

CHAPTER 6 PATENT AND DATA RIGHTS

WHAT ARE THE BASIC PRINCIPLES AND OBJECTIVES OF PATENT AND DATA RIGHTS?

1. Determination of the rights DOE and the contractor have in data first produced under a contract.
2. Prompt reporting of invention disclosure and filing by contractor of patent applications.
3. Cooperation among academia, federal laboratories, and industry is fostered through the Technology Transfer Program.

WHY ARE PATENT AND DATA RIGHTS IMPORTANT?

This chapter informs members of the contract administration team about the roles and responsibilities regarding administration of the intellectual property provisions DOE contracts, particularly DOE management and operating M&O contracts. This chapter is divided into two sections dealing with rights in data and patent rights.

WHAT IS A GENERAL DESCRIPTION OF THE PROCESSES UNDER PATENT AND DATA RIGHTS?

A. Rights In Data.

In the Department, any contract for research, development, demonstration or any other contract that will involve the production of scientific or technical data must include a rights in data clause. Such a clause describes:

- The rights of the Department and the contractor in technical data and computer software first produced under the contract;
- The rights and obligations of the contractor with regard to copyrighting technical data and computer software;
- The conditions under which the contractor may include copyrighted data or proprietary data in deliverables not originating under the contract;

- The contractor's obligations in marking its proprietary data, and
- The contractor's obligation to respect the proprietary markings of the data of others.

Major objectives of the rights in data clauses are to:

- Assure that generally the Government has the unfettered right to use and distribute, without limitation, data first produced under the contract with Government funds;
- Assure that any restrictions, such as allowing the contractor to copyright, are conscious decisions and made only for good cause after deliberation;
- Prevent any potential for the Government's having to pay royalties subsequently for data first produced under the contract;
- Prevent the potential of sole source contract awards based upon data first produced under a Government contract; and
- Prevent the potential for claims, lawsuits against the Government for copyright infringement or misuse of data which may be proprietary to a third party.

The rights in data clauses are developed to allocate rights in the data first produced under the contract. For purposes of this Reference Book the term "contract data" is used interchangeably with the phrase "data first produced under the contract."

Generally, the rights in data clauses assure that the Department acquires an unlimited rights license to use and distribute the data so produced. This license right should include, not just the data delivered by the contractor under the contract, but also the data produced under the contract but not delivered.

It is important to recognize that the rights in data clauses only allocate rights to use and distribute, and describes the rights and responsibilities of the parties in specified circumstances. **The clauses do not require the delivery of specific work products. Deliverables must be specified elsewhere in the contract.**

Data is not limited as to form. For example, it includes:

- Any medium such as handwritten notes, electronically stored materials; and typewritten materials (technical data); and
- Computer software, which is the computer program used to create, manipulate, and store technical data.

The clauses differentiate between technical data and computer software in copyright licenses and in the protection of allegedly proprietary data (that developed at private expense and held in confidence by the originator) used in contract performance.

Rights in data clauses only allocate rights to use and distribute and describe the rights and responsibilities of the parties in specified circumstances. **The clauses do not require the delivery of specific work products. Deliverables must be specified elsewhere in the contract.**

1. How would you explain the Rights in Data Clauses?

Allocation of rights in data: The definitions necessary for the proper administration of the rights in data clauses are contained in paragraph (a) of the clause as used in Department of Energy. The Department of Energy Acquisition Regulation provides for substituting the definitions at 927.409 for those of FAR 52.227-14.

Generally (except in copyright situations), the clause provides that the Government has the unlimited right to use or distribute:

- Data first produced under the contract;
- Form, fit, and function data;
- Instructional, maintenance, or training materials; and
- Any other data delivered under the contract unless qualifying and marked as limited rights or restricted computer software in accordance with the clause. FAR 52.227-14 provides that the contractor has the right to:
 - Use and distribute data first produced under the contract,
 - Mark allegedly proprietary technical data and computer software to prevent disclosure in accordance with the clause,
 - Assure data delivered is properly marked, and
 - Establish claim to copyright in accordance with the clause. Under the clauses prescribed for use in DOE's performance-based management contracts and those that additionally involve technology transfer activities, DOE acquires *ownership* of all contract data.

DOE also acquires, with certain exceptions, unlimited rights in technical data and computer software specifically used in the performance of the contract. In order to ensure that the operation of a facility is not dependent on the incumbent contractor, the incumbent contractor must leave all such data at the facility. Leaving the data at the facility makes this data available to any successor contractor.

2. How do you control the contractor's enforcement of copyright?

Copyright is one of two major ways that can limit the distribution of data. Copyright creates in the originator of the data a right to prevent others from reproducing its work or portions of it without permission and possible payment of a royalty. This right potentially conflicts with the Government's desire to:

- Have no limitations on its ability to copy or distribute the data for any purpose,
- Allow any of its other contractors to use the data for any purpose in the performance of their contracts, and
- Disseminate data first produced under its contracts (this is also a statutory obligation).

FAR 52.227-14 discusses the copyright. It provides that the contractor may without the Contracting Officer's (CO's) approval assert its copyright in contract data contained in academic, technical, or professional journals, symposia proceedings or similar works. The Government retains a royalty free license to copy, disseminate, and make derivative works from the copyrighted data.

By signing a contract, the contractor has agreed not to assert its copyright that exists in the data first produced under the contract in any other situation without approval of the CO. The CO may grant that approval, if at all, only after consultation with patent counsel and the program office.

Where approval is granted, paragraph (c)(1) states that a license is retained by the Government. The retained license differs depending upon whether the data subject to whether the copyright is for technical data or computer software. The license for the latter generally does not allow the Government to distribute copies to the public.

Under the clause, the contractor is prohibited, without the CO's prior written permission, from including in any deliverable copyrighted data which was not first produced under the contract. The contractor is not prohibited from including copyrighted data if they have secured a license for the government.

The right to assert copyright is further proscribed in DOE's management contracts (DEAR 970.5227-1). The clause for use in management and operating (M&O) contracts involving technology transfer activities (DEAR 970.5227-2) contains copyright provisions that detail the effect of the contractor's right to assert copyright in the context of those technology transfer activities.

3. What procedures deal with the marking of data delivered under the contract?

FAR 52.227-14 puts the contractor on notice that its right to use contract data may be affected by export or national security controls. It requires that in performance of the contract, absent specific authorization from the CO, the contractor must handle data in accordance with any restrictive markings.

DEAR 927.409 requires the insertion of a subparagraph (d)(3) by which the contractor agrees not to assert its copyright in computer software first produced under the contract without the permission of local patent counsel.

The clause establishes a procedure involving the CO that protects the Government from the contractor's unauthorized marking of data delivered under the contract. The clause provides a procedure by which the CO may be authorized to strike improper markings, allowing the use or dissemination of the data without restriction. Data markings contain instructions on the use of data and inhibit the ability of the recipient of the data to use them for any purpose, including the further distribution of the data. The clause provides a procedure by which a contractor can seek to have the CO correct markings on delivered data or add markings to proprietary data from which they were mistakenly omitted. The only notices that are allowed on data delivered under the contract are those described in Alternate II or Alternate III of FAR 52.227-14. Those alternates are used when deliverables contain technical data (Alternate II) or computer software (Alternate III) developed at private expense and considered proprietary.

Paragraph (g) of FAR 52.227-14 authorizes the contractor not to deliver proprietary data, so long as the contractor provides form, fit, and function data. Alternates II (as subparagraph (g)(2)) or III (as subparagraph (g)(3)) or both should be inserted where the contract requires the delivery of limited rights data (proprietary technical data) or restricted rights software (proprietary computer software). The contractor has the obligation to assure that data delivered with limited rights or restricted computer software markings do, in fact, qualify for such treatment.

4. What are the Government's rights to inspect data?

DOE uses Alternate V to FAR 52.227-14 which authorizes the CO or an authorized representative to inspect any data withheld from delivery as proprietary under the authority of paragraph (g)(1) of this clause.

5. What are other rights in data clauses?

The DEAR 952.227-14, "Rights in Data - General" clause contains two additional alternates for use in the rights in data clause (FAR 52.227-14). Alternate VI provides that the contractor agrees to license its limited rights data or restricted rights computer software to the Government or third parties when necessary to the practice of the technology of the contract. Alternate VII is used to limit the contractor's use of DOE restricted data.

Contract data not specified as a contract deliverable is subject to order during the contract and up to three years after contract completion under the Federal Acquisition Regulation (FAR) 52.227-16 "Additional Data Requirements" clause.

There are contracting situations that call for other rights in data clauses. First, the clause, "Rights In Data-Special Works," (FAR 52.227-17) is intended for use in situations in which the contractor is to prepare a work, perhaps a book or motion picture that may be identified with the agency, for which the agency must have complete control over its content and use.

This use may be an official agency history or a public service documentary. By entering into the contract, the contractor agrees:

- Not to assert its copyright;
- Not to include copyrighted data in the deliverable;
- To assign its copyright to the Government if so directed;
- Not to use the product; and
- To indemnify the Government against any liability incurred as a result of the violation of trade secrets, copyrights, of right of privacy or publicity. The clause, “Rights In Data-Existing Works,” (FAR 52.227-18) would be used where the agency has a need for a work that is a compendium of existing works. The contractor must obtain the necessary licenses to allow the Government to make use of the work product. The contractor indemnifies the Government from any resulting liability for copyright infringement or violation of proprietary data.

The rights in data clause, “Commercial Computer Software - Restricted Rights,” (FAR 52.227-19) is used when commercial computer software is procured. The clause states the license that the Government acquires. That license is modeled after the restricted computer software license, Alternate III to the “Rights in Data-General” clause, and replaces any “shrinkwrap” license under which the commercial computer software is normally sold.

6. What are other related provisions?

The “Refund of Royalties” clause (DEAR 952.227-9) or the clause at DEAR 970.5227-8, Refund of Royalties (in conjunction with the solicitation provision at 970.5227-7) for M&O contracts requires the contractor to disclose any royalties it may pay or require to be paid in performing the contract. Royalties may be associated with the practice of a patent, the right to copy copyrighted materials, and the use of proprietary data. Since royalties are totally subject to negotiation and what the market will bear, this provision allows a conscious decision by the Government as to whether:

- The data is, in fact, proprietary;
- The Government has a license or other interest in the patent or copyright obviating the need to pay a royalty; or
- The amount of the royalty is a fair market value.

Solicitations that may result in a negotiated contract, should contain FAR 52.227-6 requesting royalty information in order that appropriate action may be taken to reduce or eliminate excessive or improper royalties. If a response to the solicitation includes a charge for royalties,

the CO shall forward the information to patent counsel for appropriate action, prior to contract award.

DEAR 952.227-82, "Rights in Proposal Data," provides that the Government has what amounts to the unlimited right to use or distribute any portion of the technical proposal which served as a basis of award of the contract. The clause provides the contractor the ability to identify portions of the proposal that it considers proprietary. However, this recognition does not prevent later action by the Government to establish that the identified data is not proprietary.

Without this provision, contractors could claim that the entire proposal or large portions of it were proprietary.

7. What are some responsibilities regarding data rights?

Each decision of the Department with respect to the intellectual property provisions of DOE's contracts necessitates consultation between the CO, local patent counsel, and the Contracting Officer's Representative (COR).

Deliverables of data are subject to this clause. Any contract data that should have been delivered but was not, raises a question of whether contract data is being consciously and inappropriately withheld by the contractor. The clause establishes the rights the Government needs to ensure that contract data is available and may be used for any purpose the Department believes to be appropriate.

Critical decisions leading to effective administration of the rights in data clauses of the contract are made **BEFORE** contract award in the design of the clauses in light of the statement of work and the program. Such decisions flow from answers to questions such as:

- Does the Department have need to require delivery of limited rights data or restricted computer software, leading to the selection of Alternate II or III or both?
- Will it be necessary for the contractor to license its limited rights data or restricted computer software to the Department or third parties, leading to the selection of Alternate VI?

B. Patent Rights

1. What are major objectives of the patent rights clauses?

- Prompt reporting by contractors of invention disclosures to DOE. If applicable, prompt election by contractor in writing, of whether to retain title to reported inventions;
- Prompt filing by contractors of patent applications to which it elects to retain title;
- Execution and prompt delivery to DOE of all instruments necessary to establish or confirm Government rights to these inventions and to convey title to DOE if applicable; and

- Inclusion of additional requirements, including restrictions on disposition of income from technology transfer activities, for M&O contractors with a technology transfer mission.

2. What is a brief description of the process associated with patent rights under DOE contracts?

DOE contractors for research, developmental or demonstration work, including M&O contractors, are required to disclose to DOE, within specified time periods, each invention which is or may be patentable, that is made under the contract. The disclosure shall be in written report form and shall contain sufficient technical detail to convey a clear understanding of the invention's nature, purpose and operation. The disclosure shall also include any information pertinent to publication, sale or public use of the invention.

In order to effectuate this requirement, contractors are to require, in writing, their technical employees to promptly disclose in writing to appropriate contractor personnel, each invention made under the contract. Contractors generally report inventions to the DOE Field Patent Counsel, with a copy to the CO. Field Patent Counsel review submittals for completeness and evaluate invention disclosures if DOE has an interest in filing a patent application thereon. DOE may request assignment of title, or of all rights, to inventions if the contractor fails to disclose the invention to DOE within specified times.

Contractor compliance with these provisions is incentivized by these potential penalties for non-compliance. Certain contractors, e.g., small businesses and nonprofit organizations, and other contractors who have obtained an advance patent waiver, may retain ownership, but to do so must, in writing, elect to retain ownership of subject inventions within time periods specified in their respective contracts. Their failure to make a timely election to retain ownership could result in forfeiture of invention rights. Election is generally made in writing to the CO who forwards the election to field patent counsel.

In order to foster prompt filing of patent applications on suitable inventions, rather than maintaining these inventions as unpublished "trade secrets," contractors are required to file patent applications on elected inventions within specified time periods. Contractors are also required to execute and promptly deliver to DOE Field Patent Counsel, all instruments, such as patent assignments or confirmatory licenses, necessary to establish or confirm Government rights to inventions made under DOE contracts.

For large business contractors, the CO may withhold payment, up to certain limits, if the Contractor fails to convey to the Government title and/or rights to the invention as set forth in the contract, or if the Contractor fails to establish effective procedures for reporting inventions, or fails to disclose inventions as necessary. The CO or his or her authorized representative may also examine contractor records to determine whether contractors are complying with the provisions.

For M&O contractors having technology transfer missions, i.e., generally all M&O contractors other than naval nuclear propulsion contractors, additional requirements related to management

of technology transfer activities are included. Generally, contractors must use income resulting from technology transfer activities at the respective facilities as set forth in the contract.

Upon termination or expiration of the contract, any unexpended balances must be transferred, at the CO's request, to a successor contractor, or in the absence of a successor contractor, to an entity designated by the CO. Annual reports on contractor technology transfer activities should be provided to the CO.

3. What are other patent related provisions?

In addition to a patent rights clause and a data rights clause, intellectual property provisions include clauses addressing additional matters, such as:

- Authorization and consent by the Government to the contractor using technology patented by third parties;
- Possible indemnification of the Government in the event of damages for patent infringement; and
- Clauses addressing payment or refund of royalties that may be included in a contract price.

Major objectives of these provisions are the:

- Authorization of contractors to use patented technology of others in contracts in some cases;
- Allocation of payment of damages in the event of a claim by a patent holder for patent infringement through inclusion or lack of inclusion of a patent indemnity clause; and
- Assurance that the Government is not required to pay a royalty for use of patented technology if it already has a license to use the technology.

A brief description of the process associated with these other patent related provisions follows:

- a. The Government itself can legally use a third party's patented technology without fear of court injunction preventing such use. A Government contractor can do so only if there is authorization and consent by the Government. The Government generally provides such authorization and consent in its contracts. However, such authorization is limited in the appropriate clause to that subject matter specified for delivery in the contract, or actually accepted by the Government. For research and development contracts, a broader authorization and consent clause is authorized, which provides authorization and consent for use of inventions in any activity under the contract.
- b. While the Government, and its contractors with authorization and consent, can legally use patented technology without concern of the patent owner obtaining an injunction preventing such use, the patent owner may still sue the Government for damages for any such use. In the absence of a patent indemnity provision, the Government itself would most likely be liable for any such

damages. Generally, there is no patent indemnity provision required in research and development contracts, where broad authorization and consent is provided. We do not want to inhibit the contractor from using the best available technology in conducting research. However, in contracts for supplies or services that normally are available on the commercial market, a clause providing for the contractor's indemnifying the Government for liability for patent infringement is included.

Research and development contracts that may include supplies or services normally available on the commercial market will also contain this clause indemnifying the Government for liability for patent infringement.

C. Technology Transfer Program

1. What is the legislative basis for the DOE Technology Transfer Program?

The Stevenson-Wydler Technology Innovation Act of 1980 made the transfer of federally owned or originated technology to state and local governments, and to the private sector, a national policy and the duty of each federal laboratory. The purpose of the Stevenson-Wydler Act was the renewal and expansion of mechanisms to foster and encourage cooperation among academia, federal laboratories, and industry in technology transfer, personnel exchanges, and joint research projects. Since passage of the Stevenson-Wydler Act, Federal agencies have been required to have a formal Technology Transfer program.

The National Competitiveness Technology Transfer Act of 1989 (included as Section 3131, *et seq.*, of the DOD Authorization Act for FY 1990) further amended the Stevenson-Wydler Technology Innovation Act of 1980 to enhance Technology Transfer between the Federal Government and the private sector. It empowered contractor-owned Government laboratories to enter into CRADAs, and allowed information and innovations brought into, and created through, CRADAs to be protected from disclosure.

The National Defense Authorization Act for Fiscal Year 1994 expanded the definition of laboratory to include weapon production facilities that are operated for national security purposes and are engaged in the production, maintenance, testing, or dismantlement of a nuclear weapon or its components.

2. What DOE contracts must have a Technology Transfer Program?

In accordance with DEAR 970.2770-3, all new awards for or extensions of existing DOE laboratory or weapon production facility management and operating contracts must have technology transfer, including authorization to award Cooperative Research and Development Agreements (CRADAs), as a laboratory or facility mission. A management and operating contractor for a facility not deemed to be a laboratory or weapon production facility may be authorized on a case-by-case basis to support the DOE technology transfer mission including, but not limited to, participating in CRADA awarded by DOE laboratories and weapon production facilities.

3. What is the contract provision which implements the Technology Transfer Program under DOE contracts?

DEAR 970.5227-4 states that the contracting officer must insert the clause at 970.5227-3, "Technology Transfer Mission," in each solicitation for a new or an extension of an existing laboratory or weapon production facility management and operating contract. The contracting officer shall use the basic clause with its Alternate I if the contractor

- is a nonprofit organization or small business eligible under 35 U.S.C. §§ 200, *et seq.*,
- wishes to receive title to any inventions under the contract, and
- proposes to fund at private expense the maintaining, licensing, and marketing of the inventions.

Readers should consult DEAR 970.5227-4 for further information on the use of alternates to the clause.

WHAT ARE THE MAJOR ROLES AND RESPONSIBILITIES IN THE AREA OF PATENTS AND DATA RIGHTS?

On the following pages are the major roles and responsibilities of members of the contract administration team. Key sections of documents have been summarized for ease of reference. Please bear in mind that the referenced documents themselves are controlling and should be consulted for a complete discussion of the various roles, responsibilities and requirements. Additionally, other documents, not listed here, may contain other roles and responsibilities.

Note: Various responsibilities on the following pages are marked with an asterisk (*). This signifies that the responsibility is not specifically assigned to this individual by a clause, regulation, or procedure. It is suggested because:

- (1) The responsibility is necessary to perform Government contract administration responsibilities; and is either commonly performed by this individual or reflects "good business practice."
- (2) The responsibility is stated in the reference as a DOE/Government responsibility; and is either commonly performed by this individual or reflects "good business practice."

Local guidance may determine who specifically is obligated to perform the responsibility.

PATENT COUNSEL

- Counsel the CO and the COR, understand the requirement, its potential place in DOE's programs, and the role that technical data and computer software first produced under the contract may play to design the most appropriate version of the rights in data clause.
- Participate in the enforcement of inspection rights in the clause to determine appropriate resolution, if data deliverables under the contract indicate that data first produced under the contract is being withheld by the contractor.
[FAR 52.227-14¹, FAR 52.227-16, DEAR 952.227-14², DEAR 970.5227-1, DEAR 970.5227-2]
- Counsel the CO and the COR, in determining whether to grant any contractor request to copyright contract data.
[FAR 52.227-14, DEAR 952.227-14, DEAR 970.5227-1, DEAR 970.5227-2]
- Counsel the CO and the COR, in determining whether to grant any contractor request to restrictively mark data from which it alleges markings were omitted, or to correct markings.
- Issue, to the extent appropriate, written authorization for the contractor to assert copyright in any technical data or computer software first produced in the performance of the contract. To the extent such authorization is granted, the Government reserves for itself and others acting on its behalf, a nonexclusive, paid-up, irrevocable, world-wide license for Governmental purposes to publish, distribute, translate, duplicate, exhibit, and perform any such data copyrighted by the Contractor.
[DEAR 970.5227-1]
- Counsel the CO and the COR, in determining whether to allow the contractor to mark data from which it alleges markings were omitted or to correct markings.
[FAR 52.227-14, FAR 52.227-16]
- Review, document, and maintain files on invention disclosures, patent assignments, confirmatory licenses, and other patent related documents submitted by contractors.
[DEAR 952.227-11, DEAR 952.227-13, DEAR 970.5227-10-, DEAR 970.5227-11, 952.227-12]
- Evaluate invention disclosures where DOE has an ownership interest in the invention.
[DEAR 952.227-11, DEAR 952.227-13, DEAR 970.5227-10, DEAR 970.5227-11, 952.227-12]

¹ DOE uses the Rights in Data-General clause at FAR 52.227-14 in all non-M&O contracts under which technical data or software may be produced during performance. However, Contracting Officers must alter the clause in accordance with DEAR 927.409.

² The clause at DEAR 952.227-14 provides additional alternatives to the clause at FAR 52.227-14 and instructions for their use.

- Determine whether any proposed royalty is properly chargeable to the government and allocable to the contract, if the CO forwards royalty information to patent counsel.

[DEAR 952.227-9, 970.5227-7, 970.5227-8]

- Advise and coordinate with the contracting officer as appropriate when the contracting officer is conducting actions associated with the Technology Transfer provisions of the contract.

CONTRACTING OFFICER

- Enforce the inspection rights in the clause to determine appropriate resolution, if data deliverables under the contract indicate that data first produced under the contract is being withheld by the contractor.

[FAR 52.227-14, FAR 52.227-16, DEAR 952.227-14, DEAR 970.5227-1, DEAR 970.5227-2]

- May receive copies of invention disclosures or other patent related documents.

Forward to appropriate field or headquarters patent counsel.

[DEAR 952.227-11, DEAR 952.227-13, DEAR 970.5227-10, DEAR 970.5227-11, 970.5227-12]

- May withhold payment, for large business contractors, up to certain limits, for contractor failure to comply with certain specified patent related requirements, e.g., prompt reporting of inventions. Such action should be taken only with the recommendation and approval of appropriate patent counsel.

[DEAR 952.227-13, DEAR 970.5227-11, 970.5227-12]

- Include the broad ‘Authorization and Consent’ clause at FAR 52.227-1, Alternate I, without a patent indemnity provision, for work that is primarily R&D.

- Include the basic ‘Authorization and Consent’ clause at FAR 52.227-1, and the patent indemnity clause at FAR 52.227-3, for supplies and services, or work that includes both R&D, and supplies and services, but where R&D is not the primary purpose.

[FAR 52.227-1, FAR 52.227-3]

- Include the ‘Royalty Information’ clause in solicitations that may result in a negotiated contract.

[DEAR 952.227-9, 970.5227-7, 970.5227-8]

- If royalty information is provided, forward this information to patent counsel for appropriate action.

- For fixed price contracts that include royalties in the target or contract price and where circumstances make it questionable whether the royalties will actually be paid by the contractor, the ‘Refund of Royalties’ clause of DEAR 952.227-9 should be included.

[FAR 952.227-9]

- Substitute the definitions at DEAR 927.409 for paragraph (a) of FAR 52.227-14, “Rights in Data-General,” and include the paragraph (d)(3) and Alternate V at DEAR 927.409 if it is contemplated that data will be produced, furnished, or acquired under the contract; except use Alternate IV rather than paragraph (d)(3) in contracts for basic or applied research with educational institutions except where software is specified for delivery or where other special circumstances exist.

[DEAR 927.409]

- Understand (in consultation with Patent Counsel and the Contracting Officer’s Representative) the requirement, its potential place in DOE’s programs, and the role that technical data and computer software first produced under the contract may play so that the most appropriate version of the rights in data clause may be included in the contract. This will maximize the potential for competition of future related requirements.

- Determine (in consultation with Patent Counsel and the COR), whether to grant any request by the contractor to copyright contract data.

[FAR 52.227-14, DEAR 970.5227-1, DEAR 970.5227-2]

- Determine (*in consultation with Patent Counsel and the COR), whether to allow the contractor to mark data from which it alleges markings were omitted or to correct markings.

[FAR 52.227-14]

- For contractors with a technology transfer mission, execute the provisions of technology transfer requirements as follows:

- Ensure that, in addition to any separately designated funds, the allowable costs associated with the conduct of technology transfer through the Office of Research and Technology Applications, in any fiscal year, do not exceed an amount equal to 0.5 percent of the operating funds included in the Federal research and development budget (including Work For Others) of the Laboratory for that fiscal year without written approval of the Contracting Officer. Approve such costs only as determined to be appropriate.

- Approve implementing procedures to avoid employee or organizational conflicts of interest or require specific changes to those procedures within thirty (30) days of receipt.

- Act on all contractor requests for approval of licensing and assignment agreements which are not likely to meet either of the conditions set forth in subparagraphs (f)(1)(i) or (ii) of this clause within thirty (30) days of receipt of request.

- For contractors with a technology transfer mission, execute the provisions of technology transfer requirements as follows:

- Approve, as appropriate, proposed exceptions to the requirement, that under written technology transfer agreements, the contractor will include a requirement that the U.S. Government and the Contractor be indemnified for all damages, costs, and expenses, including attorneys’ fees, arising from personal injury or property damage occurring as a result of the making, using or selling of a

product, process or service by or on behalf of the Participant, its assignees or licensees which was derived from the work performed under the agreement.

- Approve the contractor's policy for making awards or sharing of royalties with contractor employees, other co-inventors and coauthors.
- In the event of termination or expiration of the contract, request that the contractor transfer any unexpended balance of income received for use at the laboratory to a successor contractor or other entity.
- Direct the contractor to transfer title, as one package, to the extent the Contractor retains title, in all patents and patent applications, licenses, accounts containing royalty revenues from such license agreements, including equity positions in third party entities, and other Intellectual Property rights which arose at the Laboratory, to the successor contractor or to the Government on termination or expiration of the contract.
- Approve, prior to the contractor's entering into any technology transfer arrangement, when such technology or any part of such technology is classified or sensitive under Section 148 of the Atomic Energy Act (42 U.S.C. § 2168).
- Evaluate as part of the annual appraisal process, with input from the cognizant Secretarial Officer or program office, the contractor's performance in implementing the technology transfer mission and the effectiveness of the contractor's procedures.
- Provide approval for the Laboratory Director or his designee to enter into Cooperative Research and Development Agreements, on behalf of the DOE, as provided in a contracting officer approved Joint Work Statement.
- Approve Joint Work Statements and modifications to Joint Work Statements as appropriate and in accordance with the "Technology Transfer" clause.
- Request the contractor to transmit protected data to other DOE facilities for use by DOE or its contractors by or on behalf of the Government unless otherwise expressly approved by the contracting officer in advance for a specific Cooperative Research and Development Agreement
- Determine, only as appropriate, that contractor employee financial interest is not so substantial as to be considered likely to affect (conflict of interest) the integrity of the Contractor employee's participation in the process of preparing, negotiating, or approving a Cooperative Research and Development Agreement.
- Grant prior written permission, as appropriate, for the contractor to provide for the withholding of data produced in conducting research and development activities in costshared agreements for a period of up to five (5) years.

[DEAR 970.5227-3]

- Determine if royalties proposed by the contractor are properly chargeable to the government and allocable to the contract.

[DEAR 952.227-9]

- May provide notice to the Contractor as soon as practicable of any claim or suit; afford the Contractor an opportunity under applicable laws, rules, or regulations to participate in the defense thereof; and obtain the Contractor's consent to the settlement of any suit or claim other than as required by final decree of a court of competent jurisdiction.

[FAR 52.227-2]

CONTRACTOR

- Where desired, request permission from the CO or the Patent Counsel, as the clause indicates, to assert copyright in contract data.

[FAR 52.227-14, FAR 52.227-17, DEAR 952.227-14, DEAR 970.5227-1, DEAR 970.5227-2]

- Mark any qualifying proprietary data with the markings specified in the contract.

[FAR 52.227-14, FAR 52.227-19]

- Where markings on data delivered may have been omitted or stated incorrectly, request permission from the CO to insert or correct markings. Comply with a request from the CO to substantiate markings on data delivered.

[FAR 52.227-14, DEAR 952.227-14]

- Require technical employees to promptly disclose inventions, in writing, to appropriate contractor personnel and promptly forward to DOE disclosures of inventions which are or may be patentable.

[DEAR 952.227-11, DEAR 952.227-13, DEAR 970.5227-10, DEAR 970.5227-11, 970.5227-12]

- Elect in writing within specified time periods, to retain ownership of the invention.

[DEAR 952.227-11, DEAR 970.5227-10]

- Execute and promptly deliver to DOE written instruments, such as patent assignments or confirmatory licenses, necessary to confirm Government rights in a particular invention.

[DEAR 952.227-11, DEAR 970.5227-10]

- Include "Authorization and Consent," suitably modified in appropriate subcontracts.

[FAR 52.227-1]

- Indemnify the Government and its officers, agents, and employees against liability, including costs, for infringement of any United States patent as set forth in the clause.

[FAR 52.227-3]

- Include information in the response relating to each separate item of royalty or license fee as set forth in the clause, when an offeror's response to a solicitation contains costs or charges for royalties.

[DEAR 952.227-9, 970.5227-7]

- Furnish to the CO, before final payment under the contract, a statement of royalties paid or required to be paid in connection with performing the contract and subcontracts together with the reasons.

[DEAR 952.227-9, DEAR 970.5227-8]

For contractors with a technology transfer mission, execute the provisions of Technology Transfer as follows:

- Establish and carry out its technology transfer efforts through appropriate organizational elements consistent with the requirements for an Office of Research and Technology Applications pursuant to paragraphs (b) and (c) of Section 11 of the Steven-Wydler Technology Innovation Act of 1980, as amended (15 U.S.C. 3710).
- Establish implementing procedures that seek to avoid employee and organizational conflicts of interest, or the appearance of conflicts of interest, in the conduct of its technology transfer activities.
- Provide implementing procedures to the CO for review and approval within sixty (60) days after execution of the contract.
- Prepare procedures and take all reasonable measures to ensure widespread notice of availability of technologies suited for transfer and opportunities for exclusive licensing and joint research agreements, as set in paragraph (e) of the clause.
- In its licensing and assignments of intellectual property, give preference in such a manner as to enhance the accrual of economic and technological benefits to the U.S. domestic economy.
- Consider the factors set forth in subparagraphs (f)(1)(i) and (ii) of the "Technology Transfer Mission" clause in all of its licensing and assignment decisions involving laboratory intellectual property where the laboratory obtains rights during the course of the contractor's operation of the laboratory under this contract.
- If the contractor determines that neither of the conditions in subparagraphs (f)(1)(i) or (ii) are likely to be fulfilled, the contractor, prior to entering into licensing and assignment agreements, must obtain the approval of the CO.
- The contractor agrees to be bound by the provisions of 35 U.S.C. 204 (Preference for United States Industry).

[DEAR 970.5227-3]

For contractors with a technology transfer mission, execute the provisions of Technology Transfer as follows:

- In entering into written technology transfer agreements, including but not limited to, research and development agreements, licenses, assignments and Cooperative Research and Development Agreements, agrees to include in such agreements the requirement set forth in paragraph (g). Identify, and obtain the approval of the CO for any proposed exceptions to this requirement.
- Use royalty or other income earned or retained as a result of performance of authorized technology transfer activities for scientific research, development, technology transfer, and education at the Laboratory, consistent with the research and development mission and objectives of the Laboratory and subject to Section 12(b)(5) of the Stevenson-Wydler Technology Innovation Act of 1980, as amended (15 U.S.C. 3710a(b)(5)) and Chapter 38 of the Patent Laws (35 U.S.C. §§ 200, *et seq.*) as amended.
- Include as a part of its annual Laboratory Institutional Plan or other such annual document, a plan setting out those uses to which royalties and other income received as a result of performance of authorized technology transfer activities will be applied at the Laboratory, and at the end of the year, provide a separate accounting for how the funds were actually used.
- Shall establish subject to the approval of the Contracting Officer a policy for making awards or sharing of royalties with Contractor employees, other co-inventors and coauthors, including Federal employee co-inventors when deemed appropriate by the Contracting Officer.
- Transfer, in the event of termination or upon the expiration of the contract, any unexpended balance of income received for use at the Laboratory, at the Contracting Officer's request, to a successor contractor, or in the absence of a successor contractor, to such other entity as designated by the Contracting Officer.
- Transfer title, as one package, to the extent the Contractor retains title, in all patents and patent applications, licenses, accounts containing royalty revenues from such license agreements, including equity positions in third party entities, and other Intellectual Property rights which arose at the Laboratory, to the successor contractor or to the Government as directed by the Contracting Officer.
- Notify and obtain the approval of the CO prior to entering into technology transfers which affect sensitive or classified technology in accordance with subparagraph (j)(1) of the clause.
- Include in all technology transfer agreements with third parties the notice that the export of goods and/or Technical Data from the United States may require some form of export control license or other authority from the U.S. Government and that failure to obtain such export control license may result in criminal liability under U.S. laws.
- Conduct internal export control reviews and assure that technology is transferred in accordance with applicable law as required by subparagraph (j)(3).

- Maintain records, of its technology transfer activities, satisfactory to DOE of its technology transfer activities and shall provide annual reports to the Contracting Officer to enable DOE to maintain the reporting requirements of Section 12(c)(6) of the Stevenson-Wydler Technology Innovation Act of 1980, as amended.
- Submit an annual plan to the CO for conducting its technology transfer function for the upcoming year as set forth in paragraph (l) of the clause.
- Develop and implement effective internal controls for all technology transfer activities consistent with the audit and record requirements of the contract.
- The Laboratory Director or his designee, following evaluation of Cooperative Research and Development Agreements (CRADAs) in accordance with the clause, may enter into CRADAs on behalf of the DOE subject to the requirements set forth in the upon approval of the Contracting Officer and as provided in a DOE approved Joint Work Statement. The contractor may not enter into, or start work on, a CRADA until the contracting officer has granted approval.
- Provide for the withholding of data produced in conducting research and development activities in cost-shared agreements not covered by paragraph (n) in accordance with subparagraph (n)(3) of the clause, with prior written permission of the CO.
- Agrees, at the request of the Contracting Officer, to transmit data, which would be protected from disclosure under the clause, to other DOE facilities for use by DOE or its Contractors by or on behalf of the Government unless otherwise expressly approved by the Contracting Officer in advance for a specific CRADA.
- Agrees to inform prospective CRADA participants, which are intending to substantially pay full cost recovery for the effort under a proposed CRADA, of the availability of alternative forms of agreements, i.e., WFO and UFA, and of the Class Patent Waiver provisions associated therewith.
- Ensure that no employee shall have a substantial role (including an advisory role) in the preparation, negotiation, or approval of a CRADA, if, to such employee's knowledge a potential conflict of interest may exist in accordance with the clause.

[DEAR 970.5227-3]

Grant to the Government, and others acting on its behalf, a paid-up nonexclusive, irrevocable, worldwide license to reproduce, prepare derivative works, and perform publicly and display publicly, by or on behalf of the Government, for all the material or subject matter called for under the contract.

Indemnify the Government against any liability, including costs and expenses, incurred as the result of:

(1) the violation of trade secrets, copyrights, or right of privacy or publicity, arising out of the creation, delivery, publication or use of any data furnished under this contract; or

(2) any libelous or other unlawful matter contained in such data.

[FAR 52.227-18]

CONTRACTING OFFICER'S REPRESENTATIVE

- Participate with the CO and Patent Counsel by providing a perspective to facilitate understanding the requirement, its potential place in DOE's programs, and the role that technical data and computer software first produced under the contract may play in order to design the most appropriate version of the rights in data clause.
- Call to the CO's attention and participate in the enforcement of inspection rights in the clause to determine appropriate resolution, if data deliverables under the contract indicate that data first produced under the contract is being withheld by the contractor.
- Participate with the CO and the Patent Counsel in arriving at a determination whether to grant any request by the contractor to copyright contract data.
- Participate with the CO and Patent Counsel in arriving at a determination whether to allow the contractor to mark data from which it alleges markings were omitted or to correct markings.

WHERE CAN I GO FOR MORE DETAILED INFORMATION ON PATENTS AND DATA RIGHTS?

Data Rights

1. DEAR 952.227-14, "Rights in Data-General"
2. DEAR 952.227-82, "Rights in Proposal Data"
3. DEAR 970.5227-1, "Rights in Data-Facilities"
4. DEAR 970.5227-2, "Rights in Data-Technology Transfer"
5. DEAR 927.409, "Solicitation Provisions and Contract Clauses"
6. FAR 52.227-14, "Rights in Data-General"
7. DEAR 952.227-14, "Rights in Data-General"
8. FAR 52.227-16, "Additional Data Requirements"
9. FAR 52.227-17, "Rights in Data-Special Works"
10. FAR 52.227-18, "Rights in Data-Existing Works"
11. FAR 52.227-19, "Commercial Computer Software-Restricted Rights"
12. FAR Subpart 27.4, "Rights in Data and Copyrights"
13. DEAR Subpart 927.4, "Technical Data and Copyrights"
14. DEAR Subpart 970.27, "Patents, Data, and Copyrights"

Patent Rights

15. DEAR 952.227-11, "Patent Rights - Retention by Contractor"
16. DEAR 952.227-13, "Patent Rights - Acquisition by the Government"
17. DEAR 970.5227-3, "Technology Transfer Mission"
18. DEAR 970.5227-1004-71, "Patent Rights - Management and Operating Contracts, Nonprofit Organization or Small Business Firm Contractor"
19. DEAR 970.5227-11, "Patent Rights – Management and Operating Contracts, For-profit Contractor, Non-Technology Transfer"
20. DEAR 970.5227-1204-72, "Patent Rights - Management and Operating Contractors, For-profit Contractor, Advance Class Waiver"
21. FAR Subpart 27.2, "Patents"
22. FAR Subpart 27.3, "Patent Rights Under Government Contracts"
23. DEAR Subpart 927.2, "Patents"
24. DEAR Subpart 927.3 , "Patent Rights Under Government Contracts"
25. DEAR Subpart 970.27, "Patents, Data, and Copyrights"

Other Related Subjects

26. DEAR 952.227-9, "Refund of Royalties"
27. DEAR 970.5227-7, "Royalty Information"
28. DEAR 970.5227-8, "Refund of Royalties"
29. FAR 52.227-1, "Authorization and Consent"
30. FAR 52.227-3, "Patent Indemnity"
31. FAR 52.227-6, "Royalty Information"
32. FAR Subpart 27.1, "Patents, Data, and Copyrights – General"
33. DEAR Subpart 970.27, "Patents, Data, and Copyrights"

CHAPTER REVISIONS

Date

September 28, 2006

Subject of Revision

1. Update clause references

**DO YOU HAVE ANY COMMENTS OR SUGGESTIONS FOR IMPROVING THIS
CHAPTER OR THE BOOK? IF SO, PLEASE CONTACT US AT:**

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