

of any other department or agency of the Government designated by the President as a defense agency of the United States, and the Secretary of Commerce, may separately issue rules and regulations to enable the respective department or agency to carry out the provisions of this chapter, and may delegate any power conferred by this chapter.

(July 19, 1952, ch. 950, 66 Stat. 808.)

HISTORICAL AND REVISION NOTES

Based on Title 35, U.S.C., 1946 ed., §158 (Feb. 1, 1952, ch. 4, §8, 66 Stat. 6).

Language is changed.

TRANSFER OF FUNCTIONS

Atomic Energy Commission abolished and functions transferred by sections 5814 and 5841 of Title 42, The Public Health and Welfare. See, also, Transfer of Functions notes set out under those sections.

DEFENSE AGENCIES

Department of Justice designated as a defense agency of United States for purposes of this chapter by Executive Order No. 10457, May 27, 1953, 18 F.R. 3083.

CHAPTER 18—PATENT RIGHTS IN INVENTIONS MADE WITH FEDERAL ASSISTANCE

Sec.	
200.	Policy and objective.
201.	Definitions.
202.	Disposition of rights.
203.	March-in rights.
204.	Preference for United States industry.
205.	Confidentiality.
206.	Uniform clauses and regulations.
207.	Domestic and foreign protection of federally owned inventions.
208.	Regulations governing Federal licensing.
209.	Licensing federally owned inventions.
210.	Precedence of chapter.
211.	Relationship to antitrust laws.
212.	Disposition of rights in educational awards.

AMENDMENTS

2000—Pub. L. 106-404, §4(b), Nov. 1, 2000, 114 Stat. 1744, substituted "Licensing federally owned inventions" for "Restrictions on licensing of federally owned inventions" in item 209.

1984—Pub. L. 98-620, title V, §501(15), Nov. 8, 1984, 98 Stat. 3368, added item 212.

1982—Pub. L. 97-256, title I, §101(5), Sept. 8, 1982, 96 Stat. 816, redesignated chapter 38, as added by Pub. L. 96-517, §6(a), Dec. 12, 1980, 94 Stat. 3018, comprising sections 200 to 211, as chapter 18, and transferred chapter 18, as so redesignated, to end of this part from end of part IV.

§ 200. Policy and objective

It is the policy and objective of the Congress to use the patent system to promote the utilization of inventions arising from federally supported research or development; to encourage maximum participation of small business firms in federally supported research and development efforts; to promote collaboration between commercial concerns and nonprofit organizations, including universities; to ensure that inventions made by nonprofit organizations and small business firms are used in a manner to promote free competition and enterprise without unduly encumbering future research and discovery; to promote the commercialization and public availability of inventions made in the United States

by United States industry and labor; to ensure that the Government obtains sufficient rights in federally supported inventions to meet the needs of the Government and protect the public against nonuse or unreasonable use of inventions; and to minimize the costs of administering policies in this area.

(Added Pub. L. 96-517, §6(a), Dec. 12, 1980, 94 Stat. 3018; amended Pub. L. 106-404, §5, Nov. 1, 2000, 114 Stat. 1745.)

AMENDMENTS

2000—Pub. L. 106-404 substituted "enterprise without unduly encumbering future research and discovery;" for "enterprise;".

EFFECTIVE DATE

Chapter effective July 1, 1981, but implementing regulations authorized to be issued earlier, see section 8(f) of Pub. L. 96-517, set out as an Effective Date of 1980 Amendment note under section 41 of this title.

§ 201. Definitions

As used in this chapter—

(a) The term "Federal agency" means any executive agency as defined in section 105 of title 5, and the military departments as defined by section 102 of title 5.

(b) The term "funding agreement" means any contract, grant, or cooperative agreement entered into between any Federal agency, other than the Tennessee Valley Authority, and any contractor for the performance of experimental, developmental, or research work funded in whole or in part by the Federal Government. Such term includes any assignment, substitution of parties, or subcontract of any type entered into for the performance of experimental, developmental, or research work under a funding agreement as herein defined.

(c) The term "contractor" means any person, small business firm, or nonprofit organization that is a party to a funding agreement.

(d) The term "invention" means any invention or discovery which is or may be patentable or otherwise protectable under this title or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.).

(e) The term "subject invention" means any invention of the contractor conceived or first actually reduced to practice in the performance of work under a funding agreement: *Provided*, That in the case of a variety of plant, the date of determination (as defined in section 41(d)¹ of the Plant Variety Protection Act (7 U.S.C. 2401(d))) must also occur during the period of contract performance.

(f) The term "practical application" means to manufacture in the case of a composition or product, to practice in the case of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are to the extent permitted by law or Government regulations available to the public on reasonable terms.

¹ See References in Text note below.

(g) The term “made” when used in relation to any invention means the conception or first actual reduction to practice of such invention.

(h) The term “small business firm” means a small business concern as defined at section 2 of Public Law 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration.

(i) The term “nonprofit organization” means universities and other institutions of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) or any nonprofit scientific or educational organization qualified under a State nonprofit organization statute.

(Added Pub. L. 96-517, §6(a), Dec. 12, 1980, 94 Stat. 3019; amended Pub. L. 98-620, title V, §501(1), (2), Nov. 8, 1984, 98 Stat. 3364; Pub. L. 99-514, §2, Oct. 22, 1986, 100 Stat. 2095; Pub. L. 107-273, div. C, title III, §13206(a)(12), Nov. 2, 2002, 116 Stat. 1904.)

REFERENCES IN TEXT

The Plant Variety Protection Act, referred to in subsec. (d), is Pub. L. 91-577, Dec. 24, 1970, 84 Stat. 1542, as amended, which is classified principally to chapter 57 (§2321 et seq.) of Title 7, Agriculture. For complete classification of this Act to the Code, see Short Title note set out under section 2321 of Title 7 and Tables.

Section 41 of the Plant Variety Protection Act (7 U.S.C. 2401(d)), referred to in subsec. (e), was subsequently amended, and no longer defines the term “date of determination”.

AMENDMENTS

2002—Subsec. (a). Pub. L. 107-273 struck out “United States Code,” after “section 105 of title 5,” and “United States Code” after “section 102 of title 5”.

1986—Subsec. (i). Pub. L. 99-514 substituted “Internal Revenue Code of 1986” for “Internal Revenue Code of 1954”.

1984—Subsec. (d). Pub. L. 98-620, §501(1), inserted “or any novel variety of plant which is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2321 et seq.)” after “title”.

Subsec. (e). Pub. L. 98-620, §501(2), inserted “: *Provided*, That in the case of a variety of plant, the date of determination (as defined in section 41(d) of the Plant Variety Protection Act (7 U.S.C. 2401(d))) must also occur during the period of contract performance” after “agreement”.

§ 202. Disposition of rights

(a) Each nonprofit organization or small business firm may, within a reasonable time after disclosure as required by paragraph (c)(1) of this section, elect to retain title to any subject invention: *Provided, however*, That a funding agreement may provide otherwise (i) when the contractor is not located in the United States or does not have a place of business located in the United States or is subject to the control of a foreign government, (ii) in exceptional circumstances when it is determined by the agency that restriction or elimination of the right to retain title to any subject invention will better promote the policy and objectives of this chapter (iii) when it is determined by a Government authority which is authorized by statute or Executive order to conduct foreign intelligence or

counter-intelligence activities that the restriction or elimination of the right to retain title to any subject invention is necessary to protect the security of such activities or, (iv) when the funding agreement includes the operation of a Government-owned, contractor-operated facility of the Department of Energy primarily dedicated to that Department’s naval nuclear propulsion or weapons related programs and all funding agreement limitations under this subparagraph on the contractor’s right to elect title to a subject invention are limited to inventions occurring under the above two programs of the Department of Energy. The rights of the nonprofit organization or small business firm shall be subject to the provisions of paragraph (c) of this section and the other provisions of this chapter.

(b)(1) The rights of the Government under subsection (a) shall not be exercised by a Federal agency unless it first determines that at least one of the conditions identified in clauses (i) through (iv) of subsection (a) exists. Except in the case of subsection (a)(iii), the agency shall file with the Secretary of Commerce, within thirty days after the award of the applicable funding agreement, a copy of such determination. In the case of a determination under subsection (a)(ii), the statement shall include an analysis justifying the determination. In the case of determinations applicable to funding agreements with small business firms, copies shall also be sent to the Chief Counsel for Advocacy of the Small Business Administration. If the Secretary of Commerce believes that any individual determination or pattern of determinations is contrary to the policies and objectives of this chapter or otherwise not in conformance with this chapter, the Secretary shall so advise the head of the agency concerned and the Administrator of the Office of Federal Procurement Policy, and recommend corrective actions.

(2) Whenever the Administrator of the Office of Federal Procurement Policy has determined that one or more Federal agencies are utilizing the authority of clause (i) or (ii) of subsection (a) of this section in a manner that is contrary to the policies and objectives of this chapter, the Administrator is authorized to issue regulations describing classes of situations in which agencies may not exercise the authorities of those clauses.

(3) At least once every 5 years, the Comptroller General shall transmit a report to the Committees on the Judiciary of the Senate and House of Representatives on the manner in which this chapter is being implemented by the agencies and on such other aspects of Government patent policies and practices with respect to federally funded inventions as the Comptroller General believes appropriate.

(4) If the contractor believes that a determination is contrary to the policies and objectives of this chapter or constitutes an abuse of discretion by the agency, the determination shall be subject to the¹ section 203(b).

(c) Each funding agreement with a small business firm or nonprofit organization shall contain appropriate provisions to effectuate the following:

¹ So in original. The word “the” probably should not appear.