98TH CONGRESS
1ST SESSION

S. 2171

To amend title 35 of the United States Code for the purpose of creating a uniform policy and procedure concerning patent rights in inventions developed with Federal assistance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 18 (legislative day, NOVEMBER 14), 1983

Mr. DOLE (for himself, Mr. LAXALT, and Mr. DECONCINI) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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A BILL

To amend title 35 of the United States Code for the purpose of creating a uniform policy and procedure concerning patent rights in inventions developed with Federal assistance, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Uniform Patent Procedures Act of 1983".

SEC. 2. (a) Chapter 38 of title 35, United States Code, as added by Public Law 96–517 (94 Stat. 3018), is redesignated as chapter 18 of such title and all references to such chapter 38 shall be considered references to chapter 18.

SEC. 2. (a) Chapter 38 of title 35, United States Code, as added by Public Law 96–517 (94 Stat. 3018), is redesignated as chapter 18 of such title and all references to such chapter 38 shall be considered references to chapter 18.

(b) Part II of title 35, United States Code, is amended by inserting chapter 18, as redesignated herein, after chapter 17 of such title.

(c) The table of chapters for title 35 is amended by redesignating chapter 38 as chapter 18 and inserting such chapter and section designations at the end of part II.

SEC. 3. (a) Section 35 of the United States Code is amended by adding after chapter 18, as redesignated herein, a new chapter as follows:

"CHAPTER 19—PATENT RIGHTS IN INVENTIONS MADE WITH FEDERAL ASSISTANCE BY OTHER THAN SMALL BUSINESS FIRMS OR NONPROFIT ORGANIZATIONS

"Sec.
"212. Policy and objectives.
"213. Definitions.
"214. Responsibilities.
"215. Disposition of rights.
"216. March-in rights.
"217. Background rights.

"CHAPTER 19—PATENT RIGHTS IN INVENTIONS MADE WITH FEDERAL ASSISTANCE BY OTHER THAN SMALL BUSINESS FIRMS OR NONPROFIT ORGANIZATIONS

"Sec.
"212. Policy and objectives.
"213. Definitions.
"214. Responsibilities.
"215. Disposition of rights.
"216. March-in rights.
"217. Background rights.

"§ 212. Policy and objectives

"In addition to the policy and objectives set forth in section 200 of this title, it is the further policy and objective of the Congress to ensure that all inventions made with Fed-

"(1) 'Administrator' means the Administrator of the Office of Federal Procurement Policy or his or her designee;

"(2) 'contract' means 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 this title) 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;

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

"(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;

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 this title, 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.);

Expands definition to cover inventions under Plant Variety Protection Act — old be new plants generated by genetic engineering.

"(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 or his or her designee; 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: *Pro-*

public on reasonable terms or through reasonable licensing arrangements;

"(8) 'Secretary' means the Secretary of Commerce or his or her designee; 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: *Pro-*

vided, That, in the case of a variety of plant, the date of determination (as defined in section 41(d) of the

"§ 214. Responsibilities

"(a) The Secretary is authorized to issue regulations which may be made applicable to all Federal agencies implementing the provisions of this chapter, and the Secretary shall proscribe standard patent rights provisions for use under this chapter. The regulations and the standard patent rights provisions shall be subject to public comment before their issuance.

"(b) In order to obtain consistent practices under this chapter and chapter 18 of this title, the Secretary is authorized and directed (i) to consult with and advise Federal agencies concerning the effective and consistent implementation of these chapters, and (ii) to obtain from the agencies information and data relating to agency practices under these chapters.

"§ 215. Disposition of rights

"(a) Subject to subsection (c) of this section and to section 216 of this title, 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, at the time of contracting, limit or eliminate this right, place additional restrictions or conditions on the contract that go beyond those set forth in subsection (c) of this section, expand the rights of the Government to license or sublicense, and alter or eliminate the contractor's right under paragraph (6) of subsection (c) of this section if—

agency may, at the time of contracting, limit or eliminate this
right, place additional restrictions or conditions on the contract that go beyond those set forth in subsection (c) of this section, expand the rights of the Government to license or sublicense, and alter or eliminate the contractor's right under paragraph (6) of subsection (c) of this section if—
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"(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;

"(2) it is determined that 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

"(3) it is determined, on a case-by-case basis, that there are exceptional circumstances requiring such action to better promote the policies and objectives of sections 200 and 212 of this title.

"(b)(1) Each determination required by subsection (a) of this section shall be in writing and, except in the case of paragraph (1) of subsection (a) of this section, the agency shall, within thirty days after the award of the applicable contract, file with the Secretary a copy of each such determination. In the case of a determination under subsection (a)(3)

sections 200 and 212 of this title.

"(b)(1) Each determination required by subsection (a) of this section shall be in writing and, except in the case of paragraph (1) of subsection (a) of this section, the agency shall, within thirty days after the award of the applicable contract, file with the Secretary a copy of each such determination. In the case of a determination under subsection (a)(3) of this section, the statement shall include an analysis sup-

retary shall so advise the head of the agency concerned and the Administrator and recommend corrective actions.

"(2) Whenever the Administrator has determined that one or more Federal agencies are utilizing the authority of paragraph (2) or (3) of subsection (a) in a manner that is contrary to the terms, policy, or objectives of this Act, the Administrator is authorized to issue policies, procedures, and guidelines describing classes of situations in which agencies may not utilize the provisions of paragraph (2) or (3) of subsection (a).

"(c) In accordance with the regulations to be issued by the Secretary, after public comment, each contract that the Government or any Federal agency acting on behalf of the Government may enter into shall employ a patent rights clause containing appropriate provisions to effectuate the following:

"(1) that the contractor disclose each subject invention within a reasonable time after it is made and that, upon request, the contractor will assign the Government title to any subject invention not disclosed within such time;

"(2) that, unless the Government has acquired the right to title under subsection (a) of this section—

"(A) the contractor make a written election, as to the retention of title to the subject invention

within such time;

"(2) that, unless the Government has acquired the right to title under subsection (a) of this section—

"(A) the contractor make a written election, as to the retention of title to the subject invention

within a reasonable time after disclosure under paragraph (1) of this subsection;

"(B) the Government may, upon request, receive title to any subject invention in any countries in which the contractor has not elected to retain title within such time;

"(C) a contractor electing to retain title to a subject invention will file patent applications within reasonable times; and

"(D) the Government may, upon request, receive title to any subject invention in any countries in which the contractor has failed to file patent applications within the reasonable times specified pursuant to subparagraph (C) of this subsection;

"(3) that with respect to any subject invention to which a contractor elects to retain title, the United States shall have (unless additional rights have been taken under subsection (a) of this section) a nonexclu-

patent applications within the reasonable times specified pursuant to subparagraph (C) of this subsection;

"(3) that with respect to any subject invention to which a contractor elects to retain title, the United States shall have (unless additional rights have been taken under subsection (a) of this section) a nonexclu-

sive, nontransferrable, irrevocable, paid-up license to make, use and sell the subject invention throughout the

the agency as necessary for meeting the obligations of the United States under any treaty or other international agreement, arrangement of cooperation, memorandum of understanding, or similar international arrangement, including military agreements relating to weapons development and production;

"(4) that the agency may 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 this section: *Provided*, That any such report, as well as any information on utilization of efforts toward obtaining utilization obtained as part of a proceeding under section 216 of this title, 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);

"(5) 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 inven-

by any assignee of the contractor, will include within the specification of such application and any patent issuing thereon, a statement specifying that the inven-

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tion was made with Government support and that the Government has certain rights in the invention;

"(6) that the contractor, in cases when it does not elect to retain title to a subject invention, shall retain a nonexclusive, royalty free, paid-up, worldwide license, including the right to sublicense affiliates, subsidiaries, and existing licensees to whom the contractor is legally obligated to sublicense 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: *Provided, however*, That the contractor shall not be entitled to such a license if the contractor has fraudulently failed to disclose the subject invention; and

"(7) such other administrative requirements that the Secretary determines to be necessary to effectuate the rights of the Government as specified in this chapter, which are not inconsistent with this chapter.

"(d) Agencies are authorized to include awards to inven-

license if the contractor has fraudulently failed to disclose the subject invention; and

"(7) such other administrative requirements that the Secretary determines to be necessary to effectuate the rights of the Government as specified in this chapter, which are not inconsistent with this chapter.

"(d) Agencies are authorized to include awards to inven-

tors to stimulate reporting of subject inventions as an allowable element of cost if such reporting results in the agency

or section 216 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—

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

"(B) 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.

"(2) The agency shall maintain a record, which shall be available to the public and periodically updated, of determinations made under paragraph (1) of this subsection.

"(3) In making determinations under paragraph (1) of this subsection, the agency shall consider at least the following objectives:

"(A) encouraging wide availability to the public of the benefits of the experimental, developmental, or research programs 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 the

inventions;

"(C) encouraging participation by private persons (including the most highly qualified persons) in the

Government-sponsored experimental, developmental, or research programs; and

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

"(4) With respect to contracts in which an agency invokes paragraphs (1) through (3) of subsection (a) of section 215, 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 sections 215 and 216 and may allow the contractor to retain the license rights set forth in subsection (c)(6) of this section if such license rights were otherwise limited in the contract.

"(f) 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 the agency deems appropriate, subject to section 216 of this Act.

if such license rights were otherwise limited in the contract.

"(f) 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 the agency deems appropriate, subject to section 216 of this Act.

"(g) In any case when a Federal employee is a coinventor of any subject invention, the Federal agency employing

in this title as are applicable to the rights the contractor derived through its own contract.

"§ 216. March-in rights

"(a) Where a contractor has elected to retain title to a subject invention under section 215 of this title, the Federal agency shall have the right (unless waived under subsection (d) of section 215 of this title), pursuant to policies, procedures, and guidelines of the Secretary 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 contractors, his assignees or licensees.

his assignees or licensees; or

"(3) to meet requirements for public use specified by Federal regulation which are not reasonably satisfied by the contractors, 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 sixty days after the date the determination is issued, file a petition in the United States Claims Court, which shall have jurisdiction to determine the matter de novo and to affirm, reverse, or modify as appropriate, the determination of the Federal agency.

"§ 217. Background rights

"(a) Nothing contained in this chapter shall be construed to deprive the owner of any background patent or of such rights as the owner may have under such patent.

"(b) No contract 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 agency head and a written justification has been signed by such agency head. Any such provision will clearly state

13 rights as the owner may have under such patent.

14 "(b) No contract shall contain a provision allowing a
15 Federal agency to require the licensing to third parties of
16 inventions owned by the contractor that are not subject in-
17 ventions unless such provision has been approved by the
18 agency head and a written justification has been signed by
19 such agency head. Any such provision will clearly state
20 whether the licensing may be required in connection with the

"(c) A Federal agency will not require the licensing of third parties under any such provision unless the agency head 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 contract and that such action is necessary to achieve practical application of the subject invention or work object. Any such determination will be made on the record after an opportunity for an agency hearing, and the contractor shall be given prompt notification of the determination by certified or registered mail.".

(b) The table of chapters for title 35, United States Code, is amended by adding immediately after the item relating to chapter 18 as redesignated herein the following:

"19. Patent rights in inventions made with Federal assistance by other than small business firms or nonprofit organizations.".

(c) Chapter 18 of title 35, United States Code, as redesignated herein, is amended—

(1) 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);

(2) 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

(2) 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);

(3) in section 202(a), 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

(4) 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 (iii) of paragraph (a) exists. Except in the case of paragraph (a)(iii), the agency shall file with the Secretary of Commerce, within thirty days after the award of the applicable funding agreement, a copy of such determination. In the case of a determination under paragraph (a)(ii), 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

shall file with the Secretary of Commerce, within thirty days after the award of the applicable funding agreement, a copy of such determination. In the case of a determination under paragraph (a)(ii), 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,

eral agencies are utilizing the authority of subparagraph (i) or (ii) 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.";

(5) by amending subparagraphs (1), (2), (3), and (4) 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 Government may receive title to any subject invention not disclosed to it within such time.

"(2) That the contractor make a written election within two 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 one 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*

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.

"(4) With respect to any invention in which the contractor elects rights, the Federal agency shall have a nonexclusive, nontransferrable, irrevocable, paid-up license to practice or have practiced for or on behalf of

United States or other countries in which the contractor has not filed patent applications on the subject invention within such times.

"(4) With respect to any invention in which the contractor elects rights, 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 any subject invention throughout the world: *Provided*, That the funding agreement may pro-

States under any treaty, international agreement, arrangement of cooperation, memorandum of understanding, or similar arrangement, including military agreements relating to weapons development and production.".

(6) 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 inventions made under a funding agreement or class of funding agreements if the agency determines (1) that the interests of the United States and the general public will be best served thereby; or (2) the funding agreement involves cosponsored, cost sharing or joint venture research or 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 available to the public and periodically updated, of determinations 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, developmen-

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, developmen-

tal, or research program 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

(7) by striking out "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";

(8) by striking out "and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sales of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention" in clause (A) of section 202(c)(7) and by

shall";

(8) by striking out "and which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sales of products or the use of processes that might utilize the invention or be in competition with embodiments of the invention" in clause (A) of section 202(c)(7) and by

striking out clause (B) of section 202(c)(7) and redesignating clauses (C) and (D) of such section as clauses

"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 sixty days after the determination is issued, file a petition in the United States Claims Court, which shall have jurisdiction to determine the manner de novo and to affirm, reverse, or modify as appropriate, the determination of the Federal agency.";

(10) by amending section 206 to read as follows:

"§ 206. Uniform clauses and regulations

"The Secretary of Commerce may issue regulations which may be made applicable to Federal agencies implementing the provisions of sections 202 through 204 of this chapter and shall establish standard funding agreement provisions required under this chapter. The regulations and the standard funding agreement shall be subject to public comment before their issuance.";

(11) by amending section 207 by adding the following new paragraph at the end thereof:

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

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

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

"(B) assist Federal agencies in seeking protection and maintaining inventions in foreign countries, including the payment of fees and costs connected therewith; and

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

(12) by amending section 208 by striking out "Administrator of General Services" and inserting in lieu thereof "Secretary of Commerce";

(13) by amending section 209—

(A) by striking out subsection (c)(2);

(B) by redesignating subsection (c)(3) as subsection (c)(2); and

(C) by striking out all in paragraph (d) after "objections" and inserting in lieu thereof a period;

lieu thereof "Secretary of Commerce";

(13) by amending section 209—

(A) by striking out subsection (c)(2);

(B) by redesignating subsection (c)(3) as subsection (c)(2); and

(C) by striking out all in paragraph (d) after "objections" and inserting in lieu thereof a period;

and

(14) by adding "of the United States" in section

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

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

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

(e)(1) 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.

(2) 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".

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

(1) repealing subsections (a)–(h) and (j) of 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 request-

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 request-

ed to be filed by the Commissioner of Patents and Trademarks prior to the effective date of this Act;

(2) striking out in section 306(a) thereof (42 U.S.C. 2458(a)), "(as defined by section 305)", and by striking "the Inventions and Contributions Board, established under section 305 of this Act" and inserting in lieu thereof "an Inventions and Contributions Board which shall be established by the Administrator within the Administration"; and

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

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

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

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

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

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

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

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

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

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

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

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

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

(q) 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.

(r) 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.

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

(t) 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".

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

inserting in lieu thereof "7 and 8".

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

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

(w)(1) Section 173 of the United States Synthetic Fuels Corporation Act of 1980 (42 U.S.C. 8773) is repealed.

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

"Sec. 173. Repealed.".

SEC. 4. Nothing in this Act shall be deemed to convey to any person immunity from civil or criminal liability, or to create any defense to actions, under any antitrust law of the United States.

SEC. 5. (a) This Act shall take effect six 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 made under contracts awarded prior to the effective date of

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 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 had the contract been entered into after

States Code, including any recommendations for legislative or administrative changes to better achieve the policies and objectives of such chapters.

○

S 2171 IS

Public Law 95-224
95th Congress

An Act

To distinguish Federal grant and cooperative agreement relationships from Federal procurement relationships, and for other purposes.

Feb. 3, 1978
[H.R. 7691]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act be cited as the "Federal Grant and Cooperative Agreement Act of 1977".

Federal Grant and Cooperative Agreement Act of 1977.
41 USC 501 note.

FINDINGS AND PURPOSE

SEC. 2. (a) The Congress finds that— 41 USC 501.

(1) there is a need to distinguish Federal assistance relationships from Federal procurement relationships and thereby to standardize usage and clarify the meaning of the legal instruments which reflect such relationships;

(2) uncertainty as to the meaning of such terms as "contract", "grant", and "cooperative agreement" and the relationships they reflect causes operational inconsistencies, confusion, inefficiency, and waste for recipients of awards as well as for executive agencies; and

(3) the Commission on Government Procurement has documented these findings and concluded that a reduction of the existing inconsistencies, confusion, inefficiency, and waste is feasible and necessary through legislative action.

(b) The purposes of this Act are—

(1) to characterize the relationship between the Federal Government and contractors, State and local governments, and other recipients in the acquisition of property and services and in the furnishing of assistance by the Federal Government so as to promote a better understanding of Federal spending and help eliminate unnecessary administrative requirements on recipients of Federal awards;

(2) to establish Government-wide criteria for selection of appropriate legal instruments to achieve uniformity in the use by the executive agencies of such instruments, a clear definition of the relationships they reflect, and a better understanding of the responsibilities of the parties;

(3) to promote increased discipline in the selection and use of types of contract, grant agreement, and cooperative agreements and to maximize competition in the award of contracts and encourage competition, where deemed appropriate, in the award of grants and cooperative agreements; and

(4) to require a study of the relationship between the Federal Government and grantees and other recipients in Federal assistance programs and the feasibility of developing a comprehensive system of guideline for the use of grant and cooperative agreements, and other forms of Federal assistance in carrying out such programs.

DEFINITIONS

41 USC 502.

SEC. 3. As used in this Act, the term—

(1) "State government" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, any agency or instrumentality of a State, and any multi-State, regional, or interstate entity which has governmental functions;

(2) "local government" means any unit of government within a State, a county, municipality, city, town, township, local public authority, special district, intrastate district, council of governments, sponsor group representative organization, other interstate government entity, or any other instrumentality of a local government;

(3) "other recipient" means any person or recipient other than a State or local government who is authorized to receive Federal assistance or procurement contracts and includes any charitable or educational institution;

(4) "executive agency" means any executive department as defined in section 101 of title 5, United States Code, a military department as defined in section 102 of title 5, United States Code, an independent establishment as defined in section 104 of title 5, United States Code (except that it shall not include the General Accounting Office), a wholly owned Government corporation; and

(5) "grant or cooperative agreement" does not include any agreement under which only direct Federal cash assistance to individuals, a subsidy, a loan, a loan guarantee, or insurance is provided.

USE OF CONTRACTS

41 USC 503.

SEC. 4. Each executive agency shall use a type of procurement contract as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient—

(1) whenever the principal purpose of the instrument is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; or

(2) whenever an executive agency determines in a specific instance that the use of a type of procurement contract is appropriate.

USE OF GRANT AGREEMENTS

41 USC 504.

SEC. 5. Each executive agency shall use a type of grant agreement as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient whenever—

Transfers.

(1) the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the State or local government or other recipient in order to accomplish a public purpose of support or stimulation authorized by Federal statute, rather than acquisition, by purchase, lease, or barter, of

Federal Government and a State or local government or other recipient—

(1) whenever the principal purpose of the instrument is the acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; or

(2) whenever an executive agency determines in a specific instance that the use of a type of procurement contract is appropriate.

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(2) no substantial involvement is anticipated between the executive agency, acting for the Federal Government, and the

USE OF COOPERATIVE AGREEMENTS

SEC. 6. Each executive agency shall use a type of cooperative agreement as the legal instrument reflecting a relationship between the Federal Government and a State or local government or other recipient whenever— 41 USC 505.

(1) the principal purpose of the relationship is the transfer of money, property, services, or anything of value to the State or local government or other recipient to accomplish a public purpose of support or stimulation authorized by Federal statute, rather than acquisition, by purchase, lease, or barter, of property or services for the direct benefit or use of the Federal Government; and Transfers.

(2) substantial involvement is anticipated between the executive agency, acting for the Federal Government, and the State or local government or other recipient during performance of the contemplated activity.

AUTHORIZATIONS

SEC. 7. (a) Notwithstanding any other provision of law, each executive agency authorized by law to enter into contracts, grant or cooperative agreements, or similar arrangements is authorized and directed to enter into and use types of contracts, grant agreements, or cooperative agreements as required by this Act. Contracts, grant or cooperative agreements. 41 USC 506.

(b) The authority to make contracts, grants, and cooperative agreements for the conduct of basic or applied scientific research at nonprofit institutions of higher education, or at nonprofit organizations whose primary purpose is the conduct of scientific research shall include discretionary authority, when it is deemed by the head of the executive agency to be in furtherance of the objectives of the agency, to vest in such institutions or organizations, without further obligation to the Government, or on such other terms and conditions as deemed appropriate, title to equipment or other tangible personal property purchased with such funds. Scientific research.

STUDY OF FEDERAL ASSISTANCE PROGRAMS

SEC. 8. The Director of the Office of Management and Budget, in cooperation with the executive agencies, shall undertake a study to develop a better understanding of alternative means of implementing Federal assistance programs, and to determine the feasibility of developing a comprehensive system of guidance for Federal assistance programs. Such study shall include a thorough consideration of the findings and recommendations of the Commission on Government Procurement relating to the feasibility of developing such a system. The Director shall consult with and to the extent practicable, involve representatives of the executive agencies, the Congress, the General Accounting Office, and State and local governments, other recipients and other interested members of the public. The result of the study shall be reported to the Committee on Government Operations of the House of Representatives and the Committee on Governmental Affairs of the Senate at the earliest practicable date, but in no event later than two years after the date of enactment of this Act. The report on the study shall include (1) detailed descriptions of the alternative means of implementing Federal assistance programs and of the circumstances in which the use of each appears to be most desirable, (2) detailed 41 USC 507.

Contents.

Consultation.

Report to congressional committees.

in which the use of each appears to be most desirable, (2) detailed

descriptions of the basic characteristics and an outline of such comprehensive system of guidance for Federal assistance programs, the development of which may be determined feasible, and (3) recommendations concerning arrangements to proceed with the full development of such comprehensive system of guidance and for such administrative or statutory changes, including changes in the provisions of sections 3 through 7 of this Act, as may be deemed appropriate on the basis of the findings of the study.

GUIDELINES

41 USC 508.

SEC. 9. The Director of the Office of Management and Budget is authorized to issue supplementary interpretative guidelines to promote consistent and efficient use of contract, grants agreement, and cooperative agreements as defined in this Act.

REPEALS AND SAVINGS PROVISIONS

Repeal; effective date.

SEC. 10. (a) The Act entitled "An Act to authorize the expenditure of funds through grants for support of scientific research, and for other purposes", approved September 6, 1958 (72 Stat. 1793; 42 U.S.C. 1891 and 1892), is repealed, effective one year after the date of enactment of this Act.

41 USC 501 note.

(b) Nothing in this Act shall be construed to render void or voidable any existing contract, grant, cooperative agreement, or other contract, grant, or cooperative agreement entered into up to one year after the date of enactment of this Act.

41 USC 509.

(c) Nothing in this Act shall require the establishment of a single relationship between the Federal Government and a State or local government or other recipient on a jointly funded project, involving funds from more than one program or appropriation where different relationships would otherwise be appropriate for different components of the project.

Excepted transactions. 41 USC 501 note. Expiration date.

(d) The Director of the Office of Management and Budget may except individual transactions or programs of any executive agency from the application of the provisions of this Act. This authority shall expire one year after receipt by the Congress of the study provided for in section 8 of this Act.

Approved February 3, 1978.

LEGISLATIVE HISTORY:

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Approved February 3, 1978.

LEGISLATIVE HISTORY:

HOUSE REPORT No. 95-481 (Comm. on Government Operations).
SENATE REPORT No. 95-449 accompanying S. 431 (Comm. on Governmental Affairs).
CONGRESSIONAL RECORD:
Vol. 123 (1977): Sept. 27, considered and passed House.
Oct. 1, considered and passed Senate, amended, in lieu of S.