

96TH CONGRESS
2D SESSION

H. R. 6933

Entitled: "To amend the patent and trademark laws".

IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 1980

Mr. KASTENMEIER (for himself, Mr. RODINO, and Mr. RAILSBACK) introduced the following bill; which was referred to the Committee on the Judiciary

A BILL

Entitled: "To amend the patent and trademark laws".

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That title 35 of the United States Code, entitled "Patents",
4 is amended by adding after chapter 29 the following new
5 chapter 30:

6 "CHAPTER 30—PRIOR ART CITATIONS TO OFFICE

7 AND REEXAMINATION OF PATENTS

"Sec. 301. Citation of prior art.

"Sec. 302. Request for reexamination.

"Sec. 303. Determination of issue by Commissioner.

"Sec. 304. Reexamination order by Commissioner.

"Sec. 305. Conduct of reexamination proceedings.

"Sec. 306. Appeal.

"Sec. 307. Certificate of patentability, unpatentability, and claim cancellation.

1 § 301. Citation of prior art

2 "Any person at any time may cite to the Office in writ-
3 ing prior art consisting of patents or printed publications
4 which that person believes to have a bearing on the patent-
5 ability of any claim of a particular patent. If the person ex-
6 plains in writing the pertinency and manner of applying such
7 prior art to at least one claim of the patent, the citation of
8 such prior art and the explanation thereof will become a part
9 of the official file of the patent. At the written request of the
10 person citing the prior art, his or her identity will be excluded
11 from the patent file and kept confidential.

12 § 302. Request for reexamination

13 "Any person at any time may file a request for reexam-
14 ination by the Office of any claim of a patent on the basis of
15 any prior art cited under the provisions of section 301 of this
16 title. The request must be in writing and must be accompa-
17 nied by payment of a reexamination fee established by the
18 Secretary of Commerce pursuant to the provisions of section
19 41 of this title. The request must set forth the pertinency and
20 manner of applying cited prior art to every claim for which
21 reexamination is requested. Unless the requesting person is
22 the owner of the patent, the Commissioner promptly will
23 send a copy of the request to the owner of record of the
24 patent.

1 **“§ 303. Determination of issue by Commissioner**

2 “(a) Within three months following the filing of a re-
3 quest for reexamination under the provisions of section 302
4 of this title, the Commissioner will determine whether a sub-
5 stantial new question of patentability affecting any claim of
6 the patent concerned is raised by the request, with or without
7 consideration of other patents or printed publications. On his
8 own initiative, and at any time, the Commissioner may deter-
9 mine whether a substantial new question of patentability is
10 raised by patents and publications discovered by him or cited
11 under the provisions of section 301 of this title.

12 “(b) A record of the Commissioner’s determination
13 under subsection (a) of this section will be placed in the offi-
14 cial file of the patent, and a copy promptly will be given or
15 mailed to the owner of record of the patent and to the person
16 requesting reexamination, if any.

17 “(c) A determination by the Commissioner pursuant to
18 subsection (a) of this section that no substantial new question
19 of patentability has been raised will be final and nonappeala-
20 ble. Upon such a determination, the Commissioner may
21 refund a portion of the reexamination fee required under sec-
22 tion 302 of this title.

23 **“§ 304. Reexamination order by Commissioner**

24 “‘If, in a determination made under the provisions of
25 subsection 303(a) of this title, the Commissioner finds that a

1 substantial new question of patentability affecting any claim
2 of a patent is raised, the determination will include an order
3 for reexamination of the patent for resolution of the question.
4 The patent owner will be given a reasonable period, not less
5 than two months from the date a copy of the determination is
6 given or mailed to him, within which he may file a statement
7 on such question, including any amendment to his patent and
8 new claim or claims he may wish to propose, for considera-
9 tion in the reexamination. If the patent owner files such a
10 statement, he promptly will serve a copy of it on the person
11 who has requested reexamination under the provisions of sec-
12 tion 302 of this title. Within a period of two months from the
13 date of service, that person may file and have considered in
14 the reexamination a reply to any statement filed by the
15 patent owner. That person promptly will serve on the patent
16 owner a copy of any reply filed.

17 **“§ 305. Conduct of reexamination proceedings**

18 “After the times for filing the statement and reply pro-
19 vided for by section 304 of this title have expired, reexamina-
20 tion will be conducted according to the procedures estab-
21 lished for initial examination under the provisions of sections
22 132 and 133 of this title. In any reexamination proceeding
23 under this chapter, the patent owner will be permitted to
24 propose any amendment to his patent and a new claim or
25 claims thereto, in order to distinguish the invention as

1 claimed from the prior art cited under the provisions of sec-
2 tion 301 of this title, or in response to a decision adverse to
3 the patentability of a claim of a patent. No proposed amended
4 or new claim enlarging the scope of a claim of the patent will
5 be permitted in a reexamination proceeding under this chap-
6 ter. All reexamination proceedings under this section, includ-
7 ing any appeal to the Board of Appeals, will be conducted
8 with special dispatch within the Office.

9 **“§ 306. Appeal**

10 “The patent owner involved in a reexamination pro-
11 ceeding under this chapter may appeal under the provisions
12 of section 134 of this title, and may seek court review under
13 the provisions of sections 141 to 145 of this title, with re-
14 spect to any decision adverse to the patentability of any origi-
15 nal or proposed amended or new claim of the patent.

16 **“§ 307. Certificate of patentability, unpatentability, and**
17 **claim cancellation**

18 “(a) In a reexamination proceeding under this chapter,
19 when the time for appeal has expired or any appeal proceed-
20 ing has terminated, the Commissioner will issue and publish
21 a certificate canceling any claim of the patent finally deter-
22 mined to be unpatentable, confirming any claim of the patent
23 determined to be patentable, and incorporating in the patent
24 any proposed amended or new claim determined to be
25 patentable.

1 “(b) Any proposed amended or new claim determined to
2 be patentable and incorporated into a patent following a reex-
3 amination proceeding will have the same effect as that speci-
4 fied in section 252 of this title for reissued patents on the
5 right of any person who made, purchased, or used anything
6 patented by such proposed amended or new claim, or who
7 made substantial preparation for the same, prior to issuance
8 of a certificate under the provisions of subsection (a) of this
9 section.”.

10 SEC. 2. Section 41 of title 35, United States Code, enti-
11 tled “Patents”, is amended to read as follows:

12 “§ 41. Patent fees

13 “(a) The Secretary of Commerce will establish fees for
14 the processing of an application for a patent, from filing
15 through disposition by issuance or abandonment, for main-
16 taining a patent in force, and for providing all other services
17 and materials related to patents. No fee will be established
18 for maintaining a design patent in force.

19 “(b) By the first day of the first fiscal year beginning on
20 or after one calendar year after enactment of this Act, fees
21 for the processing of an application for a patent, other than
22 for a design patent, from filing through disposition by issu-
23 ance or abandonment, will recover in aggregate 30 per
24 centum of the estimated average cost to the Office of such
25 processing. Any fee in connection with an application in a

1 particular technological field may be set higher or lower than
2 the corresponding fee charged for an application in other
3 technological fields, to the extent that costs for which the fee
4 is charged differ. By the first day of the first fiscal year be-
5 ginning on or after one calendar year after enactment, fees
6 for the processing of an application for a design patent, from
7 filing through disposition by issuance or abandonment, will
8 recover in aggregate 60 per centum of the estimated average
9 cost to the Office of such processing.

10 “(c) By the fifteenth fiscal year following the date of
11 enactment of this Act, fees for maintaining patents in force
12 will recover 30 per centum of the estimated cost to the
13 Office, for the year in which such maintenance fees are re-
14 ceived, of processing all applications for patents, other than
15 for design patents, from filing through disposition by issuance
16 or abandonment. Fees for maintaining a patent in force will
17 be due three years and six months, seven years and six
18 months, and eleven years and six months after the grant of
19 the patent. Unless payment of the applicable maintenance fee
20 is received in the Patent and Trademark Office on or before
21 the date the fee is due or within a grace period of six months
22 thereafter, the patent will expire as of the end of such grace
23 period. The Secretary may require the payment of a sur-
24 charge as a condition of accepting within such six-month

1 grace period the late payment of an applicable maintenance
2 fee.

3 "(d) By the first day of the first fiscal year beginning on
4 or after one calendar year after enactment, fees for all other
5 services or materials related to patents will recover the esti-
6 mated average cost to the Office of performing the service or
7 furnishing the material. Any fee for providing a service or
8 material involving a particular technological field may be set
9 higher or lower than the fee charged for the same service or
10 material involving other technological fields, to the extent
11 that costs for which the fee is charged differ. The yearly fee
12 for providing a library specified in section 13 of this title with
13 uncertified printed copies of the specifications and drawings
14 for all patents issued in that year will be \$50.

15 "(e) The Commissioner may waive the payment of any
16 fee for any service or material related to patents in connec-
17 tion with an occasional or incidental request made by a de-
18 partment or agency of the Government, or any officer there-
19 of. The Commissioner may provide any applicant issued a
20 notice under section 132 of this title with a copy of the speci-
21 fications and drawings for all patents referred to in that
22 notice without charge.

23 "(f) Fees will be adjusted by the Secretary to achieve
24 the levels of recovery specified in this section; however, no

1 patent application processing fee or fee for maintaining a
2 patent in force will be adjusted more than once a year.

3 “(g) No fee established by the Secretary under this sec-
4 tion will take effect prior to sixty days following notice in the
5 Federal Register.”

6 SEC. 3. Section 42 of title 35, United States Code, enti-
7 tled “Patents”, is amended to read as follows:

8 **“§ 42. Patent and Trademark Office funding**

9 “(a) All fees for services performed by or materials fur-
10 nished by the Patent and Trademark Office will be payable to
11 the Commissioner.

12 “(b) All fees paid to the Commissioner and all appropri-
13 ations for defraying the costs of the activities of the Patent
14 and Trademark Office will be credited to the Patent and
15 Trademark Office Appropriation Account in the Treasury of
16 the United States, the provisions of section 725e of title 31,
17 United States Code, notwithstanding.

18 “(c) Revenues from fees will be available to the Secre-
19 tary of Commerce to carry out, to the extent provided for in
20 appropriation Acts, the activities of the Patent and Trade-
21 mark Office.

22 “(d) The Secretary may refund any fee paid by mistake
23 or any amount paid in excess of that required.”

24 SEC. 4. Section 154 of title 35, United States Code,
25 entitled “Patents”, is amended by deleting the word “issue”.

1 SEC. 5. Section 31 of the Trademark Act of 1946, as
2 amended (15 U.S.C. 1113), is amended to read as follows:

3 **“§ 31. Fees**

4 **“(a)** The Secretary of Commerce will establish fees for
5 the filing and processing of an application for the registration
6 of a trademark or other mark and for all other services per-
7 formed by and materials furnished by the Patent and Trade-
8 mark Office related to trademarks and other marks. Fees will
9 be set and adjusted by the Secretary to recover in aggregate
10 the full costs of all services performed and all materials fur-
11 nished by the Patent and Trademark Office; however, no fee
12 for the filing or processing of an application for the registra-
13 tion of a trademark or other mark or for the renewal or as-
14 signment of a trademark or other mark will be adjusted more
15 than once a year. No fee established under this section will
16 take effect prior to sixty days following notice in the Federal
17 Register.

18 **“(b)** The Commissioner may waive the payment of any
19 fee for any service or material related to trademarks or other
20 marks in connection with an occasional request made by a
21 department or agency of the Government, or any officer
22 thereof. The Indian Arts and Crafts Board will not be
23 charged any fee to register Government trademarks of genu-
24 ineness and quality for Indian products or for products of
25 particular Indian tribes and groups.”

1 SEC. 6. Title 35 of the United States Code, entitled
 2 "Patents", is amended by adding after chapter 37 the follow-
 3 ing new chapter 38:

4 **"CHAPTER 38—THE GOVERNMENT PATENT POLICY**
 5 **ACT OF 1980**

"Sec. 381. Title.

"SUBCHAPTER I—CONTRACT INVENTIONS

"Sec. 382. Contract inventions; reporting.

"Sec. 383. Allocation of rights—small businesses and nonprofit organizations.

"Sec. 384. Allocation of rights—other contractors.

"Sec. 385. Contractor license.

"Sec. 386. Minimum Government rights.

"Sec. 387. March-in rights.

"Sec. 388. Deviation and waiver.

"Sec. 389. Transfer of rights to contractor employees.

"Sec. 390. Regulations and standard patent rights clause.

"SUBCHAPTER II—INVENTIONS OF FEDERAL EMPLOYEES

"Sec. 391. Employee inventions.

"Sec. 392. Reporting of inventions.

"Sec. 393. Criteria for the allocation of rights.

"Sec. 394. Presumptions.

"Sec. 395. Review of agency determinations.

"Sec. 396. Reassignment of rights.

"Sec. 397. Incentive awards program.

"Sec. 398. Income sharing from patent licenses.

"Sec. 399. Regulations.

"SUBCHAPTER III—LICENSING OF FEDERALLY-OWNED INVENTIONS

"Sec. 400. Covered inventions.

"Sec. 401. Exclusive or partially exclusive licenses.

"Sec. 402. Minimum Government rights.

"Sec. 403. March-in rights.

"Sec. 404. Regulations.

"SUBCHAPTER IV—MISCELLANEOUS

"Sec. 405. Patent enforcement suits and right of intervention.

"Sec. 406. Background rights.

"Sec. 407. Notice, hearing, and judicial review.

"Sec. 408. Relationship to other laws.

"Sec. 409. Authority of Federal agencies.

"Sec. 410. Responsibilities of the Secretary of Commerce.

"Sec. 411. Definitions.

1 "SEC. 381. This chapter will be known as the 'Govern-
2 ment Patent Policy Act of 1980'.

3 "SUBCHAPTER I—CONTRACT INVENTIONS

4 "§ 382. Contract inventions; reporting

5 "(a) This title applies to 'contract inventions', which in
6 this Act are inventions made in the course of or under Feder-
7 al contracts.

8 "(b) Every contractor will provide the responsible
9 agency with timely written reports on each contract inven-
10 tion containing:

11 "(1) complete technical information on the inven-
12 tion,

13 "(2) a list of each country, if any, in which the
14 contractor elects to file a patent application on the in-
15 vention, and

16 "(3) unless the contractor is a small business or
17 nonprofit organization, a list of each field of use in
18 which the contractor intends to commercialize the in-
19 vention or otherwise achieve public use of the inven-
20 tion. Each field will be described with sufficient par-
21 ticularity to allow the Government to identify those
22 fields of use not encompassed by the described field.

23 The Government neither will publish nor release these re-
24 ports until the contractor or the Government has had a rea-
25 sonable time to file patent applications or one year has

1 passed since receipt of all the information required by subsec-
2 tion (b)(1) of this section, whichever is earlier, and may so
3 withhold such information in other reports or records.

4 “(c) If the responsible agency determines that the con-
5 tractor has unreasonably failed to file reports as required by
6 subsection (b) of this section, the contractor may be deprived
7 of any or all the rights it otherwise would have under this
8 subchapter.

9 **“§ 383. Allocation of rights—small businesses and non-**
10 **profit organizations**

11 “(a) A contractor that is a small business or a nonprofit
12 organization will acquire title to its contract invention in each
13 country it lists under section 382(b)(2) in which it files a
14 patent application within a reasonable time. However, title
15 will be subject to the Government’s minimum rights under
16 section 386 and march-in rights under section 387.

17 “(b) The Government will have the right to acquire title
18 to any patent on a contract invention in each country in
19 which the contractor elects not to file a patent application or
20 fails to file within a reasonable time.

21 **“§ 384. Allocation of rights—other contractors**

22 “(a) The Government will acquire title to all patents on
23 any contract invention whenever the contractor is not a small
24 business or nonprofit organization.

1 “(b) If such a contractor files within a reasonable time a
2 patent application on a reported contract invention in any
3 country it lists under section 382(b)(2), it will receive an ex-
4 clusive license under the patent in each described field of use,
5 with the exclusive right to grant sublicenses. However, its
6 license will be subject to the Government’s minimum rights
7 under section 386 and march-in rights under section 387.

8 “(c) The contractor automatically will acquire by oper-
9 ation of law the right to receive an exclusive license, pursu-
10 ant to subsection (b) of this section, ninety days after it pro-
11 vides the responsible agency with all of the information re-
12 quired to be disclosed by section 382(b), except that it will
13 not acquire the right to receive an exclusive license in any
14 field of use as to which the agency notifies the contractor
15 within the ninety-day period that it has made a determination
16 under subsection (d) of this section.

17 “(d) The contractor will not acquire an exclusive license
18 in any field of use if the responsible agency determines that
19 the contractor’s possession of such a license—

20 “(1) would be contrary to the requirements of the
21 agency’s mission;

22 “(2) would impair national security; or

23 “(3) would violate the antitrust laws if the receipt
24 by the contractor of such a license were deemed an ac-
25 quisition of assets of another corporation.

1 “(e) An agency determination under subsection (d) of
2 this section will include written reasons for the determina-
3 tion. The contractor may appeal the determination to the
4 United States Court of Claims within sixty days after the
5 contractor has been notified of the determination. That court
6 will have exclusive jurisdiction to determine the matter de
7 novo and to affirm, reverse, or modify the agency determina-
8 tion, specifically including authority to require that the con-
9 tractor receive any exclusive license provided for by this
10 section.”

11 “(f) If the responsible agency determines that the na-
12 tional interest would not be affected adversely, the agency
13 may grant the contractor title to any contract invention in
14 any foreign country in which the contractor agrees to file a
15 patent application.”

16 “§ 385. Contractor license”

17 “(a) Any contractor that complies with section 382(b) auto-
18 matically will receive by operation of law nonexclusive, roy-
19 alty-free licenses to practice the contract invention in all
20 countries where it does not receive title under section 383
21 and in all fields of use and in all countries in which it does
22 not receive an exclusive license under section 384. These
23 nonexclusive licenses may be revoked only to the extent nec-
24 essary to allow the Government to grant exclusive licenses
25 under subchapter III.”

1 **“§ 386. Minimum Government rights**

2 “(a) The Government will have the following minimum
3 rights in any contract invention:

4 “(1) the right to require from the contractor writ-
5 ten reports on the use of the invention,

6 “(2) a royalty-free worldwide right or license to
7 practice the invention or have it practiced for the Gov-
8 ernment, and

9 “(3) the right to license or sublicense State, local,
10 or foreign governments to practice the invention or
11 have it practiced for them, if the agency determines at
12 the time of contracting that acquisition of this right
13 would serve the national interest.

14 “(b) Whenever the Government has rights in any inven-
15 tion under this title, each patent application and patent on
16 the invention will include a statement that the invention was
17 made with Government sponsorship or support and that the
18 Government has rights in the patent.

19 **“§ 387. March-in rights**

20 “(a) In any field of use, the Government may wholly or
21 partly terminate the contractor’s title or exclusive rights in
22 any patent on a contract invention; may require the contrac-
23 tor to grant appropriate licenses or sublicenses to responsible
24 applicants; or, if necessary, may grant such licenses or subli-
25 censes itself. The Government may take such actions only—

1 “(1) if the contractor has not taken and is not ex-
2 pected to take timely and effective action to achieve
3 practical application of the invention in one or more of
4 the selected fields of use;

5 “(2) if necessary to protect the national security;

6 “(3) if necessary to meet requirements for public
7 use specified by Federal regulation;

8 “(4) if the contractor's rights in the invention vio-
9 late the antitrust laws if the contractor's original re-
10 ceipt of those rights were deemed an acquisition of
11 assets of another corporation; or

12 “(5) if the contractor has failed to comply with
13 the reporting requirements of this Act.

14 “(b) These march-in rights may be exercised by the re-
15 sponsible agency on its own initiative or on a petition from an
16 interested person justifying such action.

17 “(c) Whenever under this section an agency requires a
18 contractor to grant a license or sublicense, it may specify
19 reasonable terms, including the royalties to be charged, if
20 any; the duration of the license or sublicense; the scope of
21 exclusivity; and the fields of use to be covered.

22 **“§ 388. Deviation and waiver**

23 “(a) An agency may deviate from the allocation of
24 patent rights in contract inventions provided for in any stand-
25 ard patent rights clause established under section 390 acquir-

1 ing more or fewer rights in the inventions, to further the
2 agency's mission and the public interest. It may so deviate on
3 a class basis only in accordance with regulations issued either
4 under section 390 or, unless prohibited by those regulations,
5 by the agency. Case-by-case deviations must be authorized
6 by the head of the agency or his designee, and described in
7 the Federal Register.

8 "(b) The national security and antitrust march-in rights
9 reserved by sections 387(a)(2), 387(a)(4), and 387(c) may not
10 be waived under any circumstances.

11 "(c) Rights reserved by sections 384 and 387(a)(1) may
12 be waived only:

13 "(1) in contracts involving cosponsored, cost-shar-
14 ing, or joint-venture research or development to which
15 the contractor makes a substantial contribution of
16 funds, facilities, technology, or equipment; or

17 "(2) in contracts with a contractor whose partici-
18 pation is necessary for the successful accomplishment
19 of the agency's mission but cannot be obtained under
20 the standard patent rights clause.

21 **§ 389. Transfer of rights to contractor employees**

22 "The contractor's employee-inventor may receive some
23 or all of the contractor's rights under this subchapter with
24 the permission of the contractor and the approval of the re-
25 sponsible agency. The corresponding obligations of the con-

1 tractor under this subchapter then will become obligations of
2 the employee-inventor.

3 **“§ 390. Regulations and standard patent rights clause”**

4 “The Office of Federal Procurement Policy will direct
5 the issuance of regulations to implement this title. The regu-
6 lations will establish a standard patent right clause or
7 clauses, to be included in each Federal contract except as
8 provided in section 388.

9 **“SUBCHAPTER II—INVENTIONS OF FEDERAL**
10 **EMPLOYEES”**

11 **“§ 391. Employee inventions”**

12 “This subchapter applies to ‘employment inventions’,
13 which in this Act are inventions made by Federal employees.

14 **“§ 392. Reporting of inventions”**

15 “(a) Federal employees will file timely written reports
16 on any inventions they make. Such reports will be made to
17 the employee’s agency and will contain complete technical
18 information concerning the invention. The Government nei-
19 ther will publish nor release a report until there has been a
20 reasonable time to file patent applications or until one year
21 has passed since the final disposition of rights under this sub-
22 chapter, whichever is earlier.

23 “(b) If the responsible agency determines that the em-
24 ployee-inventor unreasonably has failed to file a report as
25 required by subsection (a) of this section, the employee may

1 be deprived of any or all of the rights he otherwise would
2 have under this subchapter.

3 **“§ 393. Criteria for allocation of rights**

4 “The responsible agency will determine the rights of the
5 Government and of Federal employee-inventors in any inven-
6 tions made by employee-inventors through the use of the fol-
7 lowing criteria:

8 “(1) If the invention bears a direct relation to the
9 duties of the employee-inventor or was made in conse-
10 quence of his employment, the Government will ac-
11 quire all rights in the invention.

12 “(2) If the invention neither bears a direct rela-
13 tion to the duties of the employee-inventor nor was
14 made in consequence of his employment, but was made
15 with a contribution from Federal funds, facilities,
16 equipment, materials, or information not generally
17 available to the public, or from services of other Feder-
18 al employees on official duty, the employee-inventor
19 will receive all rights in the invention, except as pro-
20 vided in paragraph (4) of this section. However, these
21 rights will be subject to a nonexclusive, royalty-free,
22 worldwide license to the Government to practice the
23 invention or have it practiced for the Government.

24 “(3) If the agency finds insufficient interest in an
25 invention to justify exercising its rights under para-

1 graph (1) of this section, it may permit the employee-
2 inventor to receive any or all of those rights, subject to
3 the Government's rights as described in paragraph (2)
4 of this section. However, nothing in this paragraph will
5 prevent the agency from publishing the invention or
6 otherwise dedicating it to the public.

7 “(4) If the agency determines that national secu-
8 rity might be impaired if the employee-inventor were
9 to receive rights in an invention under paragraphs (2)
10 or (3) of this section, the Government will acquire all
11 rights in the invention.

12 “(5) The Government will claim no rights under
13 this Act in any employee-invention not covered by
14 paragraphs (1) or (2) of this section.

15 “(6) Notwithstanding paragraph (1) of this sec-
16 tion, an agency may enter into agreements providing
17 for appropriate allocation of rights in inventions that
18 result from research or development to which other
19 parties have substantially contributed.

20 **“§ 394. Presumptions**

21 “(a) There will be a rebuttable presumption that an em-
22 ployee invention falls within the criteria of section 393(1) if it
23 was made by a Federal employee who is employed or as-
24 signed to—

1 “(1) invent, improve, or perfect any art, machine,
2 manufacture, or composition of matter;

3 “(2) conduct or perform research or development
4 work;

5 “(3) supervise, direct, coordinate, or review feder-
6 ally sponsored or supported research or development
7 work; or

8 “(4) act as liaison among agencies or individuals
9 engaged in the work specified in paragraphs (1), (2), or
10 (3) of this subsection.

11 “(b) There will be a rebuttable presumption that an in-
12 vention falls within the criteria of section 393(2) if it was
13 made by any other Federal employee.

14 **“§ 395. Review of agency determinations**

15 “Agency determinations under sections 392 and 393
16 will be reviewed whenever—

17 “(1) the agency determines not to acquire all
18 rights in an invention, or

19 “(2) an aggrieved employee-inventor requests a
20 review.

21 Standards and procedures for this review will be prescribed
22 in the regulations issued under section 399.

23 **“§ 396. Reassignment of rights**

24 “If an agency finds on the basis of new evidence that it
25 has acquired rights in an invention greater than those to

1 which the Government was entitled under the criteria of sec-
2 tion 393, it will grant the employee-inventor such rights as
3 may be necessary to correct the error.

4 **“§ 397. Incentive awards program**

5 **“(a)** Agencies may monetarily reward and otherwise
6 recognize employee-inventors as an incentive to promote em-
7 ployee inventions and the production and disclosure of em-
8 ployee inventions. For this purpose agencies may make
9 awards under the Federal incentive awards system (5 U.S.C.
10 ch. 45; 10 U.S.C. ch. 57; and implementing regulations), as
11 modified by this section.

12 **“(b)** The amount of an award for an invention will be
13 based on—

14 **“(1)** the extent to which the invention advances
15 the state of the art;

16 **“(2)** the scope of application of the invention;

17 **“(3)** the value of the invention to the Government
18 or the public; and

19 **“(4)** the extent to which the invention has come
20 into public use.

21 **“(c)** Awards for an invention of up to \$10,000 may be
22 made by the head of an agency.

23 **“(d)** Awards of over \$10,000 but less than \$35,000 may
24 be made by the head of an agency to—

1 “(1) civilian employees, with the approval of the
2 Office of Personnel Management;

3 “(2) members of the Armed Forces, with the ap-
4 proval of the Secretary of Defense;

5 “(3) members of the United States Coast Guard
6 when not operating as a service in the Navy, with the
7 approval of the Secretary of Transportation;

8 “(4) members of the Commissioned Corps of the
9 United States Public Health Service, with the approval
10 of the Secretary of Health and Human Services; and

11 “(5) members of the Commissioned Corps of the
12 National Oceanic and Atmospheric Administration,
13 with the approval of the Secretary of Commerce.

14 “(e) Awards of more than \$35,000 may be made to em-
15 ployee-inventors by the President upon recommendation of
16 the head of an agency.

17 “(f) Acceptance of a cash award under this section con-
18 stitutes an agreement that any Government use of an inven-
19 tion for which the award is made forms no basis for further
20 claims against the Government by the recipient, his heirs, or
21 his assigns.

22 “(g) Any cash award or expense for honorary recogni-
23 tion of an employee-inventor will be paid from the fund or
24 appropriation of the agency receiving the invention's primary
25 benefit.

1 **“§ 398. Income sharing from patent licenses**

2 “In addition to awards as provided in section 397, an
3 agency may share income received from any patent license
4 with the employee-inventor.

5 **“§ 399. Regulations**

6 “(a) The Secretary of Commerce shall issue regulations
7 to implement this title.

8 “(b) Any determination of an appointing official under
9 subsection 208(b) of title 18, United States Code, that relates
10 to promotion of an employee invention by the employee-in-
11 ventor will be subject to regulations prescribed by the secre-
12 tary of Commerce with concurrence of the Office of Gover-
13 nment Ethics and the Attorney General.

14 **“SUBCHAPTER III—LICENSING OF FEDERALLY**
15 **OWNED INVENTIONS**

16 **“§ 400. Covered inventions**

17 “This subchapter applies to the licensing of all federally
18 owned patent rights, including licenses or sublicenses granted
19 or required to be granted by the Government under section
20 387. However, it does not apply to licenses established by
21 the other sections of subchapter I of this chapter.

22 **“§ 401. Exclusive or partially exclusive licenses**

23 “(a) An agency may grant exclusive or partially exclu-
24 sive domestic licenses under federally owned patent rights
25 not automatically licensed under section 384 only if, after

1 public notice and opportunity for filing written objections, it
 2 determines that—

3 “(1) the desired practical application is not likely
 4 to be achieved under a nonexclusive license; and

5 “(2) the scope of proposed exclusivity is not
 6 greater than reasonably necessary.

7 “(b) An agency may grant exclusive or partially exclu-
 8 sive foreign licenses under federally owned patent rights after
 9 public notice and opportunity for filing written objections and
 10 after determining whether the interests of the Government or
 11 of United States industry in foreign commerce will be
 12 enhanced.

13 “(c) An agency will not grant any license under this
 14 section if it determines that such a grant would violate the
 15 antitrust laws if the licensee's receipt of such a license were
 16 deemed an acquisition of assets of another corporation.

17 “(d) Agencies will maintain periodically updated records
 18 of determinations to grant exclusive or partially exclusive li-
 19 censes. These records will be publicly available.

20 **§ 402. Minimum Government rights**

21 “Each license granted under section 401 will contain
 22 such terms and conditions as the agency finds appropriate to
 23 protect the interests of the Government and the public, in-
 24 cluding provisions reserving to the Government:

11 (1) The right to require from the licensee written
 2 reports on the use of the invention,

3 (2) A royalty-free, worldwide right to practice
 4 the invention or have it practiced for the Government,
 5 and

6 (3) The right to license State, local, or foreign
 7 governments to practice the invention or have it prac-
 8 ticed for them if the agency determines that reserva-
 9 tion of this right would serve the national interest.

10 **§ 403. March-in rights**

11 (a) The Government will have the right to terminate
 12 any license granted under section 401 in whole or in part,
 13 but only—

14 (1) if the licensee has not taken and is not ex-
 15 pected to take timely and effective action to achieve
 16 practical application of the invention in each of the
 17 fields of use affected;

18 (2) if necessary to protect national security;

19 (3) if necessary to meet requirements for public
 20 use specified by Federal regulation;

21 (4) if the licensee's rights in the invention violate
 22 the antitrust laws if the licensee's original receipt of
 23 those rights were deemed an acquisition of assets of
 24 another corporation; or

1 (5) if the licensee has failed to comply with the
2 terms of the license.

3 (b) These march-in rights may be exercised by the re-
4 sponsible agency on its own initiative or on a petition from an
5 interested person justifying such action.

6 **§ 404. Regulations**

7 "The Office of Federal Procurement Policy will direct
8 the issuance of regulations specifying the terms and condi-
9 tions upon which federally owned patent rights may be li-
10 censed. An agency may deviate from such regulations on a
11 class basis unless prohibited by the Office of Federal Procure-
12 ment Policy.

13 **"SUBCHAPTER IV—MISCELLANEOUS**

14 **§ 405. Patent enforcement suits and right of intervention**

15 "Any exclusive licensee under this chapter may enforce
16 rights under the license by bringing suit without joining the
17 United States as a party. However, the licensee will give
18 prompt notice of the suit to the Attorney General and to the
19 agency that granted the license, and all parties will serve
20 copies of papers on the Attorney General and the responsible
21 agency as though they were parties to the suit.

22 **§ 406. Background rights**

23 "Nothing contained in this chapter will be construed to
24 deprive the owner of any background patent or of rights
25 under such a patent.

1 **“§ 407. Notice, hearing, and judicial review**

2 “(a) Agency determinations under sections 382, 387(a),
3 and 387(c), and 403 will be made after public notice and
4 opportunity for a hearing in which the United States, any
5 agency, or any interested person may participate, and will
6 include written reasons for the determination.

7 “(b) The United States or any participant that may be
8 adversely affected by an agency determination covered by
9 subsection (a) of this section may appeal the determination to
10 the United States Court of Claims within sixty days after the
11 determination is issued. That court will have exclusive juris-
12 diction to determine the matter de novo and to affirm, re-
13 verse, or modify the agency determination.

14 **“§ 408. Relationship to other laws**

15 “Nothing in this chapter creates any immunities or de-
16 fenses to actions under the antitrust laws.

17 **“§ 409. Authority of Federal agencies**

18 “(a) Agencies may apply for, obtain, maintain, and pro-
19 tect patent rights in the United States and in foreign coun-
20 tries on any invention in which the Government has an inter-
21 est in order to promote the use of inventions having signifi-
22 cant commercial potential or otherwise advance the national
23 interest.

24 “(b) Agencies may license federally owned patent rights
25 on terms and conditions consistent with subchapter III.

1 “(c) Agencies may transfer patent rights to other agen-
2 cies and accept them from other agencies, in whole or in
3 part, without regard to the Federal Property and Administra-
4 tive Services Act of 1949 (40 U.S.C. 471);

5 “(d) Agencies may withhold publication or release of in-
6 formation disclosing any invention long enough for patent ap-
7 plications to be filed.

8 “(e) Agencies may promote licensing of federally owned
9 patent rights by making market surveys, acquiring technical
10 information, or otherwise enhancing the marketability of the
11 inventions.

12 “(f) Agencies may enter into contracts necessary and
13 appropriate to accomplish the purposes of this section.

14 **“§ 410. Responsibilities of the Secretary of Commerce”**

15 “(a) The Secretary of Commerce will—

16 “(1) consult with other agencies about areas of
17 science and technology with potential for commercial
18 development.

19 “(2) coordinate a program to help agencies in ex-
20 ercising the authority given by section 409.

21 “(3) evaluate inventions referred by agencies to
22 identify those with the greatest commercial potential
23 and to promote their public use;

1 "(4) help agencies seek and maintain patents in
2 the United States and in foreign countries by paying
3 fees and costs and by other means;

4 "(5) develop and manage a Government-wide pro-
5 gram, with appropriate private sector participation, to
6 stimulate transfer to the private sector of potentially
7 valuable federally-owned technology through dissemi-
8 nation of information about the technology; and

9 "(6) publish notice of all federally-owned patent
10 rights that are available for licensing;

11 "(b) There is authorized to be appropriated to the Secre-
12 tary of Commerce such sums as may be necessary to enable
13 the Secretary to carry out responsibilities under this section.

14 **"§ 411. Definitions**

15 "As used in this chapter—

16 "(1) 'Agency' means an 'executive agency' of the
17 Federal Government, as defined by section 105 of title
18 5, United States Code, and the military departments
19 defined by section 102 of title 5, United States Code.

20 'Responsible agency' means the agency which is party
21 to a contract for the performance of research or devel-
22 opment, has received patent rights from another
23 agency, or has administrative jurisdiction over an em-
24 ployee-inventor.

1 “(2) ‘Antitrust laws’ means the laws included
2 within the definition of the term ‘Antitrust laws’ in
3 section 1 of the Clayton Act (15 U.S.C. 12), as
4 amended, and the Federal Trade Commission Act (15
5 U.S.C. 41 et seq.), as amended.

6 “(3) ‘Contract’ means any Federal contract, coop-
7 erative agreement, or grant that provides for perform-
8 ance of research or development substantially funded
9 by the Government. It covers any assignment, substi-
10 tution of parties, or subcontract of the same type under
11 such a contract. It does not cover Federal price or pur-
12 chase supports, or Federal loans or loan guarantees.

13 “(4) ‘Contractor’ means any person other than an
14 agency that is a party to a contract.

15 “(5) ‘Federal employee’ means any civil service
16 employee as defined in section 2105 of title 5, United
17 States Code, and any member of the uniformed serv-
18 ices.

19 “(6) ‘Invention’ means any invention that is or
20 may be patentable under the laws of the United States.
21 ‘Contract invention’ is defined by section 382. ‘Em-
22 ployee invention’ is defined by section 391.

23 “(7) ‘Made’ when used in relation to any inven-
24 tion means conceived or first actually reduced to prac-
25 tice.

1 “(8) ‘Nonprofit organization’ means universities
2 and other institutions of higher education or an organi-
3 zation of the type described in section 501(c)(3) of the
4 Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and
5 exempt from taxation under section 501(a) of the Inter-
6 nal Revenue Code (26 U.S.C. 501(a)).

7 “(9) ‘Patent rights’ means patents and patent li-
8 censes and sublicenses.

9 “(10) ‘Practical application’ means manufacture of
10 a machine, composition, or product, or practice of a
11 process or system, under conditions which establish
12 that the invention is being worked and its benefits are
13 available to the public on reasonable terms.

14 “(11) ‘Small business’ means a small business
15 concern, as defined in section 2 of Public Law 85-536
16 (15 U.S.C. 632) and implementing regulations of the
17 Administrator of the Small Business Administration.

18 “(13) ‘State’ means a State or territory of the
19 United States, the District of Columbia, or the Com-
20 monwealth of Puerto Rico. ‘Local’ refers to any do-
21 mestic county, municipality, or other governmental
22 entity.

23 “(14) ‘Will’, except as the context otherwise re-
24 quires, has the same meaning as ‘shall’.

1 SEC. 7. (a) Section 10(a) of the Act of June 29, 1935,
2 as added by title 1 of the Act of August 14, 1946 (7 U.S.C.
3 427i(a); 60 Stat. 1085) is amended by striking out the follow-
4 ing: "Any contracts made pursuant to this authority shall
5 contain requirements making the results of research and in-
6 vestigations available to the public through dedication, as-
7 signment to the Government, or such other means as the
8 Secretary 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 demonstration, 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; 64 Stat. 149, 154) 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 (42 U.S.C. 2457).
11 However, subsections (c), (d), and (e) of section 305
12 shall continue to be effective with respect to any appli-
13 cation for patents in which the written statement re-
14 ferred to in subsection (c) of such section has been filed
15 or requested to be filed by the Commissioner of Pat-
16 ents and Trademarks before the effective date of this
17 Act;

18 (2) by striking out, in section 306(a) (42 U.S.C.
19 2458(a), “(as defined by section 305)”; and by striking
20 out “the Inventions and Contributions Board, estab-
21 lished under section 305 of this Act” and inserting in-
22 stead, “an Inventions and Contributions Board which
23 shall be established by the Administrator within the
24 Administration”;

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

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

8 (4) by inserting at the end of section 203 (42
9 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 instead 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 section 302 of the Appalachian Re-
9 gional Development Act of 1965 (40 U.S.C. App. 302(e); 79
10 Stat. 5) is repealed.

11 (l) Except for paragraph (1), section 9 of the Federal
12 Nonnuclear Energy Research and Development Act of 1974
13 (42 U.S.C. 5901; 88 Stat. 1878) is repealed.

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

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

19 (o) Section 3 of the Act of April 5, 1944 (30 U.S.C.
20 323; 58 Stat. 191), is repealed.

21 (p) The Resources Conservation and Recovery Act of
22 1976 (90 Stat. 2795) is amended—

23 (1) by repealing section 8001(c)(3) (42 U.S.C.
24 6981(c)(3); 90 Stat. 2831); and

1 (2) by striking out, in section 8004(c)(2) (42
2 U.S.C. 6984(c)(2)) the second sentence, "notwithstand-
3 ing section 6881(c)(3) of this title,".

4 (q) Section 12 of the Electric and Hybrid Vehicle Re-
5 search, Development, and Demonstration Act of 1976 (15
6 U.S.C. 2511; Stat.) is repealed.

7 (r) Paragraph (r) of section 19 of the Federal Nonnu-
8 clear Energy Research and Development Act of 1974, Public
9 Law 93-577, as amended, Public Law 95-238, is repealed;
10 subparagraph (g)4 of said section 19 is amended by striking
11 "under section 9 of this Act" in the first sentence.

12 (s) Section 112(d)(2) of Public Law 95-39 enacted on
13 June 3, 1977, is amended by striking "shall be governed by
14 the provisions of section 9 of the Federal Nonnuclear Energy
15 Research and Development Act of 1974 and".

16 (t) Section 408 of the Water Research and Development
17 Act of 1978 (42 U.S.C. 7879; 92 Stat. 1316) is repealed.

18 SEC. 8. (a) Sections 2, 4, and 5 of this Act will take
19 effect upon enactment.

20 (b) Section 1 of this Act will take effect on the first day
21 of the seventh month beginning after its enactment and will
22 apply to patents in force as of that date or issued thereafter.

23 (c) Section 3 of this Act will take effect on the first day
24 of the first fiscal year beginning on or after one calendar year
25 after enactment. However, until section 3 takes effect, the

1 Secretary may credit the Patent and Trademark Office ap-
2 propriation account in the Treasury of the United States with
3 the revenues from collected reexamination fees, which will be
4 available to pay the costs to the Office of reexamination
5 proceedings.

6 (d) Any fee in effect as of the date of enactment of this
7 Act will remain in effect until a corresponding fee established
8 under section 41 of title 35, United States Code, or section
9 1113 of title 15, United States Code, takes effect.

10 (e) Fees for maintaining a patent in force will not be
11 applicable to patents applied for prior to the date of enact-
12 ment of this Act.

13 (f) Sections 6 and 7 of this Act will take effect on the
14 first day of the seventh month beginning after its enactment.
15 Implementing regulations may be issued earlier.



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