



HOUSE OF REPRESENTATIVES  
96TH CONGRESS  
1ST SESSION

# H. R. 5715

TO ESTABLISH A UNIFORM FEDERAL SYSTEM FOR MANAGEMENT, PROTECTION, AND UTILIZATION OF THE RESULTS OF FEDERALLY SPONSORED SCIENTIFIC AND TECHNOLOGICAL RESEARCH AND DEVELOPMENT; AND TO FURTHER THE PUBLIC INTEREST OF THE UNITED STATES DOMESTICALLY AND ABROAD; AND FOR OTHER RELATED PURPOSES.

To establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad; and for other related purposes.

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 26, 1979

Mr. ERTEL introduced the following bill; which was referred jointly to the Committees on the Judiciary and Science and Technology

# A BILL

To establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad; and for other related purposes.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Uniform Federal Re-
- 4 search and Development Utilization Act of 1979".

### TITLE I—POLICY

- Sec. 101. Findings.
- Sec. 102. Declaration of purpose.

**TITLE II—FUNCTIONS OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY AND THE FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY**

Sec. 201. Federal Coordinating Council for Science, Engineering, and Technology.

**TITLE III—ALLOCATION OF PROPERTY RIGHTS IN INVENTIONS RESULTING FROM FEDERALLY SPONSORED RESEARCH AND DEVELOPMENT**

**CHAPTER 1.—INVENTIONS OF CONTRACTORS**

- Sec. 311. Criteria for the allocation of property rights in subject inventions.
- Sec. 312. Reporting requirements and declaration of intent.
- Sec. 313. Ownership and rights of the Government.
- Sec. 314. Contractor's rights.
- Sec. 315. Waiver.
- Sec. 316. Related provisions.
- Sec. 317. Judicial review.
- Sec. 318. Contractor's payments to the Government.

**CHAPTER 2.—INVENTIONS OF FEDERAL EMPLOYEES**

- Sec. 321. Reporting of inventions.
- Sec. 322. Criteria for the allocation of rights to inventions.
- Sec. 323. Application of criteria.
- Sec. 324. Review of Federal agency determinations.
- Sec. 325. Reassignment of rights.
- Sec. 326. Incentive awards program.
- Sec. 327. Income sharing from patent licenses.
- Sec. 328. Conflict of interest.

**TITLE IV—DOMESTIC AND FOREIGN PROTECTION AND LICENSING OF FEDERALLY OWNED INVENTIONS**

- Sec. 401. Authority of Federal agencies.
- Sec. 402. Authority of the Secretary of Commerce in cooperation with other Federal agencies.
- Sec. 403. Authority of Administrator of General Services.
- Sec. 404. Grants of an exclusive or partially exclusive license.

**TITLE V—MISCELLANEOUS**

**CHAPTER 1.—DEFINITIONS; RELATIONSHIP TO OTHER LAWS**

- Sec. 511. Definitions.
- Sec. 512. Relationship to other laws.

**CHAPTER 2.—AMENDMENT TO OTHER ACTS**

- Sec. 521. Identified Acts amended.

## CHAPTER 3.—EFFECTIVE DATE PROVISION

Sec. 531. Effective date of Act.

## 1 TITLE I—POLICY (1)

## 2 FINDINGS

3 SEC. 101. The Congress, recognizing the profound  
4 impact of science and technology on society and the interrela-  
5 tions of scientific, technological, economic, social, political,  
6 and institutional factors, hereby finds that—

7 (1) inventions in scientific and technological fields  
8 resulting from work performed under Federal research  
9 and development programs constitute a valuable na-  
10 tional resource;

11 (2) Federal policy on the allocations of rights to  
12 inventions resulting from federally sponsored research  
13 and development should stimulate inventors, meet the  
14 needs of the Federal Government, recognize the equi-  
15 ties of the Federal employee-inventor and the Federal  
16 Government contractor, and serve the public interest;  
17 and

18 (3) the public interest would be better served if  
19 greater efforts were made to obtain patent protection  
20 and to promote the commercial use of new technology  
21 resulting from federally sponsored research and devel-  
22 opment, both in the United States and foreign coun-  
23 tries, as appropriate.

1                   **DECLARATION OF PURPOSE**

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

3           (1) establish a uniform Federal system for the  
4           management and use of the results of federally spon-  
5           sored scientific and technological research and develop-  
6           ment;

7           (2) provide for uniform implementation of the pro-  
8           visions of this Act, and to make a continuing effort to  
9           monitor such implementation;

10          (3) allocate rights to inventions by contractors  
11          which result from federally sponsored research and de-  
12          velopment so as to—

13           (A) encourage the participation of the most  
14           qualified and competent contractors,

15           (B) foster competition,

16           (C) reduce the administrative burdens, both  
17           for the Federal agencies and its contractors, and

18           (D) protect the public investment in research  
19           and development by promoting the widespread  
20           utilization of inventions;

21          (4) allocate rights to Federal employee inventions  
22          in an equitable manner;

23          (5) provide for a domestic and foreign protection  
24          and licensing program to obtain commercial utilization  
25          of federally owned inventions, with the objective of

1 strengthening the Nation's economy and expanding its  
 2 domestic and foreign markets; and  
 3 (6) amend or repeal other Acts and Executive  
 4 orders regarding the allocation of rights to inventions  
 5 which result from federally sponsored research and de-  
 6 velopment and the licensing of federally owned patents.

7 TITLE II—FUNCTIONS OF THE OFFICE OF SCI-  
 8 ENCE AND TECHNOLOGY POLICY AND THE  
 9 FEDERAL COORDINATING COUNCIL FOR SCI-  
 10 ENCE, ENGINEERING, AND TECHNOLOGY  
 11 FEDERAL COORDINATING COUNCIL FOR SCIENCE,  
 12 ENGINEERING, AND TECHNOLOGY

13 SEC. 201. (a) The Federal Coordinating Council for Sci-  
 14 ence, Engineering, and Technology (established by section  
 15 401 of the National Science and Technology Policy, Organi-  
 16 zation, and Priorities Act of 1976 (42 U.S.C. 6651)) (herein-  
 17 after in this Act referred to as the "Council") shall make  
 18 recommendations to the Director of the Office of Science and  
 19 Technology Policy (hereinafter in this title referred to as the  
 20 "Director"), with regard to—

21 (1) uniform and effective planning and administra-  
 22 tion of Federal programs pertaining to inventions, pat-  
 23 ents, trademarks, copyrights, rights in technical data,  
 24 and matters connected therewith;

1 (2) uniform policies, regulations, guidelines, and  
 2 practices to carry out the provisions of this Act and  
 3 other Federal Government objectives in the field of in-  
 4 tellectual property; and  
 5 (3) uniformity and effectiveness of interpretation  
 6 and implementation by individual Federal agencies of  
 7 the provisions of this Act and other related Federal  
 8 Government policies, regulations, and practices.

9 (b) Recommendations regarding matters set forth in sub-  
 10 section (a) which are made by the Council and adopted by the  
 11 Director shall be transmitted to Federal agencies through ap-  
 12 propriate channels.

13 (c) In order to carry out the responsibilities set forth in  
 14 subsections (a) and (b), the Council is authorized to—

15 (1) acquire data and reports from Federal agencies  
 16 on the interpretation and implementation of this Act  
 17 and related policies, regulations, and practices;

18 (2) review on its own initiative, or upon request  
 19 by a Federal agency, Federal agency implementation  
 20 of the provisions of this Act;

21 (3) analyze on a continuing basis data acquired by  
 22 the Council;

23 (4) consider problems and developments in the  
 24 fields of inventions, patents, trademarks, copyrights,  
 25 rights in technical data, and matters connected there-

1 with and the impact thereof on Federal Government  
 2 policy or uniform accommodation or implementation by  
 3 Federal agencies; and  
 4 (5) publish annually a report on Council efforts,  
 5 findings, and recommendations made under this  
 6 section.

7 **TITLE III—ALLOCATION OF PROPERTY RIGHTS**  
 8 **IN INVENTIONS RESULTING FROM FEDERAL-**  
 9 **LY SPONSORED RESEARCH AND DEVELOP-**  
 10 **MENT**

11 **CHAPTER 1.—INVENTIONS OF CONTRACTORS**  
 12 **CRITERIA FOR THE ALLOCATION OF PROPERTY RIGHTS IN**  
 13 **SUBJECT INVENTIONS**

14 **SEC. 311.** The allocation of property rights in subject  
 15 inventions shall be determined by uniform regulations, issued  
 16 by the Administrator of General Services and the Secretary  
 17 of Defense, employing a single patent rights clause in all in-  
 18 stances except as may be provided in such regulations, sub-  
 19 ject to the minimum rights acquired under section 313(b)(2),  
 20 or as provided in section 316(d). Such a patent rights clause  
 21 shall include the provisions required by sections 312, 313,  
 22 314, and subsections (a), (b), and (c) of section 316.

1 REPORTING REQUIREMENTS AND DECLARATION OF  
2 INTENT

3 SEC. 312. The contractor shall promptly provide the  
4 sponsoring Federal agency with (1) a disclosure of each sub-  
5 ject invention which is or may be patentable under the laws  
6 of the United States; (2) an election whether the contractor  
7 intends to file a patent application on the subject invention;  
8 and (3) if the contractor elects to file, a declaration of the  
9 contractor's intent to commercialize or otherwise achieve the  
10 widespread utilization of the invention by the public. The  
11 Federal Government shall withhold publication or release to  
12 the public of information disclosing such invention for a rea-  
13 sonable time in order for a patent application to be filed.

14 OWNERSHIP AND RIGHTS OF THE GOVERNMENT

15 SEC. 313. Each Federal agency shall acquire on behalf  
16 of the Federal Government, at the time of entering into a  
17 contract, title to any invention made under the contract of a  
18 Federal agency if the agency determines—

19 (1) the services of the contractor are for the oper-  
20 ation of a Government-owned research or production  
21 facility;

22 (2) acquisition of title is necessary because of the  
23 national security nature of the work being performed  
24 under the contract;

*Research & Development  
(Contract) 2/10*



1 (3) because of the exceptional circumstances, ac-  
2 quisition of title by the Government is necessary to  
3 assure the adequate protection of the public health,  
4 safety, or welfare;

5 (4) the principal purpose of the contract is to de-  
6 velop or improve products, processes, or methods  
7 which will be required for use by Government regula-  
8 tions; and

9 (5) in any exceptional contracting situation, that  
10 the ownership of title to inventions developed under  
11 such a contract is necessary to the accomplishment of  
12 the agency's mission, where such determination is  
13 made by the head of the Federal agency.

14 *Provided, however,* That the Federal agency may subse-  
15 quently waive all or any part of the rights of the Federal  
16 Government, under this section to such invention in conform-  
17 ity with the provisions of section 315.

*For device covered by 315  
agreed 7/1/48 under no  
or more of 315. 1-5  
of other inventions  
under 315*

18 (b) In other situations not covered by section 313(a),  
19 each Federal agency shall acquire on behalf of the Federal  
20 Government, at the time of contracting—

21 (1) an agreement that, if the contractor elects not  
22 to file a patent application on a subject invention in  
23 any country, title to such an invention shall be as-  
24 signed to the Federal Government, subject to the

1 rights retained by the contractor under section 314;

2 and

3 (2) an agreement that, if the contractor elects to  
4 file a patent application in accordance with section  
5 314—

6 (A) the Federal agency shall have a non-  
7 exclusive, nontransferable, irrevocable, paid-up  
8 license to practice or have practiced for the  
9 Federal Government any subject invention  
10 throughout the world by or on behalf of the Fed-  
11 eral Government (including any Federal agency),  
12 and may, if provided in such agreement, have ad-  
13 ditional rights to sublicense any State or domestic  
14 local government or to sublicense any foreign  
15 government pursuant to foreign policy consider-  
16 ations, or any existing or future treaty or agree-  
17 ment, when the Federal agency determines it  
18 would be in the national interest to acquire such  
19 additional rights;

20 (B) the Federal agency shall have the right  
21 to require periodic written reports at reasonable  
22 intervals and, when specifically requested by such  
23 agency, reports on the commercial use or other  
24 form of utilization by the public that is being

*arbitrary  
decision  
possible!*

1 made or is intended to be made of any subject in-  
2 vention;

3 (C) the Federal agency shall have the right  
4 to require the contractor to grant a nonexclusive,  
5 partially exclusive, or exclusive license to a re-  
6 sponsible applicant or applicants, upon terms rea-  
7 sonable under the circumstances, or, if the con-  
8 tractor refuses, to grant such a license itself if the  
9 agency determines, in accordance with subsection

10 (c), that such action is necessary—

11 (i) to alleviate a serious threat to the  
12 public health, safety, or welfare needs which  
13 are not reasonably satisfied by the contractor  
14 or its licensees or otherwise required for the  
15 protection of national security;

16 (ii) to meet requirements for public use  
17 specified by Federal regulation which are not  
18 reasonably satisfied by the contractor or its  
19 licensees; or

20 (iii) because the actions of the contrac-  
21 tor beyond the exercise of the exclusive  
22 rights in the invention have tended substan-  
23 tially to lessen competition or to result in  
24 undue market concentration in any section of  
25 the United States in any line of commerce to

1           which the technology relates, or to create  
2           and maintain other situations inconsistent  
3           with the antitrust laws; or

4           (iv) because the contractor has not  
5           taken, or is not expected to take within a  
6           reasonable time, effective steps to achieve  
7           practical application of the subject invention;  
8           and

9           (D) the Federal agency shall have the right,  
10           commencing ten years from the date the subject  
11           invention was made or seven years after first  
12           public use or on sale in the United States, which-  
13           ever occurs first (excepting that time before Fed-  
14           eral regulatory agencies necessary to obtain pre-  
15           market clearance), to require the contractor to  
16           grant a nonexclusive, partially exclusive, or exclu-  
17           sive license to a responsible applicant or appli-  
18           cants, upon terms reasonable under the circum-  
19           stances, or, if the contractor refuses, to grant  
20           such a license itself if such agency determines, in  
21           accordance with subsection (b) (in view of the fac-  
22           tors set forth in section 316(b)) that such licensing  
23           would best support the overall purposes of this  
24           Act, except that this subparagraph shall not apply  
25           to contractors who are universities, nonprofit in-

1 stitutions, or small business firms as defined by  
2 the Small Business Administration.

3 (c) The determinations required under subparagraphs  
4 (C) and (D) to be made in accordance with this subsection  
5 shall be made upon the basis of such information as may be  
6 presented by the contractor, any interested person, or any  
7 Federal agency. Such determination shall be made after  
8 public notice and opportunity for hearing if—

9 (1) in the case of subparagraph (C), such a hear-  
10 ing is requested by any interested person justifying  
11 such a hearing; and

12 (2) in the case of subparagraph (D), such a hear-  
13 ing is requested by a prospective licensee, who has at-  
14 tempted unsuccessfully to obtain such a license from  
15 the contractor, justifying such a hearing.

#### 16 CONTRACTOR'S RIGHTS

17 SEC. 314. When section 313(a) does not apply, the con-  
18 tractor shall retain a defeasible title only to those subject  
19 inventions (including the right to license or assign all or part  
20 of its interests therein) on which the contractor files a United  
21 States patent application and declares its intent to achieve  
22 practical application of the subject invention. Such title in the  
23 contractor shall permit the contractor to retain exclusive  
24 commercial rights to the invention subject to all rights grant-  
25 ed to the Federal Government in section 313(b)(2). The con-

1 tractor's employee inventor may also retain contractor's  
2 rights under this subsection with permission of the contractor  
3 at the discretion of the sponsoring Federal agency. The con-  
4 tractor shall also retain a nonexclusive, royalty-free license  
5 under all other reported subject inventions, which license  
6 shall be revocable only to the extent necessary for the Feder-  
7 al Government to grant an exclusive license, in accordance  
8 with the provisions of section 404, under any patent which  
9 may issue thereon.

10 **WAIVER**

11 **SEC. 315.** A Federal agency may at any time waive all  
12 or any part of the rights of the Federal Government under  
13 this title to any invention or class of inventions made or  
14 which may be made by any person or class of persons under  
15 the contract of the agency if the agency determines that the  
16 condition justifying acquisition of title by the Government  
17 under section 313 no longer exists or the interests of the  
18 Federal Government and the general public will be best  
19 served thereby. The agency shall maintain a record, which  
20 shall be made public and periodically updated, of determina-  
21 tions made under this section. In making such determina-  
22 tions, the agency shall consider the following objectives:

- 23 (1) encouraging the wide availability to the public  
24 of the benefits of the experimental, developmental, or  
25 research programs in the shortest practicable time;

1 (2) promoting the commercial utilization of such  
2 inventions;

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

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

9 RELATED PROVISIONS

10 SEC. 316. (a) Each sponsoring Federal agency, for good  
11 cause shown by the contractor, may extend the period of the  
12 contractor's exclusive commercial rights provided for in sec-  
13 tion 313(b)(2)(D) following public notice and an opportunity  
14 for filing written objections. The grant of such an extension  
15 shall be based upon a determination by the Federal agency,  
16 upon review of such material as it deems relevant, and after  
17 the contractor or any other interested person or Federal  
18 agency has had an opportunity to provide such relevant and  
19 material information as the Federal agency may require, that  
20 such extension would best support the overall purposes of  
21 this Act.

22 (b) In determining whether the right to require licensing  
23 or the right of the Federal agency to license set forth in  
24 section 313(b)(2)(D) should be exercised, the Federal agency

1 may consider, among others, the following type of factors, as  
2 appropriate:

3 (1) the relative contributions of the Federal Gov-  
4 ernment and the contractor or its assignees or licens-  
5 ees, if any, to the making and commercialization of the  
6 subject invention;

7 (2) the relative contributions of the Federal Gov-  
8 ernment and the contractor or its assignees or licens-  
9 ees, if any, to the field of technology to which the sub-  
10 ject invention relates;

11 (3) the degree to which utilization of the subject  
12 invention has satisfied the purposes of the program  
13 under which the subject invention was made;

14 (4) the type and scope of the subject invention  
15 and the magnitude of the problem it solves;

16 (5) the effect of such licensing on competition and  
17 widespread utilization of the subject invention;

18 (6) the effect of such licensing on incentives to  
19 commercialize this and other subject inventions;

20 (7) the extent to which the subject invention is  
21 concerned with the public health, safety or welfare;  
22 and

23 (8) the effect of such licensing in assisting small  
24 businesses and minority business enterprises and in im-



1       proving conditions within economically depressed, low-  
2       income, and labor surplus areas.

3       (c) When it is determined that the right to require li-  
4       censing or the right of the Federal agency to license should  
5       be exercised pursuant to subparagraph (C) or (D) of section  
6       313(b)(2), the Federal agency may specify terms and condi-  
7       tions, including royalties to be charged, if any, and the dura-  
8       tion and field of use of the license, if appropriate.

9       (d)(1) The head of a Federal agency may deviate on a  
10      case-by-case basis from the single patent rights clause nor-  
11      mally used pursuant to section 311, provided that such devi-  
12      ation shall be published in the Federal Register and transmit-  
13      ted to the Council for performance of its functions under sec-  
14      tion 201 of this Act.

15      (2) The regulations adopted pursuant to section 311  
16      may permit deviation to the minimum rights acquired under  
17      section 313(b)(2) on a class basis in—

18      (A) contracts involving cosponsored, cost sharing,  
19      or joint venture research when the contractor is re-  
20      quired to make a substantial contribution of funds,  
21      facilities, or equipment to the work performed under  
22      the contract; and

23      (B) special contracting situations such as Federal  
24      price or purchase supports and Federal loan or loan  
25      guarantees. ✓

1 (3) No deviation under this subsection shall waive, in  
2 whole or in part, the minimum rights to be secured for the  
3 Federal Government set forth in section 313(a)(2)(C)(iii).

4 JUDICIAL REVIEW

5 SEC. 317. Any person adversely affected by a Federal  
6 agency determination made under subparagraph (C) or (D) of  
7 section 313(b)(2) or under subsection (a), (b), or (c) of section  
8 316 may, at any time within sixty days after the determina-  
9 tion is issued, file a petition to the United States Court of  
10 Claims which shall have jurisdiction to determine the matter  
11 de novo and to affirm, reverse, or modify as appropriate, the  
12 determination of the Federal agency.

13 CONTRACTOR'S PAYMENTS TO THE GOVERNMENT

14 SEC. 318. (a) The Administrator of the General Serv-  
15 ices Administration and the Secretary of Defense shall issue  
16 regulations which will provide payment to the Government  
17 for Federal funding of research and development activities  
18 through the sharing of royalties and/or revenues with the  
19 contractor. Such regulations shall provide, to the extent ap-  
20 propriate, a standard contractual clause to be included in all  
21 Federal research and development contracts.

22 (b) Such regulations may allow the agency to waive all  
23 or part of the payment set forth in (a) above at the time of  
24 contracting or at the request of the contractor where the  
25 agency determines that—

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

3 (2) the Federal Government's contribution to the  
4 technology as licensed or utilized is insubstantial com-  
5 pared with private investment made or to be made in  
6 the technology; or

7 (3) the contractor is a small business, educational  
8 institution, or nonprofit organization; or

9 (4) the total Government funding of the technol-  
10 ogy with the contractor is less than \$500,000; or

11 (5) the payment would place the contractor at a  
12 competitive disadvantage or would stifle commercial  
13 utilization of the technology; or

14 (6) it is otherwise in the best interests of the Gov-  
15 ernment and the general public.

16 (c) Such regulations shall be promulgated within twelve  
17 months of enactment of this section, but will not take effect  
18 for a period of sixty days subject to disapproval by either  
19 House of Congress. Such disapproval resolution shall be con-  
20 sidered a preferential resolution and may be brought up with-  
21 out committee approval.

22 (d) Until such regulations become effective, each agency  
23 shall obtain payment on behalf of the Federal Government  
24 for its research and development activities on a contract-by-

1 contract basis in a manner consistent with the provisions of  
2 subsection (b) above.

### 3 CHAPTER 2.—INVENTIONS OF FEDERAL EMPLOYEES

#### 4 REPORTING OF INVENTIONS

5 SEC. 321. All inventions made by Federal employees  
6 while under the administrative jurisdiction of a Federal  
7 agency shall be reported to the designated authority of that  
8 Federal agency.

#### 9 CRITERIA FOR THE ALLOCATION OF RIGHTS TO

#### 10 INVENTIONS

11 SEC. 322. Subject to prescribed rules and regulations  
12 issued by the Commissioner of the United States Patent and  
13 Trademark Office, each Federal agency shall determine the  
14 respective rights of the Federal Government and of the Fed-  
15 eral employee-inventor in and to any invention made by a  
16 Federal employee while under the administrative jurisdiction  
17 of such agency, in accordance with the following criteria;

18 (a) The Federal Government shall obtain, subject to  
19 subsection (c), the entire right, title and interest in and to all  
20 inventions made by any Federal employee which bear a rela-  
21 tion to the duties of the Federal employee-inventor, or are  
22 made in consequence of his employment.

23 (b) A Federal employee shall be entitled to retain the  
24 entire right, title, and interest in and to any invention made  
25 by the employee-inventor, subject to a nonexclusive, non-

1 transferable, irrevocable, paid-up license to practice or have  
2 practiced for the Federal Government any such invention  
3 throughout the world by or on behalf of the Federal Govern-  
4 ment (including any Federal agency) in any case where the  
5 invention does not bear a relation to the duties of the em-  
6 ployee-inventor or was not made in consequence of his em-  
7 ployment, but was made with a contribution by the Federal  
8 Government of facilities, equipment, materials, funds, or in-  
9 formation, or of time or services of other Federal employees  
10 on official duty. The Federal agency may acquire additional  
11 rights to sublicense any State or domestic local government  
12 or to sublicense any foreign government pursuant to foreign  
13 policy considerations, or any existing or future treaty or  
14 agreement, where the Federal agency determines it would be  
15 in the national interest to acquire such additional rights.

16 (c) The Federal employee may obtain the entire right,  
17 title, and interest in and to an invention in any country, sub-  
18 ject to the license and sublicensing rights set forth in subsec-  
19 tion (b), where the Federal agency determines that there is  
20 insufficient interest in the invention to justify seeking patent  
21 protection in that country, although the Federal Government  
22 may have taken title to the invention or may be entitled to  
23 the entire right, title, and interest therein under subsection  
24 (a), except that nothing in this paragraph shall prevent a

1 Federal agency from publishing or dedicating to the public  
2 such an invention if it is in the public interest.

3 (d) A Federal employee shall be entitled to retain the  
4 entire right, title, and interest in and to any invention made  
5 by the employee in any case not falling within subsection (a),  
6 (b), or (c).

7 (e) Notwithstanding subsection (a) of this section, a Fed-  
8 eral agency may enter into agreements with other public or  
9 private parties wherein future or identified inventions falling  
10 within the criteria of subsection (a) and made in performance  
11 of cosponsored, cost-sharing, or joint venture research involv-  
12 ing a substantial contribution of funds, facilities, equipment,  
13 or employees by such parties, may be allocated in a manner  
14 satisfying the contribution of such parties.

15 APPLICATION OF CRITERIA

16 SEC. 323. (a) In applying the criteria of section 322 to  
17 the facts and circumstances relating to the making of any  
18 particular invention—

19 (1) it shall be presumed that an invention falls  
20 within the criteria of section 322(a) when made by a  
21 Federal employee who is employed or assigned to—

22 (A) invent or improve or perfect any art, ma-  
23 chine, manufacture, or composition of matter,

24 (B) conduct or perform research or develop-  
25 ment work, or both,

1 (C) supervise, direct, coordinate, or review  
2 federally financed or conducted research or devel-  
3 opment work, or both, or

4 (D) act in a liaison capacity among Federal  
5 or non-Federal agencies or individuals engaged in  
6 such work; and

7 (2) it shall be presumed that an invention falls  
8 within the criteria of section 322(b) when made by any  
9 other Federal employee.

10 (b) Either presumption required by subsection (a) may  
11 be rebutted by the facts or circumstances of the conditions  
12 under which any particular invention is made.

### 13 REVIEW OF FEDERAL AGENCY DETERMINATIONS

14 SEC. 324. Federal agency determinations regarding the  
15 respective rights of the Federal Government and the Federal  
16 employee-inventor are to be reviewed in accordance with  
17 prescribed rules and regulations issued pursuant to section  
18 322 whenever—

19 (1) the Federal agency determines not to acquire  
20 all right, title, and interest in an invention, or

21 (2) the Federal employee-inventor who is ag-  
22 grieved by the determination requests such a review.

### 23 REASSIGNMENT OF RIGHTS

24 SEC. 325. Whenever a Federal agency finds on the  
25 basis of new evidence that it has acquired rights in an inven-

1 tion greater than the Federal Government is entitled to  
2 assert under the criteria of section 322, the Federal agency  
3 shall adjust such inequity by granting such rights to the Fed-  
4 eral employee-inventor as may be necessary to correct the  
5 inequity.

#### 6 INCENTIVE AWARDS PROGRAM

7 SEC. 326. (a) Incentive awards may be granted to Fed-  
8 eral employee-inventors in order to—

9 (1) monetarily reward or otherwise recognize Fed-  
10 eral employees for inventions; and

11 (2) stimulate inventive creativeness and encourage  
12 Federal employees to disclose their inventions and  
13 thereby enhance the transfer and utilization of related  
14 technology.

15 (b) These awards shall be granted pursuant to the provi-  
16 sions of chapter 45 of title 5 and chapter 57 of title 10,  
17 United States Code, and in accordance with regulations  
18 issued thereunder except as modified by this Act.

19 (c) The amount of the award for an invention shall be  
20 based on—

21 (1) the extent to which the invention advances the  
22 state of the art;

23 (2) the scope of the application of the invention;

24 (3) the importance of the invention in terms of its  
25 value and benefits to the Federal Government; and



1 (4) the extent to which the invention has achieved  
2 utilization by the public.

3 (d) Awards of up to \$10,000 for an invention may be  
4 granted by the head of a Federal agency. Awards in excess  
5 of \$10,000 but less than \$35,000 may be granted—

6 (1) for Federal civilian employees by the head of  
7 the Federal agency with the approval of the Civil  
8 Service Commission;

9 (2) for members of the Armed Forces with the ap-  
10 proval of the Secretary of Defense;

11 (3) for members of the United States Coast Guard  
12 when not operating as a service in the Navy with the  
13 approval of the Secretary of Transportation;

14 (4) for members of the Commissioned Corps of the  
15 United States Public Health Service with the approval  
16 of the Secretary of Health, Education, and Welfare;  
17 and

18 (5) for members of the Commissioned Corps of the  
19 National Oceanic and Atmospheric Administration with  
20 the approval of the Secretary of Commerce,

21 upon recommendation that the invention is highly exceptional  
22 and unusually outstanding. Awards in excess of \$35,000 may  
23 be made in those instances where the head of the Federal  
24 agency, based upon the value and benefit of the inventor's  
25 contribution, recommends to the Chairman of the Civil Serv-

1 ice Commission and the Director of the Office of Manage-  
2 ment and Budget that a Presidential award be made. Upon  
3 endorsement of both the Chairman of the Civil Service Com-  
4 mission and the Director of the Office of Management and  
5 Budget and approval by the President, an award in excess of  
6 \$35,000 and an honorary recognition, may be granted as  
7 deemed appropriate.

8 (e) A cash award under this section is in addition to the  
9 regular pay of the recipient. Acceptance of a cash award  
10 under this section constitutes an agreement that any use by  
11 the Federal Government of an idea, method, or device for  
12 which the award is made does not form the basis of a further  
13 claim of any nature against the Federal Government by the  
14 recipient, his heirs, or assigns.

15 (f) A cash award and expense for honorary recognition  
16 of a Federal employee-inventor shall be paid from the fund or  
17 appropriation of the Federal agency primarily benefiting. The  
18 head of the Federal agency shall determine the amount to be  
19 paid by the Federal agency for Federal agency awards and  
20 the President shall determine the amount of the award to be  
21 paid by each Federal agency for Presidential awards made  
22 under subsection (d).

23 (g) Nothing contained in this section shall be construed  
24 to limit the discretionary power of the Federal agency to  
25 grant or not grant an incentive award under this section.

## 1 INCOME SHARING FROM PATENT LICENSES

2 SEC. 327. In addition to awards as provided in section  
3 326, in instances where a Federal agency grants income  
4 bearing patent licenses for an invention, such Federal agency  
5 may share the income received with the Federal employe-  
6 inventor.

## 7 CONFLICT OF INTEREST

8 SEC. 328. Determinations of an appointing official pur-  
9 suant to section 208(b) of title 18, United States Code, re-  
10 garding the promotion of a Federal employee's invention by  
11 such employee shall be subject to regulations prescribed by  
12 the Secretary of Commerce with the concurrence of the Civil  
13 Service Commission and the Attorney General.

14 TITLE IV—DOMESTIC AND FOREIGN PROTEC-  
15 TION AND LICENSING OF FEDERALLY  
16 OWNED INVENTIONS

## 17 AUTHORITY OF FEDERAL AGENCIES

18 SEC. 401. Federal agencies are authorized to—

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

23 (2) promote the licensing of inventions covered by  
24 federally owned patent applications, patents, or other  
25 forms of protection obtained with the objective of maxi-

1 mizing utilization by the public of the inventions cov-  
2 ered thereby;

3 (3) grant nonexclusive, exclusive, or partially ex-  
4 clusive licenses under federally owned patent applica-  
5 tions, patents, or other forms of protection obtained,  
6 royalty-free or for royalties or other consideration, and  
7 on such terms and conditions, including the grant to  
8 the licensee of the right of enforcement pursuant to the  
9 provisions of chapter 28 of title 35, United States  
10 Code, as deemed appropriate in the public interest;

11 (4) make market surveys and other investigations  
12 for determining the potential of inventions for domestic  
13 and foreign licensing and other forms of utilization; ac-  
14 quire technical information and engage in negotiations  
15 and other activities for promoting the licensing and for  
16 the purpose of enhancing their marketability and public  
17 utilization;

18 (5) withhold publication or release to the public  
19 information disclosing any invention in which the Fed-  
20 eral Government owns or may own a right, title, or in-  
21 terest for a reasonable time in order for a patent appli-  
22 cation to be filed;

23 (6) undertake the above and all other suitable and  
24 necessary steps to protect and administer rights to in-

1 . . . . .ventions on behalf of the Federal Government either  
2 . . . . .directly or through contract;

3 . . . . . (7) transfer custody and administration, in whole  
4 . . . . .or in part, to the Department of Commerce or to other  
5 . . . . .Federal agencies, of the right, title, or interest in any  
6 . . . . .invention for the purpose of administering the authori-  
7 . . . . .ties set forth in paragraphs (1) through (4), without  
8 . . . . .regard to the provisions of the Federal Property and  
9 . . . . .Administrative Services Act of 1949 (40 U.S.C. 471);  
10 . . . . .and

11 . . . . . (8) designate the Department of Commerce as re-  
12 . . . . .cipient of any or all funds received from fees, royalties,  
13 . . . . .or other management of federally owned inventions au-  
14 . . . . .thorized under this Act.

15 . . . . . **AUTHORITY OF THE SECRETARY OF COMMERCE IN**  
16 . . . . . **COOPERATION WITH OTHER FEDERAL AGENCIES**

17 . . . . . **SEC. 402.** The Secretary of Commerce is authorized in  
18 . . . . .cooperation with other Federal agencies to—

19 . . . . . (1) coordinate a program for assisting all Federal  
20 . . . . .agencies in carrying out the authority set forth in sec-  
21 . . . . .tion 401;

22 . . . . . (2) publish notification of all federally owned in-  
23 . . . . .ventions that are available for licensing;

24 . . . . . (3) evaluate inventions referred by Federal agen-  
25 . . . . .cies, and patent applications filed thereon, in order to

1 identify those inventions with the greatest commercial  
2 potential and to insure promotion and utilization by the  
3 public of inventions so identified;

4 (4) assist the Federal agencies in seeking and  
5 maintaining protection on inventions in the United  
6 States and in foreign countries, including the payment  
7 of fees and costs connected therewith;

8 (5) accept custody and administration, in whole or  
9 in part, of the right, title, and interest in any invention  
10 for the purposes set forth in section 401 (1) through  
11 (4), with the approval of the Federal agency concerned  
12 without regard to the provisions of the Federal Proper-  
13 ty and Administrative Service Act of 1949 (40 U.S.C.  
14 471);

15 (6) receive funds from fees, royalties, or other  
16 management of federally owned inventions authorized  
17 under this Act, but such funds shall be used only for  
18 the purpose of this Act; and

19 (7) undertake these and such other functions  
20 either directly or through such contracts as are neces-  
21 sary and appropriate to accomplish the purposes of this  
22 title.



1 investment of risk capital and expenditures to bring the  
2 invention to practical application or otherwise promote  
3 the invention's utilization by the public; and

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

9 except that a Federal agency shall not grant such exclusive  
10 or partially exclusive license if it determines that the grant of  
11 such license will tend substantially to lessen competition or  
12 result in undue concentration in any section of the country in  
13 any line of commerce to which the technology to be licensed  
14 relates, or to create or maintain other situations inconsistent  
15 with the antitrust laws.

16 (b) After consideration of whether the interests of the  
17 Federal Government or United States industry in foreign  
18 commerce will be enhanced, Federal agencies may grant ex-  
19 clusive or partially exclusive licenses in any invention cov-  
20 ered by a foreign patent application or patent after public  
21 notice and opportunity for filing written objections except  
22 that, a Federal agency shall not grant such exclusive or par-  
23 tially exclusive license if it determines that the grant of such  
24 license will tend substantially to lessen competition or result  
25 in undue concentration in any section of the country in any



1 line of commerce to which the technology to be licensed re-  
2 lates, or to create or maintain other situations inconsistent  
3 with the antitrust laws.

4 (c) The Federal agency shall maintain a record of deter-  
5 minations to grant exclusive or partially exclusive licenses.

6 (d) Any grant of an exclusive or partially exclusive li-  
7 cense shall contain such terms and conditions as the Federal  
8 agency may determine to be appropriate for the protection of  
9 the interests of the Federal Government and the public, in-  
10 cluding provisions for the following:

11 (1) periodic written reports at reasonable intervals  
12 including, when specifically requested by the Federal  
13 agency, the extent of the commercial or other use by  
14 the public that is being made or is intended to be made  
15 of the invention;

16 (2) a nonexclusive, nontransferable, irrevocable,  
17 paid-up license to practice or have practiced for the  
18 Federal Government the licensed invention throughout  
19 the world by or on behalf of the Federal Government  
20 (including any Federal agency), and the additional right  
21 to sublicense any State or domestic local government  
22 or to sublicense any foreign government pursuant to  
23 foreign policy considerations, or any existing or future  
24 treaty or agreement if the Federal agency determines

1 it would be in the national interest to retain such addi-  
2 tional rights:

3 (3) the right of the Federal agency to terminate  
4 such license in whole or in part unless the licensee  
5 demonstrates to the satisfaction of the Federal agency  
6 that the licensee has taken effective steps, or within a  
7 reasonable time is expected to take such steps, to ac-  
8 complish substantial commercial or other use of the in-  
9 vention by the public; and

10 (4) the right of the Federal agency, commencing  
11 three years after the grant of a license, to require the  
12 licensee to grant a nonexclusive or partially exclusive  
13 license to a responsible applicant or applicants, upon  
14 terms reasonable under the circumstances, and in ap-  
15 propriate circumstances to terminate the license in  
16 whole or in part, after public notice and opportunity for  
17 a hearing, upon a petition by an interested person jus-  
18 tifying such hearing, if the Federal agency determines,  
19 upon review of such material as it deems relevant, and  
20 after the licensee, or other interested person, has had  
21 the opportunity to provide such relevant and material  
22 information as the Federal agency may require, that  
23 such license has tended substantially to lessen competi-  
24 tion or to result in undue concentration in any section  
25 of the country in any line of commerce to which the

1 technology relates, or to create or maintain other situ-  
2 ations inconsistent with the antitrust laws.

3 TITLE V—MISCELLANEOUS

4 CHAPTER 1.—DEFINITIONS; RELATIONSHIP TO OTHER

5 LAWS

6 DEFINITIONS

7 SEC. 511. As used in this Act—

8 (a) The term “Federal agency” means an “executive  
9 agency” as defined by section 105 of title 5, United States  
10 Code, and the military departments defined by section 102 of  
11 title 5, United States Code.

12 (b) The term “Federal employees” means all employees  
13 as defined in section 2105 of title 5, United States Code, and  
14 members of the uniformed services.

15 (c) The term “contract” means any contract, grant, or  
16 agreement entered into between any Federal agency and any  
17 person for the performance of experimental, developmental,  
18 or research work substantially funded by the Federal Gov-  
19 ernment. Such term includes any assignment, substitution of  
20 parties, or subcontract of any type entered into for the per-  
21 formance of experimental, developmental, or research work  
22 under a contract.

23 (d) The term “contractor” means any person (as defined  
24 in section 1 of title 1, United States Code) that is a party to  
25 the contract.

1 (e) The term "invention" means any invention or dis-  
2 covery and includes any art, method, process, machine, man-  
3 ufacture, design, or composition of matter, or any new and  
4 useful improvement thereof, or any variety of plant, which is  
5 or may be patentable or otherwise protectable under the laws  
6 of the United States.

7 (f) The term "subject invention" means any invention or  
8 discovery of the contractor conceived or first actually reduced  
9 to practice in the course of or under a contract.

10 (g) The term "practical application" means to manufac-  
11 ture in the case of a composition or product, to practice in the  
12 case of a process, or to operate in the case of a machine or  
13 system, and, in each case, under such conditions as to estab-  
14 lish that the invention is being worked and that its benefits  
15 are available to the public either on reasonable terms or  
16 through reasonable licensing arrangements.

17 (h) The term "person" means any individual, partner-  
18 ship, corporation, association, institution, or other entity.

19 (i) The term "made", when used in relation to any in-  
20 vention, means the conception or first actual reduction to  
21 practice of such invention.

22 (j) The term "antitrust law" means—

23 (1) the Act entitled "An Act to protect trade and  
24 commerce against unlawful restraints and monopolies",

1 approved July 2, 1890 (15 U.S.C. 1 et seq.), as  
 2 amended;  
 3 (2) the Act entitled "An Act to supplement exist-  
 4 ing laws against unlawful restraints and monopolies,  
 5 and for other purposes", approved October 15, 1914  
 6 (15 U.S.C. 12 et seq.), as amended;  
 7 (3) the Federal Trade Commission Act (15 U.S.C.  
 8 41 et seq.), as amended;  
 9 (4) sections 73 and 74 of the Act entitled "An  
 10 Act to reduce taxation to provide revenue for the Fed-  
 11 eral Government, and for other purposes", approved  
 12 August 27, 1894 (15 U.S.C. 8 and 9), as amended;  
 13 and  
 14 (5) the Act of June 19, 1936 (15 U.S.C. 13, 13a,  
 15 13b, and 21a).

16 RELATIONSHIP TO OTHER LAWS

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

21 CHAPTER 2.—AMENDMENTS TO OTHER ACTS

22 IDENTIFIED ACTS AMENDED

23 SEC. 521. The following Acts are hereby amended as  
 24 follows:

1 (a) Section 10(a) of the Act of June 29, 1935, as added  
2 by title 1 of the Act of August 14, 1946 (7 U.S.C. 427i(a);  
3 60 Stat. 1085) is amended by striking out the following:  
4 "Any contracts made pursuant to this authority shall contain  
5 requirements making the results of research and investiga-  
6 tions available to the public through dedication, assignment  
7 to the Government, or such other means as the Secretary  
8 shall determine."

9 (b) Section 205(a) of the Act of August 14, 1946 (7  
10 U.S.C. 1624(a); 60 Stat. 1090) is amended by striking out  
11 the following: "Any contract made pursuant to this section  
12 shall contain requirements making the result of such research  
13 and investigations available to the public by such means as  
14 the Secretary of Agriculture shall determine."

15 (c) Section 501(c) of the Federal Coal Mine Health and  
16 Safety Act of 1969 (30 U.S.C. 951(c); 83 Stat. 742) is  
17 amended by striking out the following: "No research, demon-  
18 strations, or experiments shall be carried out, contracted for,  
19 sponsored, cosponsored, or authorized under authority of this  
20 Act, unless all information, uses, products, processes, pat-  
21 ents, and other developments resulting from such research,  
22 demonstrations, or experiments will (with such exception and  
23 limitation, if any, as the Secretary or the Secretary of  
24 Health, Education, and Welfare may find to be necessary in  
25 the public interest) be available to the general public."

1 (d) Section 106(c) of the National Traffic and Motor Ve-  
2 hicle Safety Act of 1966 (15 U.S.C. 1395(c); 80 Stat. 721) is  
3 repealed.

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

6 (f) Section 152 of the Atomic Energy Act of 1954 (42  
7 U.S.C. 2182; 68 Stat. 943) is repealed.

8 (g) The National Aeronautics and Space Act of 1958  
9 (72 Stat. 426) is amended—

10 (1) by repealing section 305 thereof (42 U.S.C.  
11 2457): *Provided, however,* That subsections (c), (d), and  
12 (e) of such section shall continue to be effective with  
13 respect to any application for patents in which the  
14 written statement referred to in subsection (c) of such  
15 section has been filed or requested to be filed by the  
16 Commissioner of Patents and Trademarks prior to the  
17 effective date of this Act;

18 (2) by striking out, in section 306(a) thereof (42  
19 U.S.C. 2458(a)), "(as defined by section 305)"; and by  
20 striking out "the Inventions and Contributions Board,  
21 established under section 305 of this Act" and insert-  
22 ing in lieu thereof: "an Inventions and Contributions  
23 Board which shall be established by the Administrator  
24 within the Administration";

1 (3) by inserting at the end of section 203(a) there-  
2 of (42 U.S.C. 2478(a)); the following new paragraph:

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

8 (4) by inserting at the end of section 203 thereof  
9 (42 U.S.C. 2478) the following new subsection:

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

13 (5) by striking out the following in such section:  
14 “(including patents and rights thereunder)”.

15 (h) Section 6 of the Coal Research and Development  
16 Act of 1960 (30 U.S.C. 666; 74 Stat. 337) is repealed.

17 (i) Section 4 of the Helium Act Amendments of 1960  
18 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out  
19 the following: “*Provided, however,* That all research con-  
20 tracted for, sponsored, cosponsored, or authorized under au-  
21 thority of this Act shall be provided for in such a manner that  
22 all information, uses, products, processes, patents, and other  
23 developments resulting from such research developed by  
24 Government expenditure will (with such exceptions and limi-  
25 tations, if any, as the Secretary may find to be necessary in



1 the interest of national defense) be available to the general  
2 public: *And provided further*, That nothing contained herein  
3 shall be construed as to deprive the owner of any background  
4 patent relating thereto to such rights as he may have there-  
5 under." and by inserting in lieu thereof a period.

6 (j) Section 32 of the Arms Control and Disarmament  
7 Act of 1961 (22 U.S.C. 2572; 75 Stat. 634) is repealed.

8 (k) Subsection (e) of the section 302 of the Appalachian  
9 Regional Development Act of 1965 (40 U.S.C. App. 302(e);  
10 79 Stat. 5) is repealed.

11 (l) Subsection (c) of section 203 of the Solid Waste Dis-  
12 posal Act (42 U.S.C. 3253(c); 79 Stat. 997) is repealed.

13 (m) Section 216 of title 38, United States Code, is  
14 amended striking out subsection (a)(2) thereof and by redesignig-  
15 nating subsection (a)(3) thereof as (a)(2).

16 (n) Except for paragraph (l) of section 9 of the Federal  
17 Nonnuclear Energy Research and Development Act of 1974  
18 (42 U.S.C. 5901; 88 Stat. 1878) is repealed.

19 (o) Section 3 of the Act of June 22, 1976 (42 U.S.C.  
20 1959d, note, 90 Stat. 694), is repealed.

21 (p) Section 5(i) of the Tennessee Valley Authority Act  
22 of 1933 (16 U.S.C. 831d(i); 48 Stat. 61), is amended by  
23 striking both proviso clauses at the end thereof.

24 (q) Section 5(d) of the Consumer Product Safety Act (15  
25 U.S.C. 2054(d); 88 Stat. 1211), is repealed.

- 1 (r) Section 3 of the Act of April 5, 1944 (30 U.S.C.
- 2 323; 58 Stat. 191), is repealed.
- 3 (s) Section 8001 of the Solid Waste Disposal Act (42
- 4 U.S.C. 6981; 90 Stat. 2829) is repealed.

5 CHAPTER 3.—EFFECTIVE DATE PROVISION

6 EFFECTIVE DATE

7 SEC. 531. This Act shall take effect on the first day of

8 the seventh month beginning after the date of enactment of

9 this Act, except that regulations implementing this Act may

10 be issued prior to such day.