

ENTIRE INFORMATION OF THE OFFICE OF SCIENCE AND  
TECHNOLOGY POLICY AND THE FEDERAL COORDI-  
NATING COMMITTEE FOR SCIENTIFIC RESEARCH AND  
TECHNOLOGY

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

TITLE III—ALLOCATION OF PROPERTY RIGHTS IN IN-  
VENTIONS RESULTING FROM FEDERALLY SPON-  
SORED RESEARCH AND DEVELOPMENT

95TH CONGRESS  
1ST SESSION  
**H. R. 6249**

Sec. 311. Federal Government's rights.  
Sec. 312. Minimum rights to Federal Government and the public.  
Sec. 313. Contractor's rights.  
Sec. 314. Contractor's obligations.

IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 1977

Mr. THORNTON (for himself and Mr. TEAGUE) introduced the following bill;  
which was referred jointly to the Committees on the Judiciary and Science  
and Technology

Sec. 315. Allocation of property rights in subject inven-  
tions.  
Sec. 316. Federal Government's obligations.  
Sec. 317. Minimum rights to Federal Government and the public.  
Sec. 318. Contractor's rights.  
Sec. 319. Contractor's obligations.

**A BILL**

To establish a uniform Federal system for management, protec-  
tion, and utilization of the results of federally sponsored  
scientific and technological research and development; and  
to further the public interest of the United States domesti-  
cally 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 1977".

TITLE I—POLICY

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

95TH CONGRESS  
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**A BILL**

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By Mr. THORNTON and Mr. TEAGUE

APRIL 6, 1977  
Referred jointly to the Committees on the Judiciary  
and Science and Technology

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

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

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

CHAPTER 1.—INVENTIONS OF CONTRACTORS

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

CHAPTER 2.—INVENTIONS OF FEDERAL EMPLOYEES

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

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

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

TITLE V—MISCELLANEOUS

CHAPTER 1.—DEFINITIONS; RELATIONSHIP TO OTHER LAWS

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

CHAPTER 2.—AMENDMENT TO OTHER ACTS

- Sec. 521. Identified Acts amended.

CHAPTER 3.—EFFECTIVE DATE PROVISION

- Sec. 531. Effective date of Act.

H. R. 5340

A BILL

for other kind of bill... (mirrored bleed-through text from reverse side)

Sec. 531. Effective date of Act.

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

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

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

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

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

CHAPTER 3.—EFFECTIVE DATE PROVISION

SEC. 531. EFFECTIVE DATE

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

(m) Section 316 of title 38, United States Code, is amended by striking out subsection (a) (2) thereof and redesignating subsection (a) (3) thereof as (a) (2). (n) Except for paragraph (1) of section 3 of the National Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5891; 88 Stat. 1878) is repealed.

TITLE I—POLICY

FINDINGS

SEC. 101. The Congress, recognizing the profound impact of science and technology on society and the interrelations of scientific, technological, economic, social, political, and institutional factors, hereby finds that—

(1) inventions in scientific and technological fields resulting from work performed under Federal research and development programs constitute a valuable national resource;

(2) Federal policy on the allocations of rights to inventions resulting from federally sponsored research and development should stimulate inventors, meet the needs of the Federal Government, recognize the equities of the Federal employee-inventor (and the Federal Government contractor, and serve the public interest; and

(3) the public interest would be better served if greater efforts were made to obtain patent protection and to promote the commercial use of new technology resulting from federally sponsored research and development, both in the United States and foreign countries, as appropriate.

and licensing program to obtain protection of federally owned inventions with the objective

DECLARATION OF PURPOSE

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

(1) establish a uniform Federal system for the management and use of the results of federally sponsored scientific and technological research and development;

(2) provide for uniform implementation of the provisions of this Act, and to make a continuing effort to monitor such implementation;

(3) allocate rights to inventions by contractors which result from federally sponsored research and development so as to—

(A) encourage the participation of the most qualified and competent contractors;

(B) foster competition;

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

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

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

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

authority of this Act shall be provided for in such a manner that all information, uses, products, processes, patents, and other developments resulting from such research developed by Government expenditure will (with such exceptions and limitations, if any, as the Secretary may find to be necessary in the interest of national defense) be available to the general public. And provided further, That nothing contained herein shall be construed as to deprive the owner of (any background patent relating thereto to such rights as he may have thereunder." and by inserting in lieu thereof (a period

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

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

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

(m) Section 216 of title 38, United States Code, is amended by striking out subsection (a) (2) thereof and by redesignating subsection (a) (3) thereof as (a) (2).

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

by striking out "the Inventions and Contributions Board, established under section 305 of this Act" and inserting in lieu thereof: "an Inventions and Contributions Board which shall be established by the Administrator within the Administration";

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

(14) to provide effective contractual provisions for the reporting of the results of the activities of the Administration, including full and complete technical reporting of any innovation made in the course of or under any contract of the Administration.

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

"(d) For the purposes of chapter 17 of title 35 of the United States Code the Administration shall be considered a defense agency of the United States"; and

(5) by striking out the following in such section: "(including patents and rights thereunder)";

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

(i) Section 4 of the Helium Act Amendments of 1960 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out the following: "Provided, however, That all research contracted for, sponsored, cosponsored, or authorized under

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

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

SEC. 201. (a) The Federal Coordinating Council for Science, Engineering, and Technology (established by section 401 of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651)) (hereinafter in this Act referred to as the "Council") shall make recommendations to the Director (of the Office of Science and Technology Policy (hereinafter in this title referred to as the "Director")); with regard to: (1) uniform and effective planning and administration of Federal programs pertaining to inventions, patents, trademarks, copyrights, rights in technical data, and matters connected therewith;

(2) uniform policies, regulations, guidelines, and practices to carry out the provisions of this Act and other Federal Government objectives in the field of intellectual property; and

(3) uniformity and effectiveness of interpretation and implementation by individual Federal agencies of the provisions of this Act and other related Federal Government policies, regulations, and practices.

(b) Recommendations regarding matters set forth in subsection (a) which are made by the Council and adopted by the Director shall be transmitted to Federal agencies through appropriate channels.

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

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

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

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

(4) consider problems and developments in the fields of inventions, patents, trademarks, copyrights, rights in technical data, and matters connected therewith

patents, and other developments resulting from such research, demonstrations, or experiments will (with such exception and limitation, if any, as the Secretary or the Secretary of Health, Education, and Welfare may find to be necessary in the public interest) be available to the general public.

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

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

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

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

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

(2) by striking out, in section 306 (a) thereof (42 U.S.C. 2458 (a)), “(as defined by section 305)”; and

## CHAPTER 2.—AMENDMENTS TO OTHER ACTS

## IDENTIFIED ACTS AMENDED

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

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

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

(c) Section 501 (c) of the Federal Coal Mine Health and Safety Act of 1969 (30 U.S.C. 951 (c); 83 Stat. 742) is amended by striking out the following: "No research, demonstrations, or experiments shall be carried out, contracted for, sponsored, cosponsored, or authorized under authority of this Act, unless all information, uses, products, processes,

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

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

CHAPTER 1.—INVENTIONS OF CONTRACTORS  
CRITERIA FOR THE ALLOCATION OF PROPERTY RIGHTS IN SUBJECT INVENTIONS

SEC. 311. The allocation of property rights in subject inventions shall be determined by uniform regulations, issued by the Administrator of General Services and the Secretary of Defense, employing a single patent rights clause in all instances except as may be provided in such regulations, subject to the minimum rights acquired under section 313 (a) (2), or as provided in section 315 (d). Such a patent rights clause shall include the provisions required by section 312, 313, 314, and subsections (a), (b), and (c) of section 315.

## REPORTING REQUIREMENTS AND DECLARATION OF INTENT

SEC. 312. The contractor shall promptly provide the sponsoring Federal agency with (1) a disclosure of each

1 subject invention which is or may be patentable under the  
 2 laws of the United States; (2) an election whether the  
 3 contractor intends to file a patent application on the subject  
 4 invention; and (3) if the contractor elects to file, a declara-  
 5 tion of the contractor's intent to commercialize or otherwise  
 6 achieve the widespread utilization of the invention by the  
 7 public. The Federal Government shall withhold publication  
 8 or release to the public of information disclosing such in-  
 9 vention for a reasonable time in order for a patent applica-  
 10 tion to be filed.

11 MINIMUM RIGHTS TO THE FEDERAL GOVERNMENT AND  
 12 THE PUBLIC

13 SEC. 313. (a) Each Federal agency shall acquire on  
 14 behalf of the Federal Government, at the time of contract-  
 15 ing—  
 16 (1) an agreement that, if the contractor elects not  
 17 to file a patent application on a subject invention in any  
 18 country, title to such an invention shall be assigned to  
 19 the Federal Government, subject to the rights retained  
 20 by the contractor under section 314; and  
 21 (2) an agreement that, if the contractor elects to  
 22 file a patent application in accordance with section 314—  
 23 (A) the Federal agency shall have a nonexclu-  
 24 sive, nontransferable, irrevocable, paid-up license to  
 25 practice (or have practiced for the Federal Govern-

1 invention, means the conception or first actual reduction  
 2 to practice of such invention.

3 (j) The term "antitrust law" means—

- 4 (1) the Act entitled "An Act to protect trade and  
 5 commerce against unlawful restraints and monopolies",  
 6 approved July 2, 1890 (15 U.S.C. 1 (et seq.)), as  
 7 amended;
- 8 (2) the Act entitled "An Act to supplement exist-  
 9 ing laws against unlawful restraints and monopolies,  
 10 and for other purposes", approved October 15, 1914  
 11 (15 U.S.C. 12 (et seq.)), as amended;

12 (3) the Federal Trade Commission Act (15 U.S.C.  
 13 41 (et seq.)), as amended;

14 (4) sections 73 and 74 of the Act entitled "An Act  
 15 to reduce taxation to provide revenue for the Federal  
 16 Government, and for other purposes", approved Au-  
 17 gust 27, 1894 (15 U.S.C. 8 and 9), as amended; and

18 (5) the Act of June 19, 1936 (15 U.S.C. 13,  
 19 13a, 13b, and 21a).

20 RELATIONSHIP TO OTHER LAWS

21 SEC. 512. Nothing in this Act shall be deemed to con-  
 22 vey to any individual, corporation, or other business organi-  
 23 zation immunity from civil or criminal liability, or to create  
 24 defenses to actions, under any antitrust law.



1 for the performance of experimental, developmental, or re-  
2 search work under a contract.

3 (d) The term "contractor" means any person (as de-  
4 fined in section 1 of title 1, United States Code) that is a  
5 party to the contract.

6 (e) The term "invention" means any invention or dis-  
7 covery and includes any art, method, process, machine,  
8 manufacture, design, or composition of matter, or any new  
9 and useful improvement thereof, or any variety of plant,  
10 which is or may be patentable or otherwise protectable under  
11 the laws of the United States.

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

15 (g) The term "practical application" means to manu-  
16 facture in the case of a composition or product, to practice in  
17 the case of a process, or to operate in the case of a machine  
18 or system, and, in each case, under such conditions as to  
19 establish that the invention is being worked and that its  
20 benefits are available to the public either on reasonable terms  
21 or through reasonable licensing arrangements.

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

24 (i) The term "made", when used in relation to any

1 ment any subject invention throughout the world  
2 by or on behalf of the Federal Government (includ-  
3 ing any Federal agency), and may, if provided in  
4 such agreement, have additional rights to sublicense  
5 any State or domestic local government or to sub-  
6 license any foreign government pursuant to foreign  
7 policy considerations, or any existing or future  
8 treaty or agreement, when the Federal agency de-  
9 termines it would be in the national interest to  
10 acquire such additional rights;

11 (B) the Federal agency shall have the right to  
12 require periodic written reports at reasonable inter-  
13 vals and, when specifically requested by such  
14 agency, reports on the commercial use or other form  
15 of utilization by the public that is being made or is  
16 intended to be made of any subject invention;

17 (C) the Federal agency shall have the right  
18 to require the contractor to grant a nonexclusive,  
19 partially exclusive, or exclusive license to a re-  
20 sponsible applicant or applicants in any field of  
21 use to the subject invention, upon terms reasonable  
22 under the circumstances, or, if the contractor refuses,  
23 to grant such a license itself if the agency determines  
24 such action is necessary because the contractor has  
25 not taken, or is not expected to take within a rea-

1 reasonable time; effective steps to achieve practical ap-  
 2 plication of the subject invention in such field of  
 3 use;

4 (D) the Federal agency shall have the right  
 5 to require the contractor to grant a nonexclusive,  
 6 partially exclusive, or exclusive license to a respon-  
 7 sible applicant or applicants, upon terms reasonable  
 8 under the circumstances, or, if the contractor refuses,  
 9 to grant such a license itself if the agency determines,  
 10 in accordance with subsection (b), that such action  
 11 is necessary—

12 (i) to alleviate health, safety, or wel-  
 13 fare needs which are not reasonably satisfied  
 14 by the contractor or its licensees;

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

19 (iii) because the exclusive rights to such  
 20 subject invention in the contractor have tended  
 21 substantially to lessen competition or to result  
 22 in undue market concentration in any section  
 23 of the United States in any line of commerce  
 24 to which the technology relates, or to create or

1 has had the opportunity to provide such relevant and  
 2 material information as the Federal agency may require,  
 3 that such license has tended substantially to lessen com-  
 4 petition or to result in undue concentration in any sec-  
 5 tion of the country in any line of commerce to which  
 6 the technology relates, or to create or maintain other  
 7 situations inconsistent with the antitrust laws.

## 8 TITLE V—MISCELLANEOUS

### 9 CHAPTER 1.—DEFINITIONS; RELATIONSHIP TO

#### 10 OTHER LAWS

##### 11 DEFINITIONS

12 SEC. 511. As used in this Act—

13 (a) The term "Federal agency" means an "executive  
 14 agency" as defined by section 105 of title 5, United States  
 15 Code, and the military departments defined by section 102  
 16 of title 5, United States Code.

17 (b) The term "Federal employees" means all employees  
 18 as defined in section 2105 of title 5, United States Code,  
 19 and members of the uniformed services.

20 (c) The term "contract" means any contract, grant, or  
 21 agreement entered into between any Federal agency and  
 22 any person for the performance of experimental, develop-  
 23 mental, or research work substantially funded by the Fed-  
 24 eral Government. Such term includes any assignment, sub-  
 25 stitution of parties, or subcontract of any type entered into

1 the world by or on behalf of the Federal Government  
 2 (including any Federal agency), and the additional right  
 3 to sublicense any State or domestic local government or  
 4 to sublicense any foreign government pursuant to foreign  
 5 policy considerations, or any existing or future treaty  
 6 or agreement if the Federal agency determines it would  
 7 be in the national interest to retain such additional rights;  
 8 (3) the right of the Federal agency to terminate  
 9 such license in whole or in part unless the licensee dem-  
 10 onstrates to the satisfaction of the Federal agency that  
 11 the licensee has taken effective steps, or within a rea-  
 12 sonable time is expected to take such steps, to accom-  
 13 plish substantial commercial or other use of the invention  
 14 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  
 22 for a hearing, upon a petition by an interested person  
 23 justifying such hearing, if the Federal agency deter-  
 24 mines, upon review of such material as it deems rele-  
 25 vant, and after the licensee, or other interested person,

1 the ability to maintain other situations inconsistent with the  
 2 antitrust laws; and  
 3 (D) (E) the Federal agency shall have the right,  
 4 commencing ten years from the date the subject in-  
 5 vention was made or seven years after first public  
 6 use or on-sale in the United States, whichever occurs  
 7 first (excepting that time before Federal regulatory  
 8 agencies necessary to obtain premarket clearance),  
 9 to require the contractor to grant a nonexclusive,  
 10 partially exclusive, or exclusive license to a respon-  
 11 sible applicant or applicants, upon terms reasonable  
 12 under the circumstances, or, if the contractor refuses,  
 13 to grant such a license itself if such agency deter-  
 14 mines, in accordance with subsection (b) (in view  
 15 of the factors set forth in section 315 (b)) that such  
 16 licensing would best support the overall purposes of  
 17 this Act, except that this subparagraph shall not  
 18 apply to contractors who are small business firms as  
 19 defined by the Small Business Administration.  
 20 (b) The determinations required under subparagraphs  
 21 (D) and (E) to be made in accordance with this subsection  
 22 shall be made upon the basis of such information as may be  
 23 presented by the contractor, any interested person, or any

1 Federal agency. Such determination shall be made after  
 2 public notice and opportunity for hearing if—  
 3 (1) in the case of subparagraph (D), such a hear-  
 4 ing is requested by any interested person justifying such  
 5 a hearing; and  
 6 (2) in the case of subparagraph (E), such a hear-  
 7 ing is requested by a prospective licensee, who has  
 8 attempted unsuccessfully to obtain such a license from  
 9 the contractor, justifying such a hearing.

#### 10 CONTRACTOR'S RIGHTS

11 SEC. 314. The contractor shall retain a defeasible title  
 12 only to those subject inventions (including the right to  
 13 license or assign all or part of its interests therein) on which  
 14 the contractor files a United States patent application and de-  
 15 clares its intent to achieve practical application of the subject  
 16 invention. Such title in the contractor shall permit the  
 17 contractor to retain exclusive commercial rights to the in-  
 18 vention subject to all rights granted to the Federal Govern-  
 19 ment in section 313 (a) (2). The contractor's employee  
 20 inventor may also retain contractor's rights under this sub-  
 21 section with permission of the contractor at the discretion  
 22 of the sponsoring Federal agency. The contractor shall also  
 23 retain a nonexclusive, royalty-free license under all other  
 24 reported subject inventions, which license shall be revocable  
 25 only to the extent necessary for the Federal Government to

1 exclusive or partially exclusive licenses in any invention  
 2 covered by a foreign patent application or patent after public  
 3 notice and opportunity for filing written objections except  
 4 that, a Federal agency shall not grant such exclusive or par-  
 5 tially exclusive license if it determines that the grant of such  
 6 license will tend substantially to lessen competition or result  
 7 in undue concentration in any section of the country in any  
 8 line of commerce to which the technology to be licensed  
 9 relates, or to create or maintain other situations inconsistent  
 10 with the antitrust laws.

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

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

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

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

1 wise promote the invention's utilization by the public;  
 2 (2) the desired practical application has not been  
 3 achieved, or is not likely expeditiously to be achieved,  
 4 under any nonexclusive license which has been granted,  
 5 or which may be granted, on the invention;

6 (3) exclusive or partially exclusive licensing is a  
 7 reasonable and necessary incentive to call forth the  
 8 investment of risk capital and expenditures to bring the  
 9 invention to practical application or otherwise promote  
 10 the invention's utilization by the public; and

11 (4) the proposed terms and scope of exclusivity are  
 12 not greater than reasonably necessary to provide the  
 13 incentive for bringing the invention to practical applica-  
 14 tion or otherwise promote the invention's utilization by  
 15 the public;

16 except that a Federal agency shall not grant such exclusive  
 17 or partially exclusive license if it determines that the grant of  
 18 such license will tend substantially to lessen competition or  
 19 result in undue concentration in any section of the country  
 20 in any line of commerce to which the technology to be  
 21 licensed relates, or to create or maintain other situations  
 22 inconsistent with the antitrust laws.

23 (b) After consideration of whether the interests of the  
 24 Federal Government or United States industry in foreign  
 25 commerce will be enhanced, Federal agencies may grant

1 grant an exclusive license, in accordance with the provisions  
 2 of section 404, under any patent which may issue thereon.

### 3 RELATED PROVISIONS

4 Sec. 315. (a) Each sponsoring Federal agency, for  
 5 good cause shown by the contractor, may extend the period  
 6 of the contractor's exclusive commercial rights provided for  
 7 in section 313 (a) (2) (E) following public notice and an  
 8 opportunity for filing written objections. The grant of such  
 9 an extension shall be based upon a determination by the  
 10 Federal agency, upon review of such material as it deems  
 11 relevant, and after the contractor or any other interested  
 12 person or Federal agency has had an opportunity to provide  
 13 such relevant and material information as the Federal agency  
 14 may require, that such extension would best support the  
 15 overall purposes of this Act.

16 (b) In determining whether the right to require licens-  
 17 ing or the right of the Federal agency to license set forth in  
 18 section 313 (a) (2) (E) should be exercised, the Federal  
 19 agency may consider, among others, the following type of  
 20 factors, as appropriate:

21 (1) the relative contributions of the Federal Gov-  
 22 ernment and the contractor or its assignees or licensees,  
 23 if any, to the making and commercialization of the  
 24 subject invention;

25 (2) the relative contributions of the Federal Gov-

1 Government and the contractor or its assignees or licensees,  
 2 if any, to the field of technology to which the subject  
 3 invention relates;  
 4 (3) the degree to which utilization of the subject  
 5 invention has satisfied the purposes of the program  
 6 under which the subject invention was made; and  
 7 (4) the type and scope of the subject invention  
 8 and the magnitude of the problem it solves;  
 9 (5) the effect of such licensing on competition and  
 10 widespread utilization of the subject invention;  
 11 (6) the effect of such licensing on incentives to  
 12 commercialize this and other subject inventions;  
 13 (7) the extent to which the subject invention is  
 14 concerned with the public health, safety or welfare;  
 15 and  
 16 (8) the effect of such licensing in assisting small  
 17 businesses and minority business enterprises and in im-  
 18 proving conditions within economically depressed, low-  
 19 income, and labor surplus areas.

20 (c) When it is determined that the right to require  
 21 licensing or the right of the Federal agency to license should  
 22 be exercised pursuant to subparagraph (C), (D), or (E)  
 23 of section 313 (a) (2), the Federal agency may specify terms  
 24 and conditions, including royalties to be charged, if any,  
 25 and the duration and field of use of the license, if appropriate.

1 (6) receive funds from fees, royalties, or other  
 2 management of federally owned inventions authorized  
 3 under this Act, but such funds shall be used only for  
 4 the purpose of this Act; and

5 (7) undertake these and such other functions either  
 6 directly or through such contracts as are necessary and  
 7 appropriate to accomplish the purposes of this title.

8 AUTHORITY OF THE ADMINISTRATOR OF GENERAL SERVICES

9 SEC. 403. The Administrator of General Services is au-  
 10 thorized to promulgate regulations specifying the terms and  
 11 conditions upon which any federally owned invention may  
 12 be licensed on a nonexclusive, partially exclusive, or exclu-  
 13 sive basis.

14 GRANTS OF AN EXCLUSIVE OR PARTIALLY EXCLUSIVE

15 LICENSE

16 SEC. 404. (a) Federal agencies may grant exclusive or  
 17 partially exclusive licenses in any invention covered by a  
 18 federally owned domestic patent or patent application only  
 19 if, after public notice and opportunity for filing written ob-  
 20 jections, it is determined that—

21 (1) the interests of the Federal Government and  
 22 the public will best be served by the proposed license;  
 23 in view of the applicant's intentions, plans, and ability  
 24 to bring the invention to practical application or other-

1 AUTHORITY OF THE SECRETARY OF COMMERCE IN

2 COOPERATION WITH OTHER FEDERAL AGENCIES

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

5 (1) coordinate a program for assisting all Federal  
6 agencies in carrying out the authority set forth in sec-  
7 tion 401;

8 (2) publish notification of all federally owned in-  
9 ventions that are available for licensing;

10 (3) evaluate inventions referred by Federal agen-  
11 cies, and patent applications filed thereon, in order  
12 to identify those inventions with the greatest commercial  
13 potential and to insure promotion and utilization by the  
14 public of inventions so identified;

15 (4) assist the Federal agencies in seeking and  
16 maintaining protection on inventions in the United  
17 States and in foreign countries, including the payment  
18 of fees and costs connected therewith;

19 (5) accept custody and administration, in whole  
20 or in part, of the right, title, and interest in any in-  
21 vention for the purposes set forth in sections 401 (1)  
22 through (4), with the approval of the Federal agency  
23 concerned without regard to the provisions of the Fed-  
24 eral Property and Administrative Service Act of 1949  
25 (40 U.S.C. 471);

1 (d) (1) The head of a Federal agency may deviate on  
2 a case-by-case basis from the single patent rights clause  
3 normally used pursuant to section 311, provided that such  
4 deviation shall be published in the Federal Register and  
5 transmitted to the Council for performance of its functions  
6 under section 201 of this Act.

7 (2) The regulations adopted pursuant to section 311  
8 may permit deviation to the minimum rights acquired under  
9 section 313 (a) (2), on a class basis in—

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

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

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

22 JUDICIAL REVIEW  
23 SEC. 316. Any person adversely affected by a Federal  
24 agency determination made under subparagraph (C), (D),  
25 or (E) of section 313 (a) (2) or under subsection (a), (b),

1 or (c) of section 315 may, at any time within sixty days  
 2 after the determination is issued, file a petition to the United  
 3 States Court of Claims which shall have jurisdiction to deter-  
 4 mine the matter de novo and to affirm, reverse, or modify as  
 5 appropriate, the determination of the Federal agency.

## 6 CHAPTER 2.—INVENTIONS OF FEDERAL EMPLOYEES

### 7 REPORTING OF INVENTIONS

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

### 12 CRITERIA FOR THE ALLOCATION OF RIGHTS TO 13 INVENTIONS

14 SEC. 322. Subject to prescribed rules and regulations  
 15 issued by the Commissioner of the United States Patent and  
 16 Trademark Office, each Federal agency shall determine the  
 17 respective rights of the Federal Government and of the  
 18 Federal employee-inventor in and to any invention made by  
 19 a Federal employee while under the administrative jurisdic-  
 20 tion of such agency, in accordance with the following  
 21 criteria:

22 (a) The Federal Government shall obtain, subject to  
 23 subsection (c), the entire right, title and interest in and to  
 24 all inventions made by any Federal employee which bear a

1 acquire technical information and engage in negotiations  
 2 and other activities for promoting the licensing and for  
 3 the purpose of enhancing their marketability and public  
 4 utilization;

5 (5) withhold publication or release to the public  
 6 information disclosing any invention in which the Fed-  
 7 eral Government owns or may own a right, title, or  
 8 interest for a reasonable time in order for a patent ap-  
 9 plication to be filed;

10 (6) undertake the above and all other suitable and  
 11 necessary steps to protect and administer rights to inven-  
 12 tions on behalf of the Federal Government either directly  
 13 or through contract;

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

21 (8) designate the Department of Commerce as  
 22 recipient of any or all funds received from fees, royalties,  
 23 or other management of federally owned inventions au-  
 24 thorized under this Act.



1 TITLE IV—DOMESTIC AND FOREIGN PROTEC-  
 2 TION AND LICENSING OF FEDERALLY  
 3 OWNED INVENTIONS

4 AUTHORITY OF FEDERAL AGENCIES

5 SEC. 401. Federal agencies are authorized to—

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

10 (2) promote the licensing of inventions covered by  
 11 federally owned patent applications, patents, or other  
 12 forms of protection obtained with the objective of maxi-  
 13 mizing utilization by the public of the inventions covered  
 14 thereby;

15 (3) grant nonexclusive, exclusive, or partially ex-  
 16 clusive licenses under federally owned patent applica-  
 17 tions, patents, or other forms of protection obtained,  
 18 royalty-free or for royalties or other consideration, and  
 19 on such terms and conditions, including the grant to the  
 20 licensee of the right of enforcement pursuant to the pro-  
 21 visions of chapter 28 of title 35, United States Code,  
 22 as deemed appropriate in the public interest;

23 (4) make market surveys and other investigations  
 24 for determining the potential of inventions for domestic  
 25 and foreign licensing and other forms of utilization;

1 relation to the duties of the Federal employee-inventor, or  
 2 are made in consequence of his employment.

3 (b) A Federal employee shall be entitled to retain  
 4 the entire right, title, and interest in and to any invention  
 5 made by the employee-inventor, subject to a nonexclusive,  
 6 nontransferable, irrevocable, paid-up license to practice or  
 7 have practiced for the Federal Government any such in-  
 8 vention throughout the world by or on behalf of the Federal  
 9 Government (including any Federal agency) in any case  
 10 where the invention does not bear a relation to the duties  
 11 of the employee-inventor or was not made in consequence  
 12 of his employment, but was made with a contribution by  
 13 the Federal Government of facilities, equipment, materials,  
 14 funds, or information, or of time or services of other Federal  
 15 employees on official duty. The Federal agency may acquire  
 16 additional rights to sublicense any State or domestic local  
 17 government or to sublicense any foreign government pur-  
 18 suant to foreign policy considerations, or any existing or  
 19 future treaty or agreement, where the Federal agency de-  
 20 termines it would be in the national interest to acquire such  
 21 additional rights.

22 (c) The Federal employee may obtain the entire right,  
 23 title, and interest in and to an invention in any country, sub-  
 24 ject to the license and sublicensing rights set forth in subsec-

tion (b), where the Federal agency determines that there is insufficient interest in the invention to justify seeking patent protection in that country, although the Federal Government may have taken title to the invention or may be entitled to the entire right, title, and interest therein under subsection (a), except that nothing in this paragraph shall prevent a Federal agency from publishing or dedicating to the public such an invention if it is in the public interest.

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

(e) Notwithstanding subsection (a) of this section, a Federal agency may enter into agreements with other public or private parties wherein future or identified inventions falling within the criteria of subsection (a) and made in performance of cosponsored, cost-sharing, or joint venture research, involving a substantial contribution of funds, facilities, equipment, or employees by such parties, may be allocated in a manner satisfying the contribution of such parties.

APPLICATION OF CRITERIA

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

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

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

INCOME SHARING FROM PATENT LICENSES

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

CONFLICT OF INTEREST

SEC. 328. Determinations of an appointing official pursuant to section 208 (b) of title 18, United States Code, regarding the promotion of a Federal employee's invention by such employee shall be subject to regulations prescribed by the Secretary of Commerce with the concurrence of the Civil Service Commission and the Attorney General.

1 United States Public Health Service with the approval  
 2 of the Secretary of Health, Education, and Welfare; and  
 3 (5) for members of the Commissioned Corps of the  
 4 National Oceanic and Atmospheric Administration with  
 5 the approval of the Secretary of Commerce,  
 6 upon recommendation that the invention is highly excep-  
 7 tional and unusually outstanding. Awards in excess of  
 8 \$35,000 may be made in those instances where the head  
 9 of the Federal agency, based upon the value and benefit of  
 10 the inventor's contribution, recommends to the Chairman  
 11 of the Civil Service Commission and the Director of the  
 12 Office of Management and Budget that a Presidential award  
 13 be made. Upon endorsement of both the Chairman of the  
 14 Civil Service Commission and the Director of the Office of  
 15 Management and Budget and approval by the President,  
 16 an award in excess of \$35,000 and an honorary recognition,  
 17 may be granted as deemed appropriate.  
 18 (e) A cash award under this section is in addition to  
 19 the regular pay of the recipient. Acceptance of a cash award  
 20 under this section constitutes an agreement that any use by  
 21 the Federal Government of an idea, method, or device for  
 22 which the award is made does not form the basis of a further  
 23 claim of any nature against the Federal Government by the  
 24 recipient, his heirs, or assigns.

1 (1) it shall be presumed that an invention falls  
 2 within the criteria of section 322 (a) when made by a  
 3 Federal employee who is employed or assigned to—  
 4 (A) invent or improve or perfect any art, ma-  
 5 chine, manufacture, or composition of matter,  
 6 (B) conduct or perform research or develop-  
 7 ment work, or both,  
 8 (C) supervise, direct, coordinate, or review  
 9 federally financed or conducted research or develop-  
 10 ment work, or both, or  
 11 (D) act in a liaison capacity among Federal  
 12 or non-Federal agencies or individuals engaged in  
 13 such work; and  
 14 (2) it shall be presumed that an invention falls  
 15 within the criteria of section 322 (b) when made by  
 16 any other Federal employee.  
 17 (b) Either presumption required by subsection (a) may  
 18 be rebutted by the facts or circumstances of the conditions  
 19 under which any particular invention is made.

20 REVIEW OF FEDERAL AGENCY DETERMINATIONS  
 21 SEC. 324. Federal agency determinations regarding the  
 22 respective rights of the Federal Government and the Federal  
 23 employee-inventor are to be reviewed in accordance with

1 prescribed rules and regulations issued pursuant to section  
 2 322 whenever—  
 3 (1) the Federal agency determines not to acquire  
 4 all right, title and interest in an invention, or  
 5 (2) the Federal employee-inventor who is ag-  
 6 grieved by the determination requests such a review.

#### 7 REASSIGNMENT OF RIGHTS

8 SEC. 325. Whenever a Federal agency finds on the basis  
 9 of new evidence that it has acquired rights in an invention  
 10 greater than the Federal Government is entitled to assert  
 11 under the criteria of section 322, the Federal agency shall ad-  
 12 just such inequity by granting such rights to the Federal em-  
 13 ployee-inventor as may be necessary to correct the inequity.

#### 14 INCENTIVE AWARDS PROGRAM

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

17 (1) monetarily reward or otherwise recognize Fed-  
 18 eral employees for inventions; and  
 19 (2) stimulate inventive creativeness and encourage

20 Federal employees to disclose their inventions and there-  
 21 by enhance the transfer and utilization of related tech-  
 22 nology.

23 (b) These awards shall be granted pursuant to the  
 24 provisions of chapter 45 of title 5 and chapter 57 of title 10,

1 United States Code, and in accordance with regulations is-  
 2 sued thereunder except as modified by this Act.

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

5 (1) the extent to which the invention advances the  
 6 state of the art;  
 7 (2) the scope of the application of the invention;  
 8 (3) the importance of the invention in terms of its  
 9 value and benefits to the Federal Government; and  
 10 (4) the extent to which the invention has achieved  
 11 utilization by the public.

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

15 (1) for Federal civilian employees by the head of  
 16 the Federal agency with the approval of the Civil Serv-  
 17 ice Commission;

18 (2) for members of the Armed Forces with the  
 19 approval of the Secretary of Defense;

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

23 (4) for members of the Commissioned Corps of the