NATIONAL SCIENCE FOUNDATION

45 CFR Part 650

Policies and procedures for inventions and patents resulting from grants, cooperative agreements, and contracts.

AGENCY: National Science Foundation.

ACTION: Final rule with request for comments.

SUMMARY: This regulation revises the current NSF patent regulation to bring NSF patent policies and procedures into compliance with the amended chapter 18 of title 35 of the United States Code and the guidance published by the Department of Commerce as part 401 of title 37 of the Code of Federal Regulations. The policies and procedures set forth apply to all contracts, grants, and cooperative agreements awarded by the Foundation.

DATES: This revision is effective [upon publication]. Comments, however, are welcome and will be considered in making future revisions.

ADDRESSES: All comments should be addressed to:

NSF Patent Assistant
Office of the General Counsel, Room 501
National Science Foundation
Washington, DC 20550.

FOR FURTHER INFORMATION CONTACT: April C. Bennett, NSF Patent Assistant, at (202) 357-9435 (voice) or (202) 357-7521 (facsimile) -- those are not toll-free numbers -- or by electronic mail as patents@nsf through BITNET or patents@nsf.gov through INTERNET.

SUPPLEMENTARY INFORMATION:

This amendment revises the current NSF patent regulation published as part 650 of title 45 of the Code of Federal Regula tions to bring it into compliance with the amended chapter 18 of title 35 of the United States Code (commonly called the "Bayh-Dole Act") and the guidance published by the Department of Commerce as part 401 of title 37 of the Code of Federal Regula tions. Because it merely implements the amended statute and Government--wide guidance that was subject to public comment, public comments were not obtained before making this regulation effective.

Throughout the regulation, references to OMB Circular A-124 have been replaced by ones to the Department of Commerce guidance published as part 401 of title 37 of the Code of Federal Regulations. The titles of "Intellectual Property Attorney" and "NSF Patent Paralegal" has been deleted and the duties formerly assigned those positions given to an "NSF Patent Assistant" because experience since enactment of the Bayh-Dole Act has shown that processing of invention disclosures and waiver requests does not require legal or paralegal training. Requirements for obtaining the concurrence of the NSF Program Officer, NSF Grants or Contracts Officer, or both before transferring patent rights or administrative responsibility for an invention to another agency (sections 650.9 & 650.10) were eliminated as unnecessary. Similar requirements for waiving deadlines and restrictions imposed by the standard Patent Rights clause [section 650.12(a)-(c)] also have been eliminated to streamline approval of such requests, as urged in the DOC guidance.

In paragraph (a) of section 650.2, NSF Patent Policy, the reference to the "Office of Management and Budget" has been changed to the "Department of Commerce". The statement that the standard clause will be used in contracts for operation of Government-owned facilities has been deleted both because the 1984 amendments to the Bayh-Dole Act and DOC's implementing guidance make that the norm and because the Foundation no longer has such contracts. A statement that the standard clause normally will be used in awards to foreign entities was added because the amended statute and DOC regulation would allow such entities to be treated differently.

The former paragraph (c) of section 650.2 has been deleted since the policy of claiming no rights to inventions in fellow ships and traineeships is now mandated by section 212 of the Bayh-Dole Act. The two following paragraphs were redesignated.

What is now paragraph (c) of section 650.2 has been revised to give the employer of an inventor, even if not an NSF awardee, an opportunity to object to the Foundation's allowing the inventor to retain rights to an invention unwanted by the awardee. This addresses the situation where the subject invention is made jointly by an NSF-assisted university researcher and a person funded by non-NSF sources and is intended to give the Foundation some flexibility when there is an employer-employee dispute without calling into question an employee-inventor's ability to retain principal patent rights under other circumstances.

The former paragraph (f) of section 650.2 has been deleted because the Bayh-Dole Act no longer restricts exclusive licensing by nonprofit organizations and requests for approval of assign ments are rare.

The former paragraph (g) of section 650.2 was deleted because section 210(c) of the Bayh-Dole Act now requires NSF to obtain the rights secured by the standard clause to all subject inventions.

The former paragraph (h) of section 650.2, which stated that the NSF Patent Policy applied to funding agreements pre-dating the Bayh-Dole Act was deleted as unnecessary.

The standard patent rights clause published in section 650.4 was modified to conform to that prescribed at section 401.14 of title 37 of the Code of Federal Regulations.

Responsibility for negotiating special patent provisions, including rights to inventions owned by a potential awardee, is given to the Grants or Contracts Officer, who would negotiate other award terms (sections 650.5 and 650.16). In the decade since the Bayh-Dole Act became effective, the Foundation has never found it necessary to negotiate a special Patent Rights clause. Legal advice will be available from the Office of the General Counsel if needed.

Paragraph (a)(2) of section 650.5, which stated criteria on which special provisions might be negotiated for awards not covered by the Bayh-Dole Act, has been eliminated because, as noted above, section 210(c) of that Act now requires that the minimal Government rights be obtained to all subject inventions.

Former section 650.8, Requests for greater rights, has been eliminated because disclosures are no longer being received for inventions made under pre-Bayh-Dole awards containing deferred-determination clauses. Should a deferred-determination clause be used in a special patent provision, inventions subject to it will be processed under the general waiver procedures, section 650.12(d).

As in the Patent Policy statement, the conditions under which the Foundation will not automatically allow an inventor to retain principal patent rights have been expanded to include situations where the employer of the inventor shows that it would be harmed (section 650.8). Since most inventors will be employees of awardees, this change will have little effect.

Section 650.12 gives responsibility for approving exceptions to or waiving administrative requirements to the Patent Assistant alone, rather than to the Intellectual Property Attorney with a requirement for consultation with the Program Officer and Grants or Contracts Officer. Consistent with the responsibility for negotiating special patent provisions, the Grants or Contracts Officer is authorized to waive such provisions. Procedures for asking for approval or waiver have been rewritten to allow for electronic submission and to reduce the paperwork required to request and approve deadline waiver requests.

Both section 650.13, Exercise of march-in rights, and 650.14, Request for conveyance of title to NSF, have been revised to conform to the DOC guidance.

Section 650.15 now provides that all appeals, other than those of the General Counsel's decisions to march in upon or request conveyance of an invention, will be handled by the Director of the Division of Grants and Contracts.

The Foundation has determined that this regulation is not a major rule as defined in Executive Order 12291 of February 17, 1981 (3 CFR, 1981 Comp., p. 127).

List of Subjects in 45 CFR Part 650: Government procurement; Grant programs -- science and technology; Inventions and patents; Nonprofit organizations; Small businesses.

Walter E. Massey
Director

Accordingly, Title 45 of the Code of Federal Regulations is amended by revising Part 650 to read as follows:

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Part 650 -- Patents

Section

650.1 Scope of part.

650.2 National Science Foundation patent policy.

650.3 Source of authority.

650.4 Standard patent rights clause.

650.5 Special patent provisions.

650.6 Awards not primarily for research.

650.7 Awards affected by international agreements.

Authority: Chapter 18 of title 35 of the United States Code, commonly called the Bayh-Dole Act, as amended, which is implemented by part 401 of title 37 of the Code of Federal Regulations; Secs. 11(e) and 12 of the National Science Foundation Act, as amended (42 U.S.C. 1870(e) and 1871); and the Presidential Memorandum entitled "Government Patent Policy", issued February 18, 1983.

-§650.1 Scope of part.

This part contains the policies, procedures, and clauses that govern allocation of rights to inventions made in perform ance of NSF-assisted research. It applies to all current and future funding agreements entered into by the Foundation that relate to performance of scientific or engineering research. As stated in the NSF Acquisition Regulation (Chapter 25 of Title 48 of the Code of Federal Regulations), this part apply to contracts as well as to grants and cooperative agreements.

-§650.2 National Science Foundation patent policy.

As authorized by the National Science Board at its 230th meeting, October 15-16, 1981, the Director of the National Science Foundation has adopted the following statement of NSF patent policy.

(a) In accordance with by the Bayh-Dole Act and the Presidential Memorandum entitled "Government Patent Policy" issued February 18, 1983, the Foundation will use the Patent Rights clause prescribed by the Department of Commerce in all its funding agreements for the performance of experi mental, developmental, or research work, including awards made to foreign entities, unless the Foundation determines that some other provision would better serve the purposes of that Act or the interests of the United States and the general public.

(b) In funding agreements covered by a treaty or agreement that provides that an international organization or foreign government, research institute, or inventor will own or share patent rights, the Foundation will acquire such patent rights as are necessary to comply with the applicable treaty or agreement.

(c) If an awardee elects not to retain rights to an invention, the Foundation will allow the inventor to retain the principal patent rights unless the awardee, or the inventor's employer if other than the awardee, shows that it would be harmed by that action.

(d) The Foundation will normally allow any patent rights not wanted by the awardee or inventor to be dedicated to the public through publication in scientific journals or as a statutory invention registration. However, if another Federal agency is known to be interested in the relevant technology, the Foundation may give it an opportunity to review and patent the invention so long as that does not inhibit the dissemination of the research results to the scientific community.

-§650.3 Source of authority.

(a) 35 U.S.C. 200-212, commonly called the Bayh-Dole Act, as amended by title V of P.L. 98-620 (98 Stat. 3335, 3364). That law controls the allocation of rights to inventions made by employees of small business firms and domestic nonprofit organi zations, including universities, during federally-supported experimentation, research, or development. Government-wide implementing regulations are contained in part 401 of title 37 of the Code of Federal Regulations.

(b) Section 11(e) of the National Science Foundation Act of 1950, as amended, (42 U.S.C. 1870(e)) provides:

The Foundation shall have the authority to do all things necessary to carry out the provisions of this Act, including, but without being limited thereto, the authority --

* * *

(e) to acquire by purchase, lease, loan, gift, or condemnation, and to hold and dispose of by grant, sale, lease, or loan, real and personal property of all kinds necessary for, or resulting from, the exercise of authority granted by this Act.

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(c) Section 12 of the NSF Act (42 U.S.C. 1871) provides:

> Each contract or other arrangement executed pursuant to this Act which relates to scientific research shall contain provisions governing the disposition of inventions produced thereunder in a manner calculated to protect the public interest and the equities of the individual or organization with which the contract or other arrangement is executed . . .

(d) The Presidential Memorandum entitled "Government Patent Policy issued February 18, 1983, directs Federal agencies, to the extent permitted by law, to apply to all research performers the policies of the Bayh-Dole Act. Under the provisions of the National Science Foundation Act quoted above, the Foundation is permitted to apply the Bayh-Dole policies without restriction.

-§650.4 Standard patent rights clause.

(a) The following Patent Rights clause will be used in every funding agreement awarded by the Foundation that relates to scientific or engineering research unless a special patent clause has been negotiated (see Sec.650.5).

PATENT RIGHTS (APRIL, 1992)

(a) <u>Definitions</u>

(l) "Invention" means any invention or discovery which is or may be patentable or otherwise protectable under title 35 of the United States Code, to any novel variety of plant which is or may be protected under the Plant Variety Protection Act (7 U.S.C.- 2321 et seq.).

(2) "Subject invention" means any invention of the grantee conceived or first actually reduced to practice in the perform ance of work under this grant, 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 grant performance.

(3) "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.

(4) "Made" when used in relation to any invention means the conception or first actual reduction to practice of such inven tion.

(5) "Small business firm" means a domestic small business concern as defined at section 2 of Pub. L. 85-536 (15 U.S.C. 632) and implementing regulations of the Administrator of the Small Business Administration. For the purpose of this Patents Rights clause, the size standard for small business concerns involved in Government procurement and subcontracting at 13 CFR 121.3-8 and 13 CFR 121.3-12, respectively, will be used.

(6) "Nonprofit organization" means a domestic university or other institution of higher education or an organization of the type described in section 50l(c)(3) of the Internal Revenue Code of l954 (26 U.S.C. 50l(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)) or any domestic nonprofit scientific or educational organization qualified under a State nonprofit organization statute.

(b) Allocation of Principal Rights

The grantee may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this Patents Rights clause and 35 U.S.C. 203. With respect to any subject invention in which the grantee retains title, the Federal Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world. If the award indicates it is subject to an identified international agreement or treaty, the National Science Foundation (NSF) also has the right to direct the grantee to convey to any foreign participant such patent rights to subject inventions as are required to comply with that agreement or treaty.

(c) Invention Disclosure, Election of Title and Filing of Patent Applications by Grantee

(1) The grantee will disclose each subject invention to NSF within two months after the inventor discloses it in writing to grantee personnel responsible for the administration of patent matters. The disclosure to NSF shall be in the form of a written report and shall identify the grant under which the invention was made and the inventor(s). It shall be sufficiently complete in technical detail to convey a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological or electrical characteristics of the inven tion. The disclosure shall also identify any publication, on sale or public use of the invention and whether a manuscript describing the invention has been submitted for publication and, if so, whether it has been accepted for publication at the time of disclosure. In addition, after disclosure to NSF, the grantee will promptly notify NSF of the acceptance of any manuscript

describing the invention for publication or of any on sale or public use planned by the grantee.

(2) The grantee will elect in writing whether or not to retain title to any such invention by notifying NSF within two years of disclosure to NSF. However, in any case where publica tion, on sale, or public use has initiated the one year statutory period wherein valid patent protection can still be obtained in the United States, the period for election of title may be shortened by NSF to a date that is no more than 60 days prior to the end of the statutory period.

(3) The grantee will file its initial patent application on an invention to which it elects to retain title within one year after election of title or, if earlier, prior to the end of any statutory period wherein valid patent protection can be obtained in the United States after a publication, on sale, or public use. The grantee will file patent applications in additional countries or international patent offices within either ten months of the corresponding initial patent application, or six months from the date when permission is granted by the Commis sioner of Patents and Trademarks to file foreign patent applica tions when such filing has been prohibited by a Secrecy Order.

(4) Requests for extension of the time for disclosure to NSF, election, and filing under subparagraphs (1), (2), and (3) may, at the discretion of NSF, be granted.

(d) Conditions When the Government May Obtain Title

The grantee will convey to NSF, upon written request, title to any subject invention:

(1) If the grantee fails to disclose or elect the subject invention within the times specified in paragraph (c) above, or elects not to retain title; provided that NSF may only request title within 60 days after learning of the failure of the grantee to disclose or elect within the specified times.

(2) In those countries in which the grantee fails to file patent applications within the times specified in paragraph (c) above; provided, however, that if the grantee has filed a patent application in a country after the times specified in paragraph (c) above, but prior to its receipt of the written request of NSF, the grantee shall continue to retain title in that country.

(3) In any country in which the grantee decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in a reexamination or opposition proceeding on, a patent on a subject invention.

(e) Minimum Rights to Grantee

(1) The grantee will retain a nonexclusive royalty-free

license throughout the world in each subject invention to which the Government obtains title, except if the grantee fails to disclose the subject invention within the times specified in paragraph (c) above. The grantee's license extends to its domes tic subsidiaries and affiliates, if any, within the corporate structure of which the grantee is a party and includes the right to grant sublicenses of the same scope to the extent the grantee was legally obligated to do so at the time the grant was awarded. The license is transferable only with the approval of NSF except when transferred to the successor of that part of the grantee's business to which the invention pertains.

(2) The grantee's domestic license may be revoked or modified by NSF to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with applicable provisions at 37 CFR Part 404. This license will not be revoked in that field of use or the geographical areas in which the grantee has achieved practical application and contin ues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of NSF to the extent the grantee, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

(3) Before revocation or modification of the license, NSF will furnish the grantee a written notice of its intention to revoke or modify the license, and the grantee will be allowed thirty days (or such other time as may be authorized by NSF for good cause shown by the grantee) after the notice to show cause why the license should not be revoked or modified. The grantee has the right to appeal, in accordance with applicable regula tions in 37 CFR Part 404 concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of its license.

(f) Grantee Action to Protect Government's Interest

(1) The grantee agrees to execute or to have executed and promptly deliver to NSF all instruments necessary to: (i) estab lish or confirm the rights the Government has throughout the world in those subject inventions for which the grantee retains title, and (ii) convey title to NSF when requested under para graph (d) above, and to enable the Government to obtain patent protection throughout the world in that subject invention.

(2) The grantee agrees to require, by written agreement, its employees, other than clerical and non-technical employees, to disclose promptly in writing to personnel identified as responsi-ble for the administration of patent matters and in a format suggested by the grantee each subject invention made under this grant in order that the grantee can comply with the disclo sure provisions of paragraph (c) above, and to execute all papers necessary to file patent applications on subject inventions and to

establish the Government's rights in the subject inventions. The disclosure format should require, as a minimum, the informa tion requested by paragraph (c)(1) above. The grantee shall instruct such employees through the employee agreements or other suitable educational programs on the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(3) The grantee will notify NSF of any decision not to con tinue prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than thirty days before the expiration of the response period required by the relevant patent office.

(4) The grantee agrees to include, within the specification of any United States patent application and any patent issuing thereon covering a subject invention, the following statement: "This invention was made with Government support under (identify the grant) awarded by the National Science Foundation. The Government has certain rights in this invention."

(5) The grantee or its representative will complete, execute, and forward to NSF a confirmation of a License to the United States Government within two months of filing any domestic or foreign patent application.

(6) The grantee or its representative will forward to NSF a copy of any United States patent covering a subject invention within two months after it is issued.

(g) <u>Subcontracts</u>

(1) The grantee will include this Patents Rights clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental, or research work. The subcontractor will retain all rights provided for the grantee in this Patents Rights clause, and the grantee will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions.

(2) In the case of subcontracts, at any tier, when the prime award by the Foundation was a contract (but not a grant or cooperative agreement), NSF, subcontractor, and contractor agree that the mutual obligations of the parties created by this Patents Rights clause constitute a contract between the subcontractor and the Foundation with respect to those matters covered by this Patents Rights clause.

(h) <u>Reporting on Utilization of Subject Inventions</u>

The grantee agrees to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization that are being made by the grantee or its licensees or assignees. Such reports shall include information regarding the status of devel op-ment, date of first commercial sale or use, gross royalties received by the grantee, and such other data and information as NSF may reasonably specify. The grantee also agrees to provide additional reports in connection with any march-in proceeding undertaken by NSF in accordance with paragraph (j) of this Patents Rights clause. As required by 35 U.S.C. 202(c)(5), NSF agrees it will not disclose such information to persons outside the Government without the permission of the grantee.

(i) Preference for United States Industry

Notwithstanding any other provision of this Patents Rights clause, the grantee agrees that neither it nor any assignee will grant to any person the exclusive right to use or sell any subject invention in the United States unless such person agrees that any products embodying the subject invention or produced through the use of the subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for such an agreement may be waived by NSF upon a showing by the grantee or its assignee that reasonable but unsuccessful efforts have been made to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the United States or that under the circumstances domestic manufacture is not commercially feasible.

(j) March-in Rights

The grantee agrees that with respect to any subject inven tion in which it has acquired title, NSF has the right in accor dance with procedures at 37 CFR 401.6 and NSF regulations at 45 CFR 650.13 to require the grantee, an assignee or exclusive licensee of a subject invention to grant a nonexclusive, partial ly exclusive, or exclusive license in any field of use to a responsible applicant or applicants, upon terms that are reason able under the circumstances, and if the grantee, assignee, or exclusive licensee refuses such a request, NSF has the right to grant such a license itself if NSF determines that:

(1) Such action is necessary because the grantee or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;

(2) Such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the grantee, assignee, or their licensees;

(3) Such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the grantee, assignee, or licensee; or

(4) Such action is necessary because the agreement required

by paragraph (i) of this Patents Rights clause has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.

(k) <u>Special Provisions for Grants with Nonprofit Organizations</u>

If the grantee is a nonprofit organization, it agrees that:

(1) Rights to a subject invention in the United States may not be assigned without the approval of NSF, except where such assignment is made to an organization which has as one of its primary functions the management of inventions, provided that such assignee will be subject to the same provisions as the grantee;

(2) The grantee will share royalties collected on a subject invention with the inventor, including Federal employee co-inven tors (when NSF deems it appropriate) when the subject invention is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;

(3) The balance of any royalties or income earned by the grantee with respect to subject inventions, after payment of expenses (including payments to inventors) incidental to the administration of subject inventions, will be utilized for the support of scientific research or education; and

(4) It will make efforts that are reasonable under the circumstances to attract licensees of subject inventions that are small business firms and that it will give preference to a small business firm if the grantee determines that the small business firm has a plan or proposal for marketing the invention which, if executed, is equally likely to bring the invention to practical application as any plans or proposals from applicants that are not small business firms; provided that the grantee is also satisfied that the small business firm has the capability and resources to carry out it plan or proposal. The decision whether to give a preference in any specific case will be at the discre tion of the grantee. However, the grantee agrees that the Secre tary of Commerce may review the grantee's licensing program and decisions regarding small business applicants, and the grantee will negoti- ate changes to its licensing policies, procedures, or practices with the Secretary when the Secretary's review dis closes that the grantee could take reasonable steps to implement more effectively the requirements of this paragraph (k)(4).

l. <u>Communications</u>

All communications required by this Patents Rights clause should be sent to:

Patent Assistant
Office of the General Counsel
National Science Foundation
Washington, DC 20550.

(b) When the above Patent Rights clause is used in a funding agreement other than a grant, "grant" and "grantee" may be replaced by "contract" and "contractor" or other appropriate terms.

(Approved by the Office of Management and Budget under control number 3145-0084

-§650.5 Special patent provisions.

At the request of the prospective awardee or on recommenda tion from NSF staff, a Grants or Contracts Officer, with the concurrence of the cognizant Program Manager, may negotiate special patent provisions when he or she determines that excep tional circumstances require restriction or elimination of the right of a prospective awardee to retain title to any subject invention in order to better promote the policy and objectives of Chapter 18 of Title 35 of the United States Code or the National Science Foundation Act. The Grants or Contracts Officer will prepare the written determination required by section 401.3(e) of title 37 of the Code of Federal Regulations and assure that appropriate reports are made to the Secretary of Commerce and Chief Counsel for Advocacy of the Small Business Administration as required in section 401.3(f). Unless doing so would be inconsistent with an obligation imposed on the Foundation by statute, international agreement, or pact with other participants in or supporters of the research, every special patent provision will allow the awardee, after an invention has been made, to request that it be allowed to retain principal rights to that invention under section 650.12(e) of this regulation.

-§650.6 Awards not primarily for research.

(a) Awards not primarily intended to support scientific or engineering research need contain no patent provision. Examples of such awards are travel and conference grants.

(b) NSF fellowships and traineeships are primarily intended to support education or training, not particular research. Therefore, in accordance with section 212 of title 35 of the United States Code, the Foundation claims no rights to inventions made by fellows or trainees. The following provision will be included in each fellowship or traineeship program announcement and made part of the award:

INTELLECTUAL PROPERTY RIGHTS

> The National Science Foundation claims no rights to any inventions or writings that might result from its fellowship or traineeship awards. However, fellows and trainees should be aware that the NSF, another Federal agency, or some private party may acquire such rights through other support for particular research. Also, fellows and trainees should note their obligation to include an Acknowledgment and Disclaimer in any publication.

-§650.7 Awards affected by international agreements.

(a) Some NSF awards are made as part of international cooperative research programs. The agreements or treaties under lying many of these programs require an allocation of patent rights different from that provided by the Patent Rights clause in Sec.650.4(a). Therefore, as permitted by section 401.5(d) of the implementing regulations for the Bayh-Dole Act (37 CFR 401.5(d)), paragraph (b) of the standard Patent Rights clause in Sec.650.4(a) has been modified to provide that the Foundation may require the grantee to transfer to a foreign government or research performer such rights in any subject invention as are contemplated in the international agreement. The award instru ment will identify the applicable agreement or treaty.

(b) After an invention is disclosed to the Patent Assis tant, the recipient of an award subject to an international agreement will be informed as to what rights, if any, it must transfer to foreign participants. Recipients may also ask the Program Manager to provide them with copies of the identified international agreements before or after accepting an award.

-§650.8 Retention of rights by inventor.

If an awardee elects not to retain rights to an invention, the inventor may request the NSF Patent Assistant for permission to retain principal patent rights. Such requests should be made as soon as possible after the awardee notifies the Patent Assis tant that it does not want to patent the invention. Such requests will normally be granted unless either the awardee or the employer of the inventor shows that it would be harmed by that action. As required by section 401.9 of the implementing regulations for the Bayh-Dole Act (37 CFR 401.9), the inventor will be subject to the same conditions that the awardee would have been, except that the special restrictions imposed on nonprofit organizations will not apply to the inventor.

-§650.9 Unwanted inventions.

(a) The Foundation will normally allow any patent rights not wanted by the awardee or inventor to be dedicated to the public through publication in scientific and engineering journals or as a statutory invention registration under section 157 of title 35 of the United States Code. Except as provided in para graph (b) of this section, the NSF Patent Assistant will acknow ledge a negative election by encouraging the awardee and inventor to promptly make all research results available to the scientific and engineering community.

(b) If the NSF Patent Assistant believes that another Federal agency is interested in the relevant technology, he or she may, after receiving the awardee's election not to patent and ascertaining that the inventor also does not want to patent, send a copy of the invention disclosure to that agency to give it an opportunity to review and patent the invention. Unless the agency expresses an interest in the invention within thirty days, the Patent Assistant will acknowledge the awardee's negative election by encouraging prompt publication of all research results. If the agency does express an interest in patenting the invention, the Patent Assistant will transfer to it all rights to the invention.

-§650.10 Inventions also supported by another Federal Agency.

Section 401.13(a) of the implementing regulation for the Bayh-Dole Act (37 CFR 401.13(a)) provides that in the event that an invention is made under funding agreements of more than one federal agency, the agencies involved will, at the request of the grantee or contractor or on their own initiative, designate one agency to be responsible for the administration of the inven tion. Whenever the NSF Patent Assistant finds that another agency also supported an NSF subject invention, he or she will consult with the grantee or contractor and appropriate personnel in the other agency to determine if a single agency should be designated to administer the Government's rights in the inven tion. The Patent Assistant may transfer to, or accept from, any other Federal agency, responsibility for administering a jointly- supported invention.

-§650.11 Utilization reports.

Paragraph (h) of the standard Patent Rights clause set forth in section 650.4 obliges grantees "to submit on request periodic reports no more frequently than annually on the utilization of a subject invention or on efforts at obtaining such utilization". At this time, the Foundation does not plan to request such reports except in connection with march-in investigations con ducted under section 650.14. This section will be amended to describe period- ic reporting requirements if such are ever established.

-§650.12 Waivers and Approvals.

(a) Requests for extension of time to disclose to the NSF Patent Assistant, make an election to retain title to, or file a patent on a subject invention will be granted by the NSF Patent Assistant unless he or she determines that such an extension would either imperil the securing of valid patent protection or unac- ceptably restrict the publication of the results of the NSF- supported research.

(b) Approval of assignments by nonprofit organizations (required by subparagraph k(1) of the Patent Rights clause in Sec.650.4(a)) will be given by the Patent Assistant unless he or she determines that the interests of the United States Government will be adversely affected by such assignment.

(c) Approval of long-term exclusive licensing of NSF-assisted inventions by nonprofit organizations (restricted by earlier versions of the NSF Patents Rights clause and by pre-Bayh-Dole Institutional Patent Agreements and waiver conditions) will be given by the Patent Assistant unless he or she determines that the interests of the United States Government will be adversely affected by such waiver.

(d) The preference for United States industry imposed by paragraph (i) of the Patent Rights clause in Sec.650.4(a) may be waived by the NSF Patent Assistant as provided in that paragraph.

(e) Special restrictions on or limitation of the right of an awardee to retain title to subject inventions imposed under section 650.5 of this regulation may be waived by the Grants or Contracting Officer whenever he or she determines, after consul tation with the cognizant Program Manager, that the reasons for imposing the restrictions or limitations do not require their application to a particular invention.

(f) Requests for approvals and waiver under this section should be addressed to the NSF Patent Assistant as provided in paragraph (l) of the Patent Rights clause in Sec.650.4(a). Requests under paragraph (a) of this section for extensions of time to disclose, elect, or file may be made by telephone or electronic mail as well as in writing. A written request for extension of time to disclose, elect, or file can be assumed to have been approved unless the Patent Assistant replies negatively within ten business days of the date such request was mailed, telecopied, or otherwise dispatched. Requests for approvals or waivers under paragraphs (b), (c), (d), and (e) of this section must be in writing and should explain why an approval or waiver is justified under the stated criteria. The requester will be given a written explanation of the reasons for denial of a request covered by this section.

-§650.13 Exercise of march-in rights.

(a) The procedures established by this section supplement those prescribed by section 401.6 of the implementing regulation for the Bayh-Dole Act (37 CFR 401.6) and apply to all march-in rights held by NSF including those resulting from funding agreements not covered by the Bayh-Dole Act.

(b) Petitions requesting that the NSF exercise a march-in right should be addressed to the NSF Patent Assistant. Such petitions should:

(1) Identify the patent or patent application involved and the relevant fields of use of the invention;

(2) State the grounds for the proposed march-in;

(3) Supply evidence that one or more of the four conditions creating a march-in right (lack of practical appli cation, unsatisfied health or safety needs, unmet requirements for public use, or failure to prefer United States industry) is present; and

(4) Explain what action by the Foundation is necessary to correct that condition.

(c) If evidence received from a petitioner or from the Foundation's administration of the Patent Rights clause indicates that one or more of the four conditions creating a march-in right might exist, the NSF Patent Assistant will informally review the matter as provided in section 401.6(b) of the implementing regu lation. If that informal review indicates that one or more of the four conditions creating a march-in right probably exists, the Patent Assistant will initiate a formal march-in proceeding by issuing a written notice to the patent holder. That notice will provide all the information required by section 401.6(c) of the implementing regulation. The patent holder may submit infor mation and argument in opposition to the proposed march-in in person, in writing, or through a representative.

(d) If the NSF Patent Assistant determines that a genuine dispute over material facts exists, he or she will identify the disputed facts and notify the NSF General Counsel. The General Counsel will create a cross-directorate fact-finding panel, which will establish its own fact-finding procedures within the requirements of section 401.6(e) of the implementing regulation based on the dimensions of the particular dispute. The Patent Assistant will serve as secretary to the panel, but will not take part in its deliberations. Written findings of facts will be submitted to the General Counsel, sent by certified mail to the patent holder, and made available to all other interested parties.

(e) The NSF General Counsel will determine whether and how the Foundation should exercise a march-in right as provided in section 401.6(g) of the implementing regulation.

-§650.14 Request for conveyance of title to NSF.

(a) The procedures established by this section apply to the exercise of the Foundation's right under paragraph (d) of the Patent Rights clause in Sec.650.4(a) to request conveyance of title to a subject invention if certain conditions exist.

(b) The NSF Patent Assistant may request the recipient of an NSF award to convey to the Foundation or a designee title in one or more countries to any invention to which the awardee has elected not to retain title. The NSF Patent Assistant may request immediate conveyance of title to a subject invention if the awardee fails (1) to submit a timely invention disclosure, (2) to make a timely election to retain patent rights, or (3) to file a timely patent application; but only if he or she deter mines that such action is required to preserve patent rights.

(c) The NSF Patent Assistant will informally review any apparent failure by an awardee to comply with the requirements of paragraph (c) of the Patent Rights clause in Sec.650.4(a). The interested institution, the inventor, the patent holder, and any other interested party will be given an opportunity to explain why a particular invention was not disclosed, why an election was not made, or why a patent application was not filed. If the Patent Assistant determines that a genuine dispute over material facts exists, a cross-directorate fact-finding panel will be appointed by the General Counsel. The panel will establish its own fact-finding procedures based on the dimensions of the particular dispute. Written findings of facts will be submitted to the General Counsel, sent by certified mail to the patent holder, and made available to all other interested parties.

(d) The NSF General Counsel will determine whether the Foundation should request conveyance of title or if it should retain title obtained under Sec.650.14(b).

-§650.15 Appeals.

(a) All actions by the NSF Patent Assistant under Sec.650.8 denying an inventor's request to retain rights to a subject invention, under Sec.650.12 denying a request for waiver, or under Sec.650.14(d) denying the existence of a material dispute may be appealed to the Director of the NSF Division of Grants and Contracts by an affected party within thirty days. A request under Sec.650.14(b) to immediately convey title to the Foundation may be appealed to the DGC Director by the title holder within five days.

(b) All actions by a Grants of Contracts Officer refusing to eliminate restrictions on or limitation of the right of an awardee to retain title to subject inventions imposed under section 650.5 of this regulation may be appealed to the Director of the NSF Division of Grants and Contracts by an affected party within thirty days.

(c) A decision by the General Counsel to exercise a march-in right or to request conveyance of title may be appealed by the patent holder or any affected licensee to the NSF Deputy Director within thirty days. When a march-in was initiated in response to a petition, the General Counsel's decision not to exercise a march-in right or to exercise it in a manner different from that requested in the petition may be appealed by the petitioner to the NSF Deputy Director within thirty days.

(d) In reviewing the actions of the NSF Patent Assistant, a Grants of Contracts Officer, or the General Counsel, the DGC

Director or NSF Deputy Director will consider both the factual and legal basis for the action or determination and its consis tency with the policies and objectives of the Foundation and, if applicable, the Bayh-Dole Act (35 U.S.C. 200-212) and implementing regulations at part 401 of title 37 of the Code of Federal Regulations.

-§650.16 Background rights.

The Foundation will acquire rights to a research performer's pre-existing technology only in exceptional circumstances where, due to the nature of the research being supported, the Foundation requires greater control over resulting inventions. The NSF Grants or Contracts Officer, with concurrence of the cognizant Program Manager, will negotiate a background rights provision. If the affected awardee is a small business firm or nonprofit organization, the provision will conform to the requirements of the Bayh-Dole Act (35 U.S.C. 202(f)) as implemented by 37 CFR 401.12).

-§650.17 Subcontracts.

As provided in paragraph (g) of the Patent Rights clause in Sec.650.4(a), awardees should normally use that clause in all subcontracts. At the request of the awardee or subcontractor or on recommendation from NSF staff, the cognizant Grants or Con tracts Officer may direct the awardee to insert into subcontracts relating to scientific research a special patent provision negotiated under Sec.650.5.

-§650.18 Delegation of Authority.

The General Counsel is responsible for implementing this regulation and is authorized to make any exceptions to or extensions of the NSF Patent Policy as may be required by particular circumstances. The General Counsel will designate the NSF Patent Assistant and that individual is authorized to carry out the functions assigned by this regulation.

-Appendix A to Part 650 -- Optional format for confirmatory license

The following format may be used for the confirmatory license to the Government required by subparagraph (f)(5) of the Patent Rights clause in Sec.650.4(a). Any equivalent instrument may also be used.

LICENSE TO THE UNITED STATES GOVERNMENT

This instrument confirms to the United States Govern ment, as represented by the National Science Foundation, an irrevocable, nonexclusive, nontransferable, royalty-free license to practice or have practiced on its behalf through out the world the following subject invention:

(invention title)

(inventor[s] name[s])

(patent application number and filing date)

(country, if other than United States)

(NSF Disclosure No.).

This subject invention was made with NSF support through:

(grant or contract number)

(grantee or contractor).

Principal rights to this subject invention have been left with the licensor.

Signed: ____

Name: ____

Title: ____

Date: ____

Accepted on behalf of the Government:

____

NSF Patent Assistant

Date: ______________________________________