

94TH CONGRESS
2D SESSION

H.R.

IN THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES

JUNE 1976

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

A BILL

NACA

To establish a uniform ^{Federal} national intellectual property policy covering allocation of [^] which includes the patentable technology 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} National
- 4 Intellectual Property Policy Act of 1976", is hereby
- 5 adopted in accordance with the authority granted by
- 6 Article 1, Section 8, Clause 18 of the United States
- 7 Constitution.

"Title I--^{Federal} NATIONAL INTELLECTUAL PROPERTY POLICY

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

"Title II--~~FEDERAL INTELLECTUAL PROPERTY POLICY~~

- "Sec. ^{Amendment to OSIP to include a Federal Intellectual Property}
- "201. ~~Federal Coordinating Council for Intellectual Property.~~
- "202. Board for Intellectual Property.
- "203. Staffing.

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"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. 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.

Federal

1 "Title I--~~NATIONAL~~ 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} ~~in matters~~
27 of intellectual property arising from ~~Federally-sponsored research and development~~
28 "(b) Provide for uniform implementation of the provisions
29 of this Act, and to make a continuing effort to monitor
30 such implementation;

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1 "(c) To allocate rights to Federal employee inventions
2 in an equitable manner;

3 "(d) To allocate rights to contractor inventions which
4 result from Federally-sponsored research and development
5 so as to

6 "(1) encourage the participation of the most
7 qualified and competent contractors,

8 "(2) foster competition,

9 "(3) promote the widespread utilization of the
10 inventions, and

11 "(4) reduce the administrative burdens, both for the
12 Federal ~~Government~~ ^{agencies} and ~~the~~ ^{its} contractors;

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.

To Include Intellectual Property matters

Amendment and Amplification of Function of the Office of Science and Technology Policy (OSTP)

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"Title II--FEDERAL COORDINATING COUNCIL AND COOPERATION OF FEDERAL AGENCIES"

"Sec. ~~Federal Coordinating Council for Intellectual Property~~ Federal Coordinating Council for Science
"201. ~~Federal Coordinating Council for Intellectual Property~~
"202. Board for Intellectual Property. *Engineering and Technology*
"203. Staffing.

"s 201. Federal Coordinating Council for Intellectual Property.

"(a) There is hereby established within the Office of Science and Technology Policy (OSTP) a Federal Coordinating Council for Intellectual Property (hereinafter referred to as the "COUNCIL"). The COUNCIL shall be composed of representatives of Federal agencies which are involved with intellectual property policy, such Federal agencies to be designated by the Director of OSTP, hereinafter referred to as the Director. The Director or his designee shall serve as Chairman of the COUNCIL.

"(b) The COUNCIL shall make recommendations to the Director with regard to --

"(1) Uniform and effective planning and administration of Federal programs pertaining to inventions, *the use, ownership or licensing of* patents, trademarks, copyrights, rights in technical data, and matters connected therewith. *PTO*

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

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

*Support material accompanying the draft bill would point out that the following agencies are now participating at the working level in the development of Federal Government patent policy and regulations: ERDA, USDA, DOC, Army, Navy, AF, HEW, DOI, DOJ, EPA, GSA, NASA, NSF, NRC, DOT.

S201. Federal Coordinating Council for Science, Engineering, and Technology

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

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1 " (b) Recommendations regarding matters set forth in
2 paragraph (b) of this section which are made by the COUNCIL
3 and adopted by the Director will be promulgated to the
4 Federal agencies through appropriate channels.

5 " (c) In order to carry out the responsibilities set
6 forth in paragraphs (a) and (b) of this section, the
7 COUNCIL is authorized to --

8 "(1) Acquire data and reports from the Federal
9 agencies on the interpretation and implementation
10 of this Act and related policies, regulations and
11 practices.

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

15 "(3) Analyze on a continuing basis data acquired
16 by the COUNCIL.

17 "(4) Consider problems and developments in the
18 fields of inventions, patents, trademarks, copyrights,
19 rights in technical data, and matters connected
20 therewith and the impact of such on Federal Government
21 policy or uniform accomodation or implementation by
22 Federal agencies.

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

*Majorly
in OSTP
Title IV*

25 "(e) The COUNCIL shall perform such other related
26 advisory duties as shall be assigned by the President
27 or by the Director.

28 ~~"s 202. Board for Intellectual Property.~~

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Council*

29 "The Director shall establish ~~(or designate)~~ a Board or
30 Boards for Intellectual Property (hereinafter referred
31 to as the "BOARD") as required, to make approvals and

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1 determinations and to hear appeals as provided for in
2 this Act. In exercising its authority and in developing
3 its rules and procedures, the BOARD shall consult with
4 the COUNCIL and such Federal agencies as may be
5 appropriate. The BOARD may perform any and all acts,
6 and issue such orders, not inconsistent with the Act,
7 as may be necessary in the execution of its functions.
8 Decisions of the BOARD under Subsections 311.(b)(2)(C),
9 (D), (E) and (F) of this Act, shall be appealable to
10 the United States Court of Claims.
11 "s 203. Staffing.
12 The Director shall provide staff assistance for the
13 COUNCIL and the BOARD, as appropriate.

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Already
in OSTP

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

4 "CHAPTER 1.--INVENTIONS OF CONTRACTORS

"Sec.

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

"312. Other provisions.

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

7 "The allocation of property rights in Subject Inventions
8 shall be determined by uniform regulations, issued by the
9 Administrator of General Services and the Secretary of
10 Defense, employing a single patent rights clause in all
11 instances except as may be provided in such regulations,
12 subject to the minimum rights acquired under subparagraph
13 311. (b) (2), or as provided in paragraph 312. (c) below.

14 Such a patent rights clause shall include provisions for
15 the following:

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

17 The contractor shall promptly provide the sponsoring
18 Federal agency with a disclosure of each Subject
19 Invention which is or may be patentable under the laws
20 of the United States. Each disclosure to the
21 sponsoring Federal agency shall contain an election
22 whether the contractor intends to file a patent application
23 on the Subject Invention, and such election is to be
24 accompanied by a declaration of the contractor's intent
25 to commercialize or otherwise achieve the widespread
26 utilization of the invention by the public. ~~if the~~
27 Federal Government contemplates publication or release of
28 information disclosing such invention it may allow a
29 reasonable period of time prior to publication or release
30 in order for a patent application to be filed thereon.

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Election may
be made at
a later time
with permission
of the
sponsoring
Federal
Agency.

~~make~~
election
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disclosure
of Agency.
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The Federal Government may withhold
publication or release to the general
public information disclosing such
invention for a reasonable time
in order for a patent application
to be filed.

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 paragraph (c) of this section:

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 or to sublicense any foreign
28 government pursuant to any existing or
29 future treaty or agreement ^{with} the Federal
30 agency determines it would be in the national
31 interest to acquire such additional rights;

See also
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foreign policy considerations
~~government pursuant to any existing or~~
~~future treaty or agreement with the Federal~~

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} ~~com-~~ ^{practical}
13 ~~mercialize or otherwise achieve utilization by~~ ^{application}
14 the public of the Subject Invention in such
15 field of use. Such determination of the Federal
16 agency may be appealed to the BOARD.

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contracts*

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

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1 "(i) to alleviate health, safety, or
2 welfare, ^{needs} provided the contractor
3 and/or its licensees are not satisfying
4 such needs consistent with conditions
5 reasonable under the circumstances; or
6 "(ii) to the extent that the Subject Invention
7 is required for public use by Federal
8 regulation, provided the contractor and/or
9 its licensees are not satisfying market needs
10 created by the Federal regulations
11 consistent with conditions reasonable under
12 the circumstances.

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

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 paragraph 312. (b), that such licensing would
20 best support the overall purposes of this Act.

21 "(3) Prior to any action pursuant to subparagraphs
22 311. (b) (2) (D), (E), and (F), 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 commercialize or otherwise achieve the widespread
30 utilization of the invention by the public. Such title
31 in the contractor shall permit the contractor to retain
32 exclusive commercial rights to the invention subject
33 to all the rights granted to the Federal Government

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

5 "§ 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 subparagraph 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 subparagraph
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;

- 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 "(c) Alternative criteria ^{FOR} ~~of~~ the allocation of
24 property rights in Subject Inventions. *one case-by-case*

25 "(1) The Head of a Federal agency may deviate ^{from} *basis*
26 the single patent rights clause normally used provided
27 that

28 "(A) no deviation under ^{this} ~~subparagraphs 312. (a) (1)~~
29 ~~and (c) (2) (A)~~ shall waive in whole or in part the
30 minimum rights to be secured for the Federal Govern-
31 ment set forth in subparagraph 311. (b) (2) (E), and

32 "(B) deviations made under this paragraph will be
33 reported to the ^{COUNCIL} ~~Federal Coordinating Council for~~
34 ~~Intellectual Property~~ ^{and publications} for review in accordance with
35 its responsibility under Section 201. (b) of this Act.

This shall be
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1 "(2) The BOARD may permit deviation on a class
2 basis

3 "(A) for contracts involving cosponsored, cost
4 sharing, or joint venture research when the
5 contractor is required to make a substantial
6 contribution of funds, facilities, or equipment
7 to the work to be performed under the contract,

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8 and ~~(B)~~ ^{for contracts for the operation of}
9 ~~(C)~~ ^{of Government facilities, and}
10 for other special contracting situations such
11 as Federal price or purchase supports and Federal
12 loan or loan guarantees:

12 provided, that no deviation under subparagraph
13 312.(c)(2)(A) ~~(B) OR (C)~~ shall waive in whole or in part
14 the minimum rights to be secured for the Federal
15 Government (set forth) in subparagraph 311.(b)(2)(E).

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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. Conflict of interest.

2 "§ 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 "§ 322. Criteria for the allocation of rights to inventions.

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

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

20 "(b) A Federal employee shall be entitled to retain
21 the entire right, title and interest in and to any
22 invention made by the employee-inventor, subject to a
23 nonexclusive, nontransferable, irrevocable, paid-up
24 license to practice or have practiced for the Federal
25 Government any such invention throughout the world by
26 or on behalf of the Federal Government (including any

Issued
by the
Commissioner
of the
Patent and
Trademark
Office

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

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

27 "(d) A Federal employee shall be entitled to retain
28 the entire right, title and interest in and to any
29 invention made by the employee in any case not
30 falling within paragraphs (a), (b), or (c) of this
31 section.

1 "S 323. Application of criteria.

2 "(a) In applying the criteria of section 322 to the
3 facts and circumstances relating to the making of any
4 particular invention,

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

16 "(2) it shall be presumed that an invention falls
17 within the criteria of paragraph (b) of section
18 322 when made by any other employee.

19 "(b) Either presumption of paragraph (a) of this section
20 may be rebutted by the facts or circumstances attendant
21 upon the conditions under which any particular invention
22 is made.

23 "S 324. Review of Federal agency determinations.

24 "Federal agency determinations regarding the respective
25 rights of the Federal Government and the employee-inventor
26 are to be reviewed in accordance with prescribed
27 rules and regulations ~~where~~ *issued by the Commissioner of the Patent and Trademark Office*

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

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

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1 "s 325. Reassignment of rights.

2 "Where a Federal agency finds on the basis of new
3 evidence that it has acquired rights in an invention
4 greater than the Federal Government is entitled to
5 assert under the criteria of section 322, the Federal
6 agency shall adjust such inequity by granting greater
7 rights to the employee-inventor necessary to correct the
8 inequity.

9 "s 326. Incentive Awards Program.

10 "(a) Incentive Awards may be granted to Federal
11 employee inventors in order to:

12 "(1) Monetarily reward or otherwise recognize
13 Federal employees for inventions; and

14 "(2) Stimulate inventive creativeness and encourage
15 Federal employees to disclose their inventions
16 and thus to enhance the transfer and utilization
17 of related technology.

18 "(b) These awards shall be granted pursuant to the
19 provisions of Title 5, Chapter 45 and Title 10, Chapter
20 57, and in accordance with implementing regulations thereunder
21 except as modified herein. Existing statutory provisions
22 for awards shall remain unaffected by this section.

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

25 "(1) The extent to which the invention advances the
26 state of the art;

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

28 "(3) The importance of the invention in terms of
29 its value and benefits to the Federal Government;
30 and

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

1 "(d) Awards for an invention of up to \$10,000 may be
2 granted by the Head of a Federal agency. Awards in
3 excess of \$10,000 but not in excess of \$50,000 may be
4 granted

5 "(1) for civilian employees by the Head of the
6 Federal agency with the approval of the Civil
7 Service Commission,

8 "(2) for members of the Armed Forces with the
9 approval of the Secretary of Defense, and

10 "(3) for members of the United States Coast
11 Guard when not operating as a service in the
12 Navy with the approval of the Secretary of
13 Transportation,

14 upon recommendation that the invention is highly exceptional
15 and unusually outstanding. Awards in excess of \$50,000 may
16 be made in those instances where the Head of the Federal
17 agency, based upon the value and benefit of the inventor's
18 contribution, recommends to the Chairman of the Civil
19 Service Commission and the Director of the Office of
20 Management and Budget that a Presidential award be made.
21 Upon endorsement of both the Chairman of the Civil Service
22 Commission and the Director of the Office of Management
23 and Budget and approval by the President, an award in
24 excess of \$50,000 and an honorary recognition, may be
25 granted as deemed appropriate.

26 "(e) A cash award under this section is in addition
27 to the regular pay of the recipient. Acceptance of
28 a cash award under this section constitutes an agreement
29 that any use by the Federal Government of an idea, method,
30 or device for which the award is made does not form the
31 basis of a further claim of any nature against the
32 Federal Government by the recipient, his heirs, or
33 assigns.

1 "(f) A cash award and expense for honorary recognition
2 of a Federal employee-inventor shall be paid from the
3 fund or appropriation of the Federal agency primarily
4 benefiting. The Head of the Federal agency shall determine
5 the amount to be paid by each Federal agency for Federal
6 agency awards and the President shall determine the
7 amount of the award to be paid by each Federal agency
8 for Presidential awards made under paragraph (d) of
9 this section.

Any amount
received as an
award under this
section shall be
exempt from
any Federal,
State or local
income tax.

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

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14 "328. Conflict of interest.

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

WASA

Civil Service
(Hew)

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S 327. Income sharing from patent licenses

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

(deleted Federal -
not necessary)

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 "S 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 selected inventions in which the Federal
8 Government 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 of the right to ~~sue~~ *enforcement pursuant to the provisions of* for infringement, as *of*
20 deemed appropriate in the public interest. *Title 35, Chapter 28*

21 "(d) To make market surveys and other investigations *United*
22 for determining the potential of inventions for domestic *States*
23 and foreign licensing and other forms of utilization; *Code*
24 to acquire technical information and engage in negotiations
25 and other activities for promoting the licensing and
26 other forms of utilization of Federally-owned inven-
27 tions, patents, or other forms of protection obtained;
28 and to demonstrate the practicability of the invention for

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Is this paragraph necessary in light of NASA's new (e)?

1 the purpose of enhancing their marketability and
2 public utilization.

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

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

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

19 "s 402. Authorities of the Department of Commerce in
20 cooperation with other Federal agencies.

21 "The Department of Commerce is authorized in cooperation
22 with other Federal agencies:

23 "(a) To coordinate a program for assisting all
24 Federal ~~Government~~ agencies in carrying out the
25 authorities set forth in § 401 above;

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

28 "(c) To evaluate inventions referred by Federal
29 agencies and patent applications filed thereon in order
30 to identify those inventions with the greatest commercial
31 potential and to insure promotion and utilization by the
32 public of inventions so identified;

(e) To withhold publication
or release to the
public information
disclosing any
invention in
which the Federal
Government owns
a right title or
interest for a
reasonable time
in order for
patent protection
to be obtained
thereon.

NASA

*the United States
card in
Commerce
How*

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

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

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

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

19 "§ 403. Authorities of the General Services Administration.

20 "The Administrator of General Services is authorized to
21 promulgate regulations specifying the terms and conditions
22 upon which any Federally-owned invention may be licensed
23 on a nonexclusive, partially exclusive, or exclusive basis.

24 "§ 404. Grants of an exclusive or partially exclusive license.

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

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

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 any
30 foreign government pursuant to any existing or
31 future treaty or agreement if the Federal agency
32 determines it would be in the national interest
33 to retain such additional rights; and

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 the license in whole or in
15 part, following a hearing upon notice thereof to
16 the public, upon a petition by an interested person
17 justifying such hearing, if the Federal agency
18 determines, upon review of such material as it
19 deems relevant, and after the licensee, or other
20 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 ^{licensed} 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 "§ 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.

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 § 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);

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- 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. ~~(d)~~ thereof
10 the following new subparagraph: '(15) 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) is
19 repealed. (Amends 42 U.S.C. 1954(b).)

20 "(k) Section 32 of the Arms Control and Disarmament
21 Act of 1961

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

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

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

29 "(m) Subsection (e) of Section 302 of the Appalachian
30 Regional Development Act of 1965

31 "Subsection (e) of section 302 of the Appalachian
32 Regional Development Act of 1965 (P.L. 89-4; 79 Stat. 5;
33 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) Reserved.

17 "(r) Reserved.

18 "(s) Reserved.

19 "(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 section ____ shall take effect
5 immediately and regulations implementing this Act may
6 be issued prior to such day.