PROPOSED AMENDMENTS TO S. 414

1. On p. 2, line 5, delete "Patentability of" and substitute "Patent Rights In".

2. Delete lines 19 and 20 on p. 8 and substitute the following:

"which is not, itself, engaged in or does not hold a substantial interest in other organizations engaged in the manufacture or sale".

3. On p. 9, delete line 11 and substitute the following:

"as to other fields of use, and a first commercial sale or use with respect to a product of the invention shall not be deemed to end the exclusive period to different subsequent products covered by the invention; (c) a requirement that the con-".

4. On p. 10, between lines 9 and 10, add a new subsection (f)(1) as follows:

(f)(1) No funding agreement with a small business firm or nonprofit organization shall contain a provision allowing the Federal Government to require the licensing to third parties of inventions owned by the contractor that are not subject inventions unless such provision has been approved by the head of the agency and a written justification has been signed by the head of the agency. Any such provisions shall clearly state whether licensing may be required

in connection with the practice of a subject invention and/or specifically identified work objects. The head of the agency may not delegate the authority to approve provisions or sign justifications required by this subparagraph.

(2) The Federal Government shall not require the licensing of third parties under any such provision unless the head of the agency determines that the use of the invention by others is necessary for the practice of a subject invention or for the use of a work object of the funding agreement and that such action is necessary to achieve the practical application of the subject invention or work object. Any such determination shall be on the record after an opportunity for a hearing. Any action commenced for the judicial review of such determination shall be brought within sixty days after notification of such decision.

5. On pp. 11 and 12 substitute the following for the language of Section 204:

(a) If after the first United States patent application is filed on a subject invention, a nonprofit organization, a small business firm, or an organization to whom such invention was assigned for licensing purposes receives $70,000 in gross income for any one calendar year from the licensing of a subject invention or several related subject inventions, the United States shall be entitled to

fifteen (15) percent of all additional such income for that year other than any such additional income received under nonexclusive licenses (except where the nonexclusive licensee previously held an exclusive or partially exclusive license.)

(b) If after the first United States patent application is filed on a subject invention, a nonprofit organization, a small business firm, or an assignee of a subject invention of such an organization or firm receives gross income of $1,000,000 on sales of its products embodying or manufactured by a process employing one or more subject inventions, the United States shall be entitled to a share, to be negotiated but not to exceed five (5) percent, of all additional gross income for that year accruing from such sales; provided, however, that in no event shall the United States be entitled to an amount greater than that portion of the Federal funding under the funding agreement or agreements under which the subject invention or inventions was or were made that was expended on activities related by the United States in accordance with paragraph (b) of this Section 204. In cases when more than one subject invention is involved, no expenditure funded by the United States shall be counted more than once in determining the maximum amount to which the United States is entitled.

(c) The Director of the Office of Federal Procurement Policy is authorized and directed to revise the dollar amounts in paragraphs (b) and (c) of this Section 204 at least every three years in light of changes to the Consumer Price Index or other indices which the Director considers reasonable to use.

(d) This section applies only to subject inventions upon which United States patents are granted and in effect.

6. In lines 11 on p. 13, add the word "either" after "assignee" and on line 14 add the following before the period: "or that under the circumstances domestic manufacture is not commercially feasible".

7. On line 1 of p. 14, change the title to Section 207 to read "UNIFORM CLAUSES AND REGULATIONS."; add the following after line 4: "implementing the provisions of Sections 202-205 of this Chapter and the Office of Federal Procurement Policy shall", and change the word "establishing" on line 5 to "establish".

8. On p. 17, line 18, add the following before the period mark:

", provided, that any such plan may be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under the Freedom of Information Act".

9. On p. 23, add the following between lines 9 and 10:

(20) section 306(d) of the Surface Mining and Reclamation Act of 1977 (30 U. S. C. 1226(d); 91 Stat. 455);

(21) section 21(d) of the Federal Fire Prevention and Control Act of 1974 (15 U. S. C. 2218(d); 88 Stat. 1548);

(22) section 6(b) of the Solar Photovoltaic Energy Research, Development and Demonstration Act of 1978 (42 U. S. C. 5585(b); 92 Stat. 2516); and

(23) section 12 of the Native Latex Commercialization and Economic Development Act of 1978 (7 U. S. C. 178(j); 92 Stat. 2533).

10. On p. 9, line 2, add the following after the word "contractor": "to persons other than small business firms".

S. 414 University and Small Business Patent Procedures Act

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