

94TH CONGRESS
2D SESSION

H.R.

IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES

~~JUNE~~ ^{JANUARY} 1976

Mr. _____ introduced the following bill; which was
read twice and referred to the Committee on the

A BILL

To establish a uniform Federal policy for intellectual
property arising from Federally-sponsored research and
development; to protect and encourage utilization of
such technology and to further the public interest of
the United States domestically and abroad; and for other
related purposes.

1 Be it enacted by the Senate and House of Representatives
2 of the United States of America in Congress assembled,
3 That this Act, which may be cited as the "Federal
4 Intellectual Property Policy Act of 1976", is hereby
5 adopted.

"Title I--FEDERAL INTELLECTUAL PROPERTY POLICY

"Sec.

"101. Findings.

"102. Declaration of purpose.

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

"Sec.

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

"202. Board for Intellectual Property.

"Title III--ALLOCATION OF PROPERTY RIGHTS IN INVENTIONS
RESULTING FROM FEDERALLY-SPONSORED
RESEARCH AND DEVELOPMENT

"CHAPTER 1.--INVENTIONS OF CONTRACTORS

- "Sec.
- "311. Criteria for the allocation of property rights in Subject Inventions.
- "312. Other provisions.

"CHAPTER 2.--INVENTIONS OF FEDERAL EMPLOYEES

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

"Title IV--DOMESTIC AND FOREIGN PROTECTION AND LICENSING
OF FEDERALLY-OWNED INVENTIONS

- "Sec.
- "401. Authorities of Federal agencies.
- "402. Authorities of the Department of Commerce in cooperation with other Federal agencies.
- "403. Authorities of General Services Administration.
- "404. Grants of an exclusive or partially exclusive license.

"Title V--MISCELLANEOUS

"CHAPTER 1.--OTHER RELATED PROVISIONS

- "Sec.
- "511. Definitions.
- "512. Relationship to antitrust laws.

"CHAPTER 2.--AMENDMENT TO OTHER ACTS

- "Sec.
- "521. Identified Acts amended.

"CHAPTER 3.--EFFECTIVE DATE PROVISION

- "Sec.
- "531. Effective date of Act.

1 "Title I--FEDERAL INTELLECTUAL PROPERTY POLICY

"Sec.

"101. Findings.

"102. Declaration of purpose.

2 "S 101. Findings.

3 "The Congress, recognizing the profound impact of
4 science and technology on society and the interrelations
5 of scientific, technological, economic, social, political,
6 and institutional factors, hereby finds that:

7 "(a) The inventions in scientific and technological
8 fields resulting from work performed under Federal
9 research and development constitute a valuable
10 national resource;

11 "(b) A Federal policy on the allocation of rights
12 to inventions resulting from Federally-sponsored research
13 and development should stimulate inventors, meet the needs
14 of the Federal Government, recognize the equities of the
15 Federal employee-inventor and the Federal Government
16 contractor, and serve the public interest; and

17 "(c) The public interest would be better served if
18 greater efforts were made to obtain patent protection,
19 both domestic and foreign, and to promote the interests
20 of the United State and the commercial use of new techno-
21 logy resulting from Federally-sponsored research and
22 development, both in the United States and foreign
23 countries, as appropriate.

24 "Sec. 102. Declaration of purpose.

25 "It is the purpose of this Act to:

26 "(a) Establish a uniform Federal policy for matters
27 of intellectual property arising from Federally-sponsored
28 research and development;

29 "(b) Provide for uniform implementation of the provisions
30 of this Act, and to make a continuing effort to monitor
31 such implementation;

1 "(c) To allocate rights to contractor inventions which
2 result from Federally-sponsored research and development
3 so as to

4 "(1) encourage the participation of the most
5 qualified and competent contractors,

6 "(2) foster competition,

7 "(3) promote the widespread utilization of
8 the inventions, and

9 "(4) reduce the administrative burdens, both for the
10 Federal agencies and its contractors;

11 "(d) To allocate rights to Federal employee inventions
12 in an equitable manner;

13 "(e) To provide for a domestic and foreign protection
14 and licensing program to obtain commercial utilization of
15 Federally-owned inventions, with the objective of strengthening
16 the Nation's economy and expanding its domestic and
17 foreign markets; and

18 "(f) To amend all other Acts and abolish the Executive
19 Orders regarding the allocation of rights to inventions
20 which result from Federally-sponsored research and develop-
21 ment and the licensing of Federally-owned patents.

1 "Title II--FUNCTIONS OF THE OFFICE OF SCIENCE
2 AND TECHNOLOGY POLICY AND THE FEDERAL
3 COORDINATING COUNCIL FOR SCIENCE,
4 ENGINEERING, AND TECHNOLOGY

"Sec.

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

"202. Board for Intellectual Property.

5 "S 201. Federal Coordinating Council for Science,
6 Engineering, and Technology.

7 "(a) The Federal Coordinating Council for Science,
8 Engineering, and Technology (established by Title IV,
9 P.L. 94-282) hereinafter referred to as the 'Council'
10 shall make recommendations to the Director of the Office
11 of Science and Technology Policy (OSTP) hereinafter
12 referred to as the 'Director', with regard to:

13 "(1) Uniform and effective planning and administra-
14 tion of Federal programs pertaining to inventions,
15 patents, trademarks, copyrights, rights in technical
16 data, and matters connected therewith.

17 "(2) Uniform policies, regulations, guidelines and
18 practices to carry out the provisions of this Act
19 and other Federal Government objectives in the field
20 of intellectual property.

21 "(3) Uniformity and effectiveness of interpretation
22 and implementation by individual Federal agencies of
23 the provisions of this Act and other related Federal
24 Government policies, regulations and practices.

25 "(b) Recommendations regarding matters set forth in
26 subsection (a) which are made by the COUNCIL and adopted
27 by the Director will be promulgated to the Federal agencies
28 through appropriate channels, *as determined by the Director*

29 "(c) In order to carry out the responsibilities set
30 forth in subsections (a) and (b); the COUNCIL is authorized
31 to --

32 "(1) Acquire data and reports from the Federal

1 agencies on the interpretation and implementation
2 of this Act and related policies, regulations and
3 practices.

4 "(2) Review on its own initiative, or upon request
5 by a Federal agency, Federal agency implementation
6 of the provisions of this Act.

7 "(3) Analyze on a continuing basis data acquired
8 by the COUNCIL.

9 "(4) Consider problems and developments in the
10 fields of inventions, patents, trademarks, copyrights,
11 rights in technical data, and matters connected
12 therewith and the impact of such on Federal Government
13 policy or uniform accomodation or implementation by
14 Federal agencies.

15 "(5) Publish annually a report on COUNCIL efforts,
16 findings and recommendations.

17 "s 202. Board for Intellectual Property.

18 "The Director shall establish or designate a Board or
19 Boards for intellectual property (hereinafter referred
20 to as the "BOARD") as required, to make approvals and
21 determinations and to hear appeals as provided for in
22 this Act. In exercising its authority and in developing
23 its rules and procedures, the BOARD shall consult with
24 the COUNCIL and such Federal agencies as may be
25 appropriate. The BOARD may perform any and all acts,
26 and issue such orders, not inconsistent with the Act,
27 as may be necessary in the execution of its functions.
28 Decisions of the BOARD under Sections 311.(b)(2)(C),
29 (D), ^{and} (E) ~~and (F)~~ of this Act, shall be appealable to
30 the United States Court of Claims.

1 "Title III--ALLOCATION OF PROPERTY RIGHTS IN INVENTIONS
2 RESULTING FROM FEDERALLY-SPONSORED RESEARCH
3 AND DEVELOPMENT

"CHAPTER 1.--INVENTIONS OF CONTRACTORS

"Sec.

"311. Criteria for the allocation of property rights
in Subject Inventions.

"312. Other provisions.

4 "s 311. Criteria for the allocation of property rights
5 in Subject Inventions.

6 "The allocation of property rights in Subject Inventions

7 shall be determined by uniform regulations, ~~issued by the~~ *?* ~~Administrator of General Services and the Secretary of~~ *0*

8 ~~Defense~~ employing a single patent rights clause in all

9 instances except as may be provided in such regulations,
10 subject to the minimum rights acquired under Section

11 311.(b)(2), or as provided in Section 312.(c). Such a
12 patent rights clause shall include provisions for

13 the following:

14 the following:

15 "(a) Reporting requirements and declaration of intent.--

16 The contractor shall promptly provide the sponsoring
17 Federal agency with (1) a disclosure of each Subject
18 Invention which is or may be patentable under the laws
19 of the United States; (2) an election whether the con-
20 tractor intends to file a patent application on the
21 Subject Invention; and (3) if the contractor elects to
22 file, a declaration of the contractor's intent to com-
23 mercialize or otherwise achieve the widespread utiliza-
24 tion of the invention by the public. [^] The Federal

25 Government may withhold publication or release to the
26 public information disclosing such invention for a
27 reasonable time in order for a patent application to be
28 filed.

*under subsec
(1)(2) and
Election may (3)
be made at a
later time with
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sponsoring
Federal Agency.*

1 "(b) Minimum rights to the Federal Government and the
2 public.--Each Federal agency shall acquire on behalf
3 of the Federal Government at the time of contracting:

4 "(1) Where the contractor elects not to file
5 a patent application on a Subject Invention
6 in any country, title to such inventions,
7 subject to any revocable or irrevocable nonexclus-
8 ive license which the contractor may be permitted
9 to retain; and

10 "(2) Where the contractor elects to file
11 a patent application in accordance with sub-
12 section (c):

13 "(A) The right to require periodic written
14 reports at reasonable intervals and partic-
15 ularly, when specifically requested by the
16 Federal agency, reports on the commercial
17 use or other form of utilization by the
18 public that is being made or is intended to
19 be made of any Subject Invention;

20 "(B) A nonexclusive, nontransferable, irrevocable,
21 paid-up license to practice or have practiced
22 for the Federal Government any Subject
23 Invention throughout the world by or on
24 behalf of the Federal Government (including
25 any Federal agency), and it may acquire additional
26 rights to sublicense any State or domestic local
27 government ~~for to sublicense any foreign~~
28 ~~government pursuant to foreign policy considera-~~
29 ~~tions~~ or any existing or future treaty or
30 agreement when the Federal agency determines it
31 would be in the national interest to acquire such
32 additional rights.

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1 "(C) The right of the Federal agency to
2 require the contractor to grant a nonexclusive,
3 partially exclusive or exclusive license to a
4 responsible applicant or applicants in any
5 field of use of the Subject Invention upon
6 terms reasonable under the circumstances, or
7 to grant such licenses itself, or to require
8 an assignment of the Subject Invention to the
9 Federal Government, if the Federal agency determines
10 such action is necessary because the contractor
11 has not taken, or is not expected to take within
12 a reasonable time, effective steps to achieve
13 practical application of the Subject Invention
14 in such field of use. Such determination of the
15 Federal agency may be appealed to the BOARD.

16 "(D) The right of the BOARD to require the
17 contractor to grant a nonexclusive, partially
18 exclusive, or exclusive license to a responsible
19 applicant or applicants, upon terms reasonable
20 under the circumstances, or to determine that
21 the Federal agency should grant such a
22 license itself, following a hearing upon notice
23 thereof to the public, upon a petition by an
24 interested person justifying such hearing, if
25 the BOARD determines, upon review of such
26 material as the BOARD deems relevant, and after
27 the contractor or such other interested person
28 has had the opportunity to provide such relevant
29 and material information as the BOARD may require,
30 that such action is necessary:

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"(i) to alleviate health, safety, or welfare needs, provided the contractor and/or its licensees are not satisfying such needs consistent with conditions reasonable under the circumstances; or
"(ii) to the extent that the Subject Invention is required for public use by Federal regulation, provided the contractor and/or its licensees are not satisfying market needs created by the Federal regulations consistent with conditions reasonable under the circumstances.

(state suggested)

"(E) The right of the BOARD to require the contractor to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, or to determine that the Federal agency should grant such a license itself, following a hearing upon notice thereof to the public, upon a petition by an interested person justifying such hearing, if the BOARD determines, upon review of such material as the BOARD deems relevant, and after the contractor or other interested person has had the opportunity to provide such relevant and material information as the BOARD may require, that the exclusive rights to such Subject Invention in the contractor has tended substantially to lessen competition or to result in undue market concentration in any section of the United States in any line of commerce to which the technology relates, or to create or maintain other situations inconsistent with the antitrust laws.

→ *(iii) to facilitate the implementation of the United States foreign policy objectives regarding the promotion of economic development and political stability in a developing country.*

1 "(F) The right of the BOARD, commencing ten
2 years from the date the Subject Invention
3 was made or five years after first public
4 use or on sale in the United States, whichever
5 occurs first, (excepting that time before
6 Federal regulatory agencies necessary to
7 obtain premarket clearance) to require the
8 contractor to grant a nonexclusive, partially
9 exclusive, or exclusive license to a responsible
10 applicant or applicants, upon terms reasonable
11 under the circumstances, or to determine that the
12 Federal agency should grant such a license itself,
13 following a hearing upon notice thereof to
14 the public, upon a petition by a prospective
15 licensee who has attempted unsuccessfully to
16 obtain such a license from the contractor
17 and justifying such a hearing, if the BOARD
18 determines, in view of the factors set forth
19 in Section 312. (b), that such licensing would
20 best support the overall purposes of this Act.

21 "(3) Prior to any action pursuant to Sections
22 311. (b) (2) (D), ^{and} (E), ~~and (E)~~, the BOARD shall consult
23 with the Federal agency involved.

24 "(c) Contractor's rights.--The contractor shall retain
25 a defeasible title to only those Subject Inventions
26 (including the right to license or assign all or part
27 of its interests therein) on which the contractor files
28 a United States patent application and declares its intent
29 to achieve practical application of the Subject Invention.
30 Such title in the contractor shall permit the contractor to
31 retain exclusive commercial rights to the invention subject
32 to all the rights granted to the Federal Government

1 in subsection (b) (2). The contractor's employee
2 inventor may also retain the contractor's rights under
3 this subsection with permission of the contractor at
4 the discretion of the sponsoring Federal agency.

5 "s 312. Other provisions.

6 "(a) Extension of contractor's exclusive commercial
7 rights.--Each sponsoring Federal agency, for good
8 cause shown by the contractor, may extend the period of
9 the contractor's exclusive commercial rights provided
10 for in Section 311. (b) (2) (F) ~~following notice to the~~
11 ~~public and an opportunity for filing written objections.~~

12 The grant of such an extension shall be based upon
13 a determination by the Federal agency, upon review
14 of such material as it deems relevant, and after the
15 contractor and any other interested persons have had
16 ~~an opportunity to provide~~ such relevant and material
17 information as the Federal agency may require, that
18 such extension would best support the overall purposes
19 of this Act. The Federal agency determination may
20 be appealed to the BOARD by the contractor or an
21 interested person involved in such determination.

22 "(b) BOARD considerations. In determining whether
23 the right to require licensing or the right of the
24 Federal agency to license set forth in Section
25 311. (b) (2) (F) should be exercised, the BOARD may consider,
26 among others, the following type of factors, as
27 appropriate:

28 "(1) The relative contributions of the Federal
29 Government and the contractor or its assignees or
30 licensees, if any, to the making and commercialization
31 of the Subject Invention;

32 "(2) The relative contributions of the Federal
33 Government and the contractor or its assignees or
34 licensees, if any, to the field of technology to
35 which the Subject Invention relates;

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1 "(3) The degree to which utilization of the
2 Subject Invention has satisfied the purposes of
3 the program under which the Subject Invention was
4 made;

5 "(4) The type and scope of the Subject Invention
6 and the magnitude of the problem it solves;

7 "(5) The effect of such licensing on competition
8 and widespread utilization of the Subject Invention;

9 "(6) The effect of such licensing on incentives
10 to commercialize this and other Subject Inventions;

11 ~~"(7) The extent to which the Subject Invention is
12 concerned with the public health, safety or welfare;
13 and~~

14 ~~"(8) The effect of such licensing in assisting
15 small businesses and minority business enterprises,
16 as well as economically depressed, low-income, and
17 labor surplus areas.~~

18 "When it is determined that the right to require
19 licensing or the right of the Federal agency to
20 license should be exercised, the BOARD may specify
21 terms and conditions, including royalties to be charged,
22 if any, and the duration and field of use of the license.

23 ~~(b) (2) (c) Alternative criteria for the allocation of
24 property rights in Subject Inventions.~~

25 ~~"(1) The Head of a Federal agency may deviate on a
26 case-by-case basis from the single patent rights
27 clause normally used provided that such deviations
28 shall be published and reported to the COUNCIL for
29 review in accordance with its responsibility under
30 Section 201. (a) of this Act.~~

31 ~~The regulations adopted pursuant to Section 311
32 may permit deviation to the minimum rights acquired
33 under Section 311. (b) (2) on a class basis in:~~

1 "(A) contracts involving cosponsored, cost
2 sharing, or joint venture research when the con-
3 tractor is required to make a substantial contri-
4 bution of funds, facilities, or equipment to the
5 work performed under the contract; and
6 "(B) special contracting situations such as
7 Federal price or purchase supports and Federal
8 loan or loan guarantees.

9 "~~(3) No deviation under this subsection shall waive~~
10 ~~in whole or in part the minimum risks to be secured~~
11 ~~for the Federal Government set forth in Section~~
12 ~~311. (b) (2) (E).~~

*(B) For contracts for the
operation of Government
facilities, and
(Was voted in
at Jul. 27, 1976
(Cong. Hse meeting))*

1 "CHAPTER 2.--INVENTIONS OF FEDERAL EMPLOYEES

"Sec.

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

2 "s 321. Reporting of inventions.

3 "All inventions made by Federal employees while under
4 the administrative jurisdiction of a Federal agency shall
5 be reported to the designated authority of that Federal
6 agency.

7 "s 322. Criteria for the allocation of rights to inventions.

8 "Subject to prescribed rules and regulations ~~issued by~~
9 ~~the Commissioner of the Patent and Trademark Office~~ each
10 Federal agency shall determine the respective rights of the
11 Federal Government and of the Federal employee-inventor
12 in and to any invention made by a Federal employee while
13 under the administrative jurisdiction of such agency, in
14 accordance with the following criteria:

15 "(a) The Federal Government shall obtain, subject to
16 subsection (c), ^{and (e)} the entire right, title and interest
17 in and to all inventions made by any Federal employee
18 which bear a relation to the duties of the Federal
19 employee-inventor, or are made in consequence of his
20 employment;

21 "(b) A Federal employee shall be entitled to retain
22 the entire right, title and interest in and to any
23 invention made by the employee-inventor, subject to a
24 nonexclusive, nontransferable, irrevocable, paid-up
25 license to practice or have practiced for the Federal
26 Government any such invention throughout the world by
27 or on behalf of the Federal Government (including any
28 Federal agency) in any case where the invention does not

1 bear a relation to the duties of the employee-inventor
2 or was not made in consequence of his employment, but
3 was made with a contribution by the Federal Government
4 of facilities, equipment, materials, funds, or informa-
5 tion, or of time or services of other Federal employees
6 on official duty; and further, the Federal agency may
7 acquire additional rights to sublicense any State or
8 domestic local government ~~or to sublicense any foreign~~
9 ~~government pursuant to foreign policy considerations,~~ or
10 any existing or future treaty or agreement where the
11 Federal agency determines it would be in the national
12 interest to acquire such additional rights;

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13 "(c) The Federal employee may obtain the entire right,
14 title and interest in and to an invention in any country,
15 subject to the license and sublicensing rights set forth
16 in subsection (b), where the Federal agency determines that
17 there is insufficient interest in the invention to justify
18 seeking patent protection in that country, although the
19 Federal Government may have taken title to the invention
20 or may be entitled to the entire, right, title and
21 interest therein under subsection (a), provided however,
22 nothing in this paragraph shall prevent a Federal agency
23 from publishing or dedicating to the public such an
24 invention if it is in the public interest; and

✓

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

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29 "s 323. Application of criteria.

30 "(a) In applying the criteria of Section 322 to the
31 facts and circumstances relating to the making of any
32 particular invention,

of such parties

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

1 "(1) it shall be presumed that an invention falls
2 within the criteria of Section 322. (a) when made by
3 a Federal employee who is employed or assigned to
4 "(A) invent or improve or perfect any art, machine,
5 manufacture, or composition of matter,
6 "(B) conduct or perform research, development work,
7 or both,
8 "(C) supervise, direct, coordinate, or review
9 Federally-financed or conducted research, development
10 work, or both, or
11 "(D) act in a liaison capacity among Federal or
12 non-Federal agencies, or individuals engaged in
13 such work; and

14 "(2) it shall be presumed that an invention falls
15 within the criteria of Section 322. (b) when made
16 by any other Federal employee.

17 "(b) Either presumption of subsection (a) may be
18 rebutted by the facts or circumstances attendant upon
19 the conditions under which any particular invention
20 is made.

21 "§ 324. Review of Federal agency determinations.

22 "Federal agency determinations regarding the respective
23 rights of the Federal Government and the Federal
24 employee-inventor are to be reviewed in accordance with
25 prescribed rules and regulations issued pursuant to
26 Section 322 where

27 "(1) the Federal agency determines not to acquire
28 all right, title and interest in an invention, or

29 "(2) the Federal employee-inventor who is aggrieved by
30 the determination requests such a review.

31 "§ 325. Reassignment of rights.

32 "Where a Federal agency finds on the basis of new
33 evidence that it has acquired rights in an invention
34 greater than the Federal Government is entitled to

1 assert under the criteria of Section 322, the Federal
2 agency shall adjust such inequity by granting greater
3 rights to the Federal employee-inventor necessary to
4 correct the inequity.

5 "s 326. Incentive Awards Program.

6 "(a) Incentive Awards may be granted to Federal
7 employee-inventors in order to:

8 "(1) Monetarily reward or otherwise recognize
9 Federal employees for inventions; and

10 "(2) Stimulate inventive creativeness and encourage
11 Federal employees to disclose their inventions
12 and thus to enhance the transfer and utilization
13 of related technology.

14 "(b) These awards shall be granted pursuant to the
15 provisions of Title 5, Chapter 45 and Title 10, Chapter
16 57, and in accordance with implementing regulations thereunder,
17 except as modified herein. Existing statutory provisions
18 for awards shall remain unaffected by this section.

19 "(c) The amount of the award for an invention will
20 be based on:

21 "(1) The extent to which the invention advances the
22 state of the art;

23 "(2) The scope of the application of the invention;

24 "(3) The importance of the invention in terms of
25 its value and benefits to the Federal Government;
26 and

27 "(4) The extent to which the invention has achieved
28 utilization by the public.

29 "(d) Awards for an invention of up to \$10,000 may be
30 granted by the Head of a Federal agency. Awards in
31 excess of \$10,000 but not in excess of \$50,000 may be
32 granted

(4) for members of the Commissioned Corps of the United States Public Health Service with the approval of the Secretary of Health, Education and Welfare and
(5) for members of the Commissioned Corps of the National Oceanic and Atmospheric Administration with the approval of the Secretary of Commerce

1 " (1) for Federal civilian employees by the Head of the
2 Federal agency with the approval of the Civil
3 Service Commission,
4 " (2) for members of the Armed Forces with the
5 approval of the Secretary of Defense, and
6 " (3) for members of the United States Coast
7 Guard when not operating as a service in the
8 Navy with the approval of the Secretary of
9 Transportation,
10 upon recommendation that the invention is highly exceptional
11 and unusually outstanding. Awards in excess of \$50,000 may
12 be made in those instances where the Head of the Federal
13 agency, based upon the value and benefit of the inventor's
14 contribution, recommends to the Chairman of the Civil
15 Service Commission and the Director of the Office of
16 Management and Budget that a Presidential award be made.
17 Upon endorsement of both the Chairman of the Civil Service
18 Commission and the Director of the Office of Management
19 and Budget and approval by the President, an award in
20 excess of \$50,000 and an honorary recognition, may be
21 granted as deemed appropriate.
22 " (e) A cash award under this section is in addition
23 to the regular pay of the recipient. Acceptance of
24 a cash award under this section constitutes an agreement
25 that any use by the Federal Government of an idea, method,
26 or device for which the award is made does not form the
27 basis of a further claim of any nature against the
28 Federal Government by the recipient, his heirs, or
29 assigns.
30 " (f) A cash award and expense for honorary recognition
31 of a Federal employee-inventor shall be paid from the
32 fund or appropriation of the Federal agency primarily
33 benefiting. The Head of the Federal agency shall determine

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Attachment

1 the amount to be paid by each Federal agency for Federal
2 agency awards and the President shall determine the
3 amount of the award to be paid by each Federal agency
4 for Presidential awards made under subsection (3).

5 "(b) Nothing contained in this section shall be
6 construed to limit the discretionary power of the Federal
7 agency to grant or not grant an incentive award under
8 this section.

9 "s 327. Income sharing from patent licenses.

10 "In addition to awards as provided in Section 326, in
11 instances where a Federal agency grants income bearing
12 patent licenses for an invention, such Federal agency
13 may share the income received with the Federal employe-
14 inventor.

15 " 328. Conflict of interest.

16 "Determinations of an appointing official pursuant to
17 Section 208(b) of Title 18, United States Code, regarding
18 the promotion of a Federal employee's invention by such
19 employee shall be subject to regulations prescribed by
20 the Civil Service Commission.

(g) Any amount received as
and award under this section
shall be exempt from any
Federal, state or local income
tax.

1 "Title IV--DOMESTIC AND FOREIGN PROTECTION AND LICENSING
2 OF FEDERALLY-OWNED INVENTIONS

"Sec.

- "401. Authorities of Federal agencies.
- "402. Authorities of the Department of Commerce in cooperation with other Federal agencies.
- "403. Authorities of General Services Administration.
- "404. Grants of an exclusive or partially exclusive license.

3 "§ 401. Authorities of Federal agencies.

4 "The Federal agencies are authorized:

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

9 "(b) To promote the licensing of inventions covered by
10 Federally-owned patent applications, patents or other
11 forms of protection obtained with the objective of
12 maximizing utilization by the public of the inventions
13 covered thereby.

14 "(c) To grant nonexclusive, exclusive, or partially
15 exclusive licenses under Federally-owned patent applica-
16 tions, patents or other forms of protection obtained
17 royalty-free or for royalties or other consideration,
18 and on such terms and conditions including the grant to
19 the licensee the right of enforcement pursuant to the
20 provisions of Title 35, Chapter 28, USC, as deemed
21 appropriate in the public interest.

22 "(d) To make market surveys and other investigations
23 for determining the potential of inventions for domestic
24 and foreign licensing and other forms of utilization;
25 to acquire technical information and engage in negotiations
26 and other activities for promoting the licensing and for
27 the purpose of enhancing their marketability and
28 public utilization.

or may ~~not~~ *may*

States wants mandatory

1 "(e) To withhold publication or release to the public
2 information disclosing any invention in which the Federal
3 Government owns a right, title or interest for a reasonable
4 time in order for a patent application to be filed.

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

9 "(g) To transfer custody and administration, in
10 whole or in part, to the Department of Commerce or to
11 other Federal agencies, of the right, title or interest
12 in any invention for the purpose of administering the
13 authorities set forth in subsections (a) through (d),
14 without regard to the provisions of the Federal Property
15 and Administrative Services Act of 1949 (40 U.S.C. 471);
16 and

17 "(h) To designate the Department of Commerce as recipient
18 of any or all funds received from fees, royalties or other
19 management of Federally-owned inventions authorized
20 under this Act.

21 "s 402. Authorities of the Department of Commerce in
22 cooperation with other Federal agencies.

23 "The Department of Commerce is authorized in cooperation
24 with other Federal agencies:

25 "(a) To coordinate a program for assisting all
26 Federal agencies in carrying out the authorities set
27 forth in Section 401;

28 "(b) To publish notification of all Federally-
29 owned inventions that are available for licensing;

30 "(c) To evaluate inventions referred by Federal
31 agencies and patent applications filed thereon in order
32 to identify those inventions with the greatest commercial

1 potential and to insure promotion and utilization by the
2 public of inventions so identified;

3 "(d) To assist the Federal agencies in seeking and
4 maintaining protection on inventions in the United States
5 and in foreign countries, including the payment of fees
6 and costs connected therewith;

7 "(e) To accept custody and administration, in whole
8 or in part, of the right, title and interest in any
9 invention for the purposes set forth in Sections 401.(a)
10 through (d), with the approval of the Federal agency
11 concerned without regard to the provisions of the
12 Federal Property and Administrative Service Act of
13 1949 (40 U.S.C. 471);

14 "(f) To receive funds from fees, royalties or other
15 management of Federally-owned inventions authorized
16 under this Act; provided, however, that such funds
17 will be used only for the purpose of this Act; and

18 "(g) To undertake these and such other functions either
19 directly or through contracts as are necessary and
20 appropriate to accomplish the purposes of Title IV
21 of this Act.

22 "S 403. ~~Authorities of the General Services Administration.~~

23 ~~"The Administrator of General Services is authorized to~~
24 ~~promulgate regulations specifying the terms and conditions~~
25 upon which any Federally-owned invention may be licensed
26 on a nonexclusive, partially exclusive, or exclusive basis;

27 "S 404. Grants of an exclusive or partially exclusive license.

28 "(a) Federal agencies may grant exclusive or partially
29 exclusive licenses in any invention covered by a Federally-
30 owned domestic patent or patent application only if,
31 after notice to the public and opportunity for filing
32 written objections, it is determined that:

33 "(1) The interests of the Federal Government
34 and the public will best be served by the proposed

Federally owned inventions
shall be determined by certain regulations

1 license, in view of the applicant's intentions,
2 plans, and ability to bring the invention to
3 practical application or otherwise promote the
4 invention's utilization by the public;

5 "(2) The desired practical application has
6 not been achieved, or is not likely expeditiously
7 to be achieved, under any nonexclusive license which
8 has been granted, or which may be granted, on the
9 invention;

10 "(3) Exclusive or partially exclusive licensing is
11 a reasonable and necessary incentive to call forth
12 the investment of risk capital and expenditures
13 to bring the invention to practical application
14 or otherwise promote the invention's utilization
15 by the public; and

16 "(4) The proposed terms and scope of exclusivity
17 are not greater than reasonably necessary to
18 provide the incentive for bringing the invention
19 to practical application or otherwise promote the
20 invention's utilization by the public;

21 provided that, a Federal agency shall not grant such
22 exclusive or partially exclusive license if it determines
23 that the grant of such license will tend substantially
24 to lessen competition or result in undue concentration
25 in any section of the country in any line of commerce
26 to which the technology to be licensed relates, or to
27 create or maintain other situations inconsistent with
28 the antitrust laws.

29 "(b) After consideration of whether the interests
30 of the Federal Government or United States industry in
31 foreign commerce will be enhanced, Federal agencies
32 may grant exclusive or partially exclusive licenses in
33 any invention covered by a foreign patent application

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

10 "(c) The Federal agency shall maintain a record of
11 determinations to grant exclusive or partially exclusive
12 licenses.

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

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

23 "(2) A nonexclusive, nontransferable, irrevocable,
24 paid-up license to practice or have practiced
25 for the Federal Government the licensed invention
26 throughout the world by or on behalf of the Federal
27 Government (including any Federal agency), and
28 the additional right to sublicense any State
29 or domestic local government ~~(or to sublicense to~~
30 ~~foreign government, pursuant to foreign policy~~
31 ~~considerations)~~ or any existing or future treaty
32 or agreement if the Federal agency determines it
33 would be in the national interest to retain such
34 additional rights; and

*Keppel
Ed*

*State
Recor.*

1 "(3) The right in the Federal agency to terminate
2 such license in whole or in part unless the
3 licensee demonstrates to the satisfaction of the
4 Federal agency that the licensee has taken
5 effective steps, or within a reasonable time
6 thereafter is expected to take such steps, necessary
7 to accomplish substantial commercial or other use
8 of the invention by the public.

9 "(4) The right in the Federal agency, commencing
10 three years after the grant of a license, to require
11 the licensee to grant a nonexclusive or partially
12 exclusive license to a responsible applicant or
13 applicants, upon terms reasonable under the circum-
14 stances, and in appropriate circumstances to terminate
15 the license in whole or in part, following a hearing
16 upon notice thereof to the public, upon a petition
17 by an interested person justifying such hearing, if
18 the Federal agency determines, upon review of such
19 material as it deems relevant, and after the licensee,
20 or other interested person, has had the opportunity to
21 provide such relevant and material information as
22 the Federal agency may require, that such license
23 has tended substantially to lessen competition or
24 to result in undue concentration in any section of
25 the country in any line of commerce to which the
26 technology relates or to create or maintain other
27 situations inconsistent with the antitrust laws.

1 "Title V--MISCELLANEOUS

2 "CHAPTER 1.--OTHER RELATED PROVISIONS

"Sec.

"511. Definitions.

"512. Relationship to antitrust laws.

3 "S 511. Definitions

4 "As used in this Act--

5 "(a) The term 'Federal agency' means an 'executive
6 agency' as defined by Section 105 of Title 5, United
7 States Code, and the military departments defined by
8 Section 102 of Title 5, United States Code.

9 "(b) The term 'Federal employees' means all employees
10 as defined in 5 U.S.C. 2105 and members of the uniformed
11 services shall be subject to the provisions of this Act.

12 "(c) The term 'contract' means any contract or
13 grant entered into between any Federal agency and any
14 person for the performance of experimental, developmental,
15 or research work substantially funded by the Federal Govern-
16 ment. Such term includes any assignment, substitution of
17 parties, or subcontract of any tier entered into for the
18 performance of experimental, developmental, or research
19 work under a contract.

20 "(d) The term 'contractor' means any person and any
21 public or private corporation, partnership, firm,
22 association, institution, or other entity that is a
23 party to the contract.

24 "(e) The term 'invention' means any invention or
25 discovery and includes any art, method, process, machine,
26 manufacture, design, or composition of matter, or any
27 new and useful improvement thereof, or any variety of
28 plant, which is or may be patentable or otherwise
29 protectable under the laws of the United States.

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25 discovery and includes any art, method, process, machine,
26 manufacture, design, or composition of matter, or any
27 new and useful improvement thereof, or any variety of
28 plant, which is or may be patentable or otherwise
29 protectable under the laws of the United States.

1 "(f) The term 'Subject Invention' means any invention
2 or discovery of the contractor conceived or first actually
3 reduced to practice in the course of or under a contract.

4 "(g) The term 'practical application' means to manu-
5 facture in the case of a composition or product, to
6 practice in the case of a process, or to operate in the
7 case of a machine or system, and, in each case, under
8 such conditions as to establish that the invention is
9 being worked and that its benefits are available to the
10 public either on reasonable terms or through reasonable
11 licensing arrangements.

12 "(h) The term 'person' means any individual, partnership,
13 corporation, association, institution, or other entity.

14 "(i) The term 'made', when used in relation to any
15 invention, means the conception or first actual reduction
16 to practice of such invention.

17 "(j) The term 'antitrust law' means--

18 "(1) the Act entitled "An Act to protect trade
19 and commerce against unlawful restraints and
20 monopolies", approved July 2, 1890 (15 U.S.C. 1
21 et seq.), as amended;

22 "(2) the Act entitled 'An Act to supplement existing
23 laws against unlawful restraints and monopolies,
24 and for other purposes', approved October 15, 1914
25 (15 U.S.C. 12 et seq.) as amended;

26 "(3) the Federal Trade Commission Act (15 U.S.C.
27 41 et seq.), as amended;

28 "(4) sections 73 and 74 of the Act entitled 'An
29 Act to reduce taxation to provide revenue for
30 the Federal Government, and for other purposes',
31 approved August 27, 1894 (15 U.S.C. 8 and 9), as
32 amended; and

33 "(5) the Act of June 19, 1936, chapter 592 (15
34 U.S.C. 13, 13a, 13b, and 21a).

1 s 512. Relationship to Antitrust Laws.
2 "Nothing in this Act shall be deemed to convey
3 to any individual, corporation, or other business
4 organization immunity from civil or criminal liability,
5 or to create defenses to actions, under the Antitrust
6 Laws.

1 "CHAPTER 2.--AMENDMENT TO OTHER ACTS

"Sec.
"521. Identified Acts Amended.

2 "s 521. Identified Acts Amended.

3 "The following identified Acts are hereby amended
4 as set forth below:

5 "(a) Section 10(a) of the Act of June 29, 1935, as
6 added by Title 1 of the Agricultural Research
7 and Marketing Act of August 14, 1946

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

16 "(b) Section 205(a) of the Agricultural Research and
17 Marketing Act of August 14, 1946

18 "Section 205(a) of the Act of August 14, 1946 (60 Stat.
19 1090, as amended) is amended by striking out the following
20 language: 'Any contract made pursuant to this section
21 shall contain requirements making the result of such
22 research and investigations available to the public by
23 such means as the Secretary of Agriculture shall determine.'
24 (Amends 7 U.S.C. 1624(a).)

25 "(c) Section 501(c) of the Federal Coal Mine Health
26 and Safety Act of 1969

27 "Section 501(c) of the Federal Coal Mine Health and
28 Safety Act of 1969 (P.L. 91-173; 83 Stat. 742) is amended
29 by striking out the following language thereof: 'No
30 research, demonstrations, or experiments shall be carried
31 out, contracted for, sponsored, cosponsored, or authorized
32 under authority of this Act, unless all information, uses,

1 products, processes, patents; and other developments
2 resulting from such research, demonstrations, or experiments
3 will (with such exception and limitation, if any, as the
4 Secretary or the Secretary of Health, Education, and
5 Welfare may find to be necessary in the public interest)
6 be available to the general public.' (Amends 30 U.S.C.
7 951(c).)

8 "(d) Section 106(c) of the National Traffic and Motor
9 Vehicle Safety Act of 1966

10 "Section 106(c) of the National Traffic and Motor Vehicle
11 Safety Act of 1966 (P.L. 89-563; 80 Stat. 721) is repealed.
12 (Amends 15 U.S.C. 1395(c).)

13 "(e) Section 12 of the National Science Foundation
14 Act of 1950

15 "Section 12 of the National Science Foundation Act of
16 1950 (P.L. 90-407, 82 Stat. 360) is repealed. (Amends
17 42 U.S.C. 1871(a).)

18 "(f) Section 152 of the Atomic Energy Act of 1954

19 "Section 152 of the Atomic Energy Act of 1954 (P.L.
20 83-703; 68 Stat. 943) is repealed. (Amends 42 U.S.C.
21 2182.)

22 "(g) The National Aeronautics and Space Act of 1958

23 "The National Aeronautics and Space Act of 1958 (P.L.
24 85-568; 72 Stat. 426; as amended) is amended by --

25 "(1) repealing section 305 thereof; provided, however,
26 that subsections (c), (d), and (e) of said section 305
27 shall continue to be effective with respect to any
28 application for patents in which the written statement
29 referred to in subsection (c) of said section 305 has
30 been filed or requested to be filed by the Commissioner
31 of Patents and Trademarks prior to the effective date
32 of this Act (amends 42 U.S.C. 2457);

1 "(2) striking out the following language in subsection
2 306(a) thereof: (1) '(as defined by section 305)'; and
3 (2) 'the Inventions and Contributions Board, established
4 under section 305 of this Act' and inserting in lieu
5 thereof the following language: 'an Inventions and
6 Contributions Board which shall be established by the
7 Administrator within the Administration' (amends 42
8 U.S.C. 2458);

9 "(3) inserting at the end of section 203.(c) thereof
10 the following new subparagraph: '(14) To provide
11 effective contractual provisions for the reporting
12 of the results of the activities of the Administration,
13 including full and complete technical reporting of
14 any innovation made in the course of or under any
15 contract of the Administration.'

16 "(4) inserting at the end of section 203 thereof the
17 following new subsection: '(d) For the purposes of
18 chapter 17 of title 35 of the United States Code the
19 Administration shall be considered a defense agency of
20 the United States.' (amends 42 U.S.C. 2478); and

21 "(5) striking out the following from section 203
22 thereof: '(including patents and rights thereunder)'.
23 (Amends 42 U.S.C. 2473.)

24 "(h) Section 6 of the Coal Research and Development
25 Act of 1960

26 "Section 6 of the Coal Research and Development Act
27 of 1960 (P.L. 86-599; 74 Stat. 337) is repealed. (Amends
28 30 U.S.C. 666.)

29 "(i) Section 4 of Helium Act of Amendments of 1960

30 "Section 4 of Helium Act Amendments of 1960 (P.L.
31 86-777; 74 Stat. 920) is amended by striking out the

1 following language thereof: 'Provided, however, that
2 all research contracted for, sponsored, cosponsored,
3 or authorized under authority of this Act shall be pro-
4 vided for in such a manner that all information, uses,
5 products, processes, patents, and other developments
6 resulting from such research developed by Government
7 expenditure will (with such exceptions and limitations,
8 if any, as the Secretary may find to be necessary in
9 the interest of national defense) be available to the
10 general public: And provided further, that nothing
11 contained herein shall be construed as to deprive the
12 owner of any background patent relating thereto to
13 such rights as he may have thereunder.' (Amends 50
14 U.S.C. 167b.)

15 "(j) Subsection (b) of Section 4 of the Saline
16 Water Conversion Act of 1961

17 "Subsection (b) of section 4 of the Saline Water
18 Conversion Act of 1961 (P.L. 87-295; 75 Stat. 628), as
19 amended by Subsection (d) of Section 6 of the Saline Water
20 Conversion Act of 1971, P.L. 92-60, is repealed. (Amends
21 42 U.S.C. 1954(b).)

22 "(k) Section 32 of the Arms Control and Disarmament
23 Act of 1961

24 "Section 32 of the Arms Control and Disarmament Act
25 of 1961 (P.L. 87-297; 75 Stat. 634) is repealed. (Amends
26 22 U.S.C. 2572.)

27 "(l) Section 303 of the Water Resources Act of 1964

28 "Section 303 of the Water Resources Act of 1964
29 (P.L. 88-379, 78 Stat. 332) is repealed. (Amends 42
30 U.S.C. 1961c-3.)

31 "(m) Subsection (e) of Section 302 of the Appalachian
32 Regional Development Act of 1965

33 "Subsection (e) of section 302 of the Appalachian
34 Regional Development Act of 1965 (P.L. 89-4; 79 Stat. 5;
35 as amended) is repealed. (Amends 40 U.S.C. App. 302(e).)

1 "(n) Subsection (c) of Section 204 of the Solid
2 Waste Disposal Act

3 "Subsection (c) of section 203 of the Solid Waste
4 Disposal Act (P.L. 89-272; 79 Stat. 997) is repealed.
5 (Amends 42 U.S.C. 3253(c).)

6 "(o) Section 216 of Title 38, United States Code
7 "Section 216 of Title 38, United States Code, is
8 amended by deleting subsection (a)(2) thereof and by
9 redesignating subsection (a)(3) thereof as '(a)(2)'.
10 (Amends 38 U.S.C. 216(a)(2).)

11 "(p) Section 9 of Federal Nonnuclear Energy
12 Research and Development Act of 1974

13 "Section 9 of the Federal Nonnuclear Energy Research
14 and Development Act of 1974, Public Law 93-577, is repealed
15 except for paragraph (1) of Section 9.

16 "(q) Section 3 of the Saline Water Conversion
17 Program Authorization Act for Fiscal Year 1977

18 "Section 3 of the Saline Water Conversion Program
19 Authorization Act for Fiscal Year 1977, P.L. 94-316, is
20 repealed.

21 "(r) Reserved.

22 "(s) Reserved.

23 "(t) Reserved.

1 "CHAPTER 3.--EFFECTIVE DATE PROVISION

"Sec.

"531. Effective date of Act.

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