

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.

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 "Federal Laboratory Tech-
4 nology Utilization Act of 1985".

5 SEC. 2. COOPERATIVE RESEARCH AND DEVELOPMENT AR-
6 RANGEMENTS.

7 Each Federal agency is authorized to permit laborato-
8 ries of the agency to—

9 (a) enter into cooperative research and develop-
10 ment arrangements (subject to such review procedures

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

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

11 (2) grant or agree to grant in advance to a
 12 collaborating party, without regard to the provi-
 13 sions of 35 U.S.C. 208 and 209 patent licenses or
 14 assignments, or options thereto, in any invention
 15 made by a Government employee under the ar-
 16 rangement, retaining such rights as the Federal
 17 agency deems appropriate;

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

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

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

3 SEC. 3. DISTRIBUTION OF ROYALTIES.

4 (a) Any royalties or other income received by the labo-
 5 ratory from the licensing or assignment of inventions under
 6 section 2 of this Act or under 35 U.S.C. 207 or other author-
 7 ity shall be disposed of as follows:

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

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

1 research and development of the laboratory, (B) to sup-
 2 port development and education programs for employ-
 3 ees of the laboratory, (C) to reward employees of the
 4 laboratory for inventions of value to the Government
 5 that will not produce royalties, (D) to further scientific
 6 exchange to and from the laboratory, or (E) for pay-
 7 ment of patenting costs and fees and other expenses in-
 8 cidental to the administration and licensing of inven-
 9 tions, including the fees or costs for the services of
 10 other agencies or other persons or organizations for in-
 11 vention management and licensing services. Any funds
 12 not so used or obligated by that time shall be paid to
 13 the Treasury of the United States. If the balance for
 14 any laboratory exceeds 5 per centum of the annual
 15 budget of the laboratory, then 75 per centum of the
 16 excess shall be paid to the Treasury of the United
 17 States and the remaining 25 per centum shall be used
 18 for the purposes listed in (A)-(E), above, by the end of
 19 the fiscal year subsequent to the one in which they
 20 were received, and any funds not so used or obligated
 21 by that time shall be paid to the Treasury of the
 22 United States.

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

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

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

11 SEC. 4. DUTIES OF THE SECRETARY.

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

14 (1) develop and disseminate to appropriate agency
 15 personnel techniques and procedures for Federal lab-
 16 oratories and agencies to use on a voluntary basis to
 17 aid in the early determination of the commercial poten-
 18 tial of new technologies generated in performance of
 19 Federal laboratory research;

20 (2) develop and administer training courses and
 21 materials to increase the awareness of laboratory re-
 22 searchers regarding the commercial potential of inven-
 23 tions and to educate laboratory personnel in methods
 24 and options for commercialization which are available

1 to the Federal laboratories, including research and de-
2 velopment limited partnerships;

3 (3) Develop and disseminate to appropriate
4 agency personnel model provisions for use on a volun-
5 tary basis in cooperative research and development ar-
6 rangements; and

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

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

16 **SEC. 5. EMPLOYEE ACTIVITIES.**

17 (a) It shall be the policy of the Government to encour-
18 age the efforts of Government employees or former employ-
19 ees to obtain commercialization of inventions made by them
20 while they were in the service of the United States, and it
21 shall not be a violation of the provisions of 18 U.S.C. 207 for
22 former employees or the partners of employees to negotiate
23 licenses or cooperative research and development arrange-
24 ments relating to such inventions with Federal agencies, in-
25 cluding the agency with which the employee is or was for-

1 merly employed. Federal employees or former employees
2 who receive royalty payments or participate (whether as a
3 principal of, a consultant to, or an employee of an organiza-
4 tion that is attempting to commercialize the invention, or
5 otherwise) in efforts to commercialize their inventions shall
6 not, because of such receipt or participation, be deemed to be
7 in violation of section 201, 203, 205, 207, 208, or 209 of
8 title 18 of the United States Code. In the case of an active
9 employee of the Government, this section is not intended to
10 negate any requirements which the agency may have con-
11 cerning the need for approval of outside employment to pre-
12 vent substandard levels of performance.

13 (b) Upon the request of a Government employee or
14 former employee who made an invention during the course of
15 his employment with the Government to which the Govern-
16 ment has the right of ownership, the agency shall allow the
17 inventor to retain title to the invention (subject to reservation
18 by the Government of a nonexclusive, nontransferable, irrev-
19 ovable, paid up license to practice or have practiced the in-
20 vention throughout the world by or on behalf of the Govern-
21 ment) unless the agency intends to file for a patent applica-
22 tion in order to promote commercialization of the invention.
23 However, such a request need not be granted if this would be
24 inconsistent with the obligations of the Government to other
25 parties under a cooperative research and development ar-

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

8 (c) For purposes of this section, Federal employees in-
 9 clude "special Government employees" as defined at 18
 10 U.S.C. 202.

11 SEC. 6. DEFINITIONS.

12 As used in this Act—

13 (1) "cooperative research and development ar-
 14 rangement" means any agreement, but not a procure-
 15 ment contract as that term is used at 31 U.S.C. 6303,
 16 between one or more Federal agencies and one or
 17 more non-Federal parties under which the agency (or
 18 agencies collectively) through one or more laboratories
 19 provides personnel, services, facilities, equipment, or
 20 other resources (but not funds to non-Federal parties)
 21 and the non-Federal parties provide funds, personnel,
 22 services, facilities, equipment, or other resources
 23 toward the conduct of specified research or develop-
 24 ment efforts which are consistent with the missions of
 25 the agency.

1 (2) "Federal agency" means any executive agency
 2 as defined at 5 U.S.C. 105 and the military depart-
 3 ments as defined at 5 U.S.C. 102;

4 (3) "invention" means any invention under title
 5 35 of the United States Code, or any novel variety of
 6 plant which is or may be protectable under the Plant
 7 Variety Protection Act (7 U.S.C. 2321 et seq.);

8 (4) "laboratory" means a facility or group of fa-
 9 cilities owned, leased, or otherwise used by a Federal
 10 agency, a substantial purpose of which is the perform-
 11 ance of research and development by Government
 12 employees;

13 (5) "made" when used in conjunction with "in-
 14 ventions" means conceived or first actually reduced to
 15 practice; and

16 (6) "Secretary" means the Secretary of Com-
 17 merce or his or her designee or delegee.

18 SEC. 7. RELATIONSHIP TO OTHER LAWS.

19 Nothing in this Act is intended to limit or diminish ex-
 20 isting authorities of any agency.