Superseded by:
99th, HR 3773

I

99TH CONGRESS
1ST SESSION

H. R. 1572

To amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of promoting technology transfer by authorizing Government-operated laboratories to enter into cooperative research and development agreements and by establishing a Federal Laboratory Consortium for Technology Transfer within the National Science Foundation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 1985

Mr. LUNDINE (for himself, Mr. FISH, Mr. SEIBERLING, Mr. WALGREN, Mr. BOEHLERT, and Mr. MACKAY) introduced the following bill; which was referred to the Committee on Science and Technology

---

A BILL

To amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of promoting technology transfer by authorizing Government-operated laboratories to enter into cooperative research and development agreements and by establishing a Federal Laboratory Consortium for Technology Transfer within the National Science Foundation, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Federal Science and Technology Transfer Act of 1985".

SEC. 2. AUTHORIZATION OF COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.

The Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 and following; 94 Stat. 2311) is amended by redesignating sections 12, 13, 14, and 15 as sections 14, 15, 16, and 17, respectively, and by inserting after section 11 the following new section:

"SEC. 12. COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.

"(a) GENERAL AUTHORITY TO ENTER INTO AGREEMENTS.—Each Federal agency may, subject only to subsection (c), permit the directors of its Government-operated Federal laboratories to enter, on behalf of such agency, into cooperative research and development agreements with other Federal agencies, units of State or local government, industrial organizations, universities, or other persons.

"(b) ENUMERATED AUTHORITY.—Under such agreements, a Government-operated Federal laboratory may, subject only to subsection (c) of this section—

"(1) grant or agree to grant in advance, to a collaborating party, patent licenses or assignments, or options thereto, in any subject invention made by a Federal employee, or made jointly by a Federal employee and an employee of the collaborating party, under the agreement, retaining such rights as the Federal laboratory deems appropriate; and

"(2) waive in advance, in whole or in part, any right of ownership which the Federal Government may have under any provision of law to any subject invention made by a collaborating party or employee of a collaborating party under the agreement.

"(c) CONDITIONS.—(1)(A) Before permitting any of its laboratories to enter into agreements under this section, a Federal agency shall establish a plan specifying the process to be followed in entering into such agreements. Such plan shall—

"(i) in order to ensure free competition, provide for reasonable opportunity for interested parties to enter into such agreements;

"(ii) provide opportunity for the head of the agency to disapprove any such agreement within the thirty-day period beginning on the date the agreement is presented to him or her by the head of the laboratory concerned; and

"(iii) contain other elements deemed appropriate by the agency.

"(B) In any case in which the head of an agency disapproves an agreement, the head of the agency shall transmit a written explanation of such disapproval to the head of the laboratory concerned.

"(2) No agreement may be entered into under this section—

"(A) with (i) any person who is not located in the United States, does not have a place of business located in the United States, or is subject to the control of a foreign government, or (ii) any other entity which is, directly or indirectly, owned or controlled by any such person; or

"(B) if an authority of the Federal Government which is authorized by statute or Executive order to conduct foreign intelligence or counter-intelligence activities determines that ownership or licensing rights granted by the agreement must be restricted or eliminated in order to protect the security of such activities.

"(3) In the case of an agreement waiving rights as described in subsection (b)(2), the agreement shall contain adequate provisions to effectuate the requirements of section 203, and of paragraphs (1) through (6) of section 202(c), of title 35, United States Code; except that for the purpose of applying the requirements of such paragraphs to this subparagraph, the terms 'contractor', 'small business firm', and 'nonprofit organization' shall mean the party with respect to whom an agreement is entered into by a Federal agency under this section.

"(4) In the case of an agreement granting or agreeing to grant, in advance, title to or exclusive or partially exclusive licensing in any subject invention made by a Federal employee, or made jointly by a Federal employee and an employee of a collaborating party, under the agreement, first preference shall be provided to small business firms submitting plans that are determined by the agency to be within the capabilities of the firms and equally likely, if executed, to bring the invention to practical application as any plans submitted by applicants that are not small business firms.

"(5) Determinations made by an agency with respect to subparagraphs (A) and (B) of paragraph (2) of this subsection shall be subject to the same appeals procedure provided contractors under section 202(b)(4) of title 35, United States Code.

"(6)(A) Except as provided in subparagraph (B), a person who receives title or exclusive patent license to any subject invention and any assignee of such person shall not—

"(i) grant the exclusive right to use or sell such subject invention unless the person to whom the grant is made agrees that products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States; or

"(ii) make exclusive use of the subject invention unless the products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States.

"(B) On a case-by-case basis, the requirement of subparagraph (A) may be waived by the Federal agency concerned upon a showing to such agency—

"(i) that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees who would be likely to manufacture substantially in the United States; or

"(ii) that, under the circumstances, domestic manufacture is not commercially feasible.

"(7) Each agency shall maintain a record of all agreements entered into under this section.

"(d) DEFINITIONS.—As used in this section, the term—

"(1) 'cooperative research and development agreement' means any agreement between a Federal agency and one or more Federal or non-Federal parties under which the agency, through one or more of its Government-operated 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, except that such term does not include a procurement contract as that term is used in section 6303 of title 31, United States Code;

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

"(3) 'invention' means any invention or discovery which is or may be patentable or otherwise protected 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.); and

"(4) 'made' when used in conjunction with any invention means the conception or first actual reduction to practice of such invention;

"(5) 'small business firm' means a small business concern as defined in section 2 of the Public Law 85–536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration; and

"(6) 'subject invention' means any invention conceived or first actually reduced to practice in the per-

formance of work under a cooperative research and development agreement entered into under this section.".

SEC. 3. ESTABLISHMENT OF FEDERAL LABORATORY CONSORTIUM FOR TECHNOLOGY TRANSFER.

Section 11 of the Stevenson-Wydler Technology Innovation Act of 1980 is amended by redesignating subsection (e) as subsection (f), and by inserting the following new subsection after subsection (d):

"(e) ESTABLISHMENT OF FEDERAL LABORATORY CONSORTIUM FOR TECHNOLOGY TRANSFER.—(1) There is hereby established the Federal Laboratory Consortium for Technology Transfer (hereinafter referred to as the 'Consortium') in the National Science Foundation.

"(2) The Director of the Foundation shall, in accordance with the second sentence of section 14(a) of the National Science Foundation Act of 1950, appoint an individual to manage the Consortium, and such individual may, subject to the requirements of title 5, United States Code, governing appointments in the competitive service, appoint employees to carry out the responsibilities of the Consortium.

"(3) The Consortium shall, in cooperation with Federal laboratories—

"(A) develop and disseminate 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;

"(B) develop and administer training courses and materials to increase the awareness of Federal laboratory researchers regarding the commercial potential of inventions and the methods and options available to Federal laboratories for commercialization;

"(C) develop and disseminate model provisions for Federal laboratories and agencies to use on a voluntary basis in carrying out cooperative research and development agreements;

"(D) furnish advice and assistance requested by Federal laboratories for use in their cooperative research and development program and projects;

"(E) receive requests for technical assistance from Federal agencies or laboratories, States and units of local governments, industrial organizations, universities, and other persons and refer these requests to the appropriate Federal laboratories;

"(F) facilitate communication and coordination between Offices of Research and Technology Applications of Federal Laboratories;

"(G) utilize the expertise and services of the National Science Foundation, the Department of Com-

merce, and the Center for Utilization of Federal Technology, as necessary; and

"(H) facilitate the use by Federal laboratories of appropriate technology transfer mechanisms such as personnel exchanges and computer-based systems.

"(4) Not later than two years after the date of enactment of this subsection, and every two years thereafter, the Director of the National Science Foundation shall submit a report to the President and to the appropriate authorization and appropriation committees of both Houses of the Congress on the activities carried out under this section and section 12. Other Federal agencies shall cooperate with such Director in providing information necessary to prepare the reports.

"(5) Not less than 0.01 per centum of each Federal agency's research and development budget for any fiscal year beginning after the date of the enactment of this subsection shall be transferred by such agency to the National Science Foundation for the purpose of carrying out activities of the Consortium under this subsection.".

SEC. 4. DISTRIBUTION OF ROYALTIES RECEIVED BY FEDERAL AGENCIES.

The Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 and following; 94 Stat. 2311) is amended by adding the following new section after the section 12 that is added to such Act by section 2 of this Act:

"SEC. 13. DISTRIBUTION OF ROYALTIES RECEIVED BY FEDERAL AGENCIES.

"(a) GENERAL RULE.—(1) Notwithstanding any other provision of law, any royalties or other income received by a Federal agency from the licensing or assignment of inventions under agreements entered into under section 12, and from inventions licensed under section 207 of title 35, United States Code, or under any other provision of law shall be utilized as follows:

"(A) At least 15 per centum of such royalties and other income received during any fiscal year by a Federal agency shall be paid to the inventors or coinventors if they were employees of the agency at the time the inventions were made; such payments shall be 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.

"(B) After the distribution described in subparagraph (A), the balance of such royalties and related income received during any fiscal year shall be retained by the Government-operated Federal laboratories involved in the production of the income, except that a laboratory may not retain more than an amount equal to 5 per centum of the budget of the laboratory for

that fiscal year. Such funds may be used or obligated by the laboratory by the end of the fiscal year subsequent to the one in which they are received—

"(i) for mission-related research and development of the laboratory;

"(ii) to support development and education programs for employees of the laboratory;

"(iii) to reward employees of the laboratory for innovations or inventions of value to the Federal Government that will not produce royalties;

"(iv) to further scientific exchange to and from the laboratory; or

"(v) for payment of patenting costs and fees and other expenses incidental to the administration and licensing of inventions, including the fees or other costs for the services of other agencies, persons, or organizations for invention management and licensing services.

Any of such funds not so used or obligated by the end of such fiscal year shall be paid into the Treasury of the United States.

"(2) If any amount of such royalties or other income remains after the utilization of funds by a Federal agency (and Government-operated laboratories of such agency) under paragraph (1), then 75 per centum of the remaining amount

shall be paid into the Treasury of the United States and the remaining 25 per centum shall be used for the purposes described in clauses (i) through (v) of paragraph (1)(B) by the end of the fiscal year subsequent to the one in which the funds were received. Any funds not so used or obligated by the end of such fiscal year shall be paid into the Treasury of the United States.

"(b) SPECIAL RULE.—In the event the invention was one assigned to the Federal agency—

"(1) by a contractor, grantee, or a party of a cooperative agreement with the agency; or

"(2) by an employee of the agency who was not working in a laboratory at the time the invention was made,

the agency unit that funded or employed the entity that made such assignment shall be considered to be a laboratory for purposes of this section.

"(c) REPORTS.—Federal agencies shall report annually to the appropriate authorization and appropriation committees of both Houses of the Congress detailing the amount of royalties or other income received and expenditures made under this section.".

SEC. 5. CONFORMING AMENDMENTS.

The Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701 and following; 94 Stat. 2311) is amended as follows:

(1) Section 9(d) is amended by striking out "or 13" and inserting in lieu thereof "12, or 15".

(2) Section 11(c)(3) is amended by inserting ", the Federal Laboratory Consortium for Technology Transfer," after "Federal Technology".

(3) Section 11(d) is amended—

(A) in paragraph (1), by striking out "serve as" and all that follows through "transfer of" and inserting in lieu thereof "collect, disseminate, and transfer";

(B) by striking out paragraph (2);

(C) by redesignating paragraph (3) as paragraph (2) and by striking out "existing" in such paragraph;

(D) by striking out paragraph (4);

(E) by redesignating paragraph (5) as paragraph (3); and

(F) by redesignating paragraph (6) as paragraph (4).

(4) Section 11(f), as redesignated by section 3 of this Act, is amended by striking out "Center for the Utilization of Federal Technology" and inserting in

lieu thereof "Federal Laboratory Consortium for Technology Transfer".

○