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ANALYSIS OF H.R. 5715

THE UNIFORM FEDERAL RESEARCH AND DEVELOPMENT  
UTILIZATION ACT OF 1979

The major provisions of H.R. 5715 are:

TITLE I, which contains a statement of findings and purposes.

TITLE II, which provides an institutional framework through the Office of Science and Technology Policy and the Federal Coordinating Council for Science, Engineering, and Technology to assure uniform implementation of the Act's provisions.

TITLE III, Chapter 1, which deals with the allocation of property rights in inventions resulting from federally sponsored research and development. This Title allows grantees and contractors the rights to retain title to inventions subject to various limitations and conditions.

TITLE III, Chapter 2, which codifies the criteria of Executive Order 10096 initially issued by President Truman allocating rights in inventions made by federal employees in performance of official duties, and which also includes authority for an incentive awards program covering inventions made by such employees.

TITLE IV, which provides all federal agencies authority to license federally owned inventions. It also provides the Department of Commerce with certain additional authorities, so that a centralized government licensing program could be undertaken, although participation in the Commerce program is left to agency discretion.

TITLE V, which contains definitions, amendments and repealers of existing statutes.

With the exception of Title III, Chapter 1, the bill should not prove controversial since most of its provisions embody precedents and conclusions that have been to some degree uniformly agreed upon. Since primary debate will center on Title III, Chapter 1, a section-by-section analysis of this part of the bill follows:

TITLE III, CHAPTER 1.

Section 311 provides for the use of a single patent rights clause in all federal contracts except in instances identified by regulations.

Section 312 deals with reporting requirements and declaration of intent in connection with patentable inventions developed under federal contract. Under this section, the contractor may elect to file a patent application on the subject invention.

Section 313(a) identifies those circumstances under which the federal government will acquire title to inventions developed under federal contract. These include cases in which the services of the contractor are for the operation of a government-owned research or production facility; where the acquisition of the title is necessary because of national security; to assure the adequate protection of public health, safety or welfare; where the principal purpose of the contract is to develop or improve products, processes, or methods which will be required for use by government regulations; and in exceptional cases where the ownership of the invention is necessary for the accomplishment of the agency's mission.

(b) delineates the rights of the government in cases in which the contractor elects to file a patent application. These include: the right to a free license to use the invention; the right to require period reports on the commercial utilization, or planned utilization of the invention; and the right to require the contractor to grant a license to other applicants if the agency determines that such licensing is necessary: (i) to alleviate a serious threat to public health, safety, or welfare; (ii) to meet requirements for public use which are not reasonably satisfied by the contractor; (iii) to prevent undue market concentration or the violation of antitrust laws; or (iv) because the contractor has not taken, or is not expected to take steps to achieve practical application of the invention.

Section 314 provides that when section 313(a) does not apply, the contractor shall retain a defeasible title only to those subject inventions on which the contractor files a patent application.

Section 315 provides that the federal government may waive its rights to acquire title to an invention (pursuant to section 313) if the agency determines that the conditions have changed to no longer justify the retention of the title.

Section 316 provides that each agency, for good cause shown by the contractor, may extend the period for exclusive rights provided in section 313(b).

Section 317 provides that any person adversely affected by an agency determination may, within 60 days after the determination is issued, file a petition to the U.S. Court of Claims.

Section 318 provides that contractors receiving title to inventions developed under federal contract shall provide payment to the government through royalties and/or revenues. These payments may be waived at the time of contracting, or at the request of the contractor where the agency determines: (1) the probable administrative costs are likely to exceed the payment; or (2) the government's contribution is insubstantial compared to the private investment; or (3) the contractor is a small business, educational institution, or a nonprofit organization; or (4) the total government funding of the technology with the contractor is less than \$500,000; or (5) the payment would place the contractor at a commercial disadvantage or stifle the utilization of the technology; or (6) it is otherwise in the best interests of the general public.

