



TECHNICAL DATA FOR SUBCONTRACTORS & RESEARCHERS

30 May 2024

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This presentation is for informational purposes only and not for the purpose of providing legal advice. You should contact your attorney to obtain advice with respect to any particular issue or problem.

INTELLECTUAL PROPERTY: BASIC FOUNDATION

What is Intellectual Property

- Intellectual Property (IP):
 - A product of the intellect that has commercial value, including, but not limited to, trade secrets, patented, trademarked or copyrighted work.

Patents

- Authorized by the Constitution and implemented through statute.
- Grants a 20 year monopoly (in the U.S.).
- Don't have to make efforts to keep information secret.
- But, by filing a public patent application (after the 20 year period), anyone else can reproduce.



Patents – Subject Inventions

- Subject inventions are those “Made Under” a government contract, which includes those:
 - Conceived *or* Reduced to Practice,
 - During the Life of a Government Contract,
 - With “Close & Umbilical” Relationship to the Contract Work.

Patents in a Government Contract

- In the context of Government contracts:
 - FAR principles include allowing contractor to take title to “subject inventions,” but
 - The Government will be allocated a royalty-free, paid up, non-exclusive, non-transferable license to practice the invention or to have it practiced on the government’s behalf.
 - Complicated rigid disclosure requirement.
 - Rules differ by agency.
 - Must be timely!

Copyrights

- Applies to original works of authorship.
- Constitutional basis; statutory enforcement.
- Copyright exists upon creation.
- Exclusive right to reproduce, prepare derivative works, distribute copies, perform or display the work.
- Consider works for hire (for subs/consultants needs to be in contract).



Trade Secrets

- Information (includes formulas, patterns, compilations, programs, methods, techniques, processes, or business data).
- Statutory in most states (including criminal enforcement) but also found in Common Law.
- Derives value from not being generally known.
- Efforts must be made to keep the information secret.
- Example: Coke formula.



Subcontractors

Subcontract Terms and Conditions:

- Agreement between the prime contractor or higher-tier subcontractor controls the dealings.
- Based on subordinate position in the hierarchy, Subcontractor may behave as though it has fewer rights.
- Review any subcontract language surrounding Intellectual Property (IP) carefully.
- Prime contractors and higher tier-subcontractors are supposed to flowdown protective language to the developer/creator.
- FAR and DFARS have specific language to protect subcontractors' tech data rights and rights in software.

Subcontract Flowdown Terms:

- FAR §52.227-11: Patent Rights – Ownership by the Contractor

(k) *Subcontracts.*

(1) The Contractor shall include the substance of this clause, including this paragraph (k), in all subcontracts for experimental, developmental, or research work to be performed by a small business concern or nonprofit organization.

(2) The Contractor shall include in all other subcontracts for experimental, developmental, or research work the substance of the patent rights clause required by FAR subpart 27.3.

(3) At all tiers, the patent rights clause must be modified to identify the parties as follows: references to the Government are not changed, and the subcontractor has all rights and obligations of the Contractor in the clause. The Contractor shall not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions.

(4) In subcontracts, at any tier, the agency, the subcontractor, and the Contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and the agency with respect to the matters covered by the clause; provided, however, that nothing in this paragraph is intended to confer any jurisdiction under the Contract Disputes statute in connection with proceedings under paragraph (h) of this clause.

Subcontract Flowdown Terms:

- FAR §52.227-14: Rights in Data – General
- FAR §52.227-20: Rights in Data – SBIR Program
- (h) *Subcontracting*. The Contractor shall obtain from its subcontractors all data and rights therein necessary to fulfill the Contractor's obligations to the Government under this contract. If a subcontractor refuses to accept terms affording the Government those rights, the Contractor shall promptly notify the Contracting Officer of the refusal and shall not proceed with the subcontract award without authorization in writing from the Contracting Officer.

Subcontract DFARS Flowdown Terms:

- DFARS §252.227-7013: Rights in Technical Data – Other than Commercial Products and Commercial Services

(k) *Applicability to subcontractors or suppliers.*

(1) The Contractor shall ensure that the rights afforded its subcontractors and suppliers under 10 U.S.C. 3771-3775, 10 U.S.C. 3781-3786, and the identification, assertion, and delivery processes of paragraph (e) of this clause are recognized and protected.

(2) Whenever any technical data for other than commercial products or commercial services, or for commercial products or commercial services developed in any part at Government expense, is to be obtained from a subcontractor or supplier for delivery to the Government under this contract, the **Contractor shall use this same clause in the subcontract or other contractual instrument**, including subcontracts or other contractual instruments for commercial products or commercial services, and require its subcontractors or suppliers to do so, without alteration, except to identify the parties. This clause will govern the technical data pertaining to other than commercial products or commercial services or to any portion of a commercial product or commercial service that was developed in any part at Government expense, and the clause at 252.227-7015 will govern the technical data pertaining to any portion of a commercial product or commercial service that was developed exclusively at private expense. **No other clause shall be used to enlarge or diminish the Government's, the Contractor's, or a higher-tier subcontractor's or supplier's rights in a subcontractor's or supplier's technical data.**

(3) Technical data required to be delivered by a subcontractor or supplier shall normally be delivered to the next higher-tier contractor, subcontractor, or supplier. However, when there is a requirement in the prime contract for data which may be submitted with other than unlimited rights by a subcontractor or supplier, then said subcontractor or supplier may fulfill its requirement by submitting such data directly to the Government, rather than through a higher-tier contractor, subcontractor, or supplier.

(4) The Contractor and higher-tier subcontractors or suppliers **shall not use their power to award contracts as economic leverage to obtain rights** in technical data from their subcontractors or suppliers.

(5) In no event shall the Contractor use its obligation to recognize and protect subcontractor or supplier rights in technical data as an excuse for failing to satisfy its contractual obligation to the Government.

- DFARS §252.227-7018: Rights in Other Than Commercial Technical Data and Computer Software – SBIR
Essentially the same for noncommercial tech data and software

Subcontract DFARS Flowdown Terms:

- DFARS §252.227-7014: Rights in Other Than Commercial Software and Other Than Commercial Software Documentation

(k) *Applicability to subcontractors or suppliers.*

(1) Whenever any other than commercial computer software or computer software documentation is to be obtained from a subcontractor or supplier for delivery to the Government under this contract, the **Contractor shall use this same clause in its subcontracts or other contractual instruments**, and require its subcontractors or suppliers to do so, without alteration, except to identify the parties. **No other clause shall be used to enlarge or diminish** the Government's, the Contractor's, or a higher tier subcontractor's or supplier's rights in a subcontractor's or supplier's computer software or computer software documentation.

(2) The Contractor and higher tier subcontractors or suppliers **shall not use their power to award contracts as economic leverage** to obtain rights in computer software or computer software documentation from their subcontractors or suppliers.

(3) The Contractor shall ensure that subcontractor or supplier rights are recognized and protected in the identification, assertion, and delivery processes required by paragraph (e) of this clause.

(4) In no event shall the Contractor use its obligation to recognize and protect subcontractor or supplier rights in computer software or computer software documentation as an excuse for failing to satisfy its contractual obligation to the Government.

Subcontract DFARS Flowdown Terms:

- DFARS §252.227-7015: Technical Data - Commercial Products and Commercial Services

(e) *Applicability to subcontractors or suppliers.*

(1) The Contractor shall recognize and protect the rights afforded its subcontractors and suppliers under 10 U.S.C. 3771-3775 and 10 U.S.C. 3781-3786.

(2) Whenever any technical data related to commercial products or commercial services developed in any part at private expense will be obtained from a subcontractor or supplier for delivery to the Government under this contract, **the Contractor shall use this same clause in the subcontract or other contractual instrument**, including subcontracts and other contractual instruments for commercial products or commercial services, and require its subcontractors or suppliers to do so, without alteration, except to identify the parties. This clause will govern the technical data pertaining to any portion of a commercial product or commercial service that was developed exclusively at private expense, and the clause at 252.227-7013 will govern the technical data pertaining to any portion of a commercial product or commercial service that was developed in any part at Government expense.

Polling Question #1:

True or False:

The Prime Contractor is entitled to take ownership of the Subcontractor's technical data or software, only if it is funded with federal funds.

Types of Government Data Rights under the FAR and DFARS

Technical Data Definitions:

- FAR §27.401: “Data” means recorded information, regardless of form or the media on which it may be recorded. The term includes ***technical data and computer software***.
- DFARS §252.227-7013 (Non-commercial items)(a)(14) : “Technical data” means recorded information, regardless of the form or method of the recording, **of a scientific or technical nature (including computer software documentation)**.

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'Level' of rights in technical data

- The level of Government/Contractor rights established in technical data related to or generated by a contract establishes the degree of protection afforded Contractors:
 - from competitors for future Government contracts for the same items/services and
 - from competitors to prevent them from commercializing the technical data for their own benefit.

Government should “take” the minimum

- **FAR §27.402** – Government agencies are to strike a balance between Government’s need to have rights in technical data and the Contractor’s legitimate proprietary interest in data resulting from private investment.
- **DFARS §227.7103-1** – It is DoD’s policy to acquire only the rights (in noncommercial items/processes) necessary to satisfy agency needs.
- **DFARS §227.7103-2** – tasks DoD personnel to identify “the Government’s minimum needs for technical data” in preparing a solicitation.

Data Rights Under the FAR

- Under the FAR Subpart 27.4, the **Government** may have the following data rights:
 - Unlimited Rights
 - Limited Rights
 - Restricted Rights
- Focus on the Source of Funding -- \$\$\$\$\$.
 - Developed exclusively at *Government expense* = Unlimited Rights.
 - Developed exclusively at *Private expense* = Limited Rights.
 - *Mixed* funding = Negotiable

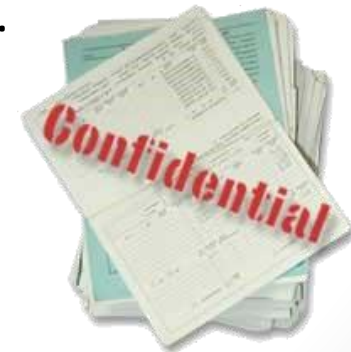
Unlimited Rights (FAR §52.227-14)

- Distribute Copies to the Public, Perform Publicly and Display Publicly.
- Right to Use, Disclose, Reproduce, Prepare Derivative Works, “in any manner and for any purpose...”
- May extend these rights to third-parties.
- *Usually applicable* when the Government has funded or will fund development of the item, component or process.
- Also applicable if technical data is provided to the Government without proper reservation of rights.



Limited Rights (FAR §52.227-15)

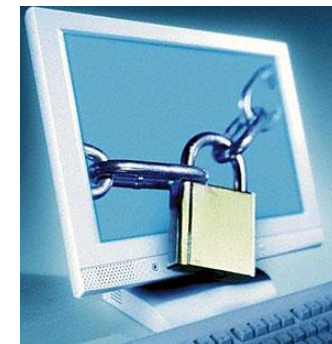
- Limited Rights Data applies to Trade Secrets or Confidential and Privileged Financial Information to the extent that such data pertains to Items, Components, or Processes *developed at Private Expense* (even if the delivered item includes minor modifications).
- Excludes computer software.
- Government will not, without written permission of the contractor, reproduce or use data for purposes of manufacture or disclosure outside the Government, except for specific purposes set out in the Notice (e.g. emergency repair, use by support service contractors).



Restricted Rights

(FAR §52.227-14(g) & §52.227-19)

- Restricted Rights applies to computer software, including programs, database, documentation.
- Developed at private expense, and is trade secret, commercial or financial and confidential or privileged; or
- Is published copyrighted computer software.
- Government may not use, reproduce or disclose restricted computer software *unless*:
 - Used/copied in the computer for which it was acquired (wherever it is) or a replacement computer;
 - Used/copied for use in/with a backup computer;
 - Reproduced for archival or backup;
 - Modified or combined with other computer software provided the portion combined is subject to the same restrictions; and
 - Disclosed to or used by support service contractors, subject to the same restrictions.



Data Rights Under the DFARS

- Under the DFARS, the Government may have the following data rights:
 - Unlimited Rights
 - Government Purpose Rights
 - Limited Rights
 - Specifically Negotiated License Rights
- DFARS §252.227-7013, Rights in Data-Noncommercial Items
- DFARS 252.227-7014, Rights in Noncommercial Computer Software

DFARS Unlimited Rights (DFARS 227.7103-5(a))

- The Government has Unlimited Rights in the following technical data:
 - Pertaining to items, components, or processes developed exclusively with Government funds;
 - Contractually required studies, analyses, or test data;
 - Created exclusively with Government funds in the performance of a contract where such production was not a contract requirement;
 - Form, fit, and function data;
 - Installation, operation, and maintenance data; and
 - Corrections or changes to Government provided technical data.

DFARS Unlimited Rights (cont.)

- Data publicly available or released without restrictions on further use.
- Data to which Government has obtained unlimited rights through other contracts or negotiations, *e.g.*:
 - Expiration of Government purpose license rights, limited rights and restrictive conditions;
 - Expiration of the contractor's exclusive right to use.
 - For example SBIR rights.

DFARS Govt. Purpose Rights (DFARS §227.7103-5(b))

- The Government obtains Government Purpose Rights in technical data pertaining to items, components, or processes:
 - Developed with mixed funding; or
 - Created with mixed funding under a contract that does not require such development.
- Period of Government Purpose Rights is Negotiable – DFARS provides for nominal 5 years.
- Government gets unlimited rights upon expiration of the period.
- Government may not use or authorize others to use technical data subject to Government Purpose Rights for commercial purposes.
- Government may not disclose to others unless the recipient also is subject to a use and non-disclosure agreement.

DFARS Limited Rights (DFARS §227.7103-5(c))

- For Noncommercial Items or Processes:
- The Government has limited rights in technical data that pertains to items, components and processes:
 - Developed “exclusively at private expense”; or
 - Created “exclusively at private expense” under a contract that does not require development of the technical data.
- Government cannot use or disclose limited rights data without contractor approval except for:
 - Emergency repair or overhaul;
 - When use is in the interest of the U.S. and is required for evaluation or informational purposes.
- Government must provide notice of its intent to release or authorizing others to use the technical data.



Specifically Negotiated License Rights (DFARS §227.7103-5(d))

- Government may negotiate to obtain, relinquish or increase its rights in technical data beyond those of unlimited, limited or government purpose rights in technical data.
- Any other negotiated rights should be identified in a license agreement made part of the contract.



Rights in Commercial Products/Services

- DFARS §227.7102-1 establishes the policy that DOD only acquires technical data customarily provided to the public, *e.g.* form, fit or function data.
- DFARS §227.7102-2 provides the Government with specific license rights in technical data for commercial items/processes similar to Limited Rights.
 - Government may use, modify, reproduce, release, perform, display, or disclose data only with the Government.
 - Data may not be used to manufacture additional quantities, and except for emergency repair or overhaul, release to a third-party requires written permission from contractor.
 - Additional rights must be negotiated if needed and shall be identified in a license agreement made part of the contract.

Tech-Data Presumption for Commercial Products / Commercial Services

- Contracting Officers shall not challenge a contractor's assertion that a commercial item, component, or process was developed exclusively at private expense unless the Government can demonstrate that it contributed to development of the item, component or process. §227.7103-13(c)(1).
- Contracting officers shall presume that commercially available off-the-shelf items (always) and all other commercial items (except those included as part of a major system or subsystem), were developed exclusively at private expense. §227.7103-13(c)(2).
- Commercial item contractors or subcontractors are now required to prove, if challenged, that technical data used in a major weapon system, subsystem, or component were developed at private expense, and therefore entitled to special protection for privately developed technology.
- Challenges must be made per DFARS 252.227-7037, Validation of Restrictive Markings on Technical Data.

SBIR/STTR DATA RIGHTS UNDER THE FAR AND DFARS

SBIR/STTR Data

- SBIR/STTR Data. All Data developed or generated in the performance of an SBIR or STTR award, including Technical Data and Computer Software developed or generated in the performance of an SBIR or STTR award.
 - The term does not include information incidental to contract or grant administration, such as financial, administrative, cost or pricing or management information.
 - *SBIR/STTR Policy Directive, Oct. 2020*, dramatically changed this area of technical data rights and restricted rights in software. Check your CONTRACT.

Current SBIR/STTR Policy Manual, May 2023:

https://www.sbir.gov/sites/default/files/SBA%20SBIR_STTR_POLICY_DIRECTIVE_May2023.pdf

SBIR/STTR Rights in Data & Technical Data

- The Government always receives Unlimited Rights in all Form, Fit, and Function Data, OMIT Data, and unmarked SBIR/STTR Data.
- The Government receives Limited Rights in SBIR technical data for the Protection Period.
- Upon expiration of the protection period, receives Government Purpose License Rights. The Government has a royalty-free license to use, and to authorize others to use on its behalf, these Data for Government Purposes, and is relieved of all disclosure prohibitions and assumes no liability for unauthorized use of these Data by third parties.
 - The Government may use SBIR/STTR Data for “Government Purposes” – meaning the Government may use, modify, reproduce, perform, display, release, or disclose SBIR technical data, but shall not use, release or disclose the data for procurement, manufacturing, or commercial purposes outside the Government.
 - If the Government shares your IP with other contractors, you have the right to negotiate an NDA in advance.

SBIR/STTR Computer Software Rights

- The Government receives Restricted Rights in SBIR/STTR software for the Protection Period.
- Upon expiration of the protection period, receives Government Purpose License Rights. The Government has a royalty-free license to use, and to authorize others to use on its behalf, these Data for Government Purposes, and is relieved of all disclosure prohibitions and assumes no liability for unauthorized use of these Data by third parties.
- - The Government may use SBIR/STTR Data for “Government Purposes” – meaning the Government may use, modify, reproduce, perform, display, release, or disclose SBIR technical data, but shall not use, release or disclose the data for procurement, manufacturing, or commercial purposes outside the Government.
 - The Government shall not release, disclose, or permit access to SBIR/STTR Data that is Computer Software for commercial, manufacturing, or procurement purposes without the written permission of the Awardee
 - You have the right to negotiate an NDA in advance.

SBIR/STTR Protection Period

- SBIR/STTR Protection Period.
 - During the Protection Period, the Government is obligated to protect your technical data (IP) from disclosure and unauthorized use.
 - For SBIR/STTR contracts issued after May 2, 2019, the Protection Period is 20 years from the day the contract was issued.
 - This provision is not yet integrated into the FAR.
 - DoD is using a Class Deviation to use meet this requirement.
 - NASA applies a Consideration to its Program Solicitation.
 - Other Agencies vary.
 - Or you can negotiate a different period of time.
 - If your contract was issued before May 2, 2019 – which can easily happen if you have purchased someone else’s old SBIR contract to get started – then the protection period is:
 - 4 years for Civilian Agencies
 - 5 years for Department of Defense
 - May be extended based upon use.

Reporting your SBIR Subject Inventions

- If your SBIR/STTR contract work results in a subject invention, not just a patent, you must give notice to the Government. This preserves the contractor's right to *own* the invention and license some rights to the Government.
- Your contract will provide directions: see FAR 52.227-11
 - Dept. of Defense: DD-882 Report of Inventions and Subcontracts
 - NASA – New Technology Report must be filed at sbir.nasa.gov
 - Some Agencies use iEdison
- If you don't report the subject invention, the rights reverse: the Government gets ownership and you get use rights.

BAYH-DOLE Act

Technology Transfer

- Movement of information, materials, and/or technologies from the research laboratory into the commercial sector and ultimately to the stream of commerce
- Supports further research and develops new products to improve life in the U.S.
 - GPS
 - Vaccines
 - Medicines / Medical research

Domestic preference for future manufacturing to occur in the U.S.

Bayh-Dole Act of 1980

Adopted in 1980, Codified in 35 U.S.C. § 200-212. Implemented by 37 C.F.R. 401[2]

Prior to the Act, the government received title to these inventions

- *Many patents accumulated*
- *Very few were licensed*
- *Federal research funding was not being fully realized to improve U.S.*

Established a patent policy among federal funding agencies to allow for recipient organizations to **retain title** to inventions made using federal funds

Juxtaposition – use the patent system to promote the commercial use of inventions that were developed using USG funds

- Specifically supported small businesses

Bayh-Dole Act of 1980 - Contractor

As a result – the Contractor/Subcontractor can timely elect:

- To retain title to inventions
- To commercialize and receive royalties from the invention

In exchange, the Contractor/Subcontractor is required to:

- File for patent protection (except for research tools)
- Seek commercial development of the technology
- Meet certain obligations establishing the government's rights
- Fulfill reporting requirements
- Use reasonable efforts to attract licenses from small businesses
- Require U.S. manufacture of products and services if invention/patent exclusively licensed
- If a non-profit, must share profits with inventor & use other net royalties to support science or education

Bayh-Dole Act of 1980 - USG

As a result – the USG Is Granted:

- A nonexclusive, nontransferable, irrevocable, paid-up license to practice resulting patents throughout the world
- The right to obtain title to IP to pursue, continue patent protection, or dedicate to the public, if the Contractor decides not to (or does not timely report)
- March-in Rights: the ability to require the granting of a license if necessary because
 - Effective steps to achieve practical application have not been taken
 - To alleviate health or safety needs not being satisfied
 - To meet requirements for public use not being satisfied
 - Preference for U.S. Industry not given

NOTE: Government agrees to protect confidentiality of compliance submitted

Bayh-Dole Act of 1980 - Regulations

37 CFR Part 401 - PART 401—Rights to inventions made by nonprofit organizations and small business firms under government grants, contracts, and cooperative agreements

- Department of Commerce / National Institute of Standards and Technology (NIST)
- Section 401.14 Standard Patent Rights Clauses:
<https://www.law.cornell.edu/cfr/text/37/401.14>

Definitions:

(a)(2) *Subject invention* means any invention of the contractor conceived or first actually reduced to practice in the performance of work under this *contract*, provided that in the case of a variety of plant, the date of determination (as 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.

(a)(7) ***Statutory period*** means the one-year period before the effective filing date of a claimed invention in a patent application during which exceptions to prior art exist per 35 U.S.C. 102(b) as amended by the Leahy-Smith America Invents Act, Public Law 112-29.

Polling Question #2

Is the following a subject invention:

An invention is conceived and developed at company expense, but USG funding is provided to demonstrate the invention in its first actual reduction to practice

Subject Invention: Yes or No?

Polling Question #3

Is the following a subject invention:

An invention is conceived under a government contract, but all development and reduction to practice occurs at the company's expense

Subject Invention: Yes or No?

Bayh-Dole Act of 1980 - Regulations

37 CFR Part 401 - PART 401—Rights to inventions made by nonprofit organizations and small business firms under government grants, contracts, and cooperative agreements

- Department of Commerce / National Institute of Standards and Technology (NIST)
- Section 401.14 Standard Patent Rights Clauses:
<https://www.law.cornell.edu/cfr/text/37/401.14>

(b) Allocation of Principal Rights

The *Contractor* may retain the entire right, title, and interest throughout the world to each subject invention subject to the provisions of this clause and 35 U.S.C. 203. With respect to any subject invention in which the *Contractor* retains title, the Federal government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.

Bayh-Dole Act of 1980 - Regulations

(d) Conditions When the Government May Obtain Title

(1) A *Federal agency* may require the *contractor* to convey title to the *Federal agency* of any subject invention—

- (i) If the contractor **fails to disclose or elect title to the subject invention within the times specified** in paragraph (c) of this clause, or elects not to retain title.
- (ii) In those countries in which the contractor fails to file patent applications within the times specified in paragraph (c) of this clause; provided, however, that if the contractor has filed a patent application in a country after the times specified in paragraph (c) of this clause, but prior to its receipt of the written request of the Federal agency, the contractor shall continue to retain title in that country.
- (iii) In any country in which the contractor decides not to continue the prosecution of any nonprovisional patent application for, to pay a maintenance, annuity or renewal fee on, or to defend in a reexamination or opposition proceeding on, a patent on a subject invention.

(2) A Federal agency, at its discretion, may waive the requirement for the *contractor* to convey title to any subject invention.

Bayh-Dole Act of 1980 - Regulations

(g) Subcontracts

(1) The contractor will include this clause, suitably modified to identify the parties, in all subcontracts, regardless of tier, for experimental, developmental or research work to be performed by a subcontractor. The **subcontractor will retain all rights provided for the contractor in this clause, and the contractor will not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's subject inventions.**

(2) The contractor will include in all other subcontracts, regardless of tier, for experimental developmental or research work the patent rights clause required by *(cite section of agency implementing regulations or FAR)*.

(3) In the case of subcontracts, at any tier, when the prime award with the Federal agency was a contract (but not a grant or cooperative agreement), the agency, subcontractor, and the contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and the Federal agency with respect to the matters covered by the clause; provided, however, that nothing in this paragraph is intended to confer any jurisdiction under the Contract Disputes Act in connection with proceedings under paragraph (j) of this clause.

Bayh-Dole Act of 1980 - Reporting

iEdison: Inventions and Patents are reported in an electronic data system used by 30+ agencies (not all); www.iedison.gov

- managed by NIH for all federal agencies using iEdison

- Representative at federal funded institution registers on-line with a password.

- Registered representative has access to ALL of their institution's records

UNLESS

- *Granted access by a co-owner of an invention/patents.*

- iEdison Electronic reminders are sent to each institution when a reporting deadline is coming-up.

- Each federal funding agency reviews/accepts/rejects the compliance document for their funding agreements.

37 C.F.R. 401.14(h) also requires reporting of the “utilization” of subject inventions to ensure that tech is pressed into service (and royalties are properly paid).

Bayh-Dole Act of 1980 - Compliance

Within most Institutions of Higher Education and non-profit research organizations, compliance is complex and all roles have to communicate timely and regularly:

- Research happens in multiple colleges/agencies/departments/labs/etc.
- Inventors are employees who may or may not have assigned their rights to their employer
 - University employees have special treatment to share in the royalties for their inventions.
- Grants Office/Sponsored Research/Sponsored Programs Office/Contracts Department keeping an eye on legal compliance, but not programmatic compliance.
- Risk Management, IRB/Human Subject compliance

PROTECTING TECHNICAL DATA RIGHTS UNDER THE FAR AND DFARS

Protect Your IP Rights

- Know what rights you have in your technical data to be used or provided in performing an impending contract or to be developed under it.
- Identify the technical data, justify your rights, negotiate clearly to ensure that the level of rights agreed upon is understood by everyone *AND* document the outcome in the Contract.
- Include a data assertion table similar. Example from DFARS §252.227-7017(d) (Identification and Assertion of Use, Release and Disclosure Restrictions):

Technical Data/Software to be Furnished with Restrictions	Basis for Assertion	Asserted Rights Category	Name of Person Asserting Restrictions

- Contractor must provide the date, printed name and title, and signature to be binding.

Protect Your IP Rights

The best way contractors protect their data rights is to document them!

Recordkeeping

- Review specific data rights contract clause(s) at the proposal stage but no later than *before* performance begins.
- Contractors are responsible for maintaining records to establish who paid for what technical data. If technical data was developed with federal funding, document from what source and when. If technical data was funded by others or developed internally (e.g. background IP).
- For example, use different accounting/cost codes for Government-funded work versus IR&D-funded work.
- Train employees on the importance of proper documentation.

Protect Your IP Rights

Marking/Legending

- Mark/Legend all appropriate drawings, specifications and other technical data as developing, once developed and *always* before sharing with 3rd parties (government, prime contractors, subcontractors) even in drafts.
 - Helps establish your ownership rights and protects you if the information is shared with government sources or others.
 - Especially important when new technology builds on previous developments/background IP, all of which belongs to the you.
- Use of improper markings (“Confidential & Proprietary”) on specs or drawings, at any stage, will not be accepted. The US Government will assume it has Unlimited Rights.
- Only data with FAR/DFARS specific wording will be respected.
- Marking after-the-fact will be inadequate to restore its prior status. Must notify CO, explain and ask for permission to re-legend.

Protect Your IP Rights: Properly Legend/Mark

- ABSOLUTELY MUST properly mark your data *before* you give to the Government.
 - Check your contract
 - Use EXACTLY as written on every page with your data.

sample FAR 52.227-20: SBIR Rights Notice (DEC 2007)

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SBIR Data Rights

Contract No.

Contractor Name

Address

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How Do Subcontractors Protect Their Rights?

- DFARS 227.7103-15 establishes that under Defense contracts, the subcontractor has the same rights as the Prime.
- Ensure any pre-existing data to be used in the performance of a Government project contains any required restrictive legends – from the outset.
- Ensure any resulting Subcontract addresses the level of rights being licensed to the Government from the Subcontractor.
- Confirm that the Government and Prime Contractor have negotiated and noted the level of rights pertaining to the Subcontractor data in the Prime Contract.
- Provide for how the parties will pursue any patentable or copyrightable work developed during the performance of the Contract.

Rights in Software

- Software License Agreements (SLAs) and End-User License Agreements (EULAs) have to meet the federal legal requirements.
 - Government CANNOT agree to certain terms in a standard SLA or EULA
 - For example, no indemnification, no future liability, no holding a government employee responsible in their personal capacity, etc.
 - Common to see a USG Rider to the SLA or EULA carving out the Software Publisher's unacceptable terms and conditions.
- Claims that the Government has violated EULA (e.g. copyright infringement) must be brought under the Tucker Act (28 U.S.C. 1491). Only COFC has jurisdiction over Tucker Act claims/
- Common issue for software companies is that they often use a third-party reseller in between the USG and the software publisher
 - Software Publisher does not have privity with the Government
- In January 2022, the CBCA answered a long-standing question:
 - can a software company going to market through a reseller bring a direct claim under the Contract Disputes Act ("CDA") against the Federal Government for violating a term of the software company's End User License Agreement?
 - Hard "no."
 - Has to be "sponsored" by the reseller, who has privity of contract with the Government

Re-Cap

- Have a big-picture strategy.
- Always know your LEVEL of rights.
 - Make sure your subcontract reflects that level
- Document your rights (in case you need to justify them).
- Make sure all protected data shared, exchanged, or delivered is properly marked (legends)!
- Know when you have subject inventions under Bayh-Dole
- Report in iEdison or per your contract
- Keep good records and be vigilant.

QUESTIONS?

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