

95TH CONGRESS
1ST SESSION

H. R. 8596

IN THE HOUSE OF REPRESENTATIVES

JULY 28, 1977

Mr. THORNTON (for himself, Mr. BROWN of California, Mr. DOWNNEY, Mr. EILBERG, Mr. HOLLENBECK, Mr. MCCORMACK, Mr. MURPHY of New York, Mr. NEAL, Mr. PREYER, Mr. PURSELL, Mr. VENTO, Mr. WALKER, Mr. WHITLEY, and Mr. CHARLES WILSON of Texas) 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.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Uniform Federal Re-
- 4 search and Development Utilization Act of 1977".

TITLE I—POLICY

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

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

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

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

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Sec. 312. Reporting requirements and declaration of intent.

Sec. 313. Minimum rights to Federal Government and the public.

Sec. 314. Contractor's rights.

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CHAPTER 2.—INVENTIONS OF FEDERAL EMPLOYEES

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

Sec. 401. Authority of Federal agencies.

Sec. 402. Authority of the Secretary of Commerce in cooperation with other Federal agencies.

Sec. 403. Authority of Administrator of General Services.

Sec. 404. Grants of an exclusive or partially exclusive license.

TITLE V—MISCELLANEOUS

CHAPTER 1.—DEFINITIONS; RELATIONSHIP TO OTHER LAWS

Sec. 511. Definitions.

Sec. 512. Relationship to other laws.

CHAPTER 2.—AMENDMENT TO OTHER ACTS

Sec. 521. Identified Acts amended.

CHAPTER 3.—EFFECTIVE DATE PROVISION

Sec. 531. Effective date of Act.

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

1 of strengthening the Nation's economy and expanding its
2 domestic and foreign markets; and

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

7 TITLE II—FUNCTIONS OF THE OFFICE OF
8 SCIENCE AND TECHNOLOGY POLICY AND
9 THE FEDERAL COORDINATING COUNCIL FOR
10 SCIENCE, ENGINEERING, AND TECHNOLOGY
11 FEDERAL COORDINATING COUNCIL FOR SCIENCE,
12 ENGINEERING, AND TECHNOLOGY

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

21 (1) uniform and effective planning and administra-
22 tion of Federal programs pertaining to inventions,
23 patents, trademarks, copyrights, rights in technical data,
24 and matters connected therewith;

1 (2) uniform policies, regulations, guidelines, and
2 practices to carry out the provisions of this Act and other
3 Federal Government objectives in the field of intellectual
4 property; and

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

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

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

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

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

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

23 (4) consider problems and developments in the
24 fields of inventions, patents, trademarks, copyrights,
25 rights in technical data, and matters connected therewith

1 and the impact thereof on Federal Government policy or
2 uniform accommodation or implementation by Federal
3 agencies; and

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

6 **TITLE III—ALLOCATION OF PROPERTY RIGHTS**
7 **IN INVENTIONS RESULTING FROM FEDER-**
8 **ALLY SPONSORED RESEARCH AND DEVELOP-**
9 **MENT**

10 **CHAPTER 1.—INVENTIONS OF CONTRACTORS**

11 **CRITERIA FOR THE ALLOCATION OF PROPERTY RIGHTS IN**
12 **SUBJECT INVENTIONS**

13 **SEC. 311.** The allocation of property rights in subject
14 inventions shall be determined by uniform regulations, is-
15 sued by the Administrator of General Services and the Sec-
16 retary of Defense, employing a single patent rights clause
17 in all instances except as may be provided in such regula-
18 tions, subject to the minimum rights acquired under section
19 313 (a) (2), or as provided in section 315 (d). Such a
20 patent rights clause shall include the provisions required by
21 section 312, 313, 314, and subsections (a), (b), and (c)
22 of section 315.

23 **REPORTING REQUIREMENTS AND DECLARATION OF INTENT**

24 **SEC. 312.** The contractor shall promptly provide the
25 sponsoring Federal agency with (1) a disclosure of each

1 subject invention which is or may be patentable under the
2 laws of the United States; (2) an election whether the
3 contractor intends to file a patent application on the subject
4 invention; and (3) if the contractor elects to file, a declara-
5 tion of the contractor's intent to commercialize or otherwise
6 achieve the widespread utilization of the invention by the
7 public. The Federal Government shall withhold publication
8 or release to the public of information disclosing such in-
9 vention for a reasonable time in order for a patent applica-
10 tion to be filed.

11 MINIMUM RIGHTS TO THE FEDERAL GOVERNMENT AND
12 THE PUBLIC

13 SEC. 313. (a) Each Federal agency shall acquire on
14 behalf of the Federal Government, at the time of contract-
15 ing—

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

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

23 (A) the Federal agency shall have a nonexclu-
24 sive, nontransferable, irrevocable, paid-up license to
25 practice or have practiced for the Federal Govern-

1 the assignment any subject invention throughout the world
 2 shall be by or on behalf of the Federal Government (includ-
 3 ing any Federal agency), and may, if provided in
 4 such agreement, have additional rights to sublicense
 5 any State or domestic local government or to sub-
 6 license any foreign government pursuant to foreign
 7 policy considerations, or any existing or future
 8 treaty or agreement, when the Federal agency de-
 9 termines it would be in the national interest to
 10 acquire such additional rights;

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

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

1 reasonable time, effective steps to achieve practical ap-
 2 plication of the subject invention in such field of
 3 use;
 4 (D) the Federal agency shall have the right
 5 to require the contractor to grant a nonexclusive,
 6 partially exclusive, or exclusive license to a respon-
 7 sible applicant or applicants, upon terms reasonable
 8 under the circumstances, or, if the contractor refuses,
 9 to grant such a license itself if the agency determines,
 10 in accordance with subsection (b), that such action
 11 is necessary—
 12 (i) to alleviate health, safety, or wel-
 13 fare needs which are not reasonably satisfied
 14 by the contractor or its licensees;
 15 (ii) to meet requirements for public use
 16 specified by Federal regulation which are not
 17 reasonably satisfied by the contractor or its li-
 18 censees; or
 19 (iii) because the exclusive rights to such
 20 subject invention in the contractor have tended
 21 substantially to lessen competition or to result
 22 in undue market concentration in any section
 23 of the United States in any line of commerce
 24 to which the technology relates, or to create or

1 maintain other situations inconsistent with the
2 antitrust laws; and

3 (E) the Federal agency shall have the right,
4 commencing ten years from the date the subject in-
5 vention was made or seven years after first public
6 use or on sale in the United States, whichever occurs
7 first (excepting that time before Federal regulatory
8 agencies necessary to obtain premarket clearance),
9 to require the contractor to grant a nonexclusive,
10 partially exclusive, or exclusive license to a respon-
11 sible applicant or applicants, upon terms reasonable
12 under the circumstances, or, if the contractor refuses,
13 to grant such a license itself if such agency deter-
14 mines, in accordance with subsection (b) (in view
15 of the factors set forth in section 315 (b)) that such
16 licensing would best support the overall purposes of
17 this Act, except that this subparagraph shall not
18 apply to contractors who are small business firms as
19 defined by the Small Business Administration.

20 (b) The determinations required under subparagraphs
21 (D) and (E) to be made in accordance with this subsection
22 shall be made upon the basis of such information as may be
23 presented by the contractor, any interested person, or any

1 Federal agency. Such determination shall be made after
2 public notice and opportunity for hearing if—

3 (1) in the case of subparagraph (D), such a hear-
4 ing is requested by any interested person justifying such
5 a hearing; and

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

10 **CONTRACTOR'S RIGHTS**

11 **SEC. 314.** The contractor shall retain a defeasible title
12 only to those subject inventions (including the right to
13 license or assign all or part of its interests therein) on which
14 the contractor files a United States patent application and de-
15 clares its intent to achieve practical application of the subject
16 invention. Such title in the contractor shall permit the
17 contractor to retain exclusive commercial rights to the in-
18 vention subject to all rights granted to the Federal Govern-
19 ment in section 313 (a) (2). The contractor's employee
20 inventor may also retain contractor's rights under this sub-
21 section with permission of the contractor at the discretion
22 of the sponsoring Federal agency. The contractor shall also
23 retain a nonexclusive, royalty-free license under all other
24 reported subject inventions, which license shall be revocable
25 only to the extent necessary for the Federal Government to

1 grant an exclusive license, in accordance with the provisions
2 of section 404, under any patent which may issue thereon.

3

RELATED PROVISIONS

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

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

21 (1) the relative contributions of the Federal Gov-
22 ernment and the contractor or its assignees or licensees,
23 if any, to the making and commercialization of the
24 subject invention;
25 (2) the relative contributions of the Federal Gov-

1 Government and the contractor or its assignees or licensees,
 2 and if any, to the field of technology to which the subject
 3 invention relates;

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

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

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

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

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

15 and

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

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

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

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

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

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

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

21 (D) (iii).

22 JUDICIAL REVIEW
23 SEC. 316. Any person adversely affected by a Federal
24 agency determination made under subparagraph (C), (D),
25 or (E) of section 313 (a) (2) or under subsection (a), (b),

1 or (c) of section 315 may, at any time within sixty days
 2 after the determination is issued, file a petition to the United
 3 States Court of Claims which shall have jurisdiction to deter-
 4 mine the matter de novo and to affirm, reverse, or modify as
 5 appropriate, the determination of the Federal agency.

6 CHAPTER 2.—INVENTIONS OF FEDERAL EMPLOYEES
 7 REPORTING OF INVENTIONS

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

12 CRITERIA FOR THE ALLOCATION OF RIGHTS TO
 13 INVENTIONS

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

22 (a) The Federal Government shall obtain, subject to
 23 subsection (c), the entire right, title and interest in and to
 24 all inventions made by any Federal employee which bear a

1 relation to the duties of the Federal employee-inventor, or
2 are made in consequence of his employment.

3 (b) A Federal employee shall be entitled to retain
4 the entire right, title, and interest in and to any invention
5 made by the employee-inventor, subject to a nonexclusive,
6 nontransferable, irrevocable, paid-up license to practice or
7 have practiced for the Federal Government any such in-
8 vention throughout the world by or on behalf of the Federal
9 Government (including any Federal agency) in any case
10 where the invention does not bear a relation to the duties
11 of the employee-inventor or was not made in consequence
12 of his employment, but was made with a contribution by
13 the Federal Government of facilities, equipment, materials,
14 funds, or information, or of time or services of other Federal
15 employees on official duty. The Federal agency may acquire
16 additional rights to sublicense any State or domestic local
17 government or to sublicense any foreign government pur-
18 suant to foreign policy considerations, or any existing or
19 future treaty or agreement, where the Federal agency de-
20 termines it would be in the national interest to acquire such
21 additional rights.

22 (c) The Federal employee may obtain the entire right,
23 title, and interest in and to an invention in any country, sub-
24 ject to the license and sublicensing rights set forth in subsec-

1 tion (b), where the Federal agency determines that there
 2 is insufficient interest in the invention to justify seeking
 3 patent protection in that country, although the Federal Gov-
 4 ernment may have taken title to the invention or may be
 5 entitled to the entire right, title, and interest therein under
 6 subsection (a), except that nothing in this paragraph shall
 7 prevent a Federal agency from publishing or dedicating to
 8 the public such an invention if it is in the public interest.

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

13 (e) Notwithstanding subsection (a) of this section, a
 14 Federal agency may enter into agreements with other pub-
 15 lic or private parties wherein future or identified inventions
 16 falling within the criteria of subsection (a) and made in
 17 performance of cosponsored, cost-sharing, or joint venture
 18 research involving a substantial contribution of funds, facili-
 19 ties, equipment, or employees by such parties, may be allo-
 20 cated in a manner satisfying the contribution of such parties.

21 APPLICATION OF CRITERIA

22 SEC. 323. (a) In applying the criteria of section 322
 23 to the facts and circumstances relating to the making of any
 24 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, machine, 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

1 prescribed rules and regulations issued pursuant to section
2 322 whenever—

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

5 (2) the Federal employee-inventor who is ag-
6 grieved by the determination requests such a review.

7 REASSIGNMENT OF RIGHTS

8 SEC. 325. Whenever a Federal agency finds on the basis
9 of new evidence that it has acquired rights in an invention
10 greater than the Federal Government is entitled to assert
11 under the criteria of section 322, the Federal agency shall ad-
12 just such inequity by granting such rights to the Federal em-
13 ployee-inventor as may be necessary to correct the inequity.

14 INCENTIVE AWARDS PROGRAM

15 SEC. 326. (a) Incentive awards may be granted to Fed-
16 eral employee-inventors in order to—

17 (1) monetarily reward or otherwise recognize Fed-
18 eral employees for inventions; and

19 (2) stimulate inventive creativeness and encourage

20 Federal employees to disclose their inventions and there-

21 by enhance the transfer and utilization of related tech-

22 nology.

23 (b) These awards shall be granted pursuant to the

24 provisions of chapter 45 of title 5 and chapter 57 of title 10,

1 United States Code, and in accordance with regulations is-
2 sued thereunder, except as modified by this Act.

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

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

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

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

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

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

15 (1) for Federal civilian employees by the head of
16 the Federal agency with the approval of the Civil Serv-
17 ice Commission;

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

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

23 (4) for members of the Commissioned Corps of the

1 United States Public Health Service with the approval
2 of the Secretary of Health, Education, and Welfare, and
3 (5) for members of the Commissioned Corps of the
4 National Oceanic and Atmospheric Administration with
5 the approval of the Secretary of Commerce,
6 upon recommendation that the invention is highly excep-
7 tional and unusually outstanding. Awards in excess of
8 \$35,000 may be made in those instances where the head
9 of the Federal agency, based upon the value and benefit of
10 the inventor's contribution, recommends to the Chairman
11 of the Civil Service Commission and the Director of the
12 Office of Management and Budget that a Presidential award
13 be made. Upon endorsement of both the Chairman of the
14 Civil Service Commission and the Director of the Office of
15 Management and Budget and approval by the President,
16 an award in excess of \$35,000 and an honorary recognition,
17 may be granted as deemed appropriate.

18 (e) A cash award under this section is in addition to
19 the regular pay of the recipient. Acceptance of a cash award
20 under this section constitutes an agreement that any use by
21 the Federal Government of an idea, method, or device for
22 which the award is made does not form the basis of a further
23 claim of any nature against the Federal Government by the
24 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.

1 **TITLE IV—DOMESTIC AND FOREIGN (PROTEC-**
2 **TION AND LICENSING OF FEDERALLY**
3 **OWNED INVENTIONS**

4 **AUTHORITY OF FEDERAL AGENCIES**

5 **SEC. 401.** Federal agencies are authorized to—

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

10 (2) promote the licensing of inventions covered by
11 federally owned patent applications, patents, or other
12 forms of protection obtained with the objective of maxi-
13 mizing utilization by the public of the inventions covered
14 thereby;

15 (3) grant nonexclusive, exclusive, or partially ex-
16 clusive licenses under federally owned patent applica-
17 tions, patents, or other forms of protection obtained,
18 royalty-free or for royalties or other consideration, and
19 on such terms and conditions, including the grant to the
20 licensee of the right of enforcement pursuant to the pro-
21 visions of chapter 28 of title 35, United States Code,
22 as deemed appropriate in the public interest;

23 (4) make market surveys and other investigations
24 for determining the potential of inventions for domestic
25 and foreign licensing and other forms of utilization;

1 acquire technical information and engage in negotiations
2 and other activities for promoting the licensing and for
3 the purpose of enhancing their marketability and public
4 utilization;

5 (5) withhold publication or release to the public
6 information disclosing any invention in which the Fed-
7 eral Government owns or may own a right, title, or
8 interest for a reasonable time in order for a patent ap-
9 plication to be filed;

10 (6) undertake the above and all other suitable and
11 necessary steps to protect and administer rights to inven-
12 tions on behalf of the Federal Government either directly
13 or through contract;

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

21 (8) designate the Department of Commerce as
22 recipient of any or all funds received from fees, royalties,
23 or other management of federally owned inventions au-
24 thorized under this Act.

1 **AUTHORITY OF THE SECRETARY OF COMMERCE IN**
2 **COOPERATION WITH OTHER FEDERAL AGENCIES**

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

5 (1) coordinate a program for assisting all Federal
6 agencies in carrying out the authority set forth in sec-
7 tion 401;

8 (2) publish notification of all federally owned in-
9 ventions that are available for licensing;

10 (3) evaluate inventions referred by Federal agen-
11 cies, and patent applications filed thereon, in order
12 to identify those inventions with the greatest commercial
13 potential and to insure promotion and utilization by the
14 public of inventions so identified;

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

19 (5) accept custody and administration, in whole
20 or in part, of the right, title, and interest in any in-
21 vention for the purposes set forth in sections 401 (1)
22 through (4), with the approval of the Federal agency
23 concerned without regard to the provisions of the Fed-
24 eral Property and Administrative Service Act of 1949
25 (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 other-

1 to wise promote the invention's utilization by the public;
2 (2) the desired practical application has not been
3 achieved, or is not likely expeditiously to be achieved,
4 under any nonexclusive license which has been granted,
5 or which may be granted, on the invention;
6 (3) exclusive or partially exclusive licensing is a
7 reasonable and necessary incentive to call forth the
8 investment of risk capital and expenditures to bring the
9 invention to practical application or otherwise promote
10 the invention's utilization by the public; and
11 (4) the proposed terms and scope of exclusivity are
12 not greater than reasonably necessary to provide the
13 incentive for bringing the invention to practical applica-
14 tion or otherwise promote the invention's utilization by
15 the public;
16 except that a Federal agency shall not grant such exclusive
17 or partially exclusive license if it determines that the grant of
18 such license will tend substantially to lessen competition or
19 result in undue concentration in any section of the country
20 in any line of commerce to which the technology to be
21 licensed relates, or to create or maintain other situations
22 inconsistent with the antitrust laws.

23 (b) After consideration of whether the interests of the
24 Federal Government or United States industry in foreign
25 commerce will be enhanced, Federal agencies may grant

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

11 (c) The Federal agency shall maintain a record of deter-
12 minations to grant exclusive or partially exclusive licenses.

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

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

23 (2) a nonexclusive, nontransferable, irrevocable,
24 paid-up license to practice or have practiced for the
25 Federal Government the licensed invention throughout

1 the world by or on behalf of the Federal Government
2 (including any Federal agency), and the additional right
3 to sublicense any State or domestic local government or
4 to sublicense any foreign government pursuant to foreign
5 policy considerations, or any existing or future treaty
6 or agreement if the Federal agency determines it would
7 be in the national interest to retain such additional rights;
8 (3) the right of the Federal agency to terminate
9 such license in whole or in part unless the licensee dem-
10 onstrates to the satisfaction of the Federal agency that
11 the licensee has taken effective steps, or within a rea-
12 sonable time is expected to take such steps, to accom-
13 plish substantial commercial or other use of the invention
14 by the public; and
15 (4) the right of the Federal agency, commencing
16 three years after the grant of a license, to require the
17 licensee to grant a nonexclusive or partially exclusive
18 license to a responsible applicant or applicants, upon
19 terms reasonable under the circumstances, and in ap-
20 propriate circumstances to terminate the license in
21 whole or in part, after public notice and opportunity
22 for a hearing, upon a petition by an interested person
23 justifying such hearing, if the Federal agency deter-
24 mines, upon review of such material as it deems rele-
25 vant, and after the licensee, or other interested person,

1 has had the opportunity to provide such relevant and
2 material information as the Federal agency may require,
3 that such license has tended substantially to lessen com-
4 petition or to result in undue concentration in any sec-
5 tion of the country in any line of commerce to which
6 the technology relates, or to create or maintain other
7 situations inconsistent with the antitrust laws.

8 TITLE V—MISCELLANEOUS

9 CHAPTER 1.—DEFINITIONS; RELATIONSHIP TO

10 OTHER LAWS

11 DEFINITIONS

12 SEC. 511. As used in this Act—

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

17 (b) The term “Federal employees” means all employees
18 as defined in section 2105 of title 5, United States Code,
19 and members of the uniformed services.

20 (c) The term “contract” means any contract, grant, or
21 agreement entered into between any Federal agency and
22 any person for the performance of experimental, develop-
23 mental, or research work substantially funded by the Fed-
24 eral Government. Such term includes any assignment, sub-
25 stitution of parties, or subcontract of any type entered into

1 for the performance of experimental, developmental, or re-
2 search work under a contract.

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

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

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

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

22 (h) The term "person" means any individual, partner-
23 ship, corporation, association, institution, or other entity.

24 (i) The term "made", when used in relation to any

1 invention, means the conception or first actual reduction
2 to practice of such invention.

3 (j) The term "antitrust law" means—

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

8 (2) the Act entitled "An Act to supplement exist-
9 ing laws against unlawful restraints and monopolies,
10 and for other purposes", approved October 15, 1914
11 (15 U.S.C. 12 et seq.), as amended;

12 (3) the Federal Trade Commission Act (15 U.S.C.
13 41 et seq.), as amended;

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

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

20 **RELATIONSHIP TO OTHER LAWS**

21 **SEC. 512.** Nothing in this Act shall be deemed to con-
22 vey to any individual, corporation, or other business organi-
23 zation immunity from civil or criminal liability, or to create
24 defenses to actions, under any antitrust law.

1 CHAPTER 2.—AMENDMENTS TO OTHER ACTS

2 IDENTIFIED ACTS AMENDED

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

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

13 (b) Section 205 (a) of the Act of August 14, 1946
14 (7 U.S.C. 1624 (a); 60 Stat. 1090) is amended by strik-
15 ing out the following: "Any contract made pursuant to
16 this section shall contain requirements making the result
17 of such research and investigations available to the public
18 by such means as the Secretary of Agriculture shall
19 determine."

20 (c) Section 501 (c) of the Federal Coal Mine Health
21 and Safety Act of 1969 (30 U.S.C. 951 (c); 83 Stat. 742)
22 is amended by striking out the following: "No research, dem-
23 onstrations, or experiments shall be carried out, contracted
24 for, sponsored, cosponsored, or authorized under authority
25 of this Act, unless all information, uses, products, processes,

1 patents, and other developments resulting from such re-
2 search, demonstrations, or experiments will (with such ex-
3 ception and limitation, if any, as the Secretary or the Sec-
4 retary of Health, Education, and Welfare may find to be
5 necessary in the public interest) be available to the general
6 public."

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

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

12 (f) Section 152 of the Atomic Energy Act of 1954
13 (42 U.S.C. 2182 ; 68 Stat. 943) is repealed.

14 (g) The National Aeronautics and Space Act of 1958
15 (72 Stat. 426) is amended—

16 (1) by repealing section 305 thereof (42 U.S.C.
17 2457) : *Provided, however,* That subsections (c), (d),
18 and (e) of such section shall continue to be effective with
19 respect to any application for patents in which the writ-
20 ten statement referred to in subsection (c) of such sec-
21 tion has been filed or requested to be filed by the Com-
22 missioner of Patents and Trademarks prior to the effec-
23 tive date of this Act;

24 (2) by striking out, in section 306 (a) thereof (42
25 U.S.C. 2458 (a)), "(as defined by section 305)"; and

1 by striking out "the Inventions and Contributions Board,
2 established under section 305 of this Act" and inserting
3 in lieu thereof: "an Inventions and Contributions Board
4 which shall be established by the Administrator within
5 the Administration";

6 (3) by inserting at the end of section 203 (a) there-
7 of (42 U.S.C. 2478 (a)); the following new paragraph:
8 "(14) to provide effective contractual provisions
9 for the reporting of the results of the activities of the Ad-
10 ministration, including full and complete technical re-
11 porting of any innovation made in the course of or under
12 any contract of the Administration.";

13 (4) by inserting at the end of section 203 thereof
14 (42 U.S.C. 2478) the following new subsection:

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

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

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

22 (i) Section 4 of the Helium Act Amendments of 1960
23 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out
24 the following: "": *Provided, however,* That all research con-
25 tracted for, sponsored, cosponsored, or authorized under

1 authority of this Act shall be provided for in such a manner
2 that all information, uses, products, processes, patents, and
3 other developments resulting from such research developed
4 by Government expenditure will (with such exceptions and
5 limitations, if any, as the Secretary may find to be necessary
6 in the interest of national defense) be available to the general
7 public: *And provided further*, That nothing contained herein
8 shall be construed as to deprive the owner of any back-
9 ground patent relating thereto to such rights as he may have
10 thereunder:" and by inserting in lieu thereof a period.

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

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

16 (l) Subsection (c) of section 203 of the Solid Waste
17 Disposal Act (42 U.S.C. 3253 (c); 79 Stat. 997) is re-
18 pealed.

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

22 (n) Except for paragraph (1) of section 9 of the Fed-
23 eral Nonnuclear Energy Research and Development Act of
24 1974 (42 U.S.C. 5901; 88 Stat. 1878) is repealed.

1 (o) Section 3 of the Act of June 22, 1976 (42 U.S.C.
2 1959d, note; 90 Stat. 694), is repealed.

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

6 (q) Section 5 (d) of the Consumer Product Safety Act
7 (15 U.S.C. 2054 (d); 88 Stat. 1211) is repealed.

8 (r) Section 3 of the Act of April 5, 1944 (30 U.S.C.
9 323; 58 Stat. 191), is repealed.

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

12 CHAPTER 3.—EFFECTIVE DATE PROVISION

13 EFFECTIVE DATE

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

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95TH CONGRESS
1ST SESSION

H. R. 8596

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.

By Mr. THORNTON, Mr. BROWN of California,
Mr. DOWNEY, Mr. EILBERG, Mr. HOLLEN-
BECK, Mr. McCORMACK, Mr. MURPHY of New
York, Mr. NEAL, Mr. PREYER, Mr. PURSELL,
Mr. VENTO, Mr. WALKER, Mr. WHITLEY, and
Mr. CHARLES WILSON of Texas

JULY 28, 1977

Referred jointly to the Committees on the Judiciary
and Science and Technology