “(C) consult with and advise Federal agencies as
9 to areas of science and technology research and devel-
10 opment with potential for commercial utilization.”;

11 (12) by amending section 208 by striking out
12 “Administrator of General Services” and inserting in
13 lieu thereof “Secretary of Commerce”;

14 (13) by amending section 209—

15 (A) by striking out subsection (c)(2);

16 (B) by redesignating subsection (c)(3) as sub-
17 section (c)(2); and

18 (C) by striking out all in paragraph (d) after
19 “objections” and inserting in lieu thereof a period;
20 lieu thereof “Secretary of Commerce”;

21 (13) by amending section 209—

22 (A) by striking out subsection (c)(2);

23 (B) by redesignating subsection (c)(3) as sub-
24 section (c)(2); and

25 (C) by striking out all in paragraph (d) after
26 “objections” and inserting in lieu thereof a period;
27 and

28 (14) by adding “of the United States” in section

1 (b) Section 501(c) of the Federal Coal Mine Health and
 2 Safety Act of 1969 (30 U.S.C. 951(c)) is amended by striking
 3 out the last sentence thereof.

4 (c) Section 106(c) of the National Traffic and Motor Ve-
 5 hicle Safety Act of 1966 (15 U.S.C. 1395(c)) is repealed.

6 (d) Section 12(a) of the National Science Foundation
 7 Act of 1950 (42 U.S.C. 1871(a)) is repealed.

8 (e)(1) Section 152 of the Atomic Energy Act of 1954
 9 (42 U.S.C. 2182) is repealed: *Provided, however,* That such
 10 section shall continue to be effective with respect to any ap-
 11 plication for a patent in which the statement under oath re-
 12 ferred to in such section has been filed or requested to be
 13 filed by the Commissioner of Patents and Trademarks prior
 14 to the effective date of this Act.

15 (2) The item relating to section 152 in the table of con-
 16 tents of the Atomic Energy Act of 1954 is amended to read
 17 as follows:

“Sec. 152. Repealed”.

18 (f) The National Aeronautics and Space Act of 1958 (42
 19 U.S.C. 2451 et seq.) is amended by—

20 (1) repealing subsections (a)–(h) and (j) of section
 21 305 thereof (42 U.S.C. 2457): *Provided, however,* That
 22 subsections (c), (d), and (e) of such section shall contin-
 23 ue to be effective with respect to any application for
 24 patents in which the written statement referred to in
 25 subsection (c) of such section has been filed or request-

S 2171 IS

21 305 thereof (42 U.S.C. 2457): *Provided, however,* That
 22 subsections (c), (d), and (e) of such section shall contin-
 23 ue to be effective with respect to any application for
 24 patents in which the written statement referred to in
 25 subsection (c) of such section has been filed or request-

S 2171 IS

1 ed to be filed by the Commissioner of Patents and
2 Trademarks prior to the effective date of this Act;

3 (2) striking out in section 306(a) thereof (42
4 U.S.C. 2458(a)), “(as defined by section 305)”, and by
5 striking “the Inventions and Contributions Board, es-
6 tablished under section 305 of this Act” and inserting
7 in lieu thereof “an Inventions and Contributions Board
8 which shall be established by the Administrator within
9 the Administration”; and

10 (3) striking out in section 203(e) thereof (42
11 U.S.C. 2473(c)), the following: “(including patents and
12 rights thereunder)”.

13 (g) Section 6 of the Act of July 7, 1960 (30 U.S.C.
14 666), is repealed.

15 (h) Section 4 of the Helium Act Amendments of 1960
16 (50 U.S.C. 167b) is amended by striking out all after “utili-
17 zation” and inserting in lieu thereof a period.

18 (i) Section 32 of the Arms Control and Disarmament
19 Act (22 U.S.C. 2572) is repealed.

13 (g) Section 6 of the Act of July 7, 1960 (30 U.S.C.
14 666), is repealed.

15 (h) Section 4 of the Helium Act Amendments of 1960
16 (50 U.S.C. 167b) is amended by striking out all after “utili-
17 zation” and inserting in lieu thereof a period.

18 (i) Section 32 of the Arms Control and Disarmament
19 Act (22 U.S.C. 2572) is repealed.

20 (j) Subsection (e) of section 302 of the Appalachian Re-
21 gional Development Act of 1965 (40 U.S.C. App. 302(e)) is

1 (l) Section 5(d) of the Consumer Product Safety Act (15
2 U.S.C. 2054(d)) is repealed.

3 (m) Section 3 of the Act of April 5, 1944 (30 U.S.C.
4 323), is repealed.

5 (n) Section 8001(c)(3) of the Solid Waste Disposal Act
6 (42 U.S.C. 6981(c)(3)) is repealed.

7 (o) Section 6(e) of the Stevenson-Wydler Technology
8 Innovation Act of 1980 (15 U.S.C. 3705(e)) is repealed.

9 (p) Section 10(a) of the Act of June 29, 1935 (7 U.S.C.
10 427i(a)) is amended by striking the last sentence thereof.

11 (q) Section 427(b) of the Federal Mine Safety and
12 Health Act of 1977 (30 U.S.C. 937(b)) is amended by strik-
13 ing the last sentence thereof.

14 (r) Section 306(d) of the Surface Mining Control and
15 Reclamation Act of 1977 (30 U.S.C. 1226(d)) is amended by
16 striking the first two sentences thereof.

17 (s) Section 21(d) of the Federal Fire Prevention and
18 Control Act of 1974 (15 U.S.C. 2218(d)) is repealed.

19 (t) Section 6(b) of the Solar Photovoltaic Energy Re-
20 search, Development, and Demonstration Act of 1978 (42
21 U.S.C. 5585(b)) is amended by striking "7, 8, and 9" and
22 inserting in lieu thereof "7 and 8".

23 (u) Section 12 of the Native Latex Commercialization
24 and Economic Development Act of 1978 (7 U.S.C. 178j) is
25 repealed.

S 2171 IS

22 inserting in lieu thereof "7 and 8".

23 (u) Section 12 of the Native Latex Commercialization
24 and Economic Development Act of 1978 (7 U.S.C. 178j) is
25 repealed.

S 2171 IS

1 (v) Section 408 of the Water Research and Develop-
2 ment Act of 1978 (42 U.S.C. 7879) is repealed.

3 (w)(1) Section 173 of the United States Synthetic Fuels
4 Corporation Act of 1980 (42 U.S.C. 8773) is repealed.

5 (2) The item relating to section 173 in the table of sec-
6 tions of the Energy Security Act (42 U.S.C. 8701 et seq.) is
7 amended to read as follows:

“Sec. 173. Repealed.”

8 SEC. 4. Nothing in this Act shall be deemed to convey
9 to any person immunity from civil or criminal liability, or to
10 create any defense to actions, under any antitrust law of the
11 United States.

12 SEC. 5. (a) This Act shall take effect six months after
13 the date of enactment of this Act.

14 (b) After the effective date of this Act, each Federal
15 agency is authorized, notwithstanding any other law govern-
16 ing the disposition of rights in subject inventions, to allow a
17 contractor or an inventor to retain title to subject inventions
18 made under contracts awarded prior to the effective date of
19 this Act, subject to the same terms and conditions as would
20 apply under this Act had the contract been entered into after

14 (b) After the effective date of this Act, each Federal
15 agency is authorized, notwithstanding any other law govern-
16 ing the disposition of rights in subject inventions, to allow a
17 contractor or an inventor to retain title to subject inventions
18 made under contracts awarded prior to the effective date of
19 this Act, subject to the same terms and conditions as would
20 apply under this Act had the contract been entered into after

- 1 States Code, including any recommendations for legislative
- 2 or administrative changes to better achieve the policies and
- 3 objectives of such chapters.



17

Public Law 95-224
95th Congress

An Act

To distinguish Federal grant and cooperative agreement relationships from Federal procurement relationships, and for other purposes.

Feb. 3, 1978
[H.R. 7691]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Federal Grant and Cooperative Agreement Act of 1977".

Federal Grant
and Cooperative
Agreement Act of
1977.
41 USC 501 note.
41 USC 501.

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that—

(1) there is a need to distinguish Federal assistance relationships from Federal procurement relationships and thereby to standardize usage and clarify the meaning of the legal instruments which reflect such relationships;

(2) uncertainty as to the meaning of such terms as "contract", "grant", and "cooperative agreement" and the relationships they reflect causes operational inconsistencies, confusion, inefficiency, and waste for recipients of awards as well as for executive agencies; and

(3) the Commission on Government Procurement has documented these findings and concluded that a reduction of the existing inconsistencies, confusion, inefficiency, and waste is feasible and necessary through legislative action.

(b) The purposes of this Act are—

(1) to characterize the relationship between the Federal Government and contractors, State and local governments, and other recipients in the acquisition of property and services and in the furnishing of assistance by the Federal Government so as to promote a better understanding of Federal spending and help eliminate unnecessary administrative requirements on recipients of Federal awards;

(2) to establish Government-wide criteria for selection of appropriate legal instruments to achieve uniformity in the use by the executive agencies of such instruments, a clear definition of the relationships they reflect, and a better understanding of the responsibilities of the parties;

(3) to promote increased discipline in the selection and use of types of contract, grant agreement, and cooperative agreements and to maximize competition in the award of contracts and encourage competition, where deemed appropriate, in the award of grants and cooperative agreements; and

(4) to require a study of the relationship between the Federal Government and grantees and other recipients in Federal assistance programs and the feasibility of developing a comprehensive system of guideline for the use of grant and cooperative agreements, and other forms of Federal assistance in carrying out such programs.

DEFINITIONS

41 USC 502.

SEC. 3. As used in this Act, the term—

(1) "State government" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, any agency or instrumentality of a State, and any multi-State, regional, or interstate entity which has governmental functions;

(2) "local government" means any unit of government within a State, a county, municipality, city, town, township, local public authority, special district, intrastate district, council of governments, sponsor group representative organization, other interstate government entity, or any other instrumentality of a local government;

(3) "other recipient" means any person or recipient other than a State or local government who is authorized to receive Federal assistance or procurement contracts and includes any charitable or educational institution;

(4) "executive agency" means any executive department as defined in section 101 of title 5, United States Code, a military department as defined in section 102 of title 5, United States Code, an independent establishment as defined in section 104 of title 5, United States Code (except that it shall not include the General Accounting Office), a wholly owned Government corporation; and

(5) "grant or cooperative agreement" does not include any agreement under which only direct Federal cash assistance to individuals, a subsidy, a loan, a loan guarantee, or insurance is provided.

USE OF CONTRACTS

41 USC 503.

SEC. 4. Each executive agency shall use a type of procurement contract as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient—

(1) whenever the principal purpose of the instrument is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; or

(2) whenever an executive agency determines in a specific instance that the use of a type of procurement contract is appropriate.

USE OF GRANT AGREEMENTS

41 USC 504.

SEC. 5. Each executive agency shall use a type of grant agreement as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient whenever—

Transfers.

(1) the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the State or local government or other recipient in order to accomplish a public purpose of support or stimulation authorized by Federal statute, rather than acquisition, by purchase, lease, or barter, of Federal Government and a State or local government or other recipient—

(1) whenever the principal purpose of the instrument is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; or

(2) whenever an executive agency determines in a specific instance that the use of a type of procurement contract is appropriate.

USE OF GRANT AGREEMENTS

41 USC 504.

SEC. 5. Each executive agency shall use a type of grant agreement as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient whenever—

Transfers.

(1) the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the State or local government or other recipient in order to accomplish a public purpose of support or stimulation authorized by Federal statute, rather than acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; and

(2) no substantial involvement is anticipated between the executive agency, acting for the Federal Government, and the

USE OF COOPERATIVE AGREEMENTS

SEC. 6. Each executive agency shall use a type of cooperative agreement as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient whenever—

(1) the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the State or local government or other recipient to accomplish a public purpose of support or stimulation authorized by Federal statute, rather than acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; and

(2) substantial involvement is anticipated between the executive agency, acting for the Federal Government, and the State or local government or other recipient during performance of the contemplated activity.

41 USC 505.

Transfers.

AUTHORIZATIONS

SEC. 7. (a) Notwithstanding any other provision of law, each executive agency authorized by law to enter into contracts, grant or cooperative agreements, or similar arrangements is authorized and directed to enter into and use types of contracts, grant agreements, or cooperative agreements as required by this Act.

Contracts, grant or cooperative agreements.
41 USC 506.

(b) The authority to make contracts, grants, and cooperative agreements for the conduct of basic or applied scientific research at nonprofit institutions of higher education, or at nonprofit organizations whose primary purpose is the conduct of scientific research shall include discretionary authority, when it is deemed by the head of the executive agency to be in furtherance of the objectives of the agency, to vest in such institutions or organizations, without further obligation to the Government, or on such other terms and conditions as deemed appropriate, title to equipment or other tangible personal property purchased with such funds.

Scientific research.

STUDY OF FEDERAL ASSISTANCE PROGRAMS

SEC. 8. The Director of the Office of Management and Budget, in cooperation with the executive agencies, shall undertake a study to develop a better understanding of alternative means of implementing Federal assistance programs, and to determine the feasibility of developing a comprehensive system of guidance for Federal assistance programs. Such study shall include a thorough consideration of the findings and recommendations of the Commission on Government Procurement relating to the feasibility of developing such a system. The Director shall consult with and to the extent practicable, involve representatives of the executive agencies, the Congress, the General Accounting Office, and State and local governments, other recipients and other interested members of the public. The result of the study shall be reported to the Committee on Government Operations of the House of Representatives and the Committee on Governmental Affairs of the Senate at the earliest practicable date, but in no event later than two years after the date of enactment of this Act. The report on the study shall include (1) detailed descriptions of the alternative means of implementing Federal assistance programs and of the circumstances in which the use of each appears to be most desirable, (2) detailed

41 USC 507.

Contents.

Consultation.

Report to congressional committees.

... implementing Federal assistance programs and of the circumstances in which the use of each appears to be most desirable, (2) detailed

descriptions of the basic characteristics and an outline of such comprehensive system of guidance for Federal assistance programs, the development of which may be determined feasible, and (3) recommendations concerning arrangements to proceed with the full development of such comprehensive system of guidance and for such administrative or statutory changes, including changes in the provisions of sections 3 through 7 of this Act, as may be deemed appropriate on the basis of the findings of the study.

GUIDELINES

41 USC 508. Sec. 9. The Director of the Office of Management and Budget is authorized to issue supplementary interpretative guidelines to promote consistent and efficient use of contract, grants agreement, and cooperative agreements as defined in this Act.

REPEALS AND SAVINGS PROVISIONS

Repeal; effective date. Sec. 10. (a) The Act entitled "An Act to authorize the expenditure of funds through grants for support of scientific research, and for other purposes", approved September 6, 1958 (72 Stat. 1793; 42 U.S.C. 1891 and 1892), is repealed, effective one year after the date of enactment of this Act.

41 USC 501 note. (b) Nothing in this Act shall be construed to render void or voidable any existing contract, grant, cooperative agreement, or other contract, grant, or cooperative agreement entered into up to one year after the date of enactment of this Act.

41 USC 509. (c) Nothing in this Act shall require the establishment of a single relationship between the Federal Government and a State or local government or other recipient on a jointly funded project, involving funds from more than one program or appropriation where different relationships would otherwise be appropriate for different components of the project.

Excepted transactions. 41 USC 501 note. Expiration date. (d) The Director of the Office of Management and Budget may except individual transactions or programs of any executive agency from the application of the provisions of this Act. This authority shall expire one year after receipt by the Congress of the study provided for in section 8 of this Act.

Approved February 3, 1978.

LEGISLATIVE HISTORY:

transactions. 41 USC 501 note. Expiration date. EXCEPT INDIVIDUAL TRANSACTIONS OR PROGRAMS OF ANY EXECUTIVE AGENCY FROM THE APPLICATION OF THE PROVISIONS OF THIS ACT. THIS AUTHORITY SHALL EXPIRE ONE YEAR AFTER RECEIPT BY THE CONGRESS OF THE STUDY PROVIDED FOR IN SECTION 8 OF THIS ACT.

Approved February 3, 1978.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 95-481 (Comm. on Government Operations).
SENATE REPORT No. 95-449 accompanying S. 431 (Comm. on Governmental Affairs).
CONGRESSIONAL RECORD:
Vol. 123 (1977): Sept. 27, considered and passed House.
Oct. 1, considered and passed Senate, amended, in lieu of S.