ROUTING AND TRANSMITTAL SLIP

Date 3/29/81

TO: (Name, office symbol, room number, building, Agency/Post)	Initials	Date
1. Fred H. Dietrich, OFPP, OMB		
2.		
3.		
4.		
5.		

	Action		File		Note and Return
	Approval		For Clearance		Per Conversation
	As Requested		For Correction		Prepare Reply
	Circulate		For Your Information		See Me
	Comment		Investigate		Signature
	Coordination		Justify		

REMARKS

For your information.

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
R. Tenney Johnson, General Counsel DOE	FORSTL
	Phone No. 252-5281

5041-102

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

☆U.S.GPO:1978-0-261-647/3354

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
ROUTE SLIP

TO _____

Take necessary action	☐
Approval or signature	☐
Comment	☐
Prepare reply	☐
Discuss with me	☐
For your information	☐
See remarks below	☐

FROM _____ DATE _____

REMARKS

Alternative #1

#2 • More restrictive than your current legislation (can make class based waivers on whole contract in advance -- not here

#2 • Does not give GOCOs flexibility to deal with 3rd parties... because its after the fact.

- Livermore
- Brookhaven

} Already have prior waivers (made or to be made) OK

#2 • Uncertainty in case by case waiver of rights determination -
- inhibits participation by 3rd parties (will not commit their money)

• Could go along with 1st TP as 3rd choice

OMB F
REV

(1) Coleman
(2) Wilson
pls. return to F.D.

JUN 04 1982

UNITED STATES DEPARTMENT OF COMMERCE
The Assistant Secretary for Economic Affairs
Washington, D.C. 20230

MEMORANDUM FOR Norman Latker NL

From: Tip Parker TP

Subject: Presidential Memorandum on Patent Policy

On May 24, 1982, I had a telephone conversation with Ron Kienlen of the OMB General Council's Office. I called to ask his advice on handling the August 23, 1971, Presidential memorandum on patent policy. The memorandum has not been rescinded, but it does not reflect current Administration policy. The main issue was whether the Presidential memorandum would be binding on the patent provisions of the new Federal Acquisition Regulation (FAR).

Ron advised me not to worry about the Presidential memorandum. It has no binding effect in law, and needs no rescission. Replacing it with another Presidential memorandum would appear to serve no useful purpose.

The FAR is what will really convey the Administration's policy to the contractors and the public. OFPP has authority to issue policy statements and guide the development of the FAR. In part, the FAR must reflect P.L. 96-517 in providing patent ownership rights to small businesses, universities, and non-profit organizations. For large contractors, the Commerce testimony for the Schmitt Bill, which was cleared by OMB, is an adequate expression of Administration policy on which to base the FAR, and OFPP could provide guidance to implement the Administration's policy in the FAR.

Fred,

Do you plan on putting anything out re the last sentence cited above?

Dan

Dan Yes an OFPP policy letter.
Fred

Alternative #1

COMPROMISE BETWEEN DOE AND OFPP/OSTP PROPOSALS

1. Add a sixth subparagraph to Section 301(a) as follows:

"(6) The contract is for the operation of a Government-owned research or production facility, provided that the Federal agency shall normally grant waivers under the authority of Section 303(d) of this title."

2. Add a new paragraph (d) to Section 303 as follows:

"(d)(1) Where a Federal agency has reserved the right to acquire inventions under contract for the operation of a Government-owned research or production facility as authorized in Section 301(a)(6) of this Act, the Federal agency shall normally grant waivers upon request to any identified subject invention to either the contractor, or a third party sponsoring research or development activities at the facility, unless the agency determines that such action will not best serve the interests of the United States and the general public.

(2) In making determinations under subsection (d)(1) of this Section, the agency shall consider at least the guidance of Section 301(a) of this Title, the objectives of subsection (c) of this section, whether the agency is still funding development of the invention, and whether ownership of such invention could result in a conflict of interest."

Alternative #2

COMPROMISE BETWEEN DOE AND OFPP/OSTP PROPOSALS

Add a sixth subparagraph to Section 301(a) as follows:

> "(6) The contract is for the operation of a Government-owned research or production facility, provided that the Federal agency shall normally grant waivers under the authority of Section 303 to any identified subject invention upon request to either the contractor, or a third party sponsoring research or development activities at the facility, unless the agency determines that such action will not best serve the interests of the United States and the general public. In making such determinations, the agency shall consider the guidance of this subsection (a), the objectives of subsection (c) of Section 303 of this Title, whether the agency is still funding development of the invention, and whether ownership of such invention could result in a conflict of interest."

Draft. May 19 '82

Delete paragraph (2) of section 301(a) and include the following (or something similar) in the section-by-section analysis of the legislative history.

Section 301. Allocation of Rights

Section 301(a) sets forth specific circumstances under which a Federal agency may acquire title or other rights at the time of entering into a contract to inventions which may be made by contractors or may otherwise limit the rights of the contractor as established elsewhere in the Act. Use of these exceptions by an agency is discretionary.

The exceptions and examples thereof are:

(1) .....

(2) Exceptional circumstances when the agency on a contract-by-contract basis (and not a class of contract basis) determines that this would better promote the policy and objectives of section 101(5). It is expected that the "exceptional circumstances" exception will be used sparingly. Examples where the exception might be justified included;

(a) A contract which calls for the development of a product or process that the agency plans to fully fund and promote to the marketplace.

(b) A contract for the operation of a Government-owned research or production facility wherein some of the tasks to be performed at the facility may result in inventions whose commercialization

should be discouraged, restricted or otherwise controlled for national security purposes. Such inventions would include new products or processes used in the preparation of nuclear fuels. In such cases, however, it is the intent of the Act that the agency define specific fields of use to which it will obtain rights in inventions at the time of contracting and not destroy the contractor incentive of ownership to further develop any inventions in fields of use where commercial use need not be discouraged, restricted or controlled.

(c) A contract where ownership and subsequent licensing of subject inventions could result in a conflict of the contractor's interests.

& Doug

Thrust of Reform: Giving rights at time of contracting

VS

Traditional DOE: Deferred determinations by an agency.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

3/30/82

TO Don
Administration's position on
Schmitt Bill -- re: GOCOs

- [ ] Take necessary action
- [ ] Approval or signature
- [ ] Comment
- [ ] Prepare reply
- [ ] Discuss with me
- [ ] For your information
- [x] See remarks below

FROM Fred DATE Mar 26

REMARKS

Talked with Tenny Johnson this afternoon on phone —

Told him we would get two options over to him Tues. AM. (He'll be gone monday)

1. Not address GOCOs in Bill (as now introduced) but cover all points we discussed in the Legislative report. (Norm & Jessie are drafting the report).
2. Exec. Branch recommend altering the Bill to address GOCOs in accord with the language we discussed earlier this week and provide further clarifications for Legislative report.

Norm will carry the options to Johnson and if necessary explain them.

OMB FORM 4
REV AUG 70

Fred
This was completed — copies sent to

Norm

P.S.
Also see incoming from Tenney Johnson, DOE.

- Permutt
- Clark
- Maxwell

OPTION 1

IN LIEU OF DOD LANGUAGEMENT AMENDMENT

Not address GOCO's in Bill but remain silent as is now the case.

Amend the legislative history of the Bill as follows:

It is expected that the "exceptional circumstances" exception will be used sparingly. An example of a situation in which it may be used is when the contract calls for development of a specific product that will be required for use by regulation. In such a case, it is presumed that patent incentives will not be required to bring the product to the market. Similarly, if the funding agreement calls for developmental work on a product or process that the agency plans to fully fund and promote to the market place, then the use of the exception may be justified.

It has also been brought to the Committee's attention that some contractors at Government owned research or production facilities (GOCO's) may perform tasks such as the review or testing of the research work of other contractors, that might present delicate issues of organizational conflicts of interest if they were to claim inventions that appeared to be build on the work they were reviewing. Such a situation might merit the tailoring of some special language under the exceptional circumstances exception based on the equities of the parties.

Similarly, it has been pointed out that some GOCO's contractors may be doing research in fields such as the production of nuclear fuels that have been carefully controlled by the Government for national security proposes. In such cases, the

public interest might require the invocation of exceptional circumstances. However, in general the Committee feels that security considerations are best protected via control of information through the laws and regulations governing classification and handling of classified materials and through reliance on Secrecy Orders in the patent office rather than through the taking of title by the Government.

Mr. Homer Blair, Vice President, Patent and Licensing Itek Corporation, Lexington, Massachusetts, questioned the need for an agency to retain title to an invention on national security grounds while testifying at our July 28, 1981 hearings.

He indicated that;

> I have a little problem understanding the reason for that. (Title in the Government) We have a number of very highly classified contracts under which we make inventions. If we wish to get a patent on it, we can file the patent application often through the particular agency, ending up in the U.S. Patent and Trademark Office, which has a security group which can handle any classification. They will examine it as they would with a regular patent application. Of course, all your correspondence is handled on a classified basis. When they have decided that there is allowable subject matter, it is held by the Patent and Trademark Office until the various Government agencies involved decide it would be declassified, which might be many years. Itek has patent applications which were allowed and will not issue in my lifetime. I don't think they should. But my puzzlement is as to why whether we have title or the Government has title has anything to do with national security problems. I have talked to some people in the Central Intelligence Agency and asked them about this, and they're trying to get the right person to explain why it should be the case."

The Committee is unaware of any justification other than previously discussed for not allowing contractors that are operating Government-owned research or production facilities from normally taking title to inventions just as other contractors. Accordingly, lacking a justification for an exception for GOCO's (as found in P.L. 96-517) the Committee has chosen not to include it in S. 1657. We believe agencies will retain sufficient flexibility in unusual cases involving GOCO's through the "exceptional circumstances" exception. In such cases, however, it would be within the spirit of the Act for the agency to either define specific fields of use to which it will obtain rights in any inventions at the time of contracting or to carefully structure any deferred determinations so that the agency does not destroy the incentives for further development of any inventions in fields of use not of interest to the agency.

There has been some concern expressed as to the need for guidance on the obligations of a recipient of Government research funds at a GOCO, university or nonprofit organization when such research is closely related to other research at such facilities sponsored by an industrial concern. Since one of the primary purposes of the Act is to foster cooperative research arrangements among Government, universities, and industry in order to more effectively utilize ~~in order~~ the productive resources of the nation in the creation and commercialization of new technology, it is important to remove any doubt as to the propriety of such cooperative arrangements and the proper application of the Act to them.

Given the right of research organizations to accept supplemental funding from other sources by the agency for the purpose of expediting or more comprehensively accomplishing the research objectives of a Government sponsored project, it is

clear that the Act would remain applicable to any invention " conceived or first actually reduced to practice in performance" of the project. Separate accounting for the two funds used to support the project in this case is not a determining factor.

To the extent that a non-government sponsor establishes a project which although closely related, falls outside the planned and committed agency funded effort and does not diminish or distract from the performance of such effort, inventions made in performance of the non-government sponsored project would not be subject to the conditions of the Act. Inventions made under these circumstances would be disposable in accordance with agreements between GOCO, university or nonprofit organizations and the non-government sponsor. An example of such related but separate projects would be a government sponsored project having research objectives to expand scientific understanding in a field with a closely related industry sponsored project having as its objectives the applicaton of such new knowledge to develop usable new technology. The time relationship in conducting the two projects and the use of new fundamental knowledge from one in the performance of the other are not important determinants since most inventions rest on a knowledge base built up by numerous independent research efforts extending over many years.

An invention which is made outside of the research activities of a government funded project but which in its making otherwise benefits from such project without adding to its cost, is not viewed as a "subject invention" since it cannot be shown to have been "conceived or first actually reduced to practice" in performance of the project. An obvious example of this is a situation where an instrument purchased with government funds is later used, without interference with or costs to the Government funded project, in making an invention all expenses of which involve only non-government funds.

OPTION 2

IN LIEU OF DOE LANGUAGE AMENDMENT

1. Substitute the following paragraph (2) under section 301(a).

(2) The contract is for the operation of a government-owned research or production facility, provided that,

(a) any rights so acquired shall be normally waived by the Federal agency upon request by the contractor to retain title to a subject invention made or to be made under such contract, subject to the conditions of section 302(a), unless the agency determines that commercialization of such invention should be discouraged, restricted or otherwise controlled for national security purposes or the circumstances of paragraphs 1, 3, 4, 5 or 6 of this section apply. Such request may be made any time up to the end of the period within which the contractor must report a subject invention under section 305(1), or

(b) to the extent that a third party sponsor may establish a project at a government-owned research or production facility which, though related;

(i) falls outside the planned and committed agency funded effort, and

(ii) does not diminish or distract from such effort,

then an invention made in performance of such a third party sponsored project is not subject to the conditions of this Act and is disposable in accordance with agreements between the third party sponsor and the government-owned research or production contractor.

2. Add the following paragraph (6) under section 301(6).

(6) A conflict of interest could result from ownership and subsequent licensing.

IN LIEU OF DOE LANGUAGE AMENDMENT

1. Substitute the following paragraph (2) under section 301(a).

(2) The contract is for the operation of a government-owned research or production facility, provided,

(a) that any rights so acquired shall be normally waived by the Federal agency upon request by the contractor to retain title to a subject invention made or to be made under such contract, subject to the conditions of section 302(a), unless the agency determines that commercialization of such invention should be discouraged, restricted or otherwise controlled for national security purposes or the circumstances of paragraphs 1, 3, 4 or 5 of this section apply. Such request may be made any time up to the end of the period within which the contractor must report asubject invention under section 305(1), and

(b) that to the extent that a non-government sponsor establishes a project at a government-owned research or production facility which, though related;

(i) falls outside the planned and committed Government funded effort, and

(ii) does not diminish or distract from such effort,

then an invention made in performance of the non-government sponsored project is not subject to the conditions of this Act and is disposable in accordance with agreements between the non-government sponsor and the government-owned research or production facility.

2. Add the following paragraph (6) under section 301(6).

(6) A conflict of interest could result from ownership and subsequent licensing.

252-5281
Tenney Johnson

IN LIEU OF DOE LANGUAGE AMENDMENT

1. Substitute the following paragraph (2) under section 301(a).

(2) The contract is for the operation of a government-owned research or production facility, provided,

(a) that any rights so acquired shall be normally waived by the Federal agency upon request by the contractor to retain title to a subject invention made or to be made under such contract, subject to the conditions of section 302(a), unless the agency determines that commercialization of such invention should be discouraged, restricted or otherwise controlled for national security purposes or the circumstances of paragraphs 1, 3, 4 or 5 of this section apply. Such request may be made any time up to the end of the period within which the contractor must report asubject invention under section 305(1), and

(b) that to the extent that a non-government sponsor establishes a project at a government-owned research or production facility which, though related;

(i) falls outside the planned and committed Government funded effort, and

(ii) does not diminish or distract from such effort,

then an invention made in performance of the non-government sponsored project is not subject to the conditions of this Act and is disposable in accordance with agreements between the non-government sponsor and the government-owned research or production facility.

2. Add the following paragraph (6) under section 301(6).

(6) A conflict of interest could result from ownership and subsequent licensing.

(1)

March 12, 1982

Patent legislation DOE desires.

DOE SOLUTION TO GOCO ISSUE IN S.1657 (SCHMITT BILL)

1. Place a GOCO exception in section 301(a) using the language of P.L. 96-517 as follows:

"(1) The contract is for the operation of a Government-owned research or production facility;"

2. Add a final paragraph to section 303 of the Schmitt bill which is entitled "Waivers" as follows:

"(d) Where a Federal agency has acquired rights to subject inventions under contract for the operation of a Government-owned research or production facility as authorized in section 301(a)(1) of this Act, the Federal agency shall normally grant waivers upon request to any identified subject invention--

(1) to the contractor or to a third party where the agency does not intend to further support an invention needing further development to achieve practical application [and the contractor or a third party is willing to support such development;]

(2) to a third party where the third party is sponsoring research or development activities at the facility; or

(3) to the contractor in all other cases where the contractor's plans and intentions are more likely to achieve practical application of the invention than those of the agency,

provided, however, the Federal agency may decline to grant the waiver requested if the agency determines that such action will best serve the interests of the United States and the general public. In making such determinations, the agency shall consider at least the guidance of section 301(a) of this Act and the objectives of subsection (c) of this section."

Contractor must prove he'll commercialize

(2) (3) Ertel

March ~~12~~ 19, 1982

&OSTP

DOE/SOLUTION TO GOCO ISSUE IN S.1657 (SCHMITT BILL)

1. Place a GOCO exception in section 301(a) using the language of P.L. 96-517 as follows:

   "(1) The contract is for the operation of a Government-owned research or production facility;"

(3)

2. Add a final paragraph to section 303 of the Schmitt bill which is entitled "Waivers" as follows:

   "(d) Where a Federal agency has acquired rights to subject inventions under contract for the operation of a Government-owned research or production facility as authorized in section 301(a)(1) of this Act, the Federal agency shall [~~normally~~] grant waivers upon request to any identified subject invention--

   (1) to the contractor; or [~~to a third party where the agency does not intend to further support an invention needing further development to achieve practical application, and the contractor or a third party is willing to support such development;~~]

   (2) to a third party where the third party is sponsoring research or development activities at the facility [~~or~~]

   [~~(3) to the contractor in all other cases where the contractor's plans and intentions are more likely to achieve practical application of the invention than those of the agency~~]

   provided, however, the Federal agency may decline to grant the waiver requested if the agency determines that such action will best serve the interests of the United States and the general public. In making such determinations, the agency shall consider at least the guidance of section 301(a) of this Act and the objectives of subsection (c) of this section."

Agency of Govmt retains & decides waivers based on contractors plea.

52-430 [COMMITTEE PRINT NO. 2]

Calendar No.

96TH CONGRESS } SENATE { REPORT No. 96—
1st Session

UNIVERSITY AND SMALL BUSINESS PATENT PROCEDURES ACT

Rpt. 21

REPORT

OF THE

COMMITTEE ON THE JUDICIARY

UNITED STATES SENATE

ON

S. 414

DECEMBER , 1979.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1979

52-430

Following this report, HEW instituted the Institutional Patent Agreements (or I.P.A.'s) to cope with this problem and other means of expeditiously disposing of inventions not covered by an I.P.A. The I.P.A. program provides a first option to qualified universities and nonprofit organizations to inventions that they make under HEW-supported research efforts.

Since instituting the I.P.A. program a number of potentially important new drugs initially funded under HEW research have been delivered to the public through the involvement of private industry in developing, testing, and marketing these discoveries. Prior to the I.P.A. program, however, *not one drug* had been developed and marketed from HEW research because of a lack of incentives to the private sector to commit the time and money needed to commercialize these discoveries.[13]

This program has been so successful that it has been copied by other agencies such as the National Science Foundation and was approved by the General Services Administration in 1978 and made available to all interested agencies under Federal Procurement Regulation Amendment 187 adopted on January 27, 1978.

Ironically, HEW now seems to be returning to its pre-1968 patent polices with the result that Senator Dole in late 1978 compiled a list of 29 important medical discoveries that had been delayed from 9 months to well over a year before HEW was able to determine whether or not the agency would retain patent rights. During the delays, the development of the invention is in limbo because potential licensees are afraid that the agency will insist on retaining title to the patent rights. Follow-up review has shown no improvement in HEW's performance. (The GAO patent policy study presented to the Committee on May 16, 1979, also found that the Department of Energy frequently takes up to 15 months to process these patent ownership requests from its contractors).

HEW has also shown a reluctance in recent years to admit new participants to the I.P.A. program despite the fact that universities and nonprofit organizations have a much better record at licensing out their patents than the agency.

There is no justification for new inventions made under university, nonprofit organization, or small business research having to undergo these long delays to determine patent ownership. Such delays serve to seriously jeopardize the ability of new inventions to be commercialized. Passage of S. 414 will end this uncertainty and prevent these promising inventions from being suffocated under reams of unnecessary, bureaucratic redtape.

It should be noted that the agencies can retain title to inventions arising from research which only received a small percentage of its funding from the Government. Mr. Bremer pointed out that universities receive their funding from a number of sources both private and public. Even the receipt of a small percentage of Federal money however, can throw the whole issue of patent ownership into considerable confusion. Many small companies have told the committee that they are reluctant to use university research facilities because they fear

[13] Testimony of Mr. Norman Latker, patent counsel, Dept. of Health, Education, and Welfare, House Subcommittee on Science, Research and Technology, May 26, 1977, 95th Congress, 1st session, p. 8.

(4)

(3) an analysis of impact of Federal policies on the purposes of this Act.

(e) The authorities conferred upon the Secretary by subsections (b) through (d) of this section 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 may acquire on behalf of the United States, at the time of entering into a contract, title to or rights to license any subject invention, or may limit the rights of a contractor under section 302(b) of this title, 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 such action is necessary to protect the security of such activities;

(2) it is determined that commercialization of the technology to be developed under the contract should be discouraged, restricted, or otherwise controlled;

(3) ~~(2)~~ the agency determines, on a case-by-case basis, that there are exceptional circumstances requiring such action to better promote the policy and objectives of section 101(5) of this Act;

(4) ~~(3)~~ the contractor is not located in the United States or does not have a place of business

Requires agency to justify acquiring rights

extent necessary for the Government to grant an exclusive license.

WAIVER

Sec. 303. (a) A Federal agency may at any time waive all or any part of the rights of the United States under section 301 or 304 of this title to any subject invention or class of subject inventions made or which may be made under a contract or class of contracts if the agency determines that--

(1) the interests of the United States and the general public will be best served thereby; or

(2) the contract involves cosponsored, cost sharing or joint venture research or development and the contractor or other sponsor or joint venturer is required to make a substantial contribution of funds, facilities, or equipment to the work performed under the contract.

(b) The agency shall maintain a record, which shall be made public and periodically updated, of determinations made under this section.

(c) In making determinations under subsection (a)(1) of this section, the agency shall consider at least the following objectives:

(1) encouraging wide availability to the public of the benefits of the experimental,

Draft May 17 (5)

& (6 Subject Report)

IN LIEU OF DOE LANGUAGE AMENDMENT

1. Substitute the following paragraph (2) under section 301(a).

(2) The contract is for the operation of a government-owned research or production facility, provided, that any rights so acquired shall be normally waived by the Federal agency upon request by the contractor to retain title to a subject invention made or to be made under such contract, subject to the conditions of section 302(a), unless the agency determines that commercialization of such invention should be discouraged, restricted or otherwise controlled for national security purposes or the circumstances of paragraphs 1, 3, 4 or 5 of this section apply. Such request may be made any time up to the end of the period within which the contractor must report a subject invention under section 305(1).

Agency specifies in GOCO contract area where rights will be Govt's otherwise waived.

2. Add the following paragraph (6) under section 301(6).

(6) A conflict of interest could result from ownership and subsequent licensing.

- address 3rd party in GOCO section -

March 12, 1982

DOE SOLUTION TO GOCO ISSUE IN S.1657 (SCHMITT BILL)

1. Place a GOCO exception in section 301(a) using the language of P.L. 96-517 as follows:

> "(1) The contract is for the operation of a Government-owned research or production facility;"

2. Add a final paragraph to section 303 of the Schmitt bill which is entitled "Waivers" as follows:

> "(d) Where a Federal agency has acquired rights to subject inventions under contract for the operation of a Government-owned research or production facility as authorized in section 301(a)(1) of this Act, the Federal agency shall normally grant waivers upon request to any identified subject invention:
>
> (1) to the contractor or to a third party where the agency does not intend to further support an invention needing further development to achieve practical application, and the contractor or a third party is willing to support such development;
>
> (2) to a third party where the third party is sponsoring research or development activities at the facility; or
>
> (3) to the contractor in all other cases where the contractor's plans and intentions are more likely to achieve practical application of the invention than those of the agency,
>
> provided, however, the Federal agency may decline to grant the waiver request if the agency determines that such action will best serve the interests of the United States and the general public. In making such determinations, the agency shall consider at least the guidance of section 301(a) of this Act and the objectives of subsection (c) of this section."

March 12, 1982

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(1) to the contractor; or ~~[to a third party where the agency does not intend to further support an invention needing further development to achieve practical application, and the contractor or a third party is willing to support such development;]~~

(2) to a third party where the third party is sponsoring research or development activities at the facility ~~[or~~

~~(3) to the contractor in all other cases where the contractor's plans and intentions are more likely to achieve practical application of the invention than those of the agency]~~

provided, however, the Federal agency may decline to grant the waiver requested if the agency determines that such action will best serve the interests of the United States and the general public. In making such determinations, the agency shall consider at least the guidance of section 301(a) of this Act and the objectives of subsection (c) of this section."

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> >
> > (3) to the contractor in all other cases where the contractor's plans and intentions are more likely to achieve practical application of the invention than those of the agency
>
> provided, however, the Federal agency may decline to grant the waiver requested if the agency determines that such action will best serve the interests of the United States and the general public. In making such determinations, the agency shall consider at least the guidance of section 301(a) of this Act and the objectives of subsection (c) of this section."

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
PROCUREMENT POLICY

April 20, 1982

Tenny,

Enclosed are the alternative languages we drafted as a result of our discussions last week.

We prefer the first alternative and consider it to be the approach most consistent with the intent of this Administration.

I have talked to OSTP's Doug Pewitt and Denis Prager and OMB's Bill Maxwell - they too prefer the first alternative.

The second alternative is less desirable but would probably be acceptable.

Fred Dietrich

ALTERNATIVE 1

1. Substitute the following for paragraph (2) under Section 301(a)

(2) The contract is for the operation of a government-owned research or production facility and FOR GOCOs

(a) such invention(s) will be made in performance of a task or program under such contract that requires the development of one or more of the following:

(i) a specific product or process that will be required for use by regulations;

(ii) a product or process that the agency plans to fully fund and promote to the marketplace;

(iii) Nuclear fuels that will be controlled or otherwise restricted;

(iv) (you may wish to add other specific circumstances under which contractor ownership should be restricted); or

(b) the head of the agency believes that the ownership and licensing of such invention(s) would either diminish or distract from performance of tasks or programs assigned under such contract.

. . . . . .

2. Add the following paragraph (6) under section 301(a)

(6) An agency head believes that the ownership and licensing of such invention(s) would either diminish or distract from the performance of such contract or result in a conflict of interest. for FFRDCs

ALTERNATIVE 2

1. Substitute the following for paragraph (2) under section 301(a).

(2) The contract is for the operation of a government-owned research or production facility, provided that

(a) any rights so acquired shall be normally waived by the Federal agency upon request by the contractor, subject to the conditions of Section 302(a), unless,

(i) the agency determines that such invention(s) was made or will be made in performance of a task or program under such contract that requires the development of one or more of the following:

A a specific product or process that will be required for use by regulations;

B a product or process that the agency plans to fully fund and promote to the marketplace;

C nuclear fuels that will be controlled or otherwise restricted;

D (you may wish to add other specific circumstances under which contractor ownership should be restricted); or

(ii) the head of the agency believes that the ownership and licensing of such invention(s) would either diminish or distract from performance of tasks or programs assigned under such contract, and

(b) A contractor request under (a) above, shall be considered by the agency any time up to the end of the period within which the contractor must report a subject invention under Section 305(1) and an agency determination rendered within three months of the contractor's request.

2. Add the following paragraph (6) under Section 301(a)

(6) An agency head believes that the ownership and licensing of such invention(s) woul ' either diminish or distract from the performance of such contract or result in a conflict of interest.

DRAFT

June 9, 1982

(Senate)

S. 1657 - Uniform Science and Technology Research and Development Utilization Act

(Schmitt (R) NM and 5 others)

The Administration supports (enactment) Senate passage of S. 1657, but will seek amendments in the House to ensure that (1) the Federal Government can meet its international obligations with respect to procurements, cooperative research, and sharing research results, (2) inventions are reported on a timely basis so that inventions resulting from federally funded R&D become part of the technological base and the Government does not loose the opportunity to patent an invention that the private sector inventor does not choose to pursue, and (3) the grant of title or exclusive license is not likely to lessen competition substantially in any market. The Administration will also seek technical amendments to Title IV of the bill.

* * * * * * * * *

(Not to be Distributed Outside Executive Office of the President.)

S. 1657 extends to "big" businesses the same rights to inventions resulting from federally funded R&D as now enjoyed under P.L. 96-517 by small businesses and non-profit organizations. (Under the bill, as a general Federal policy, organizations that performed R&D work using Federal funds will have first option to obtain title to any invention that might result from the research.) The

Administration has supported the objectives of S. 1657 and has worked with the Senate Energy and Commerce Committee in drafting ~~working out~~ its specific provisions.

Three amendments to S. 1657, as reported, are necessary, however, to make the bill fully acceptable. Language needs to be included to ensure that:

(1) the Federal Government can meet its international obligations -- with respect to procurements, cooperative research and, sharing research results;

(2) inventions are reported so that (a) new ideas and approaches becomes part of the technological base and (b) the Government will not lose the opportunity to patent an invention that the private sector inventor does not elect to patent because he has not reported it on a timely basis; and

(3) the grant of a title of exclusive license by the Federal Government is clearly covered by section 7 of the Clayton Act, which prohibits company acquisitions or mergers if such action would likely result in lessening competition substantially in any market.

Technical amendments are also needed in Title IV of the bill, which amends specified statutes to make them consistent with S. 1657. This position has been cleared by PAD/EG (Anderson), TCH (Dyer), OFPP (Dietrich), OSTP (Prager), DOC (Kirk), DOD (Henderson), DOE (Johnson), NASA (Kempf), NSF (Chester), EPA (Bochenek), State

(Alba), and Justice (Logan).

Work Copy

II

Calendar No. 541

97TH CONGRESS
2D SESSION

S. 1657

[Report No. 97-381]

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

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 23 (legislative day, SEPTEMBER 9), 1981

Mr. SCHMITT (for himself, Mr. CANNON, Mr. GORTON, Mrs. KASSEBAUM, Mr. LUGAR, and Mr. SYMMS) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

MAY 5 (legislative day, APRIL 13), 1982

Reported by Mr. PACKWOOD, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

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,

~~second time it appears therein, and inserting in lieu thereof a period.~~

~~(12) 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.~~

~~(13) Section 5(d) of the Consumer Product Safety Act (15 U.S.C. 2054(d); 88 Stat. 1211) is repealed.~~

~~(14) Section 3 of the Act of April 5, 1944 (30 U.S.C. 323; 58 Stat. 191), is repealed.~~

~~(15) Section 8001 of the Solid Waste Disposal Act (42 U.S.C. 6981; 90 Stat. 2892) is repealed.~~

~~(16) Sections 200 through 209 and section 211 of title 35, United States Code, are repealed.~~

~~(17) Section 6c (1) and (2) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3705(c) (1) and (2); 94 Stat. 2313) is repealed.~~

~~EFFECTIVE DATE~~

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

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 adversely affects 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 delays technological progress, and inhibits commercial utilization of those results; and

(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, and this policy should promote the progress of science and the useful arts, encourage the efficient commercial utilization of technological 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 applicable to the management and use of the results of federally sponsored science and technology research and development to stimulate more widespread commercial utilization of those results for the public good; 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" medns any contract, grant, or cooperative agreement entered into between any Federal

agency (other than the Tennessee Valley Authority) and any person other than a small business firm or nonprofit organization (as defined in section 201 of title 35, United States Code) 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 tier entered into or executed for the conduct of experimental, developmental, or research work in connection with the performance of that contract;

(2) "contractor" means any person or entity (other than a Federal agency, nonprofit organization, or small business firm, as defined in section 201 of title 35, United States Code) which is a party to the contract;

(3) "Director" means the Director of the Office of Management and Budget, or his designee;

(4) "Federal agency" means an executive agency (as defined in section 105 of title 5, United States Code), and the military departments (as defined in section 102 of title 5, United States Code);

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

(6) "invention" means any invention or discovery which is or may be patentable or otherwise protectable

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.);

(7) "practical application" means to manufacture (in the case of a composition or product); to practice (in the case of a processor method); or to operate (in the case of a machine or system); in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms or through reasonable licensing arrangements;

(8) "Secretary" means the Secretary of Commerce; and

(9) "subject invention" means any invention of a contractor conceived or first actually reduced to practice in the performance of work under a contract: Provided, That, in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act (7 U.S.C. 2401(d)) must also occur during the period of contract performance.

TITLE II—IMPLEMENTATION

RESPONSIBILITIES

SEC. 201. (a) The Director shall issue such policies, procedures, and guidelines applicable to Federal agencies as

are necessary and desirable to achieve uniform and consistent implementation of the provisions of title III of this Act.

(b) For the purpose of obtaining consistent application of the policies of this Act, the Secretary is authorized and directed to—

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

(2) accumulate, analyze, and disseminate data obtained from Federal agencies; and

(3) 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 Federal agency efforts to promote the licensing and utilization of Government-owned inventions;

(2) assist 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.

(d) Within 1 year after the date of enactment of this Act and annually thereafter, the Secretary shall submit to Congress a report of activities pursuant to this Act. Such report shall include—

(1) relevant statistical data regarding the disposition of subject 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 impact of Federal policies on the purposes of this Act.

(e) The authorities conferred upon the Secretary by subsections (b) through (d) of this section shall expire 7 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 may acquire on behalf of the United States, at the time of entering into a contract, title to or rights to license any subject invention, or

may limit the rights of a contractor under section 302(b) of this title, 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 such action is necessary to protect the security of such activities;

(2) the agency determines, on a case-by-case basis, that there are exceptional circumstances requiring such action to better promote the policy and objectives of section 101(5) of this Act;

(3) the contractor is not located in the United States or does not have a place of business located in the United States, or is a foreign government; or

(4) the contract is entered into under a program that implements a formal international agreement or arrangement of cooperation in science and technology, and rights in the Government greater than a nonexclusive license are necessary for the agency to fulfill its obligations under the international agreement or arrangement.

(b)(1) The rights of the Government under subsection (a) of this section shall not be exercised by the Federal agency unless it first determines that at least one of the conditions identified in paragraphs (1) through (4) of subsection

(a) of this section exist. Except in the case of paragraph (1) of such subsection, the agency shall within 30 days after the award of the applicable contract, file with the Secretary a statement stating such determination. In the case of a determination under subsection (a) (2) or (4) of this section, the statement shall include an analysis supporting the determination and justifying the limitations and conditions being imposed. 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 and the Director and recommend corrective actions.

(2) Whenever the Director has determined that one or more Federal agencies are utilizing the authority of subsection (a) (2) or (4) of this section is in a manner that is contrary to the terms, policy, or objectives of this Act, the Director is authorized to issue policies, procedures, and guidelines describing classes of situations in which agencies may not utilize the provisions of subsection (a) (2) or (4) of this section.

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

(1) to require written reports on the commercial use or other forms of utilization or efforts toward obtaining commercial utilization made by the contractor

or its licensees or assignees with respect to any subject invention to which the contractor elects title, pursuant to section 302 of this title: Provided, That any such report, as well as any information on utilization or efforts toward obtaining utilization obtained as part of a

(3) if the head of the Federal agency or a policy-level designee determines that it would be in the national interest, to give the Federal agency the rights (A) to require the contractor to license any state or domestic local government or, pursuant to any existing or future treaty or agreement, any foreign government to practice any subject invention to which the contractor elects title and (B) to sublicense such entitities if the contractor refuses to license them.

use, and sell any subject invention throughout the world by or on behalf of the United States.

RIGHTS OF THE CONTRACTOR

SEC. 302. (a) Whenever a contractor enters into a contract, unless limited in those circumstances identified in section 301(a) of this title, the contractor shall have the option of retaining title to any subject invention. Such title shall be subject only to the limitations set forth in sections 301, 304, and 305 of this title, and such title shall not be subject to any other limitations or conditions.

(b) When the Government obtains title to a subject invention under section 301 of this title, the contractor shall retain a nonexclusive, royalty-free, paid-up, worldwide license, including the right to sublicense domestic affiliates, subsidiaries, and existing licensees to whom the contractor is legally obligated to sublicense, which shall be revocable only to the extent necessary for the Government to grant an exclusive license.

WAIVER

SEC. 303. (a) A Federal agency may at any time waive all or any part of the rights of the United States under section 301 or 304 of this title to any subject invention or class of subject inventions made or which may be made under a contract or class or contracts if the agency determines that—

(1) the interests of the United States and the general public will be best served thereby; or

(2) the contract involves cosponsored, cost-sharing or joint venture research or development and the contractor or other sponsor or joint venturer is required to make a substantial contribution of funds, facilities, or equipment to the work performed under the contract.

(b) The agency shall maintain a record, which shall be made public and periodically updated, of determinations made under this section.

(c) In making determinations under subsection (a)(1) of this section, the agency shall consider at least the following objectives:

(1) encouraging 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 (including the most highly qualified persons) in the Government-sponsored experimental, developmental, or research programs; and

(4) fostering competition and preventing the creation or maintenance of situations inconsistent with the antitrust laws of the United States.

MARCH-IN-RIGHTS

SEC. 304. (a) Where a contractor has elected to retain title to a subject invention under section 302 of this title, the Federal agency shall have the right (unless waived under section 303 of this title), pursuant to policies, procedures, and guidelines of the Director and subject to the provisions of subsection (b) of this section, to grant or require the contractor or his assignee to grant a nonexclusive, partially exclusive, or exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, if the

head of the agency or his designee determines that such action is necessary—

(1) because the contractor, assignee, or licensee 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, his assignees or licensees; or

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

(b) A determination made pursuant to this section shall not be considered a contract dispute and shall not be subject to the Contract Disputes Act (41 U.S.C. 601 et seq.). Any contractor adversely affected by a determination under this section may, at any time within 60 days after the determination is issued, file a petition in the United States Court of Claims, which shall have jurisdiction to determine the matter de novo and to affirm, reverse, or modify as appropriate, the determination of the Federal agency.

GENERAL PROVISIONS

SEC. 305. Each contract entered into by a Federal agency shall employ a patent right clause containing appropriate provisions to provide—

(1) that the contractor disclose each subject invention to the Federal agency within a reasonable time after it becomes known to contractor personnel responsible for the administration of invention and patent matters, and that the Federal Government may receive title to any subject invention not disclosed to it within such time; and

(2) unless the Government acquires title to the subject invention under section 301(a) of this title, that—

(A) the contractor make a written election to the Federal agency within 2 years after disclosure under paragraph (1) of this subsection or such additional time as may be approved by the Federal agency whether the contractor will retain title to a subject invention pursuant to the provisions of section 302 of this title: Provided, That, in any case where publication, on sale, or public use has initiated the 1-year statutory period wherein valid patent protection can still be obtained within the United States, the period for election of title may be shortened by the Federal agency to a date that is no more than 60 days prior to the end of the statutory period;

(B) a contractor which elects rights in a subject invention agrees to file [a] patent applications [prior to any statutory bar date that may occur under title 35, United States Code, due to publication, on sale, or public use, and shall thereafter file corresponding patent applications in other countries in which it wishes to retain title] within reasonable times, and that the Federal Government may receive title to any subject inventions in the United States or other countries in which the contractor has not filed patent applications on the subject invention within such times; and

(C) 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.

BACKGROUND RIGHTS

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

TITLE IV—MISCELLANEOUS

REPEAL OF EXISTING STATUTORY RESEARCH AND DEVELOPMENT AUTHORIZATIONS

SEC. 401. 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)), is amended by striking 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)) is amended by striking the last sentence thereof.

(3) Section 106(c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(c)) is repealed.

(4) Section 12(a) of the National Science Foundation Act of 1950 (42 U.S.C. 1871(a)) is repealed.

(5)(A) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182) is repealed: Provided, however, That such section shall continue to be effective with respect to any application for a patent in which the statement under oath referred to in 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) The item relating to section 152 in the table of contents of the Atomic Energy Act of 1954 is amended to read as follows:

"Sec. 152. Repealed.".

(6) The National Aeronautics and Space Act of 1958 (42 U.S.C. 2451 et seq.) is amended by—

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

(C) adding at the end of section 203 thereof (42 U.S.C. 2473) the following new subsection:

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

and

(D) striking "(including patents and rights thereunder)" in section 203(c)(3) thereof (42 U.S.C. 2473(c)(3)).

(7) Section 6 of the Act of July 7, 1960 (30 U.S.C. 666), is repealed.

(8) Section 4 of the Helium Act Amendments of 1960 (50 U.S.C. 167b) is amended by striking all after "utilization" and inserting in lieu thereof a period. DoI

(9) Section 32 of the Arms Control and Disarmament Act (22 U.S.C. 2572) is repealed. DoD

(10) Subsection (e) of section 302 of the Appalachian Regional Development Act of 1965 (40 U.S.C. App. 302(e)) is repealed. ARC

(11) Subsections (a) through (k), (m), and (n) of section 9 of the Federal Nonnuclear Energy Research and Development Act of 1974 (42 U.S.C. 5908) are repealed. DoE

(12) Section 5(d) of the Consumer Product Safety Act (15 U.S.C. 2054(d)) is repealed. CPSC

(13) Section 3 of the Act of April 5, 1944 (30 U.S.C. 323), is repealed. ?

(14) Section 8001(c)(3) of the Solid Waste Disposal Act (42 U.S.C. 6981(c)(3)) is repealed. EPA

(15) Chapter 38 of title 35, United States Code, is amended— USDA

(A) by adding "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.)" immediately after "title" in section 201(d);

(B) by adding ": Provided, That, in the case of a variety of plant, the date of determination (as defined

in section 41(d) of the Plant Variety Protection Act (7 U.S.C. 2401(d)) must also occur during the period of contract performance" immediately after "agreement" in section 201(e);

(C) in section 202(a), (i) by amending clause (i) to read as follows: "(i) when the contractor is not located in the United States or does not have a place of business located in the United States,", and (ii) by striking "or (iii)" and inserting in lieu thereof the following: ", (iii) when the funding agreement is entered into under a program that implements a formal international agreement or arrangement of cooperation in science and technology, and rights in the Government greater than a nonexclusive license are necessary for the agency to fulfill its obligations under the international agreement or arrangement; or (iv)";

(D) by amending section 202(b) to read as follows:

"(b)(1) The rights of the Government under paragraph (a) of this section shall not be exercised by a Federal agency unless it first determines that at least one of the conditions identified in subparagraphs (i) through (iv) of paragraph (a) exists. Except in the case of paragraph (a)(iv), the agency shall file with the Secretary of Commerce, within 30 days after the award of the applicable funding agreement, a state-

ment stating such determination. In the case of a determination under paragraphs (a) (ii) or (iii), the statement shall include an analysis justifying the determination. If the Secretary of Commerce believes that any individual determination or pattern of determinations is contrary to the policies and objectives of this chapter or otherwise not in conformance with this chapter, the Secretary shall so advise the head of the agency concerned and the Administrator of the Office of Federal Procurement Policy, and recommend corrective actions.

"(2) Whenever the Administrator of the Office of Federal Procurement Policy has determined that one or more Federal agencies are utilizing the authority of subparagraphs (i) through (iv) of paragraph (a) of this section in a manner that is contrary to the policies and objectives of this chapter, the Administrator is authorized to issue regulations describing classes of situations in which agencies may not exercise the authorities of those subparagraphs.";

(E) by amending subparagraphs (1), (2), and (3) of section 202(c) to read as follows:

"(1) That the contractor disclose each subject invention to the Federal agency within a reasonable time after it becomes known to contractor personnel responsible for the administration of patent matters, and that the Federal Govern-

ment may receive title to any subject invention not disclosed to it within such time.

"(2) That the contractor make a written election within 2 years after disclosure to the Federal agency (or such additional time as may be approved by the Federal agency) whether the contractor will retain title to a subject invention: Provided, That, in any case where publication, on sale, or public use, has initiated the 1 year statutory period in which valid patent protection can still be obtained in the United States, the period for election may be shortened by the Federal agency to a date that is not more than sixty days prior to the end of the statutory period: And provided further, That the Federal Government may receive title to any subject invention in which the contractor does not elect to retain rights or fails to elect rights within such times.

"(3) That a contractor electing rights in a subject invention agrees to file a patent application prior to any statutory bar date that may occur under this title due to publication, on sale, or public use, and shall thereafter file corresponding patent applications in other countries in which it wishes to retain title within reasonable times, and that the Federal Government may receive title to any subject inventions in the United States or other countries in which the contractor has not filed patent applications on the subject invention within such times.";

E

(E) by adding the following new paragraph at the end of section 202:

"(g) A Federal agency may at any time waive all or any part of the rights of the United States under paragraphs (c) (4) through (8) of this section, section 203, and section 204 of this chapter, to any subject invention or class of subject inventions made or which may be made under a funding agreement or class of funding agreements if the agency determines (A) that the interests of the United States and the general public will be best served thereby; or (B) the funding agreement involves cosponsored, cost sharing or joint venture research or development when the contractor or other sponsor or joint venturer is required to make or has made a substantial contribution of funds, facilities, or equipment to the work performed under the funding agreement. The agency shall maintain a record, which shall be made public and periodically updated, of determinaitons made under this paragraph. In making such determinations under clause (A) of this paragraph, the agency shall consider at least 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, including the most highly qualified persons, in Government-sponsored experimental, developmental, or research programs; and

"(4) fostering competition preventing the creation or maintenance of other situations inconsistent with the antitrust laws.";

(G) by striking "may" in section 202(c)(5) and inserting in lieu thereof "as well as any information on utilization or efforts at obtaining utilization obtained as part of a proceeding under section 203 of this chapter shall";

(H) by striking clause (B) in section 202(c)(7) and redesignating clauses (C) and (D) of such section as clauses (B) and (C), respectively;

(I) by adding at the end of section 203 the following:

"A determination pursuant to this section shall not be considered a contract dispute and shall not be subject to the Contract Disputes Act (41 U.S.C. 601 et seq.). Any contractor, assignee, or exclusive licensee adversely affected by a determination under this section may, at any time within 60 days after the determination is issued, file a petition in the

United States Court of Claims, which shall have jurisdiction to determine the matter de novo and to affirm, reverse, or modify as appropriate, the determination of the Federal agency."; and

(C) by amending section 209 by striking subsection (c)(2); by redesignating subsection (c)(3) as subsection (c)(2); and by striking all in paragraph (d) after "objections" and inserting in lieu thereof a period.

(16) Section 6(e) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3705(e)) is repealed.

(17) Section 10(a) of the Act of June 29, 1935 (7 U.S.C. 427i(a)) is amended by striking the last sentence thereof.

(18) Section 427(b) of the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 937(b)) is amended by striking the last sentence thereof.

(19) Section 306(d) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1226(d)) is amended by striking the first two sentences thereof.

(20) Section 21(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2218(d)) is repealed.

(21) Section 6(b) of the Solar Photovoltaic Energy Research, Development, and Demonstration Act of 1978 (42

U.S.C. 5585(b)) is amended by striking "7, 8, and 9" and inserting in lieu thereof "7 and 8".

(22) Section 12 of the Native Latex Commercialization and Economic Development Act of 1978 (7 U.S.C. 178j) is repealed.

(23) Section 408 of the Water Research and Development Act of 1978 (42 U.S.C. 7879) is repealed.

(24) (A) Section 173 of the United States Synthetic Fuels Corporation Act of 1980 (42 U.S.C. 8773) is repealed.

(B) The item relating to section 173 in the table of contents of the Energy Security Act (42 U.S.C. 8701 et seq.) is amended to read as follows:

"Sec. 173. Repealed.".

RELATIONSHIP TO ANTITRUST LAWS

SEC. 402. 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 of the United States.

EFFECTIVE DATE

SEC. 403. (a) This Act shall take effect 6 months after the date of enactment of this Act.

(b) 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

(a) In an action brought by the United States alleging a violation of section 7 of the Clayton Act (15 U.S.C. 81) the following shall be deemed an acquisition of assets by one person from another person:

(i) the retention of title to a subject invention by a contractor or inventor under section 301 or 302 of this Act; and

(ii) the grant of an exclusive or partially exclusive license under sections 401-403 of this Act.

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 Director's implementing policies, procedures, and guidelines had the contract been entered into after the effective date of this Act.