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99TH CONGRESS  
1ST SESSION

# S. 64

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.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 3, 1985

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.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That this Act may be cited as the "Uniform Patent Proce-  
4       dures Act of 1985".

5       SEC. 2. (a) Title 35 of the United States Code is amend-  
6       ed by adding after chapter 18, as redesignated herein, a new  
7       chapter as follows:

1 **“CHAPTER 19—PATENT RIGHTS IN INVENTIONS**  
2 **MADE WITH FEDERAL ASSISTANCE BY OTHER**  
3 **THAN SMALL BUSINESS FIRMS OR NONPROFIT**  
4 **ORGANIZATIONS**

“Sec.

“212. Policy and objectives.

“213. Definitions.

“214. Responsibilities.

“215. Disposition of rights.

“216. March-in rights.

“217. Background rights.

5 **“§ 212. Policy and objectives**

6 “In addition to the policy and objectives set forth in  
7 section 200 of this title, it is the further policy and objective  
8 of the Congress to ensure that all inventions made with Fed-  
9 eral support are used in a manner to promote free competi-  
10 tion and enterprise.

11 **“§ 213. Definitions**

12 “As used in this chapter, the term—

13 “(1) ‘Administrator’ means the Administrator of  
14 the Office of Federal Procurement Policy or his or her  
15 designee;

16 “(2) ‘contract’ means any contract, grant, or co-  
17 operative agreement entered into between any Federal  
18 agency (other than the Tennessee Valley Authority)  
19 and any person other than a small business firm or  
20 nonprofit organization (as defined in section 201 of this  
21 title) where a purpose of the contract is the conduct of  
22 experimental, developmental, or research work; such

1 term includes any assignment, substitution of parties or  
2 subcontract of any tier entered into or executed for the  
3 conduct of experimental, developmental, or research  
4 work in connection with the performance of that con-  
5 tract;

6 “(3) ‘contractor’ means any person or entity  
7 (other than a Federal agency, nonprofit organization,  
8 or small business-firm, as defined in section 201 of this  
9 title) which is a party to the contract;

10 “(4) ‘Federal agency’ means an executive agency  
11 (as defined in section 105 of title 5, United States  
12 Code), and the military departments (as defined in sec-  
13 tion 102 of title 5, United States Code);

14 “(5) ‘Government’ means the Government of the  
15 United States of America;

16 “(6) ‘invention’ means any invention or discovery  
17 which is or may be patentable or otherwise protectable  
18 under this title, or any novel variety of plant which is  
19 or may be protectable under the Plant Variety Protec-  
20 tion Act (7 U.S.C. 2321 et seq.);

21 “(7) ‘practical application’ means to manufacture  
22 (in the case of a composition or product), to practice (in  
23 the case of a processor method), or to operate (in the  
24 case of a machine or system), in each case, under such  
25 conditions as to establish that the invention is being

1 utilized and that its benefits are, to the extent permit-  
2 ted by law or Government regulations, available to the  
3 public on reasonable terms or through reasonable li-  
4 censing arrangements;

5 “(8) ‘Secretary’ means the Secretary of Com-  
6 merce or his or her designee; and

7 “(9) ‘subject invention’ means any invention of a  
8 contractor conceived or first actually reduced to prac-  
9 tice in the performance of work under a contract: *Pro-*  
10 *vided*, That, in the case of a variety of plant, the date  
11 of determination (as defined in section 41(d) of the  
12 Plant Variety Protection Act (7 U.S.C. 2401(d)) must  
13 also occur during the period of contract performance.

14 **“§ 214. Responsibilities**

15 “(a) The Secretary shall issue regulations applicable to  
16 all Federal agencies implementing the provisions of this  
17 chapter; and the Secretary shall proscribe standard patent  
18 rights provisions for use under this chapter. The regulations  
19 and the standard patent rights provisions shall be subject to  
20 public comment before their issuance.

21 “(b) In order to obtain consistent practices under this  
22 chapter and chapter 18 of this title, the Secretary is author-  
23 ized and directed (i) to consult with and advise Federal agen-  
24 cies concerning the effective and consistent implementation of  
25 these chapters, and (ii) to obtain from the agencies informa-

1 tion and data relating to agency practices under these  
2 chapters.

3 **“§ 215. Disposition of rights**

4       “(a) Subject to subsection (c) of this section and to sec-  
5 tion 216 of this title, each contractor may elect to retain title,  
6 either worldwide or in such countries as it may choose, to  
7 any subject invention: *Provided, however,* That a Federal  
8 agency may, at the time of contracting, limit or eliminate this  
9 right, place additional restrictions or conditions on the con-  
10 tract that go beyond those set forth in subsection (c) of this  
11 section, expand the rights of the Government to license or  
12 sublicense, and alter or eliminate the contractor’s right under  
13 paragraph (6) of subsection (c) of this section if—

14               “(1) it is determined by a Government authority  
15 which is authorized by statute or Executive order to  
16 conduct foreign intelligence or counterintelligence ac-  
17 tivities that this is necessary to protect the security of  
18 such activities;

19               “(2) it is determined that the contractor is not lo-  
20 cated in the United States or does not have a place of  
21 business located in the United States, or is subject to  
22 the control of a foreign government; or

23               “(3) it is determined, on a case-by-case basis, that  
24 there are exceptional circumstances requiring such

1 action to better promote the policies and objectives of  
2 sections 200 and 212 of this title.

3 “(4) it is determined that the contract includes the  
4 operation of a Government-owned, contractor-operated  
5 facility of the Department of Energy primarily dedicat-  
6 ed to that Department’s naval nuclear propulsion of  
7 weapons related programs and all contract limitations  
8 under this subparagraph are limited to inventions oc-  
9 ccurring under the above two programs of the Depart-  
10 ment of Energy.

11 “(b)(1) Each determination required by subsection (a) of  
12 this section shall be in writing and, except in the case of  
13 paragraph (1) of subsection (a) of this section, the agency  
14 shall, within thirty days after the award of the applicable  
15 contract, file with the Secretary a copy of each such determi-  
16 nation. In the case of a determination under subsection (a)(3)  
17 of this section, the statement shall include an analysis sup-  
18 porting the determination and justifying the limitations and  
19 conditions being imposed. If the Secretary believes that any  
20 individual determination or pattern of determinations is con-  
21 trary to the terms, policy, or objectives of this Act, the Sec-  
22 retary shall so advise the head of the agency concerned and  
23 the Administrator and recommend corrective actions.

24 “(2) Whenever the Administrator has determined that  
25 one or more Federal agencies are utilizing the authority of

1 paragraph (2) or (3) of subsection (a) in a manner that is  
2 contrary to the terms, policy, or objectives of this Act, the  
3 Administrator is authorized to issue policies, procedures, and  
4 guidelines describing classes of situations in which agencies  
5 may not utilize the provisions of paragraph (2) or (3) of sub-  
6 section (a).

7       “(c) In accordance with the regulations issued by the  
8 Secretary, each contract that the Government or any Federal  
9 agency acting on behalf of the Government may enter into  
10 shall employ a patent rights clause containing appropriate  
11 provisions to effectuate the following:

12               “(1) That the contractor disclose each subject in-  
13 vention to the Federal agency within a reasonable time  
14 after it becomes known to contractor personnel respon-  
15 sible for the administration of patent matters, and that  
16 the Federal Government may receive title to any sub-  
17 ject invention not disclosed to it within such time.

18               “(2) That the contractor make a written election  
19 within two years after disclosure to the Federal agency  
20 (or such additional time as may be approved by the  
21 Federal agency) whether the contractor will retain title  
22 to a subject invention: *Provided*, That in any case  
23 where publication, on sale, or public use, has initiated  
24 the one-year statutory period in which valid patent  
25 protection can still be obtained in the United States,

1 the period for election may be shortened by the Feder-  
2 al agency to a date that is not more than sixty days  
3 prior to the end of the statutory period: *And provided*  
4 *further*, That the Federal Government may receive title  
5 to any subject invention in which the contractor does not  
6 elect to retain rights or fails to elect rights within such  
7 times.

8 “(3) That a contractor electing rights in a subject  
9 invention agrees to file a patent application prior to  
10 any statutory bar date that may occur under this title  
11 due to publication, on sale, or public use, and shall  
12 thereafter file corresponding patent applications in  
13 other countries in which it wishes to retain title within  
14 reasonable times, and that the Federal Government  
15 may receive title to any subject inventions in the  
16 United States or other countries in which the contrac-  
17 tor has not filed patent applications on the subject in-  
18 vention within such times.

19 “(4) With respect to any invention in which the  
20 contractor elects rights, the Federal agency shall have  
21 a nonexclusive, nontransferrable, irrevocable, paid-up  
22 license to practice or have practiced for or on behalf of  
23 the United States any subject invention throughout the  
24 world: *Provided*, That the funding agreement may pro-  
25 vide for such additional rights; including the right to



1 assign or have assigned foreign patent rights in the  
2 subject invention, as are determined by the agency as  
3 necessary for meeting the obligations of the United  
4 States under any treaty, international agreement, ar-  
5 rangement of cooperation, memorandum of understand-  
6 ing, or similar arrangement, including military agree-  
7 ment relating to weapons development and production.

8 “(5) that the agency may require written reports  
9 on the commercial use or other forms of utilization or  
10 efforts toward obtaining commercial utilization made by  
11 the contractor or its licensees or assignees with respect  
12 to any subject invention to which the contractor elects  
13 title, pursuant to this section: *Provided*, That any such  
14 report, as well as any information on utilization of ef-  
15 forts toward obtaining utilization obtained as part of a  
16 proceeding under section 216 of this title, shall be  
17 treated by the Federal agency as commercial or finan-  
18 cial information obtained from a person and privileged  
19 or confidential and not subject to disclosure under the  
20 Freedom of Information Act (5 U.S.C. 552);

21 “(6) that the contractor, in the event a United  
22 States patent application is filed by or on its behalf or  
23 by any assignee of the contractor, will include within  
24 the specification of such application and any patent is-  
25 suing thereon, a statement specifying that the inven-

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

3               “(7) that the contractor, in cases when it does not  
4       elect to retain title to a subject invention, shall retain a  
5       nonexclusive, royalty free, paid-up, worldwide license,  
6       including the right to sublicense affiliates, subsidiaries,  
7       and existing licensees to whom the contractor is legally  
8       obligated to sublicense in any subject invention to  
9       which the Government obtains title, which license shall  
10      be revocable only to the extent necessary for the Gov-  
11      ernment to grant an exclusive license: *Provided, how-*  
12      *ever,* That the contractor shall not be entitled to such a  
13      license if the contractor has fraudulently failed to dis-  
14      close the subject invention; and

15              “(8) such other administrative requirements that  
16      the Secretary determines to be necessary to effectuate  
17      the rights of the Government as specified in this chap-  
18      ter, which are not inconsistent with this chapter.

19              “(d)(1) A Federal agency may, at any time, waive all or  
20      any part of the rights of the United States under this section  
21      or section 216 of this title to any subject invention or class of  
22      subject inventions made or which may be made under a con-  
23      tract or class of contracts if the agency determines that—

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

1           “(B) the contract involves cosponsored, cost-shar-  
2           ing or joint venture research or development and the  
3           contractor or other sponsor or joint venturer is required  
4           to make a substantial contribution of funds, facilities,  
5           or equipment to the work performed under the con-  
6           tract.

7           “(2) The agency shall maintain a record, which shall be  
8           available to the public and periodically updated, of determina-  
9           tions made under paragraph (1) of this subsection.

10          “(3) In making determinations under paragraph (1) of  
11          this subsection, the agency shall consider at least the follow-  
12          ing objectives:

13                 “(A) encouraging wide availability to the public of  
14                 the benefits of the experimental, developmental, or re-  
15                 search programs in the shortest practicable time;

16                 “(B) promoting the commercial utilization of such  
17                 inventions;

18                 “(C) encouraging participation by private persons  
19                 (including the most highly qualified persons) in the  
20                 Government-sponsored experimental, developmental, or  
21                 research programs; and

22                 “(D) fostering competition and preventing the cre-  
23                 ation or maintenance of situations inconsistent with the  
24                 antitrust laws of the United States.

1       “(4) With respect to contracts in which an agency in-  
2 vokes paragraphs (1) through (4) of subsection (a) of section  
3 215, a Federal agency may, after a subject invention has  
4 been identified, waive any limits or additional restrictions or  
5 conditions placed on a contractor beyond those set forth in  
6 sections 215 and 216 and may allow the contractor to retain  
7 the license rights set forth in subsection (c)(7) of this section  
8 if such license rights were otherwise limited in the contract.

9       “(e) If a contractor does not elect to retain worldwide  
10 title to a subject invention, the Federal agency may consider  
11 and, after consultation with the contractor, grant requests for  
12 retention of rights by the inventor on such terms and condi-  
13 tions as the agency deems appropriate, subject to section 216  
14 of this Act.

15       “(f) In any case when a Federal employee is a coinven-  
16 tor of any subject invention, the Federal agency employing  
17 such coinventor is authorized to transfer or assign whatever  
18 rights it may acquire in the subject invention from its employ-  
19 ee to the contractor subject to the same conditions set forth  
20 in this title as are applicable to the rights the contractor de-  
21 rived through its own contract.

22       “§ 216. March-in rights

23       “(a) Where a contractor has elected to retain title to a  
24 subject invention under section 215 of this title, the Federal  
25 agency shall have the right (unless waived under subsection

1 (d) of section 215 of this title), pursuant to policies, proce-  
2 dures, and guidelines of the Secretary and subject to the pro-  
3 visions of subsection (b) of this section, to grant or require the  
4 contractor or his assignee or exclusive licensee to grant a  
5 nonexclusive, partially exclusive, or exclusive license to a re-  
6 sponsible applicant or applicants, upon terms reasonable  
7 under the circumstances, if the head of the agency or his  
8 designee determines that such action is necessary—

9           “(1) because the contractor, assignee, or licensee  
10       has not taken, or is not expected to take within a rea-  
11       sonable time, effective steps to achieve practical appli-  
12       cation of the invention;

13           “(2) to alleviate serious health or safety needs  
14       which are not reasonably satisfied by the contractor,  
15       his assignees or licensees; or

16           “(3) to meet requirements for public use specified  
17       by Federal regulation which are not reasonably satis-  
18       fied by the contractors, his assignees or licensees.

19           “(b) A determination made pursuant to this section shall  
20       not be considered a contract dispute and shall not be subject  
21       to the Contract Disputes Act (41 U.S.C 601 et seq.). Any  
22       contractor assignee, or exclusive licensee adversely affected  
23       by a determination under this section may, at any time within  
24       sixty days after the date the determination is issued, file a  
25       petition in the United States Claims Court, which shall have

1 jurisdiction to determine the matter de novo and to affirm,  
2 reverse, or modify as appropriate, the determination of the  
3 Federal agency.

4 **“§ 217. Background rights**

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

8       “(b) No contract shall contain a provision allowing a  
9 Federal agency to require the licensing to third parties of  
10 inventions owned by the contractor that are not subject in-  
11 ventions unless such provision has been approved by the  
12 agency head and a written justification has been signed by  
13 such agency head. Any such provision will clearly state  
14 whether the licensing may be required in connection with the  
15 practice of a subject invention, a specifically identified work  
16 object, or both. The agency head may not delegate the au-  
17 thority to approve such provisions or to sign the justification  
18 required for such provisions.

19       “(c) A Federal agency will not require the licensing of  
20 third parties under any such provision unless the agency head  
21 determines that the use of the invention by others is neces-  
22 sary for the practice of a subject invention or for the use of a  
23 work object of the contract and that such action is necessary  
24 to achieve practical application of the subject invention or  
25 work object. Any such determination will be made on the

1 record after an opportunity for an agency hearing, and the  
2 contractor shall be given prompt notification of the determi-  
3 nation by certified or registered mail.”.

4 (b) The table of chapters for title 35, United States  
5 Code, is amended by adding immediately after the item relat-  
6 ing 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.”.

7 (c) Chapter 18 of title 35, United States Code is amend-  
8 ed—

9 (1) by deleting everything in subsection 210(c) be-  
10 tween the word “authorized” and the period at the end  
11 of that subsection.

12 (2) by adding the following new paragraph at the  
13 end of section 202:

14 “(g) A Federal agency may at any time waive all or any  
15 part of the rights of the United States under paragraphs (c)(4)  
16 through (8) of this section, section 203, and section 204 of  
17 this chapter, to any subject inventions made under a funding  
18 agreement or class of funding agreements if the agency deter-  
19 mines (1) that the interests of the United States and the gen-  
20 eral public will be best served thereby; or (2) the funding  
21 agreement involves cosponsored, cost sharing or joint venture  
22 research or venturer is required to make or has made a sub-  
23 stantial contribution of funds, facilities, or equipment to the  
24 work performed under the funding agreement. The agency

1 shall maintain a record, which shall be available to the public  
2 and periodically updated, of determinations made under this  
3 paragraph. In making such determinations under clause (A)  
4 of this paragraph, the agency shall consider at least the fol-  
5 lowing objectives:

6           “(1) encouraging the wide availability to the  
7 public of the benefits of the experimental, developmen-  
8 tal, or research program in the shortest practicable  
9 time;

10           “(2) promoting the commercial utilization of such  
11 inventions;

12           “(3) encouraging participation by private persons,  
13 including the most highly qualified persons, in Govern-  
14 ment-sponsored experimental, developmental, or re-  
15 search programs.”; and

16       SEC. 3. (a) Section 205(a) of the Act of August 14,  
17 1946 (7 U.S.C. 1624(a)), is amended by striking out the last  
18 sentence thereof.

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

22       (c) Section 106(c) of the National Traffic and Motor Ve-  
23 hicle Safety Act of 1966 (15 U.S.C. 1395(c)) is repealed.

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



1 (e)(1) Section 152 of the Atomic Energy Act of 1954  
2 (42 U.S.C. 2182) is repealed: *Provided, however,* That such  
3 section shall continue to be effective with respect to any ap-  
4 plication for a patent in which the statement under oath re-  
5 ferred to in such section has been filed or requested to be  
6 filed by the Commissioner of Patents and Trademarks prior  
7 to the effective date of this Act.

8 (2) The item relating to section 152 in the table of con-  
9 tents of the Atomic Energy Act of 1954 is amended to read  
10 as follows:

"Sec. 152. Repealed".

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

13 (1) repealing subsections (a)–(h) and (j) of section  
14 305 thereof (42 U.S.C. 2457): *Provided, however,* That  
15 subsections (c), (d), and (e) of such section shall contin-  
16 ue to be effective with respect to any application for  
17 patents in which the written statement referred to in  
18 subsection (c) of such section has been filed or request-  
19 ed to be filed by the Commissioner of Patents and  
20 Trademarks prior to the effective date of this Act;

21 (2) striking out in section 306(a) thereof (42  
22 U.S.C. 2458(a)), "(as defined by section 305)", and by  
23 striking "the Inventions and Contributions Board, es-  
24 tablished under section 305 of this Act" and inserting  
25 in lieu thereof "an Inventions and Contributions Board

1 which shall be established by the Administrator within  
2 the Administration"; and

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

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

8 (h) Section 4 of the Helium Act Amendments of 1960  
9 (50 U.S.C. 167b) is amended by striking out all after "utili-  
10 zation" and inserting in lieu thereof a period.

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

13 (j) Subsection (e) of section 302 of the Appalachian Re-  
14 gional Development Act of 1965 (40 U.S.C. App. 302(e)) is  
15 repealed.

16 (k) Subsections (a) through (k), (m), and (n) of section 9  
17 of the Federal Nonnuclear Energy Research and Develop-  
18 ment Act of 1974 (42 U.S.C. 5908) are repealed.

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

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

23 (n) Section 8001(c)(3) of the Solid Waste Disposal Act  
24 (42 U.S.C. 6981(c)(3)) is repealed.

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

3 (p) Section 10(a) of the Act of June 29, 1935 (7 U.S.C.  
4 427i(a)) is amended by striking the last sentence thereof.

5 (q) Section 427(b) of the Federal Mine Safety and  
6 Health Act of 1977 (30 U.S.C. 937(b)) is amended by strik-  
7 ing the last sentence thereof.

8 (r) Section 306(d) of the Surface Mining Control and  
9 Reclamation Act of 1977 (30 U.S.C. 1226(d)) is amended by  
10 striking the first two sentences thereof.

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

13 (t) Section 6(b) of the Solar Photovoltaic Energy Re-  
14 search, Development, and Demonstration Act of 1978 (42  
15 U.S.C. 5585(b)) is amended by striking "7, 8, and 9" and  
16 inserting in lieu thereof "7 and 8".

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

20 (v) Section 408 of the Water Research and Develop-  
21 ment Act of 1978 (42 U.S.C. 7879) is repealed.

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

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

"Sec. 173. Repealed."

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

8 SEC. 5. (a) This Act shall take effect six months after  
9 the date of enactment of this Act.

10 (b) After the effective date of this Act, each Federal  
11 agency is authorized, notwithstanding any other law govern-  
12 ing the disposition of rights in subject inventions, to allow a  
13 contractor or an inventor to retain title to subject inventions  
14 made under contracts awarded prior to the effective date of  
15 this Act, subject to the same terms and conditions as would  
16 apply under this Act had the contract been entered into after  
17 the effective date of this Act.

18 SEC. 6. Within twenty-four months after the date of en-  
19 actment of this Act and every two years thereafter, the Sec-  
20 retary of Commerce shall submit to Congress a report of the  
21 implementation of chapters 18 and 19 of title 35, United  
22 States Code, including any recommendations for legislative  
23 or administrative changes to better achieve the policies and  
24 objectives of such chapters.