

95TH CONGRESS  
1ST SESSION

H.R. 6249

---

IN THE HOUSE OF REPRESENTATIVES

April 6, 1977

Mr. Thornton (for himself and Mr. Teague) introduced the following bill; which was referred jointly to the Committees on the Judiciary and Science and Technology

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A BILL

To establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad; and for other related 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 Federal Research  
4                   and Development Utilization Act of 1977".

TITLE I--POLICY

Sec. 101. Findings.  
Sec. 102. Declaration of purpose.

TITLE II--FUNCTIONS OF THE OFFICE OF SCIENCE AND TECHNOLOGY  
POLICY AND THE FEDERAL COORDINATING COUNCIL FOR SCIENCE,  
ENGINEERING, AND TECHNOLOGY

Sec. 201. Federal Coordinating Council for Science,  
Engineering, and Technology

TITLE III--ALLOCATION OF PROPERTY RIGHTS IN INVENTIONS  
RESULTING FROM FEDERALLY SPONSORED RESEARCH AND  
DEVELOPMENT

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in subject inventions.  
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public.  
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TITLE IV--DOMESTIC AND FOREIGN PROTECTION AND LICENSING  
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- Sec. 511. Definitions.
- Sec. 512. Relationship to other laws.

CHAPTER 2.--AMENDMENT TO OTHER ACTS

- Sec. 521. Identified Acts amended.

CHAPTER 3. EFFECTIVE DATE PROVISION

- Sec. 531. Effective date of Act.

1 TITLE I--POLICY

2 FINDINGS

3 SEC. 101. The Congress, recognizing the profound impact  
4 of science and technology on society and the interrelations  
5 of scientific, technological, economic, social, political,  
6 and institutional factors, hereby finds that--

7 (1) inventions in scientific and technological fields  
8 resulting from work performed under Federal research and  
9 development programs constitute a valuable national  
10 resource;

11 (2) Federal policy on the allocations of rights to  
12 inventions resulting from federally sponsored research  
13 and development should stimulate inventors, meet the  
14 needs of the Federal Government, recognize the equities  
15 of the Federal employee-inventor and the Federal  
16 Government contractor, and serve the public interest; and

17 (3) the public interest would be better served if  
18 greater efforts were made to obtain patent protection  
19 and to promote the interests of the United States and  
20 the commercial use of new technology resulting from  
21 federally sponsored research and development, both in  
22 the United States and foreign countries, as appropriate.

23 DECLARATION OF PURPOSE

24 SEC. 102. It is the purpose of this Act to--

25 (1) establish a uniform Federal system for the man-  
26 agement and use of the results of federally sponsored  
27 scientific and technological research and development;

28 (2) provide for uniform implementation of the  
29 provisions of this Act, and to make a continuing effort  
30 to monitor such implementation;

31 (3) allocate rights to inventions by contractors  
32 which result from federally sponsored research and  
33 development so as to--

- 1 (A) encourage the participation of the most  
2 qualified and competent contractors,  
3 (B) foster competition,  
4 (C) reduce the administrative burdens, both for  
5 the Federal agencies and its contractors, and  
6 (D) protect the public investment in research  
7 and development by promoting the widespread  
8 utilization of inventions;

9 (4) allocate rights to Federal employee inventions  
10 in an equitable manner;

11 (5) provide for a domestic and foreign protection  
12 and licensing program to obtain commercial utilization  
13 of federally owned inventions, with the objective of  
14 strengthening the Nation's economy and expanding its  
15 domestic and foreign markets; and

16 (6) amend or repeal other Acts and Executive  
17 orders regarding the allocation of inventions which  
18 result from federally sponsored research and development  
19 and the licensing of federally owned patents.

20 TITLE II--FUNCTIONS OF THE OFFICE OF SCIENCE AND TECHNOLOGY  
21 POLICY AND THE FEDERAL COORDINATING COUNCIL FOR SCIENCE,  
22 ENGINEERING, AND TECHNOLOGY  
23 FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING,  
24 AND TECHNOLOGY

25 SEC. 201. (a) The Federal Coordinating Council for  
26 Science, Engineering, and Technology (established by  
27 section 401 of the National Science and Technology Policy,  
28 Organization, and Priorities Act of 1976 (42 U.S.C. 6651))  
29 (hereinafter in this Act referred to as the "Council") shall  
30 make recommendations to the Director of the Office of  
31 Science and Technology Policy (hereinafter in this title  
32 referred to as the "Director"), with regard to--

33 (1) uniform and effective planning and administration  
34 of Federal programs pertaining to inventions, patents,  
35 trademarks, copyrights, rights in technical data, and  
36 matters connected therewith;

1           (2) uniform policies, regulations, guidelines, and  
2 practices to carry out the provisions of this Act and other  
3 Federal Government objectives in the field of intellectual  
4 property; and

5           (3) uniformity and effectiveness of interpretation  
6 and implementation by individual Federal agencies of the  
7 provisions of this Act and other related Federal Government  
8 policies, regulations, and practices.

9           (b) Recommendations regarding matters set forth in  
10 subsection (a) which are made by the Council and adopted  
11 by the Director shall be transmitted to Federal agencies  
12 through appropriate channels.

13           (c) In order to carry out the responsibilities set forth  
14 in subsections (a) and (b), the Council is authorized to--

15           (1) acquire data and reports from Federal agencies  
16 on the interpretation and implementation of this Act and  
17 related policies, regulations, and practices;

18           (2) review on its own initiative, or upon request  
19 by a Federal agency, Federal agency implementation of  
20 the provisions of this Act;

21           (3) analyze on a continuing basis data acquired by  
22 the Council;

23           (4) consider problems and developments in the  
24 fields of inventions, patents, trademarks, copyrights,  
25 rights in technical data, and matters connected therewith  
26 and the impact thereof on Federal ~~Government~~ policy or  
27 uniform accommodation or implementation by Federal  
28 agencies; and

29           (5) publish annually a report on Council efforts,  
30 findings, and recommendations made under this section.

1 TITLE III--ALLOCATION OF PROPERTY RIGHTS IN INVENTIONS  
2 RESULTING FROM FEDERALLY SPONSORED RESEARCH AND  
3 DEVELOPMENT

4 CHAPTER 1.--INVENTIONS OF CONTRACTORS  
5 CRITERIA FOR THE ALLOCATION OF PROPERTY RIGHTS IN SUBJECT  
6 INVENTIONS

7 SEC. 311. The allocation of property rights in subject  
8 inventions shall be determined by uniform regulations, is-  
9 sued by the Administrator of General Services and the  
10 Secretary of Defense, employing a single patent rights  
11 clause in all instances except as may be provided in such  
12 regulations, subject to the minimum rights acquired under  
13 section 313(a)(2), or as provided in section 315(d). Such  
14 a patent rights clause shall include the provisions required  
15 by section 312, 313, 314, and subsections (a), (b), and  
16 (c) of section 315.

17 REPORTING REQUIREMENTS AND DECLARATION OF INTENT

18 SEC. 312. The contractor shall promptly provide the  
19 sponsoring Federal agency with (1) a disclosure of each  
20 subject invention which is or may be patentable under the  
21 laws of the United States; (2) an election whether the  
22 contractor intends to file a patent application on the  
23 subject invention; and (3) if the contractor elects to  
24 file, a declaration of the contractor's intent to com-  
25 mercialize or otherwise achieve the widespread utilization  
26 of the invention by the public. The Federal Government  
27 [~~shall~~] may withhold publication or release to the public of  
28 information disclosing such invention for a reasonable  
29 time in order for a patent application to be filed.

30 MINIMUM RIGHTS TO THE FEDERAL GOVERNMENT AND THE PUBLIC

31 SEC. 313. (a) Each Federal agency shall acquire on  
32 behalf of the Federal Government, at the time of contracting--  
33 (1) an agreement that, if the contractor elects not  
34 to file a patent application on a subject invention in any

1 country, title to [~~such-an~~] the invention in such country  
2 shall be assigned, upon request, to the Federal Government,  
3 subject to the rights retained by the contractor under  
4 section 314; and

5 (2) an agreement that, if the contractor elects to  
6 file a patent application in accordance with section 314--

7 (A) the Federal agency shall have a nonexclu-  
8 sive, nontransferable, irrevocable, paid-up license  
9 to practice or have practiced for the Federal Gov-  
10 ernment any subject invention throughout the world  
11 by or on behalf of the Federal Government (includ-  
12 ing any Federal agency), and may, if provided in  
13 such agreement, have additional rights to sublicense  
14 any State or domestic local government or to sub-  
15 license any foreign government pursuant to foreign  
16 policy considerations, or any existing or future  
17 treaty or agreement, when the Federal agency deter-  
18 mines it would be in the national interest to  
19 acquire such additional rights;

20 (B) the Federal agency shall have the right to  
21 require periodic written reports at reasonable inter-  
22 vals and, when specifically requested by such  
23 agency, reports on the commercial use or other form  
24 of utilization by the public that is being made  
25 or is intended to be made of any subject invention;

26 (C) the Federal agency shall have the right to  
27 require the contractor to grant a nonexclusive,  
28 partially exclusive, or exclusive license to a  
29 responsible applicant or applicants in any field  
30 of use to the subject invention, upon terms reasonable  
31 under the circumstances, or [~~if the contractor refuses,~~]  
32 to grant such a license itself or to require an assign-  
33 ment of the subject invention to the Federal Govern-  
34 ment if the agency determines such action is necessary  
35 because the contractor has not taken, or is not expected  
36 to take within a reasonable time, effective steps to

1 achieve practical application of the subject invention  
2 in such field of use.

3 (D) the Federal agency shall have the right  
4 to require the contractor to grant a nonexclusive,  
5 partially exclusive, or exclusive license to a  
6 responsible applicant or applicants, upon terms  
7 reasonable under the circumstances, or to determine  
8 that it should grant such a license itself, following  
9 [a hearing upon notice thereof to the public] or  
10 [public notice and opportunity for a hearing], upon  
11 a petition by an interested person justifying such  
12 hearing, if the Federal agency determines, upon  
13 review of such material as the agency deems relevant,  
14 and after the contractor or such other interested  
15 person has had the opportunity to provide such  
16 relevant and material information as the agency may  
17 require, [~~or, if the contractor refuses, to grant~~  
18 ~~such a license itself if the agency determines in~~  
19 ~~accordance with subsection (b)7]~~ that such action  
20 is necessary.

21 ( i) to alleviate health, safety, or  
22 welfare needs which are not reasonably satisfied  
23 by the contractor or its licensees;

24 ( ii) [~~to meet requirements]~~ to the extent  
25 that the subject invention is required for public  
26 use specified by Federal regulation, [~~which are~~  
27 ~~not reasonably satisfied by]~~ provided the con-  
28 tractor and/or its licensees[~~or~~] are not  
29 satisfying market needs created by the Federal  
30 regulations consistent with conditions reasonable  
31 under the circumstances;

32 (iii) because the exclusive rights to such  
33 subject invention in the contractor have tended  
34 substantially to lessen competition or to result  
35 in undue market concentration in any section  
36 of the United States in any line of commerce  
to which the technology relates, or to create or



1 maintain other situations inconsistent with the  
2 antitrust laws; and

3 (E) the Federal agency shall have the right,  
4 commencing ten years from the date the subject in-  
5 vention was made or seven years after first public  
6 use or on sale in the United States, whichever occurs  
7 first (excepting that time before Federal regulatory  
8 agencies necessary to obtain premarket clearance),  
9 to require the contractor to grant a nonexclusive,  
10 partially exclusive, or exclusive license to a res-  
11 ponsible applicant or applicants, upon terms reasonable  
12 under the circumstances, or, to determine that the  
13 Federal agency should [~~if the contractor refuses,~~  
14 ~~to~~] grant such a license itself, following  
15 [a hearing upon notice thereof to the public] or  
[public notice and opportunity for a hearing], upon  
16 a petition by a prospective licensee who has attempted  
17 unsuccessfully to obtain such a license from the con-  
18 tractor and justifying such a hearing, if [such]  
19 the agency determines [~~in accordance with subsection~~  
20 ~~(b)~~] (in view of the factors set forth in section 315(b))  
21 that such licensing would best support the overall  
22 purposes of this Act, except that this subparagraph  
23 shall not apply to contractors who are small business  
24 firms as defined by the Small Business Administration.

25 [~~(b)--The determinations required under subparagraphs~~  
26 ~~(D) and (E) to be made in accordance with this subsection~~  
27 ~~shall be made upon the basis of such information as may be~~  
28 ~~presented by the contractor, any interested person, or any~~  
29 ~~Federal agency.--Such determination shall be made after~~  
30 ~~public notice and opportunity for hearing if--~~

31 ~~(1)--in the case of subparagraph (D), such a hearing~~  
32 ~~is requested by any interested person justifying such~~  
33 ~~a hearing, and~~

34 ~~(2)--in the case of subparagraph (E), such a hearing~~  
35 ~~is requested by a prospective licensee, who has attempted~~  
36 ~~unsuccessfully to obtain such a license from the contractor,~~  
37 ~~justifying such a hearing.~~

1 CONTRACTOR'S RIGHTS

2 SEC. 314. The contractor shall retain a defeasible title  
3 only to those subject inventions (including the right to  
4 license or assign all or part of its interests therein) on  
5 which the contractor files a United States patent application  
6 and declares its intent to achieve practical application of  
7 the subject invention. Such title in the contractor shall  
8 permit the contractor to retain exclusive commercial rights  
9 to the invention subject to all rights granted to the Federal  
10 Government in section 313(a)(2). The contractor's employee  
11 inventor may also retain contractor's rights under this  
12 subsection with permission of the contractor at the discretion  
13 of the sponsoring Federal agency. Where the contractor elects  
14 not to file a United States patent application on a reported  
15 subject invention, [F]the contractor shall [aise] retain a  
16 nonexclusive, royalty-free license [under-all-other-reported  
17 subject-inventions] thereon, which license shall be revocable  
18 only to the extent necessary for the Federal Government to  
19 grant an exclusive license, in accordance with the provisions  
20 of section 404, under any patent which may issue thereon.

21 RELATED PROVISIONS

22 SEC. 315. (a) Each sponsoring Federal agency, for good  
23 cause shown by the contractor, may extend the periods [of  
24 the-contractor's-exclusive-commercial-rights] provided for in  
25 section 313(a)(2)(E) following public notice and an opportunity  
26 for filing written objections. The grant of such an extension  
27 shall be based upon a determination by the sponsoring Federal  
28 agency, upon review of such material as it deems relevant,  
29 and after the contractor or any other interested person  
30 or any Federal agency has had an opportunity to provide  
31 such relevant and material information as the Federal agency  
32 may require, that such extension would best support the  
33 overall purposes of this Act.

34 (b) In determining whether the right to require licensing  
35 or the right of the sponsoring Federal agency to license set  
36 forth in section 313(a)(2)(E) should be exercised, [the  
37 Federal] such agency may consider, among others, the following  
38 type of factors, as appropriate:

1 (1) the relative contributions of the Federal Govern-  
2 ment and the contractor or its assignees or licensees, if  
3 any, to the making and commercialization of the subject  
4 invention;

5 (2) the relative contributions of the Federal Govern-  
6 ment and the contractor or its assignees or licensees,  
7 if any, to the field of technology to which the subject  
8 invention relates;

9 (3) the degree to which utilization of the subject  
10 invention has satisfied the purposes of the program under  
11 which the subject invention was made;

12 (4) the type and scope of the subject invention and  
13 the magnitude of the problem it solves;

14 (5) the effect of such licensing on competition and  
15 widespread utilization of the subject invention;

16 (6) the effect of such licensing on incentives to  
17 commercialize this and other subject inventions;

18 (7) the extent to which the subject invention is  
19 concerned with the public health, safety or welfare;  
20 and

21 (8) the effect of such licensing in assisting small  
22 businesses and minority business enterprises and in im-  
23 proving conditions within economically depressed, low-  
24 income, and labor surplus areas.

25 (c) When it is determined that the right to require  
26 licensing or the right of the Federal agency to license  
27 should be exercised pursuant to subparagraph (C), (D), or  
28 (E) of section 313(a)(2), the Federal agency may [specify]  
29 also determine terms and conditions, including royalties to  
30 be charged, if any, and the duration and field of use of  
31 the license, if appropriate.

32 (d)(1) The head of a Federal agency may deviate on a  
33 case-by-case basis from the single patent rights clause  
34 normally used pursuant to section 311, provided that such  
35 deviation shall be published in the Federal Register and  
36 transmitted to the Council for performance of its functions  
37 under section 201 of this Act.

1 (2) The regulations adopted pursuant to section 311  
2 may permit deviation to the minimum rights acquired under  
3 section 313(a)(2) on a class basis in--

4 (A) contracts involving cosponsored, cost sharing,  
5 or joint venture research when the contractor is  
6 required to make a substantial contribution of  
7 funds, facilities, or equipment to the work performed  
8 under the contract; and

9 (B) special contracting situations such as Federal  
10 price or purchase supports and Federal loan or loan  
11 guarantees.

12 (3) No deviation under this subsection shall waive,  
13 in whole or in part, the minimum rights to be secured  
14 for the Federal Government set forth in section 313(a)(2)  
15 (D)(iii).

#### 16 JUDICIAL REVIEW

17 SEC. 316. Any [person] contractor adversely affected by a  
18 Federal agency determination made under subparagraph (C), or  
19 any person adversely affected by a Federal agency determination  
20 made under subparagraph (D) [7] or (E) of section 313(a)(2) or  
21 under subsection (a), [4b]7] or (c) of section 315 may, at  
22 any time within sixty days after the determination is issued,  
23 file a petition to the United States Court of Claims which  
24 shall have jurisdiction to determine the matter de novo and  
25 to affirm, reverse, or modify as appropriate, the [determination]  
26 action of the Federal agency.

#### 27 CHAPTER 2.--INVENTIONS OF FEDERAL EMPLOYEES

##### 28 REPORTING OF INVENTIONS

29 SEC. 321. All inventions made by Federal employees while  
30 under the administrative jurisdiction of a Federal agency  
31 shall be reported to the designated authority of that  
32 Federal agency.

##### 33 CRITERIA FOR THE ALLOCATION OF RIGHTS TO INVENTIONS

34 SEC. 322. Subject to prescribed rules and regulations  
35 issued by the Commissioner of the United States Patent and  
36 Trademark Office, each Federal agency shall determine the

1        respective rights of the Federal Government and of the  
2        Federal employee-inventor in and to any invention made by  
3        a Federal employee while under the administrative juris-  
4        diction of such agency, in accordance with the following  
5        criteria:

6            (a) The Federal Government shall obtain, subject to  
7        subsection (c), the entire right, title and interest in and  
8        to all inventions made by any Federal employee which bear  
9        a relation to the duties of the Federal employee-inventor,  
10       or are made in consequence of his employment.

11           (b) A Federal employee shall be entitled to retain the  
12       entire right, title, and interest in and to any invention  
13       made by the employee-inventor, subject to a nonexclusive,  
14       nontransferable, irrevocable, paid-up license to practice or  
15       have practiced for the Federal Government any such in-  
16       vention throughout the world by or on behalf of the Federal  
17       Government (including any Federal agency) in any case  
18       where the invention does not bear a relation to the duties  
19       of the employee-inventor or was not made in consequence  
20       of his employment, but was made with a contribution by  
21       the Federal Government of facilities, equipment, materials,  
22       funds, or information, or of time or services of other Federal  
23       employees on official duty. The Federal agency may acquire  
24       additional rights to sublicense any State or domestic local  
25       government or to sublicense any foreign government pur-  
26       suant to foreign policy considerations, or any existing or  
27       future treaty or agreement, where the Federal agency de-  
28       termines it would be in the national interest to acquire  
29       such additional rights.

30           (c) The Federal employee may obtain the entire right,  
31       title, and interest in and to an invention in any country,  
32       subject to the license and sublicensing rights set forth  
33       in subsection (b), where the Federal agency determines  
34       that there is insufficient interest in the invention to  
35       justify seeking patent protection in that country, although  
36       the Federal Government may have taken title to the invention

1 or may be entitled to the entire right, title, and interest  
2 therein under subsection (a), except that nothing in this  
3 paragraph shall prevent a Federal agency from publishing  
4 or dedicating to the public such an invention if it is in  
5 the public interest.

6 (d) A Federal employee shall be entitled to retain the  
7 entire right, title, and interest in and to any invention  
8 made by the employee in any case not falling within sub-  
9 section (a), (b), or (c).

10 (e) Notwithstanding subsection (a) of this section, a  
11 Federal agency may enter into agreements with other pub-  
12 lic or private parties wherein future or identified  
13 inventions falling within the criteria of subsection (a)  
14 and made in performance of cosponsored, cost-sharing, or  
15 joint venture research involving a substantial contribution  
16 of funds, facilities, equipment, or employees by such  
17 parties, may be allocated in a manner satisfying the  
18 contribution of such parties.

19 APPLICATION OF CRITERIA

20 SEC. 323. (a) In applying the criteria of section 322  
21 to the facts and circumstances relating to the making of  
22 any particular invention--

23 (1) it shall be presumed that an invention falls  
24 within the criteria of section 322(a) when made by a  
25 Federal employee who is employed or assigned to--

26 (A) invent or improve or perfect any art,  
27 machine, manufacture, or composition of matter,

28 (B) conduct or perform research or development  
29 work, or both

30 (C) supervise, direct, coordinate, or review  
31 federally financed or conducted research or  
32 development work, or both, or

33 (D) act in a liaison capacity among Federal  
34 or non-Federal agencies or individuals engaged in  
35 such work; and

36 (2) it shall be presumed that an invention falls  
37 within the criteria of section 322(b) when made by any

1 other Federal employee.

2 (b) Either presumption required by subsection (a) may  
3 be rebutted by the facts or circumstances of the conditions  
4 under which any particular invention is made.

5 REVIEW OF FEDERAL AGENCY DETERMINATIONS

6 SEC. 324. Federal agency determinations regarding the  
7 respective rights of the Federal Government and the Federal  
8 employee-inventor are to be reviewed in accordance with  
9 prescribed rules and regulations issued pursuant to  
10 section 322 whenever--

11 (1) the Federal agency determines not to acquire  
12 all right, title and interest in an invention, or

13 (2) the Federal employee-inventor who is aggrieved  
14 by the determination requests such a review.

15 REASSIGNMENT OF RIGHTS

16 SEC. 325. Whenever a Federal agency finds on the basis  
17 of new evidence that it has acquired rights in an invention  
18 greater than the Federal Government is entitled to assert  
19 under the criteria of section 322, the Federal agency shall  
20 adjust such inequity by granting such rights to the Federal  
21 employee-inventor as may be necessary to correct the inequity.

22 INCENTIVE AWARDS PROGRAM

23 SEC. 326. (a) Incentive awards may be granted to Federal  
24 employee-inventors in order to--

25 (1) monetarily reward or otherwise recognize  
26 Federal employees for inventions; and

27 (2) stimulate inventive creativeness and encourage  
28 Federal employees to disclose their inventions and thereby  
29 enhance the transfer and utilization of related technology.

30 (b) ~~[These-a]~~ Awards authorized by this Act shall be  
31 granted pursuant to the provisions of chapter 45 of title 5  
32 and chapter 57 of title 10, United States Code, and in  
33 accordance with regulations issued thereunder except as  
34 modified by this Act.

35 (c) The amount of the award for an invention shall be  
36 based on--

1 (1) the extent to which the invention advances  
2 the state of the art;

3 (2) the scope of the application of the invention;

4 (3) the importance of the invention in terms of its  
5 value and benefits to the Federal Government; and

6 (4) the extent to which the invention has achieved  
7 utilization by the public.

8 (d) Awards of up to \$10,000 for an invention may be  
9 granted by the head of a Federal agency. Awards in excess  
10 of \$10,000 but less than \$35,000 may be granted--

11 (1) for Federal civilian employees by the head of  
12 the Federal agency with the approval of the Civil Service  
13 Commission;

14 (2) for members of the Armed Forces with the  
15 approval of the Secretary of Defense;

16 (3) for members of the United States Coast Guard  
17 when not operating as a service in the Navy with the  
18 approval of the Secretary of Transportation;

19 (4) for members of the Commissioned Corps of the  
20 United States Public Health Service with the approval  
21 of the Secretary of Health, Education, and Welfare; and

22 (5) for members of the Commissioned Corps of the  
23 National Oceanic and Atmospheric Administration with  
24 the approval of the Secretary of Commerce,

25 upon recommendation that the invention is highly exceptional  
26 and unusually outstanding. Awards in excess of \$35,000  
27 may be made in those instances where the head of the  
28 Federal agency, based upon the value and benefit of the  
29 inventor's contribution, recommends to the Chairman of  
30 the Civil Service Commission and the Director of the Office  
31 of Management and Budget that a Presidential award be made.  
32 Upon endorsement of both the Chairman of the Civil Service  
33 Commission and the Director of the Office of Management and  
34 Budget and approval by the President, an award in excess of  
35 \$35,000 and an honorary recognition, may be granted as deemed  
36 appropriate.



1 (e) A cash award under this section is in addition to  
2 the regular pay of the recipient. Acceptance of a cash  
3 award under this section constitutes an agreement that  
4 any use by the Federal Government of an idea, method, or  
5 device for which the award is made does not form the basis  
6 of a further claim of any nature against the Federal  
7 Government by the recipient, his heirs, or assigns.

8 (f) A cash award and expense for honorary recognition  
9 of a Federal employee-inventor shall be paid from the fund  
10 or appropriation of the Federal agency primarily benefiting.  
11 The head of the Federal agency shall determine the amount  
12 to be paid by the Federal agency for Federal agency awards  
13 and the President shall determine the amount of the award  
14 to be paid by each Federal agency for Presidential awards  
15 made under subsection (d).

16 (g) Nothing contained in this section shall be construed  
17 to limit the discretionary power of the Federal agency to  
18 grant or not grant an incentive award under this section.

#### 19 INCOME SHARING FROM PATENT LICENSES

20 SEC. 327. In addition to awards as provided in section  
21 326, in instances where a Federal agency grants income  
22 bearing patent licenses for an invention, such Federal  
23 agency may share the income received with the Federal  
24 employee-inventor.

#### 25 CONFLICT OF INTEREST

26 SEC. 328. Determinations of an appointing official pur-  
27 suant to section 208(b) of title 18, United States Code,  
28 regarding the promotion of a Federal employee's invention  
29 by such employee shall be subject to regulations prescribed  
30 by the Secretary of Commerce with the concurrence of the  
31 Civil Service Commission and the Attorney General.

1 TITLE IV--DOMESTIC AND FOREIGN PROTECTION AND LICENSING  
2 OF FEDERALLY OWNED INVENTIONS  
3 AUTHORITY OF FEDERAL AGENCIES

4 SEC. 401. Federal agencies are authorized to--

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

9 (2) promote the licensing of inventions covered by  
10 federally owned patent applications, patents, or other  
11 forms of protection obtained with the objective of maxi-  
12 mizing utilization by the public of the inventions covered  
13 thereby;

14 (3) grant nonexclusive, exclusive, or partially ex-  
15 clusive licenses under federally owned patent applications,  
16 patents, or other forms of protection obtained, royalty-  
17 free or for royalties or other consideration, and on such  
18 terms and conditions, including the grant to the licensee  
19 of the right of enforcement pursuant to the provisions  
20 of chapter 28 of title 35, United States Code, as deemed  
21 appropriate in the public interest;

22 (4) make market surveys and other investigations for  
23 determining the potential of inventions for domestic and  
24 foreign licensing and other forms of utilization; acquire  
25 technical information and engage in negotiations and other  
26 activities for promoting the licensing and for the  
27 purpose of enhancing their marketability and public  
28 utilization;

29 (5) withhold publication or release to the public  
30 information disclosing any invention in which the Federal  
31 Government owns or may own a right, title, or interest  
32 for a reasonable time in order for a patent application  
33 to be filed;

1           (6) undertake the above and all other suitable and  
2 necessary steps to protect and administer rights to  
3 inventions on behalf of the Federal Government either  
4 directly or through contract;

5           (7) transfer custody and administration, in whole  
6 or in part, to the Department of Commerce or to other  
7 Federal agencies, of the right, title, or interest in any  
8 invention for the purpose of administering the authorities  
9 set forth in paragraphs (1) through (4), without regard  
10 to the provisions of the Federal Property and Administrative  
11 Services Act of 1949 (40 U.S.C. 471); and

12           (8) designate the Department of Commerce as recipient  
13 of any or all funds received from fees, royalties, or  
14 other management of federally owned inventions authorized  
15 under this Act.

16 AUTHORITY OF THE SECRETARY OF COMMERCE IN COOPERATION WITH  
17 OTHER FEDERAL AGENCIES

18 SEC. 402. The Secretary of Commerce is authorized in  
19 cooperation with other Federal agencies to--

20           (1) coordinate a program for assisting all Federal  
21 agencies in carrying out the authority set forth in  
22 section 401;

23           (2) publish notification of all federally owned  
24 inventions that are available for licensing;

25           (3) evaluate inventions referred by Federal agencies,  
26 and patent applications filed thereon, in order to identify  
27 those inventions with the greatest commercial potential  
28 and to insure promotion and utilization by the public of  
29 inventions so identified;

30           (4) assist the Federal agencies in seeking and maintain-  
31 ing protection on inventions in the United States and in  
32 foreign countries, including the payment of fees and costs  
33 connected therewith;

1 (5) accept custody and administration, in whole  
2 or in part, of the right, title, and interest in any in-  
3 vention for the purposes set forth in sections 401 (1)  
4 through (4), with the approval of the Federal agency  
5 concerned without regard to the provisions of the Federal  
6 Property and Administrative Service Act of 1949 (40 U.S.C.  
7 471);

8 (6) receive funds from fees, royalties, or other  
9 management of federally owned inventions authorized  
10 under this Act, but such funds shall be used only for  
11 the purpose of this Act; and

12 (7) undertake these and such other functions either  
13 directly or through such contracts as are necessary and  
14 appropriate to accomplish the purposes of this title.

15 AUTHORITY OF THE ADMINISTRATOR OF GENERAL SERVICES  
16 SEC. 403. The Administrator of General Services is  
17 authorized to promulgate regulations specifying the terms  
18 and conditions upon which any federally owned invention may  
19 be licensed on a nonexclusive, partially exclusive, or  
20 exclusive basis.

21 GRANTS OF AN EXCLUSIVE OR PARTIALLY EXCLUSIVE LICENSE  
22 SEC. 404. (a) Federal agencies may grant exclusive or  
23 partially exclusive licenses in any invention covered by a  
24 federally owned domestic patent or patent application only  
25 if, after public notice and opportunity for filing written  
26 objections, it is determined that--

27 (1) the interests of the Federal Government and  
28 the public will best be served by the proposed license,  
29 in view of the applicant's intentions, plans, and ability  
30 to bring the invention to practical application or other-  
31 wise promote the invention's utilization by the public;

32 (2) the desired practical application has not been  
33 achieved, or is not likely expeditiously to be achieved,  
34 under any nonexclusive license which has been granted, or  
35 which may be granted, on the invention;

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

6           (4) the proposed terms and scope of exclusivity are  
7 not greater than reasonably necessary to provide the  
8 incentive for bringing the invention to practical applica-  
9 tion or otherwise promote the invention's utilization by  
10 the public;

11 except that a Federal agency shall not grant such exclusive  
12 or partially exclusive license if it determines that the grant  
13 of such license will tend substantially to lessen competition  
14 or result in undue concentration in any section of the country  
15 in any line of commerce to which the technology to be  
16 licensed relates, or to create or maintain other situations  
17 inconsistent with the antitrust laws.

18           (b) After consideration of whether the interests of the  
19 Federal Government or United States industry in foreign  
20 commerce will be enhanced, Federal agencies may grant exclusive  
21 or partially exclusive licenses in any invention covered by  
22 a foreign patent application or patent after public notice  
23 and opportunity for filing written objections except that,  
24 a Federal agency shall not grant such exclusive or partially  
25 exclusive license if it determines that the grant of such  
26 license will tend substantially to lessen competition or  
27 result in undue concentration in any section of the country  
28 in any line of commerce to which the technology to be  
29 licensed relates, or to create or maintain other situations  
30 inconsistent with the antitrust laws.

31           (c) The Federal agency shall maintain a record of deter-  
32 minations to grant exclusive or partially exclusive licenses.

33           (d) Any grant of an exclusive or partially exclusive  
34 license shall contain such terms and conditions as the Federal

1 agency may determine to be appropriate for the protection of  
2 the interests of the Federal Government and the public, in-  
3 cluding provisions for the following:

4 (1) periodic written reports at reasonable intervals  
5 including, when specifically requested by the Federal  
6 agency, the extent of the commercial or other use by  
7 the public that is being made or is intended to be made  
8 of the invention;

9 (2) a nonexclusive, nontransferable, irrevocable,  
10 paid-up license to practice or have practiced for the  
11 Federal Government the licensed invention throughout the  
12 world by or on behalf of the Federal Government (including  
13 any Federal agency), and the additional right to sublicense  
14 any State or domestic local government or to sublicense  
15 any foreign government pursuant to foreign policy  
16 considerations, or any existing or future treaty or  
17 agreement if the Federal agency determines it would be  
18 in the national interest to retain such additional rights;

19 (3) the right of the Federal agency to terminate  
20 such license in whole or in part unless the licensee  
21 demonstrates to the satisfaction of the Federal agency that  
22 the licensee has taken effective steps, or within a  
23 reasonable time is expected to take such steps, to  
24 accomplish substantial commercial or other use of the  
25 invention by the public; and

26 (4) the right of the Federal agency, commencing  
27 three years after the grant of a license, to require the  
28 licensee to grant a nonexclusive or partially exclusive  
29 license to a responsible applicant or applicants, upon  
30 terms reasonable under the circumstances, and in ap-  
31 propriate circumstances to terminate the license in  
32 whole or in part, after public notice and opportunity  
33 for a hearing, upon a petition by an interested person  
34 justifying such hearing, if the Federal agency determines,

1 upon review of such material as it deems relevant, and  
2 after the licensee, or other interested person, has had  
3 the opportunity to provide such relevant and material  
4 information as the Federal agency may require, that  
5 such license has tended substantially to lessen competition  
6 or to result in undue concentration in any section of the  
7 country in any line of commerce to which the technology  
8 relates, or to create or maintain other situations  
9 inconsistent with the antitrust laws.

10 TITLE V--MISCELLANEOUS

11 CHAPTER 1.--DEFINITIONS; RELATIONSHIP TO OTHER LAWS

12 DEFINITIONS

13 SEC. 511. As used in this Act--

14 (a) The term "Federal agency" means an "executive  
15 agency" as defined by section 105 of title 5, United States  
16 Code, and the military departments defined by section 102  
17 of title 5, United States Code.

18 (b) The term "Federal employees" means all employees  
19 as defined in section 2105 of title 5, United States Code,  
20 and members of the uniformed services.

21 (c) The term "contract" means any contract, grant, or  
22 agreement entered into between any Federal agency and  
23 any person for the performance of experimental, develop-  
24 mental, or research work substantially funded by the Fed-  
25 eral Government. Such term includes any assignment, sub-  
26 stitution of parties, or subcontract of any [type] tier  
27 entered into for the performance of experimental, develop-  
28 mental, or research work under a contract.

29 (d) The term "contractor" means any person (as de-  
30 fined in section 1 of title 1, United States Code) that is  
31 a party to the contract with a Federal agency.

32 (e) The term "invention" means any invention or discovery  
33 and includes any art, method, process, machine, manufacture,  
34 design, or composition of matter, or any new and useful

1 improvement thereof, or any variety of plant, which is  
2 or may be patentable or otherwise protectable under the  
3 laws of the United States.

4 (f) The term "subject invention" means any invention  
5 or discovery of the contractor conceived or first actually  
6 reduced to practice in the course of or under a contract.

7 (g) The term "practical application" means to manu-  
8 facture in the case of a composition or product, to practice  
9 in the case of a process, or to operate in the case of a  
10 machine or system, and, in each case, under such conditions  
11 as to establish that the invention is being worked and that  
12 its benefits are available to the public either on reasonable  
13 terms or through reasonable licensing arrangements.

14 (h) The term "person" means any individual, partner-  
15 ship, corporation, association, institution, or other entity.

16 (i) The term "made", when used in relation to any invention,  
17 means the conception or first actual reduction to practice  
18 of such invention.

19 (j) The term "antitrust law" means--

20 (1) the Act entitled "An Act to protect trade and  
21 commerce against unlawful restraints and monopolies",  
22 approved July 2, 1890 (15 U.S.C. 1 et seq.), as amended;

23 (2) the Act entitled "An Act to supplement existing  
24 laws against unlawful restraints and monopolies, and  
25 for other purposes", approved October 15, 1914  
26 (15 U.S.C. 12 et seq.), as amended;

27 (3) the Federal Trade Commission Act (15 U.S.C.  
28 41 et seq.), as amended;

29 (4) sections 73 and 74 of the Act entitled "An Act  
30 to reduce taxation to provide revenue for the Federal  
31 Government, and for other purposes", approved August 27,  
32 1894 (15 U.S.C. 8 and 9), as amended; and

33 (5) the Act of June 19, 1936 (15 U.S.C. 13, 13a,  
34 13b, and 21a).



RELATIONSHIP TO OTHER LAWS

1       SEC. 512. Nothing in this Act shall be deemed to convey  
2 to any individual, corporation, or other business organization  
3 immunity from civil or criminal liability, or to create  
4 defenses to actions, under any antitrust law.

5                   CHAPTER 2. AMENDMENTS TO OTHER ACTS

6                           IDENTIFIED ACTS AMENDED

7       SEC. 521. The following Acts are hereby amended as  
8 follows:

9       (a) Section 10(a) of the Act of June 29, 1935, as added  
10 by title 1 of the Act of August 14, 1946 (7 U.S.C. 427i(a);  
11 60 Stat. 1085) is amended by striking out the following:  
12 "Any contracts made pursuant to this authority shall contain  
13 requirements making the results of research and investigations  
14 available to the public through dedication, assignment to the  
15 Government, or such other means as the Secretary shall  
16 determine."

17       (b) Section 205(a) of the Act of August 14, 1946 (7 U.S.C.  
18 1624(a); 60 Stat. 1090) is amended by striking out the  
19 following: "Any contract made pursuant to this section  
20 shall contain requirements making the result of such research  
21 and investigations available to the public by such means as  
22 the Secretary of Agriculture shall determine."

23       (c) Section 501(c) of the Federal Coal Mine Health and  
24 Safety Act of 1969 (30 U.S.C. 951(c); 83 Stat. 742) is  
25 amended by striking out the following: "No research,  
26 demonstrations, or experiments shall be carried out, con-  
27 tracted for, sponsored, cosponsored, or authorized under  
28 authority of this Act, unless all information, uses, products,  
29 processes, patents, and other developments resulting from  
30 such research, demonstrations, or experiments will (with  
31 such exception and limitation, if any, as the Secretary or  
32 the Secretary of Health, Education, and Welfare may find  
33 to be necessary in the public interest) be available to the  
34 general public."

1 (d) Section 106(c) of the National Traffic and Motor  
2 Vehicle Safety Act of 1966 (15 U.S.C. 1395(c); 80 Stat.  
3 721) is repealed.

4 (e) Section 12 of the National Science Foundation Act  
5 of 1950 (42 U.S.C. 1871(a); 82 Stat. 360) is repealed.

6 (f) Section 152 of the Atomic Energy Act of 1954  
7 (42 U.S.C. 2182; 68 Stat. 943) is repealed.

8 (g) The National Aeronautics and Space Act of 1958  
9 (72 Stat. 426) is amended--

10 (1) by repealing section 305 thereof (42 U.S.C.  
11 2457): Provided, however, That Subsections (c), (d),  
12 and (e) of such section shall continue to be effective  
13 with respect to any application for patents in which  
14 the written statement referred to in subsection (c) of  
15 such section has been filed or requested to be filed  
16 by the Commissioner of Patents and Trademarks prior  
17 to the effective date of this Act;

18 (2) by striking out, in section 306(a) thereof  
19 (42 U.S.C. 2458(a)), "(as defined by section 305)"; and  
20 by striking out "the Inventions and Contributions Board,  
21 established under section 305 of this Act" and inserting  
22 in lieu thereof: "an Inventions and Contributions Board  
23 which shall be established by the Administrator within  
24 the Administration";

25 (3) by inserting at the end of section 203(a) there-  
26 of (42 U.S.C. 2478(a)); the following new subparagraph  
27 "(14) to provide effective contractual provisions  
28 for the reporting of the results of the activities of  
29 the Administration, including full and complete technical  
30 reporting of any innovation made in the course of or  
31 under any contract of the Administration.";

32 (4) by inserting at the end of section 203 thereof  
33 (42 U.S.C. 2478) the following new subsection:  
34 "(d) For the purposes of chapter 17 of title 35 of the  
35 United States Code the Administration shall be considered a  
36 defense agency of the United States."; and

1 (5) by striking out the following in such section:  
2 "(including patents and rights thereunder)".

3 (h) Section 6 of the Coal Research and Development  
4 Act of 1960 (30 U.S.C. 666; 74 Stat. 337) is repealed.

5 (i) Section 4 of the Helium Act Amendments of 1960  
6 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out  
7 the following: "Provided, however, That all research  
8 contracted for, sponsored, cosponsored, or authorized under  
9 authority of this Act shall be provided for in such a manner  
10 that all information, uses, products, processes, patents,  
11 and other developments resulting from such research  
12 developed by Government expenditure will (with such ex-  
13 ceptions and limitations, if any, as the Secretary may  
14 find to be necessary in the interest of national defense)  
15 be available to the general public: And provided further,  
16 That nothing contained herein shall be construed as to  
17 deprive the owner of any background patent relating thereto  
18 to such rights as he may have thereunder." and by inserting  
19 in lieu thereof a period.

20 (j) Section 32 of the Arms Control and Disarmament  
21 Act of 1961 (22 U.S.C. 2572; 75 Stat. 634) is repealed.

22 (k) Subsection (e) of section 302 of the Appalachian  
23 Regional Development Act of 1965 (40 U.S.C. App. 302(e);  
24 79 Stat. 5) is repealed.

25 (l) Subsection (c) of section 203 of the Solid Waste  
26 Disposal Act (42 U.S.C. 3253(c); 79 Stat. 997) is repealed.

27 (m) Section 216 of title 38, United States Code, is  
28 amended by striking out subsection (a)(2) thereof and by  
29 redesignating subsection (a)(3) thereof as (a)(2).

30 (n) Except for paragraph (1) of section 9 of the Federal  
31 Nonnuclear Energy Research and Development Act of 1974  
32 (42 U.S.C. 5901; 88 Stat. 1878) is repealed.

33 (o) Section 3 of the Act of June 22, 1976 (42 U.S.C.  
34 1959d, note; 90 Stat. 694), is repealed.

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

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

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

8 (s) Section 8001 of the Solid Waste Disposal Act (42  
9 U.S.C. 6981; 90 Stat. 2829) is repealed.

10 CHAPTER 3.--EFFECTIVE DATE PROVISION

11 EFFECTIVE DATE

12 SEC. 531. This Act shall take effect on the first day of  
13 the seventh month beginning after the date of enactment of  
14 this Act, except that regulations implementing this Act  
15 may be issued prior to such day.