# National Technology Transfer Center
## Training, Marketing and Economic Development

### FACSIMILE TRANSMISSION

Date: 3/10

To: NORMAN LATKER

Organization: _____

Telephone number: _____

FAX number: _____

Total number of pages _____ (including this cover sheet.)

Original mailed? _____ Yes ✓ No

From: JOE ALLEN

Please call immediately if the telecopy you received is incomplete or illegible.

Telephone number: 304/243-2535 FAX number: 304/243-2129

Thank you.

PLEASE LOOK OVER AND GIVE ME YOUR COMMENTS MONDAY MORNING. I HAVEN'T "WORDSMITHED" YET, BUT WOULD APPRECIATE ANY IDEAS. DOUG URGED THE USE OF PLAIN ENGLISH.

HAVE A GREAT WEEKEND!

Joe

# SUMMARY OF THE PROVISIONS OF THE TECHNOLOGY TRANSFER IMPROVEMENTS ACT OF 1995

The Act amends the Federal Technology Transfer Act of 1986 giving assurances to U.S. industry that sufficient rights to intellectual property resulting from collaborative agreements with federal laboratories will be granted to justify prompt commercialization of resulting discoveries. The bill also provides greater incentives to federal laboratory personnel to partner with industry to spur commercialization at a time that both U.S. industry and federal laboratories need to work closer together for their mutual benefit. Finally, the bill provides several clarifying amendments to strengthen the current law.

Summary

Section 3(b) Guarantees an industrial partner to a joint cooperative research and development agreement (CRADA) the option to select either an exclusive or non-exclusive license to the resulting invention. This option provides needed flexibility so that both one-to-one agreements and consortia can proceed rapidly under the Act. In the case of consortia exclusivity to one partner is not workable so appropriate intellectual property rights are provided to move the technology into commercialization. The important factor is that industry selects which option make the most sense under the CRADA.

Section 3(b)(1)(A) reiterates Government's right to use the invention for its legitimate needs, but stresses the obligation to protect from public disclosure any information classified as privileged or confidential under exemption 4 of the Freedom of Information Act. This is not an unreasonable burden on the Government, and is an important assurance to industry that their investments in the CRADA will be protected.

Section 3(b)(1)(B) provides where the laboratory assigns ownership (as opposed to a license) to the industry partner that licenses to others may be required if needed to satisfy public health, safety, regulatory, or the failure to meet the requirements of manufacturing resulting technologies in the U.S. This parallels similar provisions in the Bayh-Dole Act covering universities and non-profit organizations. This assures the public that their interests in the R&D are also being considered.

Section 3(b)(2)(A) clarifies current law which defining what contributions a laboratories can make in a CRADA. The words "facilities, equipment, intellectual property or other resources" are substituted for the current word "property" giving greater guidance to the agencies as to what contributions they can make to the agreement. The language does not change the current prohibition to providing federal funds to CRADAS.

Section 3(b)(2)(B) clarifies that agencies may use royalties to hire temporary personnel to assist in the CRADA or related projects. Currently many agencies face a cap on bringing on additional personnel because of federal downsizing. The current language will not affect downsizing, but allows the laboratories with sufficient royalty funds to bring in needed temporary staff to make partnerships under the Act successful. This in is accomplished without requiring any additional public funds.

Section 3(b)(2)C) simply restates the current provision allowing employees and former laboratory employees to work on the commercialization of their inventions under the Act.

Section 3(b)(3) is a new provision allowing the industry collaborator to own inventions made solely by their employees under a CRADA. The Government retains a government-use license as mentioned above. This is another important guarantee to industry that every effort will be made to smooth the way for prompt commercialization of resulting inventions, and recognizes that in this class of inventions the industry partner has made a significant prior investment warranting ownership.

Section 3(b)(4) enumerates how Government-owned, contractor-operated laboratories may use resulting royalties. A separate section for Government owned and operated laboratories follows. This provision makes these policies more consistent. Congress has been addressing this issue on a piece-meal basis (under the Bayh-Dole Act, the Federal Technology Transfer Act of 1986 and the Technology Transfer Competitiveness Act of 1989).

Section 4 responds to criticisms made by the General Accounting Office and witnesses in the hearing in the 103rd Congress that agencies are spending a disproportionate percentage of royalties on administration and not sufficiently rewarding laboratory personnel.

Sec 14(a)(1)(A)(i) now mandates that agencies <u>must</u> annually pay inventors at least 15% of the first $2,000 in royalties received by the agency for their inventions.

The Section also allows for the rewarding of other lab personnel involved in the project, permits agencies to pay for related administrative and legal costs, and provides a significant new incentive by allowing the laboratory to use royalties for related research in the laboratory. This is a very important incentive at a time of shrinking federal R&D budgets. This also benefits the U.S. public by allowing the laboratories to perform mission-related R&D without cost to the taxpayers.

# National Technology Transfer Center
## Training, Marketing and Economic Development

**FACSIMILE**
**TRANSMISSION**

Date: 3/13/95

To: Norman Latker

Organization: Brown + Nisnark

Telephone number:

FAX number: 202-737-3528

Total number of pages 4 (including this cover sheet.)

Original mailed? _____ Yes ✓ No

From: Joe Allen

Please call immediately if the telecopy you received is incomplete or illegible.

Telephone number: 304/243-2535 FAX number: 304/243-2129

Thank you.

Thanks for your help!

Joe

NATIONAL TECHNOLOGY TRANSFER CENTER
Wheeling *Jesuit* College/316 Washington Ave./Wheeling, WV 26003
(304) 243-2455 Fax (304) 243-2463

MARCH 13, 1995

TO: DOUG COMER

FROM: JOE ALLEN

SUBJECT: BRIEF DESCRIPTION OF MORELLA BILL

Attached is a brief section by section you requested. In looking over Jim Turner's comments and going over this one more time with Norman Latker, I would like to suggest 3 clarifications in the bill:

1. Page 3 of your most recent draft, "(b) Enumerated Authority" lines 8-10 could be clarified. We are talking about two different scenarios here-- one to one agreements and consortia. In trying to link them together in one sentence, we could be opening the way for confusion by agency lawyers. Suggest changing as follows:

"The laboratory shall ensure that the collaborating party has the option to choose an exclusive license for a field of use for any such invention under the agreement. However, in an agreement involving more than one collaborating party, the parties may choose other licensing rights which they determine are appropriate."

2. On page 5, line 5, strike "intellectual property." Jim questioned this insertion. This creates confusion with the Bayh-Dole Act which sets out a specific procedure for licensing already existing inventions. Including these words will confuse the situation.

3. On page 11, Section 5, line 13, strike "under this Act." Jim rightly questioned this language. We also need to insert "made by a federal employee and". The amended sentence would then read:

"If a Federal agency which has <u>ownership of or</u> the right of ownership to an invention <u>made by a federal employee and</u> does not intend to file ..."

The idea is to allow federal employees who make inventions under any provision of law to obtain ownership when the Government does not intend to pursue development of the invention. The current language restricts this to only inventions made under the Federal Technology Transfer Act which was not the intention.

Let me know if you have any questions. You can call me on (304) 243- 2130.

# SUMMARY OF THE PROVISIONS OF THE TECHNOLOGY TRANSFER IMPROVEMENTS ACT OF 1995

The Act amends the Federal Technology Transfer Act of 1986 giving assurances to U.S. industry that sufficient rights to intellectual property resulting from collaborative agreements with federal laboratories will be granted to justify prompt commercialization of resulting discoveries. The bill also provides important new incentives to federal laboratory personnel to partner with industry at a time that both need to work closer together for their mutual benefit. Finally, the bill provides several clarifying amendments to strengthen the current law.

Summary

Section 3(b) Guarantees an industrial partner to a joint cooperative research and development agreement (CRADA) the option to select either an exclusive or non-exclusive license to the resulting invention. This option provides needed flexibility so that both one-to-one agreements and consortia can proceed rapidly under the Act. In the case of consortia, exclusivity to one partner may not be appropriate, so other licensing scenarios are provided to move the technology into commercialization. The important factor is that industry selects which option makes the most sense under the CRADA.

Section 3(b)(1)(A) reiterates Government's right to use the invention for its legitimate needs, but stresses the obligation to protect from public disclosure any information classified as privileged or confidential under exemption 4 of the Freedom of Information Act. This is not an unreasonable burden on the Government, and is an important assurance to industry that their investments in the CRADA will be protected.

Section 3(b)(1)(B) provides when the laboratory assigns ownership or an exclusive license to the industry partner that licenses to others may be required if needed to satisfy public health, safety, regulatory, or the failure to manufacture resulting technologies in the U.S. This parallels similar provisions in the Bayh-Dole Act covering universities and non-profit organizations. This assures the public that their interests in the R&D are also being considered.

Section 3(b)(2)(A) clarifies current law defining what contributions laboratories can make in a CRADA. The words "facilities, equipment, or other resources" are substituted for the current word "property" giving greater guidance to the agencies as to what contributions they can make to the agreement. The language does not change the current prohibition on providing federal funds to CRADAS.

Section 3(b)(2)(B) clarifies that agencies may use royalties to hire temporary personnel to assist in the CRADA or related projects. Currently many agencies face a cap on bringing on additional personnel because of federal downsizing. The current language will not affect downsizing, but allows the laboratories with sufficient royalty funds to bring in needed temporary staff to make partnerships under the Act successful. This is accomplished without requiring any additional public funds.

Section 3(b)(2)C) simply restates the current provision allowing employees and former laboratory employees to work on the commercialization of their inventions under the Act.

Section 3(b)(3) is a new provision allowing the industry collaborator to own inventions made solely by their employees under a CRADA. The Government retains a government-use license as mentioned above. This is another important guarantee to industry that every effort will be made to smooth the way for prompt commercialization of resulting inventions, and recognizes that in this class of inventions the industrial partner has made a significant investment warranting ownership.

Section 3(b)(4) enumerates how Government-owned, contractor-operated laboratories may use resulting royalties. A separate section for Government-owned and operated laboratories follows. This provision makes these policies more consistent. Congress has been addressing this issue on a piece-meal basis (under the Bayh-Dole Act, the Federal Technology Transfer Act of 1986 and the Technology Transfer Competitiveness Act of 1989).

Section 4 responds to criticisms made by the General Accounting Office and witnesses in the hearing in the 103rd Congress that agencies are not sufficiently rewarding laboratory personnel.

Sec 14(a)(1)(A)(i) now mandates that agencies must annually pay inventors at least 15% of the first $2,000 in royalties received by the agency for the inventions made by the employee. The section also allows for rewarding other lab personnel involved in the project, permits agencies to pay for related administrative and legal costs, and provides a significant new incentive by allowing the laboratory to use royalties for related research in the laboratory. This is a very important incentive at a time of shrinking federal R&D budgets. The U.S. public also benefits because the laboratories could perform additional mission-related R&D without cost to the taxpayers.

Section 5 corrects confusion that has arisen in some agencies that whenever Government takes ownership of an employee's invention that it cannot subsequently waive ownership to inventions that it does not intend to pursue. The current amendment clarifies the original Congressional intent that rights to inventions should be given to employees when the agency is not pursuing them.

# National Technology Transfer Center
## Training, Marketing and Economic Development

### FACSIMILE TRANSMISSION

Date: 3/13

To: Norman Latker

Organization:

Telephone number:

FAX number: 202-737-3528

Total number of pages 12 (including this cover sheet.)

Original mailed? _____ Yes ✓ No

From: Joe Allen

Please call immediately if the telecopy you received is incomplete or illegible.

Telephone number: 304/243-2535 FAX number: 304/243-2129

Thank you.

Let's discuss tomorrow

Joe

304 243 2129 P.02

# [DRAFT TEXT]

MARCH 13, 1995

104TH CONGRESS
1ST SESSION

# H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mrs. MORELLA introduced the following bill; which was referred to the Committee on _____

# A BILL

To amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

**SECTION 1. SHORT TITLE.**

This Act may be cited as the "Technology Transfer Improvements Act of 1995".

SEC. 2. FINDINGS.

The Congress finds the following:

(1) Bringing technology and industrial innovation to the marketplace is central to the economic, environmental, and social well-being of the people of the United States.

(2) The Federal Government can help United States business to speed the development of new products and processes by entering into cooperative research and development agreements which make available the assistance of Federal laboratories to the private sector, but the commercialization of technology and industrial innovation in the United States depends upon actions by business.

(3) The commercialization of technology and industrial innovation in the United States will be enhanced if companies, in return for reasonable compensation to the Federal Government, can more easily obtain exclusive licenses to inventions which they develop jointly with scientists employed by Federal laboratories.

**SEC. 3. TITLE TO INTELLECTUAL PROPERTY ARISING FROM COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.**

Subsection (b) of section 12 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(b)) is amended to read as follows:

"(b) ENUMERATED AUTHORITY.—(1) Under an agreement entered into pursuant to subsection (a)(1), the laboratory may grant, or agree to grant in advance, to a collaborating party patent licenses or assignments, or options thereto, in any invention made in whole or in part by a laboratory employee under the agreement. The laboratory shall ensure that a collaborating party to an agreement under which such an invention is made has, at a minimum, the option to choose an exclusive license for a field of use in any such invention under the agreement. In consideration for the Government's contribution under the agreement, grants under this paragraph shall be subject to the following explicit conditions:

"(A) A nonexclusive, nontransferable, irrevocable, paid-up license from the collaborating party to the laboratory to practice the invention or have the invention practiced throughout the world by or on behalf of the Government. In the exercise of such license, the Government shall not publicly disclose trade secrets or commercial or financial information

that is privileged or confidential within the meaning of section 552(b)(4) of title 5, United States Code, or which would be considered as such if it had been obtained from a non-Federal party.

"(B) If a laboratory assigns title or grants an exclusive license to such an invention, the Government shall retain the right—

"(i) to require the collaborating party to grant to a responsible applicant a nonexclusive, partially exclusive, or exclusive license to use the invention in the applicant's licensed field of use, on terms that are reasonable under the circumstances; or

"(ii) if the collaborating party fails to grant such a license, to grant the license itself.

"(C) The Government shall exercise its right retained under subparagraph (B) only if the Government finds that—

"(i) the action is necessary to meet health or safety needs that are not reasonably satisfied by the collaborating party;

"(ii) the action is necessary to meet requirements for public use specified by Federal regulations, and such requirements are not reasonably satisfied by the collaborating party; or

"(iii) the collaborating party has failed to comply with an agreement containing provisions described in subsection (c)(4)(B).

"(2) Under an agreement entered into pursuant to subsection (a)(1), the collaborating party shall have the option to retain title to any invention made solely by an employee of the collaborating party.

"(3) Under an agreement entered into pursuant to subsection (a)(1), a laboratory may—

"(A) accept, retain, and use funds, personnel, services, and property, including intellectual property, from a collaborating party and provide personnel, services, and property, including intellectual property, to a collaborating party;

"(B) use funds received from a collaborating party in accordance with subparagraph (A) to hire personnel to carry out the agreement who will not be subject to full-time-equivalent restrictions of the agency; and

"(C) to the extent consistent with any applicable agency requirements or standards of conduct, permit an employee or former employee of the laboratory to participate in an effort to commercialize an invention made by the employee or former em-

ployee while in the employment or service of the Government.

"(4) A collaborating party in an exclusive license in any invention made under an agreement entered into pursuant to subsection (a)(1) shall have the right of enforcement under chapter 29 of title 35, United States Code.

"(5) A Government-owned, contractor-operated laboratory that enters into a cooperative research and development agreement pursuant to subsection (a)(1) may use or obligate royalties or other income accruing to the laboratory under such agreement with respect to any invention only—

"(A) for payments to inventors;

"(B) for a purposes described in clauses (i), (iii), and (iv) of section 14(a)(1)(B); and

"(C) for scientific research and development consistent with the research and development missions and objectives of the laboratory.".

**SEC. 4. DISTRIBUTION OF INCOME FROM INTELLECTUAL PROPERTY RECEIVED BY FEDERAL LABORATORIES.**

Section 14 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710c) is amended—

(1) by amending subsection (a)(1) to read as follows:

"(1) Except as provided in paragraphs (2) and (4), any royalties or other payments received by a Federal agency from the licensing and assignment of inventions under agreements entered into by Federal laboratories under section 12, and from the licensing of inventions of Government-operated laboratories under section 207 of title 35, United States Code, or under any other provision of law, shall be retained by the agency whose laboratory produced the invention and shall be disposed of as follows:

"(A)(i) The head of the agency or laboratory, or such individual's designee, shall pay each year the first $2,000, and thereafter at least 15 percent, of the royalties or other payments to the inventor or coinventors.

"(ii) An agency or laboratory may provide appropriate incentives, from royalties or other payments, to employees of a laboratory who contribute substantially to the technical development of licensed or assigned inventions between the time that the intellectual property rights to such inventions are legally asserted and the time of the licensing or assigning of the inventions.

"(iii) The agency or laboratory shall retain the royalties and other payments received from an invention until the agency or laboratory makes payments to employees of a laboratory under clause (i) or (ii).

"(B) The balance of the royalties or other payments shall be transferred by the agency to its laboratories, with the majority share of the royalties or other payments from any invention going to the laboratory where the invention occurred. The royalties or other payments so transferred to any laboratory may be used or obligated by that laboratory during the fiscal year in which they are received or during the succeeding fiscal year—

"(i) to reward scientific, engineering, and technical employees of the laboratory, including developers of sensitive or classified technology, regardless of whether the technology has commercial applications;

"(ii) to further scientific exchange among the laboratories of the agency;

"(iii) for education and training of employees consistent with the research and development missions and objectives of the

agency or laboratory, and for other activities that increase the potential for transfer of the technology of the laboratories of the agency;

"(iv) for payment of expenses incidental to the administration and licensing of intellectual property by the agency or laboratory with respect to inventions made at that laboratory, including the fees or other costs for the services of other agencies, persons, or organizations for intellectual property management and licensing services; or

"(v) for scientific research and development consistent with the research and development missions and objectives of the laboratory.

"(C) All royalties or other payments retained by the agency or laboratory after payments have been made pursuant to subparagraphs (A) and (B) that is unobligated and unexpended at the end of the fiscal year succeeding the fiscal year in which the royalties and other payments were received shall be paid into the Treasury.";

(2) in subsection (a)(2)—

(A) by inserting "or other payments" after "royalties"; and

(B) by striking "for the purposes described in clauses (i) through (iv) of paragraph (1)(B) during that fiscal year or the succeeding fiscal year" and inserting in lieu thereof "under paragraph (1)(B)";

(3) in subsection (a)(4)—

(A) by striking "income" each place it appears and inserting in lieu thereof "payments";

(B) by striking "the payment of royalties to inventors" in the first sentence thereof and inserting in lieu thereof "payments to inventors";

(C) by striking "clause (i) of paragraph (1)(B)" and inserting in lieu thereof "clause (iv) of paragraph (1)(B)";

(D) by striking "payment of the royalties," in the second sentence thereof and inserting in lieu thereof "offsetting the payments to inventors,"; and

(E) by striking "clauses (i) through (iv) of"; and

(4) by amending paragraph (1) of subsection (b) to read as follows:

"(1) by a contractor, grantee, or participant, or an employee of a contractor, grantee, or participant, in an agreement or other arrangement with the agency, or".

**SEC. 5. EMPLOYEE ACTIVITIES.**

Section 15(a) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710d(a)) is amended—

(1) by striking "to an invention";

(2) by inserting "to an invention made by a Federal employee" after "under this Act"; and

(3) by inserting "obtain or" after "the Government, to".

**SEC. 6. AMENDMENT TO BAYH-DOLE ACT.**

Section 210(e) of title 35, United States Code, is amended by striking ", as amended by the Federal Technology Transfer Act of 1986,".

# National Technology Transfer Center
## Training, Marketing and Economic Development

### FACSIMILE TRANSMISSION

Date: 3/8/95

To: Norm Lotker

Organization:

Telephone number:

FAX number: 202-737-3528

Total number of pages 12 (including this cover sheet.)

Original mailed? _____ Yes ✓ No

From: Joe Allen

Please call immediately if the telecopy you received is incomplete or illegible.

Telephone number: 304/243-2535 FAX number: 304/243-2129

Thank you.

Received from Jim Turner - see his comments - I also want to talk about something else. Please call (304) 243-2130

(DRAFT TEXT)
~~[DISCUSSION DRAFT]~~

~~DECEMBER 12, 1994~~
(MARCH 1, 1995)

104TH CONGRESS
1ST SESSION

# H. R. _____

IN THE HOUSE OF REPRESENTATIVES

Mrs. MORELLA introduced the following bill; which was referred to the Committee on _____

# A BILL

To amend the Stevenson-Wydler Technology Innovation Act of 1980 [to do what?]

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

SECTION 1. SHORT TITLE.

This Act may be cited as the "Technology Transfer Improvements Act of 1995".

SEC. 2. FINDINGS.

The Congress finds the following:

(1) Bringing technology and industrial innovation to the marketplace is central to the economic, environmental, and social well-being of [citizens of/ the people of] the United States.

(2) The [Federal] Government can help United States business to speed the development of new products and processes by entering into cooperative research and development agreements which make available the assistance of Federal laboratories to the private sector, but the commercialization of technology and industrial innovation in the United States depends upon actions by business.

(3) The commercialization of technology and industrial innovation in the United States will be enhanced if companies, in return for reasonable compensation to the [Federal] Government, can more easily obtain exclusive licenses to inventions which they develop jointly with [Federal laboratory scientists/scientists employed by Federal laboratories].

SEC. 3. TITLE TO INTELLECTUAL PROPERTY ARISING FROM COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.

Subsection (b) of section 12 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(b)) is amended to read as follows:

"(b) ENUMERATED AUTHORITY.—(1) Under ~~an~~ agreements ~~agreement~~ entered into pursuant to subsection (a)(1), of this section, a government-operated federal laboratory, and to the extent provided in an agency-approved work statement, a government-owned contractor-operated laboratory may grant, or agree to grant in advance, subject to subsection (c) of this section, to a collaborating party patent licenses or assignments, or options thereto, in any invention made in whole or in part by a Federal employee under the agreement. The laboratory shall ensure in the agreement that the collaborating party has, at a minimum, the option to choose either an exclusive license or a non-exclusive license for a field of use in any such invention under the agreement. In consideration for the Government's contribution under the agreement, the rights of the collaborating party in such licensed inventions shall be subject to the following explicit conditions:

However in an agreement involvement more than one collaborating parties, the ?

"(A) A nonexclusive, nontransferable, irrevocable, paid-up license from the collaborating party to the laboratory to practice the invention or have the invention practiced throughout the world by or on behalf of the Government. In the exercise of such license, the Government shall not publicly disclose trade secrets or commercial or financial information that is privileged or confidential within the meaning of section 552(b)(4) of title 5, United States Code, ~~or which would be considered as such if it had been obtained from a non-Federal party, which is obtained in the conduct of research or as a result of~~

~~activities under this Act from a non-Federal party participating in a cooperative research and development agreement or as a result of research and development activities conducted under this Act.~~

"(B) [In the event that/If] a laboratory assigns title or grants an exclusive license to such an invention, the right of the Government to require the collaborating party to grant to a responsible applicant a nonexclusive, partially exclusive, or exclusive license to use the invention in the applicant's licensed field of use, on terms that are reasonable under the circumstances, or if the collaborating party fails to grant such a license, to grant the license itself if the Government finds that—

"(i) the action is necessary to meet health or safety needs that are not reasonably satisfied by the collaborating party;

"(ii) the action is necessary to meet requirements for public use specified by Federal regulations, and such requirements are not reasonably satisfied by the collaborating party; or

"(iii) the collaborating party has failed to comply with the agreement implementing subsection (c)(4)(B).

"(2) Under an agreement entered into pursuant to subsection (a)(1), a laboratory may—

"(A) accept, retain, and use funds, personnel, services, and property from a collaborating party and provide personnel, services, and property to a collaborating party;

"(B) use funds received from a collaborating party in accordance with subparagraph (A) to hire personnel who will not be subject to full-time-equivalent restrictions of the agency;

"(C) to the extent consistent with any applicable agency requirements or standards of conduct, permit an employee or former employee of the laboratory to participate in an effort to commercialize an invention made by the employee or former employee while in the employment or service of the Government; and

"(D) grant to a collaborating party in an exclusive license in any invention made under the agreement the right of enforcement under chapter 29 of title 35, United States Code, as determined [by whom?] to be appropriate and in the public interest.

"(3) Under an agreement entered into pursuant to subsection (a)(1), the collaborating party shall have the option to retain title to any invention made solely by an

employee of the collaborating party, ~~except that the collaborating party may agree to waive such option. The collaborating party shall formally consider granting the Government a nonexclusive, nontransferable, irrevocable, paid-up license to practice the sole inventions of the collaborating party or to have the inventions practiced throughout the world for research purposes.~~

"(4) A Government-owned, contractor-operated laboratory that enters into a cooperative research and development agreement pursuant to subsection (a)(1) may use or obligate royalties or other income accruing to the laboratory under an agreement with respect to any invention only—

"(A) for payments to inventors;

"(B) for a purpose described in clauses (i), (ii), and (iv) of section 14(a)(1)(B); and

"(C) for scientific research and development consistent with the research and development mission and objective of the laboratory.".

SEC. 4. DISTRIBUTION OF INCOME FROM INTELLECTUAL PROPERTY RECEIVED BY FEDERAL LABORATORIES.

Section 14 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710c) is amended—

(1) in the heading, by striking "INCOME" and inserting "ROYALTIES";

*[Comment: The amendment made by paragraph (1) is unnecessary because the section heading currently contains the word "royalties" instead of "income".]*

(2) by amending subsection (a)(1) to read as follows:

"(1) Except as provided in paragraphs (2) and (4), any royalties or other payments received by a Federal agency from the licensing and assignment of inventions under agreements entered into by Federal laboratories under section 12, and from the licensing of inventions of Government-operated laboratories under section 207 of title 35, United States Code, or under any other provision of law, shall be retained by the agency whose laboratory produced the invention and shall be disposed of as follows:

"(A)(i) The head of the agency or laboratory or such individual's designee shall pay each year the first $2,000, and thereafter at least 15 percent, of the royalties or other payments to the inventor or coinventors, ~~if the inventor or each coinventor has assigned such inventor's or coinventor's rights in the invention to the United States.~~

"(ii) An agency or laboratory may provide appropriate incentives from royalties to employees of a laboratory who contribute substantially to the technical development of licensed or assigned intellectual property between the time that the intellectual property rights are legally asserted and the time of the licensing or assigning of the intellectual property rights.

"(iii) The agency or laboratory shall retain the income received from intellectual property until the agency or laboratory makes payments to employees of a laboratory under clause (i) or (ii).

"(B) The balance of the royalties or other payments shall be transferred by the agency to its laboratories, with the majority share of the royalties or other payments from any invention going to the laboratory where the invention occurred. The royalties or other payments so transferred to any such laboratory may be used or obligated by that laboratory during the fiscal year in which they are received or during the succeeding fiscal year—

"(i) for payment of expenses incidental to the administration and licensing of

intellectual property by the agency or laboratory with respect to intellectual property which originated at that laboratory, including the fees or other costs for the services of other agencies, persons, or organizations for intellectual property management and licensing services;

"(ii) to reward scientific, engineering, and technical employees of the laboratory, including developers of sensitive or classified technology, regardless of whether the technology has commercial applications;

"(iii) to further scientific exchange among the laboratories of the agency;

"(iv) for education and training of employees consistent with the research and development mission and objective of the agency or laboratory, and for other activities that increase the potential for transfer of the technology of the laboratories of the agency; or

"(v) for scientific research and development consistent with the research and development mission and objective of the laboratory.

"(C) All income retained by the agency or laboratory after payments have been made pursuant to subparagraphs (A) and (B) that is unobligated and unexpended at the end of the fiscal year succeeding the fiscal year in which the income was received shall be paid into the Treasury.";

(3) by inserting "or other payments" after "royalties" in subsection (a)(2);

(4) by striking "income" each place it appears in subsection (a)(4) and inserting "payments";

(5) by striking "the payment of royalties [to inventors]" in the first sentence of subsection (a)(4) and inserting "peyments to inventors";

(6) by striking "payment of the royalties," in the second sentence of subsection (a)(4) and inserting "offsetting the payments to inventors,";

*[Question: What is the intent of the amendment made by paragraph (6)?]*

(7) by amending paragraph (1) of subsection (b) to read as follows:

"(1) by a contractor, grantee, participant, or an employee [thereof/of a contractor, grantee, or participant], in an agreement or other arrangement with the agency, or"; and

(8) by amending paragraph (2) of subsection (b) to read as follows:

"(2) by an employee of the agency who was not required by any regulation to assign the invention to the agency at the time the invention was made,".

SEC. 5. EMPLOYEE ACTIVITIES.

Section 15(a) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710d(a)) is amended—

(1) by inserting "ownership of or" after "agency which has";

(2) by inserting "made by a Federal employee" after "under this Act"; and

(3) by inserting "obtain or" after "the Government to".

SEC. 6. AMENDMENT TO BAYH-DOLE ACT.

Section 210(e) of title 35, United States Code, is amended by inserting "and the Technology Transfer Improvements Act of 1995" after "Federal Technology Transfer Act of 1986".

Public Law 96-480, As Amended by Public Law 99-502 (October 20, 1986)

# An Act

To promote United States technological innovation for the achievement of national economic, environmental, and social goals, and for other 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 "Stevenson-Wydler Technology Innovation Act of 1980".

SEC. 2. FINDINGS.

The Congress finds and declares that:

(1) Technology and industrial innovation are central to the economic, environmental, and social well-being of citizens of the United States.

(2) Technology and industrial innovation offer an improved standard of living, increased public and private sector productivity, creation of new industries and employment opportunities, improved public services and enhanced competitiveness of United States products in world markets.

(3) Many new discoveries and advances in science occur in universities and Federal laboratories, while the application of this new knowledge to commercial and useful public purposes depends largely upon actions by business and labor. Cooperation among academia, Federal laboratories, labor, and industry, in such forms as technology transfer, personnel exchange, joint research projects, and others, should be renewed, expanded, and strengthened.

(4) Small businesses have performed an important role in advancing industrial and technological innovation.

(5) Industrial and technological innovation in the United States may be lagging when compared to historical patterns and other industrialized nations.

(6) Increased industrial and technological innovation would reduce trade deficits, stabilize the dollar, increase productivity gains, increase employment, and stabilize prices.

(7) Government antitrust, economic, trade, patent, procurement, regulatory, research and development, and tax policies have significant impacts upon industrial innovation and development of technology, but there is insufficient knowledge of their effects in particular sectors of the economy.

(8) No comprehensive national policy exists to enhance technological innovation for commercial and public purposes. There is a need for such a policy, including a strong national policy supporting domestic technology transfer and utilization of the science and technology resources of the Federal Government.

(9) It is in the national interest to promote the adaptation of technological innovations to State and local government uses. Technological innovations can improve services, reduce their costs, and increase productivity in State and local governments.

(10) The Federal laboratories and other performers of federally funded research and development frequently provide scientific and technological developments of potential use to State and local governments and private industry. These developments *, which include inventions, computer software, and training technologies,* should be made accessible to those governments and industry. There is a need to provide means of access and to give adequate personnel and funding support to these means.

(11) The Nation should give fuller recognition to individuals and companies which have made outstanding contributions to the promotion of technology or technological manpower for the improvement of the economic, environmental, or social well-being of the United States.

SEC. 3. PURPOSE.

It is the purpose of this Act to improve the economic, environmental, and social well-being of the United States by—

(1) establishing organizations in the executive branch to study and stimulate technology;

(2) promoting technology development through the establishment of ~~centers for industrial technology~~ *cooperative research centers*;

(3) stimulating improved utilization of federally funded technology developments, *including inventions, software, and training technologies,* by State and local governments and the private sector;

(4) providing encouragement for the development of technology through the recognition of individuals and companies which have made outstanding contributions in technology; and

(5) encouraging the exchange of scientific and technical personnel among academia, industry, and Federal laboratories.

SEC. 4. DEFINITIONS.

As used in this Act, unless the context otherwise requires, the term—

(1) "Office" means the Office of ~~Industrial Technology~~ *Productivity, Technology, and Innovation* established under section 5 of this Act.

(2) "Secretary" means the Secretary of Commerce.

(3) ~~"Director" means the Director of the Office of Industrial Technology~~ *'Assistant Secretary' means the Assistant Secretary for Productivity, Technology, and Innovation*, appointed pursuant to section 5 of this Act.

(4) "Centers" means the ~~Centers for Industrial Technology~~ *Cooperative Research Centers* established under section 6 or section 8 of this Act.

(5) "Nonprofit institution" means an organization owned and operated exclusively for scientific or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

~~(6) "Board" means the National Industrial Technology Board established pursuant to section 10.~~

*(6)* (7) "Federal laboratory" means any laboratory, any federally funded research and development center, or any center established under section 6 or section 8 of this Act that is ~~owned and funded~~ *owned, leased, or otherwise used by a Federal agency and funded* by the Federal Government, whether operated by the Government or by a contractor.

*(7)* (8) "Supporting agency" means either the Department of Commerce or the National Science Foundation, as appropriate.

*"(8) 'Federal agency' means any executive agency as defined in section 105 of title 5, United States Code, and the military departments as defined in section 102 of such title.*

*"(9) 'Invention' means any invention or discovery which is or may be patentable or otherwise protected under title 35, United States Code, or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.).*

*"(10) 'Made' when used in conjunction with any invention means the conception or first actual reduction to practice of such invention.*

*"(11) 'Small business firm' means a small business concern as defined in section 2 of Public Law 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration.*

(d) PLANNING GRANTS.—The Secretary is authorized to make available nonrenewable planning grants to universities or nonprofit institutions for the purpose of developing a plan required under subsection (c)(3).

~~(e) RESEARCH AND DEVELOPMENT UTILIZATION. (1) To promote technological innovation and commercialization of research and development efforts, each Center has the option of acquiring title to any invention conceived or made under the auspices of the Center that was supported at least in part by Federal funds: *Provided*, That—~~

~~(A) the Center reports the invention to the supporting agency together with a list of each country in which the Center elects to file a patent application on the invention;~~

~~(B) said option shall be exercised at the time of disclosure of invention or within such time thereafter as may be provided in the grant or cooperative agreement;~~

(C) the Center intends to promote the commercialization of the invention and file a United States patent application;

(D) royalties be used for compensation of the inventor or for educational or research activities of the Center;

(E) the Center make periodic reports to the supporting agency, and the supporting agency may treat information contained in such reports as privileged and confidential technical, commercial, and financial information and not subject to disclosures under the Freedom of Information Act; and

(F) any Federal department or agency shall have the royalty-free right to practice, or have practiced on its behalf, the invention for governmental purposes.

The supporting agency shall have the right to acquire title to any patent on an invention in any country in which the Center elects not to file a patent application or fails to file within a reasonable time.

(2) Where a Center has retained title to an invention under paragraph (1) of this subsection the supporting agency shall have the right to require the Center or its licensee to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants, upon terms that are reasonable under the circumstances, if the supporting agency determines, after public notice and opportunity for hearing, that such action is necessary—

(A) because the Center or licensee has not taken and is not expected to take timely and effective action to achieve practical application of the invention;

(B) to meet health, safety, environmental, or national security needs which are not reasonably satisfied by the contractor or licensee; or

(C) because the granting of exclusive rights in the invention has tended substantially to lessen competition or to result in undue market concentration in the United States in any line of commerce to which the technology relates.

~~(3) Any individual, partnership, corporation, association, institution, or other entity adversely affected by a supporting agency determination made under paragraph (2) of this subsection may, at any time within 60 days after the determination is issued, file a petition to the United States Court of Claims which shall have jurisdiction to determine that matter de novo and to affirm, reverse, or modify as appropriate, the determination of the supporting agency.~~

*(e) RESEARCH AND DEVELOPMENT UTILIZATION.—In the promotion of technology from research and development efforts by Centers under this section, chapter 18 of title 35, United States Code, shall apply to the extent not inconsistent with this section.*

~~(f) ADDITIONAL CONSIDERATION. The supporting agency may request the Attorney General's opinion whether the proposed joint research activities of a Center would violate any of the antitrust laws. The Attorney General shall advise the supporting agency of his determination and the reasons for it within 120 days after receipt of such request.~~

SEC. 7. GRANTS AND COOPERATIVE AGREEMENTS.

(a) IN GENERAL.—The Secretary may make grants and enter into cooperative agreements according to the provisions of this section in order to assist any activity consistent with this Act, including activities performed by individuals. The total amount of any such grant or cooperative agreement may not exceed 75 percent of the total cost of the program.

(b) ELIGIBILITY AND PROCEDURE.—Any person or institution may apply to the Secretary for a grant or cooperative agreement available under this section. Application shall be made in such form and manner, and with such content and other submissions, as the Director shall prescribe. The Secretary shall act upon each such application within 90 days after the date on which all required information is received.

Note: "Director" should have been replaced by"Assistan Secretary"-- see Section 4(3).

(c) TERMS AND CONDITIONS.—

(1) Any grant made, or cooperative agreement entered into, under this section shall be subject to the limitations and provisions set forth in paragraph (2) of this subsection, and to such other terms, conditions, and requirements as the Secretary deems necessary or appropriate.

(2) Any person who receives or utilizes any proceeds of any grant made or cooperative agreement entered into under this section shall keep such records as the Secretary shall by regulation prescribe as being necessary and appropriate to facilitate effective audit and evaluation, including records which fully disclose the amount and disposition by such recipient of such proceeds, the total cost of the program or project in connection with which such proceeds were used, and the amount, if any, of such costs which was provided through other sources.

SEC. 8. NATIONAL SCIENCE FOUNDATION ~~CENTERS FOR INDUSTRIAL TECHNOLOGY.~~ *COOPERATIVE RESEARCH CENTERS*.

(a) ESTABLISHMENT AND PROVISIONS.—The National Science Foundation shall provide assistance for the establishment of ~~Centers for Industrial Technology.~~ *Cooperative Research Centers*.

Such Centers shall be affiliated with a university, or other nonprofit institution, or a group thereof. The objective of the Centers is to enhance technological innovation as provided in section 6(a) through the conduct of activities as provided in section 6(b). ~~The provisions of sections 6(c) and 6(f) shall apply to Centers established under this section.~~

(b) PLANNING GRANTS.—The National Science Foundation is authorized to make available nonrenewable planning grants to universities or nonprofit institutions for the purpose of developing the plan, as described under section 6(c)(3).

(c) TERMS AND CONDITIONS.—Grants, contracts, and cooperative agreements entered into by the National Science Foundation in execution of the powers and duties of the National Science Foundation under this Act shall be governed by the National Science Foundation Act of 1950 and other pertinent Acts.

SEC. 9. ADMINISTRATIVE ARRANGEMENTS.

(a) COORDINATION.—The Secretary and the National Science Foundation shall, on a continuing basis, obtain the advice and cooperation of departments and agencies whose missions contribute to or are affected by the programs established under this Act, including the development of an agenda for research and policy experimentation. These departments and agencies shall include but not be limited to the Departments of Defense, Energy, Education, Health and Human Services, Housing and Urban Development, the Environmental Protection Agency, National Aeronautics and Space Administration, Small Business Administration, Council of Economic Advisers, Council on Environmental Quality, and Office of Science and Technology Policy.

(b) COOPERATION.—It is the sense of the Congress that departments and agencies, including the Federal laboratories, whose missions are affected by, or could contribute to, the programs established under this Act, should, within the limits of budgetary authorizations and appropriations, support or participate in activities or projects authorized by this Act.

(c) ADMINISTRATIVE AUTHORIZATION.—

(1) Departments and agencies described in subsection (b) are authorized to participate in, contribute to, and serve as resources for the Centers and for any other activities authorized under this Act.

(2) The Secretary and the National Science Foundation are authorized to receive moneys and to receive other forms of assistance from other departments or agencies to support activities of the Centers and any other activities authorized under this Act.

(d) COOPERATIVE EFFORTS.—The Secretary and the National Science Foundation shall, on a continuing basis, provide each other the opportunity to comment on any proposed program of activity under section 6, 8, ~~or 13~~ *10, 14, or 16* of this Act before funds are committed to such program in order to mount complementary efforts and avoid duplication.

~~SEC. 10. NATIONAL INDUSTRIAL TECHNOLOGY BOARD.~~

~~(a) ESTABLISHMENT.—There shall be established a committee to be known as the National Industrial Technology Board.~~

~~(b) DUTIES.—The Board shall take such steps as may be necessary to review annually the activities of the Office and advise the Secretary and the Director with respect to—~~

~~(1) the formulation and conduct of activities under section 5 of this title;~~

~~(2) the designation and operation of Centers and their programs under section 6 of this Act including assistance in establishing priorities;~~

~~(3) the preparation of the report required under section 5(d); and~~

~~(4) such other matters as the Secretary or Director refers to the Board, including the establishment of Centers under section 8 of this Act, for review and advice.~~

~~The Director shall make available to the Board such information, personnel, and administrative services and assistance as it may reasonably require to carry out its duties. The National Science Foundation shall make available to the Board such information and assistance as it may reasonably require to carry out its duties.~~

~~(c) MEMBERSHIP, TERMS, AND POWERS.—~~

~~(1) The Board shall consist of 15 voting members who shall be appointed by the Secretary. The Director shall serve as a nonvoting member of the Board. The members of the Board shall be individuals who, by reason of knowledge, experience, or training are especially qualified in one or more of the disciplines and fields dealing with technology, labor, and industrial innovation or who are affected by technological innovation. The majority of the members of the Board shall be individuals from industry and business.~~

~~(2) The term of office of a voting member of the Board shall be 3 years, except that of the original appointees, five shall be appointed for a term of 1 year, five shall be appointed for a term of 2 years, and five shall be appointed for a term of 3 years.~~

~~(3) Any individual appointed to fill a vacancy occurring before the expiration of the term for which his or her predecessor was appointed shall be appointed only for the remainder of such term. No individual may be appointed as a voting member after serving more than two full terms as such a member.~~

~~(4) The Board shall select a voting member to serve as the Chairperson and another voting member to serve as the Vice Chairperson. The Vice Chairperson shall perform the functions of the Chairperson in the absence or incapacity of the Chairperson.~~

~~(5) Voting members of the Board may receive compensation at a daily rate for GS–18 of the General Schedule under section 5332 of title 5, United States Code, when actually engaged in the performance of duties for such Board, and may be reimbursed for actual and reasonable expenses incurred in the performance of such duties.~~

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SEC. ~~11.~~ UTILIZATION OF FEDERAL TECHNOLOGY.

(a) POLICY.—*(1)* It is the continuing responsibility of the Federal Government to ensure the full use of the results of the Nation's Federal investment in research and development. To this end the Federal Government shall strive where appropriate to transfer federally owned or originated technology to State and local governments and to the private sector.

*(2) Technology transfer, consistent with mission responsibilities, is a responsibility of each laboratory science and engineering professional.*

*(3) Each laboratory director shall ensure that efforts to transfer technology are considered positively in laboratory job descriptions, employee promotion policies, and evaluation of the job performance of scientists and engineers in the laboratory.*

(b) ESTABLISHMENT OF RESEARCH AND TECHNOLOGY APPLICATIONS OFFICES.—Each Federal laboratory shall establish an Office of Research and Technology Applications. Laboratories having existing organizational structures which perform the functions of this section may elect to combine the Office of Research and Technology Applications within the existing organization. The staffing and funding levels for these offices shall be determined between each Federal laboratory and the Federal agency operating or directing the laboratory, except that (1) each laboratory having ~~a total annual budget exceeding $20,000,000 shall provide at least one professional individual full time~~ *200 or more full-time equivalent scientific, engineering, and related technical positions shall provide one or more full-time equivalent positions* as staff for its Office of Research and Technology Applications, and (2) after September 30, 1981, each Federal agency which operates or directs one or more Federal laboratories shall make available not less than 0.5 percent of the agency's research and development budget to support the technology transfer function at the agency and at its laboratories, including support of the Offices of Research and Technology Applications.

*Furthermore, individuals filling positions in an Office of Research and Technology Applications shall be included in the overall laboratory/agency management development program so as to ensure that highly competent technical managers are full participants in the technology transfer process.*

The agency head may waive the ~~requirements set forth in (1) and/or (2) of this subsection.~~ *requirement set forth in clause (2) of the preceding sentence.* If the agency head waives ~~either requirement (1) or (2),~~ *such requirement,* the agency head shall submit to Congress at the time the President submits the budget to Congress an explanation of the reasons for the waiver and alternate plans for conducting the technology transfer function at the agency.

(c) FUNCTIONS OF RESEARCH AND TECHNOLOGY APPLICATIONS OFFICES.—It shall be the function of each Office of Research and Technology Applications—

~~(1) to prepare an application assessment of each research and development project in which that laboratory is engaged which has potential for successful application in State or local government or in private industry;~~

*(1) to prepare application assessments for selected research and development projects in which that laboratory is engaged and which in the opinion of the laboratory may have potential commercial applications;*

(2) to provide and disseminate information on federally owned or originated products, processes, and services having potential application to State and local governments and to private industry;

(3) to cooperate with and assist the ~~Center for the Utilization of Federal Technology~~ *National Technical Information Service, the Federal Laboratory Consortium for Technology Transfer,* and other organizations which link the research and development resources of that laboratory and the Federal Government as a whole to potential users in State and local government and private industry; ~~and~~

(4) to provide technical assistance ~~in response to requests from State and local government officials.~~ *to State and local government officials; and*

*"(5) to participate, where feasible, in regional, State, and local programs designed to facilitate or stimulate the transfer of technology for the benefit of the region, State, or local jurisdiction in which the Federal laboratory is located.*

Agencies which have established organizational structures outside their Federal laboratories which have as their principal purpose the transfer of federally owned or originated technology to State and local government and to the private sector may elect to perform the functions of this subsection in such organizational structures. No Office of Research and Technology Applications or other organizational structures performing the functions of this subsection shall substantially compete with similar services available in the private sector.

~~(d) CENTER FOR THE UTILIZATION OF FEDERAL TECHNOLOGY.—There is hereby established in the Department of Commerce a Center for the Utilization of Federal Technology. The Center for the Utilization of Federal Technology shall—~~

*(d) DISSEMINATION OF TECHNICAL INFORMATION.—The National Technical Information Service shall—*

(1) serve as a central clearinghouse for the collection, dissemination and transfer of information on federally owned or originated technologies having potential application to State and local governments and to private industry;

~~(2) coordinate the activities of the Offices of Research and Technology Applications of the Federal laboratories;~~

*(2)* ~~(3)~~ utilize the expertise and services of the National Science Foundation and the ~~existing~~ Federal Laboratory Consortium for Technology Transfer; particularly in dealing with State and local governments;

~~(4) receive requests for technical assistance from State and local governments and refer these requests to the appropriate Federal laboratories;~~

*"(3) receive requests for technical assistance from State and local governments, respond to such requests with published information available to the Service, and refer such requests to the Federal Laboratory Consortium for Technology Transfer to the extent that such requests require a response involving more than the published information available to the Service;*

*(4)* ~~(5)~~ provide funding, at the discretion of the Secretary, for Federal laboratories to provide the assistance specified in subsection ~~(c)(4)~~; *(c)(3)* and

*(5)* ~~(6)~~ use appropriate technology transfer mechanisms such as personnel exchanges and computer-based systems.

*"(e) ESTABLISHMENT OF FEDERAL LABORATORY CONSORTIUM FOR TECHNOLOGY TRANSFER.—(1) There is hereby established the Federal Laboratory Consortium for Technology Transfer (hereinafter referred to as the 'Consortium') which, in cooperation with Federal laboratories and the private sector, shall—*

*"(A) develop and (with the consent of the Federal laboratory concerned) administer techniques, training courses, and materials concerning technology transfer to increase the awareness of Federal laboratory employees regarding the commercial potential of laboratory technology and innovations;*

*"(B) furnish advice and assistance requested by Federal agencies and laboratories for use in their technology transfer programs (including the planning of seminars for small business and other industry);*

*"(C) provide a clearinghouse for requests, received at the laboratory level, for technical assistance from States and units of local governments, businesses, industrial development organizations, not-for-profit organizations including universities, Federal agencies and laboratories, and other persons, and—*

*"(i) to the extent that such requests can be responded to with published information available to the National Technical Information Service, refer such requests to that Service, and*

*"(ii) otherwise refer these requests to the appropriate Federal laboratories and agencies;*

*"(D) facilitate communication and coordination between Offices of Research and Technology Applications of Federal laboratories;*

*"(E) utilize (with the consent of the agency involved) the expertise and services of the National Science Foundation, the Department of Commerce, the National Aeronautics and Space Administration, and other Federal agencies, as necessary;*

*"(F) with the consent of any Federal laboratory, facilitate the use by such laboratory of appropriate technology transfer mechanisms such as personnel exchanges and computer-based systems;*

*"(G) with the consent of any Federal laboratory, assist such laboratory to establish programs using technical volunteers to provide technical assistance to communities related to such laboratory;*

*"(H) facilitate communication and cooperation between Offices of Research and Technology Applications of Federal laboratories and regional, State, and local technology transfer organizations;*

*"(I) when requested, assist colleges or universities, businesses, nonprofit organizations, State or local governments, or regional organizations to establish programs to stimulate research and to encourage technology transfer in such areas as technology program development, curriculum design, long-term research planning, personnel needs projections, and productivity assessments; and*

*"(J) seek advice in each Federal laboratory consortium region from representatives of State and local governments, large and small business, universities, and other appropriate persons on the effectiveness of the program (and any such advice shall be provided at no expense to the Government).*

*"(2) The membership of the Consortium shall consist of the Federal laboratories described in clause (1) of subsection (b) and such other laboratories as may choose to join the Consortium. The representatives to the Consortium shall include a senior staff member of each Federal laboratory which is a member of the Consortium and a representative appointed from each Federal agency with one or more member laboratories.*

*"(3) The representatives to the Consortium shall elect a Chairman of the Consortium.*

*"(4) The Director of the National Bureau of Standards shall provide the Consortium, on a reimbursable basis, with administrative services, such as office space, personnel, and support services of the Bureau, as requested by the Consortium and approved by such Director.*

*"(5) Each Federal laboratory or agency shall transfer technology directly to users or representatives of users, and shall not transfer technology directly to the Consortium. Each Federal laboratory shall conduct and transfer technology only in accordance with the practices and policies of the Federal agency which owns, leases, or otherwise uses such Federal laboratory.*

*"(6) Not later than one year after the date of the enactment of this subsection, and every year thereafter, the Chairman of the Consortium shall submit a report to the President, to the appropriate authorization and appropriation committees of both Houses of the Congress, and to each agency with respect to which a transfer of funding is made (for the fiscal year or years involved) under paragraph (7), concerning the activities of the Consortium and the expenditures made by it under this subsection during the year for which the report is made.*

*"(7)(A) Subject to subparagraph (B), and amount equal to 0.005 percent of that portion of the research and development budget of each Federal agency that is to be utilized by the laboratories of such agency for a fiscal year referred to in subparagraph (B)(ii) shall be transferred by such agency to the National Bureau of Standards at the beginning of the fiscal year involved. Amounts so transferred shall be provided by the Bureau to the Consortium for the purpose of carrying out activities of the Consortium under this subsection.*

*"(B) A transfer shall be made by any Federal agency under subparagraph (A), for any fiscal year, only if—*

*"(i) the amount so transferred by that agency (as determined under such subparagraph) would exceed $10,000; and*

*"(ii) such transfer is made with respect to the fiscal year 1987, 1988, 1989, 1990, or 1991.*

*"(C) The heads of Federal agencies and their designees, and the directors of Federal laboratories, may provide such additional support for operations of the Consortium as they deem appropriate.*

*"(8) (A) The Consortium shall use 5 percent of the funds provided in paragraph (7)(A) to establish demonstration projects in technology transfer. To carry out such projects, the Consortium may arrange for grants or awards to, or enter into agreements with, nonprofit State, local, or private organizations or entities whose primary purposes are to facilitate cooperative research between the Federal laboratories and organizations not associated with the Federal laboratories, to transfer technology from the Federal laboratories, and to advance State and local economic activity.*

*"(B) The demonstration projects established under subparagraph (A) shall serve as model programs. Such projects shall be designed to develop programs and mechanisms for technology transfer from the Federal laboratories which may be utilized by the States and which will enhance Federal, State and local programs for the transfer of technology.*

*"(C) Application for such grants, awards, or agreements shall be in such form and contain such information as the Consortium or its designee shall specify.*

*"(D) Any person who receives or utilizes any proceeds of a grant or award made, or agreement entered into, under this paragraph shall keep such records as the Consortium or its designee shall determine are necessary and appropriate to facilitate effective audit and evaluation, including records which fully disclose the amount and disposition of such proceeds and the total cost of the project in connection with which such proceeds were used.*

*(f)* ~~(e)~~ AGENCY REPORTING.—Each Federal agency which operates or directs one or more Federal laboratories shall ~~prepare biennially a report summarizing the activities~~ *report annually to the Congress, as part of the agency's annual budget submission, on the activities* performed by that agency and its Federal laboratories pursuant to the provisions of this section. ~~The report shall be transmitted to the Center for the Utilization of Federal Technology by November 1 of each year in which it is due.~~

*(g) FUNCTIONS OF THE SECRETARY.—(1) The Secretary, in consultation with other Federal agencies, may—*

*"(A) make available to interested agencies the expertise of the Department of Commerce regarding the commercial potential of inventions and methods and options for commercialization which are available to the Federal laboratories, including research and development limited partnerships;*

*"(B) develop and disseminate to appropriate agency and laboratory personnel model provisions for use on a voluntary basis in cooperative research and development arrangements; and*

*"(C) furnish advice and assistance, upon request, to Federal agencies concerning their cooperative research and development programs and projects.*

*"(2) Two years after the date of the enactment of this subsection and every two years thereafter, the Secretary shall submit a summary report to the President and the Congress on the use by the agencies and the Secretary of the authorities specified in this Act. Other Federal agencies shall cooperate in the report's preparation.*

*"(3) Not later than one year after the date of the enactment of the Federal Technology Transfer Act of 1986, the Secretary shall submit to the President and the Congress a report regarding—*

*"(A) any copyright provisions or other types of barriers which tend to restrict or limit the transfer of federally funded computer software to the private sector and to State and local governments, and agencies of such State and local governments; and*

*"(B) the feasibility and cost of compiling and maintaining a current and comprehensive inventory of all federally funded training software.*

*11*

*"SEC. ~~12~~ COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.*

*"(a) GENERAL AUTHORITY.—Each Federal agency may permit the director of any of its Government-operated Federal laboratories—*

*"(1) to enter into cooperative research and development agreements on behalf of such agency (subject to subsection (c) of this section) with other Federal agencies; units of State or local government; industrial organizations (including corporations, partnerships, and limited partnerships, and industrial development organizations); public and private foundations; nonprofit organizations (including universities); or other persons (including licensees of inventions owned by the Federal agency); and*

*"(2) to negotiate licensing agreements under section 207 of title 35, United States Code, or under other authorities for Government-owned inventions made at the laboratory and other inventions of Federal employees that may be voluntarily assigned to the Government.*

*"(b) ENUMERATED AUTHORITY.—Under agreements entered into pursuant to subsection (a)(1), a Government-operated Federal laboratory may (subject to subsection (c) of this section)—*

*"(1) accept, retain, and use funds, personnel, services, and property from collaborating parties and provide personnel, services, and property to collaborating parties;*

*"(2) grant or agree to grant in advance, to a collaborating party, patent licenses or assignments, or options thereto, in any invention made in whole or in part by a Federal employee under the agreement, retaining a nonexclusive, nontransferrable, irrevocable, paid-up license to practice the invention or have the invention practiced throughout the world by or on behalf of the Government and such other rights as the Federal laboratory deems appropriate; and*

*"(3) waive, subject to reservation by the Government of a nonexclusive, irrevocable, paid-up license to practice the invention or have the invention practiced throughout the world by or on behalf of the Government, in advance, in whole or in part, any right of ownership which the Federal Government may have to any subject invention made under the agreement by a collaborating party or employee of a collaborating party; and*

*"(4) to the extent consistent with any applicable agency requirements and standards of conduct, permit employees or former employees of the laboratory to participate in efforts to commercialize inventions they made while in the service of the United States.*

*"(c) CONTRACT CONSIDERATIONS.—(1) A Federal agency may issue regulations on suitable procedures for implementing the provisions of this section; however, implementation of this section shall not be delayed until issuance of such regulations.*

*"(2) The agency in permitting a Federal laboratory to enter into agreements under this section shall be guided by the purposes of this Act.*

*"(3)(A) Any agency using the authority given it under subsection (a) shall review employee standards of conduct for resolving potential conflicts of interest to make sure they adequately establish guidelines for situations likely to arise through the use of this authority, including but not limited to cases where present or former employees or their partners negotiate licenses or assignments of titles to inventions or negotiate cooperative research and development agreements with federal agencies (including the agency with which the employee involved is or was formerly employed).*

*"(B) If, in implementing subparagraph (A), an agency is unable to resolve potential conflicts of interest within its current statutory framework, it shall propose necessary statutory changes to be forwarded to its authorizing committees in Congress.*

*"(4) The laboratory director in deciding what cooperative research and development agreements to enter into shall—*

*"(A) give special consideration to small business firms, and consortia involving small business firms; and*

*"(B) give preference to business units located in the United States which agree that products embodying inventions made under the cooperative research and development agreement or produced through the use of such inventions will be manufactured substantially in the United States and, in the case of any industrial organization or other person subject to the control of a foreign company or government, as appropriate, take into consideration whether or not such foreign government permits United States agencies, organizations, or other persons to enter into cooperative research and development agreements and licensing agreements.*

*"(5)(A) If the head of the agency or his designee desires an opportunity to disapprove or require the modification of any such agreement, the agreement shall provide a 30-day period within which such action must be taken beginning on the date the agreement is presented to him or her by the head of the laboratory concerned.*

*"(B) In any case in which the head of an agency or his designee disapproves or requires the modification of an agreement presented under this section, the head of the agency or such designee shall transmit a written explanation of such disapproval or modification to the head of the laboratory concerned.*

*"(6) Each agency shall maintain a record of all agreements entered into under this section.*

*"(d) DEFINITION.—As used in this section—*

*"(1) the term 'cooperative research and development agreement' means any agreement between one or more Federal laboratories and one or more non-Federal parties under which the Government, through its laboratories, provides personnel, services, facilities, equipment, or other resources with or without reimbursement (but not funds to non-Federal parties) and the non-Federal parties provide funds, personnel, services, facilities, equipment, or other resources toward the conduct of specified research or development efforts which are consistent with the missions of the laboratory; except that such term does not include a procurement contract or cooperative agreement as those terms are used in sections 6303, 6304, and 6305 of title 31, United States Code; and*

*"(2) the term 'laboratory' means a facility or group of facilities owned, leased, or otherwise used by a Federal agency, a substantial purpose of which is the performance of research, development, or engineering by employees of the Federal Government.*

*"(e) DETERMINATION OF LABORATORY MISSIONS.—For purposes of this section, an agency shall make separate determinations of the mission or missions of each of its laboratories.*

*"(f) RELATIONSHIP TO OTHER LAWS.—Nothing in this section is intended to limit or diminish existing authorities of any agency.*

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"SEC. ~~12.~~ *REWARDS FOR SCIENTIFIC, ENGINEERING, AND TECHNICAL PERSONNEL OF FEDERAL AGENCIES.*

*"The head of each Federal agency that is making expenditures at a rate of more than $50,000,000 per fiscal year for research and development in its Government-operated laboratories shall use the approriate statutory authority to develop and implement a cash awards program to reward its scientific, engineering, and technical personnel for—*

*"(1) inventions, innovations, or other outstanding scientific or technological contributions of value to the United States due to commercial applications or due to contributions to missions of the Federal agency or the Federal Government, or*

*"(2) exemplary activities that promote the domestic transfer of science and technology development within the Federal Government and result in utilization of such science and technology by American industry or business, universities, State or local governments, or other non-Federal parties.*

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"SEC. ~~14.~~ *DISTRIBUTION OF ROYALTIES RECEIVED BY FEDERAL AGENCIES.*

*"(a) IN GENERAL.—(1) Except as provided in paragraphs (2) and (4), any royalties or other income received by a Federal agency from the licensing or assignment of inventions under agreements entered into under* section 11 ~~section 12,~~ *and inventions of Government-operated Federal laboratories licensed under section 207 of title 35, United States Code, or under any other provision of law, shall be retained by the agency whose laboratory produced the invention and shall be disposed of as follows:*

*"(A)(i) The head of the agency or his designee shall pay at least 15 percent of the royalties or other income the agency receives on account of any invention to the inventor (or co-inventors) if the inventor (or each such co-inventor) was an employee of the agency at the time the invention was made. This clause shall take effect on the date of the enactment of this section unless the agency publishes a notice in the Federal Register within 90 days of such date indicating its election to file a Notice of Proposed Rulemaking pursuant to clause (ii).*

*"(ii) An agency may promulgate, in accordance with section 553 of title 5, United States Code, regulations providing for an alternative program for sharing royalties with inventors who were employed by the agency at the time the invention was made and whose names appear on licensed inventions. Such regulations must—*

*"(I) guarantee a fixed minimum payment to each such inventor, each year that the agency receives royalties from that inventor's invention;*

*"(II) provide a percentage royalty share to each such inventor, each year that the agency receives royalties from that inventor's invention in excess of a threshold amount;*

*"(III) provide that total payments to all such inventors shall exceed 15 percent of total agency royalties in any given fiscal year; and*

*"(IV) provide appropriate incentives from royalties for those laboratory employees who contribute substantially to the technical development of a licensed invention between the time of the filing of the patent application and the licensing of the invention.*

*"(iii) An agency that has published its intention to promulgate regulations under clause (ii) may elect not to pay inventors under clause (i) until the expiration of two years after the date of the enactment of this Act or until the date of the promulgation of such regulations, whichever is earlier. If an agency makes such an election and after two years the regulations have not been promulgated, the agency shall make payments (in accordance with clause (i)) of at least 15 percent of the royalties involved, retroactive to the date of the enactment of this Act. If promulgation of the regulations occurs within two years after the date of the enactment of this Act, payments shall be made in accordance with such regulations, retroactive to the date of the enactment of this Act. The agency shall retain its royalties until the inventor's portion is paid under either clause (i) or (ii). Such royalties shall not be transferred to the agency's Government-operated laboratories under subparagraph (B) and shall not revert to the Treasury pursuant to paragraph (2) as a result of any delay caused by rulemaking under this subparagraph.*

*"(B) The balance of the royalties or other income shall be transferred by the agency to its Government-operated laboratories, with the majority share of the royalties or other income from any invention going to the laboratory where the invention occurred; and the funds so transferred to any such laboratory may be used or obligated by that laboratory during the fiscal year in which they are received or during the succeeding fiscal year—*

*"(i) for payment of expenses incidental to the administration and licensing of inventions by that laboratory or by the agency with respect to inventions which occurred at that laboratory, including the fees or other costs for the services of other agencies, persons, or organizations for invention management and licensing services;*

*"(ii) to reward scientific, engineering, and technical employees of that laboratory;*

*"(iii) to further scientific exchange among the government-operated laboratories of the agency; or*

*"(iv) for education and training of employees consistent with the research and development mission and objectives of the agency, and for other activities that increase the licensing potential for transfer of the technology of the Government-operated laboratories of the agency.*

*Any of such funds not so used or obligated by the end of the fiscal year succeeding the fiscal year in which they are received shall be paid into the Treasury of the United States.*

*"(2) If, after payments to inventors under paragraph (1), the royalties received by an agency in any fiscal year exceed 5 percent of the budget of the Government-operated laboratories of the agency for that year, 75 percent of such excess shall be paid to the Treasury of the United States and the remaining 25 percent may be used or obligated for the purposes described in clauses (i) through (iv) of paragraph (1)(B) during that fiscal year or the succeeding fiscal year. Any funds not so used or obligated shall be paid into the Treasury of the United States.*

*"(3) Any payment made to an employee under this section shall be in addition to the regular pay of the employee and to any other awards made to the employee, and shall not affect the entitlement of the employee to any regular pay, annuity, or award to which he is otherwise entitled or for which he is otherwise eligible or limit the amount thereof. Any payment made to an inventor as such shall continue after the inventor leaves the laboratory or agency. Payments made under this section shall not exceed $100,000 per year to any one person, unless the President approves a larger award (with the excess over $100,000 being treated as a Presidential award under section 4504 of title 5, United States Code).*

*"(4) A Federal agency receiving royalties or other income as a result of invention management services performed for another Federal agency or laboratory under section 207 of title 35, United States Code, shall retain such royalties or income to the extent required to offset the payment of royalties to inventors under clause (i) of paragraph (1)(A), costs and expenses incurred under clause (i) of paragraph (1)(B), and the cost of foreign patenting and maintenance for such invention performed at the request of the other agency or laboratory. All royalties and other income remaining after payment of the royalties, costs, and expenses described in the preceding sentence shall be transferred to the agency for which the services were performed, for distribution in accordance with clauses (i) through (iv) of paragraph (1)(B).*

*"(b) CERTAIN ASSIGMENTS.—If the invention involved was one assigned to the Federal agency—*

*"(1) by a contractor, grantee, or participant in a cooperative agreement with the agency, or*

*"(2) by an employee of the agency who was not working in the laboratory at the time the invention was made.*

*the agency unit that was involved in such assignment shall be considered to be a laboratory for purposes of this section.*

*"(c) REPORTS.—(1) In making their annual budget submissions Federal agencies shall submit, to the appropriate authorization and appropriation committees of both Houses of the Congress, summaries of the amount of royalties or other income received and expenditures made (including inventor awards) under this section.*

*"(2) The Comptroller General, five years after the date of the enactment of this section, shall review the effectiveness of the various royalty-sharing programs established under this section and report to the appropriate committees of the House of Representatives and the Senate, in a timely manner, his findings, conclusions, and recommendations for improvements in such programs.*

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*"SEC. ~~14.~~ EMPLOYEE ACTIVITIES.*

*"(a) IN GENERAL.—If a Federal agency which has the right of ownership to an invention under this Act does not intend to file for a patent application or otherwise to promote commercialization of such invention, the agency shall allow the inventor, if the inventor is a Government employee or former employee who made the invention during the course of employment with the Government, to ~~retain~~ title to the invention (subject to reservation by the Government of a nonexclusive, nontransferrable, irrevocable, paid-up license to practice the invention or have the invention practiced throughout the world by or on behalf of the Government). In addition, the agency may condition the inventor's right to title on the timely filing of a patent application in cases when the Government determines that it has or may have a need to practice the invention.*

*"(b) DEFINITION.—For purposes of this section, Federal employees include 'special Government employees' as defined in section 202 of title 18, United States Code.*

*"(c) RELATIONSHIP TO OTHER LAWS.—Nothing in this section is intended to limit or diminish existing authorities of any agency.*

ownership or
made by or federal employee
obtain or retain

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SEC. ~~12.~~ NATIONAL TECHNOLOGY MEDAL.

(a) ESTABLISHMENT.—There is hereby established a National Technology Medal, which shall be of such design and materials and bear such inscriptions as the President, on the basis of recommendations submitted by the Office of Science and Technology Policy, may prescribe.

(b) AWARD.—The President shall periodically award the medal, on the basis of recommendations received from the Secretary or on the basis of such other information and evidence as he deems appropriate, to individuals or companies, which in his judgment are deserving of special recognition by reason of their outstanding contributions to the promotion of technology or technological manpower for the improvement of the economic, environmental, or social well-being of the United States.

(c) PRESENTATION.—The presentation of the award shall be made by the President with such ceremonies as he may deem proper.

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SEC. ~~13.~~ PERSONNEL EXCHANGES.

The Secretary and the National Science Foundation, jointly, shall establish a program to foster the exchange of scientific and technical personnel among academia, industry, and Federal laboratories. Such program shall include both (1) federally supported exchanges and (2) efforts to stimulate exchanges without Federal funding.

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SEC. ~~14.~~ AUTHORIZATION OF APPROPRIATIONS.

(a) There is authorized to be appropriated to the Secretary for purposes of carrying out section 6, not to exceed $19,000,000 for the fiscal year ending September 30, 1981, $40,000,000 for the fiscal year ending September 30, 1982, $50,000,000 for the fiscal year ending September 30, 1983, and $60,000,000 for each of the fiscal years ending September 30, 1984, and 1985.

(b) In addition to authorizations of appropriations under subsection (a), there is authorized to be appropriated to the Secretary for purposes of carrying out the provisions of this Act, not to exceed $5,000,000 for the fiscal year ending September 30, 1981, $9,000,000 for the fiscal year ending September 30, 1982, and $14,000,000 for each of the fiscal years ending September 30, 1983, 1984, and 1985.

(c) Such sums as may be appropriated under subsections (a) and (b) shall remain available until expended.

(d) To enable the National Science Foundation to carry out its powers and duties under this Act only such sums may be appropriated as the Congress may authorize by law.

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SEC. ~~15.~~ SPENDING AUTHORITY.

No payments shall be made or contracts shall be entered into ~~pursuant to this Act~~ *pursuant to the provisions of this Act (other than sections ~~12, 13, and 14~~ 11, 12, and 13)* except to such extent or in such amounts as are provided in advance in appropriation Acts.