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Draft

AMENDMENT IN THE NATURE OF A SUBSTITUTE TO H.R. 2544 OFFERED BY MR. SENSENBRENNER

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Technology Transfer Commercialization Act of 1998".

SEC. 2. COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.

Section 12(b)(1) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(b)(1)) is amended by inserting "or, subject to section 209 of title 35, United States Code, may grant a license to an invention which is federally owned, made before the granting of the license, and directly related to the scope of the work under the agreement," after "under the agreement,".

SEC. 3. LICENSING FEDERALLY OWNED INVENTIONS.

(a) AMENDMENT.—Section 209 of title 35, United States Code, is amended to read as follows:

"§ 209. Licensing federally owned inventions

"(a) AUTHORITY.—A Federal agency may grant an exclusive or partially exclusive license on a federally owned invention only if—

"(1) granting the license is a reasonable and necessary incentive to—

"(A) call forth the investment capital and expenditures needed to bring the invention to practical application; or

"(B) otherwise promote the invention's utilization by the public;

"(2) the Federal agency finds that the public will be served by the granting of the license, as indicated by the applicant's intentions, plans, and ability to bring the invention to practical application or otherwise promote the invention's utilization by the public, and that the proposed scope of exclusivity is not greater than reasonably necessary to provide the incentive for bringing the invention to practical utilization, as proposed by the applicant, or otherwise to promote the invention's utilization by the public;

"(3) the applicant makes a commitment to achieve practical utilization of the invention within a reasonable time;

"(4) granting the license will not tend to substantially lessen competition or create or maintain a violation of the Federal antitrust laws; and

"(5) in the case of an invention covered by a foreign patent application or patent, the interests of

the Federal Government or United States industry in foreign commerce will be enhanced.

"(b) MANUFACTURE IN UNITED STATES.—A Federal agency shall normally grant a license to use or sell any federally owned invention in the United States only to a licensee who agrees that any products embodying the invention or produced through the use of the invention will be manufactured substantially in the United States.

"(c) SMALL BUSINESS.—First preference for the granting of any exclusive or partially exclusive licenses under this section shall be given to small business firms having equal or greater likelihood as other applicants to bring the invention to practical application within a reasonable time.

"(d) TERMS AND CONDITIONS.—Exclusive and partially exclusive licenses granted under this section shall contain such terms and conditions as the granting agency considers appropriate. Such terms and conditions—

"(1) shall include provisions—

"(A) retaining a nontransferrable, irrevocable, paid-up license for the Federal agency to practice the invention or have the invention practiced throughout the world by or on behalf of the Government of the United States;

"(B) requiring periodic reporting on utilization of the invention, and utilization efforts, by the licensee, but only to the extent necessary to enable the Federal agency to determine whether the terms of the license are being complied with; and

"(C) empowering the Federal agency to terminate the license in whole or in part if the agency determines that—

"(i) the licensee is not executing its commitment to achieve practical utilization of the invention, including commitments contained in any plan submitted in support of its request for a license, and the licensee cannot otherwise demonstrate to the satisfaction of the Federal agency that it has taken, or can be expected to take within a reasonable time, effective steps to achieve practical utilization of the invention;

"(ii) the licensee is in breach of an agreement described in subsection (b);

"(iii) termination is necessary to meet requirements for public use specified by Federal regulations issued after the date of

the license, and such requirements are not reasonably satisfied by the licensee; or

"(iv) the licensee has been found by a competent authority to have violated the Federal antitrust laws in connection with its performance under the license agreement.

"(e) PUBLIC NOTICE.—No exclusive or partially exclusive license may be granted under this section unless public notice of the availability of a federally owned invention for licensing in an appropriate manner has been provided at least 30 days before the license is granted, and the Federal agency has considered all comments received in response to that public notice. This subsection shall not apply to the licensing of inventions made under a cooperative research and development agreement entered into under section 12 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a).

"(f) BASIC BUSINESS PLAN.—A Federal agency may grant a license on a federally owned invention only if the person requesting the license has supplied to the agency a basic business plan with development milestones, commercialization milestones, or both.

"(g) NONDISCLOSURE OF CERTAIN INFORMATION.—Any basic business plan, and revisions thereto, submitted

by an applicant for a license, and any report on the utilization or utilization efforts of a licensed invention submitted by a licensee, shall be treated by the Federal agency as commercial and financial information obtained from a person and not subject to disclosure under section 552 of title 5, United States Code.".

(b) CONFORMING AMENDMENT.—The item relating to section 209 in the table of sections for chapter 18 of title 35, United States Code, is amended to read as follows:

"209. Licensing federally owned inventions.".

SEC. 4. TECHNICAL AMENDMENTS TO BAYH-DOLE ACT.

Chapter 18 of title 35, United States Code (popularly known as the "Bayh-Dole Act"), is amended—

(1) by amending section 202(e) to read as follows:

"(e) In any case when a Federal employee is a coinventor of any invention made under a funding agreement with a nonprofit organization or small business firm, the Federal agency employing such coinventor may, for the purpose of consolidating rights in the invention—

"(1) license or assign whatever rights it may acquire in the subject invention from its employee to the nonprofit organization or small business firm; or

"(2) acquire any rights in the subject invention, but only to the extent the party from whom the

rights are acquired voluntarily enters into the transaction."; and

(2) in section 207(a)—

(A) by striking "patent applications, patents, or other forms of protection obtained" and inserting "inventions" in paragraph (2); and

(B) by inserting ", including acquiring rights for the Federal Government in any invention, but only to the extent the party from whom the rights are acquired voluntarily enters into the transaction, to facilitate the licensing of a federally owned invention" after "or through contract" in paragraph (3).

SEC. 5. TECHNICAL AMENDMENTS TO THE STEVENSON-WYDLER TECHNOLOGY INNOVATION ACT OF 1980.

Section 14(a)(1) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710c(a)(1)) is amended—

(1) in subparagraph (A)(i), by inserting ", if the inventor's or coinventor's rights are assigned to the United States" after "inventor or coinventors"; and

(2) in subparagraph (B), by striking "succeeding fiscal year" and inserting "2 succeeding fiscal years".

Pending Review

SEC. 6. REVIEW OF COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT PROCEDURES.

(a) REVIEW.—The Director of the Office of Science and Technology Policy, in consultation with the Office of Management and Budget, relevant Federal agencies, national laboratories, and any other person the Director considers appropriate, shall review the general policies and procedures used by Federal agencies to gather and consider the views of other agencies on—

(1) joint work statements under section 12(e)(5)(C) or (D) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(e)(5)(C) or (D)); or

(2) in the case of laboratories described in section 12(d)(2)(A) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(d)(2)(A)), cooperative research and development agreements under such section 12,

with respect to major proposed cooperative research and development agreements that involve national security or may have a significant impact on domestic or international competitiveness.

Pending Review

(b) PROCEDURES.—Within one year after the date of the enactment of this Act, the Director of the Office of Science and Technology Policy, in consultation with the Office of Management and Budget and relevant Federal agencies, shall establish and distribute to appropriate Federal agencies—

(1) specific criteria to indicate the necessity for gathering and considering the views of other agencies on joint work statements or cooperative research and development agreements as described in subsection (a); and

(2) procedures for carrying out such gathering and considering of agency views.

Procedures established under this subsection shall be designed to the extent possible to use or modify existing procedures, to minimize burdens on Federal agencies, and to minimize delay in the approval or disapproval of joint work statements and cooperative research and development agreements.