December 6, 1983

TO: Roger G. Ditzel

FROM: Milton Goldberg


Senator Robert Dole (R-KS) introduced S. 2171, the "Uniform Patent Procedures Act" that would permit all contractors, regardless of size, to retain title to inventions developed under federally sponsored research and development. A copy of the bill is attached for your review. As the bill advances in the Senate we will be asked to support it. Will you provide me with comments COGR might use as we are asked our position on the legislation?

Enclosure

cc: Patents, Copyrights, and Rights in Data Committee

National Association of College and University Business Officers
S 2171, THE "UNIFORM PATENT PROCEDURES ACT OF 1983"

§ 2171

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Uniform Patent Procedures Act of 1983".

Sec. 2. (a) Chapter 36 of title 35, United States Code, as added by Public Law 96-517, 94 Stat. 2518, is redesignated as chapter 18 of such title and all references to such chapter 36 shall be considered references to chapter 18.

(b) Part II of title 35, United States Code, is amended by inserting chapter 18, as redesignated herein, after chapter 17 of such title.

(c) The table of chapters for title 35 is amended by redesignating chapter 36 as chapter 18 and inserting such chapter and section designations at the end of part II.

Sec. 3. (a) Section 36 of the United States Code is amended by adding after section 18, as redesignated herein, a new chapter as follows:

"CHAPTER 19—PATENT RIGHTS IN INVENTIONS MADE WITH FEDERAL ASSISTANCE BY OTHER THAN SMALL BUSINESS FIRMS OR NONPROFIT ORGANIZATIONS"

"Sec. 212. Policy and objectives.

"213. Definitions.

"214. Responsibilities.

"215. Disposition of rights.

"216. March-in rights.

"217. Background rights.

"218. Policy and objectives.

"In addition to the policy and objectives set forth in section 200 of this title, it is the further policy and objective of the Congress to ensure that all inventions made with Federal support are used in a manner to promote free competition and enterprise.

"213. Definitions.

"As used in this chapter, the term—

(1) Administrator means the Administrator of the Federal Office of Procurement Policy or his or her designee;

(2) contractor means any contract, grant, or cooperative agreement entered into between any Federal agency (other than the Tennessee Valley Authority) and any person other than a small business firm or nonprofit organization (as defined in section 201 of this title) where a purpose of the contract is the conduct of experimental, developmental, or research work; such term includes any assignment, substitution of parties or subcontract of any tier entered into or executed for the conduct of experimental, developmental, or research work in connection with the performance of that contract;

(3) contractor means any person or entity (other than a Federal agency, nonprofit organization, or small business firm, as defined in section 201 of this title) which is directly or indirectly benefited by the use of a Federal agency (as defined in section 195 of title 5, United States Code), and the military departments (as defined in section 103 of title 5, United States Code); and

(4) Federal agency means an executive agency (as defined in section 102 of title 5, United States Code), and the military departments (as defined in section 103 of title 5, United States Code).

"214. Responsibilities.

"(a) The Secretary is authorized to issue regulations which may be made applicable to all Federal agencies implementing the provisions of this chapter, and the Secretary shall prescribe standard patent rights provisions for use under this chapter. The regulations and the standard patent rights provisions shall be subject to public comment before their issuance.

"(b) In order to obtain consistent practices under this chapter and section 206 of title 18 of the United States Code, the Secretary of Commerce is authorized to consult with Federal agencies concerning the effective and consistent implementation of these chapters and (ii) to obtain from the agencies information and data relating to agency practices under these chapters.

"215. Disposition of rights.

"(a) Subject to subsection (c) of this section and to section 216 of this title, each contractor or subcontractor of any tier entered into or executed for the conduct of experimental, developmental, or research work in connection with the performance of that contract whose work is determined by a Government authority which is authorized by statute or executive order to conduct foreign intelligence or counterintelligence activities that is necessary to protect the security of such activities;

"(b) It is determined that the contractor is not located in the United States or does not have a place of business located in the United States, or is a foreign government; or

"(c) It is determined, on a case-by-case basis, that there are exceptional circumstances requiring such action to better promote the policies and objectives of sections 200 and 212 of this title.

"(D)(1) Each determination required by subsection (a) of this section shall be in writing and, except in the case of paragraph (1) of subsection (a) of this section, the agency shall, within a reasonable time after the award of the applicable contract, file with the Secretary a copy of each such determination.

"(2) Whenever the Administrator has determined that one or more Federal agencies are utilizing the authority of paragraph (2)(A) or (B) of section 217a(a)(2) in a manner that is contrary to the terms, policy or objectives of any Federal agency, the Administrator is authorized to issue policies, procedures, and guidelines describing classes of situation in which agencies may not utilize the provisions of paragraph (2)(B) or (C) of subsection (a).

"(3) In accordance with the regulations to be issued by the Secretary, after public comment, each contract that the Government may enter into shall employ a patent rights clause containing appropriate provisions to effectuate the following:

"(i) That the contractor disclose to the Government the subject invention within a reasonable time after it is made and that, upon request, the contractor will assign the Government title to any subject invention not disclosed within such time;

"(ii) That, unless the Government has acquired the right to title under subsection (a) of this section—

(A) the contractor make a written election as to the right to patent the subject invention within a reasonable time after disclosure under paragraph (1) of this section;

(B) the Government may, upon request, receive title to any subject invention in any countries in which the contractor has not elected to retain title within such time;

"(C) a contractor electing to retain title to a subject invention will file patent applications within reasonable times and;

"(D) the Government may, upon request, receive title to any subject invention in any countries in which the contractor has not elected to retain title within such time.

"(4) That with respect to any subject invention to which a contractor elects to retain title, the United States shall have..."
(unless additional rights have been taken under subsection (a) of this section) a nonexclusive, nontransferable, irrevocable, perpetual license under such subject invention throughout the world by or on behalf of the United States: Provided, That the contract may provide for such additional rights relating to the right to license or have assigned foreign patent rights in the invention, as determined by the agency as necessary for meeting the obligations of the United States under any treaty or international agreement, arrangement of cooperation, memorandum of understanding, or similar arrangement, including military agreements relating to weapons development and production; 

"(4) That the agency may require written reports on the commercial use or other forms of utilization or efforts toward obtaining commercial utilization made by the contractor or its licensees or assignees with respect to any subject invention to which the contractor elects title, pursuant to this section: Provided, That any such report, as well as any information on utilization efforts toward obtaining commercial utilization obtained as part of a proceeding under section 216 of this title, shall be treated by the Federal agency or other financial assistance obtained from a person and privileged or confidential and not subject to disclosure under the Freedom of Information Act (5 U.S.C. 552).

"(5) That the contractor, in the event a United States patent application is filed by or on behalf of or by any assignee of the contractor, will include within the specification of such application and any patent issuing therefrom, a statement specifying that the invention is the subject of a Federal financial assistance covered by this section and that the Government has certain rights in the invention:

"(6) that the contractor, in cases when it does not elect to retain title to a subject invention, shall retain a nonexclusive, royalty-free, paid-up, worldwide license, including the right to sublicense affiliates, subsidiaries, and existing licensees to whom the contractor is legally obligated to sublicense in any subject invention to which the Government has a financial interest, such license shall be assignable only to the extent necessary for the Government to grant an exclusive license; Provided, That the contractor shall not be entitled to such a license if the contractor has fraudulently failed to disclose the subject invention; and

"(7) that all affirmative requirements that the Secretary determines to be necessary to effectuate the rights of the Government as specified in this chapter, which are not inconsistent with this chapter.

"(d) Agencies are authorized to include awards to inventors to stimulate reporting of subject inventions as an allowable element of cost if such reporting results in the agency initiating a statutory invention disclosure, the filing of a patent application, or issuance of a patent; and

"(e)(1) A Federal agency may, at any time, waive all or any part of the rights of the United States under subsection (b) of this section to have the shortest practicable time; any background patent or of such rights. Sec.

"(2) The contract may be amended to include the following:

"(A) encouraging wide availability to the public of the benefits of the experimental, developmental, or research programs in the United States.

"(B) Promoting the commercial utilization of such inventions;

"(C) Encouraging participation by private persons (including the most highly qualified persons) in the Government-sponsored experimental, developmental, or research programs; and

"(D) Promoting competition and preventing the creation or maintenance of situations inconsistent with the antitrust laws of the United States.

"(4) That in a contract to which an agency invokes paragraphs (1) through (3) of subsection (a) of section 215, a Federal agency may, after a subsequent invention has been made or after additional restrictions or conditions placed on a contractor beyond those set forth in sections 215 and 216 of this title, retain the license rights set forth in subsection (c)(6) of this section if such license rights were otherwise limited in the contract.

"(5) That if a contractor does not elect to retain worldwide title to a subject invention, the Federal agency may consider and, after consultation with the contractor, grant requests for retention of rights by the inventor on terms and conditions as the agency determines appropriate, subject to section 216 of this Act.

"(6) That in any case when a Federal employee is a coinventor of any subject invention, the Federal agency employing such coinventor is authorized to transfer or assign whatever rights it may acquire in the subject invention from its employee to the contractor or to such other person to whom the contractor has transferred title in this section as are applicable to the rights the contractor derived through its own contract.

"§ 216. March-in rights

"(a) Where a contractor has elected to retain title to a subject invention under section 215, any Federal agency shall have the right (unless waived under subsection (d) of section 215 of this title), pursuant to policies, procedures, and guidelines of the Secretary and subject to the provisions of subsection (b) of this section, to grant or require the contractor or his assignee to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants, under reasonable terms and conditions, if the head of the agency determines that such action is necessary.

"(1) That the contractor, assignee, or licensee has not taken, or is not expected to take, effective steps to achieve practical application of the invention;

"(2) To alleviate serious health or safety needs which are not reasonably satisfied by the contractor, its assignees or licensees; or

"(3) To meet requirements for public use specified by Federal regulations which are not reasonably satisfied by the contractors, their assignees or licensees.

"(b) A determination made pursuant to this section shall not be considered a contract dispute and shall not be subject to the Contract Disputes Act (41 U.S.C. 801 et seq.). The determination under this section may, at any time within 60 days after the date the determination is issued, be petitioned in the United States Claims Court. The court shall have jurisdiction to determine the matter de novo and to affirm, reverse, or modify as appropriate, the determination of the Federal agency.

"§ 217. Background rights

"(a) Nothing contained in this chapter shall be construed to deprive the owner of any background patent or of such rights as the owner may have under paragraph (a)(ii), the justification required for such provisions.

"(b) No contract shall contain a provision allowing a Federal agency to require the licensing of third parties under any such background patent or of such rights as the owner may have under paragraph (a)(ii), the justification required for such provisions.

"(c) A Federal agency will not require the licensing of third parties under any such background patent or of such rights as the owner may have under paragraph (a)(ii), the justification required for such provisions where the use of the invention by others is necessary for the practice of a subject invention or for the use of a work object of the contract and that such action is necessary to achieve practical application of the subject invention or work object. Any such provision will be void on the record after an opportunity for an agency hearing, and the contractor shall be given prompt notification of the determination by certification or registration.

"(d) The table of chapters for title 35, United States Code, is amended by adding immediately after the item relating to chapter 13 as redesignated therein the following:

"Chapter 14 of title 35, United States Code, as redesignated by this chapter, is amended by adding "and any novel variety of plant which is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2371 et seq.)" immediately after "title" in section 1416(d).

"(2) by adding "; Provided, That in the case of a variety of plant, the date of determination (as defined in section 1416 of the Plant Variety Protection Act (7 U.S.C. 2401)) must also occur during the period of contract performance", immediately after "agreement" in section 1416(e)."

"(3) In section 202(a), by amending clause (I) to read as follows: "(I) when the contractor is not located in the United States or its possessions, to have a place of business located in the United States; and"

"(4) by amending section 202(b) to read as follows: "(b)(I) The rights of the United States under paragraph (a) of this section shall not be exercised by a Federal agency unless it first determines that at least one of the circumstances identified in paragraphs (I) through (II) of paragraph (a) exists. Except in the case of paragraph (a)(III), the agency shall file with the Secretary of Commerce a copy of the applicable funding agreement, a copy of such determination. In the case of a determination under paragraph (a)(III), the statement shall include an analysis justifying the
determination. If the Secretary of Com-
merce may be contrary to individual determination or pattern of determination ar-
ter to the policies and objectives of this chapter or otherwise not in conformance with the policies of the Secretary, the of the Administrator and the Office of Fed-
and the Administrator of the Office of Federal Procurement Policy, and recommend comparison policies. runner is responsible for enforcing such poli-
(2) Whenever the Administrator of the Office of Federal Procurement Policy has determined that one or more Federal agen-
cies are utilizing the authority of subparagraph (i) or (ii) of paragraph (a) of this sec-
tion in a manner that is contrary to the policies and objective of this chapter, the Ad-
instrator may at any time waive all or any part of the rights of the United States under paragraphs (c) (4) through (8) of this section, section 203 and section 204 of this chapter, to any subject invention made under a funding agreement or class of funding agreements if the agency determines (1) that the interests of the United States and the general public will be served in this manner and (2) the funding agreement involves conspersion, cost shar-
ing or joint venture research or venturer is a reasonable time after the end of the shortest practicable time.

(2) promoting the commercial utilization of such inventions;

(3) encouraging participation by private persons, including the most highly qualified persons, in Government-sponsored experi-
mental, developmental, or research programs;

by striking out "may" in section 202(c)(5) and inserting in lieu thereof "as well as a determination of whether it is in the public interest to retain title within reasonable times, and thereupon file corresponding patent appli-
cations in any country in which it is desired to retain title within reasonable times, and the Federal Government may receive title to any subject invention not disclosed to it within sixty days prior to the end of the statutory period; And provided further, That the Federal Government may receive title to any subject invention if the contractor does not elect to retain rights or fails to elect rights within such times.

(3) That a contractor electing rights in a subject invention agrees to file a patent ap-
plication prior to any statutory bar date that may occur under this title due to pub-
lication, sale, or public use, and shall thereafter be responsible for defending patents or asserting rights in patents in other countries in which it wishes to retain title within reasonable times, and the Federal Government may receive title to any subject inventions from the United States or other countries in which the contractor has not filed patent applications on the subject invention within such times.

(4) With respect to any invention in which the contractor elects rights, the Federal agency shall have a nonexclusive, non-
transferable, irrevocable, no royalty license in those patent applications, unless the contractor waives all or any part of the rights of the United States under paragraphs (c) (4) through (8) of this section, section 203 and section 204 of this chapter, to any subject invention made under a funding agreement or class of funding agreements if the agency determines (1) that the interests of the United States and the general public will be served in this manner and (2) the funding agreement involves conspersion, cost shar-
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transferable, irrecoverable, no royalty license in those patent applications, unless the contractor waives all or any part of the rights of the United States under paragraphs (c) (4) through (8) of this section, section 203 and section 204 of this chapter, to any subject invention made under a funding agreement or class of funding agreements if the agency determines (1) that the interests of the United States and the general public will be served in this manner and (2) the funding agreement involves conspersion, cost shar-
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transferable, irrecoverable, no royalty license in those patent applications, unless the contractor waives all or any part of the rights of the United States under paragraphs (c) (4) through (8) of this section, section 203 and section 204 of this chapter, to any subject invention made under a funding agreement or class of funding agreements if the agency determines (1) that the interests of the United States and the general public will be served in this manner and (2) the funding agreement involves conspersion, cost shar-
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(2) promoting the commercial utilization of such inventions;

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mental, developmental, or research programs;
Safety Act (15 U.S.C. 2654(d)) is repealed. 

(m) Section 3 of the Act of April 5, 1944 (30 U.S.C. 322), is repealed. 

(n) Section 801(c)(3) of the Solid Waste Disposal Act (42 U.S.C. 6901(c)(3)) is repealed. 

(o) Section 6(e) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3705(c)) is repealed. 

(p) Section 10(a) of the Act of June 20, 1955 (15 U.S.C. 4271(a)) is amended by striking the last sentence thereof. 

(q) Section 427(b) of the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 887(b)) is amended by striking the last sentence thereof. 

(r) Section 306(d) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1226(d)) is amended by striking the first two sentences thereof. 

(s) Section 211(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2218(d)) is repealed. 

(t) Section 6(b) of the Solar Photovoltaic Energy Research, Development, and Demonstration Act of 1978 (42 U.S.C. 5585(b)) is amended by striking "4, 5, and 8" and inserting in lieu thereof "7 and 8". 

(u) Section 12 of the Native American Commercialization and Economic Development Act of 1978 (7 U.S.C. 174) is repealed. 

(v) Section 408 of the Water Research and Development Act of 1978 (42 U.S.C. 8773) is repealed. 

(w) (1) Section 173 of the United States Synthetic Fuels Corporation Act of 1980 (42 U.S.C. 8773) is repealed. 

(x) The item relating to section 173 in the table of sections of the Energy Security Act (42 U.S.C. 8771 et seq.) is amended to read as follows: 

"Sec. 173. Repealed." 

Sec. 4. `Nothing in this Act shall be deemed to convey to any person immunity from civil or criminal liability, or to create any defense to actions, under any anti-trust law of the United States. 

Sec. 5. (a) This Act shall take effect 6 months after the date of enactment of this Act. 

(b) After the effective date of this Act, each Federal agency is authorized, notwithstanding any other law governing the disposition of rights in subject inventions, to allow a contractor or an inventor to retain title to subject inventions made under contracts awarded prior to the effective date of this Act, subject to the same terms and conditions as would apply under this Act had the contract been entered into after the effective date of this Act. 

Sec. 6. Within 24 months after the date of enactment of this Act and every two years thereafter, the Secretary of Commerce shall submit to Congress a report of the implementation of chapters 18 and 19 of title 35, United States Code, including any recommendations for legislative or administrative changes to better achieve the policies and objectives of such chapters.