

99TH CONGRESS
1ST SESSION

H. R. 1572

To amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of promoting technology transfer by authorizing Government-operated laboratories to enter into cooperative research and development agreements and by establishing a Federal Laboratory Consortium for Technology Transfer within the National Science Foundation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 1985

Mr. LUNDINE (for himself, Mr. FISH, Mr. SEIBERLING, Mr. WALGREN, Mr. BOEHLERT, and Mr. MACKAY) introduced the following bill; which was referred to the Committee on Science and Technology

A BILL

To amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of promoting technology transfer by authorizing Government-operated laboratories to enter into cooperative research and development agreements and by establishing a Federal Laboratory Consortium for Technology Transfer within the National Science Foundation, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Federal Science and
5 Technology Transfer Act of 1985".

1 **SEC. 2. AUTHORIZATION OF COOPERATIVE RESEARCH AND**
2 **DEVELOPMENT AGREEMENTS.**

3 The Stevenson-Wydler Technology Innovation Act of
4 1980 (15 U.S.C. 3701 and following; 94 Stat. 2311) is
5 amended by redesignating sections 12, 13, 14, and 15 as
6 sections 14, 15, 16, and 17, respectively, and by inserting
7 after section 11 the following new section:

8 **“SEC. 12. COOPERATIVE RESEARCH AND DEVELOPMENT**
9 **AGREEMENTS.**

10 **“(a) GENERAL AUTHORITY TO ENTER INTO AGREE-**
11 **MENTS.—**Each Federal agency may, subject only to subsec-
12 tion (c), permit the directors of its Government-operated Fed-
13 eral laboratories to enter, on behalf of such agency, into co-
14 operative research and development agreements with other
15 Federal agencies, units of State or local government, indus-
16 trial organizations, universities, or other persons.

17 **“(b) ENUMERATED AUTHORITY.—**Under such agree-
18 ments, a Government-operated Federal laboratory may, sub-
19 ject only to subsection (c) of this section—

20 **“(1) grant or agree to grant in advance, to a col-**
21 **laborating party, patent licenses or assignments, or op-**
22 **tions thereto, in any subject invention made by a Fed-**
23 **eral employee, or made jointly by a Federal employee**
24 **and an employee of the collaborating party, under the**
25 **agreement, retaining such rights as the Federal labora-**
26 **tory deems appropriate; and**

1 “(2) waive in advance, in whole or in part, any
2 right of ownership which the Federal Government may
3 have under any provision of law to any subject inven-
4 tion made by a collaborating party or employee of a
5 collaborating party under the agreement.

6 “(c) CONDITIONS.—(1)(A) Before permitting any of its
7 laboratories to enter into agreements under this section, a
8 Federal agency shall establish a plan specifying the process
9 to be followed in entering into such agreements. Such plan
10 shall—

11 “(i) in order to ensure free competition, provide
12 for reasonable opportunity for interested parties to
13 enter into such agreements;

14 “(ii) provide opportunity for the head of the
15 agency to disapprove any such agreement within the
16 thirty-day period beginning on the date the agreement
17 is presented to him or her by the head of the laborato-
18 ry concerned; and

19 “(iii) contain other elements deemed appropriate
20 by the agency.

21 “(B) In any case in which the head of an agency disap-
22 proves an agreement, the head of the agency shall transmit a
23 written explanation of such disapproval to the head of the
24 laboratory concerned.

1 “(2) No agreement may be entered into under this sec-
2 tion—

3 “(A) with (i) any person who is not located in the
4 United States, does not have a place of business locat-
5 ed in the United States, or is subject to the control of
6 a foreign government, or (ii) any other entity which is,
7 directly or indirectly, owned or controlled by any such
8 person; or

9 “(B) if an authority of the Federal Government
10 which is authorized by statute or Executive order to
11 conduct foreign intelligence or counter-intelligence ac-
12 tivities determines that ownership or licensing rights
13 granted by the agreement must be restricted or elimi-
14 nated in order to protect the security of such activities.

15 “(3) In the case of an agreement waiving rights as de-
16 scribed in subsection (b)(2), the agreement shall contain ade-
17 quate provisions to effectuate the requirements of section
18 203, and of paragraphs (1) through (6) of section 202(c), of
19 title 35, United States Code; except that for the purpose of
20 applying the requirements of such paragraphs to this sub-
21 paragraph, the terms ‘contractor’, ‘small business firm’, and
22 ‘nonprofit organization’ shall mean the party with respect to
23 whom an agreement is entered into by a Federal agency
24 under this section.

1 “(4) In the case of an agreement granting or agreeing to
2 grant, in advance, title to or exclusive or partially exclusive
3 licensing in any subject invention made by a Federal employ-
4 ee, or made jointly by a Federal employee and an employee
5 of a collaborating party, under the agreement, first prefer-
6 ence shall be provided to small business firms submitting
7 plans that are determined by the agency to be within the
8 capabilities of the firms and equally likely, if executed, to
9 bring the invention to practical application as any plans
10 submitted by applicants that are not small business firms.

11 “(5) Determinations made by an agency with respect to
12 subparagraphs (A) and (B) of paragraph (2) of this subsection
13 shall be subject to the same appeals procedure provided con-
14 tractors under section 202(b)(4) of title 35, United States
15 Code.

16 “(6)(A) Except as provided in subparagraph (B), a
17 person who receives title or exclusive patent license to any
18 subject invention and any assignee of such person shall not—

19 “(i) grant the exclusive right to use or sell such
20 subject invention unless the person to whom the grant
21 is made agrees that products embodying the subject in-
22 vention or produced through the use of the subject in-
23 vention will be manufactured substantially in the
24 United States; or

1 “(ii) make exclusive use of the subject invention
2 unless the products embodying the subject invention or
3 produced through the use of the subject invention will
4 be manufactured substantially in the United States.

5 “(B) On a case-by-case basis, the requirement of sub-
6 paragraph (A) may be waived by the Federal agency
7 concerned upon a showing to such agency—

8 “(i) that reasonable but unsuccessful efforts have
9 been made to grant licenses on similar terms to poten-
10 tial licensees who would be likely to manufacture sub-
11 stantially in the United States; or

12 “(ii) that, under the circumstances, domestic man-
13 ufacture is not commercially feasible.

14 “(7) Each agency shall maintain a record of all agree-
15 ments entered into under this section.

16 “(d) DEFINITIONS.—As used in this section, the term—

17 “(1) ‘cooperative research and development agree-
18 ment’ means any agreement between a Federal agency
19 and one or more Federal or non-Federal parties under
20 which the agency, through one or more of its Govern-
21 ment-operated laboratories, provides personnel, serv-
22 ices, facilities, equipment, or other resources (but not
23 funds to non-Federal parties) and the non-Federal par-
24 ties provide funds, personnel, services, facilities,
25 equipment, or other resources toward the conduct of

1 specified research or development efforts which are
2 consistent with the missions of the agency, except that
3 such term does not include a procurement contract as
4 that term is used in section 6303 of title 31, United
5 States Code;

6 “(2) ‘Federal agency’ means any executive agency
7 as defined in section 105 of title 5, United States
8 Code, and the military departments as defined in sec-
9 tion 102 of such title;

10 “(3) ‘invention’ means any invention or discovery
11 which is or may be patentable or otherwise protected
12 under title 35, United States Code, or any novel varie-
13 ty of plant which is or may be protectable under the
14 Plant Variety Protection Act (7 U.S.C. 2321 et seq.);
15 and

16 “(4) ‘made’ when used in conjunction with any in-
17 vention means the conception or first actual reduction
18 to practice of such invention;

19 “(5) ‘small business firm’ means a small business
20 concern as defined in section 2 of the Public Law 85-
21 536 (15 U.S.C. 632) and implementing regulations of
22 the Administrator of the Small Business Administra-
23 tion; and

24 “(6) ‘subject invention’ means any invention con-
25 ceived or first actually reduced to practice in the per-

1 performance of work under a cooperative research and de-
2 velopment agreement entered into under this section.”.

3 **SEC. 3. ESTABLISHMENT OF FEDERAL LABORATORY CONSOR-**
4 **TIUM FOR TECHNOLOGY TRANSFER.**

5 Section 11 of the Stevenson-Wydler Technology Inno-
6 vation Act of 1980 is amended by redesignating subsection
7 (e) as subsection (f), and by inserting the following new
8 subsection after subsection (d):

9 “(e) **ESTABLISHMENT OF FEDERAL LABORATORY**
10 **CONSORTIUM FOR TECHNOLOGY TRANSFER.**—(1) There is
11 hereby established the Federal Laboratory Consortium for
12 Technology Transfer (hereinafter referred to as the ‘Consorti-
13 um’) in the National Science Foundation.

14 “(2) The Director of the Foundation shall, in accordance
15 with the second sentence of section 14(a) of the National Sci-
16 ence Foundation Act of 1950, appoint an individual to
17 manage the Consortium, and such individual may, subject to
18 the requirements of title 5, United States Code, governing
19 appointments in the competitive service, appoint employees
20 to carry out the responsibilities of the Consortium.

21 “(3) The Consortium shall, in cooperation with Federal
22 laboratories—

23 “(A) develop and disseminate techniques and pro-
24 cedures for Federal laboratories and agencies to use on
25 a voluntary basis to aid in the early determination of

1 the commercial potential of new technologies generated
2 in performance of Federal laboratory research;

3 “(B) develop and administer training courses and
4 materials to increase the awareness of Federal labora-
5 tory researchers regarding the commercial potential of
6 inventions and the methods and options available to
7 Federal laboratories for commercialization;

8 “(C) develop and disseminate model provisions for
9 Federal laboratories and agencies to use on a voluntary
10 basis in carrying out cooperative research and develop-
11 ment agreements;

12 “(D) furnish advice and assistance requested by
13 Federal laboratories for use in their cooperative re-
14 search and development program and projects;

15 “(E) receive requests for technical assistance from
16 Federal agencies or laboratories, States and units of
17 local governments, industrial organizations, universi-
18 ties, and other persons and refer these requests to the
19 appropriate Federal laboratories;

20 “(F) facilitate communication and coordination be-
21 tween Offices of Research and Technology Applica-
22 tions of Federal Laboratories;

23 “(G) utilize the expertise and services of the Na-
24 tional Science Foundation, the Department of Com-

1 merce, and the Center for Utilization of Federal Tech-
2 nology, as necessary; and

3 “(H) facilitate the use by Federal laboratories of
4 appropriate technology transfer mechanisms such as
5 personnel exchanges and computer-based systems.

6 “(4) Not later than two years after the date of enact-
7 ment of this subsection, and every two years thereafter, the
8 Director of the National Science Foundation shall submit a
9 report to the President and to the appropriate authorization
10 and appropriation committees of both Houses of the Congress
11 on the activities carried out under this section and section 12.
12 Other Federal agencies shall cooperate with such Director in
13 providing information necessary to prepare the reports.

14 “(5) Not less than 0.01 per centum of each Federal
15 agency’s research and development budget for any fiscal year
16 beginning after the date of the enactment of this subsection
17 shall be transferred by such agency to the National Science
18 Foundation for the purpose of carrying out activities of the
19 Consortium under this subsection.”

20 **SEC. 4. DISTRIBUTION OF ROYALTIES RECEIVED BY FEDERAL**
21 **AGENCIES.**

22 The Stevenson-Wydler Technology Innovation Act of
23 1980 (15 U.S.C. 3701 and following; 94 Stat. 2311) is
24 amended by adding the following new section after the sec-
25 tion 12 that is added to such Act by section 2 of this Act:

1 "SEC. 13. DISTRIBUTION OF ROYALTIES RECEIVED BY FEDER-
2 AL AGENCIES.

3 "(a) GENERAL RULE.—(1) Notwithstanding any other
4 provision of law, any royalties or other income received by a
5 Federal agency from the licensing or assignment of inven-
6 tions under agreements entered into under section 12, and
7 from inventions licensed under section 207 of title 35, United
8 States Code, or under any other provision of law shall be
9 utilized as follows:

10 "(A) At least 15 per centum of such royalties and
11 other income received during any fiscal year by a Fed-
12 eral agency shall be paid to the inventors or coinven-
13 tors if they were employees of the agency at the time
14 the inventions were made; such payments shall be in
15 addition to the regular pay of the employee and to any
16 awards made to that employee, and such payments
17 shall not affect the entitlement to or limit the amount
18 of the regular pay or other awards to which the em-
19 ployee is otherwise entitled or eligible.

20 "(B) After the distribution described in subpara-
21 graph (A), the balance of such royalties and related
22 income received during any fiscal year shall be retained
23 by the Government-operated Federal laboratories in-
24 volved in the production of the income, except that a
25 laboratory may not retain more than an amount equal
26 to 5 per centum of the budget of the laboratory for

1 that fiscal year. Such funds may be used or obligated
2 by the laboratory by the end of the fiscal year subse-
3 quent to the one in which they are received—

4 “(i) for mission-related research and develop-
5 ment of the laboratory;

6 “(ii) to support development and education
7 programs for employees of the laboratory;

8 “(iii) to reward employees of the laboratory
9 for innovations or inventions of value to the Fed-
10 eral Government that will not produce royalties;

11 “(iv) to further scientific exchange to and
12 from the laboratory; or

13 “(v) for payment of patenting costs and fees
14 and other expenses incidental to the administra-
15 tion and licensing of inventions, including the fees
16 or other costs for the services of other agencies,
17 persons, or organizations for invention manage-
18 ment and licensing services.

19 Any of such funds not so used or obligated by the end
20 of such fiscal year shall be paid into the Treasury of
21 the United States.

22 “(2) If any amount of such royalties or other income
23 remains after the utilization of funds by a Federal agency
24 (and Government-operated laboratories of such agency) under
25 paragraph (1), then 75 per centum of the remaining amount

1 shall be paid into the Treasury of the United States and the
2 remaining 25 per centum shall be used for the purposes de-
3 scribed in clauses (i) through (v) of paragraph (1)(B) by the
4 end of the fiscal year subsequent to the one in which the
5 funds were received. Any funds not so used or obligated by
6 the end of such fiscal year shall be paid into the Treasury of
7 the United States.

8 “(b) SPECIAL RULE.—In the event the invention was
9 one assigned to the Federal agency—

10 “(1) by a contractor, grantee, or a party of a
11 cooperative agreement with the agency; or

12 “(2) by an employee of the agency who was not
13 working in a laboratory at the time the invention was
14 made,

15 the agency unit that funded or employed the entity that made
16 such assignment shall be considered to be a laboratory for
17 purposes of this section.

18 “(c) REPORTS.—Federal agencies shall report annually
19 to the appropriate authorization and appropriation commit-
20 tees of both Houses of the Congress detailing the amount of
21 royalties or other income received and expenditures made
22 under this section.”.

1 **SEC. 5. CONFORMING AMENDMENTS.**

2 The Stevenson-Wydler Technology Innovation Act of
3 1980 (15 U.S.C. 3701 and following; 94 Stat. 2311) is
4 amended as follows:

5 (1) Section 9(d) is amended by striking out “or
6 13” and inserting in lieu thereof “12, or 15”.

7 (2) Section 11(c)(3) is amended by inserting “, the
8 Federal Laboratory Consortium for Technology Trans-
9 fer,” after “Federal Technology”.

10 (3) Section 11(d) is amended—

11 (A) in paragraph (1), by striking out “serve
12 as” and all that follows through “transfer of” and
13 inserting in lieu thereof “collect, disseminate, and
14 transfer”;

15 (B) by striking out paragraph (2);

16 (C) by redesignating paragraph (3) as para-
17 graph (2) and by striking out “existing” in such
18 paragraph;

19 (D) by striking out paragraph (4);

20 (E) by redesignating paragraph (5) as para-
21 graph (3); and

22 (F) by redesignating paragraph (6) as para-
23 graph (4).

24 (4) Section 11(f), as redesignated by section 3 of
25 this Act, is amended by striking out “Center for the
26 Utilization of Federal Technology” and inserting in

1 lieu thereof "Federal Laboratory Consortium for Tech-
2 nology Transfer".

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