

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF SCIENCE AND TECHNOLOGY POLICY
WASHINGTON, D.C. 20502

October 20, 2017

The Honorable Thad Cochran
Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Rodney Frelinghuysen
Chairman
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

The Honorable Richard Shelby
Chairman
Subcommittee on Commerce, Justice, Science, and Related Agencies
United States Senate
Washington, D.C. 20510

The Honorable John Culberson
Chairman
Subcommittee on Commerce, Justice, Science, and Related Agencies
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Cochran, Chairman Frelinghuysen, Chairman Shelby, and Chairman Culberson:

Title III of H. Rept. 114-605 accompanying the Commerce, Justice, Science, and Related Agencies Appropriation Bill, 2017 requires the Office of Science and Technology Policy (OSTP) to submit a report regarding royalty bearing patents granted as a result of Federally funded research under 15 USC § 3710c. I am pleased to send to you OSTP's report describing how Federal science agencies and bureaus funded in the appropriations bill use this authority; the number of employees who have benefited from 15 USC § 3710c; and a list of the patents to which this section has been applied.

Title 15 USC § 3710c was established by the Stevenson Wydler Technology Innovation Act of 1980. This statute requires that the head of an agency shall pay a minimum portion of royalties to inventors who have assigned their rights to the United States. The minimum portion of the royalty payment made to such inventors is the first \$2,000 of the annual royalties received and at least 15% of the royalties received that are greater than that first \$2,000, up to a maximum, \$150,000, beyond which requires Presidential approval. Agencies may pay inventors a larger share of royalties than the minimum share. All royalty distributions are authorized and conducted under this statute without exemption.

The three Commerce, Justice, and Science agencies that provided information on their use of 3710c all pay inventors a larger share of royalties than the minimum mandated by legislation. In all cases, royalties are paid to inventors on a pre-set schedule and inventors do not need to take any action to request payment. Additionally, each of these agencies regularly provides information to employees regarding agency policies for distribution of license royalties. More specifically:

The National Aeronautics and Space Administration (NASA):

- Provides inventors the first \$5,000 in annual royalties and 25% thereafter
- Describes royalty distribution policies in NASA Procedural Requirements 2092.1B, which is available to all NASA employees via the internal NASA intranet
- Conducts regular training events to inform employees about new invention reporting requirements and policies governing royalty income from patent licensing
- Acknowledges inventors who have received royalty income with annual awards events

The National Institute of Standards and Technology (NIST):

- Provides inventors the first \$2,000 in royalties and 30% thereafter
- Outlines royalty distribution policies in the NIST Administrative Manual, Section 5.10, which is available to all NIST employees via the internal NIST intranet
- Conducts intellectual property training sessions for employees, which includes information about invention reporting and royalty payments

The National Oceanic and Atmospheric Administration (NOAA):

- Provides inventors the first \$2,000 in royalties and 30% thereafter
- Describes royalty distribution policies in NOAA Administrative Order (NAO) 201-103, which is communicated across the organization by the Office of the Chief Administrative Officer and is available to all NOAA employees via the internal NOAA intranet
- Conducts regular outreach and training for NOAA laboratories and Science Centers about the contents of NAO 201-103, including technology transfer processes and employees' rights with respect to royalties from licensing inventions

To date, 458 NASA employees, 30 NIST employees, and 16 NOAA employees have benefited from this authority. The remaining Federal science agencies funded in the Commerce, Justice, Science, and Related Agencies Appropriations Bill – NSF, DOJ, and OSTP – did not report having had employees use the 15 USC § 3710c authority.

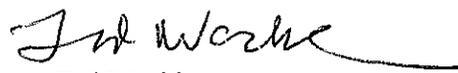
A comprehensive list of patents to which this section of the U.S. Code has been applied is shown in Table 1 below. This list was compiled by requesting each relevant agency to search its patent database for revenue bearing licenses. The total number of employees benefiting from the authority was determined by counting the number of unique employees named across all identified patents for each agency.

Table 1: Revenue bearing patents under 15 USC § 3710c listed by Federal science agency or bureau

NASA												NIST	NOAA	
8409845	6584874	5692882	6627065	5948965	7906358	4184021	8416007	8285401	6932090	4917332	6746410	6158605	4772524	7289907
9147755	6626792	5768242	6641638	5955678	7964698	4690353	8476979	8330644	6946246	4936146	6749573	6164060	4953366	9310346
9171473	6631325	5827531	6664298	5961096	7972536	5296288	8702962	8331733	6997637	4991181	6753293	6186693	5508342	9709491
9336484	6738734	5846807	6676912	5965687	7985709	5426512	8753417	8354952	7040319	5058591	6761695	6189315	5711866	8531516
8700358	6740224	5851816	6757641	5991456	8042739	5447730	8841698	8406469	7094045	5128797	6773407	6193917	5787715	5500646
9009003	6775600	5858783	6793903	5994418	8044294	5629780	8974903	8484274	7113820	5147966	6777525	6195984	5795782	62/172289
9074921	6782124	5859728	6891148	6000844	8111943	5651079	8993710	8499779	7179217	5150620	6841652	6308408	5835231	62/172300
9405005	6862558	5866007	6917203	6008928	8167204	5675513	9013002	8688742	7198947	5171822	6856073	6330792	5901783	
4490229	6895115	5879079	6955799	6015272	8179203	5694939	9016108	8816273	7295309	5209430	6879893	6399020	5934077	
4917302	6901353	5904709	6967051	6044819	8226767	5772912	9041469	8816884	7295884	5214955	6939940	6406611	5934078	
5014917	6959554	5957672	7037946	6048959	8257491	5963683	9109088	8898479	7386340	5245044	6954971	6419769	5942397	
5082293	6990436	5962324	7156957	6054210	8344281	6109270	9163581	8913844	7410485	5266252	6956066	6459822	5943136	
5322924	7008605	6047216	7239751	6057923	8347479	6161097	9309369	9013490	7539535	5312994	7038358	6497091	5956958	
5371110	7248342	6055086	7274907	6071087	8401217	6225248	9434832	9549467	7543779	5317078	7047807	6560375	5986768	
5539454	7346461	6099864	7309738	6084000	8430327	6278965	9484613	9705320	7588703	5338826	7075295	6592687	6001289	
5760462	7412175	6103271	7404938	6104948	8452073	6314362	9515531	4839046	7601134	5355383	7086593	6669792	6015714	
5866518	7464006	6117674	7582271	6114156	8494687	6445990	9650487	4893470	7686529	5375474	7106203	6745942	6034776	
5905505	7465926	6133036	7781492	6132694	8545986	6697793	3620784	4988623	7968117	5377100	7109287	6748349	6035657	
6008525	7504921	6134476	7790128	6133330	8636407	6718196	4424201	5002890	7972821	5393980	7159774	6763083	6086679	
6103864	7513546	6135729	8163972	6133401	8655094	6721728	4162169	5026650	8076136	5412059	7181942	6845605	6151901	
6262223	7543274	6175768	8293178	6141368	8655513	6741981	4946421	5141806	8255079	5412056	7197798	6850592	6375894	
6274699	7544146	6214300	8409534	6180746	8671551	6823333	5029216	5145227	8338114	5428102	7255004	6860999	6393566	
6291838	7548199	6223086	8425866	6190589	8671763	6968338	5166679	5153131	8343740	5464928	7318915	6909770	6566834	
6303744	7601091	6226553	8920730	6191252	8673649	6972056	5174590	5153132	8384634	5478916	7341883	6918970	6626052	
6667725	7609978	6231010	8945473	6222007	8679642	6976013	5214388	5153133	8388613	5502157	7381186	6939610	6824659	
6706549	7616903	6253563	8947074	6235803	8680749	7109581	5241315	5155034	8577120	5567800	7390768	6953129	7538881	
6769303	7622907	6254359	9151639	6239601	8760039	7113265	5255065	5155035	8580546	5585083	7402264	7017812	7709807	
6784276	7635832	6261844	9617069	6240785	8977482	7273095	5363051	5176836	8795147	5599993	7446459	7051765	8337783	
6845664	7697759	6321746	4065345	6244835	8987632	7314648	5373245	5196069	8849453	5606014	7493169	7228241	8530853	
7015304	7735385	6334302	4094862	6288209	9007569	7346172	5448642	5215790	9023642	5617873	7506541	7542885	8680482	
7191013	7739671	6354540	4284461	6343513	9007570	7381459	5451294	5261874	9066028	5632841	7507784	7641949	9556482	
7381849	7746190	6387399	4413522	6359107	9090950	7383238	5482144	5308764	9067325	5637670	7514726	7735265	WO2013154999A2	
7389675	7752608	6453693	4459083	6376830	9201146	7426848	5485482	5311422	9120220	5639850	7527751	7738084	WO2013154999A3	
7425650	7762155	6469487	4543295	6413227	9278374	7473930	5515001	5314857	5355724	5644022	7541388	8098794		
7500350	7762523	6485963	4586140	6426496	9329149	7549338	5521515	5330908	5406666	5648721	7558371	8133768		
7624566	7811406	6496736	4595548	6447265	9329153	7596416	5539292	5332551	5412221	5670256	7588699	8357884		
7688117	7817087	6501414	4603061	6450820	9445779	7623972	5556502	5369012	5485142	5681967	7589525	8448498		
7732496	7830527	6547189	4683809	6475147	9449818	7702427	5687255	5416618	5625342	5689004	7590904	8577519		
7935601	7886273	6558698	4689522	6545760	9455374	7767270	5723923	5429594	5658649	5736642	7647543	8754804		
8001828	7970025	6559645	4708305	6551251	9493635	7767305	5751109	5433766	5730806	5741883	7655595	8769387		
8067478	7979848	6599449	4736676	6566648	9550911	7783130	5822457	5449211	5861755	5760168	7666939	8939178		
8093348	7982861	6647855	4766369	6574031	9591417	7801687	5983162	5451242	5870186	5771204	7683797	9097609		
8182741	7992134	6673597	4776531	6584848	9614026	7873181	RE36,772	5496722	6013232	5789025	7711509	5726632		
8197249	8094731	6676964	4829035	6611329	4669836	7939734	6177835	5527159	6039783	5798521	7759932	5738441		
8227363	8155939	6680797	4852578	6629341	5340252	7968054	6223143	5589112	6420862	5802195	7769135	5900942		
8258251	8160728	6716392	4855274	6629446	5649934	8000903	6311130	5610363	6452510	5841032	7781366	6020587		
8314201	8274726	6730498	4902769	6714132	5773811	8224472	6313908	5627021	6462684	5867991	7814786	6114683		
RE43,880	8275015	6851647	4909133	6734603	5893507	6288813	8377373	8275724	6899009	4912082	6740048	6116020		
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OSTP appreciates the Committees' longstanding support for science, technology, and innovation activities throughout the Federal government.

Sincerely,



Ted Wackler
Acting Director

Cc:

The Honorable Patrick Leahy
Vice Chairman
Committee on Appropriations
United States Senate
Washington, D.C. 20510

The Honorable Nita Lowey
Ranking Member
Committee on Appropriations
United States House of Representatives
Washington, D.C. 20515

The Honorable Jeanne Shaheen
Ranking Member
Subcommittee on Commerce, Justice, Science, and Related Agencies
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The Honorable José Serrano
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United States House of Representatives
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