

★  
INTERNAL OMB  
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Position.

WORKING DRAFT  
5 NOV (AM)

~~SECRET~~  
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~~[STAFF WORKING DRAFT]~~

~~SEPTEMBER 15, 1981~~

97TH CONGRESS  
1ST SESSION

S.

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

IN THE SENATE OF THE UNITED STATES

~~SEPTEMBER~~, 1981

Mr. introduced the following bill; which was read twice  
and referred to the Committee on Commerce, Science, and Transportation

## 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

(5) There is a need for the establishment and implementation of a flexible Government-wide policy for the management and utilization of the results of federally funded research and development. This policy should promote the progress of science and the useful arts, encourage the efficient commercial utilization of technological developments and discoveries, guarantee the protection of the public interest, and recognize the equities of the contracting parties.

#### PURPOSE

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

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

(2) insure the effective uniform implementation of the provisions of this Act, and to monitor on a continuing basis the impact of Federal science and technology policies on innovation and technology development.

#### DEFINITIONS

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

(1) "contract" means any contract, grant,<sup>or</sup> cooperative agreement, ~~commitment, understanding, or other arrangement~~ entered into between any Federal agency, other than the Tennessee Valley Authority, and any person where a purpose of the contract is the

1     conduct of experimental, developmental, or research  
2     work. Such term includes any assignment, substitution  
3     of parties or subcontract of any type entered into or  
4     executed for the conduct of experimental, developmen-  
5     tal, or research work in connection with the perform-  
6     ance of that contract;

7             ~~(2) "contractor" means any person or other entity~~  
8 ~~that is a party to the contract;~~

           (2) "contractor" means any person, other than the  
Government or a Federal agency, that is a party to a contract;

           (3) "Director" means the Director of the Office of Management  
and Budget or a designee.

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

15             (4) "Federal agency" means an "executive  
16 agency" as defined by section 105 of title <sup>5</sup>~~4~~, United ✓  
17 States Code, and the military departments as defined  
18 by section 102 of title <sup>5</sup>~~4~~, United States Code; ✓

19             (5) "Government" means the Government of the  
20 United States of America;

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

          (6) "invention" means any invention or discovery which is  
or may be patentable or otherwise protectable under Title 35,  
United States Code <sup>For</sup> any novel variety of plant which is or may  
by protectable under the Plant Variety Protection Act (Public Law  
91-577, 7 U.S.C. §§2321-2583).] ✓

5

1           ~~(7) "inventor" means any person, other than a~~  
2           ~~contractor, who has made an invention under a con-~~  
3           ~~tract but who has not agreed to assign his rights in~~  
4           ~~such invention to the contractor;~~

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

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

18 ~~(10) "person" means any individual, partnership,~~  
19 ~~corporation, association, institution, or other entity;~~

20 ~~(11)~~ <sup>(8)</sup> "practical application" means to manufacture  
21 in the case of a composition or product, to practice in  
22 the case of a process or method, or to operate in the  
23 case of a machine or system, and, in each case, under  
24 such conditions as to establish that the invention is  
25 ~~being worked and that its benefits are available to the~~

6

1 ~~public either on reasonable terms or through reason-~~  
2 ~~able licensing arrangements;~~

being worked and that its benefits are [to the extent permitted by  
law or Government regulations available to the public on  
reasonable terms;]

3 ~~(12) "Secretary" means the Secretary of Com-~~  
4 ~~merce; and~~

(9) "Secretary" means the Secretary of Commerce or such other  
official as may be designated by the President;

5 (13) "small business firm" means a small business  
6 concern, as defined in section 2 of Public Law 85-536  
7 (15 U.S.C. 632) and implementing regulations of the  
8 Administrator of the Small Business Administration.

9 For the purpose of this Act, size standards ~~for small~~  
established by the Administrator of the Small Business  
Administration for Government procurement purposes shall  
be applicable; and

10 ~~business concerns involved in Government procure-~~  
11 ~~ment, contained in section 121.3-8 of title 18, Code of~~  
12 ~~Federal Regulations, and in subcontracting, contained~~  
13 ~~in section 121.3-12 of title 18, Code of Federal Regu-~~  
14 ~~lations, will be used.~~

(11) "subject invention" means any invention conceived or first actually reduced to practice in the performance of work under a contract.

## 15 TITLE II—IMPLEMENTATION

### 16 RESPONSIBILITIES

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

SEC. 201. (a) The Director shall issue regulations applicable to Federal agencies which are necessary and desirable to achieve uniform and consistent implementation of Title III of this Act. The Director shall issue standard contract provisions implementing the rights and terms and conditions specified in section 301 which shall be used by all Federal agencies and which shall be incorporated in appropriate agency and Government-wide regulations.

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

4 (1) to consult<sup>with</sup> and advise ~~with~~ Federal agencies  
 5 concerning the effective implementation and operation  
 6 of the policies, purposes, and objectives of this Act;

7 ~~(2) in consultation with the Office of Federal Pro-~~  
 8 ~~curement Policy, to formulate and recommend to the~~  
 9 ~~President such proposed rules, regulations, and proce-~~  
 10 ~~dures as are necessary and desirable to assure the con-~~  
 11 ~~sistent application of the provisions of this Act,~~

(2) to accumulate, analyze, and disseminate  
 data obtained from Federal agencies

12 ~~(3) to accumulate, analyze, and disseminate data~~  
 13 necessary to evaluate the administration and effective-  
 14 ness of the policies set forth in this Act; and

15 ~~(4) to determine with administrative finality, in an~~  
 16 ~~expeditious manner without unnecessary delay, any~~  
 17 ~~dispute between a Federal agency and an aggrieved~~  
 18 ~~party arising under title III of this Act; and~~

19 <sup>3</sup>  
 20 (3) to perform such other duties as may be pre-  
 21 scribed by the President or by statute.

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

1                   (1) ~~assist and coordinate~~<sup>Federal</sup> agency efforts to promote  
2     the licensing and utilization of Government-owned in-  
3     ventions;

4                   (2) ~~coordinate and~~<sup>assist</sup> advise the Federal agencies in  
5     seeking protection and maintaining inventions in for-  
6     eign countries, including the payment of fees and costs  
7     connected therewith; and

8                   (3) consult<sup>with</sup> and advise Federal agencies as to  
9     areas of science and technology research and develop-  
10    ment with potential for commercial utilization; and.

11                  ~~(4) receive funds from fees, royalties, sales, or~~  
12    ~~other management of Government-owned inventions~~  
13    ~~authorized under this Act: Provided, however, That~~  
14    ~~such funds will be used only for the purpose of this~~  
15    ~~Act.~~

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

## EXPIRATION

~~SEC. 202. The authorities conferred upon the Secretary under this title shall expire 7 years following the effective~~

SEC. 202. Subsections (b)-(d) of section 201 shall expire seven years following the effective date of this Act, unless renewed by action of Congress.

## TITLE III—ALLOCATIONS OF RIGHTS—

## GOVERNMENT CONTRACTORS

~~RIGHTS OF THE GOVERNMENT~~

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

~~(1) the services of the contractor are for the operation of Federal research and development centers, including Government-owned research or production facilities;~~

~~(2) following a finding by a Government authority which is authorized by statute or Executive order to conduct foreign intelligence or counterintelligence activities, the restriction or elimination of the right of the contractor to retain title to any subject invention is necessary to protect the security of such activities;~~

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

1        (4) the principal purpose of the contract is to de-  
2        velop or improve products, processes, or methods  
3        which will be required for use by Government regula-  
4        tions: *Provided, however,* That the Federal agency may  
5        subsequently waive all or any part of the rights of the  
6        United States under this section to such invention in  
7        conformity with the provisions of section 303.

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

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

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

24                (2) reserve to the United States at least an irrevocable,  
25       nonexclusive, nontransferable, paid-up license to

1 make, use, and sell the invention throughout the world  
2 by or on behalf of the United States and States and  
3 domestic municipal governments, unless the agency de-  
4 termines that it would not be in the public interest to  
5 acquire the license for the States and domestic municip-  
6 al governments.

7 RIGHTS OF THE CONTRACTOR

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

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

## WAIVER

1  
2 SEC. 303. A Federal agency may at any time waive all  
3 or any part of the rights of the United States under this title  
4 to any invention or class of inventions made or which may be  
5 made by any person or class of persons under the contract of  
6 the agency if the agency determines that the condition justifying  
7 acquisition of title by the Government under section  
8 301 no longer exists or the interests of the United States and  
9 the general public will be best served thereby. The agency  
10 shall maintain a record, which shall be made public and periodically  
11 updated, of determinations made under this section.  
12 In making such determinations, the agency shall consider the  
13 following objectives:

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

17 (2) promoting the commercial utilization of such  
18 inventions;

19 (3) encouraging participation by private persons in  
20 the Government-sponsored experimental, developmental, or research  
21 programs; and

22 (4) fostering competition and preventing undue  
23 market concentration or the creation or maintenance of  
24 other situations inconsistent with the antitrust laws.

## DISPOSITION OF RIGHTS

SEC. 301. (a) Subject to subsection (c) of this section and to section 303, each contractor may elect to retain title, either worldwide or in such countries as it may choose, to any subject invention; provided, however, that a Federal agency may limit or eliminate this right, place additional restrictions or conditions in the contract that go beyond those set forth in subsection (c) of this section or in section 303, and may eliminate or alter the contractor's right under subsection (c) (12) ✓ of this section if--

(1) it is determined by a Government authority which is authorized by statute or executive order to conduct foreign intelligence or counterintelligence activities that this is necessary to protect the security of such activities; or

(2) the contractor is a business entity organized for profit that does not have a place of business located in the United States; or

(3) the contractor is not located in the United States and is a university, an institution of higher education, or an organization not organized for profit; or

(4) the contractor is or is subject to the control of any foreign government; or

(5) the agency determines, on a case-by-case basis, that there are exceptional circumstances such that this will better promote the policy and objectives of Section 101(5) of this Act.

(b)(1) Any determination under subsection (a) of this section shall be in writing and accompanied by a written statement of the facts and, in the case of a determination under subsection (a)(5), an analysis justifying the determination and limitations or conditions being imposed. A copy of each determination and statement made under subsections (a)(2) through (a)(5) shall be sent to the Secretary within thirty days after the award of the applicable contract. If the Secretary believes that any individual determination or pattern of determinations is contrary to the terms, policy, or objectives of this Act, the Secretary shall so advise the head of the agency concerned and the Director and recommend corrective actions.

(2) Whenever the Director <sup>after notification by the Secretary</sup> has determined that one or more Federal agencies are utilizing the authority of subsection (a)(5) of this section in a manner that is contrary to the terms, policy or objectives of this Act, the Director is authorized to issue regulations describing classes of situations in which agencies may not use subsection (a)(5) of this section.

(c) Each contract shall contain appropriate provisions to effectuate the following:

(1) that the contractor disclose each subject invention to the Federal agency within a reasonable time after the subject invention is disclosed by the inventor to the contractor;

(2) that the Government may receive title to any subject invention not reported to the Federal agency by the contractor with an intent to deprive the Government of its license or other rights as set forth in this Act;

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(3) that the contractor make a written election of rights within a reasonable time prior to the date upon which a statutory bar to patenting under Title 35, United States Code, will occur due to publication, on sale, or public use;

(4) that a contractor electing rights in a subject invention agree to file an initial patent application prior to any statutory bar date that may occur under Title 35, United States Code, due to publication, on sale, or public use;

(5) that a contractor electing rights and making an initial filing shall thereafter file corresponding patent applications in other countries in which it wishes to retain title within reasonable times;

(6) that upon written request of the Federal agency the contractor will transfer title to any subject invention to the Government in any country in which the contractor (i) elects not to retain rights; or (ii) fails to make an election within the times specified pursuant to subsection (c)(3) of this section; or (iii) fails to file a patent application within the times set pursuant to subsection (c)(5) of this section, or (iv) intends to abandon prosecution of a patent application; or (v) decides not to pay any required maintenance fees or take other actions necessary to protect patent rights in that country;

(7) that with respect to any subject invention, the Federal agency shall have a nonexclusive, nontransferrable, irrevocable, paid-up license to practice or have practiced

for or on behalf of the United States the subject invention throughout the world;

(8) that, when the agency determines at the time of contracting that all or certain classes of subject inventions that may be made under a contract will or may be subject to the terms of any existing treaties or other international agreements, the contractor (i) will convey to the Government for transfer to the parties so entitled under the applicable treaty or agreement or directly to such parties such licenses or assignments of rights in specific countries as are necessary to effectuate the terms of the applicable treaty or agreement and (ii) will otherwise fulfill its obligations to such parties with respect to subject inventions in accordance with any applicable provisions of the treaties or agreements;

(9) that the Federal agency may require periodic reporting on the utilization or efforts at obtaining utilization that are being made by the contractor or his licensees or assignees with respect to any subject invention to which the contractor elects title;

(10) that the contractor, in the event a United States patent application is filed by or on its behalf or by any assignee of the contractor, will include within the specification of such application and any patent issuing thereon, a statement specifying that the invention was made with Government support and that the Government has certain rights in the invention;

(11) that in the case of a nonprofit organization located in the United States (i) the organization will not assign rights to a subject invention in the United States without the approval of the Federal agency, except where such assignment is made to any organization which has as one of its primary functions the management of inventions and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention (provided that such assignee shall be subject to the same provisions as the contractor); (ii) the contractor will share royalties (net or gross in accordance with its normal policies) with the inventor of a subject invention; and (iii) the contractor will utilize the balance of any royalties or income earned by the contractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, for the support of scientific research or education;

(12) that the contractor shall retain a nonexclusive, royalty-free, paid-up, worldwide license, including the right to sublicense to affiliates in any subject invention to which the Government obtains title, which license shall be revocable only to the extent necessary for the Government to grant an exclusive license; and

(13) such other administrative requirements that the

Director determines to be necessary to effectuate the rights of the Government as specified in this section and section 303 which are not inconsistent with this Act.

(d) A Federal agency may at any time waive as to an identified subject invention or omit from any contract or class of contracts all or any part of the rights of the United States described under subsections (c)(7) through (c)(13) of this section or under section 303 if the agency determines and prepares a written justification that either (1) the interests of the United States and the general public will be best served thereby taking into account at least the objectives of (A) encouraging the wide availability to the public of the benefits of the experimental, developmental, or research programs in the shortest practicable time; (B) promoting the commercial utilization of such inventions; (C) encouraging participation by private persons, including the most highly qualified persons, in Government sponsored experimental, developmental, or research programs; and (D) fostering competition and preventing undue market concentration or the creation or maintenance of other situations inconsistent with the antitrust laws; or (2) the contract involves or involved cosponsored, cost-sharing, or joint venture research or development and the contractor or other sponsor or joint venturer is required or has made a substantial contribution of funds, facilities, or equipment to the work performed or to be performed under the contract.

(e) With respect to contracts that are within subsections (a)(1) through (a)(5) of this section, a Federal agency may, after a subject invention has been identified, waive any limits or additional restrictions or conditions placed on a contractor beyond those set forth in section 301(c) and section 303 and may allow the contractor to retain the license rights set forth in subsection (c)(12) of this section if such license rights were otherwise limited in the contract.

#### GENERAL PROVISIONS

SEC. 302. (a) 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 such terms and conditions as deemed appropriate by the agency and subject to section 303 of this Act.

(b) 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 subject to the same conditions set forth in this title as are applicable to the rights the contractor derived through its own contract.

(c) Federal agencies are authorized to withhold from disclosure to the public information disclosing any invention in which the Federal Government owns or may own a right, title, or interest (including a nonexclusive license) for a reasonable time in order for a patent application to be filed. Furthermore,

Federal agencies shall withhold from the public copies of any document which is part of an application for patent filed with the United States Patent and Trademark Office or with any foreign patent office; except that when the invention to which the patent application pertains is owned by the Government it may be released to the public by the agency if the agency determines that this will not jeopardize the prosecution of the patent application or put the Government at a disadvantage in any potential interference proceedings.

(d) Any information obtained by a Federal agency pursuant to section 301(c)(9) as well as information on utilization or efforts at obtaining utilization received by a Federal agency under section 303 of this Act shall be treated by the Federal agency as confidential and withheld from the public and shall not be subject to disclosure under section 552 of title 5 of the United States Code.

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1 MARCH-IN-RIGHTS

2 SEC. 304. (a) Where a contractor has elected to retain  
3 title to an invention under section 302 or 303, the Federal  
4 agency shall have the right, pursuant to regulations and sub-  
5 ject to the provisions of subsection (b), to grant, or require  
6 the contractor to grant, a nonexclusive, partially exclusive,  
7 or exclusive license to a responsible applicant or applicants,  
8 upon terms reasonable under the circumstances, if the agency  
9 determines such action is necessary—

10 (1) because the contractor has not taken, or is not

11 expected to take within a reasonable time, effective  
12 steps to achieve practical application of the invention;

13 (2) to alleviate serious health or safety needs  
14 which are not reasonably satisfied by the contractor, or  
15 its licensees;

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

19 (4) because the actions of the contractor beyond  
20 the exercise of the exclusive rights in the invention  
21 have tended substantially to lessen competition or to  
22 result in undue market concentration in any section of  
23 the United States in any line of commerce to which  
24 the technology relates, or to create and maintain other  
25 ~~situations inconsistent with the antitrust laws~~

14

1 ~~(b) The rights of the Federal agency under subsection~~  
2 ~~(a) shall be subject to the prior approval of the Secretary,~~  
3 ~~who shall make a determination after a formal hearing with~~  
4 ~~affected parties present and conducted in accordance with~~  
5 ~~rules, regulations, and procedures adopted by the Secretary.~~

## MARCH-IN RIGHTS

SEC. 303. (a) Where a contractor or inventor has elected or otherwise been allowed to retain title to a subject invention, the Federal agency shall have the right (unless this right has been waived in accordance with section 301(d)), in accordance with regulations issued by the Director, to grant or require the patent holder to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, if the head of the agency or a designee determines such action is necessary--

(1) because the patent holder or its licensee or sublicensee has not taken or is not expected to take within a reasonable time, effective steps to achieve practical application of the invention;

(2) to alleviate serious health or safety needs which are not reasonably satisfied by the patent holder or its licensee or sublicensee; or

(3) to meet requirements for public use specified by Federal regulation which are not reasonably satisfied by the patent holder or its licensee or sublicensee.

(b) A determination pursuant to this section shall not be considered as a contract dispute and shall not be subject to the Contract Disputes Act (Pub L. 95-563). Any patent holder or licensee or sublicensee adversely affected by a determination under this section may, at any time within sixty days after the determination is issued,

file a petition to the United States Court of Claims which shall have jurisdiction to determine the matter de novo and to affirm, reverse, or modify as appropriate, the determination of the Federal agency.

#### APPEALS

SEC. 304. (a) The following agency actions shall be accompanied by a written explanation, which shall be provided to the contractor at the time the action is taken:

(1) A decision by an agency to take title to a subject invention under subsections 301(c)(2) and (c)(6)(ii) and (iii):

(2) The refusal of an agency to grant approval of an assignment requested under subsection (c)(11).

(b) Within 30 days from the time the contractor receives a copy of the written explanation for any of the actions listed in subsection (a) of this section, it may appeal the action to the head of the agency or a designee in accordance with such procedural rules as may be prescribed by the agency and such other rules and regulations as may be prescribed by the Director. Pending disposition of the appeal by the head of the agency or designee, the contractor shall fully comply with the agency action or decision. The head of the agency or designee shall review the matter, obtain such additional information from the agency officials agency and the contractor as is deemed necessary to decide the matter, and shall issue a decision. *Time!*

(c) Whenever an appeal to the head of the agency or designee

under subsection (b) of this section involves an action of the type described in subsection (a)(1) of this section and issues of fact are raised, the head of the agency or designee shall determine such issues of fact on the record after affording the contractor an opportunity for a hearing.

(d) To the extent that any of the actions described in section 304(a) are subject to appeal under the Contract Disputes Act, the procedures under that Act will satisfy the requirements of this section.

6. ~~GENERAL PROVISIONS~~

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

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

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

23 (3) require a declaration by the contractor within  
24 a reasonable time after disclosure of the contractor's

1 intent to commercialize or otherwise achieve the wide-  
2 spread utilization of the invention by the public;

3 (4) an obligation on the part of the contractor, in  
4 the event a United States patent application is filed by  
5 or on its behalf or by any assignee of the contractor, to  
6 include within the specification of such application and  
7 any patent issuing thereon, a statement specifying that  
8 the invention was made with Government support and  
9 that the Government has certain rights in the inven-  
10 tion; and

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

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

18 (B) special contracting situations such as  
19 Federal price or purchase supports and Federal  
20 loan or loan guarantees; and

21 (C) no deviation under this subsection shall  
22 waive in whole or in part, the minimum rights to  
23 be secured for the Federal Government set forth  
24 in section 304(a)(4).

1        ~~(b) When it is determined that the right to require li-~~  
2 ~~censing or the right of the Federal agency to license should~~  
3 ~~be exercised pursuant to section 304, the Federal agency~~  
4 ~~may specify terms and conditions, including royalties to be~~  
5 ~~charged, if any, and the duration and field of use of the li-~~  
6 ~~cense, if appropriate. Agency determinations as to the rights~~  
7 ~~to inventions under this title shall be made in an expeditious~~  
8 ~~manner without unnecessary delay.~~

9

## BACKGROUND RIGHTS

SEC. 305. (a)(1) No contract with a small business firm or with a nonprofit organization that is located in the United States shall contain a provision allowing a Federal agency to require the licensing to third parties of inventions owned by the contractor that are not subject inventions unless such provision has been approved by the head of the agency and a written justification has been signed by the head of the agency. Any such provision shall clearly state whether the licensing may be required in connection with the practice of a subject invention, a specifically indentified work object, or both. The head of the agency may not delegate the authority to approve provisions or sign justifications required by this subsection (a)(1).

(2) A Federal agency shall not require the licensing of third parties under any such provision unless the head of the agency determines that 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 the practical application of the subject invention or work object. Any such determination shall be on the record after an opportunity for an agency hearing. Any action for judicial review of such determination shall be brought within sixty days after notification of such determination.

(b) Except as provided in section 305(a) of this Act,  
10 ~~SEC. 306.~~<sup>h</sup> Nothing contained in this Act shall be con-  
11 strued to deprive the owner of any background patent or to  
12 such rights as the owner may have thereunder.

13 GOVERNMENT LICENSING AUTHORITY

14 SEC. 307. (a) A Federal agency may grant exclusive or  
15 partially exclusive licenses in any invention to which the  
16 Government has acquired title if the agency determines  
17 that—

18 (1) the desired practical application has not been  
19 achieved, or is not likely to be achieved within a rea-  
20 sonable period of time by the granting of a nonexclu-  
21 sive license;

22 (2) exclusive or partially exclusive licensing is a  
23 reasonable and necessary incentive to call forth the in-  
24 vestment of risk capital to bring the invention to prac-  
25 tical application; and

1 (3) the proposed terms and scope of exclusivity  
2 are not greater than reasonably necessary to provide

3 the incentive for bringing the invention to practical ap-  
4 plication.

#### TITLE IV--LICENSING OF GOVERNMENT OWNED INVENTIONS

##### GENERAL AUTHORITY

SEC. 401. Each Federal agency is authorized to--

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

"(2) grant nonexclusive, exclusive, or partially exclusive licenses under federally owned patent applications, patents, or other forms of protection obtained, royalty-free or for royalties or other consideration, and on such terms and conditions, including the grant to the licensee of the right of enforcement pursuant to the provisions of chapter 29 of this title as determined appropriate in the public interest; *35, of the United States Code*

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

"(4) transfer custody and administration, in whole or in part, to another Federal agency, of the right, title, or interest in any federally owned invention.

##### REGULATIONS

SEC. 402. The Administrator of the General Services Administration is authorized to promulgate regulations, with the concurrence of the Director, specifying the terms and conditions upon which any federally owned invention, other than inventions owned by the Tennessee Valley Authority, may be licensed on a nonexclusive, partially exclusive, or exclusive basis.

##### RESTRICTIONS

SEC. 403.(a) No Federal agency shall grant any license under a patent or patent application on a federally owned invention unless the person requesting the license has supplied the agency with a plan for development, and/or marketing of the invention, except that any such plan may be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code.

"(b) A Federal agency shall normally grant the right to use or sell any federally owned invention in the United States only to a licensee that agrees that any products embodying the invention or produced through the use of the invention will be manufactured substantially in the United States.

"(c) Each Federal agency may grant exclusive or partially exclusive licenses in any invention covered by a federally owned ~~patent~~ patent or patent application only if, after public notice and opportunity for filing written objections, it is determined that--

"(A) the interests of the Federal Government and the public will best be served by the proposed license, in view of the applicant's intentions, plans, and ability to bring the invention to practical application or otherwise promote the invention's utilization by the public;

"(B) the desired practical application has not been achieved, or is not likely expeditiously to be achieved, under any nonexclusive license which has been granted, or which may be granted, on the invention;

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

"(D) the proposed terms and scope of exclusivity are not greater than reasonably necessary to provide the incentive for bringing the invention to practical application or otherwise promote the invention's utilization by the public.

"(4) First preference in the exclusive or partially exclusive licensing of federally owned inventions shall go to small business firms submitting plans that are determined by the agency to be within the capabilities of the firms and equally likely, if executed, to bring the invention to practical application as any plans submitted by applicants that are not small business firms.

"(5) The Federal agency shall maintain a record of determinations to grant exclusive or partially exclusive licenses.

"(6) Any grant of a license shall contain such terms and conditions as the Federal agency determines appropriate for the protection of the interests of the Federal Government and the public, including provisions for the following:

"(1) periodic reporting on the utilization or efforts at obtaining utilization that are being made by the licensee with particular reference to the plan submitted: *Provided*, That any such information may be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code;

"(2) the right of the Federal agency to terminate such license in whole or in part if it determines that the licensee is not executing the plan submitted with its request for a license and the licensee cannot otherwise demonstrate to the satisfaction of the Federal agency that it has taken or can be expected to take within a reasonable time, effective steps to achieve practical application of the invention;

"(3) the right of the Federal agency to terminate such license in whole or in part if the licensee is in breach of an agreement obtained pursuant to paragraph (b) of this section; and

"(4) the right of the Federal agency to terminate the license in whole or in part if the agency determines that such action is necessary to meet requirements for public use specified by Federal regulations issued after the date of the license and such requirements are not reasonably satisfied by the licensee.

*Needs fine  
tooth  
review  
Not yet done*

~~IV~~  
TITLE ~~IV~~ MISCELLANEOUS

6 REPEAL OF EXISTING STATUTORY RESEARCH AND  
7 DEVELOPMENT AUTHORIZATIONS

8 \* SEC. ~~201~~<sup>5</sup>. The following Acts are hereby amended as  
9 follows:

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

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

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\*A number of additions and technical corrections are  
required in this section.

1 (a) by repealing section 305 thereof (42 U.S.C.  
2 2457): *Provided, however,* That subsections (c), (d), and  
3 (e) of such section shall continue to be effective with  
4 respect to any application for patents in which the  
5 written statement referred to in subsection (c) of such  
6 section has been filed or requested to be filed by the  
7 Commissioner of Patents and Trademarks prior to the  
8 effective date of this Act;

9 (b) by inserting the following new section 305:

10 "INVENTIONS AND CONTRIBUTIONS BOARD

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

19 (3) by repealing section 306 thereof (42 U.S.C.  
20 2458);

21 (4) by inserting at the end of section 203(c) there-  
22 of (42 U.S.C. 2473(c)); the following new paragraph:

23 "(14) to provide effective contractual provisions  
24 for reporting of the results of the activities of the Ad-  
25 ministration, including full and complete technical re-

1       porting of any innovation made in the course of or  
2       under any contract of the Administration.”;

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

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

8       (6) by striking out the following in section  
9       203(c)(3) thereof (42 U.S.C. 2473(c)(3)) “(including  
10       patents and rights thereunder).”.

11       (g) Section 6 of the Act of July 7, 1960 (30 U.S.C. 666;  
12       74 Stat. 337), is repealed.

13       (h) Section 4 of the Helium Act Amendments of 1960  
14       (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out  
15       both proviso clauses at the end thereof.

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

18       (j) Subsection (e) of section 302 of the Appalachian Re-  
19       gional Development Act of 1965 (40 U.S.C. App. 302(e); 79  
20       Stat. 5) is repealed.

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

(b) 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.

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

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

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

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

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

#### RELATIONSHIP TO ANTITRUST LAWS

SEC. 502. Nothing in this Act shall be deemed to convey to any person immunity from civil or criminal liability, or to create any defenses to actions, under any antitrust law.

#### EFFECTIVE DATE

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

## EFFECTIVE DATE

SEC. 503 (a) This Act will take effect on the first day of the ninth month beginning after its enactment, but the Director is authorized to issue implementing regulations prior to that date.

(b) After the effective date of this Act, each Federal agency is authorized, with the agreement of the affected contractor and notwithstanding any other law governing the disposition of rights in subject inventions, to amend any contract awarded prior to the effective date of this Act to substitute the contract provisions issued by the Director under section 201(a) of this Act.

(c) 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 and the Director's implementing regulations had the contract been entered into after the effective date of this Act.