

# **PUBLIC LAW 104-113 NATIONAL TECHNOLOGY TRANSFER AND ADVANCEMENT ACT OF 1995**

## **Including Amendment by Public LAW 107-107, section 1115 on Dec 28 2001. UTILIZATION OF CONSENSUS TECHNICAL STANDARDS BY FEDERAL AGENCIES**

P.L. 104-113 was introduced by Rep. Connie Morella, R-MD, as H.R. 2196. Following is the version presented to the President for signing on March 7, 1996

H.R.2196

One Hundred Fourth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Wednesday, the third day of January, one thousand nine hundred and ninety-six.

An Act to amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes.

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 'National Technology Transfer and Advancement Act of 1995'.

### **SEC. 2. FINDINGS.**

The Congress finds the following:

- (1) Bringing technology and industrial innovation to the marketplace is central to the economic, environmental, and social well-being of the people of the United States.
- (2) The Federal Government can help United States business to speed the development of new products and processes by entering into cooperative research and development agreements which make available the assistance of Federal laboratories to the private sector, but the commercialization of technology and industrial innovation in the United States depends upon actions by business.
- (3) The commercialization of technology and industrial innovation in the United States will be enhanced if companies, in return for reasonable compensation to the Federal Government, can more easily obtain exclusive licenses to inventions which develop as a result of cooperative research with scientists employed by Federal laboratories.

### **SEC. 3. USE OF FEDERAL TECHNOLOGY.**

Subparagraph (B) of section 11(e)(7) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710(e)(7)(B)) is amended to read as follows:

`(B) A transfer shall be made by any Federal agency under subparagraph (A), for any fiscal year, only if the amount so transferred by that agency (as determined under such subparagraph) would exceed \$10,000.'

#### SEC. 4. TITLE TO INTELLECTUAL PROPERTY ARISING FROM COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENTS.

Subsection (b) of section 12 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710a(b)) is amended to read as follows:

`(b) ENUMERATED AUTHORITY- (1) Under an agreement entered into pursuant to subsection (a) (1), the laboratory may grant, or agree to grant in advance, to a collaborating party patent licenses or assignments, or options thereto, in any invention made in whole or in part by a laboratory employee under the agreement, for reasonable compensation when appropriate. The laboratory shall ensure, through such agreement, that the collaborating party has the option to choose an exclusive license for a pre-negotiated field of use for any such invention under the agreement or, if there is more than one collaborating party, that the collaborating parties are offered the option to hold licensing rights that collectively encompass the rights that would be held under such an exclusive license by one party. In consideration for the Government's contribution under the agreement, grants under this paragraph shall be subject to the following explicit conditions:

`(A) A nonexclusive, nontransferable, irrevocable, paid-up license from the collaborating party to the laboratory to practice the invention or have the invention practiced throughout the world by or on behalf of the Government. In the exercise of such license, the Government shall not publicly disclose trade secrets or commercial or financial information that is privileged or confidential within the meaning of section 552(b)(4) of title 5, United States Code, or which would be considered as such if it had been obtained from a non-Federal party.

`(B) If a laboratory assigns title or grants an exclusive license to such an invention, the Government shall retain the right--

`(i) to require the collaborating party to grant to a responsible applicant a nonexclusive, partially exclusive, or exclusive license to use the invention in the applicant's licensed field of use, on terms that are reasonable under the circumstances; or

`(ii) if the collaborating party fails to grant such a license, to grant the license itself.

`(C) The Government may exercise its right retained under subparagraph (B) only in exceptional circumstances and only if the Government determines that--

`(i) the action is necessary to meet health or safety needs that are not reasonably satisfied by the collaborating party;

`(ii) the action is necessary to meet requirements for public use specified by Federal regulations, and such requirements are not reasonably satisfied by the collaborating party; or

`(iii) the collaborating party has failed to comply with an agreement containing provisions described in subsection (c)(4)(B).

This determination is subject to administrative appeal and judicial review under section 203(2) of title 35, United States Code.

`(2) Under agreements entered into pursuant to subsection (a)(1), the laboratory shall ensure that a collaborating party may retain title to any invention made solely by its employee in exchange for normally granting the Government a nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention or have the invention practiced throughout the world by or on behalf of the Government for research or other Government purposes.

`(3) Under an agreement entered into pursuant to subsection (a)(1), a laboratory may--

`(A) accept, retain, and use funds, personnel, services, and property from a collaborating party and provide personnel, services, and property to a collaborating party;

`(B) use funds received from a collaborating party in accordance with subparagraph (A) to hire personnel to carry out the agreement who will not be subject to full-time-equivalent restrictions of the agency;

`(C) to the extent consistent with any applicable agency requirements or standards of conduct, permit an employee or former employee of the laboratory to participate in an effort to commercialize an invention made by the employee or former employee while in the employment or service of the Government; and

`(D) waive, subject to reservation by the Government of a nonexclusive, irrevocable, paid-up license to practice the invention or have the invention practiced throughout the world by or on behalf of the Government, in advance, in whole or in part, any right of ownership which the Federal Government may have to any subject invention made under the agreement by a collaborating party or employee of a collaborating party.

`(4) A collaborating party in an exclusive license in any invention made under an agreement entered into pursuant to subsection (a)(1) shall have the right of enforcement under chapter 29 of title 35, United States Code.

`(5) A Government-owned, contractor-operated laboratory that enters into a cooperative research and development agreement pursuant to subsection (a)(1) may use or obligate royalties or other income accruing to the laboratory under such agreement with respect to any invention only--

`(A) for payments to inventors;

`(B) for purposes described in clauses (i), (ii), (iii), and (iv) of section 14(a)(1)(B); and

`(C) for scientific research and development consistent with the research and development missions and objectives of the laboratory.'

## SEC. 5. DISTRIBUTION OF INCOME FROM INTELLECTUAL PROPERTY RECEIVED BY FEDERAL LABORATORIES.

Section 14 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710c) is amended--

(1) by amending subsection (a)(1) to read as follows:

`(1) Except as provided in paragraphs (2) and (4), any royalties or other payments received by a Federal agency from the licensing and assignment of inventions under agreements entered into by

Federal laboratories under section 12, and from the licensing of inventions of Federal laboratories under section 207 of title 35, United States Code, or under any other provision of law, shall be retained by the laboratory which produced the invention and shall be disposed of as follows: (A)(i) The head of the agency or laboratory, or such individual's designee, shall pay each year the first \$2,000, and thereafter at least 15 percent, of the royalties or other payments to the inventor or coinventors.

(ii) An agency or laboratory may provide appropriate incentives, from royalties, or other payments, to laboratory employees who are not an inventor of such inventions but who substantially increased the technical value of such inventions.

(iii) The agency or laboratory shall retain the royalties and other payments received from an invention until the agency or laboratory makes payments to employees of a laboratory under clause (i) or (ii).

(B) The balance of the royalties or other payments shall be transferred by the agency to its laboratories, with the majority share of the royalties or other payments from any invention going to the laboratory where the invention occurred. The royalties or other payments so transferred to any laboratory may be used or obligated by that laboratory during the fiscal year in which they are received or during the succeeding fiscal year--

(i) to reward scientific, engineering, and technical employees of the laboratory, including developers of sensitive or classified technology, regardless of whether the technology has commercial applications;

(ii) to further scientific exchange among the laboratories of the agency;

(iii) for education and training of employees consistent with the research and development missions and objectives of the agency or laboratory, and for other activities that increase the potential for transfer of the technology of the laboratories of the agency; (iv) for payment of expenses incidental to the administration and licensing of intellectual property by the agency or laboratory with respect to inventions made at that laboratory, including the fees or other costs for the services of other agencies, persons, or organizations for intellectual property management and licensing services; or

(v) for scientific research and development consistent with the research and development missions and objectives of the laboratory.

(C) All royalties or other payments retained by the agency or laboratory after payments have been made pursuant to subparagraphs (A) and (B) that is unobligated and unexpended at the end of the second fiscal year succeeding the fiscal year in which the royalties and other payments were received shall be paid into the Treasury.

(2) in subsection (a)(2)--

(A) by inserting 'or other payments' after 'royalties'; and (B) by striking 'for the purposes described in clauses (i) through (iv) of paragraph (1)(B) during that fiscal year or the succeeding fiscal year' and inserting in lieu thereof 'under paragraph (1)(B)';

(3) in subsection (a)(3), by striking '\$100,000' both places it appears and inserting '\$150,000';

(4) in subsection (a)(4)--

(A) by striking 'income' each place it appears and inserting in lieu thereof 'payments';

(B) by striking `the payment of royalties to inventors' in the first sentence thereof and inserting in lieu thereof `payments to inventors';

(C) by striking `clause (i) of paragraph (1)(B)' and inserting in lieu thereof `clause (iv) of paragraph (1)(B)';

(D) by striking `payment of the royalties,' in the second sentence thereof and inserting in lieu thereof `offsetting the payments to inventors,'; and

(E) by striking `clauses (i) through (iv) of'; and(5) by amending paragraph (1) of subsection (b) to read as follows: `(1) by a contractor, grantee, or participant, or an employee of a contractor, grantee, or participant, in an agreement or other arrangement with the agency, or'.

## SEC. 6. EMPLOYEE ACTIVITIES.

Section 15(a) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710d(a)) is amended--T (1) by striking `the right of ownership to an invention under this Act' and inserting in lieu thereof `ownership of or the right of ownership to an invention made by a Federal employee'; andT (2) by inserting `obtain or' after `the Government, to'.

## SEC. 7. AMENDMENT TO BAYH-DOLE ACT.

Section 210(e) of title 35, United States Code, is amended by striking `, as amended by the Federal Technology Transfer Act of 1986,'.

## SEC. 8. NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY ACT AMENDMENTS.

The National Institute of Standards and Technology Act (15 U.S.C. 271 et seq.) is amended--

(1) in section 10(a)--(A) by striking `nine' and inserting in lieu thereof `15'; and

(B) by striking `five' and inserting in lieu thereof `10'; (2) in section 15--

(A) by striking `Pay Act of 1945; and' and inserting in lieu thereof `Pay Act of 1945;'; and

(B) by inserting `; and (h) the provision of transportation services for employees of the Institute between the facilities of the Institute and nearby public transportation, notwithstanding section 1344 of title 31, United States Code' after `interests of the Government'; and (3) in section 19--

(A) by inserting `, subject to the availability of appropriations,' after `post-doctoral fellowship program'; and

(B) by striking `nor more than forty' and inserting in lieu thereof `nor more than 60'.

## SEC. 9. RESEARCH EQUIPMENT.

Section 11(i) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710(i)) is amended by inserting `loan, lease, or' before `give'.

## SEC. 10. PERSONNEL.

The personnel management demonstration project established under section 10 of the National Bureau of Standards Authorization Act for Fiscal Year 1987 (15 U.S.C. 275 note) is extended indefinitely.

**SEC. 11. FASTENER QUALITY ACT AMENDMENTS.**

[section not included here]

**SEC. 12. STANDARDS CONFORMITY.**

(a) **USE OF STANDARDS-** Section 2(b) of the National Institute of Standards and Technology Act (15 U.S.C. 272(b)) is amended--

(1) in paragraph (2), by striking ` , including comparing standards' and all that follows through `Federal Government';

(2) by redesignating paragraphs (3) through (11) as paragraphs (4) through (12), respectively; and

(3) by inserting after paragraph (2) the following new paragraph:

`(3) to compare standards used in scientific investigations, engineering, manufacturing, commerce, industry, and educational institutions with the standards adopted or recognized by the Federal Government and to coordinate the use by Federal agencies of private sector standards, emphasizing where possible the use of standards developed by private, consensus organizations;'

(b) **CONFORMITY ASSESSMENT ACTIVITIES-** Section 2(b) of the National Institute of Standards and Technology Act (15 U.S.C. 272(b)) is amended--

(1) by striking `and' at the end of paragraph (11), as so redesignated by subsection (a)(2) of this section;

(2) by striking the period at the end of paragraph (12), as so redesignated by subsection (a)(2) of this section, and inserting in lieu thereof `; and'; and

(3) by adding at the end the following new paragraph:

`(13) to coordinate Federal, State, and local technical standards activities and conformity assessment activities, with private sector technical standards activities and conformity assessment activities, with the goal of eliminating unnecessary duplication and complexity in the development and promulgation of conformity assessment requirements and measures.'

(c) **TRANSMITTAL OF PLAN TO CONGRESS-** The National Institute of Standards and Technology shall, within 90 days after the date of enactment of this Act, transmit to the Congress a plan for implementing the amendments made by this section.

(d) **UTILIZATION OF CONSENSUS TECHNICAL STANDARDS BY FEDERAL AGENCIES; REPORTS**  
- (1) **IN GENERAL-** Except as provided in paragraph (3) of this subsection, all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.

(2) **CONSULTATION; PARTICIPATION-** In carrying out paragraph (1) of this subsection, Federal agencies and departments shall consult with voluntary, private sector, consensus standards bodies and shall, when such participation is in the public interest and is compatible with agency and departmental missions, authorities, priorities, and budget resources, participate with such bodies in the development of technical standards.

(3) EXCEPTION- If compliance with paragraph (1) of this subsection is inconsistent with applicable law or otherwise impractical, a Federal agency or department may elect to use technical standards that are not developed or adopted by voluntary consensus standards bodies if the head of each such agency or department transmits to the Office of Management and Budget an explanation of the reasons for using such standards. Each year, beginning with fiscal year 1997, the Office of Management and Budget shall transmit to Congress and its committees a report summarizing all explanations received in the preceding year under this paragraph.

**\*\* (4) EXPENSES OF GOVERNMENT PERSONNEL.** - Section 5946 of title 5, United States Code, shall not apply with respect to any activity of an employee of a Federal agency or department that is determined by the head of that agency or department as being an activity undertaken in carrying out this subsection.

(5) DEFINITION OF TECHNICAL STANDARDS- As used in this subsection, the term 'technical standards' means performance-based or design-specific technical specifications and related management systems practices.

#### SEC. 13. SENSE OF CONGRESS.

It is the sense of the Congress that the Malcolm Baldrige National Quality Award program offers substantial benefits to United States industry, and that all funds appropriated for such program should be spent in support of the goals of the program. Speaker of the House of Representatives. Vice President of the United States and President of the Senate.

**\*\* As amended by the NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2002, SEC. 1115. Participation of Personnel in Technical Standards Development Activities, Pub. L. 107-107, div. A, title XI, Sec. 1115, Dec. 28, 2001, 115 Stat. 1241**