Public Law 106–404  
106th Congress  
An Act  
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 moving beyond 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 two 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 granting licenses 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 in developing new products, processes, and technologies using federally funded inventions; and

6. Federal technology licensing procedures should be balanced between the public policy needs of adequately protecting the rights of the public, encouraging companies to develop existing government property, and making the national system of licensing government technology more consistent and simplified.

SEC. 3. COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS. 
Section 12(b)(1) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3701a(b)(1)) is amended by inserting "or, subject to section 209 of title 35, United States Statute Cod," may grant
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 invention capital and expenditure so as 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 agency's demonstration that the refusal of such extension would be unreasonable;

(4) granting the license will not tend to substantially less 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 licensor 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 license shall be given to small business firms having qualitatively or quantitatively at least the same likelihood as other applicants to bring the invention to practical application within a reasonable time.

(d) Terms and Conditions.—Any license granted under section 207(a)(2) shall contain such terms and conditions as the agency considers appropriate, and shall include provisions—

(1) retaining a nontransferable, irrevocable, paid-up license for any Federal agency to practice the invention or
“(2) requiring periodic reporting on utilization of the invention, and utilization efforts, by the licensor, 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 license is not cutting its commitments to achieve practical application of the invention, including commitments contained in any plan submitted in support of its request for a license, and the licensor 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 license 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 are not reasonably satisfied by the licensees; or

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

“( ) 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 federal owned invention has been provided in an appropriate manner at least 15 days before the date of the license, and the Federal agency has considered all comments received in response to that public notice. This subsection shall not apply to the licensing of inventions made under a cooperative research and development agreement under section 12 of the Stevenson-Wydal 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 federal owned invention unless the person applying for the license has supplied the agency with a plan for development and marketing of the invention, except that any such plan shall contain 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.”.
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 "int repris;" and inserting "int repris without unduly encumbr ring futur r s arch and discov ry;".

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( ) to read as follows:

"( ) In any case when a Federal employ is a coinv ntor of any invention made with a nonprofit organization, a small business firm, or a non-Federal inventor, the Federal agency employing such coinv ntor 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 what or 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 royalty 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 "States or local governments";

(4) in section 11( )(1) (15 U.S.C. 3710( )(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 this 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 defined by a license or assignment under this section,” after “other payment,”

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

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

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

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

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

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

(a) REVIEW.—Within 90 days after the date of the enactment of this Act, each Federal agency with a fiscal year fund laboratory that has in effect on that date of the enactment on 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 sections 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 made under such section 12,

with respect to major proposals for cooperative research and development agreements described in subsection (a); and

(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 the various Federal laboratories, shall—

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

(2) establish and distribute to appropriate Federal laboratories 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

(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 critical national security technology or that may have a significant impact on domestic or international competitiveness.

SEC. 9. REVIEW OF COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT PROCEDURES.

(a) REVIEW.—Within 90 days after the date of the enactment of this Act, each Federal agency with a fiscal year fund laboratory that has in effect on that date of the enactment on 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 sections 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 made under such section 12,

with respect to major proposals for cooperative research and development agreements described in subsection (a); and

(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 the various Federal laboratories, shall—

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

(2) establish and distribute to appropriate Federal laboratories 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

(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 critical national security technology or that may have a significant impact on domestic or international competitiveness.
to coop rativ r s arch and d v lopm nt agr m nts
d scr ib d in subs ct ion (a).
Proc dur s stablish d und r this subs ct ion shall b d sign d to
th xt nt possibl to us or modify xisting proc dur s, to minimiz
burd ns on F d ral ag nci s, to ncourag industrial partn rs hips
with national laboratori s, and to minimiz d lay in th approval
or disapproval of joint work stat m nts and coop rativ r s arch
and d v lopm nt agr m nts.
(c) LIMITATION.—Nothing in this Act, nor any proc dur s st able-
sh d und r this s ction shall provid to th Office of Sci nc and T chnology Policy, th National Sci nc and T chnology Council, or any F d ral ag nc y th authority to disapprov a
coop rativ r s arch and d v lopm nt stat m nt or joint work

SEC. 9. INCREASED FLEXIBILITY FOR FEDERAL LABORATORY PART-
NERSHIP INTERMEDIARIES.
S ction 23 of th St v nson-Wydl r T chnology Innovation Act of 1980 (15 U.S.C. 3715) is am nd d—
(1) in subs ction (a)(1) by ins rting “, institutions of high r
ducation as d fin d in s ction 1201(a) of th High r Education
Act of 1965 (20 U.S.C. 1141(a)), or educational institutions
within th m aning of s ction 2194 of titl 10, Unit d Stat s Cod ” aft r “small busin ss firms”; and
(2) in subs ction (c) by ins rting “, institutions of high r
ducation as d fin d in s ction 1201(a) of th High r Education
Act of 1965 (20 U.S.C. 1141(a)), or educational institutions
within th m aning of s ction 2194 of titl 10, Unit d Stat s Cod ,” aft r “small busin ss firms”.

SEC. 10. REPORTS ON UTILIZATION OF FEDERAL TECHNOLOGY.
(a) AGENCY ACTIVITIES.—S ction 11 of th St v nson-Wydl r T chnology Innovation Act of 1980 (15 U.S.C. 3710) is am nd d—
(1) by striking th last s nt nc  of subs ction (b);
(2) by ins rting aft r r subs ction ( ) th following:
“(f) AGENCY REPORTS ON UTILIZATION.—
“(1) IN GENERAL.—Each F d ral ag nc y which op rat s
or dir cts or mor F d ral laboratori s or which conducts
activiti s und r s ctions 207 and 209 of titl 35, Unit d Stat s Cod ,
shall r port annually to th Office of Manag m nt and Budg t, as part of th ag nc y’s annual budg t submission,
on th activiti s pr f ormed d by th ag nc y and its F d ral laboratori s und r th provisi ons of this s ction and of s ctions
207 and 209 of titl 35, Unit d Stat s Cod .
“(2) CONTENTS.—Th r port shall includ —
“(A) An xplanation of th ag nc y’s t chnology transf r
program for th pr c ding fiscal y ar and th ag nc y’s
plans for conducting its t chnology transf r function,
including its plans for s curing intll ctual prop rty rights
in laboratory innovations with comm rcial promis and
plans for managing its intll ctual prop rty so as to
advanc th ag nc y’s mission and b n fit th comp titiv
ns of Unit d Stat s industry; and
“(B) Information on t chnology transf r activiti s for
th pr c ding fiscal y ar, including—
“(i) Th numb r of pat nt applications fil d;
“(ii) Th numb r of pat nts r c iv d;
“(iii) the number of fully-cut licenses which received royalty income in the preceding fiscal year, categorized by whether the price was royalty-exclusive, partially-exclusive, or non-exclusive, and the time lapses from the date on which the license was requested by the licensor in writing to the date the license was cut; 
“(iv) the total annual royalty income including such statistical information as the total annual 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 licenses; 
“(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 license 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 and the Secretary.

“(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 subsection—
“(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 rformance 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 nc y provid d th information conc rning tchnology transf r activiti s s d scrib d in this s c- tion in its annual submission und r th Gov rnm nt P rformance 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 Tchnology 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 p- r s ntativ s on th eff ctiv n ss of F d ral tchnology transf r programs, including findings, conclusions, and r comm ndations for improv mnts 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 part- m nt of En rgy, and may dir ct th dir ctor of ach facility und r th jurisdicti on of th D partm nt of En rgy, to appoint a tchnology 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 tchnology partn rships (including coop rativ r s arch and d v lopm nt agr mnts), pat nts, and tchnology lic nsing.

(b) QUALIFICATIONS.—An ombudsman appoint d und r subs ction (a) shall be a s nior official of th national laboratory or facility who is not involv d in day-to-day tchnology partn rships, pat nts, or tchnology 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 tchnology partn rships, pat nts, and tchnology lic nsing;

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