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TEXT

AIA's PROPOSED LEGISLATION FOR PROVIDING ALLOCATION OF RIGHTS TO INVENTIONS UNDER R&D CONTRACTS

PROPOSED Government Procurement Inventions Incentive Act of 197-

This Act is to establish a uniform federal policy concerning the allocation of rights in inventions made in performance of Government contract. The Constitution of the United States recognizes that it is in the public interest to provide incentives to make inventions and discoveries, and that the public benefits from the disclosure of such inventions and discoveries. Prudent Government policy recognizes such factors and also the legitimate interest of the Government and the public in inventions made in performance of certain Government contracts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Section 1. This Act may be cited as the Government Procurement Inventions Incentive Act of 197-

DEFINITIONS

Sec. 2. Appendix "A" sets forth the definitions hereof.

RULES AND REGULATIONS

Sec. 3. The President shall issue such rules and regulations as may be necessary or desirable to carry out and effectuate the policies and provisions of this Act.

CONTRACTOR RIGHTS

Sec. 4. The Contractor under a Government contract shall retain title to Subject Inventions (including the right to license or assign all or part of its interest therein), subject to the rights granted to the Government and the public herein.

Any patent on a Subject Invention shall become unenforceable (or at the option of the Government assigned to the Government) in the event the Contractor in fact willfully and with deceptive intent fails to disclose the Subject Invention to the Government prior to the granting of such patent.

GOVERNMENT RIGHTS

Sec. 5(a). Each Government agency shall acquire on behalf of the United States, at the time of entering a contract, a nonexclusive, nontransferable, irrevocable, royalty-free license to practice or have practiced for the Government any Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government Agency) and may acquire the additional right to sublicense any state or other domestic local government, or to sublicense any foreign government pursuant to any existing or future treaty or agreement, if the agency head determines it would be in the national interest to acquire such additional right.

(b) The Contractor shall promptly provide the Government with a disclosure of each Subject Invention which reasonably appears to be patentable under the laws of the United States. The Government may duplicate, publish, and disclose such disclosures; provided, however, a reasonable period of time prior to publication shall be afforded to permit the filing of patent applications thereon.

(c) The Contractor shall within a reasonable period of time after disclosing a Subject Invention notify the Contracting Officer if the Contractor elects

not to file a patent application thereon or if the Contractor has filed and elects not to continue prosecution thereof. As to Subject Inventions upon which the Contractor elects not to file a patent application or elects to discontinue prosecution of a pending application, the Contractor upon request of the Government shall convey to the Government such rights as may be required for the Government to file such patent application or to continue the prosecution of such pending application, reserving to the Contractor at least an irrevocable, royalty-free, nontransferable, world-wide, nonexclusive license, together with the right to grant sublicenses.

(b) As to those Subject Inventions referred to in, and subject to the provisions of, Subsection (c) above, the Government shall have the right to grant a non-exclusive license to responsible persons upon terms that are reasonable under the circumstances.

PUBLIC RIGHTS

Sec. 6(a). Any person who is financially responsible and capable of entering into binding obligations and of suing or being sued in a court of law in the United States shall have the right, subject to the prior consent of the Government, to obtain a license under a United States patent issuing for a Subject Invention to practice the same or have the same practiced for such person if:

- (1) the use of the Subject Invention is required by governmental regulation, or
- (2) commercial use is an express, principal purpose of the Contract under which the Subject Invention was made, or
- (3) an express, principal purpose of the Contract under which the Subject Invention was made is for exploration into fields which primarily concern the public health, public safety, or public welfare, or
- (4) the Subject Invention is within a field of science or technology where the Government has been the principal developer of the field.

Any license pursuant to this Subsection 6(a) shall be on reasonable terms and conditions and shall be royalty free unless the Contractor has made a substantial contribution at private expense (which may include the conception of an invention, privately-developed technology, or cost sharing under the contract or otherwise) toward the making of such invention, in which case the license shall include a royalty or other consideration to the Contractor.

(b) In other cases, if the Contractor is not making reasonable efforts to make practical application of the Subject Invention, any person meeting the requirements of Subsection 6(a) above shall have the right to a license under the United States Patent for such Subject Invention, under reasonable terms and conditions, including a royalty or other consideration to the Contractor.

(c) No license will be required to be granted under Subsections 6(a) and (b) above, the scope of which:

- (1) exceeds that necessary to comply with the requirements of the governmental regulation, or
- (2) exceeds that commercial use which is an express principal purpose of the Contract, or
- (3) includes a field not primarily concerned with the public health, public safety or public welfare which is an express principal purpose of the Contract.

OTHER RIGHTS

Sec. 7. Should a licensee under a Subject Invention license granted in accordance with Sec. 5 and 6

hereof be unable to make, use, or sell such Subject Invention for use in the produce or products, or in practicing the process or processes developed for the Government under the Contract by the Contractor, without infringing another patent or patents of the Contractor, the Contractor may be required to grant, to the extent it has the right to do so, a nonexclusive license under such other patent or patents to said licensee, on reasonable terms and conditions including a reasonable royalty, to make, use, and sell such product or products or practice such process or processes.

OTHER INVENTIONS

Sec. 8. Nothing contained in Sections 5 and 6 of this Act, including the grant of a license to practice or have practiced a Subject Invention made under a Contract, shall be deemed to grant, either expressly or by implication, any license or right to obtain a license under any patent for any invention not made in the performance of such Contract.

OTHER PROVISIONS

Sec. 9. In the event a Contractor and any person applying for a license under these provisions cannot reach agreement as to the disposition of rights on reasonable terms and conditions, including a reasonable royalty, or other consideration, the parties may have recourse to any Federal District Court of competent jurisdiction.

Sec. 10. All other Acts having provisions for ownership of Subject Inventions inconsistent with the provisions of this Act are hereby amended.

Sec. 11. If any provision of this Act, or the application of such provision to any person or circumstance, is held unconstitutional, the remainder of this Act or the application of such provisions to persons or circumstances other than those as to which it is held unconstitutional shall not be affected thereby.

APPENDIX "A"

As used in this Act -

(a) The term "Government Agency" means an "Executive Agency" as defined by section 105 of Title 5, United States Code, and the military departments as defined by section 102 of Title 5, United States Code.

(b) The term "Agency Head" means the head of any Government Agency, except that (1) the Secretary of Defense shall be considered to be head of the Department

of Defense and of each of the military departments, and (2) in the case of any independent establishment, control over which is exercised by more than one individual, such term means the body exercising such control.

(c) The term "Contract" means any contract, grant, agreement, commitment, understanding, or other arrangement entered into between any Government agency and any person where and to the extent that the specified purpose of the Contract is the conduct of experimental, developmental, or research work. Such term includes any assignment, substitution of parties, or subcontract of any tier entered into or executed for the conduct of experimental, developmental, or research work in connection with the performance of that Contract.

(d) The term "Contractor" means any person that is a party to the Contract.

(e) The term "Subject Invention" means any invention, discovery, innovation, or improvement which, without regard to the patentability thereof, falls within the classes of patentable subject matter defined in Title 35, United States Code, Section 101 and is made by the Contractor in the performance of experimental, developmental, or research work called for by the Contract.

(f) The term "Disclosure" means a written statement sufficiently complete, to the extent developed by the Contractor; as to technical detail to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, as the case may be, physical, chemical, or electrical characteristics of the invention.

(g) The Term "Made" when used in (e) above means the conception or reduction to an operable physical embodiment for the first time or the first practice of the process.

(h) The term "Practical Application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine or system, and, in each case, under such conditions as to establish that the benefits of the invention are available to the public either on reasonable terms or through reasonable licensing arrangements.

(i) The term "Person" includes an individual or entity, including a corporation, company, association, firm, partnership, joint stock company, foundation, institution, and any domestic, state or municipal government or government agency. The term does not include the United States Government or any agency thereof.

-- End of Section D --