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[COMMITTEE PRINT]

NOVEMBER 17, 1981

Note: Changes made in the introduced bill are indicated as follows: Matter to be deleted is *stricken* through, matter inserted by unanimous consent is printed in *italic* type, and matter inserted by amendment is printed in **boldface**.

97TH CONGRESS
1ST SESSION

H. R. 4564

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

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1981

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

A BILL

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

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*
 3 That this Act may be cited as the "Uniform Federal Re-
 4 search and Development Utilization Act of 1981".

TITLE I—POLICY

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

Sec. 301. Ownership and rights of the Government.

Sec. 302. Rights of the contractor.

Sec. 303. Waiver.

Sec. 304. March-in-rights.

Sec. 305. General provisions.

Sec. 306. Judicial review.

Sec. 307. Contractor's payments to the Government.

Sec. 308. Background rights.

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 the 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—AMENDMENTS TO OTHER ACTS

Sec. 521. Identified Acts amended.

CHAPTER 3—EFFECTIVE DATE PROVISION

Sec. 531. Effective date.

1 **TITLE I—POLICY**

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, and serve the public
15 interest; and

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

21 **DECLARATION OF PURPOSE**

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

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

1 sored scientific and technological research and develop-
2 ment;

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

6 (3) allocate rights to inventions by contractors
7 which result from federally sponsored research and de-
8 velopment so as to—

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

11 (B) foster competition,

12 (C) reduce the administrative burdens, both
13 for the Federal agencies and its contractors, and

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

17 (4) provide for a domestic and foreign protection
18 and licensing program to obtain commercial utilization
19 of federally owned inventions, with the objective of
20 strengthening the Nation's economy and expanding its
21 domestic and foreign markets; and

22 (5) amend or repeal other Acts and Executive
23 orders regarding the allocation of rights to inventions
24 which result from federally sponsored research and de-
25 velopment and the licensing of federally owned patents.

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

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

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

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

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

1 the provisions of this Act and other related Federal
2 Government policies, regulations, and practices.

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

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

9 (1) acquire data and reports from Federal agencies
10 on the interpretation and implementation of this Act
11 and related policies, regulations, and practices;

12 (2) review on its own initiative, or upon request
13 by a Federal agency, Federal agency implementation
14 of the provisions of this Act;

15 (3) analyze, on a continuing basis, data acquired
16 by the Council;

17 (4) consider problems and developments in the
18 fields of inventions, patents, trademarks, copyrights,
19 rights in technical data, and matters connected there-
20 with and the impact thereof on Federal Government
21 policy or uniform accommodation or implementation by
22 Federal agencies; and

23 (5) publish annually a report on Council efforts,
24 findings, and recommendations made under this sec-
25 tion.

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

5 OWNERSHIP AND RIGHTS OF THE GOVERNMENT

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

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

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

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

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

1 rights of the Federal Government, under this section to
2 such invention in conformity with the provisions of sec-
3 tion 303;

4 (5) the contract is not to be performed in the
5 United States, its possessions, or Puerto Rico;

6 (6) the contractor is a business entity
7 that does not have a place of business located
8 in the United States, except that this para-
9 graph shall not require an agency to take an
10 action in violation of existing treaties or laws
11 of the United States; or

12 (7) the contractor is or is subject to the
13 control of a foreign government, except that
14 this paragraph shall not require an agency to
15 take an action in violation of existing treaties
16 or laws of the United States.

17 *The Federal agency may subsequently waive all or any part*
18 *of the rights of the Federal Government under this section to*
19 *such invention in conformity with the provisions of section*
20 *303.*

21 (b) In other situations not covered by subsection (a) each
22 Federal agency shall acquire on behalf of the Federal Gov-
23 ernment, at the time of contracting—

24 (1) an agreement that, if the contractor elects not
25 to file a patent application on a subject invention in

1 any country, title to such an invention shall be as-
2 signed to the Federal Government, subject to the
3 rights retained by the contractor under section 302;
4 and

5 (2) an agreement that, if the contractor elects to
6 file a patent application in accordance with section
7 302—

8 (A) the Federal agency shall have the right
9 to require periodic written reports at reasonable
10 intervals and, when specifically requested by such
11 agency, reports on the ~~commercial use~~ *commer-*
12 *cialization* or other form of utilization by the
13 public that is being made or is intended to be
14 made of any subject invention: *Provided*, That
15 any such information shall be treated by the Fed-
16 eral agency as commercial or financial information
17 obtained from a person and privileged or confiden-
18 tial and not subject to disclosure under the Free-
19 dom of Information Act (5 U.S.C. 552);

20 (B) the Government shall have a nonexclu-
21 sive, nontransferable, irrevocable, paid-up license
22 to practice or have practiced any subject invention
23 throughout the world by or on behalf of the Fed-
24 eral Government, and may, if provided in such
25 agreement, have additional rights to sublicense

1 of State or domestic local government or to sub-
2 of license (any foreign government pursuant to for-
3 notice eign) policy considerations, or any existing or
4 future treaty or agreement, when it is determined
5 to be in the national interest to acquire such addi-
6 tional rights.

7 RIGHTS OF THE CONTRACTOR

8 SEC. 302. (a) Whenever a contractor enters into a con-
9 tract with a Federal agency other than in those circum-
10 stances identified in section 301(a), the contractor ~~or inven-~~
11 ~~tor~~ shall have the option of retaining title to any invention
12 made under the contract. Such rights shall be subject to the
13 limitations set forth in section 304 and the provisions of see-
14 tion sections 301(b)(2) and 305. Such option shall be exer-
15 cised by notifying the Government at the time of disclosure of
16 the invention or within such time thereafter as may be pro-
17 vided in the contract. The Government shall obtain title to
18 any invention for which this option is not exercised.

19 (b) When the Government obtains title to an invention
20 under section 301 or 302(a), the contractor shall retain a
21 nonexclusive, royalty-free license which shall be revocable
22 only to the extent necessary for the Government to grant an
23 exclusive license.

24 (c) If a contractor does not exercise its option to retain
25 title the Federal agency may consider and, after consultation

1 *with the contractor, grant requests for retention of rights by*
2 *the inventor, subject to the provisions of this Act.*

3 **WAIVER**

4 **SEC. 303.** A Federal agency may at any time waive all
5 or any part of the rights of the United States under this title
6 *section 301(a)* to any invention or class of inventions made or
7 which may be made by any person or class of persons under
8 the contract of the agency if the agency determines that the
9 condition justifying acquisition of title by the Government
10 under section 301 no longer exists or the interests of the
11 United States and the general public will be best served
12 thereby. The agency shall maintain a record, which shall be
13 made public and periodically updated, of determinations made
14 under this section. In making such determinations, the
15 agency shall consider the following objectives:

16 (1) encouraging the wide availability to the public
17 of the benefits of the experimental, developmental, or
18 research programs in the shortest practicable time;

19 (2) promoting the commercial utilization of such
20 inventions;

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

24 (4) fostering competition and preventing undue
25 market concentration or the creation or maintenance of

1 other situations inconsistent with the antitrust laws.
2 **fostering competition and preventing the cre-**
3 **ation or maintenance of situations inconsis-**
4 **ent with the antitrust laws.**

5 **MARCH-IN-RIGHTS**

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

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

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

22 (3) to meet requirements for public use specified
23 by Federal regulation which are not reasonably satis-
24 fied by the contractor or its licensees; or

1 (4) because the actions of the contractor beyond
 2 the exercise of the exclusive rights in the invention
 3 have tended substantially to lessen competition or to
 4 result in undue market concentration in any section of
 5 the United States in any line of commerce to which
 6 the technology relates, or to create and maintain other
 7 situations inconsistent with the antitrust laws, have
 8 created or maintained a situation inconsis-
 9 ent with the antitrust laws.

10 (b) The determinations required under subsection (a)
 11 shall be made upon the basis of such information as may be
 12 presented by the contractor, an interested party, or any Fed-
 13 eral agency. Such determination shall be made after public
 14 notice and opportunity for hearing if such a hearing is re-
 15 quested by any interested person justifying such a hearing.

16 GENERAL PROVISIONS

17 SEC. 305. (a) The allocation of property rights in sub-
 18 ject inventions shall be determined by uniform regulations,
 19 issued by the Administrator of General Services and the Sec-
 20 retary of Defense, employing a single patent rights clause in
 21 all instances except as may be provided in such regula-
 22 tions, subject to the minimum rights acquired under section
 23 301(b)(2), or as provided in paragraph (5). Such a patent
 24 rights clause shall include the provisions required by sections

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

2 Federal agency shall include provisions to—

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

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

9 (2) require an election, at the time of disclosure or
10 within a reasonable time thereafter, whether the con-
11 tractor intends to file a patent application on the sub-
12 ject invention in the United States or other countries;

13 (3) require, if the contractor elects to file, a decla-
14 ration of the contractor's intent to commercialize or
15 otherwise achieve the widespread utilization of the in-
16 vention by the public;

17 (3) require, where the contractor elects to retain
18 title—

19 (A) the filing of a patent application within
20 a reasonable period of time; and

21 (B) the filing of a declaration of the contrac-
22 tor's intent to commercialize or otherwise achieve
23 the utilization of the invention by the public;

24 (4) require an obligation on the part of the con-
25 tractor, in the event a United States patent application

1 is filed by or on its behalf or by any assignee of the
2 contractor, to include within the specification of such
3 application, and any patent issuing thereon, a state-
4 ment specifying that the invention was made with
5 Government support and that the Government has cer-
6 tain rights in the invention; and

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

10 (A) contracts involving cosponsored, cost
11 sharing, or joint venture research when the con-
12 tractor is required to make a substantial contribu-
13 tion of funds, facilities, or equipment to the work
14 performed under the contract; and

15 (B) special contracting situations such as
16 Federal price or purchase supports and Federal
17 loan or loan ~~guarantees~~ *guarantees*; and

18 (6) *require that a transfer by the contractor of the*
19 *rights in any subject invention will be subject to the*
20 *rights of the Federal Government provided for in sec-*
21 *tions 301, 303, 304, and 307.*

22 No deviation under this subsection shall waive, in whole or in
23 part, the minimum rights to be secured for the Federal Gov-
24 ernment set forth in section 304(a)(4). The Federal Govern-
25 ment shall withhold publication or release to the public of

1 information disclosing any invention subject to the uniform
2 regulations issued under this subsection for a reasonable time
3 in order for a United States or foreign patent application to
4 be filed.

5 (b) When it is determined that the right to require li-
6 censing or the right of the Federal agency to license should
7 be exercised pursuant to section 304(a), the Federal agency
8 may specify terms and conditions, including royalties to be
9 charged, if any, and the duration and field of use of the li-
10 cense, if appropriate *consistent with the provisions of title IV*
11 *of this Act*. Agency determinations as to the rights to inven-
12 tions under this title shall be made in an expeditious manner
13 without unnecessary delay.

14 JUDICIAL REVIEW

15 SEC. 306. Any person adversely affected by a Federal
16 agency determination made under section 304(a) or 305(b)
17 *this Act* may, at any time within sixty days after the determi-
18 nation is issued, file a petition to the United States Court of
19 ~~Claims~~ *Court of Customs and Patent Appeals* which shall
20 have jurisdiction to determine the matter de novo and to
21 affirm, reverse, or modify as appropriate, the determination
22 of the Federal agency.

23 CONTRACTOR'S PAYMENTS TO THE GOVERNMENT

24 SEC. 307. (a) The Administrator of the General Serv-
25 ices Administration and the Secretary of Defense shall issue

1 regulations which will provide payment to the Government
2 for Federal funding of research and development activities
3 through the sharing of royalties or revenues or both with the
4 contractor. Such regulations shall provide, to the extent ap-
5 propriate, a standard contractual clause to be included in all
6 Federal research and development contracts.

7 (b) Such regulations may allow the agency to waive all
8 or part of the payment set forth in subsection (a) above at the
9 time of contracting or at the request of the contractor where
10 the agency determines that—

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

13 (2) the Federal Government's contribution to the
14 technology as licensed or utilized is insubstantial com-
15 pared with private investment made or to be made in
16 the technology; or

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

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

21 (5) the payment would place the contractor at a
22 competitive disadvantage or would stifle commercial
23 utilization of the technology; or

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

(c) Such regulations shall be promulgated within twelve months of enactment of this section, but will not take effect for a period of sixty days subject to disapproval *by resolution* by either House of Congress. Such ~~disapproval resolution~~ shall be considered a preferential resolution and may be brought up without committee approval.

(d) Until such regulations become effective, each agency shall obtain payment on behalf of the Federal Government for its research and development activities on a contract-by-contract basis in a manner consistent with the provisions of subsection (b) above.

BACKGROUND RIGHTS
SEC. 308. Nothing contained in this Act shall be construed to deprive the owner of any background patent or to such rights as the owner may have thereunder.

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

AUTHORITY OF FEDERAL AGENCIES

SEC. 401. Federal agencies are authorized to—

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

- 1 (2) promote the licensing of inventions covered by
2 federally owned patent applications, patents, or other
3 forms of protection obtained with the objective of maxi-
4 mizing utilization by the public of the inventions cov-
5 ered thereby;
- 6 (3) grant nonexclusive, exclusive, or partially ex-
7 clusive licenses under federally owned patent applica-
8 tions, patents, or other forms of protection obtained,
9 royalty free or for royalties or other consideration, and
10 on such terms and conditions, including the grant to
11 the licensee of the right of enforcement pursuant to the
12 provisions of chapter 28 of title 35, United States
13 Code, as deemed appropriate in the public interest;
- 14 (4) make market surveys and other investigations
15 for determining the potential of inventions for domestic
16 and foreign licensing and other forms of utilization; ac-
17 quire technical information and engage in negotiations
18 and other activities for promoting the licensing and for
19 the purpose of enhancing their marketability and public
20 utilization;
- 21 (5) withhold publication or release to the public
22 information disclosing any invention in which the Fed-
23 eral Government owns or may own a right, title, or in-
24 terest for a reasonable time in order for a patent appli-
25 cation to be filed;

(6) undertake the above and all other suitable and necessary steps to protect and administer rights to inventions on behalf of the Federal Government either directly or through contract;

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

(8) designate the Department of Commerce as recipient of any or all funds received from fees, royalties, or other management of federally owned inventions authorized under this Act.

AUTHORITY OF THE SECRETARY OF COMMERCE IN

COOPERATION WITH OTHER FEDERAL AGENCIES

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

(1) coordinate a program for assisting all Federal agencies in carrying out the authority set forth in section 401;

(2) publish notification of all federally owned inventions that are available for licensing;

- 1 (3) evaluate inventions referred by Federal agen-
- 2 cies, and patent applications filed thereon, in order to
- 3 identify those inventions with the greatest commercial
- 4 potential and to insure promotion and utilization by the
- 5 public of inventions so identified;
- 6 (4) assist the Federal agencies in seeking and
- 7 maintaining protection on inventions in the United
- 8 States and in foreign countries, including the payment
- 9 of fees and costs connected therewith;
- 10 (5) accept custody and administration, in whole or
- 11 in part, of the right, title, and interest in any invention
- 12 for the purposes set forth in section 401 (1) through
- 13 (4), with the approval of the Federal agency concerned
- 14 without regard to the provisions of the Federal Proper-
- 15 ty and Administrative Service Act of 1949 (40 U.S.C.
- 16 471);
- 17 (6) receive funds from fees, royalties, or other
- 18 management of federally owned inventions authorized
- 19 under this Act, but such funds shall be used only for
- 20 the purpose of this Act; and
- 21 (7) undertake these and such other functions
- 22 either directly or through such contracts as are neces-
- 23 sary and appropriate to accomplish the purposes of this
- 24 title.

1 **AUTHORITY OF THE ADMINISTRATOR OF GENERAL**
2 **SERVICES**

3 **SEC. 403.** The Administrator of General Services is au-
4 thorized to promulgate regulations specifying the terms and
5 conditions upon which any federally owned invention may be
6 licensed on a nonexclusive, partially exclusive, or exclusive
7 basis.

8 **GRANTS OF AN EXCLUSIVE OR PARTIALLY EXCLUSIVE**
9 **LICENSE**

10 **SEC. 404. (a)** Federal agencies may grant exclusive or
11 partially exclusive licenses in any invention covered by a fed-
12 erally owned domestic patent or patent application only if,
13 after public notice and opportunity for filing written objec-
14 tions, it is determined that—

15 (1) the interests of the Federal Government and
16 the public will best be served by the proposed license,
17 in view of the applicant's intentions, plans, and ability
18 to bring the invention to practical application or other-
19 wise promote the invention's utilization by the public;

20 (2) the desired practical application has not been
21 achieved, or is not likely expeditiously to be achieved,
22 under any nonexclusive license which has been grant-
23 ed, or which may be granted, on the invention;

24 (3) exclusive or partially exclusive licensing is a
25 reasonable and necessary incentive to call forth the in-

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. **such license would, apart from**
16 **the exercise of the exclusive rights in the inven-**
17 **tion, create or maintain a situation inconsistent**
18 **with the antitrust laws.**

19 (b) After consideration of whether the interests of the
20 Federal Government or United States industry in foreign
21 commerce will be enhanced, Federal agencies may grant ex-
22 clusive or partially exclusive licenses in any invention cov-
23 ered by a foreign patent application or patent after public
24 notice and opportunity for filing written objections except
25 that, a Federal agency shall not grant such exclusive or par-

1 tially exclusive license if it determines that the grant of such
2 license will tend substantially to lessen competition or result
3 in undue concentration in any section of the country in any
4 line of commerce to which the technology to be licensed re-
5 lates, or to create or maintain other situations inconsistent
6 with the antitrust laws. license would, apart from the
7 exercise of the exclusive rights in the invention,
8 create or maintain a situation inconsistent with
9 the antitrust laws.

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

12 (d) Any grant of an exclusive or partially exclusive li-
13 cense shall contain such terms and conditions as the Federal
14 agency may determine to be appropriate for the protection of
15 the interests of the Federal Government and the public, in-
16 cluding provisions for the following:

17 (1) periodic written reports at reasonable intervals
18 including, when specifically requested by the Federal
19 agency, the extent of the commercial or other use by
20 the public that is being made or is intended to be made
21 of the invention;

22 (2) a nonexclusive, nontransferable, irrevocable,
23 paid-up license to practice or have practiced for the
24 Federal Government the licensed invention throughout
25 the world by or on behalf of the Federal Government

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

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

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

1 the opportunity to provide such relevant and material
 2 information as the Federal agency may require, that
 3 such license has tended substantially to lessen competi-
 4 tion or to result in undue concentration in any section
 5 of the country in any line of commerce to which the
 6 technology relates, or to create or maintain other situ-
 7 ations inconsistent with the antitrust laws, such li-
 8 cense has, apart from the exercise of the ex-
 9 clusive rights in the invention, created or
 10 maintained a situation inconsistent with the
 11 antitrust laws.

12 TITLE V—MISCELLANEOUS

13 CHAPTER 1—DEFINITIONS; RELATIONSHIP TO OTHER

14 LAWS

15 DEFINITIONS

16 SEC. 511. As used in this Act—

17 (1) The term "Federal agency" means an "execu-
 18 tive agency" as defined by section 105 of title 5,
 19 United States Code, and the military departments de-
 20 fined by section 102 of title 5, United States Code.

21 (2) The term "contract" means any contract,
 22 grant, or cooperative agreement entered into between
 23 any Federal agency and any person for the perform-
 24 ance of experimental, developmental, or research work
 25 substantially funded by the Federal Government. Such

1 term includes any assignment, substitution of parties,
2 or subcontract of any type entered into for the per-
3 formance of experimental, developmental, or research
4 work under a contract.

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

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

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

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

1 (7) The term "person" means any individual,
2 partnership, corporation, association, institution, or
3 other entity.

4 (8) The term "made", when used in relation to
5 any invention, means the conception or first actual re-
6 duction to practice of such invention.

7 (9) The term "antitrust law" means—

8 (A) the Act entitled "An Act to protect trade
9 and commerce against unlawful restraints and mo-
10 nopolies", approved July 2, 1890 (15 U.S.C. 1 et
11 seq.), as amended;

12 (B) the Act entitled "An Act to supplement
13 existing laws against unlawful restraints and mo-
14 nopolies, and for other purposes", approved Octo-
15 ber 15, 1914 (15 U.S.C. 12 et seq.), as amended;

16 (C) the Federal Trade Commission Act (15
17 U.S.C. 41 et seq.), as amended;

18 (D) sections 73 and 74 of the Act entitled
19 "An Act to reduce taxation to provide revenue for
20 the Federal Government, and for other purposes",
21 approved August 27, 1894 (15 U.S.C. 8 and 9),
22 as amended; and

23 (E) the Act of June 19, 1936 (15 U.S.C. 13,
24 13a, 13b, and 21a).

1 **(9) The term "antitrust law" means the**
2 **laws included within the definition of the**
3 **term "antitrust laws" in section 1 of the Clay-**
4 **ton Act (15 U.S.C. 12), as amended.**

5 **RELATIONSHIP TO OTHER LAWS**

6 **SEC. 512.** Nothing in this Act shall be deemed to
7 convey to any individual, corporation, or other business orga-
8 nization immunity from civil or criminal liability, or to create
9 defenses to actions, under any antitrust law.

10 **CHAPTER 2—AMENDMENTS TO OTHER ACTS**

11 **IDENTIFIED ACTS AMENDED**

12 **SEC. 521.** The following Acts are hereby amended as
13 follows:

14 (1) Section 205(a) of the Act of August 14, 1946
15 (7 U.S.C. 1624(a); 60 Stat. 1090), is amended by
16 striking out the last sentence thereof.

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

21 (3) Section 106(c) of the National Traffic and
22 Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(c);
23 80 Stat. 721) is repealed.

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

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

6 (6) The National Aeronautics and Space Act of
7 1958 (42 U.S.C. 2451 et seq.; 72 Stat. 426) is amend-
8 ed—

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

18 (B) by inserting the following new section
19 305:

20 "SEC. 305. INVENTIONS AND CONTRIBUTIONS
21 BOARD.—Each proposal for any waiver of patent rights held
22 by the Administrator shall be referred to an Inventions and
23 Contributions Board which shall be established by the Ad-
24 ministrator within the Administration. Such Board shall
25 accord to each interested party an opportunity for a hearing,

1 and shall transmit to the Administrator its findings of fact
2 with respect to such proposal and its recommendations for
3 action to be taken with respect thereto.”;

4 (C) by repealing section 306 thereof (42
5 U.S.C. 2458);

6 (D) by inserting at the end of section 203(e)
7 thereof (42 U.S.C. 2473(e)) the following new
8 paragraph:

9 “(14) to provide effective contractual provisions
10 for the reporting of the results of the activities of the
11 Administration, including full and complete technical
12 reporting of any innovation made in the course of or
13 under any contract of the Administration.”;

14 (E) by inserting at the end of section 203
15 thereof (42 U.S.C. 2478) the following new sub-
16 section:

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

20 (F) by striking out the following in section
21 203(e)(3) thereof (42 U.S.C. 2473(e)(3)): “(includ-
22 ing patents and rights thereunder)”.

23 (6) The National Aeronautics and Space
24 Act of 1958 (72 Stat. 426) is amended—

1 (A) by striking out section 305 there-
2 of (42 U.S.C. 2457), except that subsec-
3 tions (c), (d), and (e) of such section
4 shall continue to be effective with respect
5 to any application for patents in which
6 the written statement referred to in sub-
7 section (c) of such section has been filed
8 or requested to be filed by the Commis-
9 sioner of Patents and Trademarks prior
10 to the effective date of this Act;

11 (B) by striking out, in section 306(a)
12 thereof (42 U.S.C. 2458(a)), "(as defined
13 by section 305)", and by striking out "the
14 Inventions and Contributions Board, es-
15 tablished under section 305 of this Act"
16 and inserting in lieu thereof "an Inven-
17 tions and Contributions Board which
18 shall be established by the Administrator
19 within the Administration";

20 (C) by striking out the period at the
21 end of paragraph (13) of section 203(c)
22 thereof (42 U.S.C. 2473(c)) and inserting
23 in lieu thereof a semicolon and by insert-
24 ing after such paragraph the following:

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

7 (D) by adding at the end of such sec-
8 tion 203 the following new subsection:

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

13 (E) by striking out “(including pat-
14 ents and rights thereunder)” in such sec-
15 tion 203.

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

19 (8) Section 4 of the Helium Act Amendments of
20 1960 (50 U.S.C. 167b; 74 Stat. 920) is amended by
21 striking out both provisos at the end thereof.

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

1 (10) Subsection (e) of the section 302 of the Ap-
2 palachian Regional Development Act of 1965 (40
3 U.S.C. App. 302(e); 79 Stat. 5) is repealed.

4 (11) Except for paragraph (l), section 9 of the
5 Federal Nonnuclear Energy Research and Develop-
6 ment Act of 1974 (42 U.S.C. 5908; 88 Stat. 1887) is
7 repealed.

8 (12) Section 5(i) of the Tennessee Valley Authori-
9 ty Act of 1933 (16 U.S.C. 831d(i); 48 Stat. 61) is
10 amended by striking both proviso clauses at the end
11 thereof.

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

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

16 (15) Section 8001 of the Solid Waste Disposal
17 Act (42 U.S.C. 6981; 90 Stat. 2829) is repealed.

18 (16) Section 6 of the Patent and Trademark
19 Amendment of 1980 (35 U.S.C. 38; 94 Stat. 3018) is
20 repealed.

21 (16)(A) Chapter 38 of title 35, United States
22 Code, is repealed.

23 (B) The table of chapters of title 35, United
24 States Code, is amended by striking out the item per-
25 taining to chapter 38.

1 (17) Section 6(e) (1) and (2) of the Stevenson-
2 Wydler Technology Innovation Act of 1980 (15
3 U.S.C. 3705(e) (1) and (2); 94 Stat. 2313) is repealed.

4 CHAPTER 3—EFFECTIVE DATE PROVISION

5 EFFECTIVE DATE

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

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