

Public Law 106-404  
106th Congress

An Act

Nov. 1, 2000

[H.R. 209]

Technology  
Transfer  
Commercializa-  
tion Act of 2000.  
15 USC 3701  
note.

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note.

To improve the ability of Federal agencies to license federally owned inventions.

*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 “Technology Transfer Commercialization Act of 2000”.

**SEC. 2. FINDINGS.**

The Congress finds that—

(1) the importance of linking our unparalleled network of over 700 Federal laboratories and our Nation’s universities with United States industry continues to hold great promise for our future economic prosperity;

(2) the enactment of the Bayh-Dole Act in 1980 was a landmark change in United States technology policy, and its success provides a framework for removing bureaucratic barriers and for simplifying the granting of licenses for inventions that are now in the Federal Government’s patent portfolio;

(3) Congress has demonstrated a commitment over the past 2 decades to fostering technology transfer from our Federal laboratories and to promoting public/private sector partnerships to enhance our international competitiveness;

(4) Federal technology transfer activities have strengthened the ability of United States industry to compete in the global marketplace; developed a new paradigm for greater collaboration among the scientific enterprises that conduct our Nation’s research and development—government, industry, and universities; and improved the quality of life for the American people, from medicine to materials;

(5) the technology transfer process must be made “industry friendly” for companies to be willing to invest the significant time and resources needed to develop new products, processes, and jobs using federally funded inventions; and

(6) Federal technology licensing procedures should balance the public policy needs of adequately protecting the rights of the public, encouraging companies to develop existing government inventions, and making the entire system of licensing government technologies more consistent and simple.

**SEC. 3. COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.**

Section 12(b)(1) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(b)(1)) is amended by inserting “or, subject to section 209 of title 35, United States Code, may grant

a license to an invention which is federally owned, for which a patent application was filed before the signing of the agreement, and directly within the scope of the work under the agreement," after "under the agreement,".

#### SEC. 4. LICENSING FEDERALLY OWNED INVENTIONS.

(a) AMENDMENT.—Section 209 of title 35, United States Code, is amended to read as follows:

##### **"§ 209. Licensing federally owned inventions**

"(a) AUTHORITY.—A Federal agency may grant an exclusive or partially exclusive license on a federally owned invention under section 207(a)(2) only if—

"(1) granting the license is a reasonable and necessary incentive to—

"(A) call forth the investment capital and expenditures needed to bring the invention to practical application; or

"(B) otherwise promote the invention's utilization by the public;

"(2) the Federal agency finds that the public will be served by the granting of the license, as indicated by the applicant's intentions, plans, and ability to bring the invention to practical application or otherwise promote the invention's utilization by the public, and that the proposed scope of exclusivity is not greater than reasonably necessary to provide the incentive for bringing the invention to practical application, as proposed by the applicant, or otherwise to promote the invention's utilization by the public;

"(3) the applicant makes a commitment to achieve practical application of the invention within a reasonable time, which time may be extended by the agency upon the applicant's request and the applicant's demonstration that the refusal of such extension would be unreasonable;

"(4) granting the license will not tend to substantially lessen competition or create or maintain a violation of the Federal antitrust laws; and

"(5) in the case of an invention covered by a foreign patent application or patent, the interests of the Federal Government or United States industry in foreign commerce will be enhanced.

"(b) MANUFACTURE IN UNITED STATES.—A Federal agency shall normally grant a license under section 207(a)(2) to use or sell any federally owned invention in the United States only to a licensee who agrees that any products embodying the invention or produced through the use of the invention will be manufactured substantially in the United States.

"(c) SMALL BUSINESS.—First preference for the granting of any exclusive or partially exclusive licenses under section 207(a)(2) shall be given to small business firms having equal or greater likelihood as other applicants to bring the invention to practical application within a reasonable time.

"(d) TERMS AND CONDITIONS.—Any licenses granted under section 207(a)(2) shall contain such terms and conditions as the granting agency considers appropriate, and shall include provisions—

"(1) retaining a nontransferrable, irrevocable, paid-up license for any Federal agency to practice the invention or

have the invention practiced throughout the world by or on behalf of the Government of the United States;

“(2) requiring periodic reporting on utilization of the invention, and utilization efforts, by the licensee, but only to the extent necessary to enable the Federal agency to determine whether the terms of the license are being complied with, except that any such report shall be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code; and

“(3) empowering the Federal agency to terminate the license in whole or in part if the agency determines that—

“(A) the licensee is not executing its commitment to achieve practical application of the invention, including commitments contained in any plan submitted in support of its request for a license, and the licensee cannot otherwise demonstrate to the satisfaction of the Federal agency that it has taken, or can be expected to take within a reasonable time, effective steps to achieve practical application of the invention;

“(B) the licensee is in breach of an agreement described in subsection (b);

“(C) termination is necessary to meet requirements for public use specified by Federal regulations issued after the date of the license, and such requirements are not reasonably satisfied by the licensee; or

“(D) the licensee has been found by a court of competent jurisdiction to have violated the Federal antitrust laws in connection with its performance under the license agreement.

“(e) PUBLIC NOTICE.—No exclusive or partially exclusive license may be granted under section 207(a)(2) unless public notice of the intention to grant an exclusive or partially exclusive license on a federally owned invention has been provided in an appropriate manner at least 15 days before the license is granted, and the Federal agency has considered all comments received before the end of the comment period in response to that public notice. This subsection shall not apply to the licensing of inventions made under a cooperative research and development agreement entered into under section 12 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a).

“(f) PLAN.—No Federal agency shall grant any license under a patent or patent application on a federally owned invention unless the person requesting the license has supplied the agency with a plan for development or marketing of the invention, except that any such plan shall be treated by the Federal agency as commercial and financial information obtained from a person and privileged and confidential and not subject to disclosure under section 552 of title 5 of the United States Code.”

(b) CONFORMING AMENDMENT.—The item relating to section 209 in the table of sections for chapter 18 of title 35, United States Code, is amended to read as follows:

“209. Licensing federally owned inventions.”

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

Section 200 of title 35, United States Code, is amended by striking “enterprise,” and inserting “enterprise without unduly encumbering future research and discovery.”

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

Chapter 18 of title 35, United States Code (popularly known as the “Bayh-Dole Act”), is amended—

(1) by amending section 202(e) to read as follows:

“(e) In any case when a Federal employee is a coinventor of any invention made with a nonprofit organization, a small business firm, or a non-Federal inventor, the Federal agency employing such coinventor may, for the purpose of consolidating rights in the invention and if it finds that it would expedite the development of the invention—

“(1) license or assign whatever rights it may acquire in the subject invention to the nonprofit organization, small business firm, or non-Federal inventor in accordance with the provisions of this chapter; or

“(2) acquire any rights in the subject invention from the nonprofit organization, small business firm, or non-Federal inventor, but only to the extent the party from whom the rights are acquired voluntarily enters into the transaction and no other transaction under this chapter is conditioned on such acquisition.”; and

(2) in section 207(a)—

(A) by striking “patent applications, patents, or other forms of protection obtained” and inserting “inventions” in paragraph (2); and

(B) by inserting “, including acquiring rights for and administering royalties to the Federal Government in any invention, but only to the extent the party from whom the rights are acquired voluntarily enters into the transaction, to facilitate the licensing of a federally owned invention” after “or through contract” in paragraph (3).

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

The Stevenson-Wydler Technology Innovation Act of 1980 is amended—

(1) in section 4(4) (15 U.S.C. 3703(4)), by striking “section 6 or section 8” and inserting “section 7 or 9”;

(2) in section 4(6) (15 U.S.C. 3703(6)), by striking “section 6 or section 8” and inserting “section 7 or 9”;

(3) in section 5(c)(11) (15 U.S.C. 3704(c)(11)), by striking “State of local governments” and inserting “State or local governments”;

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

(A) striking “section 6(a)” and inserting “section 7(a)”;

(B) striking “section 6(b)” and inserting “section 7(b)”;

and

(C) striking “section 6(c)(3)” and inserting “section 7(c)(3)”;

(5) in section 11(e)(1) (15 U.S.C. 3710(e)(1)), by striking “in cooperation with Federal Laboratories” and inserting “in cooperation with Federal laboratories”;

(6) in section 11(i) (15 U.S.C. 3710(i)), by striking “a gift under the section” and inserting “a gift under this section”;

(7) in section 14 (15 U.S.C. 3710c)—

(A) in subsection (a)(1)(A)(i), by inserting “, other than payments of patent costs as delineated by a license or assignment agreement,” after “or other payments”;

(B) in subsection (a)(1)(A)(i), by inserting “, if the inventor’s or coinventor’s rights are assigned to the United States” after “inventor or coinventors”;

(C) in subsection (a)(1)(B), by striking “succeeding fiscal year” and inserting “2 succeeding fiscal years”;

(D) in subsection (a)(2), by striking “Government-operated laboratories of the”; and

(E) in subsection (b)(2), by striking “inventon” and inserting “invention”; and

(8) in section 22 (15 U.S.C. 3714), by striking “sections 11, 12, and 13” and inserting “sections 12, 13, and 14”.

15 USC 3701a  
note.

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

Deadline.

(a) **REVIEW.**—Within 90 days after the date of the enactment of this Act, each Federal agency with a federally funded laboratory that has in effect on that date of the enactment one or more cooperative research and development agreements under section 12 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a) shall report to the Committee on National Security of the National Science and Technology Council and the Congress on the general policies and procedures used by that agency to gather and consider the views of other agencies on—

(1) joint work statements under section 12(c)(5)(C) or (D) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(c)(5)(C) or (D)); or

(2) in the case of laboratories described in section 12(d)(2)(A) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(d)(2)(A)), cooperative research and development agreements under such section 12,

with respect to major proposed cooperative research and development agreements that involve critical national security technology or may have a significant impact on domestic or international competitiveness.

Deadline.

(b) **PROCEDURES.**—Within 1 year after the date of the enactment of this Act, the Committee on National Security of the National Science and Technology Council, in conjunction with relevant Federal agencies and national laboratories, shall—

(1) determine the adequacy of existing procedures and methods for interagency coordination and awareness with respect to cooperative research and development agreements described in subsection (a); and

(2) establish and distribute to appropriate Federal agencies—

(A) specific criteria to indicate the necessity for gathering and considering the views of other agencies on joint work statements or cooperative research and development agreements as described in subsection (a); and

(B) additional procedures, if any, for carrying out such gathering and considering of agency views with respect

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 (e) the following:

“(f) **AGENCY REPORTS ON UTILIZATION.**—

“(1) **GENERAL.**—Each Federal agency which operates or directs one 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) the number of fully-executed licenses which received royalty income in the preceding fiscal year, categorized by whether they are exclusive, partially-exclusive, or non-exclusive, and the time elapsed from the date on which the license was requested by the licensee in writing to the date the license was executed;

“(iv) the total earned royalty income including such statistical information as the total earned royalty income, of the top 1 percent, 5 percent, and 20 percent of the licenses, the range of royalty income, and the median, except where disclosure of such information would reveal the amount of royalty income associated with an individual license or licensee;

“(v) what disposition was made of the income described in clause (iv);

“(vi) the number of licenses terminated for cause; and

“(vii) any other parameters or discussion that the agency deems relevant or unique to its practice of technology transfer.

“(3) COPY TO SECRETARY; ATTORNEY GENERAL; CONGRESS.—The agency shall transmit a copy of the report to the Secretary of Commerce and the Attorney General for inclusion in the annual report to Congress and the President required by subsection (g)(2).

“(4) PUBLIC AVAILABILITY.—Each Federal agency reporting under this subsection is also strongly encouraged to make the information contained in such report available to the public through Internet sites or other electronic means.”;

(3) by striking subsection (g)(2) and inserting the following:

“(2) REPORTS.—

“(A) ANNUAL REPORT REQUIRED.—The Secretary, in consultation with the Attorney General and the Commissioner of Patents and Trademarks, shall submit each fiscal year, beginning 1 year after the enactment of the Technology Transfer Commercialization Act of 2000, a summary report to the President, the United States Trade Representative, and the Congress on the use by Federal agencies and the Secretary of the technology transfer authorities specified in this Act and in sections 207 and 209 of title 35, United States Code.

“(B) CONTENT.—The report shall—

“(i) draw upon the reports prepared by the agencies under subsection (f);

“(ii) discuss technology transfer best practices and effective approaches in the licensing and transfer of technology in the context of the agencies’ missions; and

“(iii) discuss the progress made toward development of additional useful measures of the outcomes of technology transfer programs of Federal agencies.

“(C) PUBLIC AVAILABILITY.—The Secretary shall make the report available to the public through Internet sites or other electronic means.”; and

(4) by inserting after subsection (g) the following:

“(h) DUPLICATION OF REPORTING.—The reporting obligations imposed by this section—

“(1) are not intended to impose requirements that duplicate requirements imposed by the Government Performance and Results Act of 1993 (31 U.S.C. 1101 note);

“(2) are to be implemented in coordination with the implementation of that Act; and

“(3) are satisfied if an agency provided the information concerning technology transfer activities described in this section in its annual submission under the Government Performance and Results Act of 1993 (31 U.S.C. 1101 note).”.

(b) ROYALTIES.—Section 14(c) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710c(c)) is amended to read as follows:

“(c) REPORTS.—The Comptroller General shall transmit a report to the appropriate committees of the Senate and House of Representatives on the effectiveness of Federal technology transfer programs, including findings, conclusions, and recommendations for improvements in such programs. The report shall be integrated with, and submitted at the same time as, the report required by section 202(b)(3) of title 35, United States Code.”.

#### SEC. 11. TECHNOLOGY PARTNERSHIPS OMBUDSMAN.

42 USC 7261c.

(a) APPOINTMENT OF OMBUDSMAN.—The Secretary of Energy shall direct the director of each national laboratory of the Department of Energy, and may direct the director of each facility under the jurisdiction of the Department of Energy, to appoint a technology partnership ombudsman to hear and help resolve complaints from outside organizations regarding the policies and actions of each such laboratory or facility with respect to technology partnerships (including cooperative research and development agreements), patents, and technology licensing.

(b) QUALIFICATIONS.—An ombudsman appointed under subsection (a) shall be a senior official of the national laboratory or facility who is not involved in day-to-day technology partnerships, patents, or technology licensing, or, if appointed from outside the laboratory or facility, function as such a senior official.

(c) DUTIES.—Each ombudsman appointed under subsection (a) shall—

(1) serve as the focal point for assisting the public and industry in resolving complaints and disputes with the national laboratory or facility regarding technology partnerships, patents, and technology licensing;

(2) promote the use of collaborative alternative dispute resolution techniques such as mediation to facilitate the speedy and low-cost resolution of complaints and disputes, when appropriate; and

(3) report quarterly on the number and nature of complaints and disputes raised, along with the ombudsman's assessment of their resolution, consistent with the protection of confidential and sensitive information, to—

(A) the Secretary;

(B) the Administrator for Nuclear Security;

(C) the Director of the Office of Dispute Resolution of the Department of Energy; and

(D) the employees of the Department responsible for the administration of the contract for the operation of each national laboratory or facility that is a subject of



the report, for consideration in the administration and review of that contract.

Approved November 1, 2000.

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**LEGISLATIVE HISTORY—H.R. 209:**

HOUSE REPORTS: No. 106-129, Pt. 1 (Comm. on Science).

**CONGRESSIONAL RECORD:**

Vol. 145 (1999): May 11, considered and passed House.

Vol. 146 (2000): Oct. 5, considered and passed Senate, amended.

Oct. 17, House concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, Vol. 36 (2000):

Nov. 1, Presidential statement.