TEXT

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"UNIFORM FEDERAL RESEARCH AND DEVELOPMENT UTILIZATION ACT OF 1977"

95TH CONGRESS
1ST SESSION

H. R. 6249

IN THE HOUSE OF REPRESENTATIVES

APRIL 6, 1977

MR. THORNTON (for himself and MR. TEAGUE) introduced the following bill; which was referred jointly to the Committees on the Judiciary and Science and Technology

A BILL

To establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad; and for other related purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Uniform Federal Research and Development Utilization Act of 1977".

TITLE I—POLICY

FINDINGS

SEC. 101. The Congress, recognizing the profound impact of science and technology on society and the interrelations of scientific, technological, economic, social, political, and institutional factors, hereby finds that—

(1) inventions in scientific and technological fields resulting from work performed under Federal research and development programs constitute a valuable national resource;

(2) Federal policy on the allocations of rights to inventions resulting from federally sponsored research and development should stimulate inventors, meet the needs of the Federal Government, recognize the equities of the Federal employee-inventor and the Federal Government contractor, and serve the public interest; and

(3) the public interest would be better served if greater efforts were made to obtain patent protection and to promote the commercial use of new technology resulting from federally sponsored research and development, both in the United States and foreign countries, as appropriate.

DECLARATION OF PURPOSE

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

(1) establish a uniform Federal system for the management and use of the results of federally sponsored scientific and technological research and development;

(2) provide for uniform implementation of the provisions of this Act, and to make a continuing effort to monitor such implementation;

(3) allocate rights to inventions by contractors which result from federally sponsored research and development so as to—

(A) encourage the participation of the most qualified and competent contractors,

(B) foster competition,

(C) reduce the administrative burdens, both for the Federal agencies and its contractors, and

(D) protect the public investment in research and development by promoting the widespread utilization of inventions;

(4) allocate rights to Federal employee inventions in an equitable manner;

(5) provide for a domestic and foreign protection and licensing program to obtain commercial utilization of federally owned inventions, with the objective of strengthening the Nation's economy and expanding its domestic and foreign markets; and

(6) amend or repeal other Acts and Executive orders regarding the allocation of rights to inventions which result from federally sponsored research and development and the licensing of federally owned patents.

TITLE II—FUNCTIONS OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY AND THE FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY

FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY

SEC. 201. (a) The Federal Coordinating Council for Science, Engineering, and Technology (established by section 401 of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651)) (hereinafter in this Act referred to as the "Council") shall make recommendations to the Director of the Office of Science and Technology Policy (hereinafter in this title referred to as the "Director"), with regard to—

(1) uniform and effective planning and administration of Federal programs pertaining to inventions, patents, trademarks, copyrights, rights in technical data, and matters connected therewith;

(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; and

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

(b) Recommendations regarding matters set forth in subsection (a) which are made by the Council and adopted by the Director shall be transmitted to Federal agencies through appropriate channels.

(c) In order to carry out the responsibilities set forth in subsections (a) and (b), the Council is authorized to—

(1) acquire data and reports from Federal agencies on the interpretation and implementation of this Act and related policies, regulations, and practices;

(2) review on its own initiative, or upon request by a Federal agency, Federal agency implementation of the provisions of this Act;

(3) analyze on a continuing basis data acquired by the Council;

(4) consider problems and developments in the fields of inventions, patents, trademarks, copyrights, rights in technical data, and matters connected therewith and the impact thereof on Federal Goverment policy or

uniform accommodation or implementation by Federal agencies; and

(5) publish annually a report on Council efforts, findings, and recommendations made under this section.

TITLE III—ALLOCATION OF PROPERTY RIGHTS IN INVENTIONS RESULTING FROM FEDERALLY SPONSORED RESEARCH AND DEVELOPMENT

CHAPTER 1.—INVENTIONS OF CONTRACTORS

CRITERIA FOR THE ALLOCATION OF PROPERTY RIGHTS IN SUBJECT INVENTIONS

SEC. 311. The allocation of property rights in subject inventions shall be determined by uniform regulations, issued by the Administrator of General Services and the Secretary of Defense, employing a single patent rights clause in all instances except as may be provided in such regulations, subject to the minimum rights acquired under section 313(a)(2), or as provided in section 315(d). Such a patent rights clause shall include the provisions required by section 312, 313, 314, and subsections (a), (b), and (c) of section 315.

REPORTING REQUIREMENTS AND DECLARATION OF INTENT

SEC. 312. The contractor shall promptly provide the sponsoring Federal agency with (1) a disclosure of each subject invention which is or may be patentable under the laws of the United States; (2) an election whether the contractor intends to file a patent application on the subject invention; and (3) if the contractor elects to file, a declaration of the contractor's intent to commercialize or otherwise achieve the widespread utilization of the invention by the public. The Federal Government shall withhold publication or release to the public of information disclosing such invention for a reasonable time in order for a patent application to be filed.

MINIMUM RIGHTS TO THE FEDERAL GOVERNMENT AND THE PUBLIC

SEC. 313. (a) Each Federal agency shall acquire on behalf of the Federal Government, at the time of contracting—

(1) an agreement that, if the contractor elects not to file a patent application on a subject invention in any country, title to such an invention shall be assigned to the Federal Government, subject to the rights retained by the contractor under section 314; and

(2) an agreement that, if the contractor elects to file a patent application in accordance with section 314—

(A) the Federal agency shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for the Federal Government any subject invention throughout the world by or on behalf of the Federal Government (including any Federal agency), and may, if provided in such agreement, have additional rights to sublicense any State or domestic local government or to sublicense any foreign government pursuant to foreign policy considerations, or any existing or future treaty or agreement, when the Federal agency determines it would be in the national interest to acquire such additional rights;

(B) the Federal agency shall have the right to require periodic written reports at reasonable intervals and, when specifically requested by such agency, reports on the commercial use or other form of utilization by the public that is being made or is intended to be made of any subject invention;

(C) the Federal agency shall have the right to require the contractor to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants in any field of use to the subject invention, upon terms reasonable under the circumstances, or, if the contractor refuses, to grant such a license itself if the agency determines such action is necessary because the contractor has not taken, or is not expected to take within a rea-

sonable time, effective steps to achieve practical application of the subject invention in such field of use;

(D) the Federal agency shall have the right 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, if the contractor refuses, to grant such a license itself if the agency determines, in accordance with subsection (b), that such action is necessary—

(i) to alleviate health, safety, or welfare needs which are not reasonably satisfied by the contractor or its licensees;

(ii) to meet requirements for public use specified by Federal regulation which are not reasonably satisfied by the contractor or its licensees; or

(iii) because the exclusive rights to such subject invention in the contractor have 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; and

(E) the Federal agency shall have the right, commencing ten years from the date the subject invention was made or seven years after first public use or on sale in the United States, whichever occurs first (excepting that time before Federal regulatory agencies necessary to obtain premarket clearance), 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, if the contractor refuses, to grant such a license itself if such agency determines, in accordance with subsection (b) (in view of the factors set forth in section 315(b)) that such licensing would best support the overall purposes of this Act, except that this subparagraph shall not apply to contractors who are small business firms as defined by the Small Business Administration.

(b) The determinations required under subparagraphs (D) and (E) to be made in accordance with this subsection shall be made upon the basis of such information as may be presented by the contractor, any interested person, or any Federal agency. Such determination shall be made after public notice and opportunity for hearing if—

(1) in the case of subparagraph (D), such a hearing is requested by any interested person justifying such a hearing; and

(2) in the case of subparagraph (E), such a hearing is requested by a prospective licensee, who has attempted unsuccessfully to obtain such a license from the contractor, justifying such a hearing.

CONTRACTOR'S RIGHTS

SEC. 314. The contractor shall retain a defeasible title only to those subject inventions (including the right to license or assign all or part of its interests therein) on which the contractor files a United States patent application and declares its intent to achieve practical application of the subject invention. Such title in the contractor shall permit the contractor to retain exclusive commercial rights to the invention subject to all rights granted to the Federal Government in section 313(a)(2). The contractor's employee inventor may also retain contractor's rights under this subsection with permission of the contractor at the discretion of the sponsoring Federal agency. The contractor shall also retain a nonexclusive, royalty-free license under all other reported subject inventions, which license shall be revocable only to the extent necessary for the Federal Government to grant an exclusive license, in accordance with the provisions of section 404, under any patent which may issue thereon.

RELATED PROVISIONS

SEC. 315. (a) Each sponsoring Federal agency, for good cause shown by the contractor, may extend the period of the contractor's exclusive commercial rights provided for in section 313 (a) (2) (E) following public notice and an opportunity for filing written objections. The grant of such an extension shall be based upon a determination by the Federal agency, upon review of such material as it deems relevant, and after the contractor or any other interested person or Federal agency has had an opportunity to provide such relevant and material information as the Federal agency may require, that such extension would best support the overall purposes of this Act.

(b) In determining whether the right to require licensing or the right of the Federal agency to license set forth in section 313 (a) (2) (E) should be exercised, the Federal agency may consider, among others, the following type of factors, as appropriate:

(1) the relative contributions of the Federal Government and the contractor or its assignees or licensees, if any, to the making and commercialization of the subject invention;

(2) the relative contributions of the Federal Government and the contractor or its assignees or licensees, if any, to the field of technology to which the subject invention relates;

(3) the degree to which utilization of the subject invention has satisfied the purposes of the program under which the subject invention was made;

(4) the type and scope of the subject invention and the magnitude of the problem it solves;

(5) the effect of such licensing on competition and widespread utilization of the subject invention;

(6) the effect of such licensing on incentives to commercialize this and other subject inventions;

(7) the extent to which the subject invention is concerned with the public health, safety or welfare; and

(8) the effect of such licensing in assisting small businesses and minority business enterprises and in improving conditions within economically depressed, low-income, and labor surplus areas.

(c) When it is determined that the right to require licensing or the right of the Federal agency to license should be exercised pursuant to subparagraph (C), (D), or (E) of section 313 (a) (2), the Federal agency may specify terms and conditions, including royalties to be charged, if any, and the duration and field of use of the license, if appropriate.

(d) (1) The head of a Federal agency may deviate on a case-by-case basis from the single patent rights clause normally used pursuant to section 311, provided that such deviation shall be published in the Federal Register and transmitted to the Council for performance of its functions under section 201 of this Act.

(2) The regulations adopted pursuant to section 311 may permit deviation to the minimum rights acquired under section 313 (a) (2) on a class basis in—

(A) contracts involving cosponsored, cost sharing, or joint venture research when the contractor is required to make a substantial contribution of funds, facilities, or equipment to the work performed under the contract; and

(B) special contracting situations such as Federal price or purchase supports and Federal loan or loan guarantees.

(3) No deviation under this subsection shall waive, in whole or in part, the minimum rights to be secured for the Federal Government set forth in section 313 (a) (2) (D) (iii).

JUDICIAL REVIEW

SEC. 316. Any person adversely affected by a Federal agency determination made under subparagraph (C), (D), or (E) of section 313 (a) (2) or under subsection (a), (b), or (c) of section 315 may, at any time within sixty days after the determination is issued, file a petition to the United

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

CHAPTER 2.—INVENTIONS OF FEDERAL EMPLOYEES

REPORTING OF INVENTIONS

SEC. 321. All inventions made by Federal employees while under the administrative jurisdiction of a Federal agency shall be reported to the designated authority of that Federal agency.

CRITERIA FOR THE ALLOCATION OF RIGHTS TO INVENTIONS

SEC. 322. Subject to prescribed rules and regulations issued by the Commissioner of the United States Patent and Trademark Office, each Federal agency shall determine the respective rights of the Federal Government and of the Federal employee-inventor in and to any invention made by a Federal employee while under the administrative jurisdiction of such agency, in accordance with the following criteria:

(a) The Federal Government shall obtain, subject to subsection (c), the entire right, title and interest in and to all inventions made by any Federal employee which bear a relation to the duties of the Federal employee-inventor, or are made in consequence of his employment.

(b) A Federal employee shall be entitled to retain the entire right, title, and interest in and to any invention made by the employee-inventor, subject to a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for the Federal Government any such invention throughout the world by or on behalf of the Federal Government (including any Federal agency) in any case where the invention does not bear a relation to the duties of the employee-inventor or was not made in consequence of his employment, but was made with a contribution by the Federal Government of facilities, equipment, materials, funds, or information, or of time or services of other Federal employees on official duty. The Federal agency may acquire additional rights to sublicense any State or domestic local government or to sublicense any foreign government pursuant to foreign policy considerations, or any existing or future treaty or agreement, where the Federal agency determines it would be in the national interest to acquire such additional rights.

(c) The Federal employee may obtain the entire right, title, and interest in and to an invention in any country, subject to the license and sublicensing rights set forth in subsection (b), where the Federal agency determines that there is insufficient interest in the invention to justify seeking patent protection in that country, although the Federal Government may have taken title to the invention or may be entitled to the entire right, title, and interest therein under subsection (a), except that nothing in this paragraph shall prevent a Federal agency from publishing or dedicating to the public such an invention if it is in the public interest.

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

(e) Notwithstanding subsection (a) of this section, a Federal agency may enter into agreements with other public or private parties wherein future or identified inventions falling within the criteria of subsection (a) and made in performance of cosponsored, 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 of such parties.

APPLICATION OF CRITERIA

SEC. 323. (a) In applying the criteria of section 322 to the facts and circumstances relating to the making of any particular invention—

(1) it shall be presumed that an invention falls within the criteria of section 322(a) when made by a Federal employee who is employed or assigned to—

(A) invent or improve or perfect any art, ma-

chine, manufacture, or composition of matter,

(B) conduct or perform research or development work, or both,

(C) supervise, direct, coordinate, or review federally financed or conducted research or development work, or both, or

(D) act in a liaison capacity among Federal or non-Federal agencies or individuals engaged in such work; and

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

(b) Either presumption required by subsection (a) may be rebutted by the facts or circumstances of the conditions under which any particular invention is made.

REVIEW OF FEDERAL AGENCY DETERMINATIONS

SEC. 324. Federal agency determinations regarding the respective rights of the Federal Government and the Federal employee-inventor are to be reviewed in accordance with prescribed rules and regulations issued pursuant to section 322 whenever—

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

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

REASSIGNMENT OF RIGHTS

SEC. 325. Whenever a Federal agency finds on the basis of new evidence that it has acquired rights in an invention greater than the Federal Government is entitled to assert under the criteria of section 322, the Federal agency shall adjust such inequity by granting such rights to the Federal employee-inventor as may be necessary to correct the inequity.

INCENTIVE AWARDS PROGRAM

SEC. 326. (a) Incentive awards may be granted to Federal employee-inventors in order to—

(1) monetarily reward or otherwise recognize Federal employees for inventions; and

(2) stimulate inventive creativeness and encourage Federal employees to disclose their inventions and thereby enhance the transfer and utilization of related technology.

(b) These awards shall be granted pursuant to the provisions of chapter 45 of title 5 and chapter 57 of title 10, United States Code, and in accordance with regulations issued thereunder except as modified by this Act.

(c) The amount of the award for an invention shall be based on—

(1) the extent to which the invention advances the state of the art;

(2) the scope of the application of the invention;

(3) the importance of the invention in terms of its value and benefits to the Federal Government; and

(4) the extent to which the invention has achieved utilization by the public.

(d) Awards of up to $10,000 for an invention may be granted by the head of a Federal agency. Awards in excess of $10,000 but less than $35,000 may be granted—

(1) for Federal civilian employees by the head of the Federal agency with the approval of the Civil Service Commission;

(2) for members of the Armed Forces with the approval of the Secretary of Defense;

(3) for members of the United States Coast Guard when not operating as a service in the Navy with the approval of the Secretary of Transportation;

(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,

upon recommendation that the invention is highly exceptional and unusually outstanding. Awards in excess of $35,000 may be made in those instances where the head of the Federal agency, based upon the value and benefit of the inventor's contribution, recommends to the Chairman

of the Civil Service Commission and the Director of the Office of Management and Budget that a Presidential award be made. Upon endorsement of both the Chairman of the Civil Service Commission and the Director of the Office of Management and Budget and approval by the President, an award in excess of $35,000 and an honorary recognition, may be granted as deemed appropriate.

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

(f) A cash award and expense for honorary recognition of a Federal employee-inventor shall be paid from the fund or appropriation of the Federal agency primarily benefiting. The head of the Federal agency shall determine the amount to be paid by the Federal agency for Federal agency awards and the President shall determine the amount of the award to be paid by each Federal agency for Presidential awards made under subsection (d).

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

INCOME SHARING FROM PATENT LICENSES

SEC. 327. In addition to awards as provided in section 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 Federal employee-inventor.

CONFLICT OF INTEREST

SEC. 328. Determinations of an appointing official pursuant to section 208(b) of title 18, United States Code, regarding the promotion of a Federal employee's invention by such employee shall be subject to regulations prescribed by the Secretary of Commerce with the concurrence of the Civil Service Commission and the Attorney General.

TITLE IV—DOMESTIC AND FOREIGN PROTECTION AND LICENSING OF FEDERALLY OWNED INVENTIONS

AUTHORITY OF FEDERAL AGENCIES

SEC. 401. Federal agencies are authorized to—

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

(2) promote the licensing of inventions covered by federally owned patent applications, patents, or other forms of protection obtained with the objective of maximizing utilization by the public of the inventions covered thereby;

(3) grant nonexclusive, exclusive, or partially exclusive licenses under federally owned patent applications, patents, or other forms of protection obtained, royalty-free or for royalties or other consideration, and on such terms and conditions, including the grant to the licensee of the right of enforcement pursuant to the provisions of chapter 28 of title 35, United States Code, as deemed appropriate in the public interest;

(4) make market surveys and other investigations for determining the potential of inventions for domestic and foreign licensing and other forms of utilization; acquire technical information and engage in negotiations and other activities for promoting the licensing and for the purpose of enhancing their marketability and public utilization;

(5) withhold publication or release to the public information disclosing any invention in which the Federal Government owns or may own a right, title, or interest for a reasonable time in order for a patent application to be filed;

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

(7) transfer custody and administration, in whole or in part, to the Department of Commerce or to other Federal agencies, of the right, title, or interest in any invention for the purpose of administering the authorities set forth in paragraphs (1) through (4), without regard to the provisions of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471); and

(8) designate the Department of Commerce as recipient of any or all funds received from fees, royalties, or other management of federally owned inventions authorized under this Act.

AUTHORITY OF THE SECRETARY OF COMMERCE IN COOPERATION WITH OTHER FEDERAL AGENCIES

SEC. 402. The Secretary of Commerce is authorized in cooperation with other Federal agencies to—

(1) coordinate a program for assisting all Federal agencies in carrying out the authority set forth in section 401;

(2) publish notification of all federally owned inventions that are available for licensing;

(3) evaluate inventions referred by Federal agencies, and patent applications filed thereon, in order to identify those inventions with the greatest commercial potential and to insure promotion and utilization by the public of inventions so identified;

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

(5) accept custody and administration, in whole or in part, of the right, title, and interest in any invention for the purposes set forth in sections 401 (1) through (4), with the approval of the Federal agency concerned without regard to the provisions of the Federal Property and Administrative Service Act of 1949 (40 U.S.C. 471);

(6) receive funds from fees, royalties, or other management of federally owned inventions authorized under this Act, but such funds shall be used only for the purpose of this Act; and

(7) undertake these and such other functions either directly or through such contracts as are necessary and appropriate to accomplish the purposes of this title.

AUTHORITY OF THE ADMINISTRATOR OF GENERAL SERVICES

SEC. 403. The Administrator of General Services is authorized to promulgate regulations specifying the terms and conditions upon which any federally owned invention may be licensed on a nonexclusive, partially exclusive, or exclusive basis.

GRANTS OF AN EXCLUSIVE OR PARTIALLY EXCLUSIVE LICENSE

SEC. 404. (a) Federal agencies may grant exclusive or partially exclusive licenses in any invention covered by a federally owned domestic patent or patent application only if, after public notice and opportunity for filing written objections, it is determined that—

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

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

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

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

except that a Federal agency shall not grant such exclusive

or partially exclusive license if it determines that the grant of such license will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates, or to create or maintain other situations inconsistent with the antitrust laws.

(b) After consideration of whether the interests of the Federal Government or United States industry in foreign commerce will be enhanced, Federal agencies may grant exclusive or partially exclusive licenses in any invention covered by a foreign patent application or patent after public notice and opportunity for filing written objections except that, a Federal agency shall not grant such exclusive or partially exclusive license if it determines that the grant of such license will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates, or to create or maintain other situations inconsistent with the antitrust laws.

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

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

(1) periodic written reports at reasonable intervals including, when specifically requested by the Federal agency, the extent of the commercial or other use by the public that is being made or is intended to be made of the invention;

(2) a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for the Federal Government the licensed invention throughout the world by or on behalf of the Federal Government (including any Federal agency), and the additional right to sublicense any State or domestic local government or to sublicense any foreign government pursuant to foreign policy considerations, or any existing or future treaty or agreement if the Federal agency determines it would be in the national interest to retain such additional rights;

(3) the right of the Federal agency to terminate such license in whole or in part unless the licensee demonstrates to the satisfaction of the Federal agency that the licensee has taken effective steps, or within a reasonable time is expected to take such steps, to accomplish substantial commercial or other use of the invention by the public; and

(4) the right of the Federal agency, commencing three years after the grant of a license, to require the licensee to grant a nonexclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, and in appropriate circumstances to terminate the license in whole or in part, after public notice and opportunity for a hearing, upon a petition by an interested person justifying such hearing, if the Federal agency determines, upon review of such material as it deems relevant, and after the licensee, or other interested person, has had the opportunity to provide such relevant and material information as the Federal agency may require, that such license has tended substantially to lessen competition or to result in undue concentration in any section of the country in any line of commerce to which the technology relates, or to create or maintain other situations inconsistent with the antitrust laws.

TITLE V—MISCELLANEOUS

CHAPTER 1.—DEFINITIONS; RELATIONSHIP TO OTHER LAWS

DEFINITIONS

SEC. 511. As used in this Act—

(a) The term "Federal agency" means an "executive agency" as defined by section 105 of title 5, United States Code, and the military departments defined by section 102 of title 5, United States Code.

(b) The term "Federal employees" means all employees

as defined in section 2105 of title 5, United States Code, and members of the uniformed services.

(c) The term "contract" means any contract, grant, or agreement entered into between any Federal agency and any person for the performance of experimental, developmental, or research work substantially funded by the Federal Government. Such term includes any assignment, substitution of parties, or subcontract of any type entered into for the performance of experimental, developmental, or research work under a contract.

(d) The term "contractor" means any person (as defined in section 1 of title 1, United States Code) that is a party to the contract.

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

(f) The term "subject invention" means any invention or discovery of the contractor conceived or first actually reduced to practice in the course of or under a contract.

(g) The term "practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine or system, and, in each case, under such conditions as to establish that the invention is being worked and that its benefits are available to the public either on reasonable terms or through reasonable licensing arrangements.

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

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

(j) The term "antitrust law" means—

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

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

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

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

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

RELATIONSHIP TO OTHER LAWS

SEC. 512. Nothing in this Act shall be deemed to convey to any individual, corporation, or other business organization immunity from civil or criminal liability, or to create defenses to actions, under any antitrust law.

CHAPTER 2.—AMENDMENTS TO OTHER ACTS

IDENTIFIED ACTS AMENDED

SEC. 521. The following Acts are hereby amended as follows:

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

(b) Section 205(a) of the Act of August 14, 1946 (7 U.S.C. 1624(a); 60 Stat. 1090) is amended by striking out the following: "Any contract made pursuant to this section shall contain requirements making the result of such research and investigations available to the public

by such means as the Secretary of Agriculture shall determine.".

(c) Section 501 (c) of the Federal Coal Mine Health and Safety Act of 1969 (30 U.S.C. 951 (c) ; 83 Stat. 742) is amended by striking out the following: "No research, demonstrations, or experiments shall be carried out, contracted for, sponsored, cosponsored, or authorized under authority of this Act, unless all information, uses, products, processes, patents, and other developments resulting from such research, demonstrations, or experiments will (with such exception and limitation, if any, as the Secretary or the Secretary of Health, Education, and Welfare may find to be necessary in the public interest) be available to the general public.".

(d) Section 106 (c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395 (c) ; 80 Stat. 721) is repealed.

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

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

(g) The National Aeronautics and Space Act of 1958 (72 Stat. 426) is amended—

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

(2) by striking out, in section 306 (a) thereof (42 U.S.C. 2458 (a)), "(as defined by section 305)"; and by striking out "the Inventions and Contributions Board, established under section 305 of this Act" and inserting in lieu thereof: "an Inventions and Contributions Board which shall be established by the Administrator within the Administration";

(3) by inserting at the end of section 203 (a) thereof (42 U.S.C. 2478 (a)) ; the following new paragraph:

"(14) to provide effective contractual provisions for the reporting of the results of the activities of the Administration, including full and complete technical reporting of any innovation made in the course of or under any contract of the Administration.";

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

"(d) For the purposes of chapter 17 of title 35 of the United States Code the Administration shall be considered a defense agency of the United States."; and

(5) by striking out the following in such section: "(including patents and rights thereunder)".

(h) Section 6 of the Coal Research and Development Act of 1960 (30 U.S.C. 666; 74 Stat. 337) is repealed.

(i) Section 4 of the Helium Act Amendments of 1960 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out the following: ": *Provided, however*, That all research contracted for, sponsored, cosponsored, or authorized under authority of this Act shall be provided for in such a manner that all information, uses, products, processes, patents, and other developments resulting from such research developed by Government expenditure will (with such exceptions and limitations, if any, as the Secretary may find to be necessary in the interest of national defense) be available to the general public: *And provided further*, That nothing contained herein shall be construed as to deprive the owner of any background patent relating thereto to such rights as he may have thereunder." and by inserting in lieu thereof a period.

(j) Section 32 of the Arms Control and Disarmament Act of 1961 (22 U.S.C. 2572; 75 Stat. 634) is repealed.

(k) Subsection (c) of section 302 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 302 (c) ; 79 Stat. 5) is repealed.

(l) Subsection (c) of section 203 of the Solid Waste Disposal Act (42 U.S.C. 3253 (c) ; 79 Stat. 997) is repealed.

(m) Section 216 of title 38, United States Code, is amended by striking out subsection (a) (2) thereof and by redesignating subsection (a) (3) thereof as (a) (2).

(n) Except for paragraph (l) of section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5901; 88 Stat. 1878) is repealed.

(o) Section 3 of the Act of June 22, 1976 (42 U.S.C. 1959d, note; 90 Stat. 694), is repealed.

(p) Section 5(i) of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831d(i); 48 Stat. 61), is amended by striking both proviso clauses at the end thereof.

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

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

(s) Section 8001 of the Solid Waste Disposal Act (42 U.S.C. 6981; 90 Stat. 2829) is repealed.

CHAPTER 3.—EFFECTIVE DATE PROVISION

EFFECTIVE DATE

SEC. 531. This Act shall take effect on the first day of the seventh month beginning after the date of enactment of this Act, except that regulations implementing this Act may be issued prior to such day.

-- End of Text --

-- End of Section D --

The Second Circuit's decision to reject the "persuasive advocacy" of Judge Learned Hand and downplay secondary factors may stem in part from the fact that two members of the Supreme Court recently faulted the use of such factors (by a patent-trained district court judge) to uphold the validity of a patent. See Roanwell Corp. v. Plantronics, Inc., No. 76-448, cert. denied 12/6/76, 307 PTCJ A-9.

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UNIFORM GOVERNMENT PATENT POLICY BILL GIVES CONTRACTORS "DEFEASIBLE TITLE" TO INVENTIONS

As reported last week (324 PTCJ A-6), legislation aimed at establishing a uniform Government patent policy was introduced April 6th by Representative Ray Thornton (D-Ark.), Chairman of the House Subcommittee on Science, Research, & Technology. H. R. 6249, the "Uniform Federal Research and Development Utilization Act of 1977," deals with the allocation of rights resulting from federally-funded research and development contracts, licensing of Government-owned patents, and the rights of Government employees with respect to inventions.

One of the chief purposes of the bill, though not spelled out, is to eliminate the cloud over current patent policies resulting from the celebrated Public Citizen cases. See 233 PTCJ A-5, 250 PTCJ A-19, 259 PTCJ A-1. The thrust of those cases (dismissed for lack of standing) was that only the Congress--not the Executive branch--has the constitutional authority to establish Government patent policy.

Allocation of Rights

The proposed legislation provides, in Section 311, that the allocation of property rights in subject inventions ("subject invention" is defined in Section 511 (f) as any invention or discovery of the contractor conceived or first actually reduced to practice in the course of or under a contract) shall be determined by "uniform regulations, issued by the Administrator of General Services, and the Secretary of Defense, employing a single patent rights clause." Under Section 313, the Government acquires title to the invention only if the contractor decides not to file a patent application. (The contractor must first file a declaration of intent to commercialize or disseminate the technology, however.) Otherwise, the contractor acquires "defeasible title", and the Government gets a nonexclusive, nontransferable, irrevocable, paid-up license.

Sections 313 (a) (2) (C) and (D) grant the Government the authority to require the contractor to license its invention if, within a reasonable time, effective steps are not taken to achieve practical application of the invention, or if necessary to alleviate health, safety, or welfare needs which are not reasonably satisfied by the contractor. If the exclusive rights in the contractor have tended substantially to lessen competition, the Government may also require the contractor to license its invention. Further, if the contractor, upon request, refuses to grant such a license, the Government has the power to unilaterally license the subject invention. Under Section 313 (a) (2) (E), the Government has the right, ten years from the date the invention was made or seven years from first public use or sale in the United States, to reassess the situation and require the contractor to license its patent if this would best support the overall purposes of the Act. (Under §315 (a) this period can be extended by the agency following public notice, etc.) Any person adversely affected by a Federal agency determination under Section 313 (a) (2) (C) (D) or (E) may file an appeal in the U. S. Court of Claims. Each agency can "specify terms and conditions" of a license (such as permissible royalties) and can deviate on a case-by-case basis from the single patent rights clause if notice of the deviation is published in the Federal Register (§§315 (c) and (d)).

Government Employees

On the subject of inventions made by Government employees, the bill authorizes each agency to set its own policy subject to prescribed rules and regulations issued by the Commissioner of Patents and Trademarks. Generally, however, under Section 322 (a), the Government takes title to those inventions which bear a relation to the duties of the employee-inventor, or are made in consequence of his employment. Where the invention is not related to the employee's duties, the employee is entitled to retain rights in the invention, subject to the Government's nonexclusive, nontransferable, irrevocable, paid-up license. Monetary incentive awards for employee inventions are permitted under provisions of Section 326. In cases where the Government acquires title to the invention, Section 327 permits the Government agency to share with the employee any income derived from licensing agreements. Under Section 322 (C), employees can also be awarded foreign rights in countries where the Government elects not to seek patent protection.

Licensing

Title IV of the Act (Section 401) specifically authorizes federal agencies to grant nonexclusive, exclusive, or partially exclusive licenses under Government-owned patents. The licenses can be royalty-bearing or royalty-free. However, Section 404 (a) permits such licensing only if, after public notice and opportunity for filing written objections, it is determined that the interests of the Government will best be served by the proposed license. The proposed terms and scope of exclusivity may not be any greater than reasonably necessary to provide incentive for bringing the invention to practical application. In addition, the Government retains the power to terminate any license or require further licensing after three years if the license has tended to substantially lessen competition.

Authority to coordinate a program for the domestic and foreign protection and licensing of federally-owned inventions is vested in the Secretary of Commerce. The Administrator of General Services is authorized, under Section 403, to promulgate regulations specifying the terms and conditions upon which any federally owned invention may be licensed.

H.R. 6249 has been referred jointly to the Committee on the Judiciary and Science and Technology. The text of the bill appears at page D-1.

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FOREIGN REGISTRANT FOUND TO HAVE ABANDONED TRADEMARK BY NONUSE

While treaty provisions afford foreign applicants a procedural advantage in procuring a U.S. trademark registration without actual use in this country, once the registration is obtained, "the foreign registrant is subject to the same treatment and conditions which prevail in connection with registrations based on use in the United States." Applying this principle, the Trademark Trial and Appeal Board holds that a foreign registrant's nonuse of a mark for more than two years warrants cancellation of the registration on grounds of abandonment. (Satinine Societa in nome collettivo di S.A. e.M. Usellini v. P.A.B. Produits et Appareils de Beaute, 2/17/77)

P.A.B. Produits et Appareils de Beaute (P.A.B. Produits), a French corporation, was issued the trademark "PAB" in 1970 on the basis of ownership of an existing French registration for cosmetics and toiletry preparations. Petitioner, Satinine Societa (Satinine) also produces various cosmetic and toiletry items at its factory in Italy and sells them in containers bearing the mark "PAB." Satinine wants to export its products into the United States, but its application to register the mark "PAB" was refused by the PTO in view of P.A.B. Produits' registration. Alleging that P.A.B. Produits had abandoned its U.S. registration, Satinine filed a cancellation petition.