PATENT COMMITTEE

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97TH CONGRESS
1ST SESSION

H. R. 4564

To establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad, and for other related purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 23, 1981

Mr. ERTEL (for himself, Mr. FUQUA, Mr. WALGREN, Mr. BROWN of California, Mr. HOLLENBECK, Mr. LAFALCE, Mr. AUCOIN, Mr. MURPHY, Mrs. HECKLER, Mr. HUGHES, and Mr. WINN) introduced the following bill; which was referred jointly to the Committees on the Judiciary and Science and Technology

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A BILL

To establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad, and for other related 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 Federal Research and Development Utilization Act of 1981".

TITLE I—POLICY

FINDINGS

SEC. 101. The Congress, recognizing the profound impact of science and technology on society and the interrelations of scientific, technological, economic, social, political, and institutional factors, hereby finds that—

(1) inventions in scientific and technological fields resulting from work performed under Federal research and development programs constitute a valuable national resource;

(2) Federal policy on the allocations of rights to inventions resulting from federally sponsored research and development should stimulate inventors, meet the needs of the Federal Government, and serve the public interest; and

(3) the public interest would be better served if greater efforts were made to promote the commercial use of new technology resulting from federally sponsored research and development, both in the United States and foreign countries, as appropriate.

DECLARATION OF PURPOSE

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

(1) establish a uniform Federal system for the management and use of the results of federally spon-

TITLE II—FUNCTIONS OF THE OFFICE OF SCIENCE AND TECHNOLOGY POLICY AND THE FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY

FEDERAL COORDINATING COUNCIL FOR SCIENCE, ENGINEERING, AND TECHNOLOGY

SEC. 201. (a) The Federal Coordinating Council for Science, Engineering, and Technology (established by section 401 of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651)) (hereinafter in this Act referred to as the "Council") shall make recommendations to the Director of the Office of Science and Technology Policy (hereinafter in this title referred to as the "Director"), with regard to—

(1) uniform and effective planning and administration of Federal programs pertaining to inventions, patents, trademarks, copyrights, rights in technical data, and matters connected therewith;

(2) uniform policies, regulations, guidelines, and practices to carry out the provisions of this Act and other Federal Government objectives in the field of intellectual property; and

(3) uniformity and effectiveness of interpretation and implementation by individual Federal agencies of

TITLE III—ALLOCATION OF PROPERTY RIGHTS IN INVENTIONS RESULTING FROM FEDERALLY SPONSORED RESEARCH AND DEVELOPMENT

OWNERSHIP AND RIGHTS OF THE GOVERNMENT

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

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

(2) the restriction or elimination of the right to retain title to any subject invention is necessary to protect the national security nature of such activities;

(3) because of exceptional circumstances, acquisition of title by the Government is necessary to assure the adequate protection of the public health, safety, or welfare; or

(4) the principal purpose of the contract is to develop or improve products, processes, or methods which will be required for use by Government regulations: *Provided, however,* That the Federal agency may subsequently waive all or any part of the rights of the

ject to disclosure under the Freedom of Information Act (5 U.S.C. 552);

(B) the Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced any subject invention throughout the world by or on behalf of the Federal Government, and may, if provided in such agreement, have additional rights to sublicense any State or domestic local government or to sublicense any foreign government pursuant to foreign policy considerations, or any existing or future treaty or agreement, when it is determined to be in the national interest to acquire such additional rights.

RIGHTS OF THE CONTRACTOR

SEC. 302. (a) Whenever a contractor enters into a contract with a Federal agency other than in those circumstances identified in section 301, the contractor or inventor shall have the option of retaining title to any invention made under the contract. Such rights shall be subject to the limitations set forth in section 304 and the provisions of section 305. Such option shall be exercised by notifying the Government at the time of disclosure of the invention or within such time thereafter as may be provided in the contract. The Gov-

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

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

MARCH-IN-RIGHTS

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

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

(2) to alleviate serious health, safety, or welfare needs which are not reasonably satisfied by the contractor or its licensees or otherwise required for the protection of national security;

301, 302, and 304, and each contract entered into by the Federal agency shall include provisions to—

(1) require a prompt disclosure by the contractor of each subject invention which is or may be patentable under the laws of the United States;

(2) require an election whether the contractor intends to file a patent application on the subject invention;

(3) require, if the contractor elects to file, a declaration of the contractor's intent to commercialize or otherwise achieve the widespread utilization of the invention by the public;

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

(5) permit deviation to the minimum rights acquired under sections 301(b)(2) and 304(a) on a class basis in—

(A) contracts involving cosponsored, cost sharing, or joint venture research when the con-

may, at any time within sixty days after the determination is issued, file a petition to 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.

CONTRACTOR'S PAYMENTS TO THE GOVERNMENT

SEC. 307. (a) The Administrator of the General Services Administration and the Secretary of Defense shall issue regulations which will provide payment to the Government for Federal funding of research and development activities through the sharing of royalties or revenues or both with the contractor. Such regulations shall provide, to the extent appropriate, a standard contractual clause to be included in all Federal research and development contracts.

(b) Such regulations may allow the agency to waive all or part of the payment set forth in subsection (a) above at the time of contracting or at the request of the contractor where the agency determines that—

(1) the probable administrative costs are likely to be greater than the expected amount of payment; or

(2) the Federal Government's contribution to the technology as licensed or utilized is insubstantial compared with private investment made or to be made in the technology; or

TITLE IV—DOMESTIC AND FOREIGN PROTECTION AND LICENSING OF FEDERALLY OWNED INVENTIONS

AUTHORITY OF FEDERAL AGENCIES

SEC. 401. Federal agencies are authorized to—

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

(2) promote the licensing of inventions covered by federally owned patent applications, patents, or other forms of protection obtained with the objective of maximizing utilization by the public of the inventions covered thereby;

(3) grant nonexclusive, exclusive, or partially exclusive licenses under federally owned patent applications, patents, or other forms of protection obtained, royalty free or for royalties or other consideration, and on such terms and conditions, including the grant to the licensee of the right of enforcement pursuant to the provisions of chapter 28 of title 35, United States Code, as deemed appropriate in the public interest;

(4) make market surveys and other investigations for determining the potential of inventions for domestic and foreign licensing and other forms of utilization; ac-

AUTHORITY OF THE SECRETARY OF COMMERCE IN COOPERATION WITH OTHER FEDERAL AGENCIES

SEC. 402. The Secretary of Commerce is authorized in cooperation with other Federal agencies to—

(1) coordinate a program for assisting all Federal agencies in carrying out the authority set forth in section 401;

(2) publish notification of all federally owned inventions that are available for licensing;

(3) evaluate inventions referred by Federal agencies, and patent applications filed thereon, in order to identify those inventions with the greatest commercial potential and to insure promotion and utilization by the public of inventions so identified;

(4) assist the Federal agencies in seeking and maintaining protection on inventions in the United States and in foreign countries, including the payment of fees and costs connected therewith;

(5) accept custody and administration, in whole or in part, of the right, title, and interest in any invention for the purposes set forth in section 401 (1) through (4), with the approval of the Federal agency concerned without regard to the provisions of the Federal Property and Administrative Service Act of 1949 (40 U.S.C. 471);

to bring the invention to practical application or otherwise promote the invention's utilization by the public;

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

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

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

except that a Federal agency shall not grant such exclusive or partially exclusive license if it determines that the grant of such license will tend substantially to lessen competition or result in undue concentration in any section of the country in any line of commerce to which the technology to be licensed relates, or to create or maintain other situations inconsistent with the antitrust laws.

(b) After consideration of whether the interests of the Federal Government or United States industry in foreign

Federal Government the licensed invention throughout the world by or on behalf of the Federal Government (including any Federal agency), and the additional right to sublicense any State or domestic local government or to sublicense any foreign government pursuant to foreign policy considerations, or any existing or future treaty or agreement if the Federal agency determines it would be in the national interest to retain such additional rights;

(3) the right of the Federal agency to terminate such license in whole or in part unless the licensee demonstrates to the satisfaction of the Federal agency that the licensee has taken effective steps, or within a reasonable time is expected to take such steps, to accomplish substantial commercial or other use of the invention by the public; and

(4) the right of the Federal agency, commmencing three years after the grant of a license, to require the licensee to grant a nonexclusive or partially exclusive license to a responsible applicant or applicants, upon terms reasonable under the circumstances, and in appropriate circumstances to terminate the license in whole or in part, after public notice and opportunity for a hearing, upon a petition by an interested person justifying such hearing, if the Federal agency determines,

mental, developmental, or research work under a contract.

(3) The term "contractor" means any person (as defined in section 1 of title 1, United States Code) that is a party to the contract.

(4) The term "invention" means any invention or discovery and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable or otherwise protectable under the laws of the United States.

(5) The term "subject invention" means any invention or discovery of the contractor conceived or first actually reduced to practice in the course of or under a contract.

(6) The term "practical application" means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine or system, and, in each case, under such conditions as to establish that the invention is being worked and that its benefits are available to the public either on reasonable terms or through reasonable licensing arrangements.

RELATIONSHIP TO OTHER LAWS

SEC. 512. Nothing in this Act shall be deemed to convey to any individual, corporation, or other business organization immunity from civil or criminal liability, or to create defenses to actions, under any antitrust law.

CHAPTER 2—AMENDMENTS TO OTHER ACTS

IDENTIFIED ACTS AMENDED

SEC. 521. The following Acts are hereby amended as follows:

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

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

(3) Section 106(c) of the National Traffic and Motor Vehicle Safety Act of 1966 (15 U.S.C. 1395(c); 80 Stat. 721) is repealed.

(4) Section 12 of the National Science Foundation Act of 1950 (42 U.S.C. 1871(a); 82 Stat. 360) is repealed.

(5) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182; 68 Stat. 943) is repealed.

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

"(14) to provide effective contractual provisions for the reporting of the results of the activities of the Administration, including full and complete technical reporting of any innovation made in the course of or under any contract of the Administration.";

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

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

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

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

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

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

CHAPTER 3.—EFFECTIVE DATE PROVISION

EFFECTIVE DATE

SEC. 531. This Act shall take effect on the first day of the seventh month beginning after the date of enactment of this Act, except that regulations implementing this Act may be issued prior to such day.

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