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COMMITTEE ON SCIENCE AND TECHNOLOGY

MARKUP OF H.R. 4564
November 17, 1981

AMENDMENTS PASSED

1. MR. FISH -- FOREIGN GOVERNMENT LICENSING
2. MR. ERTEL -- TECHNICAL AMENDMENTS
3. MR. FUQUA -- UNIVERSITIES AND SMALL BUSINESSES
4. MR. FLIPPO -- NASA PARTICIPATION IN REGULATION WRITING
5. MR. WINN -- RECOUPMENT
- 5a. MR. ERTEL -- AMENDMENT TO MR. WINN'S AMENDMENT
6. MR. GORE -- RECOMBINANT DNA RESEARCH

FOREIGN GOVERNMENT LICENSING

Page 10, lines 1 through 4, strike the following language:

"or to sublicense any foreign government pursuant to
foreign policy considerations, or any existing or
future treaty or agreement,".

TECHNICAL AMENDMENTS

- 1) Page 16, after line 13 add a new subsection (c) as follows:

"(c) The provisions of this Act shall not apply to the Tennessee Valley Authority or to any of its patents, patent licenses or sub-licenses, or contracts."

Page 34, strike lines 8 through 11 and renumber subparagraphs accordingly.

- 2) Page 10, at the end of line 23 insert the following:

"The contractor's license to practice the invention, or to have it practiced on the contractor's behalf, shall include the right to grant sublicenses of the same scope to subsidiaries and affiliates within the corporate structure of the contractor's organization, and to existing licensees to whom the contractor is legally obligated to sublicense or assure freedom from infringement liability."

- 3) Page 5, line 17, strike "trademarks, copyrights,".

- 4) Page 6, after line 2 insert the following sentence:

"For the purpose of assuring effective management of Government-owned inventions, the Secretary of Commerce shall chair a committee of the Council to formulate the recommendations required by this subsection."

- 5) Page 19, move lines 6 through 13 to Page 19, following line 25;
Page 20, move lines 1 through 4 to Page 19, following line 20; and
renumber subparagraphs accordingly.

3.

UNIVERSITIES AND SMALL BUSINESSES

Amendments offered en bloc by Mr. Fuqua

A. P. 11, after line 2, insert the following new subsection:

"(d) In any case when a Federal Employee is a coinventor of any invention made under a contract with a nonprofit organization or a small business firm, the Federal agency employing such coinventor is authorized to transfer or assign whatever rights it may acquire in the subject invention from its employee to the contractor."

This is language from Public Law 96-517 which allows universities and small businesses to acquire all rights to inventions conceived jointly between their employees and agency employees.

B. P. 14, line 3, strike "a prompt disclosure" and insert in lieu thereof "disclosure within a reasonable time".

This conforms the language to Public Law 96-517 to the remainder of the subsection.

C. (i) P. 15, Line 25

- a. After the word "publication", insert "by the Federal Government".
- b. After the word "public", insert "by the Federal Government".

(ii) P. 19, Line 21

- a. After the word "publication", insert "by the Federal Government".
- b. After the word "public", insert "by the Federal Government of"

This makes it clear that the law is not granting the Federal Government authority to prevent the publication by contractors of research results.

D. P. 16, after line 13, insert the following new subsection:

"(c) Regulations issued under subsection (a) may contain provisions applicable only to (i) contractors which are nonprofit organizations, (ii) contractors which are small business firms, or (iii) other contractors."

This provides explicitly that regulations may differ according to the type of contractor without making the law different for different types of contractors.

E. (i) P. 17, Line 6 -- Strike the period and insert in lieu thereof the following:

", provided that contractors which are small business firms or nonprofit organizations shall not be required to make any such payment to the government."

(ii) P. 17, strike lines 17 and 18 and renumber the succeeding paragraphs.

This relieves nonprofit organizations and small businesses of any possibility that recoument will occur.

F. P. 29, after line 4, insert the following new subsections:

"(10) the term 'small business firm' means a small business concern as defined at section 2 of Public Law 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration.

"(11) The term 'nonprofit organization' means universities and other institutions of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute."

This provides definitions, taken from Public Law 96-517, for the terms used in other parts of this amendment.

G. P. 34, Line 22, strike the period and insert in lieu thereof the following:

", provided that the regulations issued under Chapter 38 shall continue in force until the time that regulations implementing this Act are issued."

This assures that there will not be a time when there are no regulations concerning Federal patent policy for small businesses and universities.

H. (i) P. 19, line 8, after the word "agency" insert ", under uniform regulations promulgated under section 305,".

(ii) P. 9, line 11, after the word "agency" insert "under such uniform regulations".

This assures that agency reporting requirements will be uniform.

NASA PARTICIPATION IN REGULATION WRITING

- A. Page 13, line 19, after the word "Services" insert
", the Administrator of the National Aeronautics and
Space Administration,".
- B. Page 16, line 25, after the word "Administration" insert
", the Administrator of the National Aeronautics and
Space Administration,".

This amendment will provide that NASA as well as GSA and DoD will write the general regulations implementing the act and the specific regulations governing recoupment.

RECOUPMENT

On page 17, strike lines 2 and 3 and strike the word "contractor." on line 4 and substitute in lieu thereof the following:

"by the contractor of an equitable share of royalties or other revenues received from a patent on a subject invention if:

"(1) the contract under which the contractor receives title to the patent is intended to produce technology for commercial use or produces technology readily adaptable to commercial use, and such commercial use is expected to occur within five years; and

"(2) the contribution by the Government to the technology has provided or will provide the contractor with a substantial near-term commercial advantage.

"Such payment shall not exceed the amount of Government funds expended under such contract in making the subject invention."

AMENDMENT TO THE WINN AMENDMENT TO H.R. 4564

OFFERED BY MR. ERTEL

In Subparagraph (1), strike the word "five" and insert in lieu thereof "eight years, six months".

At the end of the amendment insert the following new sentence:

"Provided, however, that such payment may, under extraordinary circumstances, exceed the amount of Government funds expended under such contract when the agency and the contractor have agreed to a negotiated amount which is or may be in excess of the amount expended by the Government under the contract."

RECOMBINANT DNA RESEARCH AMENDMENT

Page 7, line 20, after "welfare;" insert the following

"recombinant DNA research shall be considered
an exceptional circumstance."