

## Procurement Guidance - (4/2017)

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### **T3.5 Intellectual Property Revised 1/2009**

#### **A Patents, Copyrights, and Rights in Data Revised 1/2009**

##### **1 General Revised 1/2009**

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.

##### **2 Patents and Copyrights Revised 1/2009**

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.

### **3 Patent Rights under Government Contracts Revised 7/2012**

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 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.

(1) 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 patent 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.

#### **4 Rights in Data and Copyrights Revised 1/2009**

This section sets forth policies and procedures regarding rights in data and copyrights, and acquisition of data by and for the FAA.

a. Definitions. As used in this subpart

Data means 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 means data relating to items, components, or processes that are sufficient to enable physical and functional interchangeability, and data identifying source, size, configuration, mating and attachment characteristics, functional characteristics, and performance requirements. For computer software it means data identifying source, functional characteristics, and performance requirements, but specifically excludes the source code, algorithms, processes, formulas, and flow charts of the software.

Limited rights means the rights of the Government in limited rights data as set forth in a Limited Rights Notice.

Limited rights data means 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. (Agencies may, however, adopt the following alternate definition:

Limited rights data means data (other than computer software) developed at private expense that embody trade secrets or are commercial or financial and confidential or privileged.

Restricted computer software means computer software developed at private expense and that is a trade secret, is commercial or financial and confidential or privileged, or is copyrighted computer software, including minor modifications of the computer software.

Restricted rights means the rights of the Government in restricted computer software as set forth in a Restricted Rights Notice.

Unlimited rights means 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.

b. Policy.

(1) To carry out its missions and programs, the FAA acquires or obtains access to many kinds of data produced during or used in the performance of its contracts. The FAA requires data to

(a) Obtain competition among suppliers;

(b) Fulfill certain responsibilities for disseminating and publishing the results of its activities;

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

(d) Meet other programmatic and statutory requirements; and

(e) Meet specialized acquisition needs and ensure logistics support.

(2) Contractors may have proprietary interests in data. In order to prevent the compromise of these interests, the FAA will protect proprietary data from unauthorized use and disclosure. The protection of such data is also necessary to encourage qualified contractors to participate in and apply innovative concepts to Government programs. In light of these considerations, the FAA will balance the Government's needs and the contractor's legitimate proprietary interests.

c. Data rights - General.

All contracts that require data to be produced, furnished, acquired, or 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, reproduction, and disclosure of that data. Data rights clauses do not specify the type, quantity or quality of data that is to be delivered, but only the respective rights of the Government and the contractor regarding the use, disclosure, or reproduction of the data. Accordingly, the contract shall specify the data to be delivered.

d. Basic rights in data clause.

This section describes the operation of the clause at AMS 3.5-13, Rights in Data - General, and also the use of the provision at AMS 3.5-14, Representation of Limited Rights Data and Restricted Computer Software.

(1) Unlimited rights data. The Government acquires unlimited rights in the following data except for copyrighted works as provided in T3.5.A.4.d(3).

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

(b) Form, fit, and function data delivered under contract.

(c) 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.

(d) All other data delivered under the contract other than limited rights data or restricted computer software T3.5.A.4(d)(2).

(2) Limited rights data and restricted computer software.

(a) General. The basic clause at AMS 3.5-13, Rights in Data - General, enables the contractor to protect qualifying limited rights data and restricted computer software by withholding the data from the Government and instead delivering form, fit, and function data.

(b) Alternate definition of limited rights data. 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 the alternate definition of limited rights data set forth in Alternate I to the clause at AMS 3.5-13. The alternate definition does not require that the data pertain to items, components, or processes developed at private expense; but rather that the data were developed at private expense and embody a trade secret or are commercial or financial and confidential or privileged.

(c) Protection of limited rights data specified for delivery.

(i) The clause at AMS 3.5-13 with its Alternate II enables the FAA to require delivery of limited rights data rather than allow the contractor to withhold the data. To obtain 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 to be withheld under paragraph (g)(1) of the clause. In addition, 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 Government are set forth in the Limited Rights Notice contained in paragraph (g)(3) of Alternate II. The FAA will not, without permission of the contractor, use limited rights data for purposes of manufacture or disclose the data outside the Government except as set forth in the

Notice. Any disclosure by the Government shall be subject to prohibition against further use and disclosure by the recipient. The following are examples of specific purposes that may be adopted by an agency in its supplement and added to the Limited Rights Notice of paragraph (g)(3) of Alternate II of the clause:

(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 Government's program of which the specific contract is a part.

(D) Emergency repair or overhaul work.

(E) Release to a foreign government, or its instrumentalities, if required to serve the interests of the U.S. Government, for information or evaluation, or for emergency repair or overhaul work by the foreign government.

(ii) The provision at AMS 3.5-14, Representation of Limited Rights Data and Restricted Computer Software, helps the contracting officer to determine whether the clause at AMS 3.5-13 should be used with its Alternate II. This provision requests that an offeror state whether limited rights data are likely to be delivered. Where limited rights data are expected to be delivered, use Alternate II. Where negotiations are based on an unsolicited proposal, the need for Alternate II of the clause at AMS 3.5-13 should be addressed during negotiations or discussions, and if Alternate II was not included initially it may be added by modification, if needed, during contract performance.

(iii) If data that would otherwise qualify as limited rights data is delivered as a computer database, the data shall be treated as limited rights data, rather than restricted computer software, for the purposes of paragraph (g) of the AMS 3.5-13.

(d) Protection of restricted computer software specified for delivery.

(i) Alternate III of the clause at AMS 3.5-13, enables the Government to require delivery of restricted computer software rather than allow the contractor to withhold such restricted computer software. To obtain delivery of restricted computer software the contracting officer shall

(A) Identify and specify the deliverable computer software in the contract; or

(B) Require by written request during contract performance, the delivery of computer software that has been withheld or identified to be withheld under paragraph (g)(1) of the clause.

(ii) In considering whether to use Alternate III, contracting officers should note that, unlike other data, computer software is also an end item in itself. Thus, the contracting officer shall use Alternate III if delivery of restricted computer software is required to meet agency needs.

(iii) Unless otherwise agreed (see paragraph (d)(4) of this subsection), the restricted rights obtained by the Government are set forth in the Restricted Rights Notice contained in paragraph (g)(4) (Alternate III). Such restricted computer software will not be used or reproduced by the Government, or disclosed outside the Government, except that the computer software may be

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

(B) Used or copied for use with a backup computer if any computer for which it was acquired is inoperative;

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

(D) Modified, adapted, or combined with other computer software, provided that the modified, adapted, or combined portions of the derivative software incorporating any of the delivered, restricted computer software shall be subject to the same restricted rights;

(E) Disclosed to and reproduced for use by support service contractors or their subcontractors, in accordance with paragraphs (3)(i) through (iv) of this section; and

(F) Used or copied for use with a replacement computer.

(iv) The restricted rights set forth in paragraph (d)(3) of this subsection 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 paragraph (g)(4) of Alternate III of the clause at AMS 3.5-13. However, the contracting officer may specify different rights in the contract, consistent with the purposes and needs for which the software is to be acquired. For example, the contracting officer should consider 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 databases. Any additions to, or limitations on, the restricted rights set forth in the Restricted Rights Notice of paragraph (g)(4) of Alternate III of the clause at AMS 3.5-13 shall be expressly stated in the contract or in a collateral agreement incorporated in and made part of the contract, and the notice modified accordingly.

(v) The provision at AMS 3.5-14, Representation of Limited Rights Data and Restricted Computer Software, helps the contracting officer determine whether to use the clause at AMS 3.5-13 with its Alternate III. This provision requests that an offeror state whether restricted computer software is likely to be delivered under the contract. In addition, the need for Alternate III should be addressed during negotiations or discussions with an offeror, particularly where negotiations are based on an unsolicited proposal. However, if Alternate III is not used initially, it may be added by modification, if needed, during contract performance.

### (3) Copyrighted works.

#### (a) Data first produced in the performance of a contract.

(i) Generally, the contractor must obtain permission of the contracting officer prior to asserting rights in any copyrighted work containing data first produced in the performance of a contract. However, contractors are normally authorized, without prior approval of the contracting officer, to assert copyright in technical or scientific articles based on or containing such data that is published in academic, technical or professional journals, symposia proceedings and similar works.

(ii) The contractor must make a written request for permission to assert its copyright in works containing data first produced under the contract. In its request, the contractor 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 the permission is requested. Generally, a contracting officer should grant the contractor's request when copyright protection will enhance the appropriate dissemination or use of the data unless the

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

(B) Data are intended primarily for internal use by the Government;

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

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

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

(iii) Alternate IV of the clause at AMS 3.5-13 provides a substitute paragraph (c)(1) granting permission for contractors to assert copyright in any data first produced in the performance of the contract without the need for any further requests. Except for contracts for management or operation of Government facilities and contracts and subcontracts in support of programs being conducted at those facilities or where international agreements require otherwise, Alternate IV shall be used in all contracts for basic or applied research to be performed solely by colleges and universities. Alternate IV shall 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 solicitations) by or on behalf of the Government. In addition, Alternate IV may be used in other contracts if an agency determines that it is not necessary for a contractor to request further permission to assert copyright in data first produced in performance of the contract. The contracting officer may exclude any data, or items or categories of data, from the provisions of Alternate IV by expressly so providing in the contract or by adding a paragraph (d)(4) to the clause, consistent with T3.5.A.4.d.(4)(b).

(iv) Pursuant to paragraph (c)(1) of the clause at AMS 3.5-13, the contractor grants the Government 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 data (other than computer software) first produced in the performance of a contract. For computer software, the scope of the Government's license includes all of the above rights except the right to distribute to the public. The FAA may also obtain a license of different scope if the contracting officer determines, after consulting with legal counsel, such a license will substantially enhance the dissemination of any data first produced under the contract or if such a license is required to comply with international agreements. If the FAA obtains a different license, the contractor shall clearly state the scope of that license in a conspicuous place on the medium on which the data is recorded. For example, if the data is delivered as a report, the terms of the license shall be stated on the cover, or first page, of the report.

(v) The clause requires the contractor to affix the applicable copyright notices of 17 U.S.C. 401 or 402, and acknowledgment of Government sponsorship, (including the contract number) to data when it asserts copyright in data. Failure to do so could result in such data being treated as unlimited rights data (see T3.5.A.4.d(1)).

(b) Data not first produced in the performance of a contract.

(i) Contractors shall not deliver any data that is not first produced under the contract without either

(A) Acquiring for or granting to the Government a copyright license for the data; or

(B) Obtaining permission from the contracting officer to do otherwise.

(ii) The copyright license the Government acquires for such data will normally be of the same scope as discussed in paragraph (a)(4) of this subsection, and is set forth in paragraph (c)(2) of the clause at AMS 3.5-13. However, agencies may obtain a license of different scope if the agency determines, after consultation with its legal counsel, 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. If the contractor delivers computer software not first produced under the contract, the contractor shall grant the Government the license set forth in paragraph (g)(4) of Alternate III if included in the clause at AMS 3.4-13, or a license agreed to in a collateral agreement made part of the contract.

(4) Contractor's release, publication, and use of data.

(a) In contracts for basic or applied research with universities or colleges, the FAA will not place any restrictions on the conduct of or reporting on the results of unclassified basic or applied research, except as provided in applicable U.S. Statutes. However, the FAA may restrict the release or disclosure of computer software that is or is intended to be developed to the point of practical application (including for agency distribution under established programs). This is not considered a restriction on the reporting of the results of basic or applied research. The FAA may also preclude a contractor from asserting copyright in any computer software for purposes of established agency distribution programs, or where required to accomplish the purpose for which the software is acquired.

(b) Except for the results of basic or applied research under contracts with universities or colleges, the FAA may place limitations or restrictions on the contractor's exercise of its rights in data first produced in the performance of the contract, including a requirement to assign copyright to the Government or another party. Any of these restrictions shall be expressly included in the contract.

(5) Unauthorized, omitted, or incorrect markings.

(a) Unauthorized marking of data.

(i) The FAA has, in accordance with paragraph (e) of the clause at AMS 3.5-13, the right to either return data containing unauthorized markings or to cancel or ignore the markings.

(ii) The FAA will not cancel or ignore markings without making written inquiry of the contractor and affording the contractor at least 60 days to provide a written justification substantiating the propriety of the markings.

(A) If the contractor fails to respond or fails to provide a written justification substantiating the propriety of the markings within the time afforded, the FAA may cancel or ignore the markings.

(B) If the contractor provides a written justification substantiating the propriety of the markings, the contracting officer shall consider the justification.

(C) If the contracting officer determines that the markings are authorized, the contractor will be so notified in writing.

(D) If the contracting officer determines, with concurrence of the Chief of the Contracting Office [COCO], that the markings are not authorized, the Contracting Officer shall provide a written determination to the Contractor. If the Contractor disagrees with the Contracting Officer determination, the Contractor may seek adjudication of that determination under AMS 3.9.1-1 "Contract Dispute." The decision of the Office of Dispute Resolution for Acquisition [ODRA] shall be final regarding the appropriateness of the markings unless the Contractor files an appeal pursuant to 49 U.S.C. 46110 in a court of competent jurisdiction within 90 days of receipt of the ODRA decision. This is the Contractor's sole remedy to an adverse decision of the ODRA. The markings will not be cancelled or ignored until final resolution of the matter, either by the contracting officer's determination, a decision pursuant to 14 CFR Parts 14 and 17, or by final disposition of the matter by court pursuant to 49 U.S.C. 46110.

(iii) 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.

(b) Omitted or incorrect notices.

(i) Data delivered under a contract containing the clause 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 Government assumes no liability for the disclosure, use, or

reproduction of the 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. The contracting officer may permit adding appropriate notices if the contractor

- (A) Identifies the data for which a notice is to be added;
- (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.

(ii) 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.

(6) 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 the clause at AMS 3.5-13 with its Alternate V, which adds paragraph (j) to provide that right. The FAA may also adopt Alternate V for general use. The data subject to inspection may be data withheld or withholdable under paragraph (g)(1) of the clause. 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) of the Alternate. 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.

e. Other data rights provisions.

(1) Special works.

(a) The clause at AMS 3.5-16, Rights in Data - Special Works, is for use 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 Government's own use, or when there is a specific need to limit distribution and use of the data or to obtain indemnity for liabilities that may arise out of the content, performance, or disclosure of the data. Examples are contracts for

(i) 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;

(ii) Histories of the respective agencies, departments, services, or units thereof;

(iii) Surveys of Government establishments;

(iv) Works pertaining to the instruction or guidance of Government officers and employees in the discharge of their official duties;

(v) The compilation of reports, books, studies, surveys, or similar documents that do not involve research, development, or experimental work;

(vi) 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;

(vii) Investigatory reports;

(viii) 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; or

(ix) The development of computer software programs, where the program

(A) May give a commercial advantage; or

(B) Is agency mission sensitive, and release could prejudice agency mission, programs, or follow-on acquisitions.

(b) 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.

(c) Paragraph (c)(1)(ii) of the clause, 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.

(d) 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.

(e) When the audiovisual or other special works are produced to accomplish a public purpose other than acquisition for the Government's own use (such as for production and distribution to the public of the works by other than a Federal agency) agencies are authorized to modify the clause for use in contracts, with rights in data provisions that meet agency mission needs yet protect free speech and freedom of expression, as well as the artistic license of the creator of the work.

(2) Existing works. The clause at AMS 3.5-17, Rights in Data - Existing Works, is for use in contracts exclusively for the acquisition (without modification) of existing works such as, motion pictures, television recordings, and other audiovisual works; sound recordings; 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. However, if the contract requires that works of the type indicated in this paragraph are to be modified through editing, translation, or addition of subject matter, etc. (rather than purchased in existing form), then see T3.5.A.4.e.(1).

(3) Commercial computer software.

(a) When contracting other than from GSA's Multiple Award Schedule contracts for the acquisition of commercial computer software, no specific contract clause prescribed in this subpart need be used, but the contract shall specifically address the Government's rights to use, disclose, modify, distribute, and reproduce the software. Commercial computer software or commercial computer software documentation shall be acquired under licenses customarily provided to the public to the extent the license is consistent with Federal law and otherwise satisfies the needs of the FAA. The clause at AMS 3.5-18, Commercial Computer Software License, may be used when there is any confusion as to whether the Government's needs are satisfied or whether a customary commercial license is consistent with Federal law. Additional or

lesser rights may be negotiated using the guidance concerning restricted rights as set forth in T3.5.A.4.d(2)(d), or the clause at AMS 3.5-18, Commercial Computer Software License. If greater rights than the minimum rights identified in the clause at AMS 3.5-18 are needed, or lesser rights are to be acquired, they shall be negotiated and set forth in the contract. This includes any additions to, or limitations on, the rights set forth in paragraph (b) of the clause at AMS 3.5-18 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 shall also so state. In addition, the contract shall adequately describe the computer programs and/or databases, the media on which it is recorded, and all the necessary documentation.

(b) If the contract incorporates, makes reference to, or uses a vendor's standard commercial lease, license, or purchase agreement, the contracting officer shall ensure that the agreement is consistent with paragraph (a)(1) of this subsection. The contracting officer should exercise caution in accepting a vendor's terms and conditions, since they may be directed to commercial sales and may not be appropriate for Government contracts. Any inconsistencies in a vendor's standard commercial agreement shall be addressed in the contract and the contract terms shall take precedence over the vendor's standard commercial agreement. If the clause at AMS 3.5-18 is used, inconsistencies in the vendor's standard commercial agreement regarding the Government's right to use, reproduce or disclose the computer software are reconciled by that clause.

(c) If a prime contractor under a contract containing the clause at AMS 3.5-13, Rights in Data - General, with paragraph (g)(4) (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 Government, the contracting officer may approve any additions to, or limitations on the restricted rights in the Restricted Rights Notice of paragraph (g)(4) in a collateral agreement incorporated in and made part of the contract.

(4) Other existing data.

(a) Except for existing works pursuant to T3.5.A.4.e(2) or commercial computer software pursuant to T3.5.A.e(3), no clause contained in this subpart is required to be included in

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

(ii) Other contracts that require only existing data (other than limited rights data) to be delivered and the data are available without disclosure prohibitions, unless reproduction rights to the data are to be obtained.

(b) If the reproduction rights to the data are to be obtained in any contract of the type described in paragraph (b)(1) (i) or (ii) of this section, the rights shall 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.

f. Acquisition of data.

(1) General

(a) It is the FAA's practice to determine, to the extent feasible, its data requirements in time for inclusion in SIR's. 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.

(b) The contracting officer shall specify in the contract 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. Further, and to the extent feasible, in major system acquisitions, the contracting officer shall set out data requirements as separate contract line items. In establishing the contract data requirements and in specifying data items to be delivered by a contractor, agencies may, consistent with paragraph (a) of this subsection, develop their own contract schedule provisions. Agency procedures may, among other things, provide 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.

(c) Data delivery requirements should normally not require that a contractor provide the Government, 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 instead of the qualifying data, or the qualifying data may be furnished with limited rights or restricted rights if needed (see T3.5.A.4.d.(1)(c) and (d)). If greater rights are needed, they should be clearly set forth in the solicitation and the contractor fairly compensated for the greater rights.

(2) Additional data requirements.

(a) In some contracting situations, such as experimental, developmental, research, or demonstration contracts, it may not be feasible to ascertain all the data requirements at contract award. The clause at AMS 3.5-15, 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 these contracts as the actual requirements become known. The clause shall normally be used in solicitations 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 when the contract amount will be \$500,000 or less) unless all the requirements for data are believed to be known at the time of contracting and specified in the contract. If the contract is for basic or applied research to be performed by a university or college, and the contracting officer believes the contract effort will in the future exceed \$500,000, even though the initial award does not, the contracting officer may include the clause in the initial award.

(b) Data may be ordered under the clause at AMS 3.5-15 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 contracting officer may relieve the contractor of the retention requirements for specified data items 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 clause if the data is not necessary to meet the FAA's requirements for data. Also, the contracting officer may alter the clause by deleting the term "or specifically used" in paragraph (a) of the clause if delivery of the data is not necessary to meet the FAA's requirements for data. Any data ordered under this clause will be subject to the clause at AMS 3.5-13, Rights in Data - General, (or other equivalent clause setting forth the respective rights of the Government and the contractor) in the contract. Data authorized to be withheld under such clause will not be required to be delivered under the clause at AMS 3.5-15, except as provided in Alternate II or Alternate III, if included (see T3.5.A.4.d.1(c) and (d)).

(c) Absent an established program for dissemination of computer software, the FAA should not order additional computer software under the clause at AMS 3.5-15, for the sole purpose of disseminating or marketing the software to the public. In ordering software for internal purposes, the contracting officer shall consider, consistent with the Government's needs, not ordering particular source codes, algorithms, processes, formulas, or flow charts of the software if the contractor shows that this aids its efforts to disseminate or market the software.

### (3) Major system acquisition.

(a) The clause at AMS 3.5-20, Technical Data Declaration, Revision, and Withholding of Payment - Major Systems, should be used when the FAA is acquiring a major system, as may be designated by the Administrator. When using the clause at AMS 3.5-20, the section of the contract specifying data delivery requirements (see T3.5.A.4.f.(1)(b)) shall expressly identify those line items of technical data to which the clause applies. Upon delivery of the technical data, the contracting officer shall review the technical data and the contractor's declaration relating to it to assure that the data are complete, accurate, and comply with contract requirements. If the data are not complete, accurate, or compliant, the contracting officer should request the

contractor to correct the deficiencies, and may withhold payment. Final payment shall 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.

(b) In a contract for, or in support of, a major system awarded by the FAA, the following applies:

(i) The contracting officer shall require the delivery of any technical data relating to the major system or supplies for the major system, that are to be developed exclusively with Federal funds if the delivery of the 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 at AMS 3.5-22, Major System - Minimum Rights, is used in addition to the clause at AMS 3.5-13, Rights in Data - General, and other required clauses, to ensure that the Government acquires at least those minimum rights appropriate for a major system in technical data developed with Federal funds.

(ii) Technical data, relating to a major system or supplies for a major system, procured or to be procured by the Government 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 Government as an element of performance under the contract), shall not be required to be provided to the Government from persons who have developed such products or processes as a condition for the procurement of such products or processes by the Government.

g. Rights to technical data in successful proposals.

The clause at AMS 3.5-23, Rights to Proposal Data (Technical), allows the Government to acquire unlimited rights to technical data in successful proposals. Pursuant to the clause, the prospective contractor is afforded the opportunity to specifically identify pages containing technical data to be excluded from the grant of unlimited rights. This 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 remain subject to the AMS policies relating to proposal information (e.g., will be used for evaluation purposes only). If there is a need to have access to any of the excluded technical data during contract performance, consideration should be given to acquiring the data with limited rights, if they so qualify, in accordance with T3.5.A.4.d.(2)(c).

h. Cosponsored research and development activities.

(1) In contracts involving cosponsored research and development that require the contractor to make substantial contributions of funds or resources (e.g., 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 the contract. The Contracting Officer should make such decisions in consultation with legal counsel. Lesser rights shall, at a minimum, assure use of the data for agreed-to Governmental purposes (including procurement rights as appropriate), and address any disclosure limitations or restrictions to be imposed on the data. Also, consideration may be given to requiring the contractor to directly license others 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 and the policy set forth in T3.5.A.4.b. As a guide, a 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., Government, 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. A 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 under this subpart, with the contract specifically identifying which clause is to apply to which tasks or work elements. Further, this type of 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 that will be available, in any event, to the public for their direct use.

(2) Where the contractor's contributions are readily segregable (by performance requirements and the funding for the contract) and so identified in the contract, any resulting data may be treated under this clause as limited rights data or restricted computer software in accordance with T3.5.A.4.d.(2)(c) or (d), as applicable; or if this treatment is inconsistent with the purpose of the contract, rights to the data may, if so negotiated and stated in the contract, be treated in a manner consistent with paragraph (a) of this section.

## **5 Foreign License and Technical Assistance Agreements Revised 1/2009**

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).

## **B Clauses**

[view contract clauses](#)

## **C Forms Revised 1/2009**

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