

CHANGE REQUEST COVER SHEET

Change Request Number: 09-10

Date Received: 10/14/2008

Title: Intellectual Property

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Policy OR Guidance: Guidance

Section/Text Location Affected: T3.5, Patents, Copyrights and Rights in Data

Summary of Change: Complete rewrite of the Guidance.

Reason for Change: Corresponding information in the Federal Acquisition Regulation was rewritten. FAA deemed a similiar rewrite is appropriate for AMS.

Development, Review, and/or Concurrence: AGC specializing in Intellectual Property matter.

Target Audience: FAA contracting personnel.

Potential Links within FAST for the Change: create new link called Confirmatory Instrument and attach this to Confirmatory Instrument create new link called Report of Inventions and Subcontracts and attach this to Report of Inventions and Subcontracts

Briefing Planned: No

ASAG Responsibilities: None

Potential Links within FAST for the Change: create new link called Confirmatory Instrument and attach this to Confirmatory Instrument create new link called Report of Inventions and Subcontracts and attach this to Report of Inventions and Subcontracts

Links for New/Modified Forms (or) Documents (LINK 1) [attachments go here](http://fast.faa.gov/docs/forms/form.html)
<http://fast.faa.gov/docs/forms/form.html>

Links for New/Modified Forms (or) Documents (LINK 2) [and here](#)

Links for New/Modified Forms (or) Documents (LINK 3) [null](#)

SECTIONS REMOVED:

Procurement Guidance:

Section 14 : Definitions [\[Old Content\]](#)

Procurement Guidance:

Section 13 : Foreign License and Technical Assistance Agreements [\[Old Content\]](#)

Procurement Guidance:

Section 12 : Co-Sponsored Research and Development Activities [\[Old Content\]](#)

Procurement Guidance:

Section 11 : Rights to Technical Data in Successful Proposals [\[Old Content\]](#)

Procurement Guidance:

Section 10 : Acquisition of Data [\[Old Content\]](#)

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Section 9 : Other Data Rights Provisions [\[Old Content\]](#)

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Section 8 : Rights In Data and Copyrights [\[Old Content\]](#)

Procurement Guidance:

Section 7 : Administration of Patent Rights Clauses [\[Old Content\]](#)

Procurement Guidance:

Section 6 : Contracts for Construction Work or Architect-Engineer Services
[\[Old Content\]](#)

SECTIONS EDITED:

Procurement Guidance:

T3.5 Intellectual Property [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.5 Intellectual Property

Section A : Patents, Copyrights, and Rights in Data [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 1 : General [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 2 : Patents and Copyrights [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 3 : Patent Rights under Government Contracts [\[Old Content\]](#)[\[New Content\]](#)
[\[RedLine Content\]](#)

Procurement Guidance:

T3.5 Intellectual Property

Section C : Forms [\[Old Content\]](#)[\[New Content\]](#) [\[RedLine Content\]](#)

SECTIONS REMOVED:

Procurement Guidance:
Section 14 : Definitions .

Computer Software. As used in this subpart, means computer programs, computer data bases, and documentation thereof.

Data. Recorded information, regardless of form or the media on which it may be recorded. The term includes technical data and computer software. The term does not include information incidental to contract administration, such as financial, administrative, cost or pricing or management information.

Form, Fit, and Function Data. Data relating to items, components, processes that are sufficient to enable physical and functional interchangeability, as well as data identifying source, size, configuration, mating and attachment characteristics, functional characteristics, and performance requirements; except that for computer software it means data identifying source, functional characteristics, and performance requirements, but specifically excludes the source code, algorithm, process, formulae, and flow charts of the software.

Invention. Any invention or discovery that is or may be patentable or otherwise protectable under title 35 of the U.S. Code or any novel variety of plant that is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2321, et seq.).

Limited Rights. The rights of the Government in limited rights data, as set forth in a Limited Rights Notice if included in a data rights clause of the contract.

Limited Rights Data. Data, other than computer software, that embody trade secrets or are commercial or financial and confidential or privileged, to the extent that such data pertain to items, components, or processes developed at private expense, including minor modifications thereof. (The alternate definition below is also acceptable:

Limited Rights Data. Data developed at private expense that embody trade secrets or are commercial or financial and confidential or privileged.

Made. When used in relation to any invention, means the conception or first actual reduction to practice of such invention.

Nonprofit Organization. A university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)), or any nonprofit scientific or educational organization qualified under a State nonprofit organization statute.

Practical Application. 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.

Restricted Computer Software. Computer software developed at private expense and that is a trade secret; is commercial or financial and confidential or privileged; or is published

copyrighted computer software; including minor modifications of such computer software.

Restricted Rights. The rights of the Government in restricted computer software as set forth in a Restricted Rights Notice, if included in a data rights clause of the contract or as otherwise may be included or incorporated in the contract.

Subject Invention. Any invention of the contractor conceived or first actually reduced to practice in the performance of work under a Government contract; provided, that in the case of a variety of plant, the date of determination defined in section 41(d) of the Plant Variety Protection Act, 7 U.S.C. 2401(d), must also occur during the period of contract performance.

Technical Data. Data other than computer software, which are of a scientific or technical nature.

Unlimited Rights. The rights of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose, and to have or permit others to do so.

Procurement Guidance:

Section 13 : Foreign License and Technical Assistance Agreements .

The FAA shall provide all necessary rules and regulations as are required for the proper application of the laws and policies of the U.S. Government regarding:

- a. Elimination in agreements between domestic concerns and foreign governments or foreign concerns of charges for the use of patents in which the U.S. Government has a royalty-free license or of charges in agreements for the use of data that the U.S. Government has a right to use and disclose to others, that is in the public domain, or that was acquired by the U.S. Government with the unrestricted right to use, duplicate, or disclose and to have or permit others to do so;
- b. Foreign license and technical assistance agreements between the U.S. Government and United States domestic concerns;
- c. Guidance on negotiating contract prices and terms concerning patents and data, including royalties, in contracts between the U.S. Government and a foreign government or foreign concern; and
- d. Regulations and guidance on controls on the exportation of data relating to certain designated items, such as arms or munitions of war, and guidance on reviews of agreements involving such data (see 22 CFR 124).

Procurement Guidance:

Section 12 : Co-Sponsored Research and Development Activities .

- a. In contracts involving cosponsored research and development wherein the contractor is required to make substantial contributions of funds or resources (i.e., by cost-sharing or by repayment of nonrecurring costs), and the contractor's and the FAA's respective contributions to any item, component, process, or computer software, developed or produced under the contract are not readily segregable, the Contracting Officer may limit the acquisition of or acquire less than unlimited rights to any data developed and delivered under such contract. Basically such rights should, at a minimum, assure use of the data for

agreed-to FAA purposes (including repurchase rights as appropriate), and will address any disclosure limitations or restrictions to be imposed on the data. Also, consideration may be given to directed licensing provisions if needed to carry out the objectives of the contract. Since the purpose of the cosponsored research and development, the legitimate proprietary interests of the contractor, the needs of the FAA, and the respective contributions of both parties may vary, no specific clauses are prescribed, but a clause providing less than unlimited rights in the Government for data developed and delivered under the contract (such as license rights) may be tailored to the circumstances consistent with the foregoing. As a guide, such clause may be appropriate when the contractor contributes money or resources, or agrees to make repayment of nonrecurring costs, of a value of approximately 50 percent of the total cost of the contract (i.e., FAA, contractor, and/or third party paid costs), and the respective contributions are not readily segregable for any work element to be performed under the contract. Such clause may be used for all or for only specifically identified tasks or work elements under the contract. In the latter instance, its use will be in addition to whatever other data rights clause is prescribed, with the contract specifically identifying which clause is to apply to which tasks or work elements. Further, such clause may not be appropriate where the purpose of the contract is to produce data for dissemination to the public, or to develop or demonstrate technologies which will be available, in any event, to the public for their direct use.

b. Where the contractor's contributions are readily segregable (by performance requirements and the funding therefor) and so identified in the contract, any data resulting therefrom may be treated under such clause as limited rights data or restricted computer software, as applicable; or if such treatment is inconsistent with the purpose of the contract, rights to such data may, if so negotiated and stated in the contract, be treated in a manner consistent with paragraph a. of this section.

Procurement Guidance:

Section 11 : Rights to Technical Data in Successful Proposals .

a. Contracting Officers may, in consideration of contract award, desire to acquire unlimited rights in technical data (but not commercial or financial information) contained in a successful proposal upon which a contract award is based. However, before such unlimited rights are acquired, the prospective contractor must be afforded the opportunity either:

(1) to advise the Contracting Officer that the technical data, or portions thereof (to be identified by the prospective contractor), are covered by any restrictive notice regarding the disclosure and use of proposal information and request that such protection be maintained by excluding the data from the FAA's rights; or

(2) to establish to the Contracting Officer's satisfaction that identified portions of technical data do not relate directly to or will not be utilized in the work to be performed under the contract, and request that such portions be excluded from the FAA's rights.

b. If unlimited rights to technical data in successful proposals, as set forth in paragraph a. of this section, are to be acquired, it shall be by use of the clause, Rights to Proposal Data (Technical). Any excluded technical data will be identified by inserting appropriate proposal page numbers in the clause, which enables the identification of data to be excluded from the FAA's rights, as discussed in paragraph a. of this section. Such exclusion is not dispositive of the protective status of the data, but any excluded technical data, as well as any commercial and financial information contained in the proposal, will be used for evaluation purposes only. If the clause, Rights to Proposal Data (Technical), is included in a contract, the prospective contractor must be specifically afforded the opportunity to exclude technical

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data as set forth in paragraph a. of this section, and the contract file must reflect that fact. If there is a need to have access to any of the excluded technical data during contract performance, consideration should be given to their acquisition as limited rights data, if they so qualify.

Procurement Guidance:

Section 10 : Acquisition of Data .

a. Data Requirements in Screening Information Requests.

(1) It is the FAA's practice to determine, to the extent feasible, its data requirements in time for inclusion in solicitations. The data requirements may be subject to revision during contract negotiations. Since the preparation, reformatting, maintenance and updating, cataloging, and storage of data represents an expense to both the FAA and the contractor, efforts should be made to keep the contract data requirements to a minimum, consistent with the purposes of the contract.

(2) To the extent feasible, all known data requirements, including the time and place for delivery and any limitations and restrictions to be imposed on the contractor in the handling of the data, should be specified in the contract. Further, and to the extent feasible, in major system acquisitions, data requirements should be set out as separate contract line items. In establishing the contract data requirements and in specifying data items to be delivered by a contractor, the FAA may, consistent with subparagraph a.(1) of this section, develop their own contract schedule provisions in agency procedures (including data requirements lists) for listing, specifying, identifying source, assuring delivery, and handling any data required to be delivered, first produced, or specifically used in the performance of the contract.

(3) Data delivery requirements should normally not require that a contractor provide the FAA, as a condition of the procurement, unlimited rights in data that qualify as limited rights data or restricted computer software. Rather, form, fit, and function data may be furnished with unlimited rights in lieu of the qualifying data, or the qualifying data may be furnished with limited rights or restricted rights if needed. If greater rights are needed such need should be clearly set forth in the Screening Information Request and the contractor fairly compensated for such greater rights.

b. Additional Data Requirements.

(1) Recognizing that in some contracting situations, such as experiment, developmental, research, or demonstration contracts, it may not be feasible to ascertain all the data requirements at the time of contracting, the clause, Additional Data Requirements, may be used to enable the subsequent ordering by the Contracting Officer of additional data first produced or specifically used in the performance of such contracts as the actual requirements become known. The clause should normally be used in Screening Information Requests and contracts involving experimental, developmental, research or demonstration work (other than basic or applied research to be performed under a contract solely by a university or college unless all the requirements for data are believed to be known at the time of contracting and specified in the contract.

(2) Data may be ordered under the clause, Additional Data Requirements, at any time during contract performance or within a period of 3 years after acceptance of all items to be delivered under the contract. The contractor is to be compensated for converting the data into the prescribed form, for reproduction, and for delivery. In order to minimize storage

costs for the retention of data, the contractor may be relieved of retention requirements for specified data items by the Contracting Officer at any time during the retention period required by the clause. The Contracting Officer may permit the contractor to identify and specify in the contract, data not to be ordered for delivery under the Additional Data Requirements clause if such data is not necessary to meet the FAA's requirements for data. Also, the Contracting Officer may alter the Additional Data Requirements clause by deleting the term 'or specifically used' in paragraph (a) thereof if delivery of such data is not necessary to meet the FAA's requirements for data. Any data ordered under this clause will be subject to the Rights in Data--General clause (or other equivalent clause setting forth the respective rights of the FAA and the contractor) in the contract, and data authorized to be withheld under such clause will not be required to be delivered under the Additional Data Requirements clause, except as provided in Alternate II or Alternate III, if included in the clause .

(3) Agencies not having an established program for dissemination of computer software should give consideration to not ordering additional computer software under the clause, Additional Data Requirements, for the sole purpose of disseminating or marketing of the software to the public especially if this will provide the contractor additional incentive to make improvements to the software at its own expense and disseminate or market it. This should not preclude the FAA from including a summary description of computer software available from a contractor in any data dissemination programs which it operates, with a statement as to how the potential user can obtain it through the contractor, licensee, or assignee. In cases where the Contracting Officer orders software for internal purposes, consideration should be given, consistent with the Government's needs, to not ordering particular source codes, algorithms, processes, formulae or flow charts of the software if the contractor shows that this aids its efforts to disseminate or market the software.

c. *Acceptance of Data.* Acceptability of technical data delivered under a contract should be in accordance with the appropriate contract clause as stated in the clause, Technical Data Certification, Revision, and Withholding of Payment--Major Systems, when it is included in the contract. (See paragraph d. of this section.)

d. *Major System Acquisition.*

(1) In order to assure that technical data needed to support a major system acquisition are timely delivered and are complete, accurate, and satisfy the requirements of the contract concerning the data, the clause , Technical Data Certification, Revision, and Withholding of Payment--Major Systems, should be included in contracts for or in support of a major system, including every detailed design, development, or production contract for a major system acquisition and contracts for any individual part, component, subassembly, assembly, or subsystem integral to the major system, and other property which may be replaced during the service life of the system, and including spare parts and replenishment spare parts.

(2) The clause, Technical Data, Certification, Revision, and Withholding of Payment-Major Systems, requires the contractor, upon delivery of any technical data made subject to the clause in the contract, to certify that to the best of its knowledge and belief, such data are complete, accurate, and comply with contract requirements. It also provides for corrections of any deficiencies in the data, as well as for the ability of the Contracting Officer to request revisions of the data to reflect engineering design changes made during performance of the contract and affecting form, fit, and function of the items the data depict. Further included is the authority for the Contracting Officer to withhold payment under the contract to assure

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timely delivery of the technical data and/or assure correction if the technical data are not complete, accurate, and in compliance with contract requirements.

(3) When the clause, Technical Data, Certification, Revision and Withholding of Payment-Major Systems, is used, the section of the contract specifying data delivery requirements shall expressly identify those line items of technical data to which the clause applies. Upon delivery of such technical data, the Contracting Officer or designee should review the technical data and the contractor's certification relating thereto to assure that the data are complete, accurate, and comply with contract requirements. If not, request the contractor to correct the deficiencies. Payment may be withheld until such is done. Final payment should not be made under the contract until it has been determined that the delivery requirements of those line items of data to which the clause applies have been satisfactorily met.

(4) In a contract for or in support of a major system awarded by a civilian agency other than NASA or the U.S. Coast Guard the Contracting Officer should include contractual provisions requiring, as an element of performance under the contract, the delivery of any technical data, other than computer software, relating to the major system or supplies for the major system procured or to be procured by the FAA, which are to be developed exclusively with Federal funds in the performance of the contract if the delivery of such technical data is needed to ensure the competitive acquisition of supplies or services that will be required in substantial quantities in the future. The clause, Major System-Minimum Rights, is to be included in such contracts in addition to the clause at, Rights in Data-General, and other required clauses, to ensure that the FAA acquires at least those rights in technical data developed exclusively with Federal funds. In any contract to which this subparagraph d.(4) applies, technical data, other than computer software, relating to a major system or supplies for a major system, procured or to be procured by the FAA and also relating to the design, development, or manufacture of products or processes offered or to be offered for sale to the public (except for such data as may be necessary for the Government to operate or maintain the product, or use the process if obtained by the United States as an element of performance under the contract), shall not be required to be provided to the FAA from persons who have developed such products or processes as a condition for the procurement of such products or processes by the Government.

Procurement Guidance:

Section 9 : Other Data Rights Provisions .

a. Other Data Rights Provisions.

(1) *Production of Special Works.* The clause, Rights in Data-Special Works, may be used in contracts (or may be made applicable to portions thereof) that are primarily for the production or compilation of data (other than limited rights data or restricted computer software) for the FAA's own use, or when there is a specific need to limit distribution and use of the data and/or to obtain indemnity for liabilities that may arise out of the content, performance, or disclosure of the data. Examples are

contracts for:

(a) The production of audiovisual works, including motion pictures or television recordings with or without accompanying sound, or for the preparation of motion picture scripts, musical compositions, sound tracks, translation, adaptation, and the like;

- (b) Histories of the respective agencies, departments, services, or units thereof ;
 - (c) Surveys of Government establishments;
 - (d) Works pertaining to the instruction or guidance of Government officers and employees in the discharge of their official duties;
 - (e) The compilation of reports, books, studies, surveys, or similar documents that do not involve research, development, or experimental work;
 - (f) The collection of data containing personally identifiable information such that the disclosure thereof would violate the right of privacy or publicity of the individual to whom the information relates;
 - (g) Investigatory reports; or
 - (h) The development, accumulation, or compilation of data (other than that resulting from research, development, or experimental work performed by the contractor), the early release of which could prejudice follow-on acquisition activities or agency regulatory or enforcement activities.
- (2) The contract may specify the purposes and conditions (including time limitations) under which the data may be used, released, or reproduced other than for contract performance. Contracts for the production of audiovisual works, sound recordings, etc., may include limitations in connection with talent releases, music licenses, and the like that are consistent with the purposes for which the works are acquired.
- (3) Subdivision (c)(1)(ii) of the clause, Rights in Data-Special Works, which enables the Government to obtain assignment of copyright in any data first produced in the performance of the contract, may be deleted if the Contracting Officer determines that such assignment is not needed to further the objectives of the contract.
- (4) Paragraph (e) of the clause, which requires the contractor to indemnify the Government against any liability incurred as the result of any violation of trade secrets, copyrights, right of privacy or publicity, or any libelous or other unlawful matter arising out of or contained in any production or compilation of data that are subject to the clause, may be deleted or limited in scope where the Contracting Officer determines that, because of the nature of the particular data involved, such liability will not arise.
- (5) When the audiovisual or other special works are produced to accomplish a public purpose other than acquisition for the FAA's own use (such as for production and distribution to the public of such works by other than a Federal agency) the Contracting Officer may modify the Rights in Data-Special Works clause for use in such contracts, with rights in data provisions which meet FAA's mission needs yet protect free speech and freedom of expression, as well as the artistic license of the creator of the work.

b. Rights Relating to Existing Data Other than Limited Rights Data.

(1) *Acquisition of Existing Audiovisual and Similar Works.* The Rights in Data-Existing Works clause is for use in contracts exclusively for the acquisition (without modification) of existing motion pictures, television recordings, and other audiovisual works; sound recordings;

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musical, dramatic, and literary works; pantomimes and choreographic works; pictorial, graphic, and sculptural works; and works of a similar nature. The contract may set forth limitations consistent with the purposes for which the works covered by the contract are being acquired. Examples of these limitations are means of exhibition or transmission; time; type of audience and geographical location. If the contract requires that works of the type indicated in subparagraph b.(1) of this section are to be modified through editing, translation, or addition of subject matter, etc. (rather than purchased in existing form) the clause, Rights in Data-Special Works, may be used.

(2) Acquisition of Existing Computer Software.

(a) When contracting other than from GSA's Multiple Award Schedule contracts for the acquisition of existing computer software (i.e., privately developed software normally vended commercially under a license or lease agreement restricting its use, disclosure, or reproduction), no specific contract clause prescribed in this subpart need be used, but the contract (or purchase order) should specifically address the FAA's rights to use, disclose and reproduce the software. These rights must be sufficient for the FAA to fulfill the need for which the software is being acquired. Such rights may be negotiated and set forth in the contract using the guidance concerning restricted rights as set forth in subparagraph 8.h., Protection of Restricted Computer Software Specified for Delivery, or the clause , Commercial Computer Software-Restricted Rights, may be used. Restricted computer software acquired under GSA Multiple Award Schedule contracts and orders are excluded from this requirement. The guidance concerning rights set forth in subparagraph 8.h., as well as those in the clause, Commercial Computer Software-Restricted Rights, are the minimum rights the FAA usually should accept. Thus if greater rights than these minimum rights are needed, or lesser rights are to be acquired, they should be negotiated and set forth in the contract (or purchase order). This includes any additions to, or limitations on, the rights set forth in paragraph (b) of the clause when used. Examples of greater rights may be those necessary for networking purposes or use of the software from remote terminals communicating with a host computer where the software is located. If the computer software is to be acquired with unlimited rights, the contract must also so state. In addition, the contract must adequately describe the computer programs and/or data bases, the form (tapes, punch cards, disk pack, and the like), and all the necessary documentation pertaining thereto. If the acquisition is by lease or license, the disposition of the computer software at the end of the term of the lease or license must be addressed. This may be accomplished by returning the software to the vendor or destroying it.

(b) If the contract incorporates, makes reference to, or uses a vendor's standard commercial lease, license, or purchase agreement, such agreement should be reviewed to assure that it is consistent with subdivision b. (2)(a) of this section. Caution should be exercised in accepting a vendor's terms and conditions, which may be directed to commercial sales, to ensure that they are appropriate for FAA contracts. Any inconsistencies in a vendor's standard commercial agreement should be addressed in the contract and the contract terms shall take precedence over the vendor's standard commercial agreement. If the clause, Commercial Computer Software-Restricted Rights, is used, inconsistencies in the vendor's standard commercial agreement regarding the FAA's right to use, duplicate or disclose the computer software are reconciled by that clause.

(c) If a prime contractor under a contract containing the clause , Rights in Data--General, with subparagraph (g)(3) (Alternate III) in the clause, acquires restricted computer software from a subcontractor (at any tier) as a separate acquisition for delivery to or for use on behalf of the FAA, the Contracting Officer may approve any additions to, or

limitations on the restricted rights in the Restricted Rights Notice of subparagraph (g)(3) in a collateral agreement incorporated in and made part of the contract.

(3) Other existing data and works. Except for existing audiovisual and similar works pursuant to subparagraph b. (1) of this section, and existing computer software pursuant to subparagraph b.(2) of this section, no clause contained in this subpart is required to be included in:

(a) contracts solely for the acquisition of books, periodicals, and other printed items in the exact form in which such items are to be obtained unless reproduction rights are to be acquired; or

(b) other contracts (e.g., contracts resulting from sealed bidding) that require only existing data (other than limited rights data) to be delivered and such data are available without disclosure prohibitions, unless reproduction rights to the data are to be obtained in any contract of the type described in subdivision b.(3)(a) or (b) of this section, such rights must be specifically set forth in the contract. No clause contained in this subpart is required to be included in contracts substantially for on-line data base services in the same form as they are normally available to the general public.

Procurement Guidance:

Section 8 : Rights In Data and Copyrights .

a. *General.* It is necessary for the FAA, in order to carry out the mission and programs, to acquire or obtain access to many kinds of data produced during or used in the performance of the contracts. FAA requires such data to:

(1) obtain competition among suppliers;

(2) fulfill certain responsibilities for disseminating and publishing the results of their activities;

(3) ensure appropriate utilization of the results of research, development, and demonstration activities including the dissemination of technical information to foster subsequent technological developments;

(4) and meet other programmatic and statutory requirements.

Further, for defense purposes, such data are also required by agencies to meet specialized acquisition needs and ensure logistics support.

b. *Contractor Proprietary Interest.* The FAA recognizes that its contractors may have a legitimate proprietary interest (e.g., a property right or other valid economic interest) in data resulting from private investment. Protection of such data from unauthorized use and disclosure is necessary in order to prevent the compromise of such property right or economic interest, avoid jeopardizing the contractor's commercial position, and preclude impairment of the FAA's ability to obtain access to or use of such data. The protection of such data by the FAA is also necessary to encourage qualified contractors to participate in FAA programs and apply innovative concepts to such programs. In light of the above considerations, in applying these policies, the FAA seeks to strike a balance between the FAA's need and the contractor's legitimate proprietary interest.

c. *Data Rights--General*. All contracts that require data to be produced, furnished, acquired or specifically used in meeting contract performance requirements, must contain terms that delineate the respective rights and obligations of the Government and the contractor regarding the use, duplication, and disclosure of such data, except certain contracts resulting from sealed bidding or similar situations which require only existing data (other than limited rights data and restricted computer software) to be delivered and reproduction rights are not needed for such data. As a general rule the data rights clause, Rights in Data-General, including Alternates I - V have been determined to be appropriate for that purpose. However, in certain contracts either the particular subject matter of the contract or the intended use of the data may require the use of other prescribed clauses, or may not require the use of any prescribed clause. Also, in selecting a data rights clause, it is important to note that any such clause does not specify the data (in terms of type, quantity or quality) that is to be delivered, but only the respective rights of the FAA and the contractor to use, disclose, or reproduce such data. Accordingly, the contract should also include appropriate terms to specify the data to be delivered.

d. *Unlimited Rights Data*. Under the clause, Rights in Data-General, the FAA acquires unlimited rights in the following data (except for copyrighted data):

(1) data first produced in the performance of a contract (except to the extent such data constitute minor modifications to data that are limited rights data or restricted computer software);

(2) form, fit, and function data delivered under contract;

(3) data (except as may be included with restricted computer software) that constitute manuals or instructional and training material for installation, operation, or routine maintenance and repair of items, components, or processes delivered or furnished for use under a contract; and

(4) all other data delivered under the contract other than limited rights data or restricted computer software. If any of the foregoing data are published copyrighted data with the notice of 17 U.S.C. 401 or 402, the FAA acquires them under a copyright license, rather than with unlimited rights.

e. *Limited Rights Data and Restricted Computer Software*. The clause, Rights in Data-General, enables the contractor to protect qualifying limited rights data and restricted computer software by withholding such data from delivery to the FAA and delivering form, fit, and function data in lieu thereof. However, when the FAA has a need to obtain delivery of limited rights data or restricted computer software, the clause may be used with its Alternates II or III. These alternatives enable a Contracting Officer to selectively request the delivery of such data with limited rights or restricted rights, either by specifying such delivery in the contract or by specific request.

f. *Alternate Definition of Limited Rights Data*. In the clause Rights in Data-General, in order for data to qualify as limited rights data, in addition to being data that either embody a trade secret or are data that are commercial or financial and confidential or privileged, such data must also pertain to items, components, or processes developed at private expense, including minor modifications thereof. However, for contracts that do not require the development use or delivery of items, components or processes that are intended to be acquired by or for the Government, the FAA may adopt for general use or for use in specific

circumstances the alternate definition of limited rights data set forth in Alternate I to the clause. The alternate definition does not require that such data pertain to items, components, or processes developed at private expense; but rather that such data were developed at private expense and embody a trade secret or are commercial or financial and confidential or privileged.

g. Protection of Limited Rights Data Specified for Delivery.

(1) Contracting Officers may modify the clause, Rights in Data-General, by use of Alternate II, which adds subparagraph (g)(2) to the clause to enable the FAA to require delivery of limited rights data rather than allowing the contractor to withhold such data. To obtain such delivery, the contract may identify and specify data to be delivered, or the Contracting Officer may require, by written request during contract performance, the delivery of data that has been withheld or identified as withholdable under subparagraph (g)(1) of the clause, Rights in Data General. In addition, if agreed to during negotiations, the contract may specifically identify data that are not to be delivered under Alternate II or which, if delivered, will be delivered with limited rights. The limited rights obtained by the FAA are set forth in the Limited Rights Notice contained in subparagraph (g)(2) (Alternate II). Such limited rights data will not, without permission of the contractor, be used by the FAA for purposes of manufacture, and will not be disclosed outside the Government except for certain specific purposes as may be set forth in the Notice, and then only if the FAA makes the disclosure subject to prohibition against further use and disclosure by the recipient. The following are examples of specific purposes which may be adopted by an agency in its supplement and added to the Limited Rights Notice of subparagraph (g)(2) of the clause (Alternate II):

(a) Use (except for manufacture) by support service contractors.

(b) Evaluation by nongovernment evaluators.

(c) Use (except for manufacture) by other contractors participating in the FAA's program of which the specific contract is a part, for information and use in connection with the work performed under each contract.

(d) Emergency repair or overhaul work.

(e) Release to a foreign government, or instrumentality thereof, as the interests of the United States Government may require, for information or evaluation, or for emergency repair or overhaul work by such government.

(2) As an aid in determining whether the clause, Rights in Data--General, should be used with its Alternate II, the provision of the clause, Representation of Limited Rights Data and Restricted Computer Software, may be included in any solicitation containing the clause, Rights in Data--General. This representation requests that an offeror state in response to a solicitation, to the extent feasible, whether limited rights data are likely to be used in meeting the data delivery requirements set forth in the solicitation. In addition, the need for Alternate II should be considered during negotiations or discussion with an offeror, particularly where negotiations are based on an unsolicited proposal. However, use of the clause, Rights in Data-General, without Alternate II does not preclude this Alternate from being used subsequently by modification during contract performance, should the need arise

for delivery of limited rights data that have been withheld or identified as withholdable.

(3) Whenever data that would qualify as limited rights data, if it were to be delivered in human readable form, is formatted as a computer data base for the purpose of delivery under a contract containing the clause, Rights in Data-General, such data is to be treated as limited rights data, rather than restricted computer software, for the purposes of paragraph (g) of that clause.

h. Protection of Restricted Computer Software Specified for Delivery.

(1) Contracting Officers may modify the clause, Rights in Data-General, by use of Alternate III, which adds subparagraph (g)(3) to the clause to enable the Government to require delivery of restricted computer software rather than allowing the contractor to withhold such restricted computer software. To obtain such delivery, the contract may identify and specify the computer software to be delivered, or the Contracting Officer may require by written request during contract performance, the delivery of computer software that has been withheld or identified as withholdable under subparagraph (g)(1) of the clause. In addition, if agreed to during negotiations, the contract may specifically identify computer software that are not to be delivered under Alternate III or which, if delivered, will be with restricted rights. In considering whether to use the clause with its Alternate III, it should be particularly noted that unlike other data, computer software is also an end item in itself, such that if withheld and form, fit, and function data provided in lieu thereof, an operational program will not be acquired. Thus, if delivery of restricted computer software is anticipated to be needed to meet contract performance requirements, the Contracting Officer should assure that the clause is used with its Alternate III. Unless otherwise agreed to, the restricted rights obtained by the FAA are set forth in the Restricted Rights Notice contained in subparagraph (g)(3) (Alternate III). Such restricted computer software will not be used or reproduced by the FAA, or disclosed outside the Government, except that the computer software may be--

(a) Used or copied for use in or with the computer or computers for which it was acquired, including use at any Government installation to which such computer or computers may be transferred;

(b) Used or copied for use in or with a backup computer if any computer for which it was acquired becomes inoperative;

(c) Reproduced for safekeeping (archives) or backup purposes;

(d) Modified, adapted, or combined with other computer software, provided that the modified, combined, or adapted portions of any derivative software incorporating restricted computer software are made subject to the same restricted rights;

(e) Disclosed to and reproduced for use by support service contractors, subject to the same restriction under which the Government acquired the software;

(f) Used or copied for use in or transferred to a replacement computer; and

(g) Used in accordance with subdivisions (h)(1)(a) through (e) of this section, without disclosure prohibitions, if the computer software is published copyrighted computer

software.

(2) The restricted rights set forth in subparagraph (h)(1) of this section are the minimum rights the Government normally obtains with restricted computer software and will automatically apply when such software is acquired under the Restricted Rights Notice of subparagraph (g)(3) (Alternate III) of the clause. However, either greater or lesser rights, consistent with the purposes and needs for which the software is to be acquired, may be specified by the Contracting Officer in a particular contract or prescribed in agency regulations. For example, consideration should be given to any networking needs or any requirements for use of the computer software from remote terminals. Also, in addressing such needs, the scope of the restricted rights may be different for the documentation accompanying the computer software than for the programs and data bases. Any additions to, or limitations on, the restricted rights set forth in the Restricted Rights Notice of subparagraph (g)(3) of the clause are to be expressly stated in the contract or in a collateral agreement incorporated in and made part of the contract, and the notice modified accordingly.

(3) As an aid in determining whether the clause should be used with its Alternate III, the provision of the clause, Representation of Limited Rights Data and Restricted Computer Software, may be included in any Screening Information Request containing the clause , Rights in Data--General. This representation requests that an offeror state, in response to a solicitation, to the extent feasible, whether restricted computer software is likely to be used in meeting the data delivery requirements set forth in the Screening Information Request. In addition, the need for Alternate III should be considered during negotiations or discussions with an offeror, particularly where negotiations are based on an unsolicited proposal. However, use of the clause, Rights in Data--General, without Alternate III does not preclude this Alternate from being used subsequently by modification during contract performance, should the need arise for the delivery of restricted computer software that has been withheld or identified as withholdable.

i. Copyrighted Data.

(1) *Data First Produced in the Performance of a Contract.* In order to enhance the transfer or dissemination of information produced at Government expense, contractors are normally authorized, without prior approval of the Contracting Officer to establish claim to copyright subsisting in technical or scientific articles based on or containing data first produced in the performance of work under a contract containing the clause , Rights in Data-General and published in academic, technical or professional journals, symposia proceedings and similar works. Otherwise, the permission of the Contracting Officer is required to establish claim to copyright subsisting in data first produced in the performance of a contract unless the clause is used with its Alternate IV. Agencies may, however, restrict copyright under certain circumstances.

(2) Usually, permission for a contractor to establish claim to copyright subsisting in data first produced under the contract will be granted when copyright protection will enhance the appropriate transfer or dissemination of such data and the commercialization of products or processes to which it pertains. The request for permission must be made in writing, and may be made either prior to contract award or subsequently during contract performance. It should identify the data involved or furnish copies of the data for which permission is requested, as well as a statement as to the intended publication or dissemination media or

other purpose for which copyright is desired. The request normally will be granted unless:

(a) the data consist of a report that represents the official views of the agency or that the agency is required by statute to prepare;

(b) the data are intended primarily for internal use by the Government;

(c) the data are of the type that the agency itself distributes to the public under an agency program;

(d) the Government determines that limitation on distribution of the data is in the national interest;

(e) the Government determines that the data should be disseminated without restriction.

(3) An Alternate IV is provided for use with the clause, Rights in Data--General, which provides a substitute subparagraph (c)(1) in the clause granting blanket permission for contractors to establish claim to copyright subsisting in all data first produced in the performance of the contract without further request being made by the contractor. Alternate IV should be used in all contracts for basic or applied research (other than those for management or operation of Government facilities and in contracts and subcontracts in support of programs being conducted at such facilities or where international agreements require otherwise) to be performed solely by colleges and universities. Alternate IV should not be used in contracts with colleges and universities if a purpose of the contract is for development of computer software for distribution to the public (including use in Screening Information Requests) by or on behalf of the Government. In addition, Alternate IV may be used in other contracts if the Contracting Officer determines to grant blanket permission for contractors to establish claim to copyright subsisting in all data first produced in the performance of contract without further request being made by the contractor. In any contract where Alternate IV is used, the contract may exclude any data, items or categories of data from the blanket permission granted, either by express provisions in the contract or by the addition of a subparagraph (d)(3) to the clause.

(4) Whenever a contractor establishes claim to copyright subsisting in data (other than computer software) first produced in the performance of a contract, the Government is granted a paid-up nonexclusive, irrevocable, worldwide license to reproduce, prepare derivative works, distribute to the public, perform publicly and display publicly by or on behalf of the Government, for all such data, as set forth in subparagraph (c)(1) of the clause, Rights in Data--General. For computer software the scope of the Government's license does not include the right to distribute to the public. The FAA may also, either on a case-by-case basis, or on a class basis, obtain a license of different scope than set forth in subparagraph (c)(1) of the clause if the FAA determines that such different license will substantially enhance the transfer or dissemination of any data first produced under the contract, and will not interfere with the Government's use of the data as contemplated by the contract or if required for international agreements. If an agency obtains such a different license, the scope of that license shall be clearly stated in a conspicuous place on the medium on which the data is recorded. That is, if a report, the scope of the different license shall be put on the cover, or first page, of the report. If computer software, the scope of the different license shall be placed on the most conspicuous place available.

(5) Whenever a contractor establishes claim to copyright in data first produced in the

performance of a contract, irrespective of which Alternate is used with the clause or the scope of the Government's license, the contractor is required to affix the applicable copyright notices of 17 U.S.C. 401 or 402, and acknowledgment of Government sponsorship, (including the contract number) to the data whenever such data are delivered to the Government, published, or deposited for registration as a published work in the U.S. Copyright Office. Failure to do so could result in such data being treated as unlimited rights data.

j. Data Not First Produced in the Performance of a Contract.

(1) Contractors are not to incorporate in data delivered under a contract any data that is not first produced under the contract and that is marked with the copyright notice of 17 U.S.C. 401 or 402, without either:

(a) acquiring for or granting to the Government certain copyright license rights for the data; or

(b) obtaining permission from the Contracting Officer to do otherwise.

The copyright license the Government acquires for such data will normally be of the same scope as set forth in subparagraph (c)(2) of the clause, Rights in Data--General. However, the FAA may, on a case-by-case basis, or on a class basis, obtain a license of different scope if the FAA determines that such different license will not be inconsistent with the purpose of acquiring the data. If a license of a different scope is acquired, it must be so stated in the contract and clearly set forth in a conspicuous place on the data when delivered to the Government. In addition, if computer software not first produced under a contract is delivered with the copyright notice of 17 U.S.C. 401, the Government's license will be as set forth in subparagraph (g)(3) (Alternate III) if included in the clause, Rights in Data--General, or as otherwise may be provided in a collateral agreement incorporated in or made part of the contract.

(2) Contractors delivering data with both authorized limited rights or restricted rights notice and the copyright notice of 17 U.S.C. 401 or 402 should modify the copyright notice to include the following (or similar) statement: 'Unpublished--all rights reserved under the copyright laws of the United States.' If this statement is omitted, the contractor may be afforded an opportunity to correct it in accordance with the section herein on *Omitted or Incorrect Notice*. Otherwise, data delivered with a copyright notice of 17 U.S.C. 401 or 402 may be presumed to be published copyrighted data subject to the applicable license rights set forth in paragraph 8.j., *Data Not First Produced in the Performance of a Contract*, without disclosure limitations or restrictions.

(3) If contractor action causes limited rights or restricted right data to be published with the copyright notice of 17 U.S.C.401 or 402 after its delivery to the FAA, the FAA is relieved of disclosure and use limitations and restrictions regarding such data, and the contractor should advise the FAA, request that a copyright notice be placed on the copies of the data delivered to the FAA and acknowledge that the applicable copyright license applies.

k Release, Publication, and Use of Data.

(1) In paragraph (d) of the clause, Rights in Data--General, subparagraph (d)(1) recognizes the fact that normally the contractor has the right to use, release to others, reproduce,

distribute, or publish data first produced in the performance of a contract, except to the extent such data may be subject to Federal export control or to national security laws or regulations. In addition, to the extent the contractor receives or is given access to data that is necessary for the performance of the contract from or by the Government or others acting on behalf of the Government, and the data contains restrictive markings, subparagraph (d)(2) provides an agreement with the contractor to treat the data in accordance with the markings, unless otherwise specifically authorized by the Contracting Officer.

(2) In contracts for basic or applied research with universities or colleges, no restrictions may be placed upon the conduct of or reporting on the results of unclassified basic or applied research, except as provided in applicable U.S. Statutes. For the purposes of this section, FAA restrictions on the release or disclosure of computer software that has been, readily can be, or is intended to be, developed to the point of practical application (including for agency distribution under established programs) are not considered restrictions on the reporting of the results of basic or applied research. The FAA may also restrict claim to copyright in any computer software for purposes of established agency distribution programs, or where required to accomplish the purpose for which the software is produced.

(3) Except for the results of basic or applied research under contracts with universities or colleges, FAA may, place limitations or restrictions on the contractor's right to use, release to others, reproduce, distribute, or publish any data first produced in the performance of the contract including a requirement to assign copyright to the Government or another party, either by adding a subparagraph (d)(3) to the Rights in Data-General clause, or by express limitations or restrictions in the contract. In the latter case, the limitations or restrictions should be referenced in the Rights in Data-General clause. However, such regulatory restrictions or limitations should not be imposed unless they are determined by the agency to be necessary in the furtherance of agency mission objectives, needed to support specific agency programs, or necessary to meet statutory requirements. Notwithstanding the provisions of this subparagraph, agencies may obtain, for information purposes only, advance copies of articles intended for publication in academic, scientific or technical journals or symposia proceedings or similar works.

I. *Unauthorized Marking of Data.* In accordance with paragraph (e) of clause , Rights in Data--General, FAA as the right to either return to the contractor data containing markings not authorized by that clause, or to cancel or ignore such markings. However, markings will not be canceled or ignored without making written inquiry of the contractor and affording the contractor at least 30 days to provide a written justification to substantiate the propriety of the markings. Failure of the contractor to respond, or failure to provide a written justification to substantiate the propriety of the markings within the time afforded, may result in the Government's action to cancel or ignore the markings. If the contractor provides a written justification to substantiate the propriety of the markings, it will be considered by the Contracting Officer and the contractor notified of any determination based thereon. If the Contracting Officer determines that the markings are authorized, the contractor will be so notified in writing. Further, if the Contracting Officer determines, with concurrence of the head of the contracting activity, that the markings are not authorized, the contractor will be furnished a written determination which shall become the final agency decision regarding the appropriateness of the markings and the markings will be canceled or ignored and the data will no longer be made subject to disclosure prohibitions, unless the contractor files suit within 90 days in a court of competent jurisdiction. In any event, the markings will not be canceled or ignored unless the contractor fails to respond within the period provided, or, if the contractor does respond, until final resolution of the matter,

either by the Contracting Officer's determination becoming the final agency decision or by final disposition of the matter by court decision if suit is filed. The foregoing procedures may be modified in accordance with agency regulations implementing the Freedom of Information Act (5 U.S.C. 552) if necessary to respond to a request thereunder. In addition, the contractor is not precluded from bringing a claim under the Contract Disputes Act, including pursuant to the Disputes clause of this contract if applicable, that may arise as the result of the Government's action to remove or ignore any markings on data, unless such action occurs as the result of a final disposition of the matter by a court of competent jurisdiction.

m. *Omitted or Incorrect Notices.*

(1) Data delivered under a contract containing the clause, Rights in Data-General, without a limited rights notice or restricted rights notice, and without a copyright notice, will be presumed to have been delivered with unlimited rights, and the FAA assumes no liability for the disclosure, use, or reproduction of such data. However, to the extent the data has not been disclosed without restriction outside the Government, the contractor may within 6 months (or a longer period approved by the Contracting Officer for good cause shown) request permission of the Contracting Officer to have omitted limited rights or restricted rights notices, as applicable, placed on qualifying data at the contractor's expense, and the Contracting Officer may agree to so permit if the contractor:

- (a) identifies the data for which a notice is to be added or corrected;
- (b) demonstrates that the omission of the proposed notice was inadvertent;
- (c) establishes that use of the proposed notice is authorized; and
- (d) acknowledges that the Government has no liability with respect to any disclosure or use of any such data made prior to the addition of the notice or resulting from the omission of the notice.

(2) The Contracting Officer may also:

- (a) permit correction, at the contractor's expense, of incorrect notices if the contractor identifies the data on which correction of the notice is to be made, and demonstrates that the correct notice is authorized, or
- (b) correct any incorrect notices.

n. *Inspection of Data at the Contractor's Facility.* Contracting Officers may obtain the right to inspect data at the contractor's facility by use of Alternate V, which adds paragraph (j) to provide that right in the clause, Rights in Data--General. The FAA may also adopt Alternate V for general use. The data subject to inspection may be data withheld or withholdable under subparagraph (g)(1) of the clause. Such inspection may be made by the Contracting Officer or designee (including nongovernmental personnel under the same conditions as the Contracting Officer) for the purpose of verifying a contractor's assertion regarding the limited rights or restricted rights status of the data, or for evaluating work performance under the contract. This right may be exercised up to 3 years after acceptance of all items to be delivered under the contract. The contract may specify data items that are not subject to inspection under paragraph (j) (Alternate V). If the contractor demonstrates to the

Contracting Officer that there would be a possible conflict of interest if inspection were made by a particular representative, the Contracting Officer shall designate an alternate representative.

Procurement Guidance:

Section 7 : Administration of Patent Rights Clauses .

a. *Patent Rights Follow-Up.* It is important that the FAA and the contractor know and exercise their rights in inventions conceived or first actually reduced to practice in the course of or under Government contracts in order to ensure their expeditious availability to the public, avoid unnecessary payment of royalties, and to defend themselves against claims and suits for patent infringement. To attain these ends, contracts having a patent rights clause should be so administered that:

(1) Inventions are identified, disclosed, and reported as required by the contract, and elections are made;

(2) The rights of the FAA in such inventions are established;

(3) Where patent protection is appropriate, patent applications are timely filed and prosecuted by contractors or by the FAA;

(4) The rights of the Government in filed patent applications are documented by formal instruments such as licenses or assignments; and

(5) Expeditious commercial utilization of such inventions is achieved.

b. *Funding Agreements.* If a subject invention is made under funding agreements of more than one agency, at the request of the contractor or on their own initiative, the agencies should designate one agency as responsible for administration of the rights of the Government in the invention.

c. *Follow-up by Contractor.*

(1) *Contractor Procedures.* If required by the applicable clause the contractor shall establish and maintain effective procedures to ensure its patent rights obligations are met and that subject inventions are timely identified and disclosed, and when appropriate, patent applications are filed.

(2) *Contractor Reports.* Contractors shall submit all reports required by the patent rights clause to the Contracting Officer or other representative designated for such purpose in the contract. The FAA may provide specific forms for use on an optional basis for such reporting. The Contracting Officer shall forward a copy of all reports required by the patent rights clause to the FAA Technology Transfer Program, William J. Hughes Technical Center.

d. *Follow-up by the Government.*

(1) The FAA should maintain appropriate follow-up procedures to protect the Government's interest and to check that subject inventions are identified and disclosed, and when appropriate, patent applications are filed, and that the FAA's rights therein are established and protected. Follow-up activities for contracts placed by or for other Government agencies

should be coordinated with the appropriate agency.

(2) The Contracting Officer administering the contract (or other representative specifically designated in the contract for such purpose) is responsible for receiving invention disclosures, reports, confirmatory instruments, notices, requests, and other documents and information submitted by the contractor pursuant to a patent rights clause. If the contractor fails to furnish documents or information as called for by the clause within the time required, the Contracting Officer should promptly request the contractor to supply the required documents or information and, if the failure persists, should take appropriate action to secure compliance. Invention disclosures, reports, confirmatory instruments, notices, requests, and other documents and information relating to patent rights clauses should be promptly furnished by the Contracting Officer administering the contract (or other designee) to the procuring agency or contracting activity for which the procurement was made for appropriate action.

(3) Contracting activities should take the appropriate actions to detect and correct failures by the contractor to comply with its obligations under the patent rights clauses, such as failures to disclose and report subject inventions, both during and after contract performance. Ordinarily a contractor should have written instructions for its employees covering compliance with these contract obligations. FAA effort to review and correct contractor compliance with its patent rights obligations should be directed primarily towards contracts that, because of the nature of the research, development, or experimental work or the large dollar amount spent on such work, are more likely to result in subject inventions significant in number or quality, and towards contracts when there is reason to believe the contractors may not be complying with their contractual obligations. Other contracts may be reviewed using a spot check method, as feasible. Appropriate follow-up procedures and activities may include the investigation or review of selected contracts or contractors by those qualified in patent and technical matters to detect failures to comply with contract obligations.

(4) Follow-up activities should include, where appropriate, use of Government patent personnel:

(a) To interview agency technical personnel to identify novel developments made in contracts;

(b) To review technical reports submitted by contractors with cognizant agency technical personnel;

(c) To check the Official Gazette of the United States Patent and Trademark Office and other sources for patents issued to the contractor in fields related to its Government contracts; and

(d) If additional information is required, to have cognizant Government personnel interview contractor personnel regarding work under the contract involved, observe the work on site, and inspect laboratory notebooks and other records of the contractor related to work under the contract.

(5) If it is determined that a contractor or subcontractor does not have a clear understanding of the rights and obligations of the parties under a patent rights clause, or that its procedures for complying with the clause are deficient, a post-award orientation

conference or letter should ordinarily be used to explain these rights and obligations. When a contractor fails to establish, maintain, or follow effective procedures for identifying, disclosing, and when appropriate, filing patent applications on inventions (if such procedures are required by the patent rights clause), or after appropriate notice fails to correct any deficiency, the Contracting Officer may:

(a) Require the contractor to make available for examination books, records, and documents relating to the contractor's inventions in the same field of technology as the contract effort to enable a determination of whether there are such inventions;

(b) May invoke the withholding of payments provision, if any, of the patent rights clause or of any other contract clause if the contractor fails to disclose subject invention. Significant or repeated failures by a contractor to comply with the patent rights obligation in the contracts should be documented and made a part of the general file.

e. Conveyance of Invention Rights Acquired by the FAA.

(1) The FAA is responsible for those procedures necessary to protect the Government's interest in subject inventions. When the FAA acquires the entire right, title, and interest in an invention by contract, this is normally accomplished by an assignment either from each inventor to the contractor and from the contractor to the FAA, or from the inventor to the FAA with the consent of the contractor, so that the chain of title from the inventor to the FAA is clearly established. When the FAA's rights are limited to a license, there should be a confirmatory instrument to that effect.

(2) The form of conveyance of title from the inventor to the contractor must be legally sufficient to convey the rights the contractor is required to convey to the FAA. The FAA may, by supplemental instructions develop suitable assignments, licenses, and other papers evidencing any rights of the Government in patents or patents applications, including such instruments as may be required to be recorded in the Statutory Register or documented in the Government Register maintained by the U.S. Patent and Trademark Office pursuant to Executive Order 9424, February 18, 1944.

f. Publication or Release of Invention Disclosures.

(1) To protect their mutual interests, contractors and the FAA should cooperate in deferring the publication or release of invention disclosures until the filing of the first patent application, and use their best efforts to achieve prompt filing when publication or release may be imminent. The FAA will, on its part and to the extent authorized by 35 U.S.C. 205, withhold from disclosure to the public any invention disclosures reported under the patent rights clauses for a reasonable time in order for patent applications to be filed. The protection of confidentiality must be followed in accordance with paragraph 4.j., Confidentiality of Inventions.

(2) The FAA will also use reasonable efforts to withhold from disclosure to the public for a reasonable time other information disclosing a reported invention included in any data delivered pursuant to contract requirements; provided, that the contractor notifies the agency as to the identity of the data and the invention to which it relates at the time of delivery of the data. Such notification must be to both the Contracting Officer and any patent representative to which the invention is reported, if other than the Contracting

Officer.

(3) As an additional protection for small business firms and nonprofit organizations 37 CFR Part 401 prescribes that agencies shall not disclose or release, in accordance with 35 U.S.C. 205, for a period of 18 months from the filing date of the application to third parties pursuant to request under the Freedom of Information Act or otherwise copies of any document which the agency obtained under contract which is part of an application for patent with the U.S. Patent and Trademark Office or any foreign patent office filed by the contractor (or its assignees, licensees, or employees) on a subject invention to which the contractor has elected to retain title. This prohibition does not extend to disclosure to other Government agencies or contractors of Government agencies under an obligation to maintain such information in confidence.

g. Licensing Background Patent Rights to Third Parties.

(1) A contract with a small business firm or nonprofit organization will not contain a provision allowing the Government to require the licensing to third parties of inventions owned by the contractor that are not subject inventions unless such provision has been approved by the agency head and written justification has been signed by the agency head. Any such provision will clearly state whether the licensing may be required in connection with the practice of a subject invention, a specifically identified work object, or both. The agency head may not delegate the authority to approve such provisions or to sign justifications for such provisions.

(2) The FAA will not require the licensing of third parties under any such provision unless the agency head determines that the use of the invention by others is necessary for the practice of a subject invention or for the use of a work object of the contract and that such action is necessary to achieve the practical application of the subject invention or work object. Any such determination will be on the record after an opportunity for a hearing, and the contractor shall be given notification of the determination by certified or registered mail. The notification should include a statement that any action commenced for judicial review of such determination must be brought by the contractor within 60 days after the notification.

Procurement Guidance:

Section 6 : Contracts for Construction Work or Architect-Engineer Services .

a. Patents Rights Clause Required. A screening information request or contract for construction work or architect-engineer services should include a patent rights clause selected in accordance with the procedures of paragraph 4.k.(1) of this guidance if:

(1) It has as a purpose the performance of experimental, developmental, or research work or test and evaluation studies involving such work; and

(2) Calls for, or can be expected to involve, the design of a Government facility or of novel structures, machines, products, materials, processes, or equipment (including construction equipment).

b. Standard Types of Construction. A screening information request or contract for construction work or architect-engineer services that calls for or can be expected to involve *only* "standard types of construction" to be built by previously developed equipment, methods, and processes should not include a patent rights clause. The term "standard types of construction" means construction in which the distinctive features, if any, in all likelihood

will amount to no more than--

(1) Variations in size, shape, or capacity of otherwise structurally orthodox and conventionally acting structures or structural groupings; or

(2) Purely artistic or esthetic (as distinguished from functionally significant) architectural configurations and designs of both structural and nonstructural members or groupings, which may or may not be sufficiently novel or meritorious to qualify for design protection under the design patent or copyright laws.

c. *Subcontracts*. The procedures of this section apply to all construction and architect-engineer services contracts at any tier. Therefore, a contractor awarding a subcontract and a subcontractor awarding a lower-tier subcontract that has as a purpose the conduct of experimental, developmental, or research work is required to determine the appropriate patent rights clause to be included that is consistent with these procedures. Generally, the clauses specified in the higher-tier contract will be used and the patent rights clause should specifically state this. However, the Contracting Officer may direct the use of a particular patent rights clause in any lower-tier contract in accordance with the procedures herein.

d. *Unacceptable Proffered Clause*. Whenever a prime contractor or a subcontractor considers the inclusion of a particular clause in a subcontract to be inappropriate or a subcontractor refuses to accept the proffered clause, the matter should be resolved by the Contracting Officer in consultation with legal counsel.

e. *Economic Leverage*. Contractors shall not use their ability to award subcontracts as economic leverage to acquire rights for themselves in inventions resulting from subcontracts.

f. *Appeals*.

(1) The agency official initially authorized to take any of the following actions should provide the contractor with a written statement of the basis for the action at the time the action is taken, including any relevant facts that were relied upon in taking the action:

(a) A refusal to grant an extension to the invention disclosure period in accordance with paragraph (c)(4) of the clause, Patent Rights-Retention by the Contractor.

(b) A request for conveyance of title to the Government.

(c) A refusal to grant a waiver under paragraph 4.g., Preference for U.S. Industry.

(d) A refusal to approve an assignment under paragraph 4.p., Licenses and assignments under contracts with nonprofit organizations.

(e) A refusal to approve an extension of the exclusive license period.

(2) The above actions are subject to the Contract Disputes Act, and may be appealed in accordance with the FAA's Alternate Disputes Resolution procedures. These procedures will consider the factual and legal basis for the action and its consistency with the policy and objectives of 35 U.S.C. 200-206 and FAA's policy.

SECTIONS EDITED:

T3.5 - Patents, Rights in Data and Copyrights (Revision 2, April 2006)

Old Content: Procurement Guidance:

T3.5 - Patents, Rights in Data and Copyrights (Revision 2, April 2006) New Content:
Procurement Guidance:

T3.5 Intellectual Property Red Line Content: Procurement Guidance:

T3.5 - ~~Patents, Rights in Data and Copyrights (Revision 2, April 2006)~~ Intellectual Property

Section A : Patents, Rights in Data and Copyrights

Old Content: Procurement Guidance:

T3.5 Intellectual Property

Section A : Patents, Rights in Data and Copyrights New Content: Procurement Guidance:

T3.5 Intellectual Property

Section A : Patents, Copyrights, and Rights in Data Red Line Content: Procurement Guidance:

T3.5 Intellectual Property

Section A : Patents, Copyrights, and Rights in Data ~~and Copyrights~~

Section 1 : General

Old Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 1 : General

- a. The FAA encourages the maximum practical commercial use of inventions made while performing Government contracts.
- b. Generally, the Government will not refuse to award a contract on the grounds that the prospective contractor may infringe a patent.
- c. The FAA encourages the use of inventions in performing contracts and, by appropriate contract clauses authorizes and consents to such use, even though the inventions may be covered by U.S. patents and indemnification against infringement may be appropriate.
- d. Generally, the Government should be indemnified against infringement of U.S. patents resulting from performing contracts when the supplies or services acquired under the contracts normally are, or have been sold or offered for sale by any supplier to the public in the commercial open market or are the same as such supplies or services with relatively minor modifications.

- e. The FAA's policy is to acquire supplies or services on a competitive basis. However, it is important that the efforts directed toward competition should not improperly demand or use data relating to private developments.
- f. The FAA honors rights in data resulting from private developments and limits its demands for such rights to those essential for FAA purposes.
- g. The FAA honors rights in patents, data, and copyrights, and complies with the stipulations of law in using or acquiring such rights.
- h. Generally, the Government requires that contractors obtain permission from copyright owners before including privately-owned copyrighted works in data required to be delivered under Government contracts.
- i. When dealing with patents, copyrights, rights in data, or any body of intellectual property, it is essential that the Contracting Officer, technical officer and legal counsel work closely together to tailor clauses to ensure that the desired protection is included in the screening information request (SIR) and subsequent contract.

New Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 1 : General

- a. The policies stated in this section are applicable to all contracts entered into by the FAA. Cooperative Agreements (“Section 106 Cooperative Agreements”) and “Other Transaction Agreements” entered into under the authority of 49 U.S.C. 106 do not necessarily require the use of the Intellectual Property clauses found at Section 3.5 of the AMS. Specific provisions dealing with intellectual property in Section 106 Cooperative Agreements and Other Transaction Agreements must be negotiated. Contracting Officers should follow the guidance in this section and draft appropriate clauses in consultation with legal counsel.
- b. The Government encourages the maximum practical commercial use of inventions made under Government contracts.
- c. Generally, the FAA will not refuse to award a contract on the grounds that the prospective contractor may infringe a patent. The FAA may authorize and consent to the use of inventions in the performance of certain contracts, even though the inventions may be covered by U.S. patents.
- d. Generally, contractors providing commercial items should indemnify the Government against liability for the infringement of U.S. patents.
- e. The FAA recognizes rights in data developed at private expense, and limits its demands for delivery of that data. When such data is delivered, the FAA will acquire only those rights essential to its needs.

f. Generally, the FAA requires that contractors obtain permission from copyright owners before including copyrighted works owned by others in data to be delivered to the Government.

Red Line Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 1 : General

a. The ~~FAA encourages the~~policies maximum practical commercial use of inventions made while performing Government ~~stated in this section are applicable to all contracts entered~~ contracts. ~~b. into~~ Generally, ~~by~~ the Government ~~FAA.~~ will not ~~Cooperative Agreements~~ refuse ~~(“Section 106 Cooperative Agreements”)~~ to ~~and~~ award ~~“Other Transaction Agreements”~~ a contract ~~entered into under~~ the grounds ~~authority~~ that ~~the of 49~~ prospective ~~U.S.C.~~ contractor may infringe a ~~106 do not necessarily~~ patent. ~~c. require~~ The FAA encourages ~~the use of~~ the use ~~Intellectual~~ of inventions in performing contracts ~~Property clauses found at Section~~ and ~~3.5~~ by appropriate ~~of the~~ contract ~~AMS.~~ clauses authorizes and consents to such ~~Specific provisions dealing with intellectual property~~ use, ~~in~~ even though the inventions may be covered by ~~Section 106 Cooperative Agreements and Other Transaction Agreements~~ U.S. ~~must be negotiated.~~ patents and indemnification against infringement may be ~~Contracting Officers should follow the guidance in~~ appropriate. ~~d. this~~ Generally, ~~section~~ the Government should be indemnified against infringement of U. ~~and draft appropriate clauses in consultation with legal counsel.~~ ~~S.~~

~~b. patents resulting from performing contracts when the supplies or services acquired~~ The Government encourages the maximum practical commercial use of inventions made under the ~~Government~~ contracts ~~normally.~~

~~c. are~~ Generally, or have been ~~the~~ sold or offered for sale by any supplier to ~~FAA will not refuse to award a contract on~~ the public ~~grounds~~ in ~~that~~ the commercial open ~~prospective~~ market or are the ~~contractor may infringe a~~ same ~~patent.~~ as such supplies or services with relatively minor ~~The FAA may authorize and consent to the~~ modifications. ~~e. use~~ The ~~of~~ FAA's ~~inventions~~ policy is to acquire supplies ~~in the performance of certain~~ or ~~contracts.~~ services on a competitive ~~even though the inventions~~ basis. ~~may~~ However, ~~be~~ it is ~~covered by~~ important ~~U.S.~~ that ~~patents.~~

~~d. the~~ Generally, efforts directed toward competition ~~contractors providing commercial items~~ should not ~~indemnify~~ improperly demand or use data relating to private developments ~~the Government against liability for the infringement of U.-S. patents.~~

~~f.e.~~ The FAA ~~honors~~ recognizes rights in data ~~resulting~~ developed from ~~at~~ private developments ~~expense,~~ and limits its demands for such rights to those essential ~~delivery~~ for ~~FAA of that~~ purposes. ~~g.data.~~ The FAA honors rights in ~~When~~ patents, ~~such~~ data, and copyrights ~~is delivered,~~ and complies with the stipulations of law ~~FAA will acquire~~ in ~~only those~~ using or acquiring such rights rights essential to its needs.

~~h.f.~~ Generally, the ~~Government~~ FAA requires that contractors obtain permission from copyright owners before including ~~privately owned~~ copyrighted works in ~~data required to be delivered~~

~~under Government contracts. i. When dealing with patents, owned copyrights, by rights others in data, or any body of intellectual property, it is essential that the Contracting Officer, technical officer and legal counsel work closely together to tailor clauses be delivered to ensure that the desired protection is included in the screening information request (SIR) and subsequent contract Government.~~

Section 2 : Patents

Old Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 2 : Patents

a. *Authorization and Consent.* In those cases where the FAA has authorized or consented to the manufacture or use of an invention described in and covered by a patent of the United States, any suit for infringement of the patent based on the manufacture or use of the invention by or for the United States by a contractor (including a subcontractor at any tier) can be maintained only against the FAA in the U.S. Claims Court and not against the contractor or subcontractor (28 U.S.C. 1498). To ensure that work by a contractor or subcontractor under a FAA contract may not be enjoined by reason of patent infringement, the FAA shall give authorization and consent as specified within the applicable contract. The liability of the FAA for damages in any such suit against it may, however, ultimately be borne by the contractor or subcontractor in accordance with the terms of any patent indemnity clause included in the contract, and an authorization and consent clause does not detract from any patent indemnification commitment by the contractor or subcontractor. Therefore, both a patent indemnity clause and an authorization and consent clause may be included in the same contract.

b. *Exclusions.* An SIR or contract should not include any clause whereby the FAA expressly agrees to indemnify the contractor against liability for patent infringement; or any authorization and consent clause when both complete performance and delivery are outside the United States, its possessions, and Puerto Rico.

c. *Notice and Assistance.* The contractor is required to notify the Contracting Officer of all claims of infringement that come to the contractor's attention in connection with performing a FAA contract. The contractor is also required, when requested, to assist the FAA with any evidence and information in its possession in connection with any suit against the FAA, or any claims against the FAA made before suit has been instituted, on account of any alleged patent or copyright infringement arising out of or resulting from the contract performance.

d. *Patent Indemnification of the FAA by Contractor.* To the extent set forth herein, the FAA requires reimbursement for liability for patent infringement arising out of or resulting from performing construction contracts or contracts for supplies or services that normally are or have been sold or offered for sale by any supplier to the public in the commercial open market or that are the same as such supplies or services with relatively minor modifications. Appropriate

clauses for indemnification of the FAA should be included in Screening Information Request (SIR)s and contracts.

e. *Application of a Patent Indemnity Clause.* A patent indemnity clause may not be appropriate for Research and Development solicitations and contracts containing an Authorization and Consent clause unless the clause is used solely with respect to supplies as described in paragraph 2.d. above. The patent indemnity clause also should not be used when the contract is for supplies or services (or such items with relatively minor modifications) that clearly are not, or have not been sold or offered for sale by any supplier to the public in the commercial open market; or when both performance and delivery are to be outside the United States, its possessions, and Puerto Rico, unless the contract indicates that the supplies or other deliverables are ultimately to be shipped into one of those areas. However, a patent indemnity clause may be included in:

(1) Contracts to obtain an indemnity regarding specific components, spare parts, or services sold or offered for sale; and

(2) Contracts if a patent owner contends that the acquisition would result in patent infringement and the prospective contractor, after responding to a SIR that did not contain an indemnity clause, is willing to indemnify the FAA against such infringement either without increase in price on the basis that the patent is invalid or not infringed, or for other good reasons.

New Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 2 : Patents and Copyrights

a. Patent and copyright infringement liability.

(1) Pursuant to 28 U.S.C. 1498, the exclusive remedy for patent or copyright infringement by or on behalf of the Government is a suit for monetary damages against the Government in the Court of Federal Claims. There is no injunctive relief available, and there is no direct cause of action against a contractor that is infringing a patent or copyright with the authorization or consent of the Government (e.g., while performing a contract).

(2) The FAA may expressly authorize and consent to a contractor's use or manufacture of inventions covered by U.S. patents by inserting the clause at AMS 3.5-1, Authorization and Consent.

(3) Because of the exclusive remedies granted in 28 U.S.C. 1498, the FAA requires notice and assistance from its contractors regarding any claims for patent or copyright infringement by inserting the clause at AMS 3.5-2, Notice and Assistance Regarding Patent and Copyright Infringement.

(4) The FAA may require a contractor to reimburse it for liability for patent infringement arising out of a contract for commercial items by inserting the clause at AMS 3.5-3, Patent Indemnity.

b. Royalties.

(1) Reporting of royalties.

(a) To determine whether royalties anticipated or actually paid under FAA contracts are excessive, improper, or inconsistent with Government patent rights, the SIR provision at AMS 3.5-6, Royalty Information, requires prospective contractors to furnish royalty information. The contracting officer shall take appropriate action to reduce or eliminate excessive or improper royalties.

(b) If the response to a SIR includes a charge for royalties, the contracting officer shall, before award of the contract, forward the information to the office having cognizance of patent matters for the contracting activity (generally the legal office that services the contracting activity responsible for the acquisition). The cognizant office shall promptly advise the contracting officer of appropriate action.

(c) The contracting officer, when considering the approval of a subcontract, shall require royalty information if it is required under the prime contract. The contracting officer shall forward the information to the office having cognizance of patent matters. However, the contracting officer need not delay consent while awaiting advice from the cognizant office.

(d) The contracting officer shall forward any royalty reports to the office having cognizance of patent matters for the contracting activity.

(2) Notice of Government as a licensee.

(a) When the Government is obligated to pay a royalty on a patent because of an existing license agreement and the contracting officer believes that the licensed patent will be applicable to a prospective contract, the FAA should furnish the prospective offerors with

(i) Notice of the license;

(ii) The number of the patent; and

(iii) The royalty rate cited in the license.

(b) When the Government is obligated to pay such a royalty, the SIR should also require offerors to furnish information indicating whether or not each offeror is

the patent owner or a licensee under the patent. This information is necessary so that the FAA may either

(c) Evaluate an offeror's price by adding an amount equal to the royalty; or

(d) Negotiate a price reduction with an offeror when the offeror is licensed under the same patent at a lower royalty rate.

(3) Adjustment of royalties.

(a) If at any time the contracting officer believes that any royalties paid, or to be paid, under a contract or subcontract are inconsistent with Government rights, excessive, or otherwise improper, the contracting officer shall promptly report the facts to the office having cognizance of patent matters for the contracting activity concerned.

(b) In coordination with the cognizant office, the contracting officer shall promptly act to protect the FAA against payment of royalties

(i) With respect to which the Government has a royalty-free license;

(ii) At a rate in excess of the rate at which the Government is licensed; or

(iii) When the royalties in whole or in part otherwise constitute an improper charge.

(c) In appropriate cases, the contracting officer in coordination with the cognizant office shall demand a refund pursuant to any refund of royalties clause in the contract (see T3.5.A.2.b(4)) or negotiate for a reduction of royalties.

(4) Refund of royalties. The clause at AMS 3.5-8, Refund of Royalties, establishes procedures to pay the contractor royalties under the contract and recover royalties not paid by the contractor when the royalties were included in the contractor's fixed price.

c. Security requirements for patent applications containing classified subject matter.

(1) Unauthorized disclosure of classified subject matter, whether in patent applications or resulting from the issuance of a patent, may be a violation of 18 U.S.C. 792, et seq. (Chapter 37 - Espionage and Censorship), and related statutes, and may be contrary to the interests of national security.

(2) Upon receipt of a patent application under paragraph (a) or (b) of the clause at AMS 3.5-9, Filing of Patent Applications - Classified Subject Matter, the contracting officer shall ascertain the proper security classification of the patent application. If the application contains classified subject matter, the contracting officer shall inform the contractor how to transmit the application to the United States Patent Office in

accordance with procedures provided by legal counsel. If the material is classified “Secret” or higher, the contracting officer shall make every effort to notify the contractor within 30 days of the Government’s determination, pursuant to paragraph (a) of the clause.

(3) Upon receipt of information furnished by the contractor under paragraph (d) of the clause at AMS 3.5-9, the contracting officer shall promptly submit that information to legal counsel in order that the steps necessary to ensure the security of the application will be taken

(4) The contracting officer shall act promptly on requests for approval of foreign filing under paragraph (c) of the clause at AMS 3.5-9 in order to avoid the loss of valuable patent rights of the Government or the contractor.

d. Patented technology under trade agreements.

(1) Use of patented technology under the North American Free Trade Agreement.

(a) The requirements of this section apply to the use of technology covered by a valid patent when the patent holder is from a country that is a party to the North American Free Trade Agreement (NAFTA).

(b) Article 1709(10) of NAFTA generally requires a user of technology covered by a valid patent to make a reasonable effort to obtain authorization prior to use of the patented technology. However, NAFTA provides that this requirement for authorization may be waived in situations of national emergency or other circumstances of extreme urgency, or for public noncommercial use.

(c) Section 6 of Executive Order 12889, “Implementation of the North American Free Trade Act,” of December 27, 1993, waives the requirement to obtain advance authorization for an invention used or manufactured by or for the Federal Government. However, the patent owner shall be notified in advance whenever the agency or its contractor knows or has reasonable grounds to know, without making a patent search, that an invention described in and covered by a valid U.S. patent is or will be used or manufactured without a license. In cases of national emergency or other circumstances of extreme urgency, this notification need not be made in advance, but shall be made as soon as reasonably practicable.

(d) The contracting officer, in consultation with the office having cognizance of patent matters, shall ensure compliance with the notice requirements of NAFTA Article 1709(10) and Executive Order 12889. A contract award should not be suspended pending notification to the patent owner.

(e) Section 6(c) of Executive Order 12889 provides that the notice to the patent owner does not constitute an admission of infringement of a valid privately-owned patent.

(f) When addressing issues regarding compensation for the use of patented technology, FAA personnel should be advised that NAFTA uses the term "adequate remuneration." Executive Order 12889 equates "remuneration" to "reasonable and entire compensation" as used in 28 U.S.C. 1498, the statute that gives jurisdiction to the U.S. Court of Federal Claims to hear patent and copyright cases involving infringement by the Government.

(g) When questions arise regarding the notice requirements or other matters relating to this section, the contracting officer should consult with legal counsel.

(2) Use of patented technology under the General Agreement on Tariffs and Trade (GATT). Article 31 of Annex 1C, Agreement on Trade-Related Aspects of Intellectual Property Rights, to GATT (Uruguay Round) addresses situations where the law of a member country allows for use of a patent without authorization, including use by the Government.

Red Line Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 2 : Patents and Copyrights

a. ~~Authorization~~Patent and ~~Consent~~copyright infringement liability.

~~(1) In those cases~~Pursuant to 28 ~~where~~U.S.C. 1498, the ~~FAA~~exclusive ~~has~~remedy for authorized ~~patent~~ or consented to ~~copyright~~ the manufacture ~~infringement by~~ or ~~use~~on behalf of an invention described in and covered by a patent of ~~the Government is a suit for monetary damages against the Government in the United Court States of Federal Claims. There is no injunctive relief available, any suit for infringement and there is no direct cause of the patent based on the action against a contractor that manufacture is infringing a patent or use of copyright with the invention by authorization or for consent of the United Government States (e.g., by a contractor while performing a contract).~~

~~(including 2) a subcontractor at any~~The FAA may expressly tier ~~authorize~~ can be maintained only and consent to a ~~against contractor's the FAA in use or manufacture the of inventions covered by U.S. Claims patents Court by inserting the clause at AMS 3.5-1, Authorization and not Consent.~~

~~(3) against~~Because of the contractor or subcontractor ~~exclusive remedies granted (in 28 U.S.C. 1498).~~ To ensure that work by at the FAA requires notice and assistance ~~contractor from its contractors regarding any claims for patent or subcontractor under a FAA copyright infringement by inserting contract the clause at AMS 3.5-2, Notice and Assistance Regarding Patent and Copyright Infringement.~~

~~(4) The FAA may not be enjoined by reason of~~require a contractor to reimburse it for liability for patent infringement; ~~the FAA shall give authorization and consent as specified within arising out of a contract for commercial items by inserting the applicable clause contract at AMS 3.5-3, The Patent liability Indemnity.~~

b. Royalties.

(1) Reporting of the royalties.

(a) To determine whether royalties anticipated or actually paid under may FAA contracts are excessive, however improper, ultimately or inconsistent be borne with Government by patent rights, the contractor SIR provision at AMS 3.5-6, Royalty Information, requires prospective contractors to furnish royalty information. The contracting officer shall take appropriate action to reduce or subcontractor in accordance eliminate excessive or with improper royalties.

(b) If the terms of any patent indemnity clause included in response to a SIR includes a charge for royalties, the contracting officer shall, and an authorization and before award of the consent contract, clause does not detract from any patent indemnification commitment forward the information to the office having cognizance of by patent matters for the contractor or contracting activity subcontractor. (generally Therefore, the both a patent indemnity clause and an authorization and consent legal office that services the contracting activity responsible for the clause acquisition). may be included The cognizant office in shall promptly advise the same contracting contract officer of appropriate action.

b.(c) Exclusions: The An contracting SIR officer, or contract should not include any when considering the approval of a clause subcontract, whereby shall require royalty information if it is required under the FAA prime expressly contract. The agrees contracting to officer shall indemnify forward the contractor information against liability to the for office having cognizance of patent infringement matters. ; or However, any authorization the contracting and officer need not delay consent clause while when awaiting advice both complete performance from the cognizant and office.

(d) delivery The are contracting officer shall forward outside any royalty reports to the united office states, having its cognizance possessions of and patent matters for the Puerto Rico contracting activity.

e.(2) Notice and of Assistance Government as a licensee.

(a) The When contractor the Government is required obligated to notify pay the Contracting Officer of all claims a royalty on a patent because of infringement an existing license agreement and the contracting officer believes that come the licensed patent will be applicable to a prospective contract, the contractor's FAA attention should in furnish the prospective connection offerors with—

(i) performing a FAA Notice of the contract license;

(ii) The contractor number of the patent; and

(iii) The royalty rate cited in the license.

(b) When the Government is also obligated required to when pay such requested a royalty, the SIR should also require offerors to assist furnish information indicating whether or not each offeror is the FAA with patent owner any or a licensee and under the patent. This information in its possession in connection with any is necessary so that the FAA may suit either—

(c) against Evaluate an offeror's price by adding an amount equal to the FAA royalty; or

(d) any claims Negotiate a against price reduction with an offeror when the FAA made before suit has been offeror is licensed under the same instituted patent on at a lower royalty rate.

(3) account Adjustment of royalties.

(a) If at any alleged time patent the contracting officer believes that any royalties paid, or copyright infringement to be arising paid, out under of a contract or resulting subcontract from are inconsistent with Government rights, excessive, or otherwise improper, the contract contracting performance d officer Patents shall promptly report the facts to the office Indemnification having cognizance of patent matters for the FAA by contracting activity Contractor concerned.

(b) To the extent set forth herein In coordination with the cognizant office, the contracting officer shall promptly act to protect the FAA requires reimbursement for against payment of liability royalties—

(i) for patent infringement arising With respect to which out the Government has a royalty-free license;

(ii) At a rate in excess of or resulting from performing construction the rate at which the contracts Government is licensed; or

(iii) contracts When for the royalties in supplies whole or services in that normally are part otherwise constitute or an improper charge.

(c) In have appropriate cases, the contracting officer in coordination with the cognizant office shall demand a refund pursuant to any refund of royalties clause been in the contract sold (see T3.5.A.2.b(4)) or offered negotiate for sale by reduction any of royalties.

(4) Refund of royalties. supplier The clause at AMS 3.5-9, Refund of Royalties, establishes procedures to pay the public contractor in royalties under the commercial open market or that contract and recover royalties not are paid by the same as such supplies or services contractor when the royalties were included within the relatively contractor's minor fixed modifications price.

c. Appropriate clauses Security requirements for indemnification patent applications containing classified subject matter.

(1) Unauthorized disclosure of classified subject matter, whether in patent applications or resulting from the issuance of a patent, may be included in Screening a violation of Information 18 U.S.C. 792, Request et seq. (SIR Chapter 37—Espionage and Censorship)s, and contracts related statutes, and may be contrary to the interests of national security.

e.(2) Application Upon receipt of a Patent patent Indemnity application under paragraph (a) or (b) of the clause at AMS Clause 3.5-10, A Filing of Patent Applications—Classified Subject Matter, the contracting officer shall ascertain the proper security classification of the patent indemnity application. clause may not be appropriate for If the application contains classified subject Research matter, and Development solicitations and contracts containing an Authorization and Consent the contracting officer shall inform the contractor how to transmit clause the application unless to the clause United is States used Patent Office in solely accordance with respect procedures provided by legal counsel. If the material is classified “Secret” or higher, the contracting officer shall make every effort to supplies as described notify the contractor in within 30 days of the Government’s determination, pursuant to paragraph 2(a) of the clause.

(3) Upon receipt of information furnished by the contractor under paragraph (d) of the clause at AMS 3.5-10, the contracting officer shall promptly above submit that information to legal counsel in order that the steps necessary to ensure the security of the application will be taken.

(4) The patent contracting officer shall act promptly on requests for approval of indemnity foreign filing under paragraph (c) of the clause also should at AMS not 3.5-10 be used when in order to avoid the contract is for supplies or services loss of valuable patent rights of (the Government or such the items contractor.

d. with relatively Patented technology minor under trade modifications agreements.

(1) that clearly are Use of patented not, technology or have not been sold under the North American Free or Trade Agreement.

(a) offered for sale by any supplier The requirements of this section apply to the public use in the of technology commercial covered by open a market, valid or patent when both the patent performance and delivery are to holder is from a country be that is a outside party to the United North States, American its Free possessions, Trade and Agreement (NAFTA).

(b) Puerto Article Rico, 1709(10) unless the contract indicates that the supplies or other deliverables of NAFTA generally requires a user of technology covered by are a valid ultimately patent to be make a reasonable effort to obtain authorization shipped into one prior to use of those the patented areas technology. However, a patent indemnity clause NAFTA provides that this requirement for authorization may be included waived in situations of national emergency or other circumstances of extreme urgency, or for public noncommercial use.

(4c) Contracts Section 6 of Executive Order 12889, “Implementation of the North American Free Trade Act,” of December 27, 1993, waives the requirement to obtain advance authorization for an indemnity invention regarding used or manufactured by or for the Federal

Government. However, the specific patent owner shall be notified in advance whenever the agency or components its contractor knows or has reasonable grounds to know, spare without making a patent parts search, that an invention described in and covered by a valid U.S. patent is or services will be sold used or offered manufactured for without a sale license. ; and In cases of national emergency or other circumstances of extreme urgency, this notification need not be made in advance, but shall be made as soon as reasonably practicable.

(2d) Contracts if The contracting a officer, in consultation with the office having cognizance of patent owner matters, contends that shall ensure compliance with the acquisition would result in patent notice requirements of NAFTA Article infringement 1709(10) and the prospective Executive Order contractor, 12889. A contract award should not be after responding suspended pending notification to a the SIR patent owner.

(e) Section 6(c) of Executive Order 12889 provides that did the notice to the patent owner does not contain constitute an indemnity admission clause, of is willing infringement of to a valid privately-owned patent.

(f) When addressing issues indemnify regarding compensation for the use of patented technology, FAA against such infringement either personnel should be advised without that NAFTA uses the term "adequate remuneration." Executive Order 12889 equates "remuneration" to "reasonable and entire compensation" as increase used in price 28 on U.S.C. 1498, the basis statute that gives jurisdiction to the U.S. Court of Federal Claims to hear patent is and copyright cases involving infringement by the Government.

(g) When questions arise regarding invalid the notice requirements or not other matters relating to this infringed section, or the contracting officer should consult with legal counsel.

(2) Use of patented technology under the General Agreement on Tariffs and Trade (GATT). Article 31 of Annex IC, Agreement on Trade-Related Aspects of Intellectual Property Rights, to GATT (Uruguay Round) addresses situations where the law of a member country allows for other use of good a patent without authorization, including use by the reasons Government.

Section 3 : Royalties

Old Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 3 : Royalties

a. *Reporting of Royalties--Anticipated or Paid.* To determine whether royalties anticipated or actually paid under FAA contracts are excessive, improper, or inconsistent with any Government rights in particular inventions, patents, or patent applications, Contracting Officers should require prospective contractors to furnish certain royalty information and may require contractors to furnish certain royalty reports. Contracting Officers should take appropriate action to reduce or

eliminate excessive or improper royalties. Royalty information should not be required except as necessary for proper protection of the FAA's interest. The SIR that may result in a negotiated contract for which royalty information is desired or for which cost or pricing data is obtained should contain a provision requesting information relating to any proposed charge for royalties. If the response included a charge for royalties, the Contracting Officer should, before award, coordinate with the office having cognizance of patent matters for the contracting activity concerned. Before award, the Contracting Officer should take action to protect the FAA's interest with respect to such royalties, giving due regard to all pertinent factors relating to the proposed contract and the advice of the cognizant office.

b. *Subcontractors.* The same royalty information and same action in relation to royalties should be required of subcontracts as required for prime contracts. However, consent need not be withheld pending receipt of advice in regard to such royalties from the office having cognizance of patent matters. The Contracting Officer should forward the royalty information and/or royalty reports received to the office having cognizance of patent matters for the contracting activity concerned for advice as to appropriate action.

c. *Notice of FAA as a Licensee.* When the FAA is obligated to pay a royalty on a patent because of a license agreement between the Government and a patent owner and the Contracting Officer knows (or has reason to believe) that the licensed patent will be applicable to a prospective contract, the FAA should furnish information relating to the royalty to prospective offerors since it serves the interest of both the FAA and the offerors. In such situations, the Contracting Officer should include in the SIR a notice of the license, the number of the patent, and the royalty rate recited in the license. The SIR should also require offerors to furnish information indicating whether or not each offeror is a licensee under the patent or the patent owner. This information is necessary so that the FAA may either evaluate an offeror's price by adding an amount equal to the royalty, or negotiate a price reduction with an offeror-licensee when the offeror is licensed under the same patent at a lower royalty rate.

d. *Adjustment of Royalties.* If at any time the Contracting Officer has reason to believe that any royalties paid, or to be paid, under an existing or prospective contract or subcontract are inconsistent with Government rights, excessive, or otherwise improper, the facts shall be promptly reported to the office having cognizance of patent matters for the contracting activity concerned. The cognizant office shall review the royalties reported and in accordance with agency procedures, shall either recommend appropriate action to the Contracting Officer or, if authorized, shall take appropriate action. Based on guidance from the cognizant officer, the Contracting Officer should take prompt action to protect the FAA against payment of royalties on supplies or services:

- (1) With respect to which the FAA has a royalty-free license;
- (2) At a rate in excess of the rate at which the FAA is licensed; or
- (3) When the royalties in whole or in part otherwise constitute an improper charge.

In appropriate cases the Contracting Officer may obtain a refund pursuant to any refund of royalties clause in the contract or negotiate for a reduction of royalties.

e. *Refund of Royalties.* When a fixed-price contract is negotiated under circumstances that make it questionable whether or not substantial amounts of royalties will have to be paid by the contractor or subcontractor, such royalties may be included in the target or contract price, provided the contract specifies that the FAA will be reimbursed the amount of such royalties if they are not paid. Such circumstances might include, for example, either a pending Government anti-trust action or prospective litigation on the validity of a patent or patents or on the enforceability of an agreement (upon which the contractor or subcontractor bases the asserted obligation) to pay the royalties to be included in the target or contract price.

f. *Classified Contracts.* Unauthorized disclosure of classified subject matter, whether in patent applications or resulting from the issuance of a patent, may be a violation of 18 U.S.C. 792, et seq. (Espionage and Censorship), and related statutes, and may be contrary to the interests of national security. Upon the receipt from the contractor of a patent application, not yet filed, that has been submitted by the contractor, the Contracting Officer shall ascertain the proper security classification of the patent application. Upon a determination that the application contains classified subject matter, the Contracting Officer should inform the contractor of any instructions deemed necessary or advisable relating to transmittal of the application to the United States Patent Office in accordance with procedures in the Department of Defense Industrial Security Manual for Safeguarding Classified Security Information. If the material is classified "Secret" or higher, the Contracting Officer should make every effort to notify the contractor of the determination within 30 days. In the case of all applications filed that contain classified subject matter, the Contracting Officer, upon receiving the application serial number, the filing date, and the information furnished by the contractor, shall promptly submit that information to personnel having cognizance of patent matters in order that the steps necessary to ensure the security of the application may be taken.

New Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 3 : Patent Rights under Government Contracts

This section prescribes policies, procedures, SIR provisions, and contract clauses pertaining to inventions made in the performance of work under an FAA contract or subcontract for experimental, developmental, or research work.

a. Definitions. As used in this subpart

Invention means any invention or discovery that is or may be patentable or otherwise protectable under title 35 of the U.S. Code, or any variety of plant that is or may be protectable under the Plant Variety Protection Act (7 U.S.C. 2321, et seq.)

Made means

(1) When used in relation to any invention other than a plant variety, means the conception or first actual reduction to practice of the invention;

(2) When used in relation to a plant variety, means that the contractor has at least tentatively determined that the variety has been reproduced with recognized characteristics.

Nonprofit organization means a domestic university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)), or any nonprofit scientific or educational organization qualified under a State nonprofit organization statute.

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.

Subject invention means any invention of the contractor made in the performance of work under a Government contract.

b. Policy.

(1) Introduction. In accordance with chapter 18 of title 35, U.S.C. (as implemented by 37 CFR part 401), Presidential Memorandum on Government Patent Policy to the Heads of Executive Departments and Agencies dated February 18, 1983, and Executive Order 12591, Facilitating Access to Science and Technology dated April 10, 1987, it is the policy and objective of the Government to

(a) Use the patent system to promote the use of inventions arising from federally supported research or development;

(b) Encourage maximum participation of industry in federally supported research and development efforts;

(c) Ensure that these inventions are used in a manner to promote free competition and enterprise without unduly encumbering future research and discovery;

(d) Promote the commercialization and public availability of the inventions made in the United States by United States industry and labor;

(e) Ensure that the Government obtains sufficient rights in federally supported inventions to meet the needs of the Government and protect the public against nonuse or unreasonable use of inventions; and

(f) Minimize the costs of administering patent policies.

(2) Contractor right to elect title.

(a) Generally, pursuant to 35 U.S.C. 202 and the Presidential memorandum and executive order cited in paragraph (a) of this section, each contractor may, after required disclosure to the Government, elect to retain title to any subject invention.

(b) A contract may require the contractor to assign to the Government title to any subject invention

(i) When the contractor is not located in the United States or does not have a place of business located in the United States or is subject to the control of a foreign government;

(ii) In exceptional circumstances, when an agency determines that restriction or elimination of the right to retain title in any subject invention will better promote the policy and objectives of chapter 18 of title 35, U.S.C. and the Presidential Memorandum;

(iii) When a Government authority, that is authorized by statute or executive order to conduct foreign intelligence or counterintelligence activities, determines that the restriction or elimination of the right to retain title to any subject invention is necessary to protect the security of such activities;

(iv) Reserved.

(v) Pursuant to statute or in accordance with agency regulations.

(c) When the Government has the right to acquire title to a subject invention, the contractor may, nevertheless, request greater rights to a subject invention.

(d) Consistent with 37 CFR part 401, when a contract with a small business concern or nonprofit organization requires assignment of title to the Government based on the exceptional circumstances enumerated in paragraph (b)(2)(ii) or (iii) of this section for reasons of national security, the contract shall still provide the contractor with the right to elect ownership to any subject invention that

(i) Is not classified by the agency; or

(ii) Is not limited from dissemination by the DOE within 6 months from the date it is reported to the agency.

(e) Contracts in support of DOE's naval nuclear propulsion program are exempted from this paragraph (b).

(f) When a contract involves a series of separate task orders, the FAA may structure the contract to apply the exceptions at paragraph (b)(2)(ii) or (iii) of this section to individual task orders.

(3) Government license. The Government shall have at least a nonexclusive, nontransferable, irrevocable, paid-up license to practice, or have practiced for or on behalf of the United States, any subject invention throughout the world. The Government may require additional rights in order to comply with treaties or other international agreements. In such case, these rights shall be made a part of the contract.

(4) Government right to receive title.

(a) In addition to the right to obtain title to subject inventions pursuant to paragraph (b)(2)(i) through (v) of this section, the Government has the right to receive title to an invention

(i) If the contractor has not disclosed the invention within the time specified in the clause; or

(ii) In any country where the contractor

(A) Does not elect to retain rights or fails to elect to retain rights to the invention within the time specified in the clause;

(B) Has not filed a patent or plant variety protection application within the time specified in the clause;

(C) Decides not to continue prosecution of a patent or plant variety protection application, pay maintenance fees, or defend in a reexamination or opposition proceeding on the patent; or

(D) No longer desires to retain title.

(b) For the purposes of this paragraph, filing in a European Patent Office Region or under the Patent Cooperation Treaty constitutes election in the countries selected in the application(s).

(5) Utilization reports. The FAA has the right to require periodic reporting on how any subject invention is being used by the contractor or its licensees or assignees. In accordance with 35 U.S.C. 202(c)(5) and 37 CFR part 401, agencies shall not disclose such utilization reports to persons outside the Government without permission of the contractor. Contractors should mark as confidential/proprietary any utilization report to help prevent inadvertent release outside the Government.

(6) March-in rights.

(a) Pursuant to 35 U.S.C. 203, agencies have certain march-in rights that require the contractor, an assignee, or exclusive licensee of a subject invention to grant a nonexclusive, partially exclusive, or exclusive license in any field of use to responsible applicants, upon terms that are reasonable under the circumstances. If the contractor, assignee or exclusive licensee of a subject invention refuses to grant such a license, the agency can grant the license itself. March-in rights may be exercised only if the agency determines that this action is necessary

(i) Because the contractor 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 the field(s) of use;

(ii) To alleviate health or safety needs that are not reasonably satisfied by the contractor, assignee, or their licensees;

(iii) To meet requirements for public use specified by Federal regulations and these requirements are not reasonably satisfied by the contractor, assignee, or licensees; or

(iv) Because the agreement required by paragraph (g) of this section has neither been obtained nor waived, or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of its agreement obtained pursuant to paragraph (g) of this section.

(b) The agency shall not exercise its march-in rights unless the contractor has been provided a reasonable time to present facts and show cause why the proposed agency action should not be taken. The agency shall provide the contractor an opportunity to dispute or appeal the proposed action, in accordance with T3.5.3.d(1)(g).

(7) Preference for United States industry. In accordance with 35 U.S.C. 204, no contractor that receives title to any subject invention and no assignee of the contractor shall grant to any person the exclusive right to use or sell any subject invention in the United States unless that 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 this agreement may be waived by the FAA upon a showing by the contractor or 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.

(8) Special conditions for nonprofit organizations' preference for small business concerns.

(a) Nonprofit organization contractors are expected to use reasonable efforts to attract small business licensees (see paragraph (i)(4) of the clause at AMS 3.5-10, Patent Rights Ownership by the Contractor). What constitutes reasonable efforts to attract small business licensees will vary with the circumstances and the nature, duration, and expense of efforts needed to bring the invention to the market.

(b) Small business concerns that believe a nonprofit organization is not meeting its obligations under the clause may report the matter to the Secretary of Commerce. To the extent deemed appropriate, the Secretary of Commerce will undertake informal investigation of the matter, and may discuss or negotiate with the nonprofit organization ways to improve its efforts to meet its obligations under the clause. However, in no event will the Secretary of Commerce intervene in ongoing negotiations or contractor decisions concerning the licensing of a specific subject invention. These investigations, discussions, and negotiations involving the Secretary of Commerce will be in coordination with other interested agencies, including the Small Business Administration. In the case of a contract for the operation of a Government-owned, contractor-operated research or production facility, the Secretary of Commerce will coordinate with the agency responsible for the facility prior to any discussions or negotiations with the contractor.

(9) Minimum rights to contractor.

(a) When the Government acquires title to a subject invention, the contractor is normally granted a revocable, nonexclusive, paid-up license to that subject invention throughout the world. The contractor's license extends to any of its domestic subsidiaries and affiliates within the corporate structure of which the contractor is a part and includes the right to grant sublicenses to the extent the contractor was legally obligated to do so at the time of contract award. The contracting officer shall approve or disapprove, in writing, any contractor request to transfer its licenses. No approval is necessary when the transfer is to the successor of that part of the contractor's business to which the subject invention pertains.

(b) In response to a third party's proper application for an exclusive license, the contractor's domestic license may be revoked or modified to the extent necessary to achieve expeditious practical application of the subject invention. The application shall be submitted in accordance with the applicable provisions in 37 CFR part 404 and agency licensing regulations. The contractor's license will not be revoked in that field of use or the geographical areas in which the contractor has achieved practical application and continues to make the benefits of the subject invention reasonably accessible to the public. The license in any foreign country may be revoked or modified to the extent the contractor, its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that country. (See the procedures at T3.5.A.3.d(1)(f)).

(10) Confidentiality of inventions. Publishing information concerning an invention before a patent application is filed on a subject invention may create a bar to a valid patent. To avoid this bar, the FAA may withhold information from the public that discloses any invention in which the Federal Government owns or may own a right, title, or interest (including a nonexclusive license) (see 35 U.S.C. 205 and 37 CFR part 401). Agencies may only withhold information concerning inventions for a reasonable time in order for a patent application to be filed. Once filed in any patent office, agencies are not required to release copies of any document that is a part of a patent application for those subject inventions. (See also T3.5.A.3.e(4)).

c. Reserved.

d. Procedures.

(1) General.

(a) Status as small business concern or nonprofit organization. If the FAA has reason to question the size or nonprofit status of the prospective contractor, the FAA may require the prospective contractor to furnish evidence of its nonprofit status.

(b) Exceptions.

(i) Before using any of the exceptions that would require the use of AMS 3.5-12, Patent Rights – Ownership by the Government in a contract with a small business concern or a nonprofit organization and before using an exception based on “exceptional circumstances” for any contractor, the agency shall follow the applicable procedures at 37 CFR 401.

(ii) A small business concern or nonprofit organization is entitled to an administrative review of the use of the exceptions in accordance with agency procedures and 37 CFR Part 401.

(c) Greater rights determinations. Whenever the contract contains the clause at AMS 3.5-12, Patent Rights Ownership by the Government, or a patent rights clause modified to address “exceptional circumstances” the contractor (or an employee-inventor of the contractor after consultation with the contractor) may request greater rights to an identified invention within the period specified in the clause. The contracting officer may grant requests for greater rights if the contracting officer determines that the interests of the United States and the general public will be better served. In making these determinations, the contracting officer shall consider at least the following objectives (see 37 CFR 401.3(b) and 401.15):

(i) Promoting the utilization of inventions arising from federally supported research and development.

(ii) Ensuring that inventions are used in a manner to promote full and open competition and free enterprise without unduly encumbering future research and discovery.

(iii) Promoting public availability of inventions made in the United States by United States industry and labor.

(iv) Ensuring that the Government obtains sufficient rights in federally supported inventions to meet the needs of the Government and protect the public against nonuse or unreasonable use of inventions.

(d) Retention of rights by inventor. If the contractor elects not to retain title to a subject invention, the FAA may consider and, after consultation with the contractor, grant requests for retention of rights by the inventor. Retention of rights by the inventor will be subject to the conditions in paragraphs (d) (except paragraph (d)(1)(i)), (e)(4), (f), (g), and (h) of the clause at AMS 3.5-10, Patent Rights Ownership by the Contractor.

(e) Government assignment to contractor of rights in Government employees' inventions. When a Government employee is a co-inventor of an invention made under a contract with a small business concern or nonprofit organization, the agency employing the co-inventor may license or assign whatever rights it may acquire in the subject invention from its employee to the contractor, subject at least to the conditions of 35 U.S.C. 202-204.

(f) Revocation or modification of contractor's minimum rights. Before revoking or modifying the contractor's license in accordance with T3.5.3.b(8)(i)B, the contracting officer shall furnish the contractor a written notice of intention to revoke or modify the license. The FAA will allow the contractor at least 30 days (or another time as may be authorized for good cause by the contracting officer) after the notice to show cause why the license should not be revoked or modified. The contractor has the right to appeal, in accordance with applicable regulations in 37 CFR part 404 and agency licensing regulations, any decisions concerning the revocation or modification.

(g) Exercise of march-in rights. When exercising march-in rights, agencies shall follow the procedures set forth in 37 CFR 401.6.

(h) Licenses and assignments under contracts with nonprofit organizations. If the contractor is a nonprofit organization, paragraph (i) of the clause at AMS 3.5-10 provides that certain contractor actions require agency approval.

(2) Contracts placed by or for other Government agencies. The following procedures apply unless an interagency agreement provides otherwise:

(a) When a Government agency requests the FAA to award a contract on its behalf, the request should explain any special circumstances surrounding the contract and specify the patent rights clause to be used. The clause should be selected and modified, if necessary, in accordance with the policies and procedures of this subpart. If, however, the request states that a clause of the requesting agency is required (e.g., because of statutory requirements, a deviation, or exceptional circumstances), the FAA shall use that clause rather than those of this subpart.

(1) If the request states that an agency clause is required and the work to be performed under the contract is not severable and is funded wholly or in part by the requesting agency, then include the requesting agency clause and no other patent rights clause in the contract.

(2) If the request states that an agency clause is required, and the work to be performed under the contract is severable, then the contracting officer shall assure that the requesting agency clause applies only to that severable portion of the work and that the work for the FAA is subject to the appropriate patent rights clause.

(3) If the request states that a requesting agency clause is not required in any resulting contract, the FAA will use the appropriate patent rights clause, if any.

(b) Any action requiring an agency determination, report, or deviation involved in the use of the requesting agency's clause is the responsibility of the requesting agency unless the agencies agree otherwise. However, the FAA may not alter the requesting agency's clause without prior approval of the requesting agency.

(c) The requesting agency may require, and provide instructions regarding, the forwarding or handling of any invention disclosures or other reporting requirements of the specified clauses. Normally, the requesting agency is responsible for the administration of any subject inventions. This responsibility shall be established in advance of awarding any contracts.

(3) Subcontracts.

(a) The policies and procedures in this subpart apply to all subcontracts at any tier.

(b) Whenever a prime contractor or a subcontractor considers including a particular clause in a subcontract to be inappropriate or a subcontractor refuses to accept the clause, the contracting officer, in consultation with counsel, shall resolve the matter.

(c) It is Government policy that contractors shall not use their ability to award subcontracts as economic leverage to acquire rights for themselves in inventions resulting from subcontracts.

(4) Appeals.

(a) The designated agency official shall provide the contractor with a written statement of the basis, including any relevant facts, for taking any of the following actions:

(1) A refusal to grant an extension to the invention disclosure period under paragraph (c)(4) of the clause at AMS 3.5-10;

(2) A demand for a conveyance of title to the Government under T.3.5.A.3.2(d)(1)(i) and (ii);

(3) A refusal to grant a waiver under T3.5.A.3.b(7), Preference for United States industry; or

(4) A refusal to approve an assignment under T3.5.A.3.b(8).

(b) Any of these actions may be appealed by filing a contract claim with the Office of Dispute Resolution for Acquisition (ODRA) under the procedures established at Parts 14 and 17 of title 49 of the Code of Federal Regulations. The ODRA shall consider both the factual and legal basis for the action and its consistency with the policy and objectives of 35 U.S.C. 200-206 and 210.

(c) The decision of the ODRA may be appealed as provided at 49 U.S.C. 46110. This is the Contractor's sole remedy for an adverse decision of the ODRA.

e. Administration of patent rights clauses.

(1) Goals.

(a) Contracts having a patent rights clause should be so administered that

(i) Inventions are identified, disclosed, and reported as required by the contract, and elections are made;

(ii) The rights of the Government in subject inventions are established;

(iii) When patent protection is appropriate, patent applications are timely filed and prosecuted by contractors or by the Government;

(iv) The rights of the Government in filed patent applications are documented by formal instruments such as licenses or assignments; and

(v) Expeditious commercial utilization of subject inventions is achieved.

(b) If a subject invention is made under a contract funded by more than one agency, at the request of the contractor or on their own initiative, the agencies shall designate one agency as responsible for administration of the rights of the Government in the invention.

(2) Administration by the FAA.

(a) The FAA should establish and maintain appropriate follow-up procedures to protect the Government's interest and to check that subject inventions are identified and disclosed, and when appropriate, patent applications are filed, and that the Government's rights therein are established and protected. Standard forms are available in the AMS for reporting subject inventions and confirmatory instruments. Follow-up activities for contracts that include a clause referenced in T3.5.A.3.d(h)(2) should be coordinated with the appropriate agency.

(b)(i) The contracting officer administering the contract (or other representative specifically designated in the contract for this purpose) is responsible for receiving invention disclosures, reports, confirmatory instruments, notices, requests, and other documents and information submitted by the contractor pursuant to a patent rights clause.

(A) For other than confirmatory instruments, if the contractor fails to furnish documents or information as called for by the clause within the time required, the contracting officer shall promptly request the contractor to supply the required documents or information. If the failure persists, the contracting officer shall take appropriate action to secure compliance.

(B) If the contractor does not furnish confirmatory instruments within 6 months after filing each patent application, or within 6 months after submitting the invention disclosure if the application has been previously filed, the contracting officer shall request the contractor to supply the required documents.

(ii) The contracting officer shall promptly furnish all invention disclosures, reports, confirmatory instruments, notices, requests, and other documents and information relating to patent rights clauses to legal counsel.

(c) Contracting activities should establish appropriate procedures to detect and correct failures by the contractor to comply with its obligations under the patent rights clauses, such as failures to disclose and report subject inventions, both during and after contract performance. Government effort to review and correct contractor compliance with its patent rights obligations should be directed primarily toward contracts that are more likely to result in subject inventions significant in number or quality. These contracts include contracts of a research,

developmental, or experimental nature; contracts of a large dollar amount; and any other contracts when there is reason to believe the contractor may not be complying with its contractual obligations. Other contracts may be reviewed using a spot-check method, as feasible. Appropriate follow-up procedures and activities may include the investigation or review of selected contracts or contractors by those qualified in patent and technical matters to detect failures to comply with contract obligations.

(d) Follow-up activities should include, where appropriate, use of Government patent personnel

(i) To interview agency technical personnel to identify novel developments made in contracts;

(ii) To review technical reports submitted by contractors with cognizant agency technical personnel;

(iii) To check the Official Gazette of the United States Patent and Trademark Office and other sources for patents issued to the contractor in fields related to its Government contracts; and

(iv) To have cognizant Government personnel interview contractor personnel regarding work under the contract involved, observe the work on site, and inspect laboratory notebooks and other records of the contractor related to work under the contract.

(e) If a contractor or subcontractor does not have a clear understanding of its obligations under the clause, or its procedures for complying with the clause are deficient, the contracting officer should explain to the contractor its obligations. The withholding of payments provision (if any) of the patent rights clause may be invoked if the contractor fails to meet the obligations required by the patents rights clause. Significant or repeated failures by a contractor to comply with the patent rights obligation in its contracts shall be documented and made a part of the general file.

(3) Securing invention rights acquired by the Government.

(a) The FAA is responsible for implementing procedures necessary to protect the Government's interest in subject inventions. When the Government acquires the entire right, title, and interest in an invention by contract, the chain of title from the inventor to the Government shall be clearly established. This is normally accomplished by an assignment either from each inventor to the contractor and from the contractor to the Government, or from the inventor to the Government with the consent of the contractor. When the Government's rights are limited to a license, there should be a confirmatory instrument to that effect.

(b) The FAA will develop suitable assignments, licenses, and other papers evidencing any rights of the Government in patents or patents applications. Standard forms are available in the AMS for reporting subject inventions and confirmatory instruments. These instruments should be recorded in the U.S. Patent and Trademark Office (see Executive Order 9424, Establishing in the United States Patent Office a Register of Government Interests in Patents and Applications for Patents, (February 18, 1944).

(4) Protection of invention disclosures.

(a) The Government will, to the extent authorized by 35 U.S.C. 205, withhold from disclosure to the public any invention disclosures reported under the patent rights clauses of AMS 3.5-10 or AMS 3.5-12 for a reasonable time in order for patent applications to be filed. The Government will follow the policy in T3.5.3.b(9) regarding protection of confidentiality.

(b) The Government should also use reasonable efforts to withhold from disclosure to the public for a reasonable time other information disclosing a subject invention. This information includes any data delivered pursuant to contract requirements provided that the contractor notifies the FAA as to the identity of the data and the subject invention to which it relates at the time of delivery of the data. This notification shall be provided to both the contracting officer and to any patent representative to which the invention is reported, if other than the contracting officer.

(c) For more information on protection of invention disclosures, also see 37 CFR 401.13.

f. Licensing background patent rights to third parties.

(1) A contract with a small business concern or nonprofit organization shall not contain a provision allowing the Government to require the licensing to third parties of inventions owned by the contractor that are not subject inventions unless the Administrator has approved and signed a written justification in accordance with paragraph (b) of this section. The Administrator may not delegate this authority and may exercise the authority only if it is determined that the

(a) Use of the invention by others is necessary for the practice of a subject invention or for the use of a work object of the contract; and

(b) Action is necessary to achieve the practical application of the subject invention or work object.

(2) Any determination will be on the record after an opportunity for a hearing, and the FAA will notify the contractor of the determination by certified or registered mail. The notification shall include a statement that the contractor must bring any action for review

of the Administrator's determination within 90 days after the notification pursuant to 49 U.S.C. 46110.

Red Line Content: Procurement Guidance:

T3.5 Intellectual Property

Patents, Copyrights, and Rights in Data

Section 3 : ~~Royalties~~ Patent Rights under Government Contracts

a.3: ~~Reporting~~ Patent of Rights ~~Royalties—Anticipated~~ under or Government Paid Contracts

~~This To~~ section prescribes ~~determine~~ policies, whether ~~procedures, royalties~~ SIR ~~anticipated~~ provisions, or ~~and contract~~ actually ~~paid~~ pertaining to inventions made in the performance of work under ~~an~~ FAA contracts ~~contract are~~ or subcontract ~~excessive~~ for experimental, improper ~~developmental, or inconsistent~~ research with work.

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a. ~~any~~ Definitions. ~~Government rights~~ As used in particular ~~this~~ inventions, subpart—

Invention ~~patents,~~ means any invention or ~~patent~~ discovery ~~applications,~~ that is ~~Contracting Officers should require prospective contractors to furnish certain royalty information~~ or may be patentable or otherwise protectable under title 35 of and the U.S. Code, or any variety of plant that is or may require contractors to furnish certain royalty be protectable under the Plant Variety reports Protection Act (7 U.S.C. 2321, Contracting et Officers seq.)

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Made should—

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(1) ~~take appropriate~~ when used ~~action~~ in relation to ~~reduce~~ any invention or other than a ~~eliminate~~ plant ~~excessive~~ variety, means the conception or ~~improper~~ first ~~royalties~~ actual ~~Royalty information should not be~~ reduction to practice of the required invention;

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(2) ~~except as necessary for proper protection~~ when used in relation to a ~~of~~ plant variety, means that the ~~FAA's~~ contractor ~~interest.~~ has ~~Theat~~ SIR least tentatively determined ~~that may result in a negotiated contract for~~ the variety has been reproduced with recognized which characteristics.

Nonprofit ~~royalty information is desired~~ organization means a domestic university or ~~for~~ other which institution of higher cost education or pricing an data is obtained should contain a organization of the type described in provision section 501(c)(3) requesting information relating to any proposed charge of the Internal Revenue Code of 1954 for (26 royalties U.S.C. If 501(c)) the response included and exempt from a taxation under charge section for 501(a)

royalties ~~of~~ the Contracting Officer Internal Revenue should ~~Code~~ before ~~(26~~ award U.S.C. 501(a)), coordinate with the office having cognizance of patent matters for the contracting activity concerned or any nonprofit scientific or educational organization qualified under a State nonprofit organization statute.

Practical application ~~Before~~ means award ~~to manufacture, in~~ the Contracting ~~case of~~ Officer should ~~take~~ a composition or action ~~product; to protect~~ practice, in the FAA's ~~case~~ interest ~~of~~ with a process respect or method; or to such ~~operate, in the case of a machine or system; and, in~~ royalties ~~each case, giving~~ under such due regard conditions as to all ~~establish that the invention is being utilized and that~~ pertinent factors its benefits relating are, to the proposed contract ~~extent permitted and by law or Government regulations, available to~~ the advice public on reasonable terms.

Subject invention means any invention of the cognizant ~~contractor~~ office made in the performance of work under a Government contract.

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b. Subcontractors Policy.

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(1) Introduction. ~~The same royalty information and same action in~~ In accordance with chapter 18 of title relation ~~35, to U.S.C. (as royalties should be required~~ implemented by 37 CFR part 401), Presidential Memorandum on Government Patent Policy to the Heads of subcontracts ~~as required for prime~~ Executive Departments and Agencies dated contracts ~~February~~ However ~~18, 1983, consent need not~~ and Executive Order ~~be~~ 12591, withheld pending receipt of advice Facilitating Access to Science and in Technology, regard to ~~dated April~~ such ~~10, 1987, royalties from~~ it is the office policy having cognizance and objective of patent ~~the~~ matters. Government ~~The~~ to—

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(a) Contracting Officer ~~Use the~~ should ~~patent system to forward~~ promote the royalty use information ~~of~~ and/or inventions royalty reports received to the arising from federally supported research office or development;

-

(b) having cognizance Encourage maximum participation of patent matters for the contracting activity concerned industry in federally supported research and development ~~for~~ efforts;

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(c) advice Ensure as that these inventions are used in a manner to appropriate promote action- free competition and enterprise without unduly encumbering future research and discovery;

e.

(d) Notice~~Promote~~ of FAA as a the commercialization and public ~~Licensee availability~~ When of
the ~~FAA inventions~~ is obligated to pay a royalty on a patent because made in the United States by
United States industry and ~~of labor~~;

-

(e) a license~~Ensure that~~ agreement~~the Government obtains sufficient rights in federally~~
supported inventions to meet the ~~between~~needs of the Government and protect patent~~the~~
public against owner~~nonuse or unreasonable use of inventions~~; and

-

(f) Minimize the Contracting costs Officer of administering ~~knows~~ patent policies.

-

(or 2) has Contractor ~~reason~~ right to ~~believe~~ elect title.

-

(a) that~~Generally, pursuant to 35 U.S.C. 202 and~~ the ~~licensed patent will be~~
~~applicable~~ Presidential memorandum and executive order ~~to cited in paragraph (a) of~~
~~prospective contract~~ this section, ~~the each~~ FAA contractor ~~should~~ may, furnish information
relating after required disclosure to the ~~royalty~~ Government, elect to ~~prospective offerors since it~~
~~serves~~ retain title to any subject the invention.

-

(b) interest~~A of~~ contract may both require the FAA contractor ~~and~~ to assign to the
offerors. ~~Government~~ In such title to situations, any subject invention—

-

(i) When the ~~Contracting Officer should include~~ contractor is not located in the

United States or does not have a ~~notice~~ place of business located in the ~~license~~, United
States or is subject to the ~~number~~ control of ~~the a~~ patent foreign government;

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(ii) In exceptional circumstances, ~~and~~ when an agency determines that restriction or
elimination of the ~~royalty~~ right to ~~rate recited~~ retain title in any subject invention will better
promote the ~~license~~ policy and objectives of chapter 18 of title 35, U.S.C. ~~The SIR should~~ and
the Presidential ~~also~~ Memorandum;

-
(iii) ~~require offerors to~~ When a Government ~~furnish~~ authority, information ~~that is authorized~~ indicating whether by statute or ~~not~~ executive each offeror is a licensee order to conduct foreign intelligence under or counterintelligence activities, determines that the ~~patent~~ restriction or elimination of the ~~patent~~ right owner to ~~This~~ retain information title to any subject invention is necessary ~~so that~~ to protect the ~~FAA~~ security may of such activities;

-
(iv) ~~either~~ [Reserved.]

-
(v) ~~evaluate an~~ Pursuant to offeror's statute price by adding or in accordance ~~an~~ with agency regulations.

-
(c) When the Government has the right ~~amount~~ to acquire ~~equal~~ title to a subject invention, the ~~royalty~~ contractor may, ~~or nevertheless,~~ negotiate request greater rights to a ~~price~~ subject reduction invention.

-
(d) Consistent with ~~an~~ 37 offeror ~~licensee~~ CFR part 401, when ~~the offeror is licensed~~ a contract with a under small business concern or nonprofit organization requires assignment of title to the same patent at a lower royalty Government based on the exceptional circumstances ~~rate.~~ enumerated in paragraph Adjustment b.(2)(b)(2)(ii) or (iii) of Royalties. ~~this~~ If at any section for reasons time of national security, the ~~Contracting Officer~~ contract shall has still provide the contractor with the reason right to believe elect that ownership to any royalties subject paid, invention that—

-
(i) Is not classified by the agency; or

-
(ii) Is not limited from dissemination by the DOE within 6 months from the date it is reported to ~~be~~ the paid, agency.

~~(e) under an existing or~~ Contracts in support of prospective DOE's contract or naval nuclear subcontract propulsion program are inconsistent with Government exempted from this rights, paragraph excessive, T3.5.A.3.b(2).

-

~~(f) or When otherwise~~ a contract improper involves a series of separate task orders, the facts shall be promptly reported FAA may structure the contract to apply the office exceptions at paragraph T3.5.A.3.b.(2)(ii) having or cognizance (iii) of patent matters for the this section to individual contracting task orders.

-

~~(3) activity Government concerned~~ license. The cognizant office Government shall review the royalties reported have at least a and nonexclusive, in nontransferable, accordance irrevocable, with paid-up agency license procedures to practice, shall either recommend appropriate action or have practiced for or to on behalf of the

United States, any subject invention throughout the Contracting world. The Government may require additional rights in order to comply Officer with treaties or, if other authorized international agreements. In such case, these rights shall take appropriate be made action a part of the contract. Based

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~~(4) on Government guidance~~ right from to receive title.

-

~~(a) In addition to the cognizant right officer to obtain title to subject inventions pursuant to paragraph T3.5.A.3.b.(2)(b)(i) through (v) of this section, the Contracting Officer should~~ Government has the take right to prompt action receive title to protect an invention—

-

~~(i) If the FAA against payment of royalties~~ contractor has not disclosed the on invention within the supplies time specified in the clause; or

-

~~(ii) services:~~ In any country where the contractor—

-

~~(1A) With Does respect~~ not elect to which retain rights or fails to elect to retain rights to the FAA has a invention within the royalty-free time license specified in the clause;

-
(2B) ~~At~~Has not filed a ~~rate in excess~~patent or plant or variety protection application within the rate at which time specified in the ~~FAA~~clause;

-
(C) ~~is~~Decides not to continue prosecution of a patent or plant variety protection application, pay maintenance fees, or defend in a reexamination or opposition proceeding on the licensedpatent; or

-
(3D) ~~When~~No longer desires to retain title.

-
(b) ~~For~~ the ~~royalties~~purposes of this paragraph, filing in wholea European Patent Office Region or under the Patent Cooperation Treaty constitutes election in ~~part otherwise constitute an improper~~the countries selected in the ~~charge~~application(s).

In

(5) ~~appropriate~~Utilization cases~~reports.~~ the Contracting Officer may obtain The FAA has the right ~~to require~~ refund pursuant periodic reporting ~~to~~ on how any ~~refund of royalties clause in~~ subject invention is being used by the ~~contract~~contractor or ~~negotiate~~its ~~for a~~ licensees or ~~reduction~~assignees. In accordance with 35 U.S.C. 202(c)(5) and 37 CFR part 401, agencies shall not disclose such utilization reports to persons outside the Government without permission of ~~royalties~~the contractor. Contractors should mark as confidential/proprietary any utilization report to help prevent inadvertent release outside the Government.

e

(6) March-in rights.

-
(a) ~~Refund~~Pursuant of ~~to~~ Royalties ~~35 U.S.C. When~~203, agencies have certain fixed ~~march-price in~~ contract is negotiated under rights that require the ~~circumstances~~contractor, that ~~an~~ make assignee, or exclusive licensee of a subject invention to grant ~~questionable~~ nonexclusive, partially ~~whether~~exclusive, or ~~not~~ substantial amounts of royalties will have exclusive license in any field of use to be ~~responsible~~ paid applicants, by ~~upon terms that are reasonable under the circumstances.~~ If the contractor, assignee or subcontractor, exclusive licensee of a subject invention refuses to grant ~~such~~ royalties a license, the agency can grant the license itself. March-in rights may be ~~included~~exercised ~~in~~ only if the agency determines that this action is necessary—

-
(i) Because the ~~target~~contractor or ~~contract~~assignee has not price taken, ~~provided~~or the contract specifies that the FAA will is not expected to take within a reasonable time, effective steps to achieve practical application of ~~reimbursed~~the subject invention in the ~~amount~~field(s) of ~~such~~use;

-
(ii) ~~royalties~~To if ~~alleviate health~~they ~~or safety needs that~~are not paid ~~reasonably~~Such ~~satisfied~~circumstances ~~by the~~might ~~contractor~~, include ~~assignee~~, or their licensees;

-
(iii) To meet requirements for ~~example~~, public ~~either a pending Government~~use specified by Federal anti-trust regulations ~~action~~and these requirements are not reasonably satisfied by the contractor, assignee, or prospective licensees; ~~litigation~~or

-
(iv) ~~on~~Because the ~~validity~~agreement required by paragraph (7) of a patent this section has neither been obtained nor waived, or ~~patents~~because a licensee of the exclusive right to use or ~~on~~sell any subject invention in the

United enforceability States is in breach of ~~an~~its agreement obtained pursuant to paragraph (upon 7) which of this section.

-
(b) The agency shall not exercise its march-in rights unless the contractor or ~~subcontractor~~bases the asserted has been provided a reasonable obligation ~~time~~to pay present facts and show cause why the ~~royalties~~proposed agency to action should not be ~~included~~taken. The in ~~agency~~shall provide the ~~target~~contractor an opportunity to dispute or ~~contract~~appeal the proposed action, in accordance with ~~price~~T3.5.A.-3.d.(1)(g).

f.

(7) Preference for

United States industry. ~~Classified~~In Contracts accordance with 35 U.S.C. 204, ~~Unauthorized disclosure of~~no contractor that ~~classified~~receives title to any ~~subject matter~~, invention and no assignee of the contractor shall grant to any person the exclusive right to use or sell ~~whether~~any subject invention in ~~patent~~the United States unless that ~~applications~~person agrees that any products embodying the subject invention or ~~resulting from~~produced through the ~~issuance~~use of ~~at~~the patent subject invention will be manufactured substantially in the United States. However, in individual cases, the requirement for this agreement may be waived by the

FAA upon a violation of 18 showing by the U.S. Contractor or 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. 792,

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(8) etSpecial seqconditions for nonprofit organizations' preference for small business concerns.

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(a) Nonprofit organization contractors are expected to use reasonable efforts to attract small business licensees (Espionage and see paragraph Censorship(i)(4) of the clause at AMS 3.5-11, Patent Rights—Ownership by the Contractor). What constitutes reasonable efforts to attract small business licensees will vary with the circumstances and relatedthe nature, statutesduration, and expense of efforts needed to bring the invention to the market.

-

(b) Small business concerns that believe a nonprofit organization is not meeting its obligations under the clause may bereport the contrarymatter to the interestsSecretary of national securityCommerce. UponTo the receiptextent fromdeemed appropriate, the Secretary of Commerce will undertake informal investigation of the matter, and may discuss or negotiate with the nonprofit organization ways to improve its efforts to meet its obligations under the clause. However, in no event will the Secretary of Commerce intervene in ongoing negotiations or contractor decisions concerning the licensing of a patentspecific applicationsubject invention. These investigations, notdiscussions, yetand filednegotiations involving the Secretary of Commerce will be in coordination with other interested agencies, that has been submittedincluding the Small Business byAdministration. In the case of a contract for the operation of a Government-owned, contractor-operated research or production facility, the ContractingSecretary of OfficerCommerce shallwill coordinate ascertainwith the properagency security classificationresponsible for ofthe facility prior to any discussions or negotiations with the patentcontractor.

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(9) application Minimum rights to contractor.

-

(a) When Uponthe Government acquires title to a determinationsubject thatinvention, the application contains classified subjectcontractor is normally granted mattera revocable, nonexclusive, paid-up license to that subject invention throughout the Contractingworld. The Officercontractor's shouldlicense extends to any informof its domestic subsidiaries and affiliates within the corporate structure of which the contractor is a part and includes the right

to grant sublicenses to the extent the contractor was legally obligated to do so at the time of contract award. The contracting officer shall approve or disapprove, in writing, any instructions contractor request deemed to transfer its licenses. No approval is necessary or when advisable the transfer relating is to transmittal the successor of that part of the contractor's business to which the subject invention pertains.

-

(b) In response to a third party's proper application for an exclusive license, the contractor's domestic license may be revoked or modified to the United States Patent extent necessary to achieve expeditious practical application of the subject invention. The application shall be submitted in accordance with procedures the applicable provisions in the Department of Defense Industrial Security Manual 37 CFR part 404 and agency licensing for regulations. The contractor's Safeguarding Classified Security license will not Information be If the material is classified revoked in that field of "Secret" use or higher, the geographical areas in which the Contracting contractor has Officer should make every effort achieved practical application and continues to notify make the contractor benefits of the determination subject within 30 invention reasonably days accessible Into the case public. of all applications filed that contain classified subject The license in any foreign country may be matter, revoked or modified to the Contracting extent the Officer contractor, upon its licensees, or its domestic subsidiaries or affiliates have failed to achieve practical application in that country. receiving (See the procedures at T3.5.A.3.d.(1)(f)).

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(10) Confidentiality of inventions. Publishing information concerning an invention before a patent application serial is filed on a subject invention may create a bar to a valid patent. To avoid this number bar, the filing FAA date, may and withhold information from the information public that furnished discloses by any invention in which the contractor Federal Government owns or may own a right, shall title, promptly submit or interest that (including a nonexclusive license) (see 35 U.S.C. 205 and 37 CFR part 401). Agencies may only withhold information to concerning personnel inventions for having cognizance of a reasonable time in order for a patent matters application to be filed. Once filed in order that any patent the office, steps agencies necessary are not required to ensure the release copies security of any document that is a part of the a patent application may be for those taken subject inventions. (See also T3.5.A.3.e.(4)).

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Section C : Forms

Old Content: Procurement Guidance:

T3.5 Intellectual Property

Section C : Forms

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None applicable.

New Content: Procurement Guidance:

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Section C : Forms

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Red Line Content: Procurement Guidance:

T3.5 Intellectual Property

Section C : Forms ~~None~~Procurement applicable.~~Forms~~
