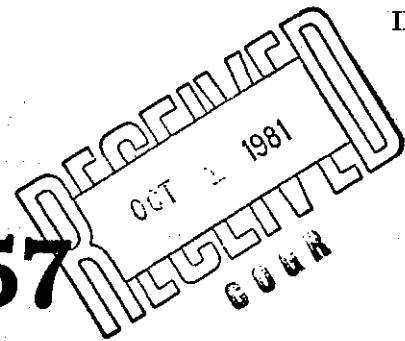


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PATENT COMMITTEE

97TH CONGRESS  
1ST SESSION

S. 1657



Entitled the "Uniform Science and Technology Research and Development Utilization Act".

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 23 (legislative day, SEPTEMBER 9), 1981

Mr. SCHMITT (for himself, Mr. CANNON, Mr. GORTON, Mrs. KASSEBAUM, Mr. LUGAR, and Mr. SYMMS) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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**A BILL**

Entitled the "Uniform Science and Technology Research and Development Utilization Act".

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **TITLE I—POLICY**

4 **FINDINGS**

5 SEC. 101. The Congress, recognizing the profound  
6 impact of science, engineering, and technology policy on the  
7 economic, social, political, and technological well-being, and  
8 the health and safety of the Nation as a whole, hereby finds  
9 and declares that:

1           (1) The United States has recently experienced a  
2           decline in the process of industrial innovation and pro-  
3           ductivity which is integrally related to, and adversely  
4           impacts upon, domestic productivity, the rate of eco-  
5           nomic growth, the level of employment, the balance of  
6           trade, and the attainment of other national goals.

7           (2) The national support of scientific and techno-  
8           logical research and development is indispensable to  
9           sustained growth and economic stability, and it is in  
10          the national interest to maximize the benefits to the  
11          general public from such investment.

12          (3) Scientific and technological developments and  
13          discoveries resulting from work performed with Gov-  
14          ernment contracts constitute a valuable national re-  
15          source which should be developed in a manner consist-  
16          ent with the public interest and the equities of the re-  
17          spective parties.

18          (4) Current Federal policy with respect to the al-  
19          location of rights to the results of federally sponsored  
20          research and development deters contractor participa-  
21          tion in Government contracts, delays technological  
22          progress, and stifles the innovative process.

23          (5) There is a need for the establishment and im-  
24          plementation of a flexible Government-wide policy for  
25          the management and utilization of the results of feder-

1     ally funded research and development. This policy  
 2     should promote the progress of science and the useful  
 3     arts, encourage the efficient commercial utilization of  
 4     technological developments and discoveries, guarantee  
 5     the protection of the public interest, and recognize the  
 6     equities of the contracting parties.

7                                   PURPOSE

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

9             (1) establish and maintain a uniform Federal  
 10            policy for the management and use of the results of  
 11            federally sponsored science and technology research  
 12            and development; and

13            (2) insure the effective uniform implementation of  
 14            the provisions of this Act, and to monitor on a continu-  
 15            ing basis the impact of Federal science and technology  
 16            policies on innovation and technology development.

17                                  DEFINITIONS

18     SEC. 103. As used in this Act the term—

19            (1) "contract" means any contract, grant, cooper-  
 20            ative agreement, commitment, understanding, or other  
 21            arrangement entered into between any Federal agency  
 22            and any person where a purpose of the contract is the  
 23            conduct of experimental, developmental, or research  
 24            work. Such term includes any assignment, substitution  
 25            of parties or subcontract of any type entered into or

1       executed for the conduct of experimental, developmen-  
2       tal, or research work in connection with the perform-  
3       ance of that contract;

4       (2) "contractor" means any person or other entity  
5       that is a party to the contract;

6       (3) "disclosure" means a written statement suffi-  
7       ciently complete as to technical detail to convey to one  
8       skilled in the art to which the invention pertains a  
9       clear understanding of the nature, purpose, operation,  
10      and, to the extent known, the physical, chemical, or  
11      electrical characteristics of the invention;

12      (4) "Federal agency" means an "executive  
13      agency" as defined by section 105 of title 4, United  
14      States Code, and the military departments as defined  
15      by section 102 of title 4, United States Code;

16      (5) "Government" means the Government of the  
17      United States of America;

18      (6) "invention" means any invention, discovery,  
19      innovation, or improvement which is or may reason-  
20      ably be patentable subject matter as defined in title 35,  
21      United States Code;

22      (7) "inventor" means any person, other than a  
23      contractor, who has made an invention under a con-  
24      tract but who has not agreed to assign his rights in  
25      such invention to the contractor;

1 (8) "made under the contract" or "made under a  
2 contract" when used in relation to any invention  
3 means the conception or first actual reduction to prac-  
4 tice of such invention in the course of any work under  
5 the contract or under a contract, respectively;

6 (9) "nonprofit organization" means universities  
7 and other institutions of higher education or an organi-  
8 zation of the type described in section 501(c)(3) of the  
9 Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and  
10 exempt from taxation under section 501(a) of the Inter-  
11 nal Revenue Code of 1954 (26 U.S.C. 501(a)) or any  
12 nonprofit scientific or educational organization qualified  
13 under a State nonprofit organization statute;

14 (10) "person" means any individual, partnership,  
15 corporation, association, institution, or other entity;

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

24 (12) "Secretary" means the Secretary of Com-  
25 merce; and

1           (13) "small business firm" means a small business  
2           concern, as defined in section 2 of Public Law 85-536  
3           (15 U.S.C. 632) and implementing regulations of the  
4           Administrator of the Small Business Administration.  
5           For the purpose of this Act, size standards for small  
6           business concerns involved in Government procure-  
7           ment, contained in section 121.3-8 of title 13, Code of  
8           Federal Regulations, and in subcontracting, contained  
9           in section 121.3-12 of title 13, Code of Federal Regu-  
10          lations, will be used.

## 11           TITLE II—IMPLEMENTATION

### 12                               RESPONSIBILITIES

13          SEC. 201. (a) The Secretary shall coordinate, direct,  
14          and review the implementation and administration of the  
15          Federal policy set forth in this Act with respect to the owner-  
16          ship of inventions resulting from federally sponsored research  
17          and development, and promote the efficient and effective uti-  
18          lization of the results of federally sponsored research and de-  
19          velopment.

20          (b) With a view to obtaining consistent application of  
21          the policies of this Act, the Secretary is authorized and di-  
22          rected—

23                (1) to consult and advise with Federal agencies  
24                concerning the effective implementation and operation  
25                of the policies, purposes, and objectives of this Act;

1 (2) in consultation with the Office of Federal Pro-  
2 curement Policy, to formulate and recommend to the  
3 President such proposed rules, regulations, and proce-  
4 dures as are necessary and desirable to assure the con-  
5 sistent application of the provisions of this Act;

6 (3) to accumulate, analyze, and disseminate data  
7 necessary to evaluate the administration and effective-  
8 ness of the policies set forth in this Act;

9 (4) to determine with administrative finality, in an  
10 expeditious manner without unnecessary delay, any  
11 dispute between a Federal agency and an aggrieved  
12 party arising under title III of this Act; and

13 (5) to perform such other duties as may be pre-  
14 scribed by the President or by statute.

15 (c) For the purpose of assuring the effective manage-  
16 ment of Government-owned inventions, the Secretary is au-  
17 thorized to—

18 (1) assist and coordinate agency efforts to promote  
19 the licensing and utilization of Government-owned in-  
20 ventions;

21 (2) coordinate and advise the Federal agencies in  
22 seeking protection and maintaining inventions in for-  
23 eign countries, including the payment of fees and costs  
24 connected therewith;

1 (3) consult and advise Federal agencies as to  
2 areas of science and technology research and develop-  
3 ment with potential for commercial utilization; and

4 (4) receive funds from fees, royalties, sales, or  
5 other management of Government-owned inventions  
6 authorized under this Act: *Provided, however,* That  
7 such funds will be used only for the purpose of this  
8 Act.

9 (d) The Secretary shall submit to Congress an annual  
10 report of activities pursuant to this Act. Such report shall  
11 include (1) relevant statistical data regarding the disposition  
12 of invention disclosures resulting from federally funded re-  
13 search and development, including those inventions disclosed  
14 by small businesses and nonprofit organizations; (2) any leg-  
15 islative or administrative recommendations to better achieve  
16 the policy and purposes of this Act; and (3) an analysis of the  
17 impact of Federal policies on the purposes of this Act.

18 EXPIRATION

19 SEC. 202. The authorities conferred upon the Secretary  
20 under this title shall expire seven years following the effec-  
21 tive date of this Act, unless renewed by action of Congress.



## 1 TITLE III—ALLOCATIONS OF RIGHTS—

## 2 GOVERNMENT CONTRACTORS

## 3 RIGHTS OF THE GOVERNMENT

4 SEC. 301. (a) Each Federal agency shall acquire on  
5 behalf of the United States, at the time of entering into a  
6 contract, title to any invention made under the contract of a  
7 Federal agency if the agency determines that—

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

12 (2) following a finding by a Government authority  
13 which is authorized by statute or Executive order to  
14 conduct foreign intelligence or counterintelligence ac-  
15 tivities, the restriction or elimination of the right of the  
16 contractor to retain title to any subject invention is  
17 necessary to protect the security of such activities;

18 (3) in exceptional circumstances, restriction or  
19 elimination of the right of the contractor to retain title  
20 to any subject invention will better promote the policy  
21 and objectives of this Act; and

22 (4) the principal purpose of the contract is to de-  
23 velop or improve products, processes, or methods  
24 which will be required for use by Government regula-  
25 tions: *Provided, however,* That the Federal agency may

1 subsequently waive all or any part of the rights of the  
2 United States under this section to such invention in  
3 conformity with the provisions of section 303.

4 (b) The rights of the Government under subsection (a)  
5 shall not be exercised by the Federal agency unless it first  
6 determines that at least one of the conditions, identified in  
7 paragraphs (1) through (4) exist and it files with the Secre-  
8 tary a statement stating such determination.

9 (c) Each contract entered into by a Federal agency shall  
10 include appropriate provisions to—

11 (1) require periodic written reports at reasonable  
12 intervals in the commercial use of other forms of utili-  
13 zation or efforts at obtaining commercial utilization  
14 made by the inventor or contractor or their licensees or  
15 assignees: *Provided*, That any such report shall be  
16 treated by the Federal agency as commercial or finan-  
17 cial information obtained from a person and privileged  
18 or confidential and not subject to disclosure under the  
19 Freedom of Information Act (5 U.S.C. 552); and

20 (2) reserve to the United States at least an irrevocable,  
21 nonexclusive, nontransferable, paid-up license to  
22 make, use, and sell the invention throughout the world  
23 by or on behalf of the United States and States and  
24 domestic municipal governments, unless the agency de-  
25 termines that it would not be in the public interest to

1 acquire the license for the States and domestic municip-  
2 pal governments.

3 RIGHTS OF THE CONTRACTOR

4 SEC. 302. (a) Whenever a contractor enters into a con-  
5 tract with a Federal agency other than in those circum-  
6 stances identified in section 301(a), the contractor or inventor  
7 shall have the option of retaining title to any invention made  
8 under the contract. Such rights shall be subject to the limita-  
9 tions set forth in section 304 and the provisions of section  
10 305. Such option shall be exercised by notifying the Govern-  
11 ment at the time of disclosure of the invention or within such  
12 time thereafter as may be provided in the contract. The Gov-  
13 ernment shall obtain title to any invention for which this  
14 option is not exercised.

15 (b) When the Government obtains title to an invention  
16 under section 301, the contractor shall retain a nonexclusive,  
17 royalty-free license which shall be revocable only to the  
18 extent necessary for the Government to grant an exclusive  
19 license.

20 WAIVER

21 SEC. 303. A Federal agency may at any time waive all  
22 or any part of the rights of the United States under this title  
23 to any invention or class of inventions made or which may be  
24 made by any person or class of persons under the contract of  
25 the agency if the agency determines that the condition justi-

1 fying acquisition of title by the Government under section  
2 301 no longer exists or the interests of the United States and  
3 the general public will be best served thereby. The agency  
4 shall maintain a record, which shall be made public and peri-  
5 odically updated, of determinations made under this section.  
6 In making such determinations, the agency shall consider the  
7 following objectives:

8 (1) encouraging the wide availability to the public  
9 of the benefits of the experimental, developmental, or  
10 research programs in the shortest practicable time;

11 (2) promoting the commercial utilization of such  
12 inventions;

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

16 (4) fostering competition and preventing undue  
17 market concentration or the creation or maintenance of  
18 other situations inconsistent with the antitrust laws.

19 MARCH-IN-RIGHTS

20 SEC. 304. (a) Where a contractor has elected to retain  
21 title to an invention under section 302 or 303, the Federal  
22 agency shall have the right, pursuant to regulations and sub-  
23 ject to the provisions of subsection (b), to grant, or require  
24 the contractor to grant, a nonexclusive, partially exclusive,  
25 or exclusive license to a responsible applicant or applicants,

1 upon terms reasonable under the circumstances, if the agency  
2 determines such action is necessary—

3 (1) because the contractor has not taken, or is not  
4 expected to take within a reasonable time, effective  
5 steps to achieve practical application of the invention;

6 (2) to alleviate serious health or safety needs  
7 which are not reasonably satisfied by the contractor, or  
8 its licensees;

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

12 (4) because the actions of the contractor beyond  
13 the exercise of the exclusive rights in the invention  
14 have tended substantially to lessen competition or to  
15 result in undue market concentration in any section of  
16 the United States in any line of commerce to which  
17 the technology relates, or to create and maintain other  
18 situations inconsistent with the antitrust laws.

19 (b) The rights of the Federal agency under subsection  
20 (a) shall be subject to the prior approval of the Secretary,  
21 who shall make a determination after a formal hearing with  
22 affected parties present and conducted in accordance with  
23 rules, regulations, and procedures adopted by the Secretary.

## 1 GENERAL PROVISIONS

2 SEC. 305. (a) Each contract entered into by a Federal  
3 agency shall employ a single patent rights clause containing  
4 such terms and conditions as the agency deems appropriate  
5 for the protection of the interests of the United States and  
6 the general public, including appropriate provisions to—

7 (1) require the timely disclosure by the contractor  
8 or inventor to that agency of any invention made under  
9 the contract: *Provided*, That Federal agencies are au-  
10 thorized to withhold from disclosure to the public, in-  
11 formation disclosing any invention made under the con-  
12 tract of an agency for a reasonable time in order for a  
13 United States or foreign patent application to be filed;

14 (2) require an election by the contractor within a  
15 reasonable time after disclosure as to whether the con-  
16 tractor intends to file a patent application on any in-  
17 vention made under the contract;

18 (3) require a declaration by the contractor within  
19 a reasonable time after disclosure of the contractor's  
20 intent to commercialize or otherwise achieve the wide-  
21 spread utilization of the invention by the public;

22 (4) an obligation on the part of the contractor, in  
23 the event a United States patent application is filed by  
24 or on its behalf or by any assignee of the contractor, to  
25 include within the specification of such application and

1 any patent issuing thereon, a statement specifying that  
2 the invention was made with Government support and  
3 that the Government has certain rights in the inven-  
4 tion; and

5 (5) allow deviation to the minimum rights ac-  
6 quired under section 301 on a class basis in—

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

12 (B) special contracting situations such as  
13 Federal price or purchase supports and Federal  
14 loan or loan guarantees; and

15 (C) no deviation under this subsection shall  
16 waive in whole or in part, the minimum rights to  
17 be secured for the Federal Government set forth  
18 in section 304(a)(4).

19 (b) When it is determined that the right to require li-  
20 censing or the right of the Federal agency to license should  
21 be exercised pursuant to section 304, the Federal agency  
22 may specify terms and conditions, including royalties to be  
23 charged, if any, and the duration and field of use of the li-  
24 cense, if appropriate. Agency determinations as to the rights

1 to inventions under this title shall be made in an expeditious  
2 manner without unnecessary delay.

3 BACKGROUND RIGHTS

4 SEC. 306. Nothing contained in this Act shall be con-  
5 strued to deprive the owner of any background patent or to  
6 such rights as the owner may have thereunder.

7 GOVERNMENT LICENSING AUTHORITY

8 SEC. 307. A Federal agency may grant exclusive or  
9 partially exclusive licenses in any invention to which the  
10 Government has acquired title if the agency determines  
11 that—

12 (1) the desired practical application has not been  
13 achieved, or is not likely to be achieved within a rea-  
14 sonable period of time by the granting of a nonexclu-  
15 sive license;

16 (2) exclusive or partially exclusive licensing is a  
17 reasonable and necessary incentive to call forth the in-  
18 vestment of risk capital to bring the invention to prac-  
19 tical application; and

20 (3) the proposed terms and scope of exclusivity  
21 are not greater than reasonably necessary to provide  
22 the incentive for bringing the invention to practical ap-  
23 plication.



## 1 TITLE IV—MISCELLANEOUS

2 REPEAL OF EXISTING STATUTORY RESEARCH AND  
3 DEVELOPMENT AUTHORIZATIONS

4 SEC. 401. The following Acts are hereby amended as  
5 follows:

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

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

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

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

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

19 (6) The National Aeronautics and Space Act of 1958  
20 (42 U.S.C. 2451 et seq.; 72 Stat. 426) is amended—

21 (A) by repealing section 305 thereof (42 U.S.C.  
22 2457): *Provided, however,* That subsections (c), (d), and  
23 (e) of such section shall continue to be effective with  
24 respect to any application for patents in which the  
25 written statement referred to in subsection (c) of such

1 section has been filed or requested to be filed by the  
2 Commissioner of Patents and Trademarks prior to the  
3 effective date of this Act;

4 (B) by inserting the following new section 305:

5 "INVENTIONS AND CONTRIBUTIONS BOARD

6 "SEC. 305. Each proposal for any waiver of patent  
7 rights held by the Administrator shall be referred to an In-  
8 ventions and Contributions Board which shall be established  
9 by the Administrator within the Administration. Such Board  
10 shall accord to each interested party an opportunity for a  
11 hearing, and shall transmit to the Administrator its findings  
12 of fact with respect to such proposal and its recommendations  
13 for action to be taken with respect thereto.";

14 (C) by repealing section 306 thereof (42 U.S.C.  
15 2458);

16 (D) by inserting at the end of section 203(c)  
17 thereof (42 U.S.C. 2473(c)) the following new para-  
18 graph:

19 "(14) to provide effective contractual provisions  
20 for reporting of the results of the activities of the Ad-  
21 ministration, including full and complete technical re-  
22 porting of any innovation made in the course of or  
23 under any contract of the Administration.";

24 (E) by inserting at the end of section 203 thereof  
25 (42 U.S.C. 2478) the following new subsection:

1       “(d) For the purpose of chapter 17 of title 35 of the  
2 United States Code, the Administration shall be considered a  
3 defense agency of the United States.”; and

4               (F) by striking out the following in section  
5 203(c)(3) thereof (42 U.S.C. 2473(c)(3)) “(including  
6 patents and rights thereunder).”.

7       (7) Section 6 of the Act of July 7, 1960 (30 U.S.C. 666;  
8 74 Stat. 337), is repealed.

9       (8) Section 4 of the Helium Act Amendments of 1960  
10 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out  
11 both proviso clauses at the end thereof.

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

14       (10) Subsection (e) of section 302 of the Appalachian  
15 Regional Development Act of 1965 (40 U.S.C. App. 302(e);  
16 79 Stat. 5) is repealed.

17       (11) Section 9 of the Federal Nonnuclear Energy Re-  
18 search and Development Act of 1974 (42 U.S.C. 5908; 88  
19 Stat. 1887) is amended by striking all after “hours” the  
20 second time it appears therein, and inserting in lieu thereof a  
21 period.

22       (12) Section 5(i) of the Tennessee Valley Authority Act  
23 of 1933 (16 U.S.C. 831d(i); 48 Stat. 61) is amended by strik-  
24 ing both proviso clauses at the end thereof.

1 (13) Section 5(d) of the Consumer Product Safety Act  
2 (15 U.S.C. 2054(d); 88 Stat. 1211) is repealed.

3 (14) Section 3 of the Act of April 5, 1944 (30 U.S.C.  
4 323; 58 Stat. 191), is repealed.

5 (15) Section 8001 of the Solid Waste Disposal Act (42  
6 U.S.C. 6981; 90 Stat. 2892) is repealed.

7 (16) Sections 200 through 209 and section 211 of title  
8 35, United States Code, are repealed.

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

12 **EFFECTIVE DATE**

13 **SEC. 402.** This Act shall take effect 6 months after the  
14 date of enactment of this Act.