

have tried to provide targeted discounts to schools and libraries so that they can get on the Internet. Those initiatives are controversial, but his provision is not. Its costs are low, and its benefits high. In short, this is "good legislation".

I encourage you all to vote for this authorization, and invest in our future generations.

Mr. SENSENBRENNER. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and concur in the Senate amendment to H.R. 1273.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the Senate amendment to H.R. 1273.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the House by Mr. Thomas, one of his secretaries.

#### TECHNOLOGY TRANSFER COMMERCIALIZATION ACT OF 1998

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2544) to improve the ability of Federal agencies to license federally owned inventions, as amended.

The Clerk read as follows:

H.R. 2544

*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 1998".

##### SEC. 2. 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, made before the granting of the license, and directly related to the scope of the work under the agreement," after "under the agreement,".

##### SEC. 3. 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 li-

cense on a federally owned invention 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 utilization, 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 utilization of the invention within a reasonable time;

"(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 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 this section 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.—Licenses granted under this section shall contain such terms and conditions as the granting agency considers appropriate. Such terms and conditions shall include provisions—

"(1) retaining a nontransferable, irrevocable, paid-up license for the 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; 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 utilization 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 utilization 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 competent authority to have violated the Fed-

eral antitrust laws in connection with its performance under the license agreement.

"(e) PUBLIC NOTICE.—No exclusive or partially exclusive license may be granted under this section 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 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) BASIC BUSINESS PLAN.—A Federal agency may grant a license on a federally owned invention only if the person requesting the license has supplied to the agency a basic business plan with development milestones, commercialization milestones, or both.

"(g) NONDISCLOSURE OF CERTAIN INFORMATION.—Any basic business plan, and revisions thereto, submitted by an applicant for a license, and any report on the utilization or utilization efforts of a licensed invention submitted by a licensee, shall be treated by the Federal agency as commercial and financial information obtained from a person and not subject to disclosure under section 552 of title 5, 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. 4. 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 under a funding agreement with a nonprofit organization or small business firm, the Federal agency employing such coinventor may, for the purpose of consolidating rights in the invention—

"(1) license or assign whatever rights it may acquire in the subject invention from its employee to the nonprofit organization or small business firm; or

"(2) acquire any rights in the subject invention, but only to the extent the party from whom the rights are acquired voluntarily enters into the transaction."; 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 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. 5. TECHNICAL AMENDMENTS TO THE STEVENSON-WYDLER TECHNOLOGY INNOVATION ACT OF 1980.

Section 14(a)(1) of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3710c(a)(1)) is amended—

(1) in subparagraph (A)(i), by inserting "if the inventor's or coinventor's rights are assigned to the United States" after "inventor or coinventors"; and

(2) in subparagraph (B), by striking "succeeding fiscal year" and inserting "2 succeeding fiscal years".

**SEC. 6. REVIEW OF COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT PROCEDURES.**

(a) REVIEW.—The Director of the Office of Science and Technology Policy, in consultation with relevant Federal agencies, national laboratories, and any other person the Director considers appropriate, shall review the general policies and procedures used by Federal agencies 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-Wylder 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-Wylder 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.

(b) PROCEDURES.—Within one year after the date of the enactment of this Act, the Director of the Office of Science and Technology Policy, in consultation with relevant Federal agencies and national laboratories, shall—

(1) determine the adequacy of existing procedures and methods for interagency coordination and awareness; 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.

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.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from Michigan (Mr. BARCIA) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

(Mr. SENSENBRENNER asked and was given permission to revise and extend his remarks.)

Mr. SENSENBRENNER. Mr. Speaker, in the past two decades, Congress has established a system to transfer unclassified technology from our Federal laboratories to the private sector in order to facilitate its commercialization. This system is designed to ensure U.S. citizens receive the full benefit from our government's investment in research and development.

To help further these goals, the Committee on Science first reported the Stevenson-Wylder Technology Innovation Act of 1980. The committee expanded on that landmark legislation with the passage of the Federal Technology Transfer Act of 1986, the National Competitive Technology Trans-

fer Act of 1989, the American Technology Preeminence Act of 1991 and the National Technology Transfer and Advancement Act of 1995, among others.

Technology transfer has resulted in products which are currently being used to enhance our quality of life. Examples include the AIDS home testing kit, the global positioning system nautical navigation, and new materials technology to make automobiles lighter and more fuel-efficient.

H.R. 2544 continues the Committee on Science's long and rich history of advancing technology transfer to help boost our Nation's standard of living. I congratulate the Chair of the Subcommittee on Technology, the gentlewoman from Maryland (Mrs. MORELLA), for introducing H.R. 2544, and for her efforts to work cooperatively with members of the minority and the administration to craft this bipartisan bill.

I would also like to acknowledge and congratulate the hard work of the ranking Members from the Committee on Science and Subcommittee on Technology, the gentleman from California (Mr. BROWN) and the gentleman from Michigan (Mr. BARCIA) on this important legislation. Its drafting and passage by the Committee on Science could not have occurred without their considerable input and assistance.

The purpose of H.R. 2544 as reported is to promote the transfer and private sector commercialization of the technology created in our Nation's system of over 700 Federal laboratories, thereby leveraging Federal investment in scientific research through increasing collaboration with the private industry.

Specifically, the bill improves and streamlines the ability of Federal agencies to license federally-owned inventions. H.R. 2544 does this by reducing procedural obstacles and, to the greatest extent possible, the uncertainty involved in the licensing of government-owned patented inventions.

During the Committee on Science's hearing on this bill, the committee received testimony from both past and prospective private industry partners regarding their concerns about current Federal technology licensing processes.

Witnesses indicated that the strategic advantage of acquiring intellectual property rights through a cooperative research and development agreement, called CRADA for short, and/or the licensing of government-owned technology, are, unfortunately, offset by the delays and uncertainty often associated with the lengthy Federal technology transfer process, which is often out of sync with private sector timing. In addition to the uncertainty of actually being granted the license, these procedural barriers increase transaction costs and delay commercialization.

The present regulations also make it difficult for government-owned and government-operated laboratories, or GOGO for short, to bring existing sci-

entific inventions into a CRADA, even when inclusion would create a more complete technology package.

By reducing the delay and uncertainty imposed by existing procedural barriers and thus lowering transactional costs associated with the licensing of technology transferred from the Federal laboratories, Federal agencies could greatly increase participation by the private sector in their technology transfer programs.

H.R. 2544 does just that. Its approach will expedite the commercialization of government-owned inventions and reduce the costs to the American taxpayer for the development of new technology-based products.

Through H.R. 2544, Federal agencies are provided with two important new tools for effectively commercializing on-the-shelf government-owned inventions: First, revised authorities under section 209 of the Bayh-Dole Act; and, second, the ability to license technology as part of a CRADA. Both mechanisms make Federal technology transfer programs much more attractive to U.S. private industries that seek to form partnerships with the Federal laboratories.

The committee reported H.R. 2544 by voice vote. The bill was subsequently discharged by the Committee on the Judiciary, to which it was sequentially referred. I appreciate the cooperation of the chairman and ranking minority member of the Committee on the Judiciary, the gentleman from Illinois (Mr. HYDE) and the gentleman from Michigan (Mr. CONYERS), for their assistance in bringing H.R. 2544 to the floor.

This bill is yet another important step in refining our Nation's technology transfer laws to remove existing impediments to advance government and industry collaboration, and I urge its adoption.

Mr. Speaker, I reserve the balance of my time.

Mr. BARCIA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would first begin by thanking the gentleman from Wisconsin (Chairman SENSENBRENNER) and, of course, the ranking member the gentleman from California (Mr. BROWN) for bringing H.R. 2544, the Technology Transfer Commercialization Act, to the floor. I would like to especially thank the bill's chief sponsor, the chairman of the Subcommittee on Technology, the gentlewoman from Maryland (Mrs. MORELLA), for her continued leadership on this and other important technology matters.

The goal of H.R. 2544 is to make sure that those innovations owned by our Federal labs and with commercial potential enter the marketplace as quickly and efficiently as possible. However, the bill also includes important protections that the gentleman from Utah (Mr. COOK) and I introduced during our Subcommittee on Technology markup to promote fairness of opportunity, to increase due diligence on the part of licensees, and to encourage the creation of American jobs.

The bill relaxes general notice requirements, but requires public notice when it matters most, when the granting of an exclusive license to a Federal invention is contemplated. Giving notice in advance of awarding an exclusive license is essential to ensure that the public gets full benefit from its research investment. This will make sure that every American company, no matter how small, has a chance to make its case for a license before exclusive rights are awarded. Without these protections, important innovations can inadvertently be blocked. Companies, often small businesses previously unknown to Federal laboratories, have responded to these public notices with revolutionary ideas that would otherwise have been lost.

□ 1500

The National Institutes of Health first learned of companies with the capability to turn NIH innovations into a cystic fibrosis gene therapy and a cervical cancer vaccine through public notices of the intent to grant exclusive licenses to someone else. The Department of Agriculture uncovered important applications of its research, including a novel egg immunization technology and a way to take formaldehyde out of permanent press fabrics which could have been blocked without public notice.

Time and time again, public notice of the intent to grant exclusive licenses has produced dramatic results. The gentlewoman from Maryland (Mrs. MORELLA), the chairperson of the subcommittee, was absolutely right in pointing out to the committee that publication in the Federal Register is probably no longer the most effective method of public notice in an Internet age. Agencies need to make use of a variety of modern communication techniques such as electronic mailing lists, the Internet, and web pages. We encourage agencies to think creatively, to devise plans for reaching more people during shorter periods of public notice, and to pass the time savings on to their potential private sector partners.

Further, as our private sector is ultimately driven by small business, the licensing of Federal inventions may well be our most successful and cost-effective program to aid these smaller firms. In fact, the Department of Defense grants 61 percent of its exclusive licenses to small businesses, NIST grants 80 percent of licenses to small businesses, and NASA grants 93 percent of its licenses to small businesses. This bill ensures that small businesses will continue to be the focus of technology transfer initiatives far into the future.

Finally, this bill is geared toward American jobs. Federal licensees are expected to do high quality research and establish manufacturing jobs right here in the United States of America. In the 1980s, our committee showed wisdom in requiring a fair share of the jobs coming out of Federal innovations be located in the U.S. This bill will

continue this important principle into the next century.

Mr. Speaker, the Subcommittee on Technology, under the leadership of the gentlewoman from Maryland (Mrs. MORELLA) and our distinguished chairman, the gentleman from Wisconsin (Mr. SENSENBRENNER), as well as our distinguished Ranking Member, the gentleman from California (Mr. BROWN) have, in a bipartisan manner, invested a large amount of time and energy in gathering the information necessary to perfect this legislation. I strongly urge my colleagues to support this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield 2 minutes to the gentleman from Utah (Mr. COOK).

Mr. COOK. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in support of H.R. 2544, the Technology Transfer Commercialization Act of 1998. First, I would like to commend our chairman, the gentleman from Wisconsin (Mr. SENSENBRENNER); the subcommittee chairwoman, the gentlewoman from Maryland (Mrs. MORELLA); and the ranking members of both committees, for their commitment and leadership on this legislation.

H.R. 2544 will improve the laws promoting technology transfer from our Nation's Federal laboratories. It will facilitate Federal technology licensing by streamlining the process and eliminating burdensome procedural hurdles for American businesses.

As a businessman I know the importance of keeping up with technology and the necessity of constantly innovating and initiating new ideas in order to remain competitive. I also understand how difficult it is to interact with the government. I am pleased that the committee accepted my pro-business amendments that further knock down some of the obstacles and concerns of industry when they seek to license technology from our Federal laboratories.

H.R. 2544 will bolster America's ability to compete internationally and will help our economy reap the fruits of taxpayer-funded Federal technology research.

I thank the chairman again for his support of this legislation, and I urge my colleagues to vote for this bill.

Mr. BARCIA. Mr. Speaker, I yield 3½ minutes to the distinguished gentleman from California (Mr. BROWN), ranking member of the House Committee on Science.

(Mr. BROWN of California asked and was given permission to revise and extend his remarks.)

Mr. BROWN of California. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, over the last 20 years we have seen a complete change in attitude regarding technology transfer, and it has been a change for the better. In 1979 and in 1980, the House Committee on Science and Technology, work-

ing with some far-thinking individuals in the Carter administration, the university community and the private sector, came up with a holistic method of thinking about innovation in this country and the legislation necessary to back it up.

I am proud to have been a part of the bipartisan group of legislators who guided these bills, the Bayh-Dole Act and the Stevenson-Wydler Act, to enactment and who later worked with the Reagan administration to broaden their scope by extending the Bayh-Dole Act to government-owned, contractor-operated laboratories and by adding the concept of cooperative research and development agreements to the Stevenson-Wydler Act.

When I say bipartisan, my colleagues will all recognize that Senator Bayh was a leading Democratic Senator from Indiana, and Senator Dole of course was the later-to-be Republican leader and candidate for President. Of the Stevenson-Wydler Act, Senator Stevenson was the junior Senator from Illinois at that time, and Mr. Wydler was the Ranking Member of the Committee on Science, which I am today, so I am following in his great footsteps. But the point that I am trying to make here is that we unabashedly worked together on a bipartisan basis to enact this type of legislation which was aimed at reaping greater benefits from our investments in research and development in this country, and these programs have succeeded.

I should point out that the foundation for most of our current advanced technology programs was contained in the 1988 Trade Act, perhaps an odd place for it to be, but it was a separate title of that trade act which was signed into law by President Reagan and which has given us some of the new and, unfortunately, at times, controversial programs which have continued to help ensure our leadership in the world in terms of continually improving our market share in high technology products of all kinds.

What were revolutionary ideas in the 1980 and 1986 bills are now the heart of our Federal laboratory policy. These ideas have been so successful that practice in some ways has outgrown the original statute. Rather than having thousands of Federal inventions going unused, we now see intense competition in the private sector for the best ideas and need to ensure fairness of opportunity in selecting the most appropriate licensees, and this is what the legislation before us attempts to encourage. Instead of Federal researchers meeting their colleagues from outside the government only in professional meetings, we now have a culture of cooperative research involving Federal labs and universities in the private sector.

Mr. Speaker, this is an important, well-thought-out bill. I urge my colleagues to support it.

Mr. BARCIA. Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the gentleman from Illinois for his kindness and his leadership; the ranking member, the chairman and the committee for their work.

This is an exciting piece of legislation, and I am delighted to rise to support the Technology Transfer Commercialization Act of 1997. I certainly think Senators Bayh and Dole were innovative in 1980 when their act was first implemented, because it revolutionized the way we handle patents arising from Federal research. Until their legislation passed, the Federal Government retained title to all patents arising from Federal research and granted only nonexclusive licenses to private parties. This left no room for competitive advantages and what we wound up with was these 20,000 Federal inventions sitting in laboratories, underutilized and unused.

As a result of the Bayh-Dole policy, current policy is to get these inventions out to the private sector, either by licensing government-developed technology or by letting a university or company who made the invention with Federal funds have the patent outright. Out of that we have gotten new medicines and materials and processes, and ideas for products are flowing.

However, I believe as we move into the information age, we can do better. We have learned a lot about licensing since 1980, and therefore, I think it is crucial that this new amendment and legislation conforms our patent policies to our new sensibilities. It takes lessons learned over these 18 years as well as the legitimate concerns of licensees, and streamlining our patenting and licensing procedures to reflect 21st century realities.

What I really like about it is this is a real dynamic opportunity for our small businesses. This is a job creation bill, for the small businesses now will have the first crack, as they have in the past, but they will have a real opportunity for the licenses and a substantial portion of the jobs arising from commercializing Federal inventions will have to be located right here in the United States. I think it is a match made in heaven.

The small business preference works, because there are so many innovative technological firms that are small businesses and, in fact, generate a lot of jobs. This helps them to get right to the source of opportunity and to create more jobs and to create high technology. In fact, I understand that over 90 percent of NASA's licenses typically go to small businesses, many of which reside in my community.

H.R. 2544 also carefully devices ways to make sure that the ideas of all companies with an interest in commercializing an invention are considered before rights are awarded. H.R. 2544 also makes crucial adjustments to

CRADA, a process by which companies can do joint research with the Federal laboratories. Again, here is another opportunity where there is joint venturing and partnerships between our Federal laboratories.

Mr. Speaker, as I said earlier, this is a bill for the 21st century. I am very proud to support this bill as well as on behalf of our small businesses in America, and technology.

Mr. Speaker, I rise in support of H.R. 2544, the Technology Transfer Commercialization Act of 1997. This bill is important to me for a number of reasons. It strengthens a program of great importance to small business, and it is key to helping U.S. companies harvest the bountiful ideas of Federal laboratories.

This bill amends the Bayh-Dole Act of 1980, which revolutionized the way we handle patents arising from Federal research. Until Bayh-Dole passed, the Federal government retained title to all the patents arising from Federal research and granted only non-exclusive licenses to private parties. This policy left no room for competitive advantages and led to 20,000 Federal inventions sitting in laboratories underutilized and unused.

As a result of Bayh-Dole, current policy is to get these inventions out to the private sector either by licensing government-developed technology, or by letting the university or company who made the invention with Federal funds have the patent outright. New medicines, materials, processes, and ideas for products are flowing from the government to the private sector as never before.

But we can do better. We have learned much about licensing since 1980. Businesses have also changed dramatically in this period. Product marketing and quality is much better now. There has been a communications revolution and business decisions must be made very quickly. Today's high-technology businesses simply do not have the time to produce mounds of paperwork and wait months to license a Federal invention.

H.R. 2544 conforms our patent policies to our new sensibilities. It takes the lessons learned over these 18 years as well as the legitimate concerns of licensees, and streamlines our patent licensing procedures to reflect 21st century realities.

This bill also preserves what is good about Bayh-Dole. Small businesses still will have first crack at the licenses, and a substantial portion of the jobs arising from commercializing Federal inventions will have to be located right here in the United States. This is a small business preference that works. I understand that over 90% of NASA's licenses typically go to small businesses, many of which reside in my district. H.R. 2544 also carefully devises ways to make sure that the ideas of all companies with an interest in commercializing an invention are considered before rights are awarded.

H.R. 2544 also makes crucial adjustments to the CRADA process by which companies can do joint research with the Federal laboratories. It retains all of the provisions which permit small businesses easy access to federal laboratories, but it also sets up a careful review of those CRADAs that are large enough or prominent enough to raise national security, antitrust, or international competitiveness issues.

Mr. Speaker, this bill represents hard and fruitful work on the part of my colleagues from

both sides of the aisle, and from the Administration. I urge all of you to support this important legislation. Thank you.

Mr. BARCIA. Mr. Speaker, having no additional speakers on our side, I yield back the balance of my time.

Mrs. MORELLA. Mr. Speaker, for nearly two decades, Congress and the Science Committee has encouraged the transfer to United States private industry of unclassified technology created in our federal laboratories.

As a result of these technology transfer laws, the ability of the United States to compete globally has been strengthened and a new paradigm for greater collaboration among the scientific enterprises that conduct our Nation's research and development—government, industry, and universities—has been developed. By permitting effective collaboration between our Federal laboratories and private industry, new technologies can be rapidly commercialized.

Federal technology transfer stimulates the American economy, enhances the competitive position of United States industry internationally, and promotes the development and use of new technologies developed under taxpayer funded research so those innovations are incorporated rapidly and effectively into practice to the benefit of the American public.

Our Federal laboratories have long been considered one of our greatest scientific research and development resources, employing one of every six scientists in the country and encompassing one-fifth of the country's laboratory and equipment capabilities. Effectively capturing this wealth of ideas and technology from our federal laboratories, through the transfer to private industry for commercialization, has helped to bolster our Nation's ability to compete in the global marketplace.

Given the importance and benefits of technology transfer, the Technology Subcommittee has continued to refine the technology transfer process to facilitate greater government, university, and industry collaboration. In the past Congress, we enhanced and simplified the process for Cooperative Research and Development Agreements through a bill which I introduced, the National Technology Transfer and Advancement Act (P.L. 104-113).

With the Technology Transfer Commercialization Act, we have now attempted to remove the obstacles to effectively license federally-owned inventions which are created in government-owned, government-operated laboratories, by adopting the successful Bayh-Dole Act as a framework.

Under the bill, agencies would be provided with two important new tools for effectively commercializing on-the-shelf federally owned technologies—either licensing them as stand-alone inventions, under the bill's revised authorities of Section 209 of the Bayh-Dole Act, or by including them as part of a larger package under a Cooperative Research and Development Agreement. In doing so, this will make both mechanisms much more attractive to United States companies that are striving to form partnerships with federal laboratories.

In the Technology Subcommittee's two legislative hearings on H.R. 2544, witnesses enthusiastically endorsed the bill's intent to streamline technology licensing to make it more effective. We heard from the Administration, large corporations, small businesses, federal laboratories, and technology transfer organizations, among others, that the bill will

substantially improve the process of licensing federal technology for commercial applications and make it more attractive for industry to partner with government.

The bill before us represents a bipartisan consensus. I am pleased that we have worked closely with the members of the Minority in revising the bill since it was originally introduced. I would also like to thank the Chairman and Ranking Member of the Science Committee, Mr. SENSENBRENNER and Mr. BROWN, as well as the Ranking Member of the Technology Subcommittee, Mr. BARCIA, for their support of H.R. 2544.

I look forward to working with them and my Senate counterparts to have this bill signed into law before the conclusion of the 105th Congress. I urge all of my colleagues to pass this important measure.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 2544, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on H.R. 2544, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

#### HOMEOWNERS PROTECTION ACT OF 1998

Mr. LEACH. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 318) to require automatic cancellation and notice of cancellation rights with respect to private mortgage insurance which is required as a condition for entering into a residential mortgage transaction, to abolish the Thrift Depositor Protection Oversight Board, and for other purposes, as amended.

The Clerk read as follows:

S. 318

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

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Homeowners Protection Act of 1998".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definitions.
- Sec. 3. Termination of private mortgage insurance.
- Sec. 4. Disclosure requirements.
- Sec. 5. Notification upon cancellation or termination.

Sec. 6. Disclosure requirements for lender paid mortgage insurance.

Sec. 7. Fees for disclosures.

Sec. 8. Civil liability.

Sec. 9. Effect on other laws and agreements.

Sec. 10. Enforcement.

Sec. 11. Construction

Sec. 12. Effective date.

Sec. 13. Abolishment of the Thrift Depositor Protection Oversight Board.

#### SEC. 2. DEFINITIONS.

In this Act, the following definitions shall apply:

(1) ADJUSTABLE RATE MORTGAGE.—The term "adjustable rate mortgage" means a residential mortgage that has an interest rate that is subject to change.

(2) CANCELLATION DATE.—The term "cancellation date" means—

(A) with respect to a fixed rate mortgage, at the option of the mortgagor, the date on which the principal balance of the mortgage—

(i) based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 80 percent of the original value of the property securing the loan; or

(ii) based solely on actual payments, reaches 80 percent of the original value of the property securing the loan; and

(B) with respect to an adjustable rate mortgage, at the option of the mortgagor, the date on which the principal balance of the mortgage—

(i) based solely on amortization schedules for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 80 percent of the original value of the property securing the loan; or

(ii) based solely on actual payments, first reaches 80 percent of the original value of the property securing the loan.

(3) FIXED RATE MORTGAGE.—The term "fixed rate mortgage" means a residential mortgage that has an interest rate that is not subject to change.

(4) GOOD PAYMENT HISTORY.—The term "good payment history" means, with respect to a mortgagor, that the mortgagor has not—

(A) made a mortgage payment that was 60 days or longer past due during the 12-month period beginning 24 months before the date on which the mortgage reaches the cancellation date; or

(B) made a mortgage payment that was 30 days or longer past due during the 12-month period preceding the date on which the mortgage reaches the cancellation date.

(5) INITIAL AMORTIZATION SCHEDULE.—The term "initial amortization schedule" means a schedule established at the time at which a residential mortgage transaction is consummated with respect to a fixed rate mortgage, showing—

(A) the amount of principal and interest that is due at regular intervals to retire the principal balance and accrued interest over the amortization period of the loan; and

(B) the unpaid principal balance of the loan after each scheduled payment is made.

(6) MORTGAGE INSURANCE.—The term "mortgage insurance" means insurance, including any mortgage guaranty insurance, against the nonpayment of, or default on, an individual mortgage or loan involved in a residential mortgage transaction.

(7) MORTGAGE INSURER.—The term "mortgage insurer" means a provider of private mortgage insurance, as described in this Act, that is authorized to transact such business in the State in which the provider is transacting such business.

(8) MORTGAGEE.—The term "mortgagee" means the holder of a residential mortgage

at the time at which that mortgage transaction is consummated.

(9) MORTGAGOR.—The term "mortgagor" means the original borrower under a residential mortgage or his or her successors or assignees.

(10) ORIGINAL VALUE.—The term "original value", with respect to a residential mortgage, means the lesser of the sales price of the property securing the mortgage, as reflected in the contract, or the appraised value at the time at which the subject residential mortgage transaction was consummated.

(11) PRIVATE MORTGAGE INSURANCE.—The term "private mortgage insurance" means mortgage insurance other than mortgage insurance made available under the National Housing Act, title 38 of the United States Code, or title V of the Housing Act of 1949.

(12) RESIDENTIAL MORTGAGE.—The term "residential mortgage" means a mortgage, loan, or other evidence of a security interest created with respect to a single-family dwelling that is the primary residence of the mortgagor.

(13) RESIDENTIAL MORTGAGE TRANSACTION.—The term "residential mortgage transaction" means a transaction consummated on or after the date that is 1 year after the date of enactment of this Act, in which a mortgage, deed of trust, purchase money security interest arising under an installment sales contract, or equivalent consensual security interest is created or retained against a single-family dwelling that is the primary residence of the mortgagor to finance the acquisition, initial construction, or refinancing of that dwelling.

(14) SERVICER.—The term "servicer" has the same meaning as in section 6(i)(2) of the Real Estate Settlement Procedures Act of 1974, with respect to a residential mortgage.

(15) SINGLE-FAMILY DWELLING.—The term "single-family dwelling" means a residence consisting of 1 family dwelling unit.

(16) TERMINATION DATE.—The term "termination date" means—

(A) with respect to a fixed rate mortgage, the date on which the principal balance of the mortgage, based solely on the initial amortization schedule for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 78 percent of the original value of the property securing the loan; and

(B) with respect to an adjustable rate mortgage, the date on which the principal balance of the mortgage, based solely on amortization schedules for that mortgage, and irrespective of the outstanding balance for that mortgage on that date, is first scheduled to reach 78 percent of the original value of the property securing the loan.

#### SEC. 3. TERMINATION OF PRIVATE MORTGAGE INSURANCE.

(a) BORROWER CANCELLATION.—A requirement for private mortgage insurance in connection with a residential mortgage transaction shall be canceled on the cancellation date, if the mortgagor—

(1) submits a request in writing to the servicer that cancellation be initiated;

(2) has a good payment history with respect to the residential mortgage; and

(3) has satisfied any requirement of the holder of the mortgage (as of the date of a request under paragraph (1)) for—

(A) evidence (of a type established in advance and made known to the mortgagor by the servicer promptly upon receipt of a request under paragraph (1)) that the value of the property securing the mortgage has not declined below the original value of the property; and

(B) certification that the equity of the mortgagor in the residence securing the