

Intellectual Property Rules in Government Contracts: Overview & Recent Changes

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Agenda

- » Rights in technical data & computer software
- » Distinction between commercial & non-commercial items
- » Effect of NDAA for FY 2012 on data rights scheme
- » Patent rights
- » Practical & strategic considerations
- » Questions

Government Intellectual Property Rights

- » Two general categories of government IP issues:
 - Rights in Technical Data and Computer Software
 - Patent Rights

Rights in Technical Data and Computer Software

- » Background & Definitions
- » Rights Allocation Scheme
- » How Do You Determine What the USG Gets?
- » Traps for the Unwary
- » Other Considerations
- » Commercial Items
- » Summary

Rights in Technical Data and Computer Software

- » **Background & Definitions**
- » Rights Allocation Scheme
- » How Do You Determine What the USG Gets?
- » Traps for the Unwary
- » Other Considerations
- » Commercial Items
- » Summary

Rights in Technical Data & Computer Software

Background

- » Different Rules for
 - Civilian Agencies (FAR) v. DOD (DFARS)
 - Technical Data v. Computer Software
 - Commercial Items v. Non-Commercial Items
- » Unique Federal Scheme
 - Rights allocation unique
- » Standard contract clauses
 - Different for DOD and civilian agencies
- » Analogous to, but different from, copyright and trade secret protection

Rights in Technical Data & Computer Software

Definitions

» Technical Data

- Recorded information only
- Does not apply to the item or component itself
- Does not include financial, cost, pricing, management, or contract administration data
- Includes data bases and computer software documentation

Rights in Technical Data & Computer Software

Definitions

» Computer Software (FAR 52.227-14)

- “*Computer programs* that comprise a series of instructions, rules, routines, or statements, regardless of the media in which recorded, that allow or cause a computer to perform a specific operation or series of operations;” and
- “Recorded information comprising *source code listings, design details, algorithms, processes, flow charts, formulas*, and related material that would enable the computer program to be produced, created, or compiled.”
- **Excludes data bases and computer software documentation**
- DFARS (252.227-7013) essentially the same

Rights in Technical Data and Computer Software

- » Background & Definitions
- » **Rights Allocation Scheme**
- » How Do You Determine What the USG Gets?
- » Traps for the Unwary
- » Other Considerations
- » Commercial Items
- » Summary

Rights Allocation Scheme

- » Contractor gets title!!!!
- » Government gets a license
- » Three general categories of government license rights in technical data and computer software
 - Unlimited rights
 - Limited rights (technical data)/Restricted rights (computer software)
 - Government purpose rights

Unlimited Rights

- » USG has the right to do whatever it wants with the data/software
 - *E.g.*, Right to publish in the New York Times
- » USG can grant third parties rights as well
 - No rights automatically granted to third parties
 - But see *L3 Comm. Westwood Corp. v. Robichaux*

Limited Rights

- May be reproduced or used by the USG
- May not be disclosed outside the USG or used for manufacture
- FAR Exception (FAR 52.227-14, Alt. II)
 - Other permitted uses may be listed in the contract
- DFARS Exceptions (DFARS 252.227-7013(a)(14))
 - Emergency repair
 - To USG support contractor
 - To foreign government if in the interest of the U.S.
 - Subject to certain restrictions and contractor notification
- ***Recent Change to authorizing statute, 10 U.S.C. 2320***
 - Authorizes release/disclosure if necessary for the segregation from, or reintegration of the item or process (or equivalent) with other items or processes

Restricted Rights Software

» USG may:

- Use a computer program with one computer at one time
 - May not be accessed, at one time, by more than one terminal or CPU
 - May not be time shared
- Transfer to another USG agency computer
- Make copies for safekeeping (archive), backup, or modification purposes
- Modify computer software
- Disclose to service contractors
- Permit service contractors to use computer software to diagnose/correct deficiencies, or to modify to respond to urgent tactical situations
- Disclose to contractors for emergency repair and overhaul

DFARS 252.227-7014(a)(15)

Government Purpose Rights

- » Right to use within the USG without restriction, and
- » Right to authorize others to use for any USG purpose
 - Primarily for reprocurement purposes

Rights in Technical Data and Computer Software

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A Tale of Two Types of Agencies...

- » Contrast between DOD and civilian agencies
 - DOD – what the USG paid for (DFARS)
 - Civilian Agencies – what the contract required (FAR)

Determining When the USG Gets Unlimited Rights in Technical Data

- DFARS
 - Developed exclusively with Government funds
- FAR
 - First produced in the performance of a government contract
 - Irrespective of funding
- Other specific categories delivered under the contract, for example
 - Form, fit and function data
 - Manuals or instructional and training materials for installation, operation, or routine maintenance or repair

Determining When the USG Gets Unlimited Rights in Software under the DFARS

- » USG gets unlimited rights in:
 - Computer software ***developed exclusively with USG funds***
 - Computer software ***documentation required to be delivered*** under this contract
 - Corrections or changes to computer software or computer software documentation furnished to the Contractor by the USG
 - Computer software when limitations expire (e.g., government purpose rights)

DFARS 252.227-7014(b)(1)

Determining When the USG Gets Limited Rights in Technical Data

- » DFARS 252.227-7013(b)(3)
 - Developed at private expense
 - 252.227-7013(b)(3)
- » FAR
 - Not developed in the performance of a contract; and
 - Developed at private expense
 - FAR 52.227-14(a)

Rights in Technical Data & Computer Software

Government Purpose Rights – DFARS

- » Government Purpose Rights is generally a DFARS concept
- » Developed with **mixed** funding
 - Some government
 - Some private/indirect
- » Item, component, or process developed with mixed funding
- » Technical data developed with mixed funding where contract does not require the development, manufacture, construction, or production of items, components, or processes

Rights in Technical Data & Computer Software

Government Purpose Rights – FAR

- » Cosponsored research and development
 - Contractor required to make substantial contributions of funds or resources, and
 - Contractor's and the Government's respective contributions not readily segregable
- » Contracting Officer may negotiate less rights than unlimited rights
 - Such rights should, at a minimum, assure use of the data for agreed-to Governmental purposes (including reprocurement rights as appropriate)

FAR 27.408(a)

Rights in Technical Data & Computer Software

Private Expense Determination

- » Developed exclusively at private expense
 - “was accomplished entirely with costs charged to *indirect cost pools*, costs *not allocated to a government contract*, or any combination thereof”
DFARS 252.227-7013(a)(8)
- » Private expense determinations should be made at the lowest practicable level
- » Segregability
- » For fixed price contracts, if costs exceed fixed price, additional costs not considered for rights allocation

Rights in Technical Data & Computer Software

<i>Private Expense Determination</i>	
Government Expense <i>Unlimited Rights</i>	Private Expense <i>Limited or Restricted Rights</i>
Mixed USG/Private Expense <i>Government Purpose Rights</i>	USG Expense <i>Unlimited Rights</i>

When Is An Item, Component, or Process “Developed”?

- » An item, component, or process exists and is workable
- » The item or component must have been constructed or the process practiced
- » Workability is generally established when the item, component, or process has been analyzed or tested sufficiently to demonstrate to reasonable people skilled in the applicable art that there is a high probability that it will operate as intended
 - It need not be actually reduced to practice

DFARS 252.227-7013(a)(7)

When Is Software “Developed”?

- » Computer program
 - Successfully operated in a computer and tested
 - To demonstrate to reasonable persons skilled in the art
 - Program can reasonably be expected to perform its intended purpose
- » Computer software
 - No operation required
 - Only “tested or analyzed”
- » Computer software documentation
 - Written in any medium

DFARS 252.227-7014(a)(7)

Examples of “Developed”

- » *Applied Devices Corp.*, B-187902, 77-1 CPD ¶ 362
 - Breadboard of a radar set deemed to be developed
 - Subsequent government funds to convert to a manufactured item did not give government unlimited rights

- » *Dowty Decoto, Inc. v. Dep’t. of the Navy*, 883 F.2d 774 (9th Cir. 1989)
 - Aircraft “repeatable holdback bars” achieved workability prior to government funded improvements improved performance

Rights Determination Summary

Technical Data		Computer Software
Limited Rights (Technical Data)		
<u>FAR</u>	<u>DFAR</u>	
<ul style="list-style-type: none"> • Developed at private expense and not developed in performance of a contract • Includes minor modifications • Gov't may use or reproduce; may not disclose outside gov't or use for manufacture (other permitted uses listed in clause) 	<ul style="list-style-type: none"> • Developed at private expense • Properly marked • Gov't may use, modify, reproduce, release, perform, display, or disclose within the gov't; may not disclose outside gov't or use for manufacture (with limited exceptions such as emergency repair and foreign gov't) 	
Unlimited Rights		
<u>FAR</u>	<u>DFAR</u>	
<ul style="list-style-type: none"> • First produced in performance of a gov't contract, irrespective of funding; all other data delivered unless marked • "First produced" is broad 	<ul style="list-style-type: none"> • Developed exclusively with gov't funds or publicly available, except detailed process / manufacture data • "Developed" = "workable" and need not be reduced to practice 	
Government Purpose Rights		
<u>FAR</u>	<u>DFAR</u>	
<ul style="list-style-type: none"> • Applies to cosponsored research and development • Right to unlimited use within the gov't and for gov't purpose by any others (reprocurement) 	<ul style="list-style-type: none"> • Applies to component or process developed with mixed funding or technical data developed with mixed funding 	

Rights in Technical Data and Computer Software

- » Background & Definitions
- » Rights Allocation Scheme
- » How Do You Determine What the USG Gets?
- » **Traps for the Unwary**
- » Other Considerations
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Traps for the Unwary

- » **Marking Requirements (Notice)**
- » Maintaining Records
- » Special Data Rights Clauses

Notice/Marking

- » Must provide notice and mark data exactly as required or risk a grant of unlimited rights to the government
 - Unlabeled data is unlimited rights data
- » Bright line rule
- » Proposal must include table identifying what data/software is being provided with other than unlimited rights

Marking Requirements

Noncommercial Computer Software

- » Contractor may only assert restrictions on the Government's rights to use, modify, reproduce, release, perform, display, or disclose computer software by marking the deliverable software or documentation subject to restriction
- » Exception:
 - Instructions that interfere with or delay operation of computer software in order to display markings must not be inserted in software that “will or might be used in combat or situations that simulate combat conditions”

DFARS 252.227-7014

Validation of Marking Requirements

- » Government may require contractors to provide data to justify restrictive markings
 - Failure to respond may provide a basis for questioning restrictions
 - May result in government unilaterally modifying an asserted mark

DFARS 227.7103-13; FAR 52.227-14(e)

Government Challenge Procedures

- » The USG challenge must
 - Be in writing
 - Provide basis for the challenge
- » The Contractor is required to respond within 60 days providing justification for the marking
- » The Contracting Officer may
 - Extend the time for a response
 - Request additional supporting documentation
- » The Contracting Officer must issue a final decision
- » USG will honor the asserted restriction during any appeal of that final decision
- » USG deals directly with subcontractors/suppliers in challenging such restrictions

DFARS 227.7103-13; FAR 52.227-14(e)

Practical Pointers for Contractors

- » Mark the data/software you are delivering to the USG
 - Mark when data/software is created
 - When in doubt -- mark
- » Use the required FAR/DFARS labels
 - Do not get creative
- » Have a gate keeper for communications with the USG
 - Avoid direct Contractor engineer to USG engineer electronic or paper correspondence

Traps for the Unwary

- » Marking Requirements (Notice)
- » **Maintaining Records**
- » Special Data Rights Clauses

Maintaining Records

- » Contractors need to maintain an accounting system to track what is:
 - Developed in the performance of a contract
 - Developed exclusively at private expense
- » DFARS Requirement (DFARS 252.227-7019(b))

“The Contractor shall maintain records sufficient to justify the validity of any markings that assert restrictions on the Government's rights to use, modify, reproduce, perform, display, release, or disclose computer software delivered or required to be delivered under this contract and shall be prepared to furnish to the Contracting Officer a written justification for such restrictive markings in response to a request for information”

Practical Pointers for Contractors

- » Upfront planning required to maximize Company's rights in technical data and computer software
- » Define scope of each development effort, whether in-house or under contract
- » For in-house development work, make sure there is no USG requirement covering the same work
- » For each development contract, make sure there is no ongoing in-house development effort addressing the same scope of work
- » Design modifications – must use the same analysis

Practical Pointers for Contractors

- » Track the development effort from a technical standpoint to make sure that it stays consistent with the original charter
 - If the technical team wants to deviate, the upfront analysis must be repeated
- » Maintain separate charge accounts for each new development effort and charge time and expenses accordingly
- » Maintain traceability between the charge accounts and the technical documentation
 - Put charge codes on technical data/software when created
- » Retain the development records (technical and accounting)
 - Exclude from document destruction policies
- » Critical to maintain accurate configuration management controls

Practical Pointers for Contractors

- » Use private funds for the core development effort where possible
- » Maintain and upgrade those core components using private funds where possible
- » Minimize the use of private funds to fund subcontractor efforts under a government contract
- » Where subcontractor effort required and private funds used, carve that portion out of contract with the government and have separate contract with the subcontractor for that effort
 - Include commercial, work for hire, IP provisions
 - Do not include FAR/DFARS clauses

Practical Pointers for Contractors

- » Records should include tracking of:
 - Contract requirements
 - Internal research and development requirements
 - Technical development achievements and associated timelines
 - Who paid for what
- » Carefully plan modifications of:
 - Limited rights items, components or processes and associated technical data
 - Restricted rights software
- » Data rights determination made at the lowest readily segregable unit

Traps for the Unwary

- » Marking Requirements (Notice)
- » Maintaining Records
- » **Bad Clauses**

Bad Clauses

- » Rights in Data – Special Works (FAR 52.227-17)
 - Grants the government unlimited rights in
 - All data delivered under the contract
 - All data produced in the performance of the contract
 - Limits contractors' use of data to performance of the contract absent express Government authorization
 - Restricts right to copyright assertion

Bad Clauses

Reach-Back Clauses

- » Generally contractors may control USG rights by limiting the data that is delivered to the USG
- » Reach-back clauses allow the government to require delivery of data produced or used in the performance of the contract
 - DFARS 252.227-7026, Deferred delivery clause (2 years; only pre-designated tech data and computer software)
 - DFARS 252.227-7027, Deferred ordering clause (3 years; any tech data or computer software generated in the performance)
 - FAR 52.227-16, Additional Data Requirements (3 years; “any data first produced or specifically used in the performance of th[e] contract”)

Bad Clauses

Agency-Specific Clauses

- » Agencies occasionally include agency-specific clauses which further limit contractor's rights in technical data and computer software

17. Proprietary Information

All data received, processed, evaluated, loaded, ~~and/or created~~ as a result of this delivery order shall remain the sole property of the Government unless specific exception is granted by the contracting officer.

Practical Pointers for Contractors

- » Review IP clauses before submitting proposal or signing contract/task order/modification
- » If you can, take exception to the “bad” clauses
 - Ask the USG to delete them
 - Caution: In a competition, taking exception may make your proposal non-compliant

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Other Considerations

- » **License Rights versus Delivery**
- » Specifically Negotiated Rights
- » Subcontractor Rights

License Rights versus Delivery

- » License ≠ Right to Require Delivery
- » Delivery governed by contract requirements
 - Negotiate delivery requirements carefully (e.g., source code)
- » Carefully control delivery of technical data and computer software
 - Deliver only what is required
- » Can get additional compensation for additional delivery requirements
- » Beware of reach back clauses

Recent Developments

- » NDAA for FY 2012 revised authorizing statute, 10 U.S.C. 2320
 - Authorizes USG to require delivery of data if:
 - Needed for purpose of reprocurement, sustainment, modification (including through competitive means), or upgrade of a major system or subsystem, or noncommercial item or process, AND
 - The technical data
 - pertains to an item or process developed at least in part with Federal funds, OR
 - Is necessary for the segregation of any item or process from, or the reintegration of that item or process (or equivalent item or process) with, other items or processes

Other Considerations

- » License Rights versus Delivery
- » **Specifically Negotiated Rights**
- » Subcontractor Rights

Specifically Negotiated Rights

- » Government is not tied to Standard DFARS Rights Allocation
 - » May negotiated rights other than “standard” rights
 - » But at minimum: limited/restricted rights
 - » Must include license agreement as part of the contract
- DFARS 252.227-7013(b)(4)

Practical Pointers for Contractors

- » Consider negotiating more limited rights for enhanced protection
- » Generally only possible in bilateral negotiations

Other Considerations

- » License Rights versus Delivery
- » Specifically Negotiated Rights
- » **Subcontractor Rights**

Subcontractor Rights

- » Subcontractors entitled to the same protections as prime contractors
- » May negotiate directly with the government
- » DFARS preclude prime contractors from making the relinquishment of data rights a condition to the award of a subcontract

DFARS 227.7103-15(d)

Practical Pointers for Subcontractors

- » You do not have to accept prime contractor IP provisions
- » Prime contract not entitled to rights in subcontractor technical or computer software absent separate consideration for the rights
 - Rights flow from the sub (regardless of the tier) to the Government
- » If there is a dispute with the prime, go to the CO

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Commercial v. Non-commercial

- » Contractors always want their products to be deemed commercial items
- » Why:
 - FAR/DFARS requirements may be waived
 - Standard commercial license applies

Commercial Item Definition

- » Any item, other than real property,
 - ***of a type*** customarily used by general public for nongovernmental purposes, **AND**
- » *Sold*, leased, or licensed to the general public **OR** *offered for sale*, lease, or license
- » Modifications ***of a type*** customarily available in the commercial marketplace
- » Minor modifications ***of a type*** not customarily available in the commercial marketplace made to meet Federal Government requirements
- » Any combination of items meeting the above requirements

FAR 2.101

DFARS - Commercial Computer Software

- » *Commercial computer software* means software developed or regularly used for nongovernmental purposes which—
- (i) Has been sold, leased, or licensed to the public;
 - (ii) Has been offered for sale, lease, or license to the public;
 - (iii) Has not been offered, sold, leased, or licensed to the public but will be available for commercial sale, lease, or license in time to satisfy the delivery requirements of this contract; or
 - (iv) Satisfies a criterion expressed in paragraph (a)(1) (i), (ii), or (iii) of this clause and would require only minor modification to meet the requirements of this contract.

DFARS 252.227-7014(a)(1)

Rights in Commercial Items

- » Compliance with the FAR and DFARS requirements excused
 - Including the draconian labeling requirements
- » Governments Rights
 - Generally, the rights set forth in the standard commercial license
 - Some limited right to negotiation
- » If possible, avoid use of the FAR/DFARS “Commercial Item” clauses
 - FAR 52.227-19 Commercial Computer Software License
 - DFARS 252.227-7015 Technical Data – Commercial Items

Recent Change to DFARS Treatment of Commercial Items

- » Requires the use of DFARS 252.227-7015 (Technical Data – Commercial Items) in all solicitations and contracts for commercial items
- » Requires the use of DFARS 252.227-7015 and DFARS 252.227-7013 (Technical Data – Noncommercial Items) in all contracts for commercial items where any portion developed at Government expense
 - DFARS 252.227-7015 governs tech data for any portion of commercial item developed exclusively at private expense
 - DFARS 252.227-7013 governs tech data pertaining to portion of commercial item developed “in any part” at Government expense

Rights in Commercial Items

Technical Data

- » Government acquires only the technical data and the rights in that data customarily provided to the public with a commercial item or process
- » *Recent change to DFARS:*
 - For COTS and commercial items (except major systems, subsystems or components thereof):
 - COs “shall presume that the items were developed exclusively at private expense”
 - For non-COTS major systems or subsystems or components thereof:
 - CO “shall sustain” a COs challenge to an asserted technical data restriction “unless information provided by the contractor or subcontractor demonstrates that the item was developed exclusively at private expense.”

Rights in Commercial Items

Computer Software

- » Government acquires rights under license customarily provided to the public
- » Contractor not required to provide USG information not generally provided to the public
- » USG gets only the rights stated in the license
- » If USG needs additional rights – must negotiate

FAR 12.212; DFARS 227.7202

Practical Pointers for Contractors

- » Identify Commercial Items
 - If possible get Government concurrence
- » Have a standard commercial license for technical data and computer software
- » Use the commercial license
 - Must be slightly tailored for US Government
 - Choice of law
 - Disputes
- » If possible, avoid use of the FAR/DFARS data rights clauses

Practical Pointers for Contractors

- » Be careful when modifying a commercial item or commercial computer software with Government funding
 - Minor modifications – OK
 - Modifications of a type customarily available in the commercial marketplace – Maybe
 - Segregable modifications
 - Limit use of subcontractor involvement in modifications to commercial items at government expense

Rights in Technical Data and Computer Software

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- » **Summary**

Data Rights Summary

- » Complex Rules
 - Different for DOD and Civilian Agencies
- » Technical data must be actively managed
- » Contractor gets title
- » Government License Rights
 - Unlimited
 - Limited (Data)/Restricted (Software)
 - Government Purpose

Data Rights Summary

- » Watch out for the traps
 - Labeling
 - Record keeping
 - Special clauses
- » Commercial items are exempt from government data rights scheme
- » When in doubt ask the questions before
 - Executing the contract
 - Delivering the data/software

PATENT RIGHTS

Patent Rights

- » Background & Definitions
- » Allocation of Rights
- » Procedural Requirements
- » Patent Usage On a Government Contract
- » Summary

Patent Rights

- » **Background & Definitions**
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Background

- » Patent Rights Versus Data Rights
 - Rights in Technical Data and Computer Software
 - Right to the embodiment of the idea
 - Disclosure not required
 - Patent rights
 - Right to the idea – the invention
 - Disclosure required

Definitions

» “Invention” (FAR 27.301)

- “any invention or discovery that is or may be patentable or otherwise protectable under [the Patent laws] or any novel variety of plant that is or may be protectable under the Plant Variety Protection Act”

Definitions

- » “Subject Invention” (FAR 27.301)
 - “any invention of the contractor conceived or first actually reduced to practice in the performance of work under a Government contract”

Patent Rights

- » Background & Definitions
- » **Allocation of Rights**
- » Procedural Requirements
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- » Summary

FAR Allocation of Rights

- » Allocation of Rights
 - Who gets title to inventions?
 - What rights does the other party get?
- » Allocation of rights defined by the applicable patent rights clause

FAR Allocation of Rights

» Contractor's Right to Title

- Contractor may elect to retain title of any invention made in the performance of work under a contract
- If Contractor does not elect to retain title, it gets a license

FAR 27.302(b)

FAR Allocation of Rights

- » Narrow Exceptions to Contractor's Right to Elect to Retain Title
 - Foreign companies
 - Exceptional circumstances in furtherance of policy objectives
 - National security
 - Contracts for government owned R&D or production facilities

FAR 27.302(b)(1)-(4)

FAR Allocation of Rights

» Government License Rights

- Minimum: Nonexclusive, nontransferable, irrevocable, paid-up license to practice, or have practiced for, or on behalf of, the U.S. Government throughout the world
- May have additional rights to sublicense to any foreign government or international organization to effectuate treaties or international agreements
- Government has right to receive **title** if:
 - Contractor has failed to disclose in a timely manner
 - Contractor has not elected to retain rights
 - Contractor has failed to pursue a patent

FAR Allocation of Rights

» Government March-in Rights

- Where contractor acquires title, government can require contractor to license, or the government may license to others itself:
 - If contractor has failed to take adequate steps for practical application
 - To alleviate health or safety concerns
 - To meet requirements for public use
 - To meet domestic production preference

FAR 27.302(f)

FAR Allocation of Rights

- » Minimum License Rights to Contractor if Government Takes Title
 - Revocable, nonexclusive, royalty-free license
 - Extends to domestic subsidiaries and affiliates
 - Includes right to sublicense
 - Transferable only with CO approval
 - May be revoked or modified by the government to achieve expeditious practical application

Patent Rights

- » Background & Definitions
- » Allocation of Rights
- » **Procedural Requirements**
- » Patent Usage On a Government Contract
- » Summary

Procedural Requirements

- » Steps required to secure title to patent
 - Disclosure in writing
 - Election to retain title
 - Filing patent application(s)

Procedural Requirements

» Disclosure in writing

- Within two months of disclosure to contractor personnel responsible for patent matter or
- Within six months of discovery of the invention
- Form of Disclosure described in FAR 52.227-11(c), -12(c)

» Implications of Failure to Disclose

- Forfeiture of all rights
- Potential liability for government infringement

Procedural Requirements

- » Election to Retain Title – FAR 52.227-12(c)
 - In writing
 - Within 8 months of disclosure
 - May obtain extension of time
 - Must identify countries in which contractor will retain title
- » *Board of Trustees of Leland Stanford Junior Univ. v. Roche Molecular Sys., Inc.*, 131 S.Ct. 2188 (2011)
 - Contractor must have title before it can elect to retain title

Procedural Requirements

» Patent Application/Prosecution

- Required to perfect title
- Initial application with 1 year of election or prior to statutory deadline for patent application
- Additional applications within
 - 10 months of initial application, or
 - Where such filing is prohibited by secrecy order, 6 months of date permission to file such applications is granted by PTO

Patent Rights

- » Background & Definitions
- » Allocation of Rights
- » Procedural Requirements
- » **Patent Usage On a Government Contract**
- » Summary

Patent Usage On a Government Contract

- » A patent holder's sole remedy for Government use of a patent or use by someone acting for the Government is suit against the Government in the Court of Federal Claims

28 U.S.C. § 1498

Patent Usage On a Government Contract

- » Not considered infringement
- » No injunctions, treble damages, court costs, or attorney fees
- » Government may continue usage of the invention
- » Government only liable for “reasonable and entire compensation,” i.e., a fair licensing fee

Patent Usage On a Government Contract

- » Generally contractors protected from infringement claims if use authorized
 - FAR 52.227-1, Authorization and Consent
- » Express authorization by Government not always required to protect contractors from infringement claims
 - Authorization may be implied, e.g., the contract requires the contractor to use the infringing method

Patent Usage On a Government Contract

» Indemnification

- The Government can require that the contractor indemnify it for infringement (FAR 52.227-3)
- This clause is generally included in contracts for commercial items but excluded from research and development contracts

Patent Rights

- » Background
- » Definition
- » Allocation of Rights
- » Procedural Requirements
- » Patent Usage On a Government Contract
- » **Summary**

Patent Rights Summary

- » Subject invention
 - Conceived or first actual reduction to practice
 - In performance of government contract
- » Contractor may elect to retain title to subject inventions
- » Minimum government rights: non-exclusive, irrevocable, worldwide license

Patent Rights Summary

- » Contractor must disclose to obtain rights
- » Infringement, 28 USC § 1498

QUESTIONS?