The Bayh-Dole Act at a Glance

What It Means for Technology Commercialization

The Bayh-Dole Act is a federal law enacted in 1980. This legislation, cosponsored by Senators Birch Bayh and Robert Dole, enables universities, nonprofit research institutions, and small businesses to own, patent, and commercialize inventions developed under federally funded research programs within their organizations.

The formal name for the act is the "Patent and Trademark Act Amendments of 1980," and it created a uniform patent policy among the federal agencies that fund research. Criticisms of the previous policy prompted this change. Congress perceived the need for reliable technology transfer mechanisms and for a uniform set of federal rules to make the process work.

The federal government’s inability to effectively commercialize technologies derived from federally funded research resulted in hundreds of valuable patents sitting around unused. At the time, the government was not willing to grant licenses to the private sector.

The act ultimately has motivated more and more universities to become actively involved in the transfer of technology from the lab to market. The ability of universities, including the University of Pittsburgh, to retain title to and actively license these technologies serves as a tremendous incentive.

Key provisions

- The University is entitled to retain ownership of any inventions created as a result of federal funding, unless the funding agency informs the University up front that the agency will retain title to inventions derived from the funded projects because of specifically identified “exceptional circumstances” or other specified conditions.
- When a University innovator discloses the creation of an invention derived from federally funded research, the University has two months from that date to disclose that information to the appropriate federal agency. The University also must patent all inventions it elects to own and commercialize.
- The University must attempt to develop and commercialize the invention. If an attempt is not made, the federal government retains the right to take control of the invention. The government also may take control of the invention for other reasons, such as a need to alleviate health or safety concerns. This provision is referred to in the law as the government's “march-in” rights.
- The University must provide the U.S. government with a nontransferable, irrevocable, paid-up, nonexclusive license (“confirmatory license”) to use the invention.
- In granting a license to use the invention, the University also generally must give priority to small businesses, while maintaining the fair-market value of the invention.
- When granting an exclusive license, the University must ensure that the invention will be “manufactured substantially” in the United States.
- Excess revenue must support research and education.
- The University must share a portion of the royalties with the inventor(s).