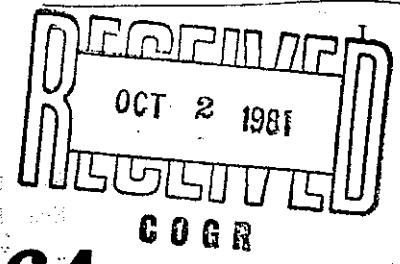


PATENT COMM 738

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97TH CONGRESS  
1ST SESSION

# H. R. 4564

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.

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1981

Mr. ERTEL (for himself, Mr. FUQUA, Mr. WALGREN, Mr. BROWN of California, Mr. HOLLENBECK, Mr. LAFALCE, Mr. AUCOIN, Mr. MURPHY, Mrs. HECKER, Mr. HUGHES, and Mr. WINN) introduced the following bill; which was referred jointly to the Committees on the Judiciary and Science and Technology

## 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 Re-
- 4 search and Development Utilization Act of 1981".

## TITLE I—POLICY

## FINDINGS

1  
2  
3 SEC. 101. The Congress, recognizing the profound  
4 impact of science and technology on society and the interrela-  
5 tions 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  
9 and development programs constitute a valuable na-  
10 tional 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, and serve the public  
15 interest; and

16 (3) the public interest would be better served if  
17 greater efforts were made to promote the commercial  
18 use of new technology resulting from federally spon-  
19 sored research and development, both in the United  
20 States and foreign countries, as appropriate.

## DECLARATION OF PURPOSE

21  
22 SEC. 102. It is the purpose of this Act to—

23 (1) establish a uniform Federal system for the  
24 management and use of the results of federally spon-

1 TITLE II—FUNCTIONS OF THE OFFICE OF SCI-  
2 ENCE AND TECHNOLOGY POLICY AND THE  
3 FEDERAL COORDINATING COUNCIL FOR SCI-  
4 ENCE, ENGINEERING, AND TECHNOLOGY  
5 FEDERAL COORDINATING COUNCIL FOR SCIENCE,  
6 ENGINEERING, AND TECHNOLOGY

7 SEC. 201. (a) The Federal Coordinating Council for Sci-  
8 ence, Engineering, and Technology (established by section  
9 401 of the National Science and Technology Policy, Organi-  
10 zation, and Priorities Act of 1976 (42 U.S.C. 6651)) (herein-  
11 after in this Act referred to as the "Council") shall make  
12 recommendations to the Director of the Office of Science and  
13 Technology Policy (hereinafter in this title referred to as the  
14 "Director"), with regard to—

15 (1) uniform and effective planning and administra-  
16 tion of Federal programs pertaining to inventions, pat-  
17 ents, trademarks, copyrights, rights in technical data,  
18 and matters connected therewith;

19 (2) uniform policies, regulations, guidelines, and  
20 practices to carry out the provisions of this Act and  
21 other Federal Government objectives in the field of in-  
22 tellectual property; and

23 (3) uniformity and effectiveness of interpretation  
24 and implementation by individual Federal agencies of

1 TITLE III—ALLOCATION OF PROPERTY RIGHTS  
2 IN INVENTIONS RESULTING FROM FEDERAL-  
3 LY SPONSORED RESEARCH AND DEVELOP-  
4 MENT

5 OWNERSHIP AND RIGHTS OF THE GOVERNMENT

6 SEC. 301. (a) Each Federal agency shall acquire on  
7 behalf of the Federal Government, at the time of entering  
8 into a contract, title to any invention made under the con-  
9 tract of a Federal agency if the agency determines that—

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

14 (2) the restriction or elimination of the right to  
15 retain title to any subject invention is necessary to pro-  
16 tect the national security nature of such activities;

17 (3) because of exceptional circumstances, acquisi-  
18 tion of title by the Government is necessary to assure  
19 the adequate protection of the public health, safety, or  
20 welfare; or

21 (4) the principal purpose of the contract is to de-  
22 velop or improve products, processes, or methods  
23 which will be required for use by Government regula-  
24 tions: *Provided, however,* That the Federal agency may  
25 subsequently waive all or any part of the rights of the

1           subject to disclosure under the Freedom of Informa-  
2           tion Act (5 U.S.C. 552);

3           (B) the Government shall have a nonexclu-  
4           sive, nontransferable, irrevocable, paid-up license  
5           to practice or have practiced any subject invention  
6           throughout the world by or on behalf of the Fed-  
7           eral Government, and may, if provided in such  
8           agreement, have additional rights to sublicense  
9           any State or domestic local government or to sub-  
10          license any foreign government pursuant to for-  
11          eign policy considerations, or any existing or  
12          future treaty or agreement, when it is determined  
13          to be in the national interest to acquire such addi-  
14          tional rights.

15                           RIGHTS OF THE CONTRACTOR

16          SEC. 302. (a) Whenever a contractor enters into a con-  
17          tract with a Federal agency other than in those circum-  
18          stances identified in section 301, the contractor or inventor  
19          shall have the option of retaining title to any invention made  
20          under the contract. Such rights shall be subject to the limita-  
21          tions set forth in section 304 and the provisions of section  
22          305. Such option shall be exercised by notifying the Govern-  
23          ment at the time of disclosure of the invention or within such  
24          time thereafter as may be provided in the contract. The Gov-

1 (3) encouraging participation by private persons in  
2 the Government-sponsored experimental, developmen-  
3 tal, or research programs; and

4 (4) fostering competition and preventing undue  
5 market concentration or the creation or maintenance of  
6 other situations inconsistent with the antitrust laws.

7 **MARCH-IN-RIGHTS**

8 **SEC. 304.** (a) Where a contractor has elected to retain  
9 title to an invention under section 302 or 303, the Federal  
10 agency shall have the right, pursuant to regulations and sub-  
11 ject to the provisions of subsection (b), to grant, or require  
12 the contractor to grant, a nonexclusive, partially exclusive,  
13 or exclusive license to a responsible applicant or applicants,  
14 upon terms reasonable under the circumstances, if the agency  
15 determines such action is necessary—

16 (1) because the contractor has not taken, or is not  
17 expected to take within a reasonable time, effective  
18 steps to achieve practical application of the subject in-  
19 vention;

20 (2) to alleviate serious health, safety, or welfare  
21 needs which are not reasonably satisfied by the con-  
22 tractor or its licensees or otherwise required for the  
23 protection of national security;

1 301, 302, and 304, and each contract entered into by the

2 Federal agency shall include provisions to—

3 (1) require a prompt disclosure by the contractor  
4 of each subject invention which is or may be patentable  
5 under the laws of the United States;

6 (2) require an election whether the contractor in-  
7 tends to file a patent application on the subject inven-  
8 tion;

9 (3) require, if the contractor elects to file, a decla-  
10 ration of the contractor's intent to commercialize or  
11 otherwise achieve the widespread utilization of the in-  
12 vention by the public;

13 (4) require an obligation on the part of the con-  
14 tractor, in the event a United States patent application  
15 is filed by or on its behalf or by any assignee of the  
16 contractor, to include within the specification of such  
17 application, and any patent issuing thereon, a state-  
18 ment specifying that the invention was made with  
19 Government support and that the Government has cer-  
20 tain rights in the invention; and

21 (5) permit deviation to the minimum rights ac-  
22 quired under sections 301(b)(2) and 304(a) on a class  
23 basis in—

24 (A) contracts involving cosponsored, cost  
25 sharing, or joint venture research when the con-

1 may, at any time within sixty days after the determination is  
2 issued, file a petition to the United States Court of Claims  
3 which shall have jurisdiction to determine the matter de novo  
4 and to affirm, reverse, or modify as appropriate, the determi-  
5 nation of the Federal agency.

6 CONTRACTOR'S PAYMENTS TO THE GOVERNMENT

7 SEC. 307. (a) The Administrator of the General Serv-  
8 ices Administration and the Secretary of Defense shall issue  
9 regulations which will provide payment to the Government  
10 for Federal funding of research and development activities  
11 through the sharing of royalties or revenues or both with the  
12 contractor. Such regulations shall provide, to the extent ap-  
13 propriate, a standard contractual clause to be included in all  
14 Federal research and development contracts.

15 (b) Such regulations may allow the agency to waive all  
16 or part of the payment set forth in subsection (a) above at the  
17 time of contracting or at the request of the contractor where  
18 the agency determines that—

19 (1) the probable administrative costs are likely to  
20 be greater than the expected amount of payment; or

21 (2) the Federal Government's contribution to the  
22 technology as licensed or utilized is insubstantial com-  
23 pared with private investment made or to be made in  
24 the technology; or



1 TITLE IV—DOMESTIC AND FOREIGN PROTEC-  
2 TION AND LICENSING OF FEDERALLY  
3 OWNED INVENTIONS

4 AUTHORITY OF FEDERAL AGENCIES

5 SEC. 401. Federal agencies are authorized to—

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

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

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

23 (4) make market surveys and other investigations  
24 for determining the potential of inventions for domestic  
25 and foreign licensing and other forms of utilization; ac-

## 1        AUTHORITY OF THE SECRETARY OF COMMERCE IN

## 2        COOPERATION WITH OTHER FEDERAL AGENCIES

3        SEC. 402. The Secretary of Commerce is authorized in  
4 cooperation with other Federal agencies to—

5            (1) coordinate a program for assisting all Federal  
6 agencies in carrying out the authority set forth in sec-  
7 tion 401;

8            (2) publish notification of all federally owned in-  
9 ventions that are available for licensing;

10           (3) evaluate inventions referred by Federal agen-  
11 cies, and patent applications filed thereon, in order to  
12 identify those inventions with the greatest commercial  
13 potential and to insure promotion and utilization by the  
14 public of inventions so identified;

15           (4) assist the Federal agencies in seeking and  
16 maintaining protection on inventions in the United  
17 States and in foreign countries, including the payment  
18 of fees and costs connected therewith;

19           (5) accept custody and administration, in whole or  
20 in part, of the right, title, and interest in any invention  
21 for the purposes set forth in section 401 (1) through  
22 (4), with the approval of the Federal agency concerned  
23 without regard to the provisions of the Federal Proper-  
24 ty and Administrative Service Act of 1949 (40 U.S.C.  
25 471);

1 to bring the invention to practical application or other-  
2 wise promote the invention's utilization by the public;

3 (2) the desired practical application has not been  
4 achieved, or is not likely expeditiously to be achieved,  
5 under any nonexclusive license which has been grant-  
6 ed, or which may be granted, on the invention;

7 (3) exclusive or partially exclusive licensing is a  
8 reasonable and necessary incentive to call forth the in-  
9 vestment of risk capital and expenditures to bring the  
10 invention to practical application or otherwise promote  
11 the invention's utilization by the public; and

12 (4) the proposed terms and scope of exclusivity  
13 are not greater than reasonably necessary to provide  
14 the incentive for bringing the invention to practical ap-  
15 plication or otherwise promote the invention's utiliza-  
16 tion by the public;

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

24 (b) After consideration of whether the interests of the  
25 Federal Government or United States industry in foreign

1 Federal Government the licensed invention throughout  
2 the world by or on behalf of the Federal Government  
3 (including any Federal agency), and the additional right  
4 to sublicense any State or domestic local government  
5 or to sublicense any foreign government pursuant to  
6 foreign policy considerations, or any existing or future  
7 treaty or agreement if the Federal agency determines  
8 it would be in the national interest to retain such addi-  
9 tional rights;

10 (3) the right of the Federal agency to terminate  
11 such license in whole or in part unless the licensee  
12 demonstrates to the satisfaction of the Federal agency  
13 that the licensee has taken effective steps, or within a  
14 reasonable time is expected to take such steps, to ac-  
15 complish substantial commercial or other use of the in-  
16 vention by the public; and

17 (4) the right of the Federal agency, commencing  
18 three years after the grant of a license, to require the  
19 licensee to grant a nonexclusive or partially exclusive  
20 license to a responsible applicant or applicants, upon  
21 terms reasonable under the circumstances, and in ap-  
22 propriate circumstances to terminate the license in  
23 whole or in part, after public notice and opportunity for  
24 a hearing, upon a petition by an interested person jus-  
25 tifying such hearing, if the Federal agency determines,

1        mental, developmental, or research work under a con-  
2        tract.

3            (3) The term "contractor" means any person (as  
4        defined in section 1 of title 1, United States Code) that  
5        is a party to the contract.

6            (4) The term "invention" means any invention or  
7        discovery and includes any art, method, process, ma-  
8        chine, manufacture, design, or composition of matter,  
9        or any new and useful improvement thereof, or any va-  
10       riety of plant, which is or may be patentable or other-  
11       wise protectable under the laws of the United States.

12           (5) The term "subject invention" means any in-  
13       vention or discovery of the contractor conceived or first  
14       actually reduced to practice in the course of or under a  
15       contract.

16           (6) The term "practical application" means to  
17       manufacture in the case of a composition or product, to  
18       practice in the case of a process, or to operate in the  
19       case of a machine or system, and, in each case, under  
20       such conditions as to establish that the invention is  
21       being worked and that its benefits are available to the  
22       public either on reasonable terms or through reason-  
23       able licensing arrangements.

## 1 RELATIONSHIP TO OTHER LAWS

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

## 6 CHAPTER 2—AMENDMENTS TO OTHER ACTS

## 7 IDENTIFIED ACTS AMENDED

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

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

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

17 (3) Section 106(c) of the National Traffic and  
18 Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(c);  
19 80 Stat. 721) is repealed.

20 (4) Section 12 of the National Science Foundation  
21 Act of 1950 (42 U.S.C. 1871(a); 82 Stat. 360) is re-  
22 pealed.

23 (5) Section 152 of the Atomic Energy Act of  
24 1954 (42 U.S.C. 2182; 68 Stat. 943) is repealed.

1 (D) by inserting at the end of section 203(c)  
2 thereof (42 U.S.C. 2473(c)) the following new  
3 paragraph:

4 “(14) to provide effective contractual provisions  
5 for the reporting of the results of the activities of the  
6 Administration, including full and complete technical  
7 reporting of any innovation made in the course of or  
8 under any contract of the Administration.”;

9 (E) by inserting at the end of section 203  
10 thereof (42 U.S.C. 2478) the following new sub-  
11 section:

12 “(d) For the purposes of chapter 17 of title 35 of the  
13 United States Code the Administration shall be considered a  
14 defense agency of the United States.”; and

15 (F) by striking out the following in section  
16 203(c)(3) thereof (42 U.S.C. 2473(c)(3)): “(includ-  
17 ing patents and rights thereunder)”.

18 (7) Section 6 of the Coal Research and Develop-  
19 ment Act of July 7, 1960 (30 U.S.C. 666; 74 Stat.  
20 337), is repealed.

21 (8) Section 4 of the Helium Act Amendments of  
22 1960 (50 U.S.C. 167b; 74 Stat. 920) is amended by  
23 striking out both provisos at the end thereof.

24 (9) Section 32 of the Arms Control and Disarm-  
25 ament Act (22 U.S.C. 2572; 75 Stat. 634) is repealed.

## 1           CHAPTER 3.—EFFECTIVE DATE PROVISION

## 2                           EFFECTIVE DATE

3           SEC. 531. This Act shall take effect on the first day of  
4 the seventh month beginning after the date of enactment of  
5 this Act, except that regulations implementing this Act may  
6 be issued prior to such day.

○