Mark up of Senate Bill Received 30 OCT

COMPARISON OF BILLS

The attached is a draft Administration mark-up of a Senate Staff Working Draft of a Bill entitled the "Uniform Science and Technology Research and Development Utilization Act." The table below indicates those sections of the Administration mark-up which contain provisions that are the same or similiar in subject matter and basic substance to provisions in the Staff Working Draft.

Staff Working Draft Section	Topic	Mark-up Section
201(b)(2)	Implementing Regulations	201(a), 301(b)(2), 303(a), 303(c), 306, and 402.
201(b)(4)	Resolution of Disputes	301(b), 303(b), 304, and 306
301(a)	Exceptions	301(a)
301(b)	Procedures for Invoking Exceptions	301(b)
301(c)(1)	Periodic Reporting by Contractors	301(c)(10)
301(c)(2)	Government's License	301(c)(8), But License to State and Local Govt's Dropped
302(a)	Title in Contractor	301(a)
302(b)	Contractor's License	301(c)(13)
303	Waivers	301(d) and (e)
304	March-ins	303
305(a)(1)-(4)	Various Conditions on Contractor	301(c)
305(a)(5)	Waivers	301(d)
305(b)	Certain March-in Procedures	303
306	Background Rights	305(b)
307	Government Licensing	Title IV
401	Repealers	501
402	Effective Date	503

In addition, the Adminstration mark-up adds the following provisions which are derived from the provisions of Public Law 96-517, 35 USC 200 et. seq. and which have no counterpart in the Senate Staff Working Draft:

1. Sec. 302, although 302(c) has a partial counterpart in section 305(a)(3) of the Staff Working Draft. Sec. 302 covers waivers to inventors, coinvention situations, and confidentiality.

2. Section 305(a), backgound rights of small businesses and domestic nonprofit organizations.

3. Title IV. Much more detailed licensing provisions are included.

4. Sec. 502 , antitrust defenses.

Finally, a new section 306 has been added dealing with disputes as to whether an invention is a subject invention. And section 503, effective date has been expanded. These changes are based on experience derived during OFPP efforts to implement Pub.L. 96-517.

It should also be noted that in Section 301 of the Administration Draft Mark-up an attempt has been made to follow the basic format of 35 U.S.C. 202 with some changes and additions based on experience in the preperation of implementing regulations.

~~[STAFF WORKING DRAFT]~~

~~SEPTEMBER 15, 1981~~

97TH CONGRESS
1ST SESSION

S.

Entitled the "Uniform Science and Technology Research and Development Utilization Act".

IN THE SENATE OF THE UNITED STATES

~~SEPTEMBER~~ , 1981

Mr. introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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A BILL

Entitled the "Uniform Science and Technology Research and Development Utilization Act".

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

TITLE I—POLICY

FINDINGS

SEC. 101. The Congress, recognizing the profound impact of science, engineering, and technology policy on the economic, social, political, and technological well-being, and

the health and safety of the Nation as a whole, hereby finds and declares that:

(1) The United States has recently experienced a decline in the process of industrial innovation and productivity which is integrally related to, and adversely impacts upon, domestic productivity, the rate of economic growth, the level of employment, the balance of trade, and the attainment of other national goals.

(2) The national support of scientific and technological research and development is indispensable to sustained growth and economic stability, and it is in the national interest to maximize the benefits to the general public from such investment.

(3) Scientific and technological developments and discoveries resulting from work performed with Government contracts constitute a valuable national resource which should be developed in a manner consistent with the public interest and the equities of the respective parties.

(4) Current Federal policy with respect to the allocation of rights to the results of federally sponsored research and development deters contractor participation in Government contracts, delays technological progress, and stifles the innovative process.

(5) There is a need for the establishment and implementation of a flexible Government-wide policy for the management and utilization of the results of federally funded research and development. This policy should promote the progress of science and the useful arts, encourage the efficient commercial utilization of techological developments and discoveries, guarantee the protection of the public interest, and recognize the equities of the contracting parties.

PURPOSE

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

(1) establish and maintain a uniform Federal policy for the management and use of the results of federally sponsored science and technology research and development; and

(2) insure the effective uniform implementation of the provisions of this Act, and to monitor on a continuing basis the impact of Federal science and technology policies on innovation and technology development.

DEFINITIONS

SEC. 103. As used in this Act the term—

(1) "contract" means any contract, grant, or cooperative agreement~~, commitment, understanding, or other arrangement~~ entered into between any Federal agency and any person where a purpose of the contract is the

conduct of experimental, developmental, or research work. Such term includes any assignment, substitution of parties or subcontract of any type entered into or executed for the conduct of experimental, developmental, or research work in connection with the performance of that contract;

Subject Inventions

~~(2) "contractor" means any person or other entity that is a party to the contract;~~

(2) "contractor" means any person, other than the Government or a Federal agency, that is a party to a contract;

(3) "Director" means the ~~Director~~ of the Office of Federal Procurement Policy or such other official as may be designated by the President.

"Administrator" Administrator

DIRECTOR

~~(3) "disclosure" means a written statement sufficiently complete as to technical detail to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, or electrical characteristics of the invention;~~

(4) "Federal agency" means an "executive agency" as defined by section 105 of title 4, United States Code, and the military departments as defined by section 102 of title 4, United States Code;

(5) "Government" means the Government of the United States of America;

~~(6) "invention" means any invention, discovery, innovation, or improvement which is or may reasonably be patentable subject matter as defined in title 35, United States Code;~~

(6) "invention" means any invention or discovery which is or may be patentable or otherwise protectable under Title 35, United States Code; or title 7 section 2321

~~(7) "inventor" means any person, other than a contractor, who has made an invention under a contract but who has not agreed to assign his rights in such invention to the contractor;~~

(8) "made ~~under the contract~~ ~~or "made under a contract"~~ when used in relation to any invention means the conception or first actual reduction to practice of such invention ~~in the course of any work under the contract or under a contract, respectively~~;

(9) "nonprofit organization" means universities or ~~and~~ other institutions of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code of 1954 (26 U.S.C. 501(a)) or any nonprofit scientific or educational organization qualified under a State nonprofit organization statute;

(~~10~~ 9) "person" means any individual, partnership, corporation, association, institution, or other entity; } Title I

(~~11~~ 10) "practical application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system, and, in each case, under such conditions as to establish that the invention is being worked and that its benefits are available to the

public either on reasonable terms or through reasonable licensing arrangements;

~~(12) "Secretary" means the Secretary of Commerce; and~~

(11) "Secretary" means the Secretary of Commerce or such other official as may be designated by the President; and

(13) "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. For the purpose of this Act, size standards ~~for small~~ established by the Administrator of SBA for Government procurement purposes shall be applicable.

~~business concerns involved in Government procurement, contained in section 121.3-8 of title 13, Code of Federal Regulations, and in subcontracting, contained in section 121.3-12 of title 13, Code of Federal Regulations, will be used.~~

TITLE II—IMPLEMENTATION

RESPONSIBILITIES

~~SEC. 201. (a) The Secretary shall coordinate, direct, and review the implementation and administration of the Federal policy set forth in this Act with respect to the ownership of inventions resulting from federally sponsored research and development, and promote the efficient and effective utilization of the results of federally sponsored research and development.~~

SEC. 201. (a) The ~~Director~~ Administrator shall issue regulations [which may be made] applicable to Federal agencies which are necessary and desirable to achieve uniform and consistent implementation of Title III of this Act. The Director shall issue standard contract provisions implementing the rights and terms and conditions specified in sections 301 and 303 which shall be used by all Federal agencies and which shall be incorporated in appropriate agency and Government-wide regulations.

(b) With a view to obtaining consistent application of the policies of this Act, the Secretary is authorized and directed—

(1) to consult with and advise ~~with~~ Federal agencies & others concerning the effective implementation and operation of the policies, purposes, and objectives of this Act;

~~(2) in consultation with the Office of Federal Procurement Policy, to formulate and recommend to the President such proposed rules, regulations, and procedures as are necessary and desirable to assure the consistent application of the provisions of this Act;~~

(2) to obtain from Federal agencies, ~~(3) to~~ to accumulate, analyze, and disseminate data necessary to evaluate the administration and effectiveness of the policies set forth in this Act;

~~(4) to determine with administrative finality, in an expeditious manner without unnecessary delay, any dispute between a Federal agency and an aggrieved party arising under title III of this Act; and~~

(3) to establish ad hoc advisory groups to provide advise concerning the effective implementation and operation of the policies, purposes, and objectives of this Act; and

~~(5)~~ (4) to perform such other duties as may be prescribed by the President or by statute.

(c) For the purpose of assuring the effective management of Government-owned inventions, the Secretary is authorized to—

(1) assist ~~and coordinate~~ Federal agency efforts to promote the licensing and utilization of Government-owned inventions;

(2) ~~coordinate and advise~~ assist the Federal agencies in seeking protection and maintaining inventions in foreign countries, including the payment of fees and costs connected therewith; and

(3) consult with and advise Federal agencies as to areas of science and technology research and development with potential for commercial utilization; ~~and~~

(4) receive funds from fees, royalties, sales, or other management of Government-owned inventions authorized under this Act: *Provided, however,* That such funds will be used only for the purpose of this Act.

(d) The Secretary and ~~Director~~ Administrator shall submit to Congress an annual joint report of activities pursuant to this Act. Such report shall include (1) relevant statistical data regarding the disposition of invention disclosures resulting from federally funded research and development, including those inventions disclosed by small businesses and nonprofit organizations; (2) any legislative or administrative recommendations to better achieve the policy and purposes of this Act; and (3) an analysis of the impact of Federal policies on the purposes of this Act.

EXPIRATION

~~SEC. 202. The authorities conferred upon the Secretary under this title shall expire 7 years following the effective~~

SEC. 202. Subsections (b)-(d) of ~~this~~ section 201 shall expire seven years following the effective date of this Act, unless renewed by action of Congress.

TITLE III—ALLOCATIONS OF RIGHTS—GOVERNMENT CONTRACTORS

~~RIGHTS OF THE GOVERNMENT~~

SEC. 301. (a) Each Federal agency shall acquire on behalf of the United States, at the time of entering into a contract, title to any invention made under the contract of a Federal agency if the agency determines that—

(1) the services of the contractor are for the operation of Federal research and development centers, including Government-owned research or production facilities;

(2) following a finding by a Government authority which is authorized by statute or Executive order to conduct foreign intelligence or counterintelligence activities, the restriction or elimination of the right of the contractor to retain title to any subject invention is necessary to protect the security of such activities;

(3) in exceptional circumstances, restriction or elimination of the right of the contractor to retain title to any subject invention will better promote the policy and objectives of this Act; and

(4) the principal purpose of the contract is to develop or improve products, processes, or methods which will be required for use by Government regulations: *Provided, however,* That the Federal agency may subsequently waive all or any part of the rights of the United States under this section to such invention in conformity with the provisions of section 303.

(b) The rights of the Government under subsection (a) shall not be exercised by the Federal agency unless it first determines that at least one of the conditions, indentified in paragraphs (1) through (4) exist and it files with the Secretary a statement stating such determination.

(c) Each contract entered into by a Federal agency shall include appropriate provisions to—

(1) require periodic written reports at reasonable intervals in the commercial use of other forms of utilization or efforts at obtaining commercial utilization made by the inventor or contractor or their licensees or assignees: *Provided,* That any such report shall be treated by the Federal agency as commercial or financial information obtained from a person and privileged or confidential and not subject to disclosure under the Freedom of Information Act (5 U.S.C. 552); and

(2) reserve to the United States at least an irrevocable, nonexclusive, nontransferable, paid-up license to

make, use, and sell the invention throughout the world by or on behalf of the United States and States and domestic municipal governments, unless the agency determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments.

RIGHTS OF THE CONTRACTOR

SEC. 302. (a) Whenever a contractor enters into a contract with a Federal agency other than in those circumstances identified in section 301(a), the contractor or inventor shall have the option of retaining title to any invention made under the contract. Such rights shall be subject to the limitations set forth in section 304 and the provisions of section 305. Such option shall be exercised by notifying the Government at the time of disclosure of the invention or within such time thereafter as may be provided in the contract. The Government shall obtain title to any invention for which this option is not exercised.

(b) When the Government obtains title to an invention under section 301, the contractor shall retain a nonexclusive, royalty-free license which shall be revocable only to the extent necessary for the Government to grant an exclusive license.

WAIVER

SEC. 303. A Federal agency may at any time waive all or any part of the rights of the United States under this title to any invention or class of inventions made or which may be made by any person or class of persons under the contract of the agency if the agency determines that the condition justifying acquisition of title by the Government under section 301 no longer exists or the interests of the United States and the general public will be best served thereby. The agency shall maintain a record, which shall be made public and periodically updated, of determinations made under this section. In making such determinations, the agency shall consider the following objectives:

(1) encouraging the wide availability to the public of the benefits of the experimental, developmental, or research programs in the shortest practicable time;

(2) promoting the commercial utilization of such inventions;

(3) encouraging participation by private persons in the Government-sponsored experimental, developmental, or research programs; and

(4) fostering competition and preventing undue market concentration or the creation or maintenance of other situations inconsistent with the antitrust laws.

DISPOSITION OF RIGHTS

SEC. 301. (a) Subject to subsection (c) of this section and to section 303, each contractor may elect to retain title, either worldwide or in such countries as it may choose, to any subject invention; provided, however, that a Federal agency may limit or eliminate this right, place additional restrictions or conditions in the contract that go beyond those set forth in subsection (c) of this section or in section 303, and may eliminate or alter the contractor's right under subsection (c)(13) of this section if--

(1) it is determined by a Government authority which is authorized by statute or executive order to conduct foreign intelligence or counterintelligence activities that this is necessary to protect the security of such activities; or

(2) the contract is for the operation of a Federally Funded Research and Development Center or a Government-owned production facility; or

out subj. to approval

(3) the contract is to be performed outside the United States and the contractor is a business entity organized for profit that does not have a place of business located in the United States; or

(4) the contractor is not located in the United States and is a university, an institution of higher education, or an organization not organized for profit; or

(5) the contractor is or is subject to the control of any foreign government; or

(6) the agency determines, on a case-by-case basis, that

there are exceptional circumstances such that this will better promote the policy and objectives of this Act.

(b)(1) Any determination under subsection (a) of this section shall be in writing and accompanied by a written statement of the facts and, in the case of a determination under subsection (a)(6), an analysis justifying the determination and limitations or conditions being imposed. A copy of each determination and statement made under subsections (a)(2) through (a)(6) shall be sent to the Secretary within thirty days after the award of the applicable contract. If the Secretary believes that any individual determination or pattern of determinations is contrary to the terms, policy, or objectives of this Act, the Secretary shall so advise the head of the agency concerned. The head of the agency shall advise the Secretary within one hundred and twenty days of what action, if any, the agency has taken or plans to take with respect to the matters raised by the Secretary.

(2) Whenever the Secretary has determined that one or more Federal agencies are utilizing the authority of subsection (a)(6) of this section in a manner that is contrary to the terms, policy or objectives of this Act, the Director is authorized to issue regulations describing classes of situations in which agencies may not use subsection (a)(6) of this section ~~without the Secretary's specific approval~~.

(c) Each contract shall contain appropriate provisions to effectuate the following:

is disclosed by the inventor to the contractor.

(1) that the contractor disclose each subject invention to the Federal agency within a reasonable time after the subject invention becomes known to contractor officials responsible for the administration of invention and patent matters;

(2) that employees of the contractor or others performing research or other potentially inventive work under the contract are obligated to report subject inventions to the contractor and to make any assignments, licenses, or other transfers of right to the contractor or the Federal agency to establish the Government's rights in any subject invention;

DOD/NASA will appeal.

(3) that the Government may receive title to any subject invention not reported to the Federal agency by the contractor with an intent to deprive the Government of its license or other rights as set forth in this Act; or the applicable contract provision;

- are concepts stated somewhere which we could quote.

(4) that the contractor make a written election of rights by the later of either (i) ninty days with a reasonable time prior to the date upon which a statutory bar to patenting under Title 35, United States Code, will occur due to publication, on sale, or public use; or (ii) such time after the period in (i) as may be agreed to by the Federal agency;

(5) that a contractor electing rights in a subject invention agree to file an initial patent application prior to any statutory bar date that may occur under Title 35, United States Code, due to publication, on sale, or public use; (6) that a contractor electing rights and making an initial filing shall thereafter file corresponding

patent applications in other countries in which it wishes to retain title within reasonable times; the later of (i) ten months from the date of the initial filing, (ii) six months from the date a permit is granted by the Commissioner of Patents and Trademarks to file foreign applications where such filing has been prohibited by a Secrecy Order, or (iii) such time as may be agreed to by the agency.

(7) that upon written request of the Federal agency the contractor will transfer title to any subject invention to the Government in any country in which the contractor (i) decides not to elect rights; or (ii) fails to make an election ~~within the times~~ pursuant to specified in subsection (c)(4) of this section; or (iii) fails to file a patent application within the times set forth in subsection (c)(6) of this section, or (iv) or intends to abandon prosecution of a patent application; or (v) decides not to ~~or fails to pay~~ pay any required maintenance fees or take other actions necessary to protect patent rights in that country;

(8) that with respect to any subject invention, the Federal agency shall have a nonexclusive, nontransferrable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world;

(9) that, when the agency determines at the time of contracting that all or certain classes of subject inventions that may be made under a contract will or may be subject to the terms of any existing treaties or other international agreements, the contractor (i) will convey to the Government

for transfer to the parties so entitled under the applicable treaty or agreement or directly to such parties such licenses or assignments of rights in specific countries as are necessary to effectuate the terms of the applicable treaty or agreement and (ii) will otherwise fulfill its obligations to such parties with respect to subject inventions in accordance with any applicable provisions of the treaties or agreements;

(10) that the Federal agency may require periodic reporting on the utilization or efforts at obtaining utlization that are being made by the contractor or his licensees or assignees with respect to any subject invention to which the contractor elects title; provided, that any such information as well as information on utilization or efforts at obtaining utilization received by a Federal agency under section 303 of this Act shall be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code;

move to Separately ?

B-3 [redacted] B-4 exemptions ?

(11) that the contractor, in the event a United States patent application is filed by or on its behalf or by any assignee of the contractor, will include within the specification of such application and any patent issuing thereon, a statement specifying that the invention was made with Government support and that the Government has certain rights in the invention;

(12) that, in the case of a nonprofit organization

located in the United States (i) the organization will not assign rights to a subject invention in the United States without the approval of the Federal agency, except where such assignment is made to any organization which has as one of its primary functions the management of inventions and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention (provided that such assignee shall be subject to the same provisions as the contractor); (ii) the contractor will share royalties (net or gross in accordance with its normal policies) with the inventor of a subject invention; and (iii) the contractor will utilize the balance of any royalties or income earned by the contractor with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, for the support of scientific research or education;

(13) that the contractor shall retain a nonexclusive, royalty-free, paid-up, worldwide license, including the right to sublicense to affiliates in any subject invention to which the Government obtains title, which license shall be revocable only to the extent necessary for the Government to grant an exclusive license; and

(14) such other administrative requirements that the Director determines to be necessary to effectuate the rights

of the Government as specified in this section and section 303 which are not inconsistent with this Act.

(d) A Federal agency may at any time waive as to an identified subject invention or omit from any contract or class of contracts all or any part of the rights of the United States described under subsections (c)(8) through (c)(14) of this section or under section 303 if the agency determines and prepares a written justification that either (1) the interests of the United States and the general public will be best served thereby taking into account at least the objectives of (A) encouraging the wide availability to the public of the benefits of the experimental, developmental, or research programs in in the shortest practicable time; (B) promoting the commercial utilization of such inventions; (C) encouraging participation by private persons, including the most highly qualified persons, in Government sponsored experimental, developmental, or research programs; and (D) fostering competition and preventing undue market concentration or the creation or maintenance of other situations inconsistent with the antitrust laws; or (2) the contract involves or involved cosponsored, cost-sharing, or joint venture research or development and the contractor or other sponsor or joint venturer is required or has made a substantial contribution of funds, facilities, or equipment to the work performed or to be performed under the contract.

(e) With respect to contracts that are within subsections

(a)(1) through (a)(6) of this section, a Federal agency may, after a subject invention has been identified, waive any limits or additional restrictions or conditions placed on a contractor beyond those set forth in section 301(c) and section 303 and may allow the contractor to retain the license rights set forth in subsection (c)(13) of this section if such license rights were otherwise limited in the contract.

GENERAL PROVISIONS

SEC. 302(a). If a contractor does not elect to retain worldwide title to a subject invention, the Federal agency may consider, and after consultation with the contractor, grant requests for retention of rights by the inventor on such terms and conditions as deemed appropriate by the agency and subject to section 303 of this Act.

(b). In any case when a Federal employee is a coinventor of any subject invention, the Federal agency employing such coninventor is authorized to transfer or assign whatever rights it may acquire in the subject invention from its employee to the contractor subject to the same conditions set forth in this title as are applicable to the rights the contractor derived through its own contract.

(c) Federal agencies are authorized to withhold from disclosure to the public information disclosing any invention in which the Federal Government owns or may own a right, title, and interest (including a nonexclusive license) for a reasonable

time in order for a patent application to be filed. Furthermore, Federal agencies shall not be required to release copies of any document which is part of an application for patent filed with the United States Patent and Trademark Office or with any foreign patent office.

MARCH-IN-RIGHTS

SEC. 304. (a) Where a contractor has elected to retain title to an invention under section 302 or 303, the Federal agency shall have the right, pursuant to regulations and subject to the provisions of subsection (b), to grant, or require the contractor to grant, a nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, if the agency determines such action is necessary—

(1) because the contractor has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the invention;

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

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

(4) because the actions of the contractor beyond the exercise of the exclusive rights in the invention have tended substantially to lessen competition or to

~~result in undue market concentration in any section of the United States in any line of commerce to which the technology relates, or to create and maintain other situations inconsistent with the antitrust laws.~~

~~(b) The rights of the Federal agency under subsection (a) shall be subject to the prior approval of the Secretary, who shall make a determination after a formal hearing with affected parties present and conducted in accordance with rules, regulations, and procedures adopted by the Secretary.~~

MARCH-IN RIGHTS

SEC. 303. (a) Where a contractor or inventor has elected or otherwise been allowed to retain title to a subject invention, the Federal agency shall have the right (unless this right has been waived in accordance with section 301(d)), in accordance with regulations issued by the Director (Administrator) and subject to subsections (b)-(d), below, to grant or require the contractor, inventor, or other person to whom title has been assigned 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 agency determines such action is necessary--

(1) because the contractor, inventor, assignee, or a licensee or sublicensee of any of these has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the invention;

(2) to alleviate serious health or safety needs which are not reasonably satisfied by the contractor, inventor, assignee, or the licensee or sublicensee of one of these; or

(3) to meet requirements for public use specified by Federal regulation which are not reasonably satisfied by the contractor, inventor, assignee, or their licensees or sublicensees.

(b) Agency action under this section shall be made on the record after affording the contractor, inventor, or assignee an opportunity for a hearing. The action of the agency shall be administratively final, unless within 30 days after the agency action the contractor appeals to ~~the Secretary~~ an established appeals boards. The ~~Secretary~~ appropriate board shall review the action and issue a final decision which shall be binding on the Federal agency and the contractor, inventor, or assignee and which shall have administrative finality. The ~~Secretary~~ boards's review may be de novo or based, on the record developed by the Federal agency. However, if the ~~Secretary~~ board makes a de novo review, the ~~Secretary~~ boards's decision must be one the record and after the contractor, inventor, or assignee has been afforded an opportunity for a hearing.

(c) The ~~Director~~ Administrator shall prescribe informal procedures under which agencies may obtain information from contractors, inventors, or assingees in order to determine whether to begin a formal administrative procedure under subsection (b) of this section.

(d) Hearings or portions of hearings held under this section may be closed to the public, including potential licensees, if the testimony or evidence provided at the hearing will include commercial and financial information which the contractor, inventor, assignee, or their licensees or sublicensees consider priviliged and confidential.

APPEALS

SEC. 304. (a) The following agency actions shall be accompanied by a written explanation, which shall be provided to the contractor at the time the action is taken:

(1) A decision by an agency to take title to a subject invention under subsections (c)(3) and (c)(7)(i)-(iii).

(2) The refusal of an agency to grant approval of an assignment requested under subsection (c)(12).

(b) Within 30 days from the time the contractor receives a copy of the written explanation for any of the actions listed in subsection (a) of this section, it may appeal the action to the Agency Secretary in accordance with such rules and procedures as may be prescribed by the ~~Agency~~ Secretary. Pending disposition of the appeal by the Agency Secretary the contractor shall fully comply with the agency action or decision. The agency Secretary shall review the matter, obtain such additional information from the Federal agency and the contractor as is deemed necessary by the Secretary to decide the matter, and shall issue a decision which shall be complied with by the Federal agency and the contractor and which shall have administrative finality.

agency

sequential steps:
- show cause notice
- Contracting or grants officer decision
- appeal of decision to Board
- "stay" on Gov. licensing until Bd. decision

of this section involves an action of the type described in subsection (a)(1) of this section and issues of fact are raised, the Secretary shall determine such issues of fact on the record after affording the contractor an opportunity for a hearing; except that the Secretary may decide such issues on the administrative record compiled by the Federal agency if the agency has previously afforded the contractor an opportunity for hearing and administrative due process meeting at least the minimal requirements of section 554 of Title 5, United States Code.

~~GENERAL PROVISIONS~~

SEC. 305. (a) Each contract entered into by a Federal agency shall employ a single patent rights clause containing such terms and conditions as the agency deems appropriate for the protection of the interests of the United States and the general public, including appropriate provisions to—

(1) require the timely disclosure by the contractor or inventor to that agency of any invention made under the contract: *Provided*, That Federal agencies are authorized to withhold from disclosure to the public, information disclosing any invention made under the contract of an agency for a reasonable time in order for a United States or foreign patent application to be filed;

(2) require an election by the contractor within a reasonable time after disclosure as to whether the contractor intends to file a patent application on any invention made under the contract;

(3) require a declaration by the contractor within a reasonable time after disclosure of the contractor's

intent to commercialize or otherwise achieve the widespread utilization of the invention by the public;

(4) an obligation on the part of the contractor, in the event a United States patent application is filed by or on its behalf or by any assignee of the contractor, to include within the specification of such application and any patent issuing thereon, a statement specifying that the invention was made with Government support and that the Government has certain rights in the invention; and

(5) allow deviation to the minimum rights acquired under section 301 on a class basis in—

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

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

(C) no deviation under this subsection shall waive in whole or in part, the minimum rights to be secured for the Federal Government set forth in section 304(a)(4).

(b) When it is determined that the right to require licensing or the right of the Federal agency to license should be exercised pursuant to section 304, the Federal agency may specify terms and conditions, including royalties to be charged, if any, and the duration and field of use of the license, if appropriate. Agency determinations as to the rights to inventions under this title shall be made in an expeditious manner without unnecessary delay.

BACKGROUND RIGHTS

SEC. 305. (a)(1) No contract with a small business firm or with a nonprofit organization that is located in the United States shall contain a provision allowing a Federal agency to require the licensing to third parties of inventions owned by the contractor that are not subject inventions unless such provision has been approved by the head of the agency and a written justification has been signed by the head of the agency. Any such provision shall clearly state whether the licensing may be required in connection with the practice of a subject invention, a specifically indentified work product, or both. The head of the agency may not delegate the authority to approve provisions or sign justifications required by this subsection (a)(1).

(2) A Federal agency shall not require the licensing of third parties under any such provision unless the head of the agency determines that the use of the invention by others is

necessary for the practice of a subject invention or for the use of a work object of the funding agreement and that such action is necessary to achieve the practical application of the subject invention or work object. Any such determination shall be on the record after an opportunity for an agency hearing. Any action for judicial review of such determination shall be brought within sixty days after notification of ~~of~~ such determination.

(b)

~~SEC. 306.~~ Nothing contained in this Act shall be construed to deprive the owner of any background patent or to such rights as the owner may have thereunder.

STATUS OF INVENTIONS

SEC. 306. The Administrator shall issue regulations establishing a procedure under which disagreements between a contractor and a Federal agency as to whether an invention is a subject invention may be resolved with administrative finality by the Secretary.

Same as March in appeals

GOVERNMENT LICENSING AUTHORITY

SEC. 307. (a) A Federal agency may grant exclusive or partially exclusive licenses in any invention to which the Government has acquired title if the agency determines that—

(1) the desired practical application has not been achieved, or is not likely to be achieved within a reasonable period of time by the granting of a nonexclusive license;

(2) exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth the investment of risk capital to bring the invention to practical application; and

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(3) the proposed terms and scope of exclusivity are not greater than reasonably necessary to provide the incentive for bringing the invention to practical application.

TITLE IV--LICENSING OF GOVERNMENT OWNED INVENTIONS

GENERAL AUTHORITY

SEC. 401. Each Federal agency is authorized to--

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

"(2) grant nonexclusive, exclusive, or partially exclusive licenses under federally owned patent applications, patents, or other forms of protection obtained, royalty-free or for royalties or other consideration, and on such terms and conditions, including the grant to the licensee of the right of enforcement pursuant to the provisions of chapter 29 of this title as determined appropriate in the public interest; 35, of the United States Code

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

"(4) transfer custody and administration, in whole or in part, to another Federal agency, of the right, title, or interest in any federally owned invention.

REGULATIONS

SEC. 402. The Administrator of the General Services Administration is authorized to promulgate regulations with Concurrence of the Director, specifiying the terms and conditions upon which any federally owned invention, other than inventions owned by the Tennessee Valley Authority, may be licensed on a nonexclusive, partially exclusive, or exclusive basis.

RESTRICTIONS

SEC. 403.(a) No Federal agency shall grant any license under a patent or patent application on a federally owned invention unless the person requesting the license has supplied the agency with a plan for development and/or marketing of the invention, except that any such plan may be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code.

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

"(c)(1) Each Federal agency may grant exclusive or partially exclusive licenses in any invention covered by a federally owned ~~domestic~~ patent or patent application only if, after public notice and opportunity for filing written objections, it is determined that—

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

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

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

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

"(2) A Federal agency shall not grant such exclusive or partially exclusive license under paragraph (1) of this subsection if it determines that the grant of such license will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates, or to create or maintain other situations inconsistent with the antitrust laws.

"(3) First preference in the exclusive or partially exclusive licensing of federally owned inventions shall go to small business firms submitting plans that are determined by the agency to be within the capabilities of the firms and equally likely, if executed, to bring the invention to practical application as any plans submitted by applicants that are not small business firms.

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

"(e) Any grant of a license shall contain such terms and conditions as the Federal agency determines appropriate for the protection of the interests of the Federal Government and the public, including provisions for the following:

"(1) periodic reporting on the utilization or efforts at obtaining utilization that are being made by the licensee with particular reference to the plan submitted: *Provided*, That any such information may be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code;

"(2) the right of the Federal agency to terminate such license in whole or in part if it determines that the licensee is not executing the plan submitted with 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 application of the invention;

"(3) the right of the Federal agency to terminate such license in whole or in part if the licensee is in breach of an agreement obtained pursuant to paragraph (b) of this section; and

"(4) the right of the Federal agency to terminate the license in whole or in part if the agency determines that such action 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.

TITLE ~~IV~~ V—MISCELLANEOUS

REPEAL OF EXISTING STATUTORY RESEARCH AND DEVELOPMENT AUTHORIZATIONS

* SEC. ~~501~~ 5. The following Acts are hereby amended as follows:

(1) Section 205(a) of the Act of August 14, 1946 (7 U.S.C. 1624(a); 60 Stat. 1090), is amended by striking out the last sentence thereof.

(2) Section 501(c) of the Federal Coal Mine Health and Safety Act of 1969 (30 U.S.C. 951(c); 83 Stat. 742) is amended by striking out the last sentence thereof.

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*A number of additions and technical corrections are required in this section.

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

(b) by inserting the following new section 305: NASA Act

"INVENTIONS AND CONTRIBUTIONS BOARD

"SEC. 305. Each proposal for any waiver of patent rights held by the Administrator shall be referred to an Inventions and Contributions Board which shall be established by the Administrator within the Administration. Such Board shall accord to each interested party an opportunity for a hearing, and shall transmit to the Administrator its findings of fact with respect to such proposal and its recommendations for action to be taken with respect thereto.";

(3) by repealing section 306 thereof (42 U.S.C. 2458);

(4) by inserting at the end of section 203(c) thereof (42 U.S.C. 2473(c)); the following new paragraph:

"(14) to provide effective contractual provisions for reporting of the results of the activities of the Administration, including full and complete technical re-

porting of any innovation made in the course of or under any contract of the Administration.";

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

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

(6) by striking out the following in section 203(c)(3) thereof (42 U.S.C. 2473(c)(3)) "(including patents and rights thereunder).".

(g) Section 6 of the Act of July 7, 1960 (30 U.S.C. 666; 74 Stat. 337), is repealed.

(h) Section 4 of the Helium Act Amendments of 1960 (50 U.S.C. 167b; 74 Stat. 920) is amended by striking out both proviso clauses at the end thereof.

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

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

(k) Section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908; 88 Stat. 1887) is amended by striking all after "hours" the second time it appears therein, and inserting in lieu thereof a period.

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

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

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

(o) Section 8001 of the Solid Waste Disposal Act (42 U.S.C. 6981; 90 Stat. 2892) is repealed.

(p) Sections 200 through 209 and section 211 of title 35, United States Code, are repealed.

(q) Section 6e (1) and (2) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3705(e) (1) and (2); 94 Stat. 2313) is repealed.

RELATIONSHIP TO ANTITRUST LAWS

SEC. 502. Nothing in this Act shall be deemed to convey to any person immunity from civil or criminal liability, or to create any defenses to actions, under any antitrust law.

EFFECTIVE DATE

~~SEC. 402. This Act shall take effect 6 months after the date of enactment of this Act.~~

EFFECTIVE DATE

SEC. 503 (a) This Act will take effect on the first day of the ninth month beginning after its enactment, but the Director is authorized to issue implementing regulations prior to that date.

(b) After the effective date of this Act, each Federal agency is authorized, with the agreement of the affected contractor and notwithstanding any other law governing the disposition of rights in subject inventions, to amend any contract awarded prior to the effective date of this Act to substitute the contract provisions issued by the Secretary under section 305 of this Act.

(c) After the effective date of this Act, each Federal agency is authorized, notwithstanding any other law governing the disposition of rights in subject inventions, to allow a contractor or an inventor to retain title to subject inventions made under contracts awarded prior to the effective date of this Act, subject to the same terms and conditions as would apply under this Act and the Secretary's implementing regulations had the contract been entered into after the effective date of this Act.