99TH CONGRESS
1ST SESSION

S. 65

A bill to improve the transfer of technology from Government laboratories to the public and for other related purposes.

IN THE SENATE OF THE UNITED STATES

JANUARY 3, 1985

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

---

A BILL

A bill to improve the transfer of technology from Government laboratories to the public 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 "Federal Laboratory Technology Utilization Act of 1985".

SEC. 2. COOPERATIVE RESEARCH AND DEVELOPMENT ARRANGEMENTS.

Each Federal agency is authorized to permit laboratories of the agency to—

(a) enter into cooperative research and development arrangements (subject to such review procedures

as the agency deems appropriate) with other Federal agencies, units of State or local government, industrial organizations, universities, or other persons including licensees of inventions owned by the Federal agency or general partners of research and development limited partnerships. Under such arrangements the laboratory may—

(1) accept funds, services, and property from collaborating parties and provide services and property to collaborating parties;

(2) grant or agree to grant in advance to a collaborating party, without regard to the provisions of 35 U.S.C. 208 and 209 patent licenses or assignments, or options thereto, in any invention made by a Government employee under the arrangement, retaining such rights as the Federal agency deems appropriate;

(3) waive, in whole or in part, any right of ownership which the Government may have under any other statute to any inventions made by a collaborating party or employee of a collaborating party under the arrangement; and

(b) negotiate licensing agreements under 35 U.S.C. 207 or other authorities for government-owned inventions made at the laboratory and other inventions

of Federal employees that may be voluntarily assigned to the Government.

SEC. 3. DISTRIBUTION OF ROYALTIES.

(a) Any royalties or other income received by the laboratory from the licensing or assignment of inventions under section 2 of this Act or under 35 U.S.C. 207 or other authority shall be disposed of as follows:

(1) At least 15 per centum of the royalties or other income received each year by the laboratory on account of any invention shall be paid to the inventor or coinventors if they were employees of the agency at the time the invention was made; provided that payments made under this subsection are in addition to the regular pay of the employee and to any awards made to that employee, and such payments shall not affect the entitlement to or limit the amount of the regular pay or other awards to which the employee is otherwise entitled or eligible.

(2) The balance of any royalties or related income earned during any fiscal year may be retained by the laboratory up to an amount equal to 5 per centum of the budget for that year of the laboratory involved: *Provided,* That these funds must be used or obligated by the end of the fiscal year subsequent to the one in which they are received either (A) for mission-related

research and development of the laboratory, (B) to support development and education programs for employees of the laboratory, (C) to reward employees of the laboratory for inventions of value to the Government that will not produce royalties, (D) to further scientific exchange to and from the laboratory, or (E) for payment of patenting costs and fees and other expenses incidental to the administration and licensing of inventions, including the fees or costs for the services of other agencies or other persons or organizations for invention management and licensing services. Any funds not so used or obligated by that time shall be paid to the Treasury of the United States. If the balance for any laboratory exceeds 5 per centum of the annual budget of the laboratory, then 75 per centum of the excess shall be paid to the Treasury of the United States and the remaining 25 per centum shall be used for the purposes listed in (A)–(E), above, by the end of the fiscal year subsequent to the one in which they were received, and any funds not so used or obligated by that time shall be paid to the Treasury of the United States.

(3) In the event the invention was one assigned to the agency either (i) by a contractor, grantee, or the holder of a cooperative agreement of the agency or (ii)

by an employee of the agency that was not working in a laboratory at the time the invention was made, then for purposes of this section the agency unit that funded or employed the assignee shall be considered to be a laboratory.

(b) Agencies shall report annually to the appropriate oversight and appropriations committees of the Senate and House of Representatives detailing the amount of royalties or other income referred to in subsection 3(a) received and the expenditure of such royalties or income.

SEC. 4. DUTIES OF THE SECRETARY.

(a) The Secretary of Commerce, in consultation with other Federal agencies, shall—

(1) develop and disseminate to appropriate agency personnel techniques and procedures for Federal laboratories and agencies to use on a voluntary basis to aid in the early determination of the commercial potential of new technologies generated in performance of Federal laboratory research;

(2) develop and administer training courses and materials to increase the awareness of laboratory researchers regarding the commercial potential of inventions and to educate laboratory personnel in methods and options for commercialization which are available

to the Federal laboratories, including research and development limited partnerships;

(3) Develop and disseminate to appropriate agency personnel model provisions for use on a voluntary basis in cooperative research and development arrangements; and

(4) upon request, furnish advice and assistance to laboratories concerning their cooperative research and development program and projects.

(b) Two years after the date of enactment of this Act, and every two years thereafter, the Secretary shall submit a report to the President and the Congress on the use by the agencies and the Secretary of the authorities under this Act. Other Federal agencies shall cooperate with the Secretary in providing information necessary to prepare the reports.

SEC. 5. EMPLOYEE ACTIVITIES.

(a) It shall be the policy of the Government to encourage the efforts of Government employees or former employees to obtain commercialization of inventions made by them while they were in the service of the United States, and it shall not be a violation of the provisions of 18 U.S.C. 207 for former employees or the partners of employees to negotiate licenses or cooperative research and development arrangements relating to such inventions with Federal agencies, including the agency with which the employee is or was for-

merly employed. Federal employees or former employees who receive royalty payments or participate (whether as a principal of, a consultant to, or an employee of an organization that is attempting to commercialize the invention, or otherwise) in efforts to commercialize their inventions shall not, because of such receipt or participation, be deemed to be in violation of section 201, 203, 205, 207, 208, or 209 of title 18 of the United States Code. In the case of an active employee of the Government, this section is not intended to negate any requirements which the agency may have concerning the need for approval of outside employment to prevent substandard levels of performance.

(b) Upon the request of a Government employee or former employee who made an invention during the course of his employment with the Government to which the Government has the right of ownership, the agency shall allow the inventor to retain title to the invention (subject to reservation by the Government of a nonexclusive, nontransferable, irrevocable, paid up license to practice or have practiced the invention throughout the world by or on behalf of the Government) unless the agency intends to file for a patent application in order to promote commercialization of the invention. However, such a request need not be granted if this would be inconsistent with the obligations of the Government to other parties under a cooperative research and development ar-

rangement or otherwise, or if the agency intends to transfer its ownership rights to another party that was a coinventor or which employed a coinventor of the invention. In addition, the agency may condition the inventor's title on the timely filing of a patent application or statutory invention registration in cases when the Government determines that it has or may have a need to practice the invention.

(c) For purposes of this section, Federal employees include "special Government employees" as defined at 18 U.S.C. 202.

SEC. 6. DEFINITIONS.

As used in this Act—

(1) "cooperative research and development arrangement" means any agreement, but not a procurement contract as that term is used at 31 U.S.C. 6303, between one or more Federal agencies and one or more non-Federal parties under which the agency (or agencies collectively) through one or more laboratories provides personnel, services, facilities, equipment, or other resources (but not funds to non-Federal parties) and the non-Federal parties provide funds, personnel, services, facilities, equipment, or other resources toward the conduct of specified research or development efforts which are consistent with the missions of the agency.

(2) "Federal agency" means any executive agency as defined at 5 U.S.C. 105 and the military departments as defined at 5 U.S.C. 102;

(3) "invention" means any invention under title 35 of the 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.);

(4) "laboratory" means a facility or group of facilities owned, leased, or otherwise used by a Federal agency, a substantial purpose of which is the performance of research and development by Government employees;

(5) "made" when used in conjunction with "inventions" means conceived or first actually reduced to practice; and

(6) "Secretary" means the Secretary of Commerce or his or her designee or delegee.

SEC. 7. RELATIONSHIP TO OTHER LAWS.

Nothing in this Act is intended to limit or diminish existing authorities of any agency.

○