TECHNOLOGY TRANSFER COMMERCIALIZATION ACT OF 2000

Public Law 106–404
106th Congr ss

An Act

Nov. 1, 2000
[H.R. 209]

To improv th ability of F d ral ag nci s to lic ns f d rally own d inv ntions.

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

T chnology Transf r Comm rcialization Act of 2000.
15 USC 3701 not .

SECTION 1. SHORT TITLE.

This Act may b cit d as th "T chnology Transf r Comm rcialization Act of 2000".

15 USC 3701 not .

SEC. 2. FINDINGS.

Th Congr ss finds that—

(1) th importanc of linking our unparall l d n twork of ov r 700 F d ral laboratori s and our Nation's univ rsiti s with Unit d Stat s industry continu s to hold gr at promis for our futur conomic prosp rity;

(2) th nactm nt of th Bayh-Dol Act in 1980 was a landmark chang in Unit d Stat s t chnology policy, and its succ ss provid s a fram work for r moving bur aucratic barri rs and for simplifying th granting of lic ns s for inv ntions that ar now in th F d ral Gov rnm nt's pat nt portfolio;

(3) Congr ss has d monstrat d a commitm nt ov r th past 2 d cad s to fost ring t chnology transf r from our F d ral laboratori s and to promoting public/privat s ctor partn rships to nhanc our int rnational comp titiv n ss;

(4) F d ral t chnology transf r activiti s hav str ngth n d th ability of Unit d Stat s industry to comp t in th global mark tplac ; d v lop d a n w paradigm for gr at r collaboration among th sci ntific nt rpris s that conduct our Nation's r s arch and d v lopm nt—gov rnm nt, industry, and univ rsiti s; and improv d th quality of lif for th Am rican p opl , from m dicin to mat rials;

(5) th t chnology transf r proc ss must b mad "industry fri ndly" for compani s to b willing to inv st th significant tim and r sourc s n d d to d v lop n w products, proc ss s, and jobs using f d rally fund d inv ntions; and

(6) F d ral t chnology lic nsing proc dur s should balanc th public policy n ds of ad quat ly prot cting th rights of th public, ncouraging compani s to d v lop xisting gov rnm nt inv ntions, and making th ntir syst m of lic nsing gov rnm nt t chnologi s mor consist nt and simpl .

SEC. 3. COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.

S ction 12(b)(1) of th St v nson-Wydl r T chnology Innovation Act of 1980 (15 U.S.C. 3710a(b)(1)) is am nd d by ins rting "or, subj ct to s ction 209 of titl 35, Unit d Stat s Cod , may grant

a lic ns to an inv ntion which is f d rally own d, for which a pat nt application was fil d b for th signing of th agr m nt, and dir ctly within th scop of th work und r th agr m nt," aft r "und r th agr m nt,".

SEC. 4. LICENSING FEDERALLY OWNED INVENTIONS.

(a) AMENDMENT.—S ction 209 of titl 35, Unit d Stat s Cod , is am nd d to r ad as follows:

"§ 209. Licensing federally owned inventions

"(a) AUTHORITY.—A F d ral ag ncy may grant an xclusiv or partially xclusiv lic ns on a f d rally own d inv ntion und r s ction 207(a)(2) only if—

"(1) granting th lic ns is a r asonabl and n c ssary inc ntiv to—

"(A) call forth th inv stm nt capital and xp nditur s n d d to bring th inv ntion to practical application; or

"(B) oth rwis promot th inv ntion's utilization by th public;

"(2) th F d ral ag ncy finds that th public will b s rv d by th granting of th lic ns , as indicat d by th applicant's int ntions, plans, and ability to bring th inv ntion to practical application or oth rwis promot th inv ntion's utilization by th public, and that th propos d scop of xclusivity is not gr at r than r asonably n c ssary to provid th inc ntiv for bringing th inv ntion to practical application, as propos d by th applicant, or oth rwis to promot th inv ntion's utilization by th public;

"(3) th applicant mak s a commitm nt to achi v practical application of th inv ntion within a r asonabl tim , which tim may b xt nd d by th ag ncy upon th applicant's r qu st and th applicant's d monstration that th r fusal of such xt nsion would b unr asonabl ;

"(4) granting th lic ns will not t nd to substantially l ss n comp tition or cr at or maintain a violation of th F d ral antitrust laws; and

"(5) in th cas of an inv ntion cov r d by a for ign pat nt application or pat nt, th int r sts of th F d ral Gov rnm nt or Unit d Stat s industry in for ign comm rc will b nhanc d.

"(b) MANUFACTURE IN UNITED STATES.—A F d ral ag ncy shall normally grant a lic ns und r s ction 207(a)(2) to us or s ll any f d rally own d inv ntion in th Unit d Stat s only to a lic ns who agr s that any products mbodying th inv ntion or produc d through th us of th inv ntion will b manufactur d substantially in th Unit d Stat s.

"(c) SMALL BUSINESS.—First pr f r nc for th granting of any xclusiv or partially xclusiv lic ns s und r s ction 207(a)(2) shall b giv n to small busin ss firms having qual or gr at r lik lihood as oth r applicants to bring th inv ntion to practical application within a r asonabl tim .

"(d) TERMS AND CONDITIONS.—Any lic ns s grant d und r s ction 207(a)(2) shall contain such t rms and conditions as th granting ag ncy consid rs appropriat , and shall includ provisions—

"(1) r taining a nontransf rrabl , irr vocabl , paid-up lic ns for any F d ral ag ncy to practic th inv ntion or

hav th inv ntion practic d throughout th world by or on b half of th Gov rnm nt of th Unit d Stat s;

"(2) r quiring p riodic r porting on utilization of th inv ntion, and utilization fforts, by th lic ns , but only to th xt nt n c ssary to nabl th F d ral ag ncy to d t rmin wh th r th t rms of th lic ns ar b ing compli d with, xc pt that any such r port shall b tr at d by th F d ral ag ncy as comm rcial and financial information obtain d from a p rson and privil g d and confid ntial and not subj ct to disclosur und r s ction 552 of titl 5 of th Unit d Stat s Cod ; and

"(3) mpow ring th F d ral ag ncy to t rminat th lic ns in whol or in part if th ag ncy d t rmin s that—

"(A) th lic ns is not x cuting its commitm nt to achi v practical application of th inv ntion, including commitm nts contain d in any plan submitt d in support of its r qu st for a lic ns , and th lic ns cannot oth rwis d monstrat to th satisfaction of th F d ral ag ncy that it has tak n, or can b xp ct d to tak within a r asonabl tim , ff ctiv st ps to achi v practical application of th inv ntion;

"(B) th lic ns is in br ach of an agr m nt d scrib d in subs ction (b);

"(C) t rmination is n c ssary to m t r quir m nts for public us sp cifi d by F d ral r gulations issu d aft r th dat of th lic ns , and such r quir m nts ar not r asonably satisfi d by th lic ns ; or

"(D) th lic ns has b n found by a court of comp t nt jurisdiction to hav violat d th F d ral antitrust laws in conn ction with its p rformanc und r th lic ns agr m nt.

"( ) PUBLIC NOTICE.—No xclusiv or partially xclusiv lic ns may b grant d und r s ction 207(a)(2) unl ss public notic of th int ntion to grant an xclusiv or partially xclusiv lic ns on a f d rally own d inv ntion has b n provid d in an appropriat mann r at l ast 15 days b for th lic ns is grant d, and th F d ral ag ncy has consid r d all comm nts r c iv d b for th nd of th comm nt p riod in r spons to that public notic . This subs ction shall not apply to th lic nsing of inv ntions mad und r a coop rativ r s arch and d v lopm nt agr m nt nt r d into und r s ction 12 of th St v nson-Wydl r T chnology Innovation Act of 1980 (15 U.S.C. 3710a).

"(f) PLAN.—No F d ral ag ncy shall grant any lic ns und r a pat nt or pat nt application on a f d rally own d inv ntion unl ss th p rson r qu sting th lic ns has suppli d th ag ncy with a plan for d v lopm nt or mark ting of th inv ntion, xc pt that any such plan shall b tr at d by th F d ral ag ncy as comm rcial and financial information obtain d from a p rson and privil g d and confid ntial and not subj ct to disclosur und r s ction 552 of titl 5 of th Unit d Stat s Cod .".

(b) CONFORMING AMENDMENT.—Th it m r lating to s ction 209 in th tabl of s ctions for chapt r 18 of titl 35, Unit d Stat s Cod , is am nd d to r ad as follows:

"209. Lic nsing f d rally own d inv ntions.".

SEC. 5. MODIFICATION OF STATEMENT OF POLICY AND OBJECTIVES FOR CHAPTER 18 OF TITLE 35, UNITED STATES CODE.

S ction 200 of titl 35, Unit d Stat s Cod , is am nd d by striking " nt rpris ;" and ins rting " nt rpris without unduly ncumb ring futur r s arch and discov ry;".

SEC. 6. TECHNICAL AMENDMENTS TO BAYH-DOLE ACT.

Chapt r 18 of titl 35, Unit d Stat s Cod (popularly known as th "Bayh-Dol Act"), is am nd d—

(1) by am nding s ction 202( ) to r ad as follows:

"( ) In any cas wh n a F d ral mploy is a coinv ntor of any inv ntion mad with a nonprofit organization, a small busin ss firm, or a non-F d ral inv ntor, th F d ral ag ncy mploying such coinv ntor may, for th purpos of consolidating rights in th inv ntion and if it finds that it would xp dit th d v lopm nt of th inv ntion—

"(1) lic ns or assign what v r rights it may acquir in th subj ct inv ntion to th nonprofit organization, small busin ss firm, or non-F d ral inv ntor in accordanc with th provisions of this chapt r; or

"(2) acquir any rights in th subj ct inv ntion from th nonprofit organization, small busin ss firm, or non-F d ral inv ntor, but only to th xt nt th party from whom th rights ar acquir d voluntarily nt rs into th transaction and no oth r transaction und r this chapt r is condition d on such acquisition."; and

(2) in s ction 207(a)—

(A) by striking "pat nt applications, pat nts, or oth r forms of prot ction obtain d" and ins rting "inv ntions" in paragraph (2); and

(B) by ins rting ", including acquiring rights for and administ ring royalti s to th F d ral Gov rnm nt in any inv ntion, but only to th xt nt th party from whom th rights ar acquir d voluntarily nt rs into th transaction, to facilitat th lic nsing of a f d rally own d inv ntion" aft r "or through contract" in paragraph (3).

SEC. 7. TECHNICAL AMENDMENTS TO THE STEVENSON-WYDLER TECHNOLOGY INNOVATION ACT OF 1980.

Th St v nson-Wydl r T chnology Innovation Act of 1980 is am nd d—

(1) in s ction 4(4) (15 U.S.C. 3703(4)), by striking "s ction 6 or s ction 8" and ins rting "s ction 7 or 9";

(2) in s ction 4(6) (15 U.S.C. 3703(6)), by striking "s ction 6 or s ction 8" and ins rting "s ction 7 or 9";

(3) in s ction 5(c)(11) (15 U.S.C. 3704(c)(11)), by striking "Stat of local gov rnm nts" and ins rting "Stat or local gov rnm nts";

(4) in s ction 9 (15 U.S.C. 3707), by—

(A) striking "s ction 6(a)" and ins rting "s ction 7(a)";

(B) striking "s ction 6(b)" and ins rting "s ction 7(b)"; and

(C) striking "s ction 6(c)(3)" and ins rting "s ction 7(c)(3)";

(5) in s ction 11( )(1) (15 U.S.C. 3710( )(1)), by striking "in coop ration with F d ral Laboratori s" and ins rting "in coop ration with F d ral laboratori s";

(6) in s ction 11(i) (15 U.S.C. 3710(i)), by striking "a gift und r th s ction" and ins rting "a gift und r this s ction";

(7) in s ction 14 (15 U.S.C. 3710c)—

(A) in subs ction (a)(1)(A)(i), by ins rting ", oth r than paym nts of pat nt costs as d lin at d by a lic ns or assignm nt agr m nt," aft r "or oth r paym nts";

(B) in subs ction (a)(1)(A)(i), by ins rting ", if th inv ntor's or coinv ntor's rights ar assign d to th Unit d Stat s" aft r "inv ntor or coinv ntors";

(C) in subs ction (a)(1)(B), by striking "succ ding fiscal y ar" and ins rting "2 succ ding fiscal y ars";

(D) in subs ction (a)(2), by striking "Gov rnm nt-op rat d laboratori s of th "; and

(E) in subs ction (b)(2), by striking "inv nton" and ins rting "inv ntion"; and

(8) in s ction 22 (15 U.S.C. 3714), by striking "s ctions 11, 12, and 13" and ins rting "s ctions 12, 13, and 14".

15 USC 3701a not .

SEC. 8. REVIEW OF COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT PROCEDURES.

D adlin .

(a) REVIEW.—Within 90 days aft r th dat of th nactm nt of this Act, ach F d ral ag ncy with a f d rally fund d laboratory that has in ff ct on that dat of th nactm nt on or mor coop rativ r s arch and d v lopm nt agr m nts und r s ction 12 of th St v nson-Wydl r T chnology Innovation Act of 1980 (15 U.S.C. 3710a) shall r port to th Committ on National S curity of th National Sci nc and T chnology Council and th Congr ss on th g n ral polici s and proc dur s us d by that ag ncy to gath r and consid r th vi ws of oth r ag nci s on—

(1) joint work stat m nts und r s ction 12(c)(5)(C) or (D) of th St v nson-Wydl r T chnology Innovation Act of 1980 (15 U.S.C. 3710a(c)(5)(C) or (D)); or

(2) in th cas of laboratori s d scrib d in s ction 12(d)(2)(A) of th St v nson-Wydl r T chnology Innovation Act of 1980 (15 U.S.C. 3710a(d)(2)(A)), coop rativ r s arch and d v lopm nt agr m nts und r such s ction 12,

with r sp ct to major propos d coop rativ r s arch and d v lopm nt agr m nts that involv critical national s curity t chnology or may hav a significant impact on dom stic or int rnational comp titiv n ss.

D adlin .

(b) PROCEDURES.—Within 1 y ar aft r th dat of th nactm nt of this Act, th Committ on National S curity of th National Sci nc and T chnology Council, in conjunction with r l vant F d ral ag nci s and national laboratori s, shall—

(1) d t rmin th ad quacy of xisting proc dur s and m thods for int rag ncy coordination and awar n ss with r sp ct to coop rativ r s arch and d v lopm nt agr m nts d scrib d in subs ction (a); and

(2) stablish and distribut to appropriat F d ral ag nci s—

(A) sp cific crit ria to indicat th n c ssity for gathring and consid ring th vi ws of oth r ag nci s on joint work stat m nts or coop rativ r s arch and d v lopm nt agr m nts as d scrib d in subs ction (a); and

(B) additional proc dur s, if any, for carrying out such gath ring and consid ring of ag ncy vi ws with r sp ct

to cooperative research and development agreements described in subsection (a).

Procedures established under this subsection shall be designed to the extent possible to use or modify existing procedures, to minimize burdens on Federal agencies, to encourage industrial partnerships with national laboratories, and to minimize delay in the approval or disapproval of joint work statements and cooperative research and development agreements.

(c) LIMITATION.—Nothing in this Act, nor any procedures established under this section shall provide to the Office of Science and Technology Policy, the National Science and Technology Council, or any Federal agency the authority to disapprove a cooperative research and development agreement or joint work statement, under section 12 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a), of another Federal agency.

SEC. 9. INCREASED FLEXIBILITY FOR FEDERAL LABORATORY PARTNERSHIP INTERMEDIARIES.

Section 23 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3715) is amended—

(1) in subsection (a)(1) by inserting ", institutions of higher education as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)), or educational institutions within the meaning of section 2194 of title 10, United States Code" after "small business firms"; and

(2) in subsection (c) by inserting ", institutions of higher education as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)), or educational institutions within the meaning of section 2194 of title 10, United States Code," after "small business firms".

SEC. 10. REPORTS ON UTILIZATION OF FEDERAL TECHNOLOGY.

(a) AGENCY ACTIVITIES.—Section 11 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710) is amended—

(1) by striking the last sentence of subsection (b);

(2) by inserting after subsection ( ) the following:

"(f) AGENCY REPORTS ON UTILIZATION.—

"(1) IN GENERAL.—Each Federal agency which operates or directs on or more Federal laboratories or which conducts activities under sections 207 and 209 of title 35, United States Code, shall report annually to the Office of Management and Budget, as part of the agency's annual budget submission, on the activities performed by that agency and its Federal laboratories under the provisions of this section and of sections 207 and 209 of title 35, United States Code.

"(2) CONTENTS.—The report shall include—

"(A) an explanation of the agency's technology transfer program for the preceding fiscal year and the agency's plans for conducting its technology transfer function, including its plans for securing intellectual property rights in laboratory innovations with commercial promise and plans for managing its intellectual property so as to advance the agency's mission and benefit the competitiveness of United States industry; and

"(B) information on technology transfer activities for the preceding fiscal year, including—

"(i) the number of patent applications filed;

"(ii) the number of patents received;

"(iii) th numb r of fully- x cut d lic ns s which r c iv d royalty incom in th pr c ding fiscal y ar, cat goriz d by wh th r th y ar xclusiv , partially- xclusiv , or non- xclusiv , and th tim laps d from th dat on which th lic ns was r qu st d by th lic ns in writing to th dat th lic ns was x cut d;

"(iv) th total arn d royalty incom including such statistical information as th total arn d royalty incom , of th top 1 p rc nt, 5 p rc nt, and 20 p rc nt of th lic ns s, th rang of royalty incom , and th m dian, xc pt wh r disclosur of such information would r v al th amount of royalty incom associat d with an individual lic ns or lic ns ;

"(v) what disposition was mad of th incom d scrib d in claus (iv);

"(vi) th numb r of lic ns s t rminat d for caus ; and

"(vii) any oth r param t rs or discussion that th ag ncy d ms r l vant or uniqu to its practic of t chnology transf r.

"(3) COPY TO SECRETARY; ATTORNEY GENERAL; CONGRESS.—Th ag ncy shall transmit a copy of th r port to th S cr tary of Comm rc and th Attorn y G n ral for inclusion in th annual r port to Congr ss and th Pr sid nt r quir d by subs ction (g)(2).

"(4) PUBLIC AVAILABILITY.—Each F d ral ag ncy r porting und r this subs ction is also strongly ncourag d to mak th information contain d in such r port availabl to th public through Int rn t sit s or oth r l ctronic m ans.";

(3) by striking subs ction (g)(2) and ins rting th following:

"(2) REPORTS.—

"(A) ANNUAL REPORT REQUIRED.—Th S cr tary, in consultation with th Attorn y G n ral and th Commission r of Pat nts and Trad marks, shall submit ach fiscal y ar, b ginning 1 y ar aft r th nactm nt of th T chnology Transf r Comm rcialization Act of 2000, a summary r port to th Pr sid nt, th Unit d Stat s Trad R pr s ntativ , and th Congr ss on th us by F d ral ag nci s and th S cr tary of th t chnology transf r authoriti s sp cifi d in this Act and in s ctions 207 and 209 of titl 35, Unit d Stat s Cod .

"(B) CONTENT.—Th r port shall—

"(i) draw upon th r ports pr par d by th ag nci s und r subs ction (f);

"(ii) discuss t chnology transf r b st practic s and ff ctiv approach s in th lic nsing and transf r of t chnology in th cont xt of th ag nci s' missions; and

"(iii) discuss th progr ss mad toward d v lopm nt of additional us ful m asur s of th outcom s of t chnology transf r programs of F d ral ag nci s.

"(C) PUBLIC AVAILABILITY.—Th S cr tary shall mak th r port availabl to th public through Int rn t sit s or oth r l ctronic m ans."; and

(4) by ins rting aft r subs ction (g) th following:

"(h) DUPLICATION OF REPORTING.—Th r porting obligations impos d by this s ction—

"(1) ar not int nd d to impos r quir m nts that duplicat r quir m nts impos d by th Gov rnm nt P rformanc and R sults Act of 1993 (31 U.S.C. 1101 not);

"(2) ar to b impl m nt d in coordination with th impl m ntation of that Act; and

"(3) ar satisfi d if an ag ncy provid d th information conc rning t chnology transf r activiti s d scrib d in this s ction in its annual submission und r th Gov rnm nt P rformanc and R sults Act of 1993 (31 U.S.C. 1101 not).".

(b) ROYALTIES.—S ction 14(c) of th St v nson-Wydl r T chnology Innovation Act of 1980 (15 U.S.C. 3710c(c)) is am nd d to r ad as follows:

"(c) REPORTS.—Th Comptroll r G n ral shall transmit a r port to th appropriat committ s of th S nat and Hous of R pr s ntativ s on th ff ctiv n ss of F d ral t chnology transf r programs, including findings, conclusions, and r comm ndations for improv m nts in such programs. Th r port shall b int grat d with, and submitt d at th sam tim as, th r port r quir d by s ction 202(b)(3) of titl 35, Unit d Stat s Cod .".

SEC. 11. TECHNOLOGY PARTNERSHIPS OMBUDSMAN. 42 USC 7261c.

(a) APPOINTMENT OF OMBUDSMAN.—Th S cr tary of En rgy shall dir ct th dir ctor of ach national laboratory of th D partm nt of En rgy, and may dir ct th dir ctor of ach facility und r th jurisdiction of th D partm nt of En rgy, to appoint a t chnology partn rship ombudsman to h ar and h lp r solv complaints from outsid organizations r garding th polici s and actions of ach such laboratory or facility with r sp ct to t chnology partn rships (including coop rativ r s arch and d v lopm nt agr m nts), pat nts, and t chnology lic nsing.

(b) QUALIFICATIONS.—An ombudsman appoint d und r subs ction (a) shall b a s nior official of th national laboratory or facility who is not involv d in day-to-day t chnology partn rships, pat nts, or t chnology lic nsing, or, if appoint d from outsid th laboratory or facility, function as such a s nior official.

(c) DUTIES.—Each ombudsman appoint d und r subs ction (a) shall—

(1) s rv as th focal point for assisting th public and industry in r solving complaints and disput s with th national laboratory or facility r garding t chnology partn rships, pat nts, and t chnology lic nsing;

(2) promot th us of collaborativ alt rnativ disput r solution t chniqu s such as m diation to facilitat th sp dy and low-cost r solution of complaints and disput s, wh n appropriat ; and

(3) r port quart rly on th numb r and natur of complaints and disput s rais d, along with th ombudsman's ass ssm nt of th ir r solution, consist nt with th prot ction of confid ntial and s nsitiv information, to—

(A) th S cr tary;

(B) th Administrator for Nucl ar S curity;

(C) th Dir ctor of th Offic of Disput R solution of th D partm nt of En rgy; and

(D) th mploy s of th D partm nt r sponsibl for th administration of th contract for th op ration of ach national laboratory or facility that is a subj ct of

th r port, for consid ration in th administration and r vi w of that contract.

Approv d Nov mb r 1, 2000.

LEGISLATIVE HISTORY—H.R. 209:

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