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[COMMITTEE PRINT]

JULY 27, 1984

**Showing Bill As Reported From Subcommittee**

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.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1984

Mr. FUQUA (for himself, Mr. BROWN of California, Mr. WALGREN, Mr. BUCHER, 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]

[For text of introduced bill, see copy of bill as introduced on March 1, 1984]

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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 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**

**FINDINGS**

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5 **SEC. 101.** *The Congress, recognizing the profound*

6 *impact of science and technology, finds and declares that—*

7 (1) *the United States has recently experienced a*

8 *decline in industrial innovation and productivity which*

9 *adversely affects domestic productivity, the rate of eco-*

10 *nomical growth, the level of employment, the balance of*

11 *trade, and the attainment of other national goals;*

12 (2) *the national support of scientific and techno-*

13 *logical research and development is indispensable to*

14 *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 eq-*  
 7 *uities 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 **TITLE II—IMPLEMENTATION**

### 19 **FUNCTIONS OF THE FEDERAL COORDINATING COUNCIL**

#### 20 **ON SCIENCE, ENGINEERING, AND TECHNOLOGY**

21 **SEC. 201. (a)(1)** *The Federal Coordinating Council for*  
 22 *Science, Engineering, and Technology (established by sec-*  
 23 *tion 401 of the National Science and Technology Policy, Or-*  
 24 *ganization, and Priorities Act of 1976 (42 U.S.C. 6651)*  
 25 *and reestablished by Executive Order 12039) (hereinafter in*

1 this section referred to as the "Council") shall make recom-  
 2 mendations to the Director of the Office of Science and Tech-  
 3 nology Policy (or his designee) and to the Secretary with  
 4 regard to uniform policies, guidelines, and practices to carry  
 5 out the provisions of this Act.

6 (2) For the purpose of assuring effective management of  
 7 Government-owned or funded inventions, the Secretary of  
 8 Commerce shall chair a committee of the Council to formu-  
 9 late the recommendations required by this subsection. Such  
 10 committee shall also include but not be limited to representa-  
 11 tives of each Federal agency with a major research and devel-  
 12 opment program. When adopted by the Director any such  
 13 recommendations shall be transmitted to Federal agencies  
 14 through appropriate channels, including those provided in  
 15 section 202(6).

16 (b) In order to carry out the responsibilities set forth in  
 17 subsection (a), the Council may—

18 (1) acquire data and reports from Federal agen-  
 19 cies on the interpretation and implementation of this  
 20 Act and related policies, regulations, and practices;

21 (2) review Federal agency implementation of the  
 22 provisions of this Act;

23 (3) analyze, on a continuing basis, data acquired  
 24 by the Council;

1           (4) consider problems and developments in the  
2       fields of inventions, patents, and matters connected  
3       therewith and the impact thereof on Government policy  
4       or uniform accommodation or implementation by Fed-  
5       eral agencies; and

6           (5) publish annually a report on Council efforts,  
7       findings, and recommendations made under this sec-  
8       tion, which report shall include—

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

14          (B) any recommendations for changes in law  
15       to better achieve the purposes of this Act; and

16          (C) an analysis of Federal policies related to  
17       this Act.

18       **FUNCTIONS OF THE SECRETARY OF COMMERCE**

19       **SEC. 202.** For the purpose of assuring the effective  
20       management of Government-owned inventions, the Secretary  
21       may—

22          (1) assist Federal agency efforts to promote the li-  
23       censing and utilization of Government-owned inven-  
24       tions;

25          (2) assist Federal agencies in seeking and main-  
26       taining protection on inventions in foreign countries,

1 including the payment of fees and costs connected  
2 therewith;

3 (3) consult with and advise Federal agencies as to  
4 areas of science and technology research and develop-  
5 ment with potential for commercial utilization;

6 (4) publish notification of all Government-owned  
7 inventions that are available for licensing or assign-  
8 ment;

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

14 (6) initiate regulations and revisions thereof  
15 which shall be promulgated by the Director of the  
16 Office of Management and Budget after full consider-  
17 ation of agency and public comments.

### 18 TITLE III—ALLOCATION OF RIGHTS

#### 19 RIGHTS OF THE GOVERNMENT AND THE CONTRACTOR

20 SEC. 301. (a) Subject to subsection (c) and to section  
21 303, each contractor may elect to retain worldwide title to  
22 any subject invention. Where not in violation of existing  
23 treaties or laws of the United States, a Federal agency may,  
24 at the time of contracting, limit or eliminate this right, place  
25 additional restrictions or conditions in the contract that go

1 beyond those set forth in subsection (c), expand the rights of  
 2 the Government to license or sublicense, or alter or eliminate  
 3 the contractor's right under subsection (c)(7), if—

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

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

13 (3) the contract is related to or associated with an  
 14 international treaty, agreement, memorandum of un-  
 15 derstanding, or other arrangement with a foreign gov-  
 16 ernment including (but not limited to) agreements of  
 17 cooperation in science and technology and military  
 18 agreements related to weapons development or produc-  
 19 tion, and it is determined by the agency that rights in  
 20 the Government in any subject inventions beyond the  
 21 license right provided in subsection (c)(3) are neces-  
 22 sary for the agency to fulfill its obligations under the  
 23 international treaty, agreement, memorandum of un-  
 24 derstanding, or arrangement;

1 (4) the agency determines, on a case by case  
2 basis, that there are exceptional circumstances requir-  
3 ing such action; or

4 (5) the contract includes the operation of a Gov-  
5 ernment-owned, contractor-operated facility of the De-  
6 partment of Energy primarily dedicated to that De-  
7 partment's naval nuclear propulsion or nuclear weap-  
8 ons related programs; however, all contractual limita-  
9 tions under this subparagraph on the contractor's right  
10 to elect title to a subject invention are limited to inven-  
11 tions occurring under the above two programs.

12 (b) Each determination made by a Federal agency  
13 under subsection (a) shall be in writing and copies of those  
14 made under subsection (a)(4) shall be filed with the Federal  
15 Coordinating Council for Science, Engineering, and Tech-  
16 nology. In the case of a determination under subsection  
17 (a)(4), the statement shall include an analysis supporting the  
18 determination and justifying the limitations and conditions  
19 being imposed. If the contractor believes that a determination  
20 is contrary to the terms, policy, or objectives of this Act, or  
21 constitutes an abuse of discretion by the agency, the determi-  
22 nation shall be subject to section 303(b). Whenever the Di-  
23 rector of the Office of Management and Budget has deter-  
24 mined that one or more Federal agencies are utilizing the  
25 authority of subsection (a)(4) in a manner that is contrary to



1 *the terms, policy, or objectives of this Act, he may promulgate*  
2 *regulations under section 202(6) which establish policies,*  
3 *procedures, and guidelines describing classes of situations in*  
4 *which agencies may not utilize the provisions of subsection*  
5 *(a)(4).*

6 *(c) In accordance with regulations which shall be pro-*  
7 *mulgated under section 202(6), each contract under which*  
8 *the contractor may elect to retain title to a subject invention*  
9 *shall include a patent rights clause containing such provi-*  
10 *sions as may be necessary and appropriate to effectuate the*  
11 *following rights and requirements:*

12 *(1) The contractor shall disclose each subject in-*  
13 *vention to the contracting Federal agency within a rea-*  
14 *sonable time after it is made and the Government may*  
15 *receive title, upon request, to any subject invention not*  
16 *disclosed within such reasonable time.*

17 *(2) Unless the Government has acquired the right*  
18 *to title in accordance with subsection (a)—*

19 *(A) the contractor shall make a written elec-*  
20 *tion to retain title to the subject invention within*  
21 *a reasonable time after disclosure under para-*  
22 *graph (1);*

23 *(B) the Federal agency may consider and,*  
24 *with the consent of the contractor, grant requests*  
25 *for retention of rights by the inventor in any*

1 country in which the contractor has not elected  
2 title on such terms and conditions as may be  
3 deemed appropriate by the agency and subject to  
4 section 303;

5 (C) a contractor electing to retain title in  
6 any country to a subject invention shall file a  
7 patent application in the elected country within a  
8 reasonable time; and

9 (D) the Government may receive title to any  
10 subject invention in any countries in which the  
11 contractor or inventor fails to elect or has elected  
12 not to retain title or has failed to file a patent ap-  
13 plication in accordance with this paragraph.

14 (3) With respect to any subject invention to which  
15 a contractor elects to retain title, the Government shall  
16 have (in addition to any rights that have been taken  
17 under subsection (a))—

18 (A) a nonexclusive, nontransferable, irrevoc-  
19 able, paid-up license to practice or have practiced  
20 the subject invention throughout the world by or  
21 on behalf of the Government;

22 (B) if provided in the contract, such addi-  
23 tional rights to sublicense any foreign government  
24 or international organization pursuant to any ex-  
25 isting or future treaty or agreement; and

1 (C) the right to require the contractor, inven-  
2 tor, or assignee to license another person to prac-  
3 tice a subject invention on reasonable terms if—

4 (i) such licensing is necessary to permit  
5 lawful commercial manufacture, use, or sale  
6 by a third party of a specified end item of a  
7 major, multiyear research and development  
8 project of the Department of Energy or the  
9 National Aeronautics and Space Adminis-  
10 tration and such subject invention was made  
11 during research and development activities  
12 directly related to that project;

13 (ii) a similar product or process is not  
14 commercially available as a reasonable sub-  
15 stitute for the licensing; and

16 (iii) such right is specified in the con-  
17 tract.

18 (4) The Federal agency shall require, in accord-  
19 ance with regulations which shall be promulgated  
20 under section 202(6), at least one written report during  
21 the first 3 years after issuance of the patent to a con-  
22 tractor or inventor and may require other written re-  
23 ports on the efforts to obtain commercial utilization  
24 made by the contractor, inventor, licensee, or assignee  
25 with respect to any subject invention to which the con-

1        *tractor elects title pursuant to this section, except that*  
2        *any such report, as well as any information on utiliza-*  
3        *tion or efforts toward obtaining utilization obtained as*  
4        *part of a proceeding under section 303, shall be treated*  
5        *by the agency as a trade secret or as commercial or fi-*  
6        *nancial information obtained from a person and privi-*  
7        *leged or confidential and not subject to disclosure*  
8        *under section 552 of title 5, United States Code.*

9            (5) *The contractor or inventor, in the event a*  
10        *United States patent application is filed by it or on its*  
11        *behalf or by any assignee, shall include within the*  
12        *specification of such application and any patent issu-*  
13        *ing thereon a statement specifying that the invention*  
14        *was made with Government support and that the Gov-*  
15        *ernment has certain rights in the invention.*

16            (6) *The balance of any royalties or income earned*  
17        *on subject inventions by the contractor operating a*  
18        *Government-owned, contractor-operated facility up to a*  
19        *total equal to 5 percent of that facility's annual budget*  
20        *(if the invention was conceived or first actually re-*  
21        *duced to practice in the facility and if the contractor*  
22        *elects to retain the funds) shall, after payment of pat-*  
23        *enting costs, licensing costs, and other expenses (in-*  
24        *cluding payments to inventors), be used by such con-*  
25        *tractor for scientific research and development consist-*

1       ent with the mission and objectives of such facility, in-  
2       cluding activities that increase the licensing potential  
3       of other inventions of the facility, with any such royal-  
4       ties or income in excess of 5 percent of the facility's  
5       budget returned to the Treasury; and to the extent  
6       practical the licensing of the inventions involved shall  
7       be administered by contractor employees on location at  
8       the facility.

9       (7) The contractor, in cases when it has the choice  
10      under subsection (a) to retain title to a subject inven-  
11      tion but does not elect to retain title, may retain a non-  
12      exclusive, royalty-free, paid-up, worldwide license (in-  
13      cluding the right to sublicense affiliates, subsidiaries,  
14      and existing licensees to whom the contractor is legally  
15      obligated to sublicense) in any subject invention to  
16      which the Government obtains title, which license shall  
17      be limited or revocable only to the extent necessary for  
18      the Government to grant an exclusive license; except  
19      that the contractor shall not be entitled to such a li-  
20      cense if the contractor has willfully failed to disclose  
21      the subject invention.

22      (8) A transfer by the contractor of rights in any  
23      subject invention shall be subject to the rights of the  
24      Government provided by this section and sections 302,  
25      303, and 304.

1 (9) *The clause may impose any other administra-*  
 2 *tive requirements which may be necessary to effectuate*  
 3 *rights of the Government and the contractor as speci-*  
 4 *fied in this Act, to the extent not inconsistent with this*  
 5 *Act.*

6 **WAIVER**

7 **SEC. 302.** (a) *In accordance with regulations which*  
 8 *shall be promulgated under section 202(6), a Federal agency*  
 9 *may, at any time, waive all or any part of the rights of the*  
 10 *Government under sections 301 and 303 in any subject in-*  
 11 *vention or class of subject inventions which are or may be*  
 12 *made under a contract of the agency if the agency determines*  
 13 *that the interests of the Government and the general public*  
 14 *will be best served thereby, including but not limited to in-*  
 15 *stances where—*

16 (1) *the contract involves cosponsored, cost-shared,*  
 17 *or joint venture research or development and the con-*  
 18 *tractor or other sponsor or joint venturer is required to*  
 19 *make a substantial contribution of funds, facilities,*  
 20 *personnel, data, or equipment to the work performed*  
 21 *under the contract, or*

22 (2) *the conditions justifying acquisition of title by*  
 23 *the Government under section 301(a) no longer exist*  
 24 *or do not apply in the case of the subject invention.*

1       (b) *The Federal agency shall maintain a record, which*  
2 *shall be made public and periodically updated, of determina-*  
3 *tions made under subsection (a).*

4       (c) *In making determinations under subsection (a), the*  
5 *agency shall consider at least the following objectives:*

6           (A) *Encouraging the wide availability to the*  
7 *public of the benefits of Government-sponsored research*  
8 *and development in the shortest practicable time.*

9           (B) *Promoting the commercial utilization of in-*  
10 *ventions made under Government funding agreements.*

11           (C) *Encouraging participation by highly qualified*  
12 *private persons in Government-sponsored research and*  
13 *development programs.*

14           (D) *Fostering competition and preventing the cre-*  
15 *ation or maintenance of situations inconsistent with*  
16 *the antitrust laws.*

17       (d) *When an agency waives all or part of its rights in*  
18 *an invention under subsection (a)(2), the contractor shall be*  
19 *permitted to take title subject to this section and sections*  
20 *301(c), 303, and 304 of this Act.*

21 **MARCH-IN RIGHTS AND NOTIFICATION OF AVAILABILITY**

22 **FOR LICENSING**

23       **SEC. 303.** (a) *Where a contractor or inventor has elect-*  
24 *ed to retain title to a subject invention under section 301 or*  
25 *302, the Federal agency shall have the right, in accordance*  
26 *with regulations which shall be promulgated under section*

1 202(6), and subject to the provisions of subsection (b), to re-  
2 quire the contractor or his assignee or the inventor or his  
3 assignee to grant a nonexclusive, partially exclusive, or ex-  
4 clusive license to a responsible applicant or applicants, upon  
5 terms reasonable under the circumstances, if the head of the  
6 agency (or his designee) determines that such action is neces-  
7 sary—

8 (1) because the contractor, inventor, assignee, or  
9 licensee has not taken, or is not expected to take within  
10 a reasonable time, effective steps to achieve the practi-  
11 cal application of the subject invention;

12 (2) to alleviate serious health or safety needs  
13 which are not reasonably satisfied by the contractor,  
14 inventor, assignee or licensee; or

15 (3) to meet requirements for public use specified  
16 by Federal regulation which are not reasonably satis-  
17 fied by the contractor, inventor, assignee or licensee.

18 (b)(1) A determination made pursuant to this section or  
19 section 301(a)(4) shall not be subject to the Contract Dis-  
20 putes Act (41 U.S.C. 601 et seq.).

21 (2) An administrative appeals procedure shall be estab-  
22 lished by regulations promulgated under section 202(6).

23 (3) Any contractor, inventor, assignee, or exclusive li-  
24 censee adversely affected by a determination under this sec-



1 tion may, at any time within sixty days after the determina-  
2 tion is issued—

3 (A) file an appeal under the appeals procedure es-  
4 tablished pursuant to paragraph (2), or

5 (B) file a petition in the United States Claims  
6 Court which shall have jurisdiction to determine the  
7 matter de novo and to affirm, reverse, or modify as ap-  
8 propriate, the determination of the Federal agency.

9 (4) In cases described in paragraphs (1) and (3) of sub-  
10 section (a), the agency's determination shall be held in abey-  
11 ance pending the exhaustion of any appeal described in para-  
12 graph (3).

13 (c)(1) Minimum standards for the commercialization of  
14 inventions by contractors and inventors shall be established  
15 by regulations promulgated under section 202(6).

16 (2) If the head of an agency (or his designee) deter-  
17 mines, on the basis of information contained in the report  
18 required to be filed with the agency by a contractor or inven-  
19 tor under section 301(c)(4), that such contractor or inventor  
20 has failed to meet the minimum standards prescribed pursu-  
21 ant to paragraph (1) and the invention has potential commer-  
22 cial value, such agency head (or designee) shall refer interest-  
23 ed parties to the patent holder of such invention through the  
24 licensing program of such agency or the National Technology  
25 Information Service.

1 *BACKGROUND RIGHTS*

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

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

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

1 *the contract and that such action is necessary to achieve the*  
2 *practical application of the subject invention or work object.*  
3 *Any such determination shall be on the record after an oppor-*  
4 *tunity for an agency hearing in which the contractor has the*  
5 *right to participate and the contractor shall be given prompt*  
6 *notification of the determination by certified or registered*  
7 *mail.*

#### 8 *TITLE IV—MISCELLANEOUS*

##### 9 *DEFINITIONS*

10 *SEC. 401. As used in this Act (other than in section*  
11 *402)—*

12 *(1) the term "person" means any person as de-*  
13 *finied in section 1 of title 1, United States Code;*

14 *(2) the term "Government" means the Govern-*  
15 *ment of the United States of America;*

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

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

1           (5) the term "nonprofit organization" means a  
2           university or other institution of higher education or  
3           an organization of the type described in section  
4           501(c)(3) of the Internal Revenue Code of 1954 and  
5           exempt from taxation under section 501(a) of such  
6           Code, or any nonprofit, scientific, or educational orga-  
7           nization qualified under a State nonprofit organization  
8           statute;

9           (6) the term "contract" means any contract,  
10          grant, or cooperative agreement entered into between a  
11          Federal agency (other than the Tennessee Valley Au-  
12          thority) and any person other than a small business  
13          firm or nonprofit organization where a purpose of the  
14          contract is the conduct of experimental, developmental,  
15          or research work; and such term includes any assign-  
16          ment, substitution of parties, or subcontract of any tier  
17          entered into or executed for the conduct of experimen-  
18          tal, developmental, or research work in connection with  
19          the performance of that contract; but does not mean  
20          any agreement or arrangement entered into between a  
21          private entity and the operator of a Government-owned  
22          contractor-operated facility;

23          (7) the term "contractor" means any person or  
24          entity (other than a Federal agency, nonprofit organi-

1 zation, or small business firm) which is a party to a  
2 contract;

3 (8) the term "Secretary" means the Secretary of  
4 Commerce;

5 (9) the term "Director" means the Director of the  
6 Office of Science and Technology Policy, or his desig-  
7 nee;

8 (10) the term "invention" means any invention or  
9 discovery which is or may be patentable or otherwise  
10 protectable under title 35, United States Code, or any  
11 novel variety of plant which is or may be protectable  
12 under the Plant Variety Protection Act (7 U.S.C.  
13 2321 et seq.);

14 (11) the term "subject invention" means any in-  
15 vention of a contractor conceived or first actually re-  
16 duced to practice in the performance of work under a  
17 contract, except that in the case of a sexually propagat-  
18 ed variety of plant the date of determination (as de-  
19 fined in section 41(d) of the Plant Variety Protection  
20 Act (7 U.S.C. 2401(d))) must also occur during the  
21 period of contract performance;

22 (12) the term "practical application" with respect  
23 to any invention means the manufacture (in the case of  
24 a composition or product), practice (in the case of a  
25 process or method), or operation (in the case of a ma-

1 of machine or system) of such invention under such condi-  
 2 tions as to establish that the invention is being utilized  
 3 and that its benefits are, to the extent permitted by law  
 4 or Government regulations, available to the public on  
 5 reasonable terms or through reasonable licensing ar-  
 6 rangements;

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

11 (14) the term "background patent" means a do-  
 12 mestic patent covering an invention or a discovery (A)  
 13 which is not a subject invention, (B) which is owned  
 14 or controlled by the contractor at any time through  
 15 completion of the contract, and (C) which the contrac-  
 16 tor but not the Government has the right to license to  
 17 others without obligation to pay royalties thereon;

18 (15) the term "United States" includes the terri-  
 19 tories, possessions, and the District of Columbia;

20 (16) the term "inventor" with regard to a subject  
 21 invention means a person who is or will be listed as an  
 22 inventor on the patent for said invention when filed in  
 23 the United States Patent and Trademark Office; and

(1) (17) the term "Government-owned, contractor-operated facility" includes all federally funded research and development centers.

(4) AMENDMENTS TO OTHER ACTS

(5) SEC. 402. The following Acts are hereby amended as follows:

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

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

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

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

(5) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182; 68 Stat. 943) is repealed; except that such section shall continue to be effective with respect to (A) any application for a patent in which the statement under oath referred to in such section has been filed or requested to be filed by the Commissioner of Patents and Trademarks prior to the ef-

1     *fective date of this Act, and (B) any right retained by*  
2     *the Government under sections 301(a)(4) and (5) of*  
3     *this Act.*

4             *(6) The National Aeronautics and Space Act of*  
5     *1958 (42 U.S.C. 2451 et seq.; 72 Stat. 426) is*  
6     *amended—*

7             *(A) by striking out section 305 (42 U.S.C.*  
8     *2457); except that subsections (c), (d), and (e) of*  
9     *such section shall continue to be effective with re-*  
10    *spect to any application for patents in which the*  
11    *written statement referred to in subsection (c) of*  
12    *such section has been filed or requested to be filed*  
13    *by the Commissioner of Patents and Trademarks*  
14    *prior to the effective date of this Act;*

15            *(B) by striking out “(as defined by section*  
16    *305)” in section 306(a) (42 U.S.C. 2458(a)) and*  
17    *by striking out “the Inventions and Contributions*  
18    *Board, established under section 305 of this Act”*  
19    *in such section and inserting in lieu thereof “an*  
20    *Invention and Contributions Board which shall*  
21    *be established by the Administrator within the*  
22    *Administration”;*

23            *(C) by adding at the end of section 203(c)*  
24    *(42 U.S.C. 2473(c)) the following new para-*  
25    *graph:*



1           “(14) to provide effective contractual provisions  
2           for the prompt and effective reporting of the results of  
3           the activities of the Administration, including full and  
4           complete technical reporting of any invention, discov-  
5           ery, improvement, or innovation which may be made  
6           in the performance of any work under any contract of  
7           the Administration, whether or not patentable under  
8           title 35, United States Code.”;

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

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

14           (E) by adding at the end of title III the fol-  
15           lowing new section:

16           “USE OF PATENTED INVENTIONS

17           “SEC. 311. (a) Any object intended for launch,  
18           launched, or assembled in outer space shall be considered a  
19           vehicle for purpose of section 272 of title 35, United States  
20           Code (35 U.S.C. 272).

21           “(b) The use or manufacture of any patented invention  
22           incorporated in a space vehicle launched by the United  
23           States Government for a person other than the United States  
24           shall not be considered to be a use or manufacture by or for  
25           the United States within the meaning of section 1498(a) of  
26           title 28, United States Code (28 U.S.C. 1498(a)), unless the

1 *Administration gives an express authorization or consent for*  
 2 *such use or manufacture.”*

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

6 (8) *Section 4 of the Helium Act (50 U.S.C.*  
 7 *167b; 74 Stat. 920) is amended by striking out all*  
 8 *after “utilization” and inserting in lieu thereof a*  
 9 *period.*

10 (9) *Section 32 of the Arms Control and Disarma-*  
 11 *ment Act (22 U.S.C. 2572; 75 Stat. 634) is repealed.*

12 (10) *Section 302(e) of the Appalachian Regional*  
 13 *Development Act of 1965 (40 U.S.C. App. 302(e); 79*  
 14 *Stat. 5) is repealed.*

15 (11)(A) *Section 9 of the Federal Nonnuclear*  
 16 *Energy Research and Development Act of 1974 (42*  
 17 *U.S.C. 5908; 88 Stat. 1887) is amended to read as*  
 18 *follows:*

19 *“SEC. 9. The Administration shall be considered a de-*  
 20 *fense agency of the United States for purposes of chapter 17*  
 21 *of title 35, United States Code.”*

22 (B) *The heading for such section 9 is amended to*  
 23 *read as follows:*

1     "ADMINISTRATION TREATED AS DEFENSE AGENCY FOR  
2             PURPOSES OF SECRECY OF INVENTIONS".

3             (12) Section 5(d) of the Consumer Product  
4     Safety Act (15 U.S.C. 2054(d); 88 Stat. 1211) is re-  
5     pealed.

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

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

11            (B) Section 8004(c)(2) of such Act is amended by  
12    striking out "notwithstanding section 6981(c)(3) of this  
13    title".

14            (15) Chapter 18 of title 35, United States Code,  
15    is amended—

16            (A) by inserting ", but does not mean any  
17    agreement or arrangement entered into between a  
18    private entity person and the operator of a Gov-  
19    ernment-owned, contractor-operated facility" im-  
20    mediately before the period at the end of section  
21    201(b);

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

1           (C) by inserting “, except that in the case of  
2           a sexually propagated variety of plant, the date of  
3           determination (as defined in section 41(d) of the  
4           Plant Variety Protection Act (7 U.S.C. 2401(d)))  
5           must also occur during the period of contract per-  
6           formance” immediately after “agreement” in sec-  
7           tion 201(e);

8           (D) in section 202(a)—

9           (i) by amending clause (i) to read as  
10           follows: “(i) when the contractor is not locat-  
11           ed in the United States or does not have a  
12           place of business located in the United  
13           States or is subject to the control of a foreign  
14           government”; and

15           (ii) by striking “or (iii)” and inserting  
16           in lieu thereof the following: “, (iii) when the  
17           funding agreement is related to or associated  
18           with an international treaty, agreement,  
19           memorandum of understanding, or other ar-  
20           rangement with a foreign government includ-  
21           ing (but not limited to) agreements of coop-  
22           eration in science and technology or military  
23           agreements relating to weapons development  
24           or production, and it is determined by the  
25           agency that rights in the Government greater

1           *than a nonexclusive license are necessary for*  
2           *the agency to fulfill its obligations under the*  
3           *international treaty, agreement, memoran-*  
4           *dum of understanding, or other arrangement,*  
5           *(iv) when the funding agreement includes the*  
6           *operation of a Government-owned, contrac-*  
7           *tor-operated facility of the Department of*  
8           *Energy primarily dedicated to that Depart-*  
9           *ment's naval nuclear propulsion or nuclear*  
10          *weapons related programs and all funding*  
11          *agreement limitations under this subpara-*  
12          *graph on the contractor's right to elect title to*  
13          *a subject invention are limited to inventions*  
14          *occurring under the above two programs, or*  
15          *(v)";*

16          *(E) by adding at the end of section 202(b)*  
17          *the following new paragraphs:*

18          *"(4) If the contractor believes that a determination is*  
19          *contrary to the policies and objectives of this chapter or con-*  
20          *stitutes an abuse of discretion by the agency, the determina-*  
21          *tion shall be subject to section 203(d).*

22          *"(5) Whenever the Director of the Office of Manage-*  
23          *ment and Budget has determined that one or more Federal*  
24          *agencies are utilizing the authority of section 202(a)(ii) in a*  
25          *manner that is contrary to the policies and objectives of this*

1 chapter, he may promulgate regulations under section 206  
2 which establish policies, procedures, and guidelines describ-  
3 ing classes of situations in which agencies may not exercise  
4 the authorities of that section.”;

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

7 “(1) A requirement that the contractor disclose  
8 each subject invention to the contracting Federal  
9 agency within a reasonable time after it becomes  
10 known to contractor personnel responsible for the ad-  
11 ministration of patent matters and that the Federal  
12 Government may receive title to any subject invention  
13 not disclosed to it within such time.

14 “(2) A requirement that the contractor make a  
15 written election within 2 years after disclosure to the  
16 Federal agency (or such additional time as may be ap-  
17 proved by the Federal agency) whether the contractor  
18 will retain title to a subject invention, except that (A)  
19 in any case where publication, on sale, or public use  
20 has initiated the one year statutory period in which  
21 valid patent protection can still be obtained in the  
22 United States, the period for election may be shortened  
23 by the Federal agency to a date that is not more than  
24 60 days prior to the end of the statutory period, and  
25 (B) the Federal Government may receive title to any

1 *subject invention in which the contractor does not elect*  
2 *to retain rights or fails to elect rights within such time.*

3 *“(3) A requirement that a contractor electing*  
4 *rights in a subject invention agrees to file a patent ap-*  
5 *plication prior to any statutory bar date that may*  
6 *occur under this title due to publication, on sale, or*  
7 *public use, and shall thereafter file corresponding*  
8 *patent applications in other countries in which it*  
9 *wishes to retain title within reasonable times, and that*  
10 *the Federal Government may receive title to any sub-*  
11 *ject inventions in the United States or other countries*  
12 *in which the contractor has not filed patent applica-*  
13 *tions on the subject invention within such times.”;*

14 *(ii) by amending paragraph (4) of section*  
15 *202(c) by inserting “(A)” after “(4)”, and by*  
16 *adding at the end thereof the following new sub-*  
17 *paragraph:*

18 *“(B) the right to require the contractor, inventor,*  
19 *or assignee to license another person to practice a sub-*  
20 *ject invention on reasonable terms if—*

21 *“(i) such licensing is necessary to permit*  
22 *lawful commercial manufacture, use or sale by a*  
23 *third party of a specified end item of a major,*  
24 *multiyear research and development project of the*  
25 *Department of Energy or the National Aeronau-*

1            *tics and Space Administration and such subject*  
2            *invention was made during research and develop-*  
3            *ment activities directly funded under that project;*

4            *“(ii) a similar product or process is not com-*  
5            *mercially available as a reasonable substitute for*  
6            *the licensing; and*

7            *“(iii) such right is specified in the con-*  
8            *tract.”;*

9            *(G) by striking out “may” in section*  
10           *202(c)(5) and inserting in lieu thereof “as well as*  
11           *any information on utilization or efforts at obtain-*  
12           *ing utilization obtained as part of a proceeding*  
13           *under section 203 of this chapter shall”;*

14           *(H) by amending paragraph (7) of section*  
15           *202(c) to read as follows:*

16           *“(7) In the case of a nonprofit organization—*

17           *“(A) a requirement that the contractor share*  
18           *royalties with the inventor, and*

19           *“(B) a requirement that the balance of any*  
20           *royalties or income earned by the contractor with*  
21           *respect to subject inventions, after payments of ex-*  
22           *penses (including payments to inventors) inciden-*  
23           *tal to the administration of subject inventions, be*  
24           *utilized for the support of scientific research or*  
25           *education.”;*



1 (I) by adding the following new paragraph at  
2 the end of section 202(c):

3 “(9) The balance of any royalties or income  
4 earned on subject inventions by the contractor operat-  
5 ing a Government-owned, contractor-operated facility  
6 up to a total equal to 5 percent of that facility’s annual  
7 budget (if the invention was conceived or first actually  
8 reduced to practice in the facility and if the contractor  
9 elects to retain the funds) shall, after payment of  
10 patenting costs, licensing costs, and other expenses  
11 (including payments to inventors), be used by such  
12 contractor for scientific research and development  
13 consistent with the mission and objectives of such facil-  
14 ity, including activities that increase the licensing po-  
15 tential of other inventions of the facility, with any such  
16 royalties or income in excess of 5 percent of the facili-  
17 ty’s budget returned to the Treasury; and to the extent  
18 practical, the licensing of the inventions involved shall  
19 be administered by contractor employees on location at  
20 the facility.”

21 (J) by adding the following new subsection  
22 at the end of section 202:

23 “(g)(1) A Federal agency may at any time waive all or  
24 any part of the rights of the United States, under sections  
25 202, 203, and 204 of this chapter, to any subject inventions

1 made under a funding agreement or class of funding agree-  
 2 ments if the agency determines that the interests of the  
 3 United States and the general public will be best served  
 4 thereby including, but not limited to, instances where—

5 (A) the funding agreement involves cosponsored,  
 6 cost shared, or joint venture research or development  
 7 and the contractor or other sponsor or joint venturer is  
 8 required to make or has made a substantial contribu-  
 9 tion of funds, facilities, personnel, data, or equipment

10 to the work performed under the funding agreement, or  
 11 (B) the conditions justifying acquisition of title  
 12 by the Government under section 202(a) no longer  
 13 exist or do not apply in the case of the subject  
 14 invention.

15 The agency shall maintain a record, which shall be made  
 16 public and periodically updated, of determinations made  
 17 under this paragraph.

18 (2) In making determinations under paragraph (1)(A)  
 19 of this subsection, the agency shall consider at least the fol-  
 20 lowing objectives:

21 (A) Encouraging the wide availability to the  
 22 public of the benefits of Government-sponsored research  
 23 and development in the shortest practicable time.

24 (B) Promoting the commercial utilization of in-  
 25 ventions made under Government funding agreements.

1           “(C) Encouraging participation by highly quali-  
2           fied private persons in Government-sponsored research  
3           and development programs.”

4           “(D) Fostering competition and preventing the  
5           creation or maintenance of situations inconsistent with  
6           the antitrust laws.”;

7           (K) by adding at the end of section 203 the  
8           following new sentences:

9           “A determination pursuant to this section or section  
10          202(b)(1) shall not be subject to the Contract Disputes Act  
11          (41 U.S.C. 601 et seq.). An administrative appeals proce-  
12          dure shall be established by regulations promulgated by the  
13          Director of the Office of Management and Budget in accord-  
14          ance with section 206. Any contractor, inventor, assignee, or  
15          exclusive licensee adversely affected by a determination  
16          under this section may, at any time within sixty days after  
17          the determination is issued, file an appeal under the appeals  
18          procedure established pursuant to the preceding sentence or  
19          file a petition in the United States Claims Court, which  
20          shall have jurisdiction to determine the matter de novo and to  
21          affirm, reverse, or modify as appropriate, the determination  
22          of the Federal agency. In cases described in paragraphs (a)  
23          and (c), the agency's determination shall be held in abeyance  
24          pending the exhaustion of appeals under the preceding  
25          sentence.”;

1 (L) by adding at the end of the chapter the  
2 following new sections:

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

4 "Subject to regulations promulgated under section 206,  
5 upon a determination that to do so is in the best interests of  
6 the Government, an agency may assign title or other rights to  
7 an invention to a person where such title or rights are held by  
8 the Government under such terms and conditions as will en-  
9 courage the domestic commercial use of such technology.

10 **"§ 213. Disposition of rights in educational awards**

11 "No scholarship, fellowship, training grant, or other  
12 funding agreement made by a Federal agency primarily to  
13 an awardee for educational purposes will contain any provi-  
14 sion giving the Federal agency any rights to inventions made  
15 by the awardee.";

16 (M) by adding at the end of the table of sec-  
17 tions for the chapter the following new items:

"212. Assignment of title or rights.

"213. Disposition of rights in educational awards."; and

18 (N) by amending section 206 to read as  
19 follows:

20 **"§ 206. Uniform clauses and regulations**

21 "The Secretary of Commerce may initiate the regula-  
22 tions and revisions thereto and standard funding agreement  
23 provisions, required to implement sections 202 through 204,  
24 to be promulgated by the Director of the Office of Manage-

1 *ment and Budget after full consideration of agency and*  
2 *public comment.”*

3 (16) *Section 6(e) of the Stevenson-Wydler Tech-*  
4 *nology Innovation Act of 1980 (15 U.S.C. 3705(e);*  
5 *94 Stat. 2313) is repealed.*

6 (17) *Section 10(a) of the Act of June 29, 1935*  
7 *(7 U.S.C. 427i(a)) is amended by striking out the last*  
8 *sentence.*

9 (18) *Section 427(b) of the Federal Mine Safety*  
10 *and Health Act of 1977 (30 U.S.C. 937(b)) is*  
11 *amended by striking out the last sentence.*

12 (19) *Section 306(d) of the Surface Mining Con-*  
13 *trol and Reclamation Act of 1977 (30 U.S.C.*  
14 *1226(d)) is amended by striking out the first two*  
15 *sentences.*

16 (20) *Section 21(d) of the Federal Fire Prevention*  
17 *and Control Act of 1974 (15 U.S.C. 2218(d)) is*  
18 *repealed.*

19 (21) *Section 6(b) of the Solar Photovoltaic*  
20 *Energy Research, Development, and Demonstration*  
21 *Act of 1978 (42 U.S.C. 5585(b)) is amended by in-*  
22 *serting “as amended” after “this title”.*

23 (22) *Section 12 of the Critical Agricultural Mate-*  
24 *rials Act (7 U.S.C. 178j) is repealed.*

1 *RELATIONSHIP TO ANTITRUST LAWS*

2 *SEC. 403. Nothing in this Act shall be deemed to*  
3 *convey to any person immunity from civil or criminal liabil-*  
4 *ity, or to create any defense to actions, under any antitrust*  
5 *law.*

6 *EFFECTIVE DATE*

7 *SEC. 404. (a) This Act shall take effect six months after*  
8 *the date of the enactment of this Act.*

9 *(b) After the effective date of this Act, each Federal*  
10 *agency may allow a contractor or an inventor to retain title to*  
11 *any subject inventions made under contracts awarded prior*  
12 *to the effective date of this Act, subject to the same terms and*  
13 *conditions as those which would apply under this Act had the*  
14 *contract been entered into after the effective date of this Act.*





