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[COMMITTEE PRINT]

JUNE 18, 1984

AMENDMENT IN THE NATURE OF A SUBSTITUTE

98TH CONGRESS
2D SESSION

H. R. 5003

To establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1984

Mr. FUQUA (for himself, Mr. BROWN of California, Mr. WALGREN, Mr. BOUCHER, Mr. SENSENBRENNER, and Mr. GREGG) introduced the following bill; which was referred jointly to the Committees on the Judiciary and Science and Technology

[Strike out all after the enacting clause and insert the part printed in italic]

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 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,*

- 1 *That this Act may be cited as the "Uniform Science and*
 2 *Technology Research and Development Utilization Act".*

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TITLE I—POLICY

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FINDINGS

5

6 *SEC. 101. The Congress, recognizing the profound*
 7 *impact of science and technology, finds and declares that—*

7

8 *(1) the United States has recently experienced a*
 9 *decline in industrial innovation and productivity which*
 10 *adversely affects domestic productivity, the rate of eco-*
 11 *nomical growth, the level of employment, the balance of*
 12 *trade, and the attainment of other national goals;*

12

13 *(2) the national support of scientific and techno-*
 14 *logical research and development is indispensable to*
 15 *sustained growth and economic stability, and it is in*

1 the national interest to maximize the benefits to the
2 public for such investment;

3 (3) inventions resulting from Government-spon-
4 sored research and development constitute a valuable
5 national resource which should be developed in a
6 manner consistent with the public interest and the
7 equities of the respective parties; and

8 (4) there is a need for the establishment and im-
9 plementation of a flexible Government-wide policy to
10 increase the utilization of the results of Government-
11 sponsored research and development, and this policy
12 should promote the progress of science and the useful
13 arts, encourage the efficient commercial utilization of
14 technological developments and discoveries, guarantee
15 the protection of the public interest in the United
16 States and foreign countries, and recognize the equities
17 of the contracting parties.

18 *PURPOSE*

19 *SEC. 102. It is the purpose of this Act—*

20 (1) to establish and maintain a uniform Federal
21 policy regarding property rights resulting from Govern-
22 ment-sponsored science and technology research and de-
23 velopment and, when not detrimental to the purpose for
24 which the research was conducted, to stimulate more
25 widespread commercial utilization of those results for
26 the public good;

1 (2) to insure the effective^v implementation of the
2 policy established by this Act, and to provide for moni-
3 toring its impact on innovation and technology
4 development;

5 (3) to allocate rights to inventions by contractors
6 which result in part or in whole from Government-
7 funded activities so as to—

8 (A) encourage the participation of the most
9 qualified and competent contractors,

10 (B) foster competition,

11 (C) reduce the administration burdens both
12 for the Federal agencies and their contractors, and

13 (D) protect the public investment in research
14 and development by promoting the widespread
15 utilization of inventions;

16 (4) to provide measures to protect United States
17 interests in foreign countries regarding the results of
18 Government-sponsored science and technology research
19 and development; and

20 (5) to amend or repeal other Acts which are in-
21 consistent with the provisions of this Act.

22 TITLE II—IMPLEMENTATION

23 FUNCTIONS OF VARIOUS AGENCIES

24 SEC. 201. (a)(1) The Federal Coordinating Council for
25 Science, Engineering, and Technology (established by sec-

1 tion 401 of the National Science and Technology Policy, Or-
 2 ganization, and Priorities Act of 1976 (42 U.S.C. 6651)
 3 and reestablished by Executive Order 12039 (hereinafter in
 4 this section referred to as the "Council") shall make recom-
 5 mendations to the Director of the Office of Science and Tech-
 6 nology Policy (or his designee) and to the Secretary with
 7 regard to uniform policies, regulations, guidelines, and prac-
 8 tices to carry out the provisions of this Act.

9 (2) For the purpose of assuring effective management of
 10 Government-owned inventions, the Secretary of Commerce
 11 shall chair a committee of the Council to formulate the rec-
 12 ommendations required by this subsection. Such committee
 13 shall also include representatives of each Federal agency with
 14 a major research and development program. When adopted
 15 by the Director such recommendations shall be transmitted to
 16 Federal agencies through appropriate channels, including
 17 those provided in titles II and III.

New

p. 6, line 18 (b) In order to carry out the responsibilities set forth in
 19 subsection (a), the Council is authorized—

20 (1) to acquire data and reports from Federal
 21 agencies on the interpretation and implementation of
 22 this Act and related policies, regulations, and practices;

23 (2) to review on its own initiative, or upon re-
 24 quest by a Federal agency, Federal agency implemen-
 25 tation of the provisions of this Act;

1 (3) to analyze, on a continuing basis, data
2 acquired by the Council;

3 (4) to consider problems and developments in the
4 fields of intellectual property and matters connected
5 therewith and the impact thereof on Government
6 policy; and

7 (5) to publish annually a report on Council ef-
8 forts, findings, and recommendations made under this
9 section, which report shall include—

10 (A) relevant statistical data regarding the
11 disposition of subject invention disclosures result-
12 ing from Government-sponsored research and de-
13 velopment, including those inventions disclosed by
14 small businesses and nonprofit organizations;

15 (B) any legislative or administrative recom-
16 mendations to better achieve the purposes of this
17 Act; and

18 (C) an analysis of the impact of Federal
19 policies on the purposes of this Act.

20 FUNCTIONS OF THE SECRETARY OF COMMERCE

21 SEC. 202. (a) For the purpose of assuring the effective
22 management of Government-owned inventions, the Secretary
23 is authorized—

24 (1) to assist Federal agency efforts to promote the
25 licensing and utilization of Government-owned
26 inventions;

1 (2) to assist Federal agencies in seeking and
2 maintaining protection on inventions in foreign coun-
3 tries, including the payment of fees and costs connected
4 therewith;

5 (3) to consult with and advise Federal agencies as
6 to areas of science and technology research and devel-
7 opment with potential for commercial utilization;

8 (4) to publish notification of all federally-owned
9 inventions that are available for licensing or
10 assignment;

✓
11 (5) to evaluate inventions referred by Federal
12 agencies, and patent applications filed thereon, in order
13 to identify those inventions with the greatest commer-
14 cial potential and to insure promotion and utilization
15 by the public of inventions so identified; and

16 (6) to initiate regulations to be promulgated by
17 the Director of the Office of Management and Budget
18 after full consideration of agency and public comments.

19 TITLE III—ALLOCATION OF RIGHTS

20 RIGHTS OF THE GOVERNMENT AND THE CONTRACTOR

21 SEC. 301. (a) Subject to subsection (c) and to section
22 303, each contractor may elect to retain title, either world-
23 wide or in such countries as it may choose, to any subject
24 invention. Where not in violation of existing treaties or laws
25 of the United States, a Federal agency may, at the time of

1 *contracting, limit or eliminate this right, place additional re-*
2 *strictions or conditions in the contract that go beyond those*
3 *set forth in subsection (c), expand the rights of the Govern-*
4 *ment to license or sublicense, or alter or eliminate the con-*
5 *tractor's right under subsection (c)(7), if—*

6 (1) *it is determined by a Government authority*
7 *which is authorized by statute or Executive order to*
8 *conduct foreign intelligence or counterintelligence ac-*
9 *tivities that this is necessary to protect the security of*
10 *such activities;*

11 (2) *the contractor is not located in the United*
12 *States or does not have a place of business located in*
13 *the United States, is a foreign government, or is sub-*
14 *ject to the control of a foreign government;*

15 (3) *the contract is related to or associated with an*
16 *international treaty, agreement, memorandum of un-*
17 *derstanding, or other arrangement, including (but not*
18 *limited to) agreements of cooperation in science and*
19 *technology and military agreements related to weapons*
20 *development or production, and it is determined by the*
21 *agency that rights of the Government in any subject*
22 *inventions beyond the license right provided in subsec-*
23 *tion (c)(3) are necessary for the agency to fulfill its ob-*
24 *ligations under the international treaty, agreement, or*
25 *arrangement;*

1 (4) the principal purpose of the contract is to de-
2 velop or improve products, processes, or methods which
3 will be required for compliance with government
4 regulations;

5 (5) a third party is sponsoring research or devel-
6 opment activities at a government-owned contractor-op-
7 erated facility under an agreement allocating to the
8 third party rights to inventions arising from such ac-
9 tivities, when the sponsor elects to retain rights under
10 that agreement; or

11 (6) the agency determines that there are exception-
12 al circumstances requiring such action.

13 (b) Each determination made by a Federal agency
14 under the authority of subsection (a) shall be in writing. ^{p. 9 line 23} ~~In~~
15 the case of a determination under subsections (a)(3), (a)(4),
16 or (a)(6), the statement shall include an analysis supporting
17 the determination and justifying the limitations and condi-
18 tions being imposed. If the contractor believes that a determi-
19 nation is contrary to the terms, policy, or objectives of this
20 Act, or constitutes an abuse of discretion, the determination
21 shall be subject to the Contract Disputes Act (41 U.S.C. 601
22 et seq.). The Director of the Office of Management and
23 Budget (or his designee) is authorized to issue policies, proce-
24 dures, and guidelines describing classes of situations in

New

1 which Federal agencies may or may not utilize the provisions
2 of subsections (a)(3), (a)(4), or (a)(6).

3 (c) In accordance with regulations issued under this
4 Act, each contract shall employ a patent rights clause con-
5 taining appropriate provisions as needed to effectuate the fol-
6 lowing rights and requirements:

7 (1) The contractor must disclose each subject in-
8 vention to the contracting Federal agency within a rea-
9 sonable time after it is made, and the Government may
10 receive title to any subject invention not disclosed
11 within such reasonable time.

12 (2) Unless the Government has acquired the right
13 to title in accordance with subsection (a)—

14 (A) the contractor must make a written elec-
15 tion, as to the retention of title to the subject in-
16 vention, within one year after disclosure under
17 paragraph (1) (or such additional time as may be
18 approved by the Federal agency);

19 ^{old}(C) (B) if the contractor does not elect to retain
20 worldwide title to a subject invention, the Federal
21 agency may consider and, after consultation with
22 the contractor, grant requests for retention of
23 rights by the inventor on such terms and condi-
24 tions as may be deemed appropriate by the agency
25 and subject to section 303;

1 old (D) (C) a contractor electing to retain title to a
2 subject invention must file patent applications
3 within a reasonable time;

4 old (E) (D) the Government may receive title to any
5 subject invention in any countries in which the
6 contractor does not retain title pursuant to sub-
7 paragraphs (B) and (C); and

8 (E) in any case where a Federal agency em-
9 ployee is either—

10 (i) a coinventor, with a contractor em-
11 ployee, of a subject invention, or

12 (ii) an inventor of an invention made
13 under a contract involving cosponsored, cost-
14 sharing, or joint venture research or develop-
15 ment and the contractor is required to make
16 a substantial contribution of funds, facilities,
17 personnel, data, or equipment to the work
18 performed under the contract,

19 the Federal agency is authorized to transfer or
20 assign whatever rights it may acquire, or may
21 have the right to acquire, in the invention, from
22 its employee to the contractor subject to the same
23 conditions as those which are applicable under
24 this Act to the rights the contractor derived
25 through its own contract.

1 (3)(A) With respect to any subject invention to
2 which a contractor elects to retain title, the Govern-
3 ment shall have (in addition to any rights that have
4 been taken under subsection (a)) a nonexclusive, non-
5 transferable, irrevocable, paid-up license to make, use,
6 and sell the subject invention throughout the world by
7 or on behalf of the Government ^{and} may, if provided
8 in the funding agreement, have additional rights to
9 sublicense any foreign government or international or-
10 ganization pursuant to any existing or future treaty or
11 agreement.

12 (B) When the contract is part of a major mul-
13 tiyear research or technology development program and
14 it is in the national interest, the Federal agency may
15 retain an exclusive license in the program's field of use
16 to facilitate the ultimate commercialization, transfer, or
17 use of the technology.] ^{NEW}

18 (4) The Federal agency shall require annual writ-
19 ten reports for the first 3 years following receipt of title
20 by an inventor and may require other written reports
21 on the efforts to obtain commercial utilization made by
22 the contractor or its licensees or assignees with respect
23 to any subject invention to which the contractor elects
24 title pursuant to this section, except that any such
25 report, as well as any information on utilization or ef-

1 *forts toward obtaining utilization obtained as part of a*
2 *proceeding under section 303, shall be treated by the*
3 *agency as a trade secret or as commercial or financial*
4 *information obtained from a person and privileged or*
5 *confidential and not subject to disclosure under section*
6 *552 of title 5, United States Code.*

7 *(5) The contractor, in the event a United States*
8 *patent application is filed by or on its behalf or by any*
9 *assignee of the contractor, must include within the*
10 *specification of such application and any patent issu-*
11 *ing thereon a statement specifying^v that the Government*
12 *has certain rights in the invention.*

13 *(6) The balance of any royalties or income earned*
14 *on subject inventions by a contractor operating a Gov-*
15 *ernment-owned, contractor-operated facility up to a*
16 *total equal to 3 percent of that facility's annual budget*
17 *(if the invention was made in the facility) shall, after*
18 *payment of patenting costs, licensing costs, and other*
19 *expenses (including payments to inventors), be used for*
20 *scientific research and development in the facility con-*
21 *sistent with the mission and objectives of such facility*
22 *with priority given to activities that increase the licens-*
23 *ing potential of other inventions of the facility, with*
24 *any such royalties or income in excess of 3 percent of*
25 *the facility's budget being used by the head of the*

1 agency to further that agency's mission; and to the
2 extent practical the patenting and licensing of the in-
3 ventions involved shall be administered by contractor
4 employees on location at the facility.

5 (7) The contractor, in cases when it has the choice
6 under subsection (a) to retain title to the invention in-
7 volved but does not elect to retain title or loses title
8 under section 303(c), may retain a nonexclusive, roy-
9 alty-free, paid-up, worldwide license (including the
10 right to sublicense affiliates, subsidiaries, and existing
11 licensees to whom the contractor is legally obligated to
12 sublicense) in any subject invention to which the Gov-
13 ernment obtains title, which license shall be limited or
14 revocable only to the extent necessary for the Govern-
15 ment to grant an exclusive license; except that the con-
16 tractor shall not be entitled to such a license if the con-
17 tractor has fraudulently failed to disclose the subject
18 invention.

19 (8) A transfer by the contractor of rights in any
20 subject invention shall be subject to the rights of the
21 Government provided by this section and sections 302,
22 303, and 304.

23 (9) The clause may impose any other administra-
24 tive requirements which may be necessary to effectuate
25 rights of the Government and the contractor as speci-

1 (c) In making determinations under subsection
2 (a)(1)(A), the Federal agency shall consider section 102 and
3 at least the additional objectives of—

4 (1) encouraging wide availability to the public of
5 the benefits of Government-sponsored research and
6 development in the shortest practicable time;

7 (2) promoting the commercial utilization of inven-
8 tions made under Government contracts;

9 (3) encouraging participation by highly qualified
10 private persons in Government-sponsored research and
11 development programs; and

12 (4) fostering competition and preventing the cre-
13 ation or maintenance of situations inconsistent with
14 the antitrust laws.

15 (d) When an agency waives all or part of its rights in
16 an invention under section 301(a), the contractor shall be
17 permitted to take title subject to this section and sections
18 301(c), 303, and 304 of this Act.

19 MARCH-IN RIGHTS

20 SEC. 303. (a) Where a contractor has elected to retain
21 title to a subject invention under section 301 or 302, the Fed-
22 eral agency shall have the right, subject to the provisions of
23 subsection (b) of this section, to require the contractor or his
24 assignee to grant a nonexclusive, partially exclusive, or ex-
25 clusive license to a responsible applicant or applicants, upon
26 terms reasonable under the circumstances, if the head of the

1 agency or his designee determines that such action is neces-
2 sary—

3 (1) because the contractor, assignee, or licensee
4 has not taken, or is not expected to take within a rea-
5 sonable time, effective steps to achieve the practical
6 application of the subject invention;

7 (2) to alleviate serious health or safety needs
8 which are not reasonably satisfied by the contractor or
9 his assignees or licensees; or

10 (3) to meet requirements for public use specified
11 by Federal regulation which are not reasonably satis-
12 fied by the contractor or his assignees or licensees.

13 (b) A determination made pursuant to this section shall
14 be subject to the Contract Disputes Act (41 U.S.C. 601 et
15 seq.), and in cases described in paragraphs (1) and (3) of
16 subsection (a) the agency's determination shall be held in
17 abeyance pending the exhaustion of appeals under such Act.

18 (c) A contractor's election to retain title under section
19 301(a) or to receive title under section 302(d), with respect to
20 any invention, is conditioned on a good faith effort to do fur-
21 ther research or product development on the invention. If in
22 its first three annual reports under section 301(c)(4) or after
23 such additional time as is provided by the contracting
24 agency, the contractor does not meet minimum standards set
25 out in agency regulations requiring further development or

} reworded

New

1 commercialization of the invention, title to the invention shall
2 transfer to the contracting agency as a matter of law.

3 BACKGROUND RIGHTS

4 SEC. 304. (a) Nothing contained in this Act shall be
5 construed to deprive the owner of any background patent of
6 such rights as the owner may have under such patent.

7 (b) No contract shall contain a provision allowing a
8 Federal agency to require the licensing to third parties of
9 inventions owned by the contractor that are not subject inven-
10 tions unless such provision has been approved, and a written
11 justification has been signed, by the head of the agency (or
12 his designee). Any such provision shall clearly state whether
13 the licensing may be required in connection with the practice
14 of a subject invention, a specifically identified work object, or
15 both. The head of the agency may not delegate the authority
16 to approve such provisions or to sign the justification re-
17 quired for such provisions to a level lower than Assistant
18 Secretary in the case of a Department or Assistant Adminis-
19 trator or comparable official in the case of any other agency.

20 (c) A Federal agency shall not require the licensing of
21 third parties under any such provision unless the head of the
22 agency (or his designee who holds as a minimum the rank of
23 Assistant Secretary, Assistant Administrator, or its equiva-
24 lent) determines that the use of the invention by others is
25 necessary for the practice of a subject invention or for use of
26 a work object of the contract and that such action is necessary

1 to achieve the practical application of the subject invention or
2 work object. Any such determination shall be on the record
3 after an opportunity for the contractor to participate in an
4 agency hearing, and the contractor shall be given prompt no-
5 tification of the determination by certified or registered mail.

6 TITLE IV—MISCELLANEOUS

7 DEFINITIONS

8 SEC. 401. As used in this Act (other than in section
9 402)—

10 (1) the term "person" means any person as
11 defined in section 1 of title 1, United States Code;

12 (2) the term "Government" means the Govern-
13 ment of the United States of America;

14 (3) the term "Federal agency" means an execu-
15 tive agency (as defined in section 105 of title 5, United
16 States Code), and the military departments (as defined
17 in section 102 of title 5, United States Code);

18 (4) the term "small business firm" means a small
19 business concern as defined in section 2 of the Small
20 Business Act (15 U.S.C. 632) and implementing reg-
21 ulations of the Administrator of the Small Business
22 Administration; and

23 (5) the term "nonprofit organization" means a
24 university or other institution of higher education or
25 an organization of the type described in section

1 501(c)(3) of the Internal Revenue Code of 1954 and
2 exempt from taxation under section 501(a) of such
3 Code, or any nonprofit, scientific, or educational orga-
4 nization qualified under a State nonprofit organization
5 statute;

6 (6) the term "contract" means any contract,
7 grant, or cooperative agreement entered into between a
8 Federal agency (other than the Tennessee Valley Au-
9 thority) and any person other than a small business
10 firm or nonprofit organization where a purpose of the
11 contract is the conduct of experimental, developmental,
12 or research work; and such term includes any assign-
13 ment, substitution of parties, or subcontract of any tier
14 entered into or executed for the conduct of experimen-
15 tal, developmental, or research work in connection with
16 the performance of that contract;

17 (7) the term "contractor" means any person or
18 entity (other than a Federal agency, nonprofit organi-
19 zation, or small business firm) which is a party to a
20 contract;

21 (8) the term "Secretary" means the Secretary of
22 Commerce;

23 (9) the term "Director" means the Director of the
24 Office of Science and Technology Policy, or his
25 designee;

1 (10) the term "invention" means any invention or
2 discovery which is or is reasonably believed by the con-
3 tractor to be patentable or otherwise protectable under
4 title 35, United States Code, or any novel variety of
5 plant which is or is reasonably believed by the contrac-
6 tor to be protectable under the Plant Variety Protection
7 Act (7 U.S.C. 2321 et seq.);

8 (11) the term "subject invention" means any in-
9 vention of a contractor conceived or first actually re-
10 duced to practice in the performance of work under a
11 contract, except that in the case of a variety of plant
12 the date of determination (as defined in section 41(d)
13 of the Plant Variety Protection Act (7 U.S.C.
14 2401(d)) must also occur during the period of contract
15 performance;

16 (12) the term "practical application" with respect
17 to any invention means the manufacture (in the case of
18 a composition or product), practice (in the case of a
19 process or method), or operation (in the case of a ma-
20 chine or system) of such invention under such condi-
21 tions as to establish that the invention is being utilized
22 and that its benefits are, to the extent permitted by law
23 or Government regulations, available to the public on
24 reasonable terms or through reasonable licensing
25 arrangements;

1 (13) the term "antitrust law" means the laws in-
 2 cluded within the definition of the term "antitrust
 3 laws" in section 1 of the Clayton Act (15 U.S.C. 12),
 4 as amended;

5 (14) the term "background patent" means a do-
 6 mestic patent covering an invention or a discovery (A)
 7 which is not a subject invention, (B) which is owned
 8 or controlled by the contractor at any time through
 9 completion of the contract, (C) which the contractor but
 10 not the Government has the right to license to others
 11 without obligation to pay royalties thereon, and (D) in-
 12 fringement of which cannot reasonably be avoided upon
 13 the practice of a subject invention of the contract; and
 14 (15) the term "United States" includes the terri-
 15 tories, possessions, and the District of Columbia.

New

16 AMENDMENTS TO OTHER ACTS

17 SEC. 402. The following Acts are hereby amended as
 18 follows:

19 (1) Section 205(a) of the Act of August 14, 1946
 20 (7 U.S.C. 1624(a); 60 Stat. 1090), is amended by striking
 21 out the last sentence.

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

1 (3) *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 (4) *Section 12(a) of the National Science Foundation*
5 *Act of 1950 (42 U.S.C. 1871(a); 82 Stat. 360) is repealed.*

6 (5) *Section 152 of the Atomic Energy Act of 1954 (42*
7 *U.S.C. 2182; 68 Stat. 943) is repealed; except that such*
8 *section shall continue to be effective with respect to (A) any*
9 *application for a patent in which the statement under oath*
10 *referred to in such section has been filed or requested to be*
11 *filed by the Commissioner of Patents and Trademarks prior*
12 *to the effective date of this Act, and (B) any right retained by*
13 *the Government under section 301(a) (1) through (7) of this*
14 *Act.*

15 (6) *The National Aeronautics and Space Act of 1958*
16 *(42 U.S.C. 2451 et seq.; 72 Stat. 426) is amended—*

17 (A) *by striking out section 305 (42 U.S.C.*
18 *2457); except that subsections (c), (d), and (e) of such*
19 *section shall continue to be effective with respect to any*
20 *application for patents in which the written statement*
21 *referred to in subsection (c) of such section has been*
22 *filed or requested to be filed by the Commissioner of*
23 *Patents and Trademarks prior to the effective date of*
24 *this Act;*

1 (B) by striking out "(as defined by section 305)"
2 in section 306(a) (42 U.S.C. 2458(a)), and by strik-
3 ing out "the Inventions and Contributions Board, es-
4 tablished under section 305 of this Act" in such section
5 and inserting in lieu thereof "an Invention and Con-
6 tributions Board which shall be established by the Ad-
7 ministrator within the Administration";

8 (C) by adding at the end of section 203(c) (42
9 U.S.C. 2473(c)) the following new paragraph:

10 “(14) to provide effective contractual provisions
11 for the prompt and effective reporting of the results of
12 the activities of the Administration, including full and
13 complete technical reporting of any invention made in
14 the course of or under any contract of the Administra-
15 tion, whether or not patentable under title 35, United
16 States Code.”; and

17 (D) by adding at the end of section 203 (42
18 U.S.C. 2473) the following new subsection:

19 “(d) For the purposes of chapter 17 of title 35, United
20 States Code, the Administration shall be considered a defense
21 agency of the United States.”.

22 (7) Section 6 of the Act of July 7, 1960 (30 U.S.C.
23 666; 74 Stat. 337), is amended by striking out the first
24 sentence.

1 (8) *Section 4 of the Helium Act Amendments of 1960*
2 *(50 U.S.C. 167b; 74 Stat. 920) is amended by striking out*
3 *all after "utilization" and inserting in lieu thereof a period.*

4 (9) *Section 32 of the Arms Control and Disarmament*
5 *Act (22 U.S.C. 2572; 75 Stat. 634) is repealed.*

6 (10) *Section 302(e) of the Appalachian Regional Devel-*
7 *opment Act of 1965 (40 U.S.C. App. 302(e); 79 Stat. 5) is*
8 *repealed.*

9 (11) *Subsections (a), (c), (d), (e), (f), (j), (m), and (n)*
10 *of section 9 of the Federal Nonnuclear Energy Research and*
11 *Development Act of 1974 (42 U.S.C. 5908; 88 Stat. 1887)*
12 *are repealed; and subsection (b) of such section 9 shall not*
13 *apply to contracts with nonprofit organizations other than*
14 *contracts for the operation of Government-owned contractor-*
15 *operated facilities.*

16 (12) *Section 5(d) of the Consumer Product Safety Act*
17 *(15 U.S.C. 2054(d); 88 Stat. 1211) is repealed.*

18 (13) *Section 3 of the Act of April 5, 1944 (30 U.S.C.*
19 *323; 58 Stat. 191), is repealed.*

20 (14)(A) *Section 8001(c)(3) of the Solid Waste Disposal*
21 *Act (42 U.S.C. 6981(c)(3); 90 Stat. 2829) is repealed.*

22 *(B) Section 8004(c)(2) of such Act is amended by strik-*
23 *ing out "notwithstanding section 6981(c)(3) of this title".*

24 *(15) Chapter 18 of title 35, United States Code, is*
25 *amended—*

New

1 (A) in section 201(b), by inserting "scholarship,
2 fellowship, training grant," immediately after "grant",
3 and by inserting "educational," after "developmental,"
4 each place it appears.

5 old (A) (B) by inserting "or any novel variety of plant
6 which is or may be protectable under the Plant Variety
7 Protection Act (7 U.S.C. 2321 et seq.)" immediately
8 after "title" in section 201(d);

9 old (B) (C) by inserting ", except that in the case of a
10 sexually propagated variety of plant, the date of deter-
11 mination (as defined in section 41(d) of the Plant Va-
12 riety Protection Act (7 U.S.C. 2401(d)) must also
13 occur during the period of contract performance" im-
14 mediately after "agreement" in section 201(e);

15 (D) in section 202(a)—

16 (i) by amending clause (i) to read as follows:
17 "(i) when the contractor is not located in the
18 United States or does not have a place of business
19 located in the United States or is subject to the
20 control of a foreign government"; and

21 (ii) by striking out "or (iii)" and inserting
22 in lieu thereof the following: ", (iii) when the
23 funding agreement is related to or associated with
24 an international treaty, agreement, memorandum
25 of understanding, or other arrangement including

1 (but not limited to) agreements of cooperation in
 2 science and technology or military agreements re-
 3 lating to weapons development or production, and
 4 it is determined by the agency that rights in the
 5 Government greater than a nonexclusive license
 6 are necessary for the agency to fulfill its obliga-
 7 tions under the international treaty, agreement,
 8 memorandum of understanding, or other arrange-
 9 ment, (iv)";

10 (iii) by inserting before the period at the end
 11 of the first sentence the following new clauses:
 12 "~~(v) the principal purpose of the contract is to de-~~
 13 ~~velop or improve products, processes, or methods~~
 14 ~~which will be required for compliance with Gov-~~
 15 ~~ernment regulations; or (vi) a third party is spon-~~
 16 ~~soring research or development activities at a gov-~~
 17 ~~ernment-owned contractor operated facility under~~
 18 ~~an agreement allocating to the third party rights~~
 19 ~~to inventions arising from such activities, when~~
 20 ~~the sponsor elects to retain rights under that~~
 21 ~~agreement.~~";

New

22 (E) by amending section 202(b) to read as
 23 follows:

24 "(b)(1) The rights of the Government under paragraph
 25 (a) shall not be exercised by a Federal agency unless it first

1 determines that at least one of the conditions identified in
2 clauses (i) through (vi) of paragraph (a) exists. In the case of
3 a determination under clauses (ii), (iii), or (v) of paragraph
4 (a) the statement shall include an analysis justifying the de-
5 termination. If the contractor believes that a determination is
6 contrary to the policies and objectives of this chapter or con-
7 stitutes an abuse of discretion by the agency, the determina-
8 tion shall be subject to the Contract Disputes Act (41 U.S.C.
9 601 et seq.).

10 “(2) The Director of the Office of Management and
11 Budget (or his designee) is authorized to issue policies, proce-
12 dures, and guidelines describing classes of situations in
13 which agencies may or may not exercise the authorities of
14 clauses (i), (ii), (iii), and (v) of paragraph (a).”;

15 (F)(i) by amending paragraphs (1), (2), and (3)
16 of section 202(c) to read as follows:

17 “(1) A requirement that the contractor disclose
18 each subject invention to the contracting Federal
19 agency within a reasonable time after it becomes
20 known to contractor personnel responsible for the ad-
21 ministration of patent matters, and that the Federal
22 Government may receive title to any subject invention
23 not disclosed to it within such time.

24 “(2) A requirement that the contractor make a
25 written election within 2 years after disclosure to the

1 Federal agency (or such additional time as may be ap-
2 proved by the Federal agency) whether the contractor
3 will retain title to a subject invention, except that (A)
4 in any case where publication, sale, or public use has
5 initiated the one year statutory period in which valid
6 patent protection can still be obtained in the United
7 States, the period for election may be shortened by the
8 Federal agency to a date that is not more than 60 days
9 prior to the end of the statutory period, and (B) the
10 Federal Government may receive title to any subject
11 invention in which the contractor does not elect to
12 retain rights or fails to elect rights within such time.

13 “(3) A requirement that a contractor electing
14 rights in a subject invention agree to file a patent ap-
15 plication prior to any statutory bar date that may
16 occur under this title due to publication, sale, or public
17 use, and shall thereafter file corresponding patent ap-
18 plications in other countries in which it wishes to
19 retain title within reasonable times, and that the Fed-
20 eral Government may receive title to any subject in-
21 ventions in the United States or other countries in
22 which the contractor has not filed patent applications
23 on the subject invention within such times.”;

New

1 (ii) by amending paragraph (4) of section 202(c)
2 by inserting "(A)" after "(4)", and by adding at the
3 end thereof the following new subparagraph:

4 "(B) When the contract is part of a major, mul-
5 tiyear research or technology development ^{program} and
6 it is in the national interest, the Federal agency may
7 retain an exclusive license in the program's field of use
8 to facilitate the ultimate commercialization, transfer, or
9 use of the technology.";

final
signature
done
10/13

10 (G) by striking out "may" in section 202(c)(5)
11 and inserting in lieu thereof "as well as any informa-
12 tion on utilization or efforts at obtaining utilization ob-
13 tained as part of a proceeding under section 203 of this
14 chapter shall";

15 (H) by striking out clauses (A) and (B) in section
16 202(c)(7) and redesignating clauses (C) and (D) of
17 such section as clauses (A) and (B), respectively;

18 (I) by adding at the end of section 202 the follow-
19 ing new paragraph:

20 "(g)(1) A Federal agency may at any time waive all or
21 any part of the rights of the United States, under section
22 202(a) and section 204 of this chapter, to any subject inven-
23 tions made under a funding agreement or class of funding
24 agreements if the agency determines that ~~(A)(i)~~ the funding
25 agreement involves cosponsored, cost sharing, or joint venture

1 research or development and the contractor or other sponsor
2 or joint venturer is required to make or has made a substan-
3 tial contribution of funds, facilities, personnel, data, or
4 equipment to the work performed under the funding agree-
5 ment or (ii) the conditions justifying acquisition of title by
6 the Government under section 202(a) no longer exist or do
7 not apply in the case of the subject invention, and (B) the
8 interests of the United States and the general public will be
9 best served thereby. The agency shall maintain a record,
10 which shall be made public and periodically updated, of de-
11 terminations made under this paragraph.

12 “(2) In making determinations under subparagraph
13 (1)(A)(i) of this paragraph, the agency shall consider at least
14 the following objectives:

15 “(A) encouraging the wide availability to the
16 public of the benefits of Government-sponsored research
17 and development in the shortest practicable time;

18 “(B) promoting the commercial utilization of in-
19 ventions made under Government funding agreements;

20 “(C) encouraging participation by highly quali-
21 fied private persons in Government-sponsored research
22 and development programs; and

23 “(D) fostering competition and preventing the cre-
24 ation or maintenance of situations inconsistent with
25 the antitrust laws.”;

1 (J) by adding at the end of section 203 (after and
2 below paragraph (d)) the following new sentence:

3 "A determination pursuant to this section shall^v be subject to
4 the Contract Disputes Act (41 U.S.C. 601 et seq.), and in
5 cases described in paragraphs (a) and (c), the agency's deter-
6 mination shall be held in abeyance pending the exhaustion of
7 appeals under such Act.";

8 (K) by adding at the end of the chapter the follow-
9 ing new section:

10 **"§ 212. Assignment of title or rights**

11 "Upon determination that to do so is in the best inter-
12 ests of the government, an agency may assign title or other
13 rights to an invention to a person where such title or rights
14 are held by the Government under such terms and procedures
15 as will yield an appropriate financial return and as will en-
16 courage the domestic commercial use of such technology.";
17 and

18 (M) by adding at the end of the table of sections
19 for the chapter the following new item:

"212. Assignment of title or rights."

20 (16) Section 10(a) of the Act of June 29, 1935
21 (7 U.S.C. 427i(a)), is amended by striking out the last
22 sentence.

23 (17) Section 427(b) of the Federal Mine Safety and
24 Health Act of 1977 (30 U.S.C. 937(b)) is amended by strik-
25 ing out the last sentence.

New

1 (18) Section 306(d) of the Surface Mining Control and
2 Reclamation Act of 1977 (30 U.S.C. 1226(d)) is amended
3 by striking out the first two sentences.

4 (19) Section 21(d) of the Federal Fire Prevention and
5 Control Act of 1974 (15 U.S.C. 2218(d)) is repealed.

6 (20) Section 6(b) of the Solar Photovoltaic Energy Re-
7 search, Development, and Demonstration Act of 1978 (42
8 U.S.C. 5585(b)) is amended by inserting "as amended"
9 after "this title".

10 (21) Section 12 of the Native Latex Commercialization
11 and Economic Development Act of 1978 (7 U.S.C. 178j) is
12 repealed.

13 (22) Section 408 of the Water Research and Develop-
14 ment Act of 1978 (42 U.S.C. 7879) is repealed.

15 RELATIONSHIP TO ANTITRUST LAWS

16 SEC. 403. Nothing in this Act shall be deemed to
17 convey to any person immunity from civil or criminal liabil-
18 ity, or to create any defense to actions, under any antitrust
19 law.

20 EFFECTIVE DATE

21 SEC. 404. (a) This Act shall take effect six months after
22 the date of the enactment of this Act.

23 (b) After the effective date of this Act, each Federal
24 agency is authorized to allow a contractor or an inventor to
25 retain title to any subject inventions made under contracts
26 awarded prior to the effective date of this Act, subject to the

- 1 *same terms and conditions as those which would apply under*
- 2 *this Act had the contract been entered into after the effective*
- 3 *date of this Act.*

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