FPR's + Their Rationale

FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY
COMMITTEE ON GOVERNMENT PATENT POLICY
U.S. DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D.C. 20230

August 9, 1973

MEMORANDUM FOR Members of Committee on Government Patent Policy

From: O. A. Neumann OAN
Executive Secretary

Subject: Proposed Federal Procurement Regulations Intended to Implement the Nixon Statement on Government Patent Policy

For your information and use, I have enclosed the materials developed by the Implementation Subcommittee and Executive Subcommittee of the Committee in their consideration of a proposed amendment to the Federal Procurement Regulations (FPR) intended to implement the Nixon Statement of Government Patent Policy.

The Committee undertook the task of drafting the proposal in cooperation with the General Services Administration (GSA). Your attention is directed to my letter dated June 27, 1973 addressed to Mr. Philip Read (see Tab I) forwarding the proposal to GSA and describing the chronology of events leading up to the development of the proposal. Tabs II through VIII are historical documents relating to the development of the proposal.

Prior to issuance of the proposal, the Administrator of General Services is expected to make only minor editorial revisions. The proposal is to be issued with a statement that comments from interested parties will be considered and appropriate revisions would be made to the regulations prior to making them mandatorily applicable to the agencies. The Committee, however, independent of any further comments received, will also develop further guidelines for inclusion in the FPR after issuance. In this regard, as an example, see the rationale for the NASA comment set forth on page 9 of Tab VII.

In a separate memorandum to the Committee members of even date, I enclosed a copy of the draft Combined December 1971 and December 1972 Annual Report on Government Patent Policy for your consideration and approval. Please note that the FPR as issued by the Administrator is to be included in the Combined Annual Report as an additional Appendix. I will make the necessary editorial revisions in the textual materials of the report to reflect this addition.

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Robert Gibson, AFSC

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Jerry A. Cooke, Navy
John O. Tresansky, Navy

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III - Revised proposed FPR as approved by the Executive Subcommittee during the June 21, 1973 meeting (marked-up version).

IV - Revised proposed FPR as approved by the Implementation Subcommittee during the May 29, 1973 meeting (clean copy).

V - Listing of major revisions made by the Implementation Subcommittee on its own volition, and the rationale therefor.

VI - Revised proposed FPR as approved by the Implementation Subcommittee during the May 29, 1973 meeting (marked-up version).

VII - Disposition of comments received by GSA and the rationale therefor, as finally approved by the Implementation Subcommittee during its June 5, 1973 meeting.

VIII - Proposed Amendment to FPR regarding disposition of patent rights under Government R&D contracts as sent out by GSA for review and comment on May 9, 1972.

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FEDERAL COUNCIL FOR SCIENCE AND TECHNOLOGY
COMMITTEE ON GOVERNMENT PATENT POLICY
U.S. DEPARTMENT OF COMMERCE BUILDING
WASHINGTON, D.C. 20230

June 27, 1973

Mr. Philip G. Read
Director, Federal Procurement
Regulations Division
Office of Procurement Management
General Services Administration
Room 527, Building 4, Crystal Mall
Washington, D. C. 20406

Dear Mr. Read:

Following the August 23, 1971 issuance of the Presidential Memorandum and Statement of Government Patent Policy, you requested the Chairman of the Committee on Government Patent Policy to assist the General Services Administration (GSA) in the development of an appropriate amendment of the Federal Procurement Regulations (FPR) regarding the allocation of rights to inventions resulting from Government-sponsored research. This amendment would implement the 1971 Presidential Statement, and for the first time would provide standard Patent Rights clauses for Government-wide use.

The Implementation Subcommittee of the Committee subsequently developed such a proposed amendment to the FPR and GSA circulated the proposal to Government agencies and to appropriate Industry and professional associations for comment. The comments received by GSA were evaluated by the Implementation Subcommittee and the proposed amendment to the FPR was appropriately revised.

Thereafter, the Implementation Subcommittee forwarded the revised proposal to the Executive Subcommittee for consideration during its meeting of June 15, 1973. During this meeting and a subsequent meeting of June 21, 1973, the proposal was further revised by the Executive Subcommittee. At the conclusion of the June 21, 1973 meeting, you requested that the proposed amendment as approved by the Executive Subcommittee be forwarded to you for promulgation in the Federal Procurement Regulations.

In response to your suggestion, a MOTION was adopted as follows:

> "That the Executive Secretary transmit to GSA the proposed amendment to the FPR, as developed by the Implementation Subcommittee at GSA's request and as revised by the Executive Subcommittee, for publication by GSA;
> That the proposed amendment be published on an optional basis for a period of time that would permit comment by interested parties; and
> That the Committee on Government Patent Policy be advised of this action."

To permit you to carry out the wishes of the Executive Subcommittee, I have enclosed a copy of the proposed amendment to the FPR as revised and approved by the Executive Subcommittee.

As soon as possible, I will forward to you under separate cover the following materials:

> The historical document setting forth the original proposed amendment to the FPR, the disposition of the comments received by GSA and the rationale therefor;
> A marked-up copy of the proposed amendment to the FPR showing the revisions made by the Implementation Subcommittee;
> A copy of the revisions made by the Implementation Subcommittee on its own volition or based upon the general comments received and the rationale for such revisions;
> A clean copy of the proposed amendment as approved by the Implementation Subcommittee;
> A marked-up copy of the proposed amendment to the FPR showing the revisions made by the Executive Subcommittee; and
> A copy of the revisions made by the Executive Subcommittee and the rationale therefor.

Sincerely,

O. A. Neumann

O. A. Neumann
Executive Secretary

Enclosure

cc: Dr. Betsy Ancker-Johnson

Revised Proposed FPR as approved
by the Executive Subcommittee
during the June 21, 1973 Meeting.
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TITLE 41 - PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

CHAPTER 1 - FEDERAL PROCUREMENT REGULATIONS

DISPOSITION OF PATENT RIGHTS

This amendment of the Federal Procurement Regulations prescribes policies, procedures, and appropriate contract clauses concerning the allocation of rights in inventions, which enable the Government agencies, not otherwise subject to statute, to implement the President's Statement of Government Patent Policy (36 F.R. 16887, August 26, 1971).

The table of parts is revised to add the following entry:

1-9 Patents, Data, and Copyrights.

Part 1-9 is added which reads as follows:

PART 1-9 - PATENTS, DATA, AND COPYRIGHTS

§ 1-9.000 Scope of part.

SUBPART 1-9.1 - PATENTS

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1-9.107-6 Clauses for domestic contracts (short form).
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1-9.109-6 Greater rights determinations.
(a) Request for greater domestic rights.
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PART 1-9 - PATENTS, DATA, AND COPYRIGHTS

SUBPART 1-9.1 - PATENTS

§ 1-9.100 Scope of subpart.

This subpart sets forth policies, procedures, and contract clauses with respect to inventions made in the course of or under a contract or subcontract entered into with or for the benefit of the Government where a purpose is the conduct of experimental, developmental, or research work. The policy, procedures, and contract clauses may also be used in grants, agreements, and other arrangements as agencies deem appropriate.

§ 1-9.101 (Reserved)

§ 1-9.102 (Reserved)

§ 1-9.103 (Reserved)

§ 1-9.104 (Reserved)

§ 1-9.105 (Reserved)

§ 1-9.106 (Reserved)

§ 1-9.107 Patent rights under contracts for research and development.

§ 1-9.107-1 General.

(a) Introduction.

On August 23, 1971, the President issued a Statement of Government Patent Policy (36 F.R. 16887, August 26, 1971) applicable to all executive departments and agencies, revising a prior Statement of Policy (28 F.R. 10943, October 12, 1963). Essentially, the goals of this Statement are to provide criteria for determining the allocation of rights in inventions resulting from federally-sponsored research and development contracts, to promote their expeditious development so that the public can benefit from early civilian use of the inventions and to assure their continued availability. In applying this regulation, agency heads must weigh both the need for incentives to draw forth private initiatives, and the need to promote healthy competition in industry. Within prescribed limits, the Statement gives agency heads greater latitude to allocate to contractors additional rights to Government-sponsored inventions as are deemed necessary to encourage commercial use of the inventions, or where equitable

circumstances would justify such allocation of rights. Consistent with the FPR system, agencies may implement and supplement this subpart.

(b) Applicable Statutes.

Except to the extent that agencies are governed by specific statutes or by any treaty or agreement between the United States and any foreign country, inconsistent with this subpart, agencies shall follow the provisions of this subpart, including the use of the prescribed clauses. Modifications to the prescribed clauses are permissible to the extent that these clauses are inconsistent with the requirements of statutes, treaties or agreements.

(c) Co-sponsored, Cost Sharing or Joint Venture Research.

The provisions of this subpart are not mandatorily applicable to co-sponsored, cost sharing or joint venture research when the agency determines that in the course of the work under the contract, the contractor will be required to make a substantial contribution of funds, facilities, or equipment to the principal purpose of the contract.

§ 1-9.107-2 (Reserved)

§ 1-9.107-3 Policy.

(a) The Government shall normally acquire or reserve the right to acquire the principal or exclusive rights throughout the world in and to any inventions made in the course of or under a contract where:

(1) A principal purpose of the contract is to create, develop, or improve products, processes, or methods which are intended for commercial use (or which are otherwise intended to be made available for use) by the general public at home or abroad, or which will be required for such use by governmental regulations; or

(2) A principal purpose of the contract is for exploration into fields which directly concern the public health, public safety, or public welfare; or

(3) The contract is in a field of science or technology in which there has been little significant experience outside of work funded by the Government, or where the Government has been the principal developer of the field, and the acquisition of exclusive rights at the time of contracting might confer on the contractor a preferred or dominant position; or

(4) The services of the contractor are:

(i) For the operation of a Government-owned research or production facility; or

(ii) For coordinating and directing the work of others.

In exceptional circumstances the contractor may acquire greater rights than a nonexclusive license at the time of contracting where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified where the head of the department or agency

determines that the acquisition of such greater rights is consistent with the intent of this paragraph (a) and is either a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application or that the Government's contribution to the invention is small compared to that of the contractor. Where an identified invention made in the course of or under the contract is not a primary object of the contract, greater rights may also be acquired by the contractor under the criteria of (c), below.

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology to develop information, products, processes, or methods for use by the Government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions.

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in (b), above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy, taking particularly into account the intentions of the contractor to bring the invention to a point

of commercial application and the guidelines of (a), above, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to acquire at the time of contracting greater rights than a nonexclusive license.

(d) In the situations specified in (b) and (c) of this § 1-9.107-3, when two or more potential contractors are judged to have presented proposals of equivalent merit, willingness to grant the Government principal or exclusive rights in resulting inventions will be an additional factor in the evaluation of the proposals. In no event will contractors be asked to state their willingness to grant the Government principal or exclusive patent rights prior to a determination that proposals of equivalent merit have been presented.

(e) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire:

(1) At least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head or his designee determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and

(2) The right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head or his designee determines it would be in the national interest to acquire the right; and

(3) The principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

(f) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable, nonexclusive, royalty-free license for the practice of the invention throughout the world; an agency may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government has a right to acquire the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the Government may permit the contractor to acquire such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in (e) of this § 1-9.107-3.

(g) Nothing contained in this subpart shall be construed to confer upon any person any immunity from the antitrust laws or from a charge of patent misuse, and the acquisition and use of rights pursuant to this subpart shall not be immunized from the operation of state or federal law by reason of the source of the grant of such rights.

§ 1-9.107-4 Procedures.

(a) Selection of patent rights clause.

(1) Whenever a contract which is to be performed in the United States, its possessions, or Puerto Rico has as a purpose the conduct of experimental, developmental, or research work, the agency shall apply the policy in § 1-9.107-3 to the contracting situation and shall include in the contract a Patent Rights clause from § 1-9.107-5 or § 1-9.107-6. The clauses in § 1-9.107-5 shall be used as appropriate in contracts with industrial concerns, or in contracts with nonprofit organizations calling for developmental work. The clauses specified in § 1-9.107-5 or § 1-9.107-6 may be used in contracts calling for basic or applied research with nonprofit organizations. Solicitations shall provide offerors with an opportunity to show that the selected clause proposed for a contract is inappropriate for a particular procurement situation.

(2) The Patent Rights clause in § 1-9.107-5(a), except as otherwise provided in § 1-9.107-6(a), shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract falls within § 1-9.107-3(a). This clause provides the Government with the right to acquire title to inventions made in the course of or under the contract, subject to the reservation of nonexclusive license rights to the contractor. The contractor may retain greater rights than a nonexclusive license after an invention has been identified if the agency determines that

the criteria of § 1-9.109-6 are met. When the agency head, or his duly authorized designee, determines that exceptional circumstances exist as provided for in § 1-9.107-3(a), paragraphs (b) and (i) of the clause prescribed in § 1-9.107-5(a) may be appropriately modified to permit the contractor to retain greater rights than a nonexclusive license as to all or specific inventions.

(3) The Patent Rights clause in § 1-9.107-5(b) shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract does not come within § 1-9.107-3(a) but is within § 1-9.107-3(b). This clause provides the contractor with the option to retain title to any inventions resulting from his contract, subject to the reservation of certain rights in the Government.

(4) The Patent Rights clause in § 1-9.107-5(c), except as otherwise provided in § 1-9.107-6(b), shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract does not come within §§ 1-9.107-3(a) or (b), but is within § 1-9.107-3(c). The clause in § 1-9.107-5(c) provides that the determination of rights in inventions resulting from the contract shall be made by the agency after an invention has been identified. When the agency determines pursuant to its regulations that a special situation exists, paragraphs (b) and (i) of the clause prescribed in § 1-9.107-5(c) may be modified to permit the contractor to retain greater rights than a nonexclusive license.

(5) A short form Patent Rights clause in § 1-9.107-6(a) or (b) may be used by the agency in place of the clause in § 1-9.107-5(a) or (c), respectively, where the contract calls for basic or applied research and the contractor is a nonprofit organization for other than the operation of a Government-owned research or production facility. These clauses are not appropriate for use where the agency head determines to grant greater rights upon a finding that exceptional circumstances as provided for in § 1-9.107-3(a) are present or where the contract falls within the special situations criteria of § 1-9.107-3(c). In either event, a Patent Rights clause in § 1-9.107-5, appropriately modified, shall be used.

(b) Record of decisions. Agencies shall record the basis for the following actions: (1) Selection of a Patent Rights clause; (2) Finding of exceptional circumstances in § 1-9.107-3(a) or of special situations in § 1-9.107-3(c); (3) Greater rights determinations pursuant to § 1-9.109-6; and (4) Determinations under §§ 1-9.107-4(c) and (d).

(c) License for Government, States and muncipal governments. The policy set forth in § 1-9.107-3(e) provides that the Government shall normally acquire a paid-up license in any invention resulting from the contract for the Government, States and municipal governments. Paragraph (c)(1) in the Patent Rights clauses in § 1-9.107-5 sets forth such a license. When the agency determines that it would not be in the public interest in a particular contracting situation to acquire a license for the Government of the scope

in paragraph (c)(1), this paragraph may be appropriately modified. The agency head, or his duly authorized designee, may determine at the time of contracting that it would not be in the public interest to acquire such a license for States and municipal governments, or may reserve the right to make this determination after the invention has been identified. When the determination is made or the right to make the determination is reserved, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the appropriate paragraph in § 1-9.107-5(d).

(d) Right to sublicense foreign governments. Paragraph (c) of the Patent Rights clauses in § 1-9.107-5 does not provide the Government with the right to grant a sublicense, in any inventions resulting from the contract, to any foreign government pursuant to any treaty or agreement. The agency head, or his duly authorized designee, may determine at the time of contracting that it would be in the national interest to acquire this right, or he may reserve the right to make a determination after the invention has been identified. When the agency head makes or reserves the right to make this determination, the appropriate sentence in § 1-9.107-5(e) shall be included as part of paragraph (c) in the selected Patent Rights clauses of § 1-9.107-5.

(e) Minimum rights to contractor. The Patent Rights clauses of § 1-9.107-5 specify the minimum rights to be obtained by the contractor in any inventions made in the course of or under the contract. When the agency determines that the contractor may reserve:

(1) A revocable, nonexclusive, royalty-free license in the inventions, paragraph (d) of § 1-9.107-5(a) shall be included in the selected Patent Rights clause in § 1-9.107-5;

(2) A revocable, nonexclusive, royalty-free license in the inventions only upon request by the contractor for such a license, paragraph (d) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with paragraph (d) in § 1-9.107-5(f);

(3) An irrevocable, nonexclusive, royalty-free license in the inventions, paragraph (d) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with paragraph (d) in § 1-9.107-5(g); and

(4) An irrevocable, nonexclusive, royalty-free license in inventions constructively reduced to practice prior to the effective date of the contract, paragraph (d)(4) of § 1-9.107-5(h) shall be added to the Patent Rights clauses in § 1-9.107-5.

(f) Subcontracts.

(1) The policy expressed in § 1-9.107-3 is applicable to prime contracts, and subcontracts regardless of tier. The appropriate Patent Rights clause prescribed by this subpart shall be included in all subcontracts having as a purpose the conduct of experimental, developmental or research work. In general, the Patent Rights clause in the prime contract, with the exception of the withholding provision, will be appropriate for inclusion in such subcontracts. Whenever the prime contractor or a subcontractor considers the inclusion of the Patent Rights clause of the prime contract in a subcontract to be

inconsistent with the policy expressed in § 1-9.107-3, or a subcontractor refuses to accept a Patent Rights clause in his subcontract, the matter shall be referred to the agency Contracting Officer for resolution prior to the award of the subcontract. Upon such referral, the same considerations and procedures followed by the Contracting Officer in selecting the Patent Rights clause included in the prime contract shall be used in selecting the Patent Rights clause to be included in the subcontract.

(2) Contractors shall not use their ability to award subcontracts as economic leverage to acquire rights for themselves in the inventions resulting from subcontracts.

(g) Publication of invention disclosures. The Patent Rights clauses of § 1-9.107-5 specify in paragraph (e)(4) that the Government may duplicate and disclose invention disclosures reported under the contract. However, the publication of the information in an invention disclosure by any party before the filing of a patent application, may create a bar to the filing of foreign patent applications. The agency may restrict the publication of such information by the contractor in order to protect the interests of the Government or the contractor in obtaining foreign patents by adding the provisions of § 1-9.107-(5)(i)(2) to paragraph (e)(4). Where the contractor has been authorized to file foreign patent applications, the agency may desire to restrict its publication of the information in the

related invention disclosure in order to protect the filing of such foreign applications by the contractor. In this event, the sentence in § 1-9.107-5(i)(1) should be added to paragraph (e)(4) of the Patent Rights clauses in § 1-9.107-5.

(h) Deviations. Any departures from the policy, procedures, and clauses of this subpart shall be subject to the provisions of § 1-1.009.

§ 1-9.107-5 Clauses for domestic contracts (long form).

(a) Patent Rights clause - Option in the Government. When the agency has determined that a contract falls within § 1-9.107-4(a)(2) the following clause shall be included in the contract.

PATENT RIGHTS - OPTION IN THE GOVERNMENT

(a) Definitions.

(1) "Subject Invention," means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(2) "Contract," means any contract, agreement, grant, or other arrangement, or subcontract entered into with or for the benefit of the Government where a purpose of the contract is the conduct of experimental, developmental, or research work.

(3) "States and domestic municipal governments," means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(4) "Government agency," includes an executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the executive branch of the Government of the United States of America.

(5) "To the point of practical application," means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(b) Disposition of principal rights.

(1) Assignment to the Government. The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are obtained by the Contractor under paragraphs (b)(2) and (d) of this clause.

(2) Greater Rights Determinations. The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination whether the Contractor or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (e)(2)(i) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

(c) Minimum rights granted to the Government. With respect to each Subject Invention to which the Contractor retains principal or exclusive rights, the Contractor:

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments;

(2) Agrees to grant, upon request of the Government, a license on terms that are reasonable under the circumstances to responsible applicants:

(i) Unless the Contractor, his licensee, or his assignee demonstrates to the Government that effective steps have been taken within 3 years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) To the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health, safety, or welfare needs, or for other public purposes stipulated in this contract;

(3) Shall submit written reports at reasonable intervals, upon request of the Government, during the term of the patent on the Subject Invention, as to:

(i) The commercial use that is being made or is intended to be made of such invention; and

(ii) The steps taken by the Contractor or his transferee to bring the invention to the point of practical application, or to make the invention available for licensing;

(4) Agrees to refund any amounts received as royalty charges on any Subject Invention in procurements for or on behalf of the Government and to provide for such refund in any instrument transferring rights to any party in such invention; and

(5) Agrees to provide for the Government's paid-up license pursuant to paragraph (c)(1) of this clause in any instrument transferring rights in a Subject Invention and to provide for the granting of licenses as required by (2) of this clause, and for the reporting of utilization information as required by paragraph (c)(3) of this clause whenever the instrument transfers principal or exclusive rights in any Subject Invention.

(d) Minimum rights to the Contractor.

(1) As to each Subject Invention upon which the Government files patent applications, a revocable, nonexclusive, paid-up license shall be reserved to the Contractor for the practice of such invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia and in any

foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(2) The Contractor's nonexclusive license reserved pursuant to paragraph (d)(1) of this clause may be revoked or modified by the agency, either in whole or in part, as to the United States, its territories and possessions, Puerto Rico, and the District of Columbia to the extent necessary to achieve expeditious practical application of the Subject Invention under 41 CFR 101-4.103-3 pursuant to an application for exclusive license submitted in accordance with 41 CFR 101-4.104-3. This license shall not be revoked in the field of use and/or geographical areas in which the Contractor has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public. The Contractor's nonexclusive license in any foreign country reserved pursuant to paragraph (d)(1) of this clause may be revoked or modified, either in whole or in part, in the discretion of the agency to the extent the Contractor or his domestic subsidiaries or affiliates have failed to achieve the practical application of the invention in such foreign country.

(3) Before modification or revocation of the license, pursuant to paragraph (d)(2) of this clause, the agency shall furnish the Contractor a written notice of its intention to modify or revoke the license and the Contractor shall be allowed 30 days after such notice to show cause why the license should not be modified or revoked. The Contractor shall have the right to appeal, in accordance with procedures prescribed by the agency, any decision concerning the modification or revocation of his license.

(e) <u>Invention identification, disclosures and reports</u>.

(1) The Contractor shall establish and maintain active and effective procedures to assure that Subject Inventions are promptly identified. These procedures shall include the maintenance of laboratory notebooks and other records as are reasonably necessary to document the conception and/or the first actual reduction to practice of inventions resulting from this contract, and records which show that the procedures for identifying

and disclosing the inventions are followed. Upon request, the Contractor shall furnish the Contracting Officer a description of such procedures so that he may evaluate and determine their effectiveness.

(2) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention, within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. The disclosure shall identify the contract and inventor and be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

(ii) Interim reports[1] at least every 12 months from the date of the contract certifying that:

(A) The Contractor's procedures for identifying and disclosing Subject Inventions as required by this paragraph (e) have been followed throughout the reporting period; and

(B) All Subject Inventions have been disclosed or that there are no such inventions; and

(iii) An acceptable final report[1], within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(3) The Contractor shall obtain patent agreements to effectuate the provisions of this clause from all persons in his employ who perform any part of the work under this contract except clerical and manual labor personnel.

(4) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers required to be furnished pursuant to this clause.

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[1] Agency may specify form

(f) Forfeiture of rights in unreported Subject Inventions.

(1) The Contractor shall forfeit to the Government all rights on any Subject Invention which he fails to report to the Contracting Officer at or prior to the time he:

(i) Files or causes to be filed a United States or foreign application thereon; or

(ii) Submits the final report required by paragraph (e)(2)(iii) of this clause, whichever is later;

except that the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in (i) or (ii) of this paragraph (f), the Contractor:

(A) Prepared a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract; or

(B) Contending that the invention is not a Subject Invention, he nevertheless discloses the invention and all facts pertinent to his contention to the Contracting Officer; or

(C) Establishes that the failure to disclose did not result from his fault or negligence.

(2) Pending written assignment of the patent applications and patents on a Subject Invention determined (such determination to be a final decision under the Disputes Clause) by the Contracting Officer to be forfeited, the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph (f) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to Subject Inventions.

(g) Examination of records relating to inventions.

(1) The Contracting Officer or his authorized representative shall, until the expiration of 3 years after final payment under this contract, have the right to examine any books, records, documents, and other supporting data of the Contractor which the Contracting Officer reasonably deems pertinent to the discovery or identification of Subject Inventions or to determine compliance with the requirements of this clause.

(2) The Contracting Officer shall have the right to review all records and documents of the Contractor relating to the conception or first actual reduction of inventions to determine whether any such inventions are Subject Inventions if the Contractor refuses or fails to:

(i) Establish the procedures of paragraph (e)(1) of this clause; or

(ii) Maintain or follow such procedures; or

(iii) Correct or eliminate any material deficiency in the procedures within thirty (30) days after the Contracting Officer notifies the Contractor of such a deficiency.

(h) Withholding of payment.

(1) Any time before final payment of the amount of this contract, the Contracting Officer may, if he deems such action warranted, withhold payment until a reserve not exceeding $50,000 or 5% of the amount of this contract, whichever is less, shall have been set aside if in his opinion the Contractor fails to:

(i) Establish and maintain effective procedures for identifying and disclosing Subject Inventions pursuant to paragraph (e)(1) of this clause; or

(ii) Disclose any Subject Invention pursuant to paragraph (e)(2)(i) of this clause; or

(iii) Deliver the interim reports pursuant to paragraph (e)(2)(ii) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (i)(5) of this clause.

Such reserve or balance shall be retained until the Contracting Officer has determined that the Contractor has rectified whatever deficiences exist and has delivered all reports, disclosures, and other information required by this clause.

(2) Final payment under this contract shall not be made before the Contractor delivers to the Contracting Officer all disclosures of Subject Inventions required by paragraph (e)(2)(i) of this clause and the final report required by (e)(2)(iii) of this clause.

(3) The Contracting Officer may, in his discretion, decrease or increase the sums withheld up to the maximum

authorized above. If the Contractor is a nonprofit organization the maximum amount that may be withheld under this paragraph shall not exceed $50,000 or 1% of the amount of this contract whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to the Government under this contract.

(i) Subcontracts.

(1) For the purpose of this paragraph the term "Contractor" means the party awarding a subcontract and the term "Subcontractor" means the party being awarded a subcontract, regardless of tier.

(2) The Contractor shall, unless otherwise authorized or directed by the Government Contracting Officer, include this Patent Rights clause, except paragraph (h) of this clause, modified to identify the parties in any subcontract hereunder where a purpose of the subcontract is for the conduct of experimental, developmental or research work. In the event of refusal by a Subcontractor to accept this clause, or if in the opinion of the Contractor this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor:

(i) Shall promptly submit written notice to the Government Contracting Officer setting forth the Subcontractor's reasons for such refusal and other pertinent information which may expedite disposition of the matter; and

(ii) Shall not proceed with the subcontract without the written authorization of the Government Contracting Officer.

(3) The Contractor shall not, in any subcontract or by using such a subcontract as consideration therefor, acquire any rights in his Subcontractor's Subject Invention for his own use (as distinguished from such rights as may be required solely to fulfill his contract obligations to the Government in the performance of this contract).

(4) All invention disclosures, reports, instruments, and other information required to be furnished by the Subcontractor to the Government Contracting Officer under the provisions of a Patent Rights clause in any subcontract hereunder may, in the discretion of the Government Contracting Officer, be furnished to the Contractor for transmission to the Government Contracting Officer.

(5) The Contractor shall promptly notify the Government Contracting Officer in writing upon the award of any subcontract containing a Patent Rights clause by identifying the Subcontractor, the work to be performed under the subcontract, the dates of award and estimated completion. Upon request of the Government Contracting Officer, the Contractor shall furnish a copy of the subcontract. If there are no subcontracts containing Patent Rights clauses, a negative report shall be included in the final report submitted pursuant to paragraph (e)(2)(iii) of this clause.

(6) The Contractor shall exert his best effort to identify all Subject Inventions of the Subcontractor and shall notify the Government Contracting Officer promptly upon the identification of such inventions.

(7) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Contractor hereby assigns to the Government all rights that he would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

(b) Patent Rights clause - Option in the Contractor.

When the agency has determined that a contract falls within § 1-9.107-4(a)(3), the Patent Rights clause in § 1-9.107-5(a) shall be included in the contract, except that the name of the clause shall be changed to "PATENT RIGHTS - OPTION IN THE CONTRACTOR", paragraph (b) of that clause shall be replaced by the following paragraph (b), and the following paragraphs (j) and (k) shall be added:

(b) Disposition of principal rights.

(1) The Contractor may retain the entire right, title, and interest throughout the world or in any country thereof in

and to each Subject Invention disclosed pursuant to paragraph (e)(2)(i) of this clause, subject to the rights obtained by the Government in paragraph (c) of this clause. The Contractor shall include with each Subject Invention disclosure an election as to whether he will retain the entire right, title, and interest in the invention throughout the world or any country thereof.

(2) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights; or

(ii) Fails to have a United States patent application filed on the invention in accordance with paragraph (j) of this clause, or decides not to continue prosecution of such application; or

(iii) At any time, no longer desires to retain title.

(3) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire, right, title, and interest in any Subject Invention in any foreign country when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights in the country; or

(ii) Fails to have a patent application filed in the country on the invention in accordance with paragraph (k) of this clause, or decides not to continue prosecution or to pay any maintenance fees covering the invention. In such event, the Contractor shall notify the Contracting Officer not less than sixty (60) days before the expiration period for any action required by the foreign patent office.

(4) A conveyance, requested pursuant to paragraph (b)(2) or (3) of this clause, shall be made by delivering to the Contracting Officer duly executed instruments (prepared by the Government) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for, prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership in such invention.

(j) Filing of domestic patent applications.

(1) With respect to each Subject Invention in which the Contractor elects to retain domestic rights pursuant to paragraph (b) of this clause, the Contractor shall have a domestic patent application filed within 6 months after submission of the invention disclosure pursuant to paragraph (e)(2)(i) of this clause, or such longer period as may be approved by the Contracting Officer for good cause shown in writing by the Contractor. With respect to such invention, the Contractor shall promptly notify the Contracting Officer of any decision not to file.

(2) For each Subject Invention on which a patent application is filed by or on behalf of the Contractor, the Contractor shall:

(i) Within 2 months after such filing, or within 2 months after submission of the invention disclosure if the patent application previously has been filed, deliver to the Contracting Officer a copy of the application as filed, including the filing date and serial number;

(ii) Include the following statement in the second paragraph of the specification of the application and any patents issued on a Subject Invention, "The Government has rights in this invention pursuant to Contract No._____(or Grant No._____) awarded by (identify the agency).";

(iii) Within 6 months after filing the application, or within 6 months after submission of the invention disclosure if the application has been filed previously, deliver to the Contracting Officer a duly approved, executed and recorded instrument on a form specified by the Government fully confirmatory of all rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application;

(iv) Provide the Contracting Officer with a copy of the patent within 2 months after a patent issues on the application; and

(v) Not less than 30 days before the expiration of the response period for any action required by the Patent Office, notify the agency of any decision not to continue prosecution of the application and deliver to the Contracting Officer executed instruments granting the Government a power of attorney.

(3) For each Subject Invention in which the Contractor initially elects not to retain domestic rights, the Contractor shall inform the Contracting Officer promptly in writing of the date and identity of any on sale, public use, or publication of such invention which may constitute a statutory bar under 35 U.S.C. 102, which was authorized by or known to the Contractor, or any contemplated action of this nature.

(k) Filing of foreign patent applications.

(1) With respect to each Subject Invention in which the Contractor elects to retain rights in a foreign country pursuant to paragraph (b)(1) of this clause, the Contractor shall have a patent application filed on the invention in such country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) Eight months from the date of a corresponding United States application filed by or on behalf of the Contractor; or if such an application is not filed, 6 months from the date the invention is submitted in a disclosure pursuant to paragraph (e)(2)(i) of this clause;

(ii) Six months from the date a license is granted by the Commissioner of Patents to file foreign applications where such filing has been prohibited by security reasons; or

(iii) Such longer period as may be approved by the Contracting Officer.

(2) The Contractor shall notify the Contracting Officer promptly of each foreign application filed and, upon written request, shall furnish an English translation of such foreign application without additional compensation.

(c) Patent Rights clause - Deferred Determination. When the agency has determined that a contract falls within § 1-9.107-4(a)(4), the Patent Rights clause in § 1-9.107-5(a) shall be included in the contract, except that the name of the clause shall be changed to "PATENT RIGHTS - DEFERRED DETERMINATION" and paragraph (b) of that clause shall be replaced with the following paragraph (b):

(b) Disposition of principal rights.

(1) Determination. The Government shall have the sole and exclusive power to determine the disposition of the domestic and foreign rights in any Subject Invention. Where the agency determines that the Government shall have title to a Subject Invention, the Contractor agrees, upon request of the Government, to assign the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that greater rights are obtained under paragraphs (b)(2) and (d) of this clause.

(2) Greater rights determinations. The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination of whether the Contractor, or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of first disclosure of the invention pursuant to paragraph (e)(2)(i) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

(d) License rights of States and municipal governments.

(1) When the agency head, or his duly authorized designee, determines at the time of contracting that it would not be in the public interest to acquire a paid-up license in inventions made in the course of or under the contract for States and domestic municipal governments, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the following paragraph (c)(1):

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency).

(2) When the agency head, or his duly authorized designee, decides to reserve the right to make the determination that it would not be in the public interest to acquire a paid-up license in a Subject Invention for States and domestic municipal governments until after the invention has been identified, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the following paragraph (c)(1):

> (1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency), States, and domestic municipal governments, unless the agency head determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments.

(e) Right to sublicense foreign governments.

(1) When the agency head, or his duly authorized designee, determines at the time of contracting that it would be in the national interest to acquire the right to sublicense foreign governments pursuant to any treaty or agreement, a sentence shall be added to the end of paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 as follows:

> This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement with such foreign governments.

(2) When the agency head wishes to reserve the right to make the determination to sublicense foreign governments pursuant to any treaty or agreement until after the invention has been identified, a sentence shall be added to the end of

paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 as follows:

> This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement if the agency head determines after the invention has been identified that it would be in the national interest to acquire this right.

(f) Minimum rights to Contractor (Upon request). When the agency determines that the contractor may reserve a revocable, nonexclusive, royalty-free license in inventions made in the course of or under the contract, only upon a request by the contractor for such a license, paragraph (d)(1) of the clauses in § 1-9.107-5 shall be replaced with the following paragraph (d)(1):

(d) Minimum rights to the Contractor.

> (1) As to each Subject Invention upon which the Government files patent applications, the Government shall, upon request, reserve to the Contractor a revocable, nonexclusive, royalty-free license for the practice of the invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and if so requested, in any foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(g) Minimum rights to Contractor (Irrevocable). When the agency determines that the contractor may reserve an

irrevocable, nonexclusive, royalty-free license in the inventions resulting from the contract, paragraph (d) of the Patent Rights clauses of § 1-9.107-5 shall be replaced with the following paragraph (d):

(d) As to each Subject Invention, upon which the Government files patent applications, the Contractor reserves an irrevocable, nonexclusive, royalty-free license for the practice of such invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. This license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(h) Irrevocable license on Subject Inventions previously constructively reduced to practice. When an agency decides that the contractor may reserve an irrevocable, nonexclusive and royalty-free license for practice in this country of each invention first actually reduced to practice under a contract which was conceived and constructively reduced to practice by the contractor prior to the effective date of execution of the contract, the following paragraph (d)(4) shall be added to paragraph (d) of the Patents Rights clauses in § 1-9.107-5:

(4) In addition to the provisions of paragraph (d)(1) of this clause, the Contractor reserves an irrevocable, nonexclusive and royalty-free license for practice throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia of each Subject Invention constructively reduced to practice by the Contractor prior to the effective date of this contract. The license shall extend to

the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval by the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(i) Publication of invention disclosures.

(1) When the agency determines that it is in the best interest to withhold the release or publication of information in an invention disclosure so that the contractor may file foreign patent applications on such invention, the following sentence shall be added to paragraph (e)(4) of the Patent Rights clauses in § 1-9.107-5:

If the Contractor is to file a foreign patent application on a Subject Invention, the Government agrees, upon a specific request of the Contractor, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed thereon, but in no event shall the Government or its employees be liable for any publication thereof.

(2) When the agency determines to restrict the contractor's publication of invention disclosures prior to the filing of patent applications, the following paragraph (5) should be added to paragraph (e) of the Patent Rights clauses in § 1-9.107-5:

(5) In order to protect the patent interest of the Government or the Contractor, the Contractor shall obtain the approval of the Contracting Officer prior to the release or publication of the information contained in any Subject Invention disclosure by the Contractor or other parties acting on his behalf.

§ 1-9.107-6 Clauses for domestic contracts (short form).

(a) Patent Rights clause - Option in the Government. The following clause may be used in place of the clause of § 1-9.107-5(a) in contracts for basic and applied research with nonprofit organizations for other than the operation of a Government-owned research or production facility.

PATENT RIGHTS - OPTION IN THE GOVERNMENT (short form)

(a) Definitions.

"Subject Invention," means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) Invention disclosures and reports.

(1) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention, within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. Such disclosure shall identify the contract and inventor, and be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

(ii) Interim reports[1] at least every 12 months from the date of the contract certifying that all Subject Inventions have been disclosed or that there are no such inventions; and

[1] Agency may specify a form.

(iii) An acceptable final report[1], within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(c) Disposition of principal rights.

(1) The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are obtained by the Contractor under paragraphs (c)(2) and (d) of this clause.

(2) The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination of whether the Contractor, or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (b)(1) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract shall be subject to the provisions of paragraph (c) "Minimum rights granted to the Government" of the clause in 41 CFR 1-9.107-5(a), and to the reservations and conditions deemed appropriate by the agency.

(d) Minimum rights to the Contractor. As to each Subject Invention upon which the Government files a patent application, the Government shall, upon request reserve to the Contractor a revocable, nonexclusive, royalty-free license for the practice of the invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent application. Revocation shall be in accordance with the procedure of the clause in 41 CFR 1-9.107-5(d)(2) and (3).

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[1] Agency may specify a form.

(e) Employee and Subcontractor agreements. Unless otherwise authorized in writing by the Contracting Officer, the Contractor shall:

(1) Obtain patent agreements to effectuate the provisions of this clause from all persons who perform any part of the work under this contract, except clerical and manual labor personnel;

(2) Insert in each subcontract, having experimental, developmental, or research work as one of its purposes, provisions making this clause applicable to the Subcontractor and his employees; and

(3) Promptly notify the Contracting Officer of the award of any such subcontract by providing him with a copy of such subcontract and any amendments thereto.

(b) Patent Rights clause - Deferred determination (short form). This clause may be used in place of the clause of § 1-9.107-5(c) in contracts for basic and applied research with nonprofit organizations. When the agency determines that a contract falls within § 1-9.107-3(c) and that a short form Patent Rights clause is to be used pursuant to § 1-9.107-4(a)(5), the Patent Rights clause set forth in § 1-9.107-6(a) shall be included in the contract except that the name of the clause shall be changed to "PATENT RIGHTS - DEFERRED DETERMINATION (short form)"; and paragraph (c)(1) of that clause shall be replaced by the following paragraph (c)(1):

(1) The Government shall have the sole and exclusive power to determine the disposition of the domestic and foreign rights in any Subject Invention. Where the agency determines that the Government shall have title, the Contractor agrees, upon request of the Government, to assign the entire right, title, and interest throughout the world in and to each Subject Invention except to the extent that rights are obtained by the Contractor under paragraphs (c)(2) and (d) of this clause.

§ 1-9.107-7 Clause for Foreign Contracts.

A Patent Rights clause shall be included in every contract having as one of its purposes the conduct of experimental, developmental, or research work which is to be performed outside the United States, its possessions, or Puerto Rico. The clauses authorized for domestic contracts in §§ 1-9.107-5 and 1-9.107-6 may be used or replaced by any other clause tailored to meet the requirements peculiar to the foreign procurement.

§ 1-9.109 Administration of Patent Rights clauses.

(a) Every effort should be made to realize for the Government and the public the benefit of inventions and discoveries resulting from Government experimental, research and development contracts even where the inventions are an incidental product of the work. It is important that the Government and the contractor know and exercise their rights in inventions in order to ensure their expeditious availability to the public, to enable the Government, the contractor and the public to avoid unnecessary payment of royalties, and to defend themselves against claims and suits for patent infringement. To attain these ends, contracts having Patent Rights clauses should be so administered that:

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

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

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

(4) The filing of patent applications is documented by formal instruments such as licenses or assignments; and

(5) Commercial utilization of such inventions is achieved.

(b) Each contractor shall establish and maintain effective procedures to assure that inventions made under the contract are identified and that the Government's rights therein are established and protected. When it is determined after the award of a contract that the contractor or subcontractor may not have a clear understanding of the rights and obligations of the parties under a Patent Rights clause, a post-award orientation conference or letter should be used to explain these rights and obligations. When reviewing a contractor's procedures, particular attention shall be given to ascertaining their effectiveness for identifying and disclosing inventions.

(c) Each Government agency shall undertake to assure compliance by the contractor of the obligations of the Patent Rights clause of the contract. This effort should be directed primarily towards contracts and subcontracts which because of the nature of the work or the large dollar amount spent are likely to result in inventions which are significant in number or quality, and towards contracts and subcontracts where there is reason to believe the contractors may not be complying with their contractual obligations.

Other contracts and subcontracts should be spot-checked when feasible. These follow-up activities may include:

(1) Reviewing technical reports submitted by the contractor;

(2) Checking sources for patents issued to the contractor in fields related to his Government contracts;

(3) Interviewing contractor personnel as to work under the contract, observing the work on site, and inspecting laboratory notebooks and other records of the contractor related to work under the contract; and

(4) Interviewing agency technical personnel as to novel developments in contracts under their cognizance.

(d) If the contractor operating under the Patent Rights clauses of § 1-9.107-5 fails to establish, maintain, or follow effective procedures for identifying and disclosing inventions as required by the Patent Rights clause, or fails to correct any deficiency after notice thereof, the Contracting Officer may require the contractor to make available for examination all records and documents relating to inventions to enable an agency determination of whether there are such inventions, and may invoke the withholding of payments. Further, the Contracting Officer may invoke the withholding of payments if the contractor fails to disclose an invention deemed by the agency to be a Subject Invention.

(e) Conveyance of invention rights to Government.

(1) Where the Government is entitled to the conveyance of the entire right, title, and interest in an invention pursuant to a contract, assignments are required from the inventor to the contractor and from the contractor to the Government, or from the inventor to the Government with the consent of the contractor, to establish clearly the chain of title from the inventor to the Government. The form of conveyance of title from the inventor to the contractor must be legally sufficient to convey the rights the contractor is required to convey to the Government. The optional form of assignment set forth in this § 1-9.109(e)(1) provides the complete chain of title in a single instrument and may be used to convey title to the Government. Alternatively, if separate assignments are used, both documents shall be forwarded simultaneously to the agency for recording.

ASSIGNMENT

Inventor(s): _____
Contractor: _____
Contract No.: _____
Application Title: _____
Contractor's Invention Docket No.: _____
Agency Invention Docket No.: _____
Serial No.: _____ Filing Date: _____
Date(s) Inventor(s) Executed Oath: _____

The undersigned Inventor(s), in recognition of his (their) obligation as employee(s) of the Contractor to assign inventions to the Contractor, and pursuant to the obligations of the Contractor to the Government under the above contract hereby assigns (assign) to the United States of America, as represented by the above-identified agency, all right, title and interest in and to each invention disclosed and claimed in the above U.S. patent application, and any substitution, division, continuation-in-part, or continuation of such patent application and any application for reissue of any patent resulting from such patent application,

subject to the reservation of the following license, if any, to the Contractor:

Any license reserved to the Contractor shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which such invention pertains.

The Inventor(s) further agrees (agree) to assist the Contractor and the Government, upon request, by furnishing any available information and documents, performing all acts, and doing all things which may be reasonably necessary to make this assignment effective.

The Contractor joins in and agrees to the foregoing assignment, and except for the above reservation of a license, if any, relinquishes and assigns all rights, title and interest in and to such inventions, and further agrees to furnish to the Government, upon request, any available information and documents necessary for the prosecution of the above-identified application for patent.

Signed this _____ day of _____, 19____.

(SEAL) _____
INVENTOR(S)

ATTEST: _____

_____

Signed this _____ day of _____, 19____.

_____
CONTRACTOR'S OFFICIAL & TITLE

ATTEST: _____

_____

Accepted and agreed to on behalf of the Government

_____
Agency Official

_____
Date

(2) When the clause of § 1-9.107-5(b) is included in a contract, or when a party obtains title to an identified invention and the right to file a patent application pursuant to a greater rights determination of § 1-9.109-6, the optional form of Confirmatory Instrument set forth in this § 1-9.109(e)(2) is approved for use by the contractor or by the party obtaining greater rights. The Patent Rights clause of § 1-9.107-5(b) requires the contractor to record this instrument in the Patent Assignment Register under 35 U.S.C. 261, to pay the recording fee, and to send the agency the recorded instrument which contains the U.S. Patent Office's recordation information. The Patent Office in recording this instrument places a record of the instrument in the Governmental Register maintained pursuant to Executive Order 9424 of February 18, 1944.

CONFIRMATORY INSTRUMENT

(License to the Government)

Application for: _____
(Title of invention)

Inventor(s): _____

Serial No.: _____ Contract No.: _____

Filing Date: _____ Contractor: _____

The invention identified above is a "Subject Invention" under Patent Rights clause, _____
(identify clause)

(_____) included in Contract No. _____
(date)

with _____.
(specify agency)

This document is confirmatory of the paid-up license granted to the Government in this invention and patent application, and of all other rights reserved to the Government by the referenced clause.

The Government is not estopped at any time to contest the enforceability, validity, or scope of or title to the patent application identified above or any patent resulting therefrom. It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of said contract or of any other agreement between the Government and the Contractor, or any other rights of the Government with respect to the above-identified invention.

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19_____.

SEAL

_____

Applicant or Assignee (Recorded)

By _____

ATTEST:

_____

_____
Business Address

(3) Assignments, licenses, confirmatory instruments, and other papers evidencing any rights of the Government in patents or patent applications shall be recorded in the Statutory Register and/or documented in the Governmental Register maintained by the U.S. Patent Office pursuant to Executive Order 9424. Such documents shall be sent to the Commissioner of Patents, Attention: Assignment Branch, Washington, D. C. 20231, and when the document is to be recorded in the Statutory Register, shall be accompanied by the required fee. When the document is recorded in the Statutory Register, the Patent Office places a copy of this recording in the Governmental Register. If the agency does not have the document recorded in the Statutory Register, it shall send two copies of the document to the Commissioner of Patents and request that these documents be filed in a designated section of the Governmental Register. The Governmental Register contains three sections: the secret, departmental, and public sections. The secret section is for applications bearing a security classification; the departmental section is for documents which are available to the Government and to the public only upon approval of the Government agency; and the public section permits access to the public.

§ 1-9.109-6 Greater rights determinations.

(a) Request for greater domestic rights. A contractor's request for a determination of greater domestic rights in an

identified invention under the Patent Rights clauses of § 1-9.107-5(a) or (c) or § 1-9.107-6 shall be submitted in writing to the agency.

(1) The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The nature and extent of the rights desired;

(iv) A description of the development, risk capital and expense, and time required to bring the invention to the point of practical application;

(v) A statement of the contractor's plans and intentions to bring the invention to the point of practical application including:

(A) If further development is to be conducted by the contractor, a description of the facilities, personnel, and marketing outlets available for that purpose, and the extent to which such development is to be undertaken by the contractor or others on his behalf and/or;

(B) If he intends to license the invention, a brief description of the contractor's licensing program; and

(vi) A statement, where the invention falls within § 1-9.107-3(a), of the contractor's contribution when he contends

that the Government's contribution to the invention is small compared to his contribution.

(2) Agencies may request additional information which would facilitate a determination of greater rights. Illustrations of such items of information include the following:

(i) The relationship of the invention to a principal purpose of the contract;

(ii) Any facts or information, known to the contractor, on whether the invention is intended to be developed by the Government for commercial use or is to be required for such use by governmental regulation;

(iii) The relationship, if any, of the invention to the public health, safety, or welfare; and

(iv) The field of science and technology of the invention and whether the Government has been the principal developer of this field.

(3) The contractor's employee(s) who made an invention in the course of or under a contract may also request, with proper authorization from his employer, a greater rights determination whenever the contract so provides. A copy of the authorization of the contractor-employer should be submitted with the employee-inventor's request for a greater rights determination. In submitting the information required for a greater rights determination as provided in § 1-9.109-6(a)(1), and in applying the other provisions of this paragraph, the term contractor shall

be understood to mean the employee-inventor.

(b) Reimbursement of costs for filing patent applications. In order to protect the interest of the Government and the party submitting a request for a greater rights determination, the filing of a United States patent application prior to the agency's determination is permissible. If an application on a Subject Invention is filed during the pendency of such determination, or within 60 days prior to the receipt of a request by the agency, the agency shall reimburse the party filing the application for the reasonable filing costs and for any patent prosecution as may have occurred as provided by § 1-15.205-26 or § 1-15.309-22. Whenever such costs are not covered in § 1-15.205-26 or § 1-15.309-22, the agency may nevertheless reimburse the party causing the application to be filed for the reasonable costs of such filing and for any patent prosecution as may have occurred, subject to the availability of funds provided:

(1) The agency determines that the party is not entitled to greater rights which are coextensive with the party's request; and

(2) Prior to reimbursement the party requesting such determination assigns the application to a Government agency and the agency accepts the assignment of the application.

(c) Agency consideration. The agency shall consider each request for a determination of greater domestic rights submitted within the period specified in the Patent Rights clause and shall

make the determination in accordance with the criteria set out in paragraphs (d) or (e) of this section, as applicable.

(d) Criteria for greater rights determination - Option in Government clause. When the request for greater rights determination relates to an invention reported under the Patent Rights clause of § 1-9.107-5(a) or § 1-9.107-6(a):

(1) The requesting party may retain greater rights regardless of whether the invention is or is not a primary object of the contract, when the agency finds that the invention comes within the criteria of § 1-9.107-3(a)(1) through (4); and

(i) The acquisition of the greater rights is a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(2) The requesting party also may retain greater rights when the agency finds:

(i) The invention is not a primary object of the contract and does not come within the criteria of § 1-9.107-3(a)(1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

(e) Criteria for greater rights determination - Deferred clause. When the request for the greater rights determination relates to an invention reported under the Patent Rights clause of § 1-9.107-5(c) or § 1-9.107-6(b),

(1) The requesting party may retain greater rights where the agency finds:

(i) The invention does not come within the criteria of § 1-9.107-3(a)(1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

(2) The requesting party may retain greater rights when an agency finds that the invention comes within the criteria of § 1-9.107-3(a)(1) through (4); and

(i) The acquisition of the greater rights is a necessary incentive to call forth risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(f) Agency determination - Domestic rights.

(1) The agency shall notify the party requesting a greater rights determination of its decision. If the agency's greater rights determination is not coextensive with the party's

request, the agency shall inform the party of the reasons on which the final action is based. The agency's greater rights determination is final and is not subject to the Disputes Clause of the applicable contract.

(2) Where the determination includes a requirement that the requesting party have a domestic patent application filed on the invention, the following provisions shall apply:

(i) The application shall be filed within 6 months from the date of the determination, or such longer period as may be authorized by the agency for good cause shown in writing by the requesting party;

(ii) For each patent application filed, the party shall:

(A) Within 2 months after such filing or within 2 months after the date of a determination, if such patent application previously has been filed, deliver to the agency a copy of the application as filed, including the filing date and serial number;

(B) Include the following statement in the second paragraph of the specification of the application and any patent: "The Government has rights in this invention pursuant to Contract No._____ (or Grant No. _____)awarded by (identify the agency).";

(C) Within 6 months after such filing, or within 6 months after submission of the invention disclosure if the patent application has been previously filed, deliver to the

agency a duly approved, executed ~~and recorded~~ instrument prepared by the Government fully confirmatory of all the rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application;

(D) Provide the agency with a copy of the patent within 2 months after a patent issues on the application; and

(E) Not less than 30 days before the expiration of the response period for any action required by the Patent Office, notify the agency of any decision not to continue prosecution of the application and deliver to the agency executed instruments granting the Government a power of attorney; and

(iii) If the applicant decides not to continue prosecution of the application, or no longer desires to retain title, he shall convey to the Government, upon request, his entire right, title, and interest in the invention, and to any corresponding patent application or patent. The conveyance shall be made by delivering to the agency duly executed instruments (prepared by the Government) and, if applicable, such other papers as are deemed necessary to vest in the Government the entire right, title, and interest in the invention and any corresponding patent application, and to enable the Government to prosecute the application.

(3) The determination of greater rights, whether requested by the contractor or by the employee-inventor, shall be subject to the reservation of a license to the Government, and the licensing and the commercial use reporting requirements of paragraph (c) "Minimum rights granted to the Government," of the Patent Rights clauses of § 1-9.107-5. The determination normally shall also be subject to any other reservation or condition deemed to be appropriate by the agency.

(g) Agency determination - Foreign rights.

(1) A request for a foreign rights determination in an invention under the Patent Rights clauses of either § 1-9.107-5(a) or (c) or § 1-9.107-6(a) or (b) may accompany a request for a determination of domestic rights of § 1-9.109-6(f), or may be submitted independently thereof. The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The countries in which the requesting party intends to file a patent application; and

(iv) Other information required by the agency.

(2) If the Government determines not to file a patent application on a Subject Invention of the contractor in any

foreign country, the agency may authorize the requesting party to file a patent application on the invention in such foreign country and to acquire the entire right, title, and interest therein if it determines such authorization to be in the public interest, subject to the license to the Government provided in paragraph (c) of the Patent Rights clause in § 1-9.107-5(a) or § 1-9.107-6(a).

(3) Where the determination includes a requirement that the requesting party file and prosecute a foreign patent application on the invention, the following provisions shall apply:

(i) The requesting party shall file and prosecute a patent application on the invention in (identify the foreign countries) in accordance with applicable statutes and regulations and within one of the following periods:

(A) Eight months from the date of corresponding United States patent application is filed by or on behalf of the requesting party; or if such an application is not filed, 6 months from the date of this agreement;

(B) Six months from the date a license is granted by the Commissioner of Patents to file foreign applications where such filing has been prohibited by security reasons; or

(C) Such longer period as may be approved by the agency;

(ii) The requesting party shall notify the agency promptly of each foreign application filed and, upon written request of the agency, shall furnish an English translation of such foreign application without additional compensation; and

(iii) If the requesting party files or causes to be filed a patent application on a Subject Invention in any foreign country, or if a patent is obtained on such application, the party shall notify the agency, not less than 60 days before the expiration period for any action required by the foreign patent office, or any decision not to continue prosecution of the application or not to pay any maintenance fee covering the invention and within such period shall deliver to the agency:

(A) Executed instruments granting to the Government power of attorney in the application;

(B) An English translation of the application, if not previously provided, to the agency; and

(C) Upon request, a conveyance of the party's entire rights, title, and interest in the invention in the foreign country, and to any corresponding patent application.

(Sec. 205(c), 63 Stat. 390; 40 U.S.C. 486(c))

Effective date. This amendment is effective but may be observed earlier.

Dated:

II

Underscoring denotes additions.

OANeumann:et

REVISIONS MADE BY EXECUTIVE SUBCOMMITTEE DURING ITS JUNE 15, 1973 MEETING

PAGE 1

Recommendation:

Line 4, add the words -- , not otherwise subject to statute -- after the word "agencies".

Rationale -

The Subcommittee believed it desirable to highlight the fact that the FPR's are subject to statutory authority.

PAGE 4

Recommendation:

Line 1, add the sentence -- Consistent with the FPR system, agencies may implement and supplement this subpart. -- at end of § 1-9.107-1(a).

Rationale -

The Subcommittee believed that this language would clarify the applicability of the FPR.

Recommendation:

Line 2, of § 1-9.107-1(b), delete the word "bound" and substitute the word -- governed -- therefor.

Rationale -

The Subcommittee believed the word "governed" was an editorial improvement.

Recommendation:

Line 4, of § 1-9.107-1(b), add the words -- inconsistent with this subpart -- after the word "country,".

Rationale -

The Subcommittee believed that these words further clarified the applicability of the FPR.

PAGE 4 cont'd.

Recommendation:

Line 1, of § 1-9.107-1(c), add the words -- , Cost Sharing or Joint Venture -- after the word "Co-sponsored" in the heading, and add the same words after the word "co-sponsored" in line 2 of the section.

Rationale -

The Subcommittee believed that all of these terms would better define the situations when the provisions of the FPR are not manditorily applicable.

PAGE 7

Recommendation:

Line 5, of § 1-9.107-3(e)(1), add the words -- or his designee -- after the word "head",

Rationale -

The Subcommittee wanted to make it clear that a designee of the agency head could make the determination.

PAGE 8

Recommendation:

Line 3, of § 1-9.107-3(e)(2), add the words -- or his designee -- after the word "head".

Rationale -

The Subcommittee wanted to make it clear that a designee of the agency head could make the determination.

PAGE 10

Recommendation:

Line 1, of § 1-9.107-4(a)(2), add the words -- , or his duly authorized designee, -- after the word "head".

Rationale -

The Subcommittee wanted to make it clear that the duly authorized designee of the agency head could make the determination.

Recommendation:

Line 6, of § 1-9.107-4(a)(3), delete the word "the" and substitute the word -- his -- therefor.

Rationale -

The Subcommittee wanted to make it clear that the contractor could only acquire rights to his own inventions and not those of the subcontractor.

PAGE 11

Recommendation:

Line 5, of § 1-9.107-4(a)(5), add the words -- for other than the operation of a Government-owned research or production facility -- after the word "organizations" and before the ".".

Rationale -

To make it clear that the short form clause should not be used with GO-CO type contractors.

Recommendation:

Line 1, of § 1-9.107-4(b), change the word "bases" to "basis".

Rationale -

Typographical error.

PAGE 11 cont'd.

Recommendation:

Delete § 1-9.107-4(c) in its entirety, and substitute the following paragraph:

-- (c) License for Government, States and municipal governments. The policy set forth in § 1-9.107-3(e) provides that the Government shall normally acquire a paid-up license in any invention resulting from the contract for the Government, States and municipal government. Paragraph (c)(1) in the Patent Rights clauses in § 1-9.107-5 sets forth such a license. When the agency determines that it would not be in the public interest in a particular contracting situation to acquire a license for the Government of the scope in paragraph (c)(1), this paragraph may be appropriately modified. The agency head, or his duly authorized designee, may determine at the time of contracting that it would not be in the public interest to acquire such a license for States and municipal governments, or may reserve the right to make this determination after the invention has been identified. When the determination is made or the right to make the determination is reserved, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the appropriate paragraph in § 1-9.107-5(d).--

Rationale -

Editorial

PAGE 12

Recommendation:

Line 5, of § 1-9.107-4(d), add the words -- , or his duly authorized designee, -- after the word "head".

Rationale -

The Subcommittee wanted to make it clear that the duly authorized designee of the agency head could make the determination.

PAGE 14

Recommendation:

In § 1-9.107-4, change (g) Deviations. to (h) Deviations. and insert the following new paragraph:

-- (g) Publication of invention disclosures. The Patent Rights clauses of § 1-9.107-5 specify in paragraph (e)(4) that the Government may duplicate and disclose invention disclosures reported under the contract. However, the publication of the information in an invention disclosure by any party before the filing of a patent application, may create a bar to the filing of foreign patent applications. The agency may restrict the publication of such information by the contractor in order to protect the interests of the Government or the contractor in obtaining foreign patents by adding the provisions of § 1-9.107-(5)(i)(2) to paragraph (e)(4). Where the contractor has been authorized to file foreign patent applications, the agency may desire to restrict its publication of the

information in the related invention disclosure in order to protect the filing of such foreign applications by the contractor. In this event, the sentence in § 1-9.107-5(i)(1) should be added to paragraph (e)(4) of the Patent Rights clauses in § 1-9.107-5.

PAGE 17

Recommendation:

Line 2, paragraph (c)(2) of § 1-9.107-5(a), delete the words "an exclusive or nonexclusive", and substitute the word -- a --.

Rationale -

The word "license" includes both an exclusive or a non-exclusive license and was considered unnecessary.

Recommendation:

Line 3, paragraph (c)(3) of § 1-9.107-5(a), delete the word "for" and substitute the word -- during --.

Rationale -

Editorial.

Recommendation:

Line 1, paragraph (c)(5), and
Line 2, paragraph (d)(1), of § 1-9.107-5(a), delete the word "royalty-free" and substitute -- paid-up -- therefor.

Rationale -

To make it consistent with the Presidential Statement.

Recommendation:

Line 5, paragraph (d)(1), of § 1-9.107-5(a), delete "," after the words "District of Columbia".

Rationale -

Editorial

PAGE 20

Recommendation:

Line 5, paragraph (g)(1) of § 1-9.107-5(a), add the word -- reasonably -- after the word "Officer".

Rationale -

The Subcommittee believed the added word would prevent "fishing" expeditions.

PAGE 21

Recommendation:

Line 2, paragraph (g)(2)(i) of § 1-9.107-5(a), add the word -- or -- after the semicolon.

Rationale -

Editorial.

PAGE 22

Recommendation:

Line 5, paragraph (i)(2) of § 1-9.107-5(a), add the word -- for -- after the word "is".

Rationale -

Editorial.

PAGE 25

Recommendation:

Line 4, of paragraph (j)(2)(iii) of § 1-9.107-5(a), add the word -- approved, -- after the word "duly".

Rationale -

To clearly indicate that the instrument must be one that has been approved by the agency.

PAGE 26

Recommendation:

Line 1, paragraph (k)(1)(ii) of § 1-9.107-5(a), delete "Nine" and substitute the word -- Eight -- therefor.

Rationale -

Additional time was believed necessary to obtain foreign protection.

PAGE 27

Recommendation:

Line 1, of § 1-9.107-5(d)(1), insert the words -- , or his duly authorized designee, -- after the words "agency head".

Rationale -

The Subcommittee wanted to make it clear that a designee of the agency head could make the determination.

PAGE 28

Recommendation:

Line 1, of § 1-9.107-5(d)(2), insert the words -- , or his duly authorized designee, -- after the words "agency head".

Rationale -

The Subcommittee wanted to make it clear that a designee of the agency head could make the determination.

PAGE 28 cont'd.

Recommendation:

Line 1, of § 1-9.107-5(e)(1), insert the words -- , or his duly authorized designee, -- after the words "agency head".

Rationale -

The Subcommittee wanted to make it clear that a designee of the agency head could make the determination.

PAGE 31

Recommendation:

Add the following paragraph to § 1-9.107-5:

-- (i) Publication of invention disclosures.

(1) When the agency determines that it is in the best interest to withhold the release or publication of information in an invention disclosure so that the contractor may file foreign patent applications on such invention, the following sentence shall be added to paragraph (e)(4) of the Patent Rights clauses in § 1-9.107-5:

> If the Contractor is to file a foreign patent application on a Subject Invention, the Government agrees, upon a specific request of the Contractor, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed thereon, but in no event shall the Government or its employees be liable for any publication thereof.

(2) When the agency determines to restrict the contractor's publication of invention disclosures prior to the filing of patent applications, the following paragraph (5) should be added to paragraph (e) of the Patent

Rights clauses in § 1-9.107-5:

(5) In order to protect the patent interests of the Government or the Contractor, the Contractor shall obtain the approval of the Contracting Officer prior to the release or publication of the information contained in any Subject Invention disclosure by the Contractor or other parties acting on his behalf.

Rationale -

Publication restrictions were made an optional requirement of the clauses to prevent premature disclosures which might prevent the acquisition of foreign patent rights either by the Government or by the contractor.

PAGE 32

Recommendation:

Line 4, of § 1-9.107-6(a), add the words -- for other than the operation of a Government-owned research or production facility -- after the word "organizations" and before the ".".

Rationale -

To make it clear that the short form clause should not be used with GO-CO type contractors.

PAGE 35

Recommendation:

Line 5, of § 1-9.109(a), add the words -- and the contractor -- after the word "Government";
Line 6, of § 1-9.109(a), delete the word "its" and substitute the word -- their --;
Line 8, of § 1-9.109(a), add the words -- , the contractor -- after the word "Government"; and
Line 9, of § 1-9.109(a), delete the word "itself" and substitute -- themselves --.

Rationale -

Revisions clarify the mutual interest of all parties.

PAGE 36

Recommendation:

Line 1, of § 1-9.109(c), delete the words "detect failures" and substitute the words -- undertake to assure compliance --;
Line 2, of § 1-9.109(c), delete the words "to comply with his obligations under" and substitute the phrase -- of the obligations of --; and
Line 3, of § 1-9.109(c), delete the words "and require correction thereof" and substitute the words -- of the contract --.

Rationale -

Places a positive requirement on the Government agency to assure contractor compliance.

PAGE 38

Recommendation:

Line 4, of § 1-9.109(e)(1), insert the words -- or from the inventor to the Government with the consent of the contractor, -- after the word "Government,".

Rationale -

This language provides flexibility as to who may sign the legal instrument transferring the rights to the Government.

Recommendation:

Insert the heading -- Agency Invention Docket No.: _____ -- after "Contractor's Invention Docket No.: _____" in the optional form of the Assignment.

Rationale -

The Subcommittee believed if an agency docket number was known and the serial number of the patent application was not, further identification would be helpful.

PAGE 41

Recommendation:

In the Confirmatory Instrument form, delete the word "this" in the last line of paragraph 1, and insert the words -- the referenced --.

Rationale -

Clarification.

PAGE 42

Recommendation:

Line 18 and 19, of § 1-9.109(e)(3), delete the words "to be made" before the word "available" and the word "only" after the word "available" and insert the words -- and to the public only upon approval of the Government agency -- after the word "Government".

Rationale -

Revised language makes it clear that the public sector may have access to the departmental section if it has the Government's approval.

PAGE 48

Recommendation:

Line 2, of § 1-9.109-6(f)(1), insert the word -- final -- before the word "action"; and insert -- . -- after the word "based"; delete the words "and the procedures for requesting reconsideration." and insert the sentence -- The agency's greater rights determination is final and is not subject to the Disputes Clause of the applicable contract. --

Rationale -

To clarify the finality of the agency action.

PAGE 49

Recommendation:

Line 1, of § 1-9.109-6(f)(2)(ii)(C), insert the word -- approved -- after the word "duly".

Rationale -

To clearly indicate that the instrument must be one that has been approved by the agency.

PAGE 51

Recommendation:

Line 1, of § 1-9.109-6(g)(3)(i)(A), delete the word "Nine" and substitute -- Eight --.

Rationale -

Additional time was believed necessary to obtain foreign protection.

III

Revised Proposed FPR as approved
by the Executive Subcommittee
during the June 21, 1973 meeting
(Marked-up version)

OANeumann:et

TITLE 41 - PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

CHAPTER 1 - FEDERAL PROCUREMENT REGULATIONS

DISPOSITION OF PATENT RIGHTS

This amendment of the Federal Procurement Regulations prescribes policies, procedures, and appropriate contract clauses concerning the allocation of rights in inventions, which enable the Government agencies, not otherwise subject to statute, to implement the President's Statement of Government Patent Policy (36 F.R. 16887, August 26, 1971).

The table of parts is revised to add the following entry:

1-9 Patents, Data, and Copyrights.

Part 1-9 is added which reads as follows:

PART 1-9 - PATENTS, DATA, AND COPYRIGHTS

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PART 1-9 - PATENTS, DATA, AND COPYRIGHTS

SUBPART 1-9.1 - PATENTS

§ 1-9.100 Scope of subpart.

This subpart sets forth policies, procedures, and contract clauses with respect to inventions made in the course of or under a contract or subcontract entered into with or for the benefit of the Government where a purpose is the conduct of experimental, developmental, or research work. The policy, procedures, and contract clauses may also be used in grants, agreements, and other arrangements as agencies deem appropriate.

§ 1-9.101 (Reserved)

§ 1-9.102 (Reserved)

§ 1-9.103 (Reserved)

§ 1-9.104 (Reserved)

§ 1-9.105 (Reserved)

§ 1-9.106 (Reserved)

§ 1-9.107 Patent rights under contracts for research and development.

§ 1-9.107-1 General.

(a) Introduction.

On August 23, 1971, the President issued a Statement of Government Patent Policy (36 F.R. 16887, August 26, 1971) applicable to all executive departments and agencies, revising a prior Statement of Policy (28 F.R. 10943, October 12, 1963). Essentially, the goals of this Statement are to provide criteria for determining the allocation of rights in inventions resulting from federally-sponsored research and development contracts, to promote their expeditious development so that the public can benefit from early civilian use of the inventions and to assure their continued availability. In applying this regulation, agency heads must weigh both the need for incentives to draw forth private initiatives, and the need to promote healthy competition in industry. Within prescribed limits, the Statement gives agency heads greater latitude to allocate to contractors additional rights to Government-sponsored inventions as are deemed necessary to encourage commercial use of the inventions, or where equitable

circumstances would justify such allocation of rights. Consistent with the FPR system, agencies may implement and supplement this subpart.

(b) Applicable Statutes.

Except to the extent that agencies are [~~bound~~] governed by specific statutes or by any treaty or agreement between the United States and any foreign country, inconsistent with this subpart, agencies shall follow the provisions of this subpart, including the use of the prescribed clauses. Modifications to the prescribed clauses are permissible to the extent that these clauses are inconsistent with the requirements of statutes, treaties or agreements.

(c) Co-sponsored, Cost Sharing or Joint Venture Research.

The provisions of this subpart are not mandatorily applicable to co-sponsored, cost sharing or joint venture research when the agency determines that in the course of the work under the contract, the contractor will be required to make a substantial contribution of funds, facilities, or equipment to the principal purpose of the contract.

§ 1-9.107-2 (Reserved)

§ 1-9.107-3 Policy.

(a) The Government shall normally acquire or reserve the right to acquire the principal or exclusive rights throughout the world in and to any inventions made in the course of or under a contract where:

(1) A principal purpose of the contract is to create, develop, or improve products, processes, or methods which are intended for commercial use (or which are otherwise intended to be made available for use) by the general public at home or abroad, or which will be required for such use by governmental regulations; or

(2) A principal purpose of the contract is for exploration into fields which directly concern the public health, public safety, or public welfare; or

(3) The contract is in a field of science or technology in which there has been little significant experience outside of work funded by the Government, or where the Government has been the principal developer of the field, and the acquisition of exclusive rights at the time of contracting might confer on the contractor a preferred or dominant position; or

(4) The services of the contractor are:

(i) For the operation of a Government-owned research or production facility; or

(ii) For coordinating and directing the work of others.

In exceptional circumstances the contractor may acquire greater rights than a nonexclusive license at the time of contracting where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified where the head of the department or agency

determines that the acquisition of such greater rights is consistent with the intent of this paragraph (a) and is either a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application or that the Government's contribution to the invention is small compared to that of the contractor. Where an identified invention made in the course of or under the contract is not a primary object of the contract, greater rights may also be acquired by the contractor under the criteria of (c), below.

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology to develop information, products, processes, or methods for use by the Government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions.

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in (b), above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy, taking particularly into account the intentions of the contractor to bring the invention to a point

of commercial application and the guidelines of (a), above, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to acquire at the time of contracting greater rights than a nonexclusive license.

(d) In the situations specified in (b) and (c) of this § 1-9.107-3, when two or more potential contractors are judged to have presented proposals of equivalent merit, willingness to grant the Government principal or exclusive rights in resulting inventions will be an additional factor in the evaluation of the proposals. In no event will contractors be asked to state their willingness to grant the Government principal or exclusive patent rights prior to a determination that proposals of equivalent merit have been presented.

(e) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire:

(1) At least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head <u>or his designee</u> determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and

(2) The right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head or his designee determines it would be in the national interest to acquire the right; and

(3) The principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

(f) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable, nonexclusive, royalty-free license for the practice of the invention throughout the world; an agency may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government has a right to acquire the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the Government may permit the contractor to acquire such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in (e) of this § 1-9.107-3.

(g) Nothing contained in this subpart shall be construed to confer upon any person any immunity from the antitrust laws or from a charge of patent misuse, and the acquisition and use of rights pursuant to this subpart shall not be immunized from the operation of state or federal law by reason of the source

of the grant of such rights.

§ 1-9.107-4 Procedures.

(a) Selection of patent rights clause.

(1) Whenever a contract which is to be performed in the United States, its possessions, or Puerto Rico has as a purpose the conduct of experimental, developmental, or research work, the agency shall apply the policy in § 1-9.107-3 to the contracting situation and shall include in the contract a Patent Rights clause from § 1-9.107-5 or § 1-9.107-6. The clauses in § 1-9.107-5 shall be used as appropriate in contracts with industrial concerns, or in contracts with nonprofit organizations calling for developmental work. The clauses specified in § 1-9.107-5 or § 1-9.107-6 may be used in contracts calling for basic or applied research with nonprofit organizations. Solicitations shall provide offerors with an opportunity to show that the selected clause proposed for a contract is inappropriate for a particular procurement situation.

(2) The Patent Rights clause in § 1-9.107-5(a), except as otherwise provided in § 1-9.107-6(a), shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract falls within § 1-9.107-3(a). This clause provides the Government with the right to acquire title to inventions made in the course of or under the contract, subject to the reservation of nonexclusive license rights to the contractor. The contractor may retain greater rights than a nonexclusive license after

an invention has been identified if the agency determines that the criteria of § 1-9.109-6 are met. When the agency head, or his duly authorized designee, determines that exceptional circumstances exist as provided for in § 1-9.107-3(a), paragraphs (b) and (i) of the clause prescribed in § 1-9.107-5(a) may be appropriately modified to permit the contractor to retain greater rights than a nonexclusive license as to all or specific inventions.

(3) The Patent Rights clause in § 1-9.107-5(b) shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract does not come within § 1-9.107-3(a) but is within § 1-9.107-3(b). This clause provides the contractor with the option to retain title to any inventions resulting from [the] his contract, subject to the reservation of certain rights in the Government.

(4) The Patent Rights clause in § 1-9.107-5(c), except as otherwise provided in § 1-9.107-6(b), shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract does not come within §§ 1-9.107-3(a) or (b), but is within § 1-9.107-3(c). The clause in § 1-9.107-5(c) provides that the determination of rights in inventions resulting from the contract shall be made by the agency after an invention has been identified. When the agency determines pursuant to its regulations that a special situation exists, paragraphs (b) and (i) of the clause prescribed in § 1-9.107-5(c) may be modified to permit the contractor to retain greater rights than a nonexclusive license.

(5) A short form Patent Rights clause in § 1-9.107-6(a) or (b) may be used by the agency in place of the clause in § 1-9.107-5(a) or (c), respectively, where the contract calls for basic or applied research and the contractor is a nonprofit organization for other than the operation of a Government-owned research or production facility. These clauses are not appropriate for use where the agency head determines to grant greater rights upon a finding that exceptional circumstances as provided for in § 1-9.107-3(a) are present or where the contract falls within the special situations criteria of § 1-9.107-3(c). In either event, a Patent Rights clause in § 1-9.107-5, appropriately modified, shall be used.

(b) Record of decisions. Agencies shall record the basis for the following actions: (1) Selection of a Patent Rights clause; (2) Finding of exceptional circumstances in § 1-9.107-3(a) or of special situations in § 1-9.107-3(c); (3) Greater rights determinations pursuant to § 1-9.109-6; and (4) Determinations under §§ 1-9.107-4(c) and (d).

(c) License for Government, States and muncipal governments. ~~[Paragraph (c)(i) in the clause set forth in § 1-9.107-5(a) provides that the Government, States and municipal governments shall be granted a paid-up license in any inventions resulting from the contract. However, the agency head my determine at the time of contracting that it would not be in the public interest to acquire such a license, or he may reserve the right to make~~

~~this-determination-after-the-invention-has-been-identified. When-the-agency-head-makes-or-reserves-the-right-to-make-this determination,-paragraph-(c)(1)-of-the-Patent-Rights-clauses in-§-1-9.107-5-shall-be-replaced-with-the-appropriate-paragraph in-§-1-9.107-5(d).]~~ The policy set forth in § 1-9.107-3(e) provides that the Government shall normally acquire a paid-up license in any invention resulting from the contract for the Government, States and municipal governments. Paragraph (c)(1) in the Patent Rights clauses in § 1-9.107-5 sets forth such a license. When the agency determines that it would not be in the public interest in a particular contracting situation to acquire a license for the Government of the scope in paragraph (c)(1), this paragraph may be appropriately modified. The agency head, or his duly authorized designee, may determine at the time of contracting that it would not be in the public interest to acquire such a license for States and municipal governments, or may reserve the right to make this determination after the invention has been identified. When the determination is made or the right to make the determination is reserved, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the appropriate paragraph in § 1-9.107-5(d).

(d) Right to sublicense foreign governments. Paragraph (c) of the Patent Rights clauses in § 1-9.107-5 does not provide the Government with the right to grant a sublicense, in any inventions resulting from the contract, to any foreign government

pursuant to any treaty or agreement. The agency head, or his duly authorized designee, may determine at the time of contracting that it would be in the national interest to acquire this right, or he may reserve the right to make a determination after the invention has been identified. When the agency head makes or reserves the right to make this determination, the appropriate sentence in § 1-9.107-5(e) shall be included as part of paragraph (c) in the selected Patent Rights clauses of § 1-9.107-5.

(e) Minimum rights to contractor. The Patent Rights clauses of § 1-9.107-5 specify the minimum rights to be obtained by the contractor in any inventions made in the course of or under the contract. When the agency determines that the contractor may reserve:

(1) A revocable, nonexclusive, royalty-free license in the inventions, paragraph (d) of § 1-9.107-5(a) shall be included in the selected Patent Rights clause in § 1-9.107-5;

(2) A revocable, nonexclusive, royalty-free license in the inventions only upon request by the contractor for such a license, paragraph (d) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with paragraph (d) in § 1-9.107-5(f);

(3) An irrevocable, nonexclusive, royalty-free license in the inventions, paragraph (d) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with paragraph (d) in § 1-9.107-5(g); and

(4) An irrevocable, nonexclusive, royalty-free license in inventions constructively reduced to practice prior to the effective date of the contract, paragraph (d)(4) of § 1-9.107-5(h) shall be added to the Patent Rights clauses in § 1-9.107-5.

(f) Subcontracts.

(1) The policy expressed in § 1-9.107-3 is applicable to prime contracts, and subcontracts regardless of tier. The appropriate Patent Rights clause prescribed by this subpart shall be included in all subcontracts having as a purpose the conduct of experimental, developmental or research work. In general, the Patent Rights clause in the prime contract, with the exception of the withholding provision, will be appropriate for inclusion in such subcontracts. Whenever the prime contractor or a subcontractor considers the inclusion of the Patent Rights clause of the prime contract in a subcontract to be inconsistent with the policy expressed in § 1-9.107-3, or a subcontractor refuses to accept a Patent Rights clause in his subcontract, the matter shall be referred to the agency Contracting Officer for resolution prior to the award of the subcontract. Upon such referral, the same considerations and procedures followed by the Contracting Officer in selecting the Patent Rights clause included in the prime contract shall be used in selecting the Patent Rights clause to be included in the subcontract.

(2) Contractors shall not use their ability to award subcontracts as economic leverage to acquire rights for themselves in the inventions resulting from subcontracts.

(g) Publication of invention disclosures. The Patent Rights clauses of § 1-9.107-5 specify in paragraph (e)(4) that the Government may duplicate and disclose invention disclosures reported under the contract. However, the publication of the information in an invention disclosure by any party before the filing of a patent application, may create a bar to the filing of foreign patent applications. The agency may restrict the publication of such information by the contractor in order to protect the interests of the Government or the contractor in obtaining foreign patents by adding the provisions of § 1-9.107-(5)(i)(2) to paragraph (e)(4). Where the contractor has been authorized to file foreign patent applications, the agency may desire to restrict its publication of the information in the related invention disclosure in order to protect the filing of such foreign applications by the contractor. In this event, the sentence in § 1-9.107-5(i)(1) should be added to paragraph (e)(4) of the Patent Rights clauses in § 1-9.107-5.

(h) Deviations. Any departures from the policy, procedures, and clauses of this subpart shall be subject to the provisions of § 1-1.009.

§ 1-9.107-5 Clauses for domestic contracts (long form).

(a) Patent Rights clause - Option in the Government.

When the agency has determined that a contract falls within § 1-9.107-4(a)(2) the following clause shall be included in the contract.

PATENT RIGHTS - OPTION IN THE GOVERNMENT

(a) Definitions.

(1) "Subject Invention," means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(2) "Contract," means any contract, agreement, grant, or other arrangement, or subcontract entered into with or for the benefit of the Government where a purpose of the contract is the conduct of experimental, developmental, or research work.

(3) "States and domestic municipal governments," means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(4) "Government agency," includes an executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the executive branch of the Government of the United States of America.

(5) "To the point of practical application," means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(b) Disposition of principal rights.

(1) Assignment to the Government. The Contractor agrees to assign to the Government the entire right, title, and

interest throughout the world in and to each Subject Invention, except to the extent that rights are obtained by the Contractor under paragraphs (b)(2) and (d) of this clause.

(2) Greater Rights Determinations. The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination whether the Contractor or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (e)(2)(i) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

(c) Minimum rights granted to the Government. With respect to each Subject Invention to which the Contractor retains principal or exclusive rights, the Contractor:

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments;

(2) Agrees to grant, upon request of the Government, a[~~n exclusive or nonexclusive~~] license on terms that are reasonable under the circumstances to responsible applicants:

(i) Unless the Contractor, his licensee, or his assignee demonstrates to the Government that effective steps have been taken within 3 years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) To the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health, safety, or welfare needs, or for other public purposes stipulated in this contract;

(3) Shall submit written reports at reasonable intervals, upon request of the Government, [~~for~~] during the term of the patent on the Subject Invention, as to:

(i) The commercial use that is being made or is intended to be made of such invention; and

(ii) The steps taken by the Contractor or his transferee to bring the invention to the point of practical application, or to make the invention available for licensing;

(4) Agrees to refund any amounts received as royalty charges on any Subject Invention in procurements for or on behalf of the Government and to provide for such refund in any instrument transferring rights to any party in such invention; and

(5) Agrees to provide for the Government's [~~royalty--free~~] paid-up license pursuant to paragraph (c)(1) of this clause in any instrument transferring rights in a Subject Invention and to provide for the granting of licenses as required by (2) of this clause, and for the reporting of utilization information as required by paragraph (c)(3) of this clause whenever the instrument transfers principal or exclusive rights in any Subject Invention.

(d) Minimum rights to the Contractor.

(1) As to each Subject Invention upon which the Government files patent applications, a revocable, nonexclusive, [~~royalty-free~~] paid-up license shall be reserved to the Contractor for the practice of such invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia[,] and in any foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(2) The Contractor's nonexclusive license reserved pursuant to paragraph (d)(1) of this clause may be revoked or modified by the agency, either in whole or in part, as to the United States, its territories and possessions, Puerto Rico, and the District of Columbia to the extent necessary to achieve expeditious practical application of the Subject Invention under 41 CFR 101-4.103-3 pursuant to an application

for exclusive license submitted in accordance with 41 CFR 101-4.104-3. This license shall not be revoked in the field of use and/or geographical areas in which the Contractor has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public. The Contractor's nonexclusive license in any foreign country reserved pursuant to paragraph (d)(1) of this clause may be revoked or modified, either in whole or in part, in the discretion of the agency to the extent the Contractor or his domestic subsidiaries or affiliates have failed to achieve the practical application of the invention in such foreign country.

(3) Before modification or revocation of the license, pursuant to paragraph (d)(2) of this clause, the agency shall furnish the Contractor a written notice of its intention to modify or revoke the license and the Contractor shall be allowed 30 days after such notice to show cause why the license should not be modified or revoked. The Contractor shall have the right to appeal, in accordance with procedures prescribed by the agency, any decision concerning the modification or revocation of his license.

(e) Invention identification, disclosures and reports.

(1) The Contractor shall establish and maintain active and effective procedures to assure that Subject Inventions are promptly identified. These procedures shall include the maintenance of laboratory notebooks and other records as are reasonably necessary to document the conception and/or the first actual reduction to practice of inventions resulting from this contract, and records which show that the procedures for identifying and disclosing the inventions are followed. Upon request, the Contractor shall furnish the Contracting Officer a description of such procedures so that he may evaluate and determine their effectiveness.

(2) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention, within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. The disclosure shall identify the contract and inventor and be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention

pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

(ii) Interim reports[1] at least every 12 months from the date of the contract certifying that:

(A) The Contractor's procedures for identifying and disclosing Subject Inventions as required by this paragraph (e) have been followed throughout the reporting period; and

(B) All Subject Inventions have been disclosed or that there are no such inventions; and

(iii) An acceptable final report[1], within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(3) The Contractor shall obtain patent agreements to effectuate the provisions of this clause from all persons in his employ who perform any part of the work under this contract except clerical and manual labor personnel.

(4) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers required to be furnished pursuant to this clause.

(f) Forfeiture of rights in unreported Subject Inventions.

(1) The Contractor shall forfeit to the Government all rights on any Subject Invention which he fails to report to the Contracting Officer at or prior to the time he:

(i) Files or causes to be filed a United States or foreign application thereon; or

(ii) Submits the final report required by paragraph (e)(2)(iii) of this clause, whichever is later;

except that the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in (i) or (ii) of this paragraph (f), the Contractor:

(A) Prepared a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract; or

[1] Agency may specify form.

(B) Contending that the invention is not a Subject Invention, he nevertheless discloses the invention and all facts pertinent to his contention to the Contracting Officer; or

(C) Establishes that the failure to disclose did not result from his fault or negligence.

(2) Pending written assignment of the patent applications and patents on a Subject Invention determined (such determination to be a final decision under the Disputes Clause) by the Contracting Officer to be forfeited, the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph (f) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to Subject Inventions.

(g) Examination of records relating to inventions.

(1) The Contracting Officer or his authorized representative shall, until the expiration of 3 years after final payment under this contract, have the right to examine any books, records, documents, and other supporting data of the Contractor which the Contracting Officer reasonably deems pertinent to the discovery or identification of Subject Inventions or to determine compliance with the requirements of this clause.

(2) The Contracting Officer shall have the right to review all records and documents of the Contractor relating to the conception or first actual reduction of inventions to determine whether any such inventions are Subject Inventions if the Contractor refuses or fails to:

(i) Establish the procedures of paragraph (e)(1) of this clause; or

(ii) Maintain or follow such procedures; or

(iii) Correct or eliminate any material deficiency in the procedures within thirty (30) days after the Contracting Officer notifies the Contractor of such a deficiency.

(h) Withholding of payment.

(1) Any time before final payment of the amount of this contract, the Contracting Officer may, if he deems such action warranted, withhold payment until a reserve not exceeding $50,000 or 5% of the amount of this contract, whichever is less, shall have been set aside if in his opinion the Contractor fails to:

(i) Establish and maintain effective procedures for identifying and disclosing Subject Inventions pursuant to paragraph (e)(1) of this clause; or

(ii) Disclose any Subject Invention pursuant to paragraph (e)(2)(i) of this clause; or

(iii) Deliver the interim reports pursuant to paragraph (e)(2)(ii) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (i)(5) of this clause.

Such reserve or balance shall be retained until the Contracting Officer has determined that the Contractor has rectified whatever deficiences exist and has delivered all reports, disclosures, and other information required by this clause.

(2) Final payment under this contract shall not be made before the Contractor delivers to the Contracting Officer all disclosures of Subject Inventions required by paragraph (e)(2)(i) of this clause and the final report required by (e)(2)(iii) of this clause.

(3) The Contracting Officer may, in his discretion, decrease or increase the sums withheld up to the maximum authorized above. If the Contractor is a nonprofit organization the maximum amount that may be withheld under this paragraph shall not exceed $50,000 or 1% of the amount of this contract whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to the Government under this contract.

(i) Subcontracts.

(1) For the purpose of this paragraph the term "Contractor" means the party awarding a subcontract and the term "Subcontractor" means the party being awarded a subcontract, regardless of tier.

(2) The Contractor shall, unless otherwise authorized or directed by the Government Contracting Officer, include this Patent Rights clause, except paragraph (h) of this clause, modified to identify the parties in any subcontract hereunder where a purpose of the subcontract is for the conduct of experimental,

developmental or research work. In the event of refusal by a Subcontractor to accept this clause, or if in the opinion of the Contractor this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor:

(i) Shall promptly submit written notice to the Government Contracting Officer setting forth the Subcontractor's reasons for such refusal and other pertinent information which may expedite disposition of the matter; and

(ii) Shall not proceed with the subcontract without the written authorization of the Government Contracting Officer.

(3) The Contractor shall not, in any subcontract or by using such a subcontract as consideration therefor, acquire any rights in his Subcontractor's Subject Invention for his own use (as distinguished from such rights as may be required solely to fulfill his contract obligations to the Government in the performance of this contract).

(4) All invention disclosures, reports, instruments, and other information required to be furnished by the Subcontractor to the Government Contracting Officer under the provisions of a Patent Rights clause in any subcontract hereunder may, in the discretion of the Government Contracting Officer, be furnished to the Contractor for transmission to the Government Contracting Officer.

(5) The Contractor shall promptly notify the Government Contracting Officer in writing upon the award of any subcontract containing a Patent Rights clause by identifying the Subcontractor, the work to be performed under the subcontract, the dates of award and estimated completion. Upon request of the Government Contracting Officer, the Contractor shall furnish a copy of the subcontract. If there are no subcontracts containing Patent Rights clauses, a negative report shall be included in the final report submitted pursuant to paragraph (e)(2)(iii) of this clause.

(6) The Contractor shall exert his best effort to identify all Subject Inventions of the Subcontractor and shall notify the Government Contracting Officer promptly upon the identification of such inventions.

(7) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Contractor hereby

assigns to the Government all rights that he would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

(b) Patent Rights clause - Option in the Contractor.

When the agency has determined that a contract falls within § 1-9.107-4(a)(3), the Patent Rights clause in § 1-9.107-5(a) shall be included in the contract, except that the name of the clause shall be changed to "PATENT RIGHTS - OPTION IN THE CONTRACTOR", paragraph (b) of that clause shall be replaced by the following paragraph (b), and the following paragraphs (j) and (k) shall be added:

(b) Disposition of principal rights.

(1) The Contractor may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention disclosed pursuant to paragraph (e)(2)(i) of this clause, subject to the rights obtained by the Government in paragraph (c) of this clause. The Contractor shall include with each Subject Invention disclosure an election as to whether he will retain the entire right, title, and interest in the invention throughout the world or any country thereof.

(2) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights; or

(ii) Fails to have a United States patent application filed on the invention in accordance with paragraph (j) of this clause, or decides not to continue prosecution of such application; or

(iii) At any time, no longer desires to retain title.

(3) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire, right, title, and interest in any Subject Invention in any foreign country when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights in the country; or

(ii) Fails to have a patent application filed in the country on the invention in accordance with paragraph (k) of this clause, or decides not to continue prosecution or to pay any maintenance fees covering the invention. In such event, the Contractor shall notify the Contracting Officer not less than sixty (60) days before the expiration period for any action required by the foreign patent office.

(4) A conveyance, requested pursuant to paragraphs (b)(2) or (3) of this clause, shall be made by delivering to the Contracting Officer duly executed instruments (prepared by the Government) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for, prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership in such invention.

(j) Filing of domestic patent applications.

(1) With respect to each Subject Invention in which the Contractor elects to retain domestic rights pursuant to paragraph (b) of this clause, the Contractor shall have a domestic patent application filed within 6 months after submission of the invention disclosure pursuant to paragraph (e)(2)(i) of this clause, or such longer period as may be approved by the Contracting Officer for good cause shown in writing by the Contractor. With respect to such invention, the Contractor shall promptly notify the Contracting Officer of any decision not to file.

(2) For each Subject Invention on which a patent application is filed by or on behalf of the Contractor. the Contractor shall:

(i) Within 2 months after such filing, or within 2 months after submission of the invention disclosure if the patent application previously has been filed, deliver to the Contracting Officer a copy of the application as filed, including the filing date and serial number;

(ii) Include the following statement in the second paragraph of the specification of the application and any patents issued on a Subject Invention, "The Government has rights in this invention pursuant to Contract No._____(or Grant No._____) awarded by (identify the agency)."

(iii) Within 6 months after filing the application, or within 6 months after submission of the invention disclosure if the application has been filed previously, deliver to the Contracting Officer a duly approved, executed and recorded instrument on a form specified by the Government fully confirmatory of all rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application;

(iv) Provide the Contracting Officer with a copy of the patent within 2 months after a patent issues on the application; and

(v) Not less than 30 days before the expiration of the response period for any action required by the Patent Office, notify the agency of any decision not to continue prosecution of the application and deliver to the Contracting Officer executed instruments granting the Government a power of attorney.

(3) For each Subject Invention in which the Contractor initially elects not to retain domestic rights, the Contractor shall inform the Contracting Officer promptly in writing of the date and identity of any on sale, public use, or publication of such invention which may constitute a statutory bar under 35 U.S.C. 102, which was authorized by or known to the Contractor, or any contemplated action of this nature.

(k) Filing of foreign patent applications.

(1) With respect to each Subject Invention in which the Contractor elects to retain rights in a foreign country pursuant to paragraph (b)(1) of this clause, the Contractor shall have a patent application filed on the invention in such country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) [~~Nine~~] Eight months from the date of a corresponding United States application filed by or on behalf of the Contractor; or if such an application is not filed, 6 months from the date the invention is submitted in a disclosure pursuant to paragraph (e)(2)(i) of this clause;

(ii) Six months from the date a license is granted by the Commissioner of Patents to file foreign applications where such filing has been prohibited by security reasons; or

(iii) Such longer period as may be approved by the Contracting Officer.

(2) The Contractor shall notify the Contracting Officer promptly of each foreign application filed and, upon written request, shall furnish an English translation of such foreign application without additional compensation.

(c) Patent Rights clause - Deferred Determination. When the agency has determined that a contract falls within § 1-9.107-4(a)(4), the Patent Rights clause in § 1-9.107-5(a) shall be included in the contract, except that the name of the clause shall be changed to "PATENT RIGHTS - DEFERRED DETERMINATION" and paragraph (b) of that clause shall be replaced with the following paragraph (b):

(b) Disposition of principal rights.

(1) Determination. The Government shall have the sole and exclusive power to determine the disposition of the domestic and foreign rights in any Subject Invention. Where the agency determines that the Government shall have title to a Subject Invention, the Contractor agrees, upon request of the Government, to assign the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that greater rights are obtained under paragraphs (b)(2) and (d) of this clause.

(2) Greater rights determinations. The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination of whether the Contractor, or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of first disclosure of the invention pursuant to paragraph (e)(2)(i) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights

determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

(d) License rights of States and municipal governments.

(1) When the agency head, or his duly authorized designee, determines at the time of contracting that it would not be in the public interest to acquire a paid-up license in inventions made in the course of or under the contract for States and domestic municipal governments, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the following paragraph (c)(1):

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency).

(2) When the agency head, or his duly authorized designee, decides to reserve the right to make the determination that it would not be in the public interest to acquire a paid-up license in a Subject Invention for States and domestic municipal governments until after the invention has been identified, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the following paragraph (c)(1):

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency), States, and domestic municipal governments, unless the agency head determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments.

(e) Right to sublicense foreign governments.

(1) When the agency head, or his duly authorized designee, determines at the time of contracting that it would be in the national interest to acquire the right to sublicense foreign governments pursuant to any treaty or agreement, a sentence shall be added to the end of paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 as follows:

> This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement with such foreign governments.

(2) When the agency head wishes to reserve the right to make the determination to sublicense foreign governments pursuant to any treaty or agreement until after the invention has been identified, a sentence shall be added to the end of paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 as follows:

> This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement if the agency head determines after the invention has been identified that it would be in the national interest to acquire this right.

(f) Minimum rights to Contractor (Upon request). When the agency determines that the contractor may reserve a revocable, nonexclusive, royalty-free license in inventions made in the course of or under the contract, only upon a request by the contractor for such a license, paragraph (d)(1) of the

clauses in § 1-9.107-5 shall be replaced with the following paragraph (d)(1):

(d) Minimum rights to the Contractor.

(1) As to each Subject Invention upon which the Government files patent applications, the Government shall, upon request, reserve to the Contractor a revocable, nonexclusive, royalty-free license for the practice of the invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and if so requested, in any foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(g) Minimum rights to Contractor (Irrevocable). When the agency determines that the contractor may reserve an irrevocable, nonexclusive, royalty-free license in the inventions resulting from the contract, paragraph (d) of the Patent Rights clauses of § 1-9.107-5 shall be replaced with the following paragraph (d):

(d) As to each Subject Invention, upon which the Government files patent applications, the Contractor reserves an irrevocable, nonexclusive, royalty-free license for the practice of such invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. This license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(h) Irrevocable license on Subject Inventions previously constructively reduced to practice. When an agency decides that the contractor may reserve an irrevocable, nonexclusive and royalty-free license for practice in this country of each invention first actually reduced to practice under a contract which was conceived and constructively reduced to practice by the contractor prior to the effective date of execution of the contract, the following paragraph (d)(4) shall be added to paragraph (d) of the Patent Rights clauses in § 1-9.107-5:

(4) In addition to the provisions of paragraph (d)(1) of this clause, the Contractor reserves an irrevocable, nonexclusive and royalty-free license for practice throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia of each Subject Invention constructively reduced to practice by the Contractor prior to the effective date of this contract. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval by the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(i) Publication of invention disclosures.

(1) When the agency determines that it is in the best interest to withhold the release or publication of information in an invention disclosure so that the contractor may file foreign patent applications on such invention, the following sentence shall be added to paragraph (e)(4) of the Patent Rights clauses in § 1-9.107-5:

If the Contractor is to file a foreign patent application on a Subject Invention, the Government agrees, upon a specific request of the Contractor, to use its best efforts to withhold publication of such invention disclosures until a patent application is filed thereon, but in no event shall the Government or its employees be liable for any publication thereof.

(2) When the agency determines to restrict the contractor's publication of invention disclosures prior to the filing of patent applications, the following paragraph (5) should be added to paragraph (e) of the Patent Rights clauses in § 1-9.107-5:

(5) In order to protect the patent interest of the Government or the Contractor, the Contractor shall obtain the approval of the Contracting Officer prior to the release or publication of the information contained in any Subject Invention disclosure by the Contractor or other parties acting on his behalf.

§ 1-9.107-6 Clauses for domestic contracts (short form).

(a) Patent Rights clause - Option in the Government.

The following clause may be used in place of the clause of § 1-9.107-5(a) in contracts for basic and applied research with nonprofit organizations for other than the operation of a Government-owned research or production facility.

PATENT RIGHTS - OPTION IN THE GOVERNMENT (short form)

(a) Definitions.

"Subject Invention," means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) Invention disclosures and reports.

(1) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention, within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. Such disclosure shall identify the contract and inventor, and be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

(ii) Interim reports[1] at least every 12 months from the date of the contract certifying that all Subject Inventions have been disclosed or that there are no such inventions; and

(iii) An acceptable final report[1], within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(c) Disposition of principal rights.

(1) The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are obtained by the Contractor under paragraphs (c)(2) and (d) of this clause.

(2) The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination of whether the Contractor, or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (b)(1) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract shall be subject to the provisions of paragraph (c) "Minimum rights granted to the Government" of the clause in 41 CFR 1-9.107-5(a), and to the reservations and conditions deemed appropriate by the agency.

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[1] Agency may specify a form.

(d) Minimum rights to the Contractor. As to each Subject Invention upon which the Government files a patent application, the Government shall, upon request reserve to the Contractor a revocable, nonexclusive, royalty-free license for the practice of the invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent application. Revocation shall be in accordance with the procedure of the clause in 41 CFR 1-9.107-5(d)(2) and (3).

(e) Employee and Subcontractor agreements. Unless otherwise authorized in writing by the Contracting Officer, the Contractor shall:

(1) Obtain patent agreements to effectuate the provisions of this clause from all persons who perform any part of the work under this contract, except clerical and manual labor personnel;

(2) Insert in each subcontract, having experimental, developmental, or research work as one of its purposes, provisions making this clause applicable to the Subcontractor and his employees; and

(3) Promptly notify the Contracting Officer of the award of any such subcontract by providing him with a copy of such subcontract and any amendments thereto.

(b) Patent Rights clause - Deferred determination (short form). This clause may be used in place of the clause of § 1-9.107-5(c) in contracts for basic and applied research with nonprofit organizations. When the agency determines that a contract falls within § 1-9.107-3(c) and that a short form Patent Rights clause is to be used pursuant to § 1-9.107-4(a)(5), the Patent Rights clause set forth in § 1-9.107-6(a) shall be included in the contract except that the name of the clause shall be changed to "PATENT RIGHTS - DEFERRED DETERMINATION (short form)"; and paragraph (c)(1) of that clause shall be replaced by the following paragraph (c)(1):

(1) The Government shall have the sole and exclusive power to determine the disposition of the domestic and foreign rights in any Subject Invention. Where the agency determines that the Government shall have title, the Contractor agrees, upon request of the Government, to assign the entire right, title, and interest throughout the world in and to each Subject Invention except to the extent that rights are obtained by the Contractor under paragraphs (c)(2) and (d) of this clause.

§ 1-9.107-7 Clause for Foreign Contracts.

A Patent Rights clause shall be included in every contract having as one of its purposes the conduct of experimental, developmental, or research work which is to be performed outside the United States, its possessions, or Puerto Rico. The clauses authorized for domestic contracts in §§ 1-9.107-5 and 1-9.107-6 may be used or replaced by any other clause tailored to meet the requirements peculiar to the foreign procurement.

§ 1-9.109 Administration of Patent Rights clauses.

(a) Every effort should be made to realize for the Government and the public the benefit of inventions and discoveries resulting from Government experimental, research and development contracts even where the inventions are an incidental product of the work. It is important that the Government and the contractor know and exercise [~~its~~] their rights in inventions in order to ensure their expeditious availability to the public, to enable the Government, the contractor and the public to avoid unnecessary payment of royalties, and to defend [~~itself~~] themselves against claims and suits for patent infringement. To attain these ends, contracts having Patent Rights clauses should be so administered that:

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

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

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

(4) The filing of patent applications is documented by formal instruments such as licenses or assignments; and

(5) Commercial utilization of such inventions is achieved.

(b) Each contractor shall establish and maintain effective procedures to assure that inventions made under the contract are identified and that the Government's rights therein are established and protected. When it is determined after the award of a contract that the contractor or subcontractor may not have a clear understanding of the rights and obligations of the parties under a Patent Rights clause, a post-award orientation conference or letter should be used to explain these rights and obligations. When reviewing a contractor's procedures, particular attention shall be given to ascertaining their effectiveness for identifying and disclosing inventions.

(c) Each Government agency shall [~~detect failures~~] undertake to assure compliance by the contractor [~~to comply with his~~] of the obligations [~~under~~] of the Patent Rights clause [~~and require correction thereof~~] of the contract. This effort should be

directed primarily towards contracts and subcontracts which because of the nature of the work or the large dollar amount spent are likely to result in inventions which are significant in number or quality, and towards contracts and subcontracts where there is reason to believe the contractors may not be complying with their contractual obligations. Other contracts and subcontracts should be spot-checked when feasible. These follow-up activities may include:

(1) Reviewing technical reports submitted by the contractor:

(2) Checking sources for patents issued to the contractor in fields related to his Government contracts;

(3) Interviewing contractor personnel as to work under the contract, observing the work on site, and inspecting laboratory notebooks and other records of the contractor related to work under the contract; and

(4) Interviewing agency technical personnel as to novel developments in contracts under their cognizance.

(d) If the contractor operating under the Patent Rights clauses of § 1-9.107-5 fails to establish, maintain, or follow effective procedures for identifying and disclosing inventions as required by the Patent Rights clause, or fails to correct any deficiency after notice thereof, the Contracting Officer may require the contractor to make available for examination all records and documents relating to inventions to enable an agency determination of whether there are such inventions, and may invoke

the withholding of payments. Further, the Contracting Officer may invoke the withholding of payments if the contractor fails to disclose an invention deemed by the agency to be a Subject Invention.

(e) Conveyance of invention rights to Government.

(1) Where the Government is entitled to the conveyance of the entire right, title, and interest in an invention pursuant to a contract, assignments are required from the inventor to the contractor and from the contractor to the Government, or from the inventor to the Government with the consent of the contractor, to establish clearly the chain of title from the inventor to the Government. The form of conveyance of title from the inventor to the contractor must be legally sufficient to convey the rights the contractor is required to convey to the Government. The optional form of assignment set forth in this § 1-9.109(e)(1) provides the complete chain of title in a single instrument and may be used to convey title to the Government. Alternatively, if separate assignments are used, both documents shall be forwarded simultaneously to the agency for recording.

ASSIGNMENT

Inventor(s): _____
Contractor: _____
Contract No.: _____
Application Title: _____
Contractor's Invention Docket No.: _____
Agency Invention Docket No.: _____
Serial No.: _____ Filing Date: _____
Date(s) Inventor(s) Executed Oath: _____

The undersigned Inventor(s), in recognition of his (their) obligation as employee(s) of the Contractor to assign inventions to the Contractor, and pursuant to the obligations of the Contractor to the Government under the above contract hereby assigns (assign) to the United States of America, as represented by the above-identified agency, all right, title and interest in and to each invention disclosed and claimed in the above U.S. patent application, and any substitution, division, continuation-in-part, or continuation of such patent application and any application for reissue of any patent resulting from such patent application, subject to the reservation of the following license, if any, to the Contractor:

Any license reserved to the Contractor shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which such invention pertains.

The Inventor(s) further agrees (agree) to assist the Contractor and the Government, upon request, by furnishing any available information and documents, performing all acts, and doing all things which may be reasonably necessary to make this assignment effective.

The Contractor joins in and agrees to the foregoing assignment, and except for the above reservation of a license, if any, relinquishes and assigns all rights, title and interest in and to such inventions, and further agrees to furnish to the Government, upon request, any available information and documents

necessary for the prosecution of the above-identified application for patent.

Signed this _____ day of _____, 19____.

(SEAL) _____
INVENTOR(S)

ATTEST: _____

_____

Signed this _____ day of _____, 19____.

_____
CONTRACTOR'S OFFICIAL & TITLE

ATTEST: _____

_____

Accepted and agreed to on behalf of the Government

_____
Agency Official

_____
Date

(2) When the clause of § 1-9.107-5(b) is included in a contract, or when a party obtains title to an identified invention and the right to file a patent application pursuant to a greater rights determination of § 1-9.109-6, the optional form of Confirmatory Instrument set forth in this § 1-9.109(e)(2) is approved for use by the contractor or by the party obtaining greater rights. The Patent Rights clause of § 1-9.107-5(b) requires the contractor to record this instrument in the Patent Assignment Register under 35 U.S.C. 261, to pay the recording fee, and to send the agency the recorded instrument which contains the U.S. Patent Office's recordation information. The Patent Office in recording this instrument places a record of the instrument

in the Governmental Register maintained pursuant to Executive Order 9424 of February 18, 1944.

CONFIRMATORY INSTRUMENT

(License to the Government)

Application for: _____
(Title of invention)

Inventor(s): _____

Serial No.: _____ Contract No.: _____

Filing Date: _____ Contractor: _____

The invention identified above is a "Subject Invention" under Patent Rights clause, _____
(identify clause)
(_____) included in Contract No. _____
(date)
with _____.
(specify agency)

This document is confirmatory of the paid-up license granted to the Government in this invention and patent application, and of all other rights reserved to the Government by [~~this~~] <u>the referenced</u> clause.

The Government is not estopped at any time to contest the enforceability, validity, or scope of or title to the patent application identified above or any patent resulting therefrom. It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of said contract or of any other agreement between the Government and the Contractor, or any other rights of the Government with respect to the above-identified invention.

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19_____.

SEAL

_____

Applicant or Assignee (Recorded)

By _____

ATTEST:

_____

_____
Business Address

(3) Assignments, licenses, confirmatory instruments, and other papers evidencing any rights of the Government in patents or patent applications shall be recorded in the Statutory Register and/or documented in the Governmental Register maintained by the U.S. Patent Office pursuant to Executive Order 9424. Such documents shall be sent to the Commissioner of Patents, Attention: Assignment Branch, Washington, D. C. 20231, and when the document is to be recorded in the Statutory Register, shall be accompanied by the required fee. When the document is recorded in the Statutory Register, the Patent Office places a copy of this recording in the Governmental Register. If the agency does not have the document recorded in the Statutory Register, it shall send two copies of the document to the Commissioner of Patents and request that these documents be filed in a designated section of the Governmental Register. The Governmental Register contains three sections: the secret, departmental, and public sections. The secret section is for applications bearing a security classification; the departmental section is for documents which are [to be made] available [only] to the Government <u>and to the public only upon approval of the Government agency</u>; and the public section permits access to the public.

§ 1-9.109-6 Greater rights determinations.

(a) <u>Request for greater domestic rights</u>. A contractor's request for a determination of greater domestic rights in an

identified invention under the Patent Rights clauses of § 1-9.107-5(a) or (c) or § 1-9.107-6 shall be submitted in writing to the agency.

(1) The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The nature and extent of the rights desired;

(iv) A description of the development, risk capital and expense, and time required to bring the invention to the point of practical application;

(v) A statement of the contractor's plans and intentions to bring the invention to the point of practical application including:

(A) If further development is to be conducted by the contractor, a description of the facilities, personnel, and marketing outlets available for that purpose, and the extent to which such development is to be undertaken by the contractor or others on his behalf and/or;

(B) If he intends to license the invention, a brief description of the contractor's licensing program; and

(vi) A statement, where the invention falls within § 1-9.107-3(a), of the contractor's contribution when he contends

that the Government's contribution to the invention is small compared to his contribution.

(2) Agencies may request additional information which would facilitate a determination of greater rights. Illustrations of such items of information include the following:

(i) The relationship of the invention to a principal purpose of the contract;

(ii) Any facts or information, known to the contractor, on whether the invention is intended to be developed by the Government for commercial use or is to be required for such use by governmental regulation;

(iii) The relationship, if any, of the invention to the public health, safety, or welfare; and

(iv) The field of science and technology of the invention and whether the Government has been the principal developer of this field.

(3) The contractor's employee(s) who made an invention in the course of or under a contract may also request, with proper authorization from his employer, a greater rights determination whenever the contract so provides. A copy of the authorization of the contractor-employer should be submitted with the employee-inventor's request for a greater rights determination. In submitting the information required for a greater rights determination as provided in § 1-9.109-6(a)(1), and in applying the other provisions of this paragraph, the term contractor shall

be understood to mean the employee-inventor.

(b) Reimbursement of costs for filing patent applications. In order to protect the interest of the Government and the party submitting a request for a greater rights determination, the filing of a United States patent application prior to the agency's determination is permissible. If an application on a Subject Invention is filed during the pendency of such determination, or within 60 days prior to the receipt of a request by the agency, the agency shall reimburse the party filing the application for the reasonable filing costs and for any patent prosecution as may have occurred as provided by § 1-15.205-26 or § 1-15.309-22. Whenever such costs are not covered in § 1-15.205-26 or § 1-15.309-22, the agency may nevertheless reimburse the party causing the application to be filed for the reasonable costs of such filing and for any patent prosecution as may have occurred, subject to the availability of funds provided:

(1) The agency determines that the party is not entitled to greater rights which are coextensive with the party's request; and

(2) Prior to reimbursement the party requesting such determination assigns the application to a Government agency and the agency accepts the assignment of the application.

(c) Agency consideration. The agency shall consider each request for a determination of greater domestic rights submitted within the period specified in the Patent Rights clause and shall

make the determination in accordance with the criteria set out in paragraphs (d) or (e) of this section, as applicable.

(d) Criteria for greater rights determination - Option in Government clause. When the request for greater rights determination relates to an invention reported under the Patent Rights clause of § 1-9.107-5(a) or § 1-9.107-6(a):

(1) The requesting party may retain greater rights regardless of whether the invention is or is not a primary object of the contract, when the agency finds that the invention comes within the criteria of § 1-9.107-3(a)(1) through (4); and

(i) The acquisition of the greater rights is a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(2) The requesting party also may retain greater rights when the agency finds:

(i) The invention is not a primary object of the contract and does not come within the criteria of § 1-9.107-3(a)(1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

(e) Criteria for greater rights determination - Deferred clause. When the request for the greater rights determination relates to an invention reported under the Patent Rights clause of § 1-9.107-5(c) or § 1-9.107-6(b),

(1) The requesting party may retain greater rights where the agency finds:

(i) The invention does not come within the criteria of § 1-9.107-3(a)(1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

(2) The requesting party may retain greater rights when an agency finds that the invention comes within the criteria of § 1-9.107-3(a)(1) through (4); and

(i) The acquisition of the greater rights is a necessary incentive to call forth risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(f) Agency determination - Domestic rights.

(1) The agency shall notify the party requesting a greater rights determination of its decision. If the agency's greater rights determination is not coextensive with the party's

request, the agency shall inform the party of the reasons on which the final action is based [~~and the procedures for requesting reconsideration~~]. The agency's greater rights determination is final and is not subject to the Disputes Clause of the applicable contract.

(2) Where the determination includes a requirement that the requesting party have a domestic patent application filed on the invention, the following provisions shall apply:

(i) The application shall be filed within 6 months from the date of the determination, or such longer period as may be authorized by the agency for good cause shown in writing by the requesting party;

(ii) For each patent application filed, the party shall:

(A) Within 2 months after such filing or within 2 months after the date of a determination, if such patent application previously has been filed, deliver to the agency a copy of the application as filed, including the filing date and serial number;

(B) Include the following statement in the second paragraph of the specification of the application and any patent: "The Government has rights in this invention pursuant to Contract No._____ (or Grant No. _____)awarded by (identify the agency).";

(C) Within 6 months after such filing, or within 6 months after submission of the invention disclosure if the

patent application has been previously filed, deliver to the agency a duly approved, executed and recorded instrument prepared by the Government fully confirmatory of all the rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application;

(D) Provide the agency with a copy of the patent within 2 months after a patent issues on the application; and

(E) Not less than 30 days before the expiration of the response period for any action required by the Patent Office, notify the agency of any decision not to continue prosecution of the application and deliver to the agency executed instruments granting the Government a power of attorney; and

(iii) If the applicant decides not to continue prosecution of the application, or no longer desires to retain title, he shall convey to the Government, upon request, his entire right, title, and interest in the invention, and to any corresponding patent application or patent. The conveyance shall be made by delivering to the agency duly executed instruments (prepared by the Government) and, if applicable, such other papers as are deemed necessary to vest in the Government the entire, right, title, and interest in the invention and any corresponding patent application, and to enable the Government to prosecute the application.

(3) The determination of greater rights, whether requested by the contractor or by the employee-inventor, shall be subject to the reservation of a license to the Government, and the licensing and the commercial use reporting requirements of paragraph (c) "Minimum rights granted to the Government," of the Patent Rights clausesof § 1-9.107-5. The determination normally shall also be subject to any other reservation or condition deemed to be appropriate by the agency.

(g) Agency determination - Foreign rights.

(1) A request for a foreign rights determination in an invention under the Patent Rights clauses of either § 1-9.107-5(a) or (c) or § 1-9.107-6(a) or (b) may accompany a request for a determination of domestic rights of § 1-9.109-6(f), or may be submitted independently thereof. The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The countries in which the requesting party intends to file a patent application; and

(iv) Other information required by the agency.

(2) If the Government determines not to file a patent application on a Subject Invention of the contractor in any

foreign country, the agency may authorize the requesting party to file a patent application on the invention in such foreign country and to acquire the entire right, title, and interest therein if it determines such authorization to be in the public interest, subject to the license to the Government provided in paragraph (c) of the Patent Rights clause in § 1-9.107-5(a) or § 1-9.107-6(a).

(3) Where the determination includes a requirement that the requesting party file and prosecute a foreign patent application on the invention, the following provisions shall apply:

(i) The requesting party shall file and prosecute a patent application on the invention in (identify the foreign countries) in accordance with applicable statutes and regulations and within one of the following periods:

(A) [~~Nine~~] Eight months from the date of corresponding United States patent application is filed by or on behalf of the requesting party; or if such an application is not filed, 6 months from the date of this agreement;

(B) Six months from the date a license is granted by the Commissioner of Patents to file foreign applications where such filing has been prohibited by security reasons; or

(C) Such longer period as may be approved by the agency;

(ii) The requesting party shall notify the agency promptly of each foreign application filed and, upon written request of the agency, shall furnish an English translation of such foreign application without additional compensation; and

(iii) If the requesting party files or causes to be filed a patent application on a Subject Invention in any foreign country, or if a patent is obtained on such application, the party shall notify the agency, not less than 60 days before the expiration period for any action required by the foreign patent office, or any decision not to continue prosecution of the application or not to pay any maintenance fee covering the invention and within such period shall deliver to the agency:

(A) Executed instruments granting to the Government power of attorney in the application;

(B) An English translation of the application, if not previously provided, to the agency; and

(C) Upon request, a conveyance of the party's entire rights, title, and interest in the invention in the foreign country, and to any corresponding patent application.

(Sec. 205(c), 63 Stat. 390; 40 U.S.C. 486(c))

Effective date. This amendment is effective but may be observed earlier.

Dated:

IV

Revised Proposed FPR as approved by the Implementation Subcommittee during the May 29, 1973 Meeting.

(OANeumann:et)

TITLE 41 - PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

CHAPTER 1 - FEDERAL PROCUREMENT REGULATIONS

DISPOSITION OF PATENT RIGHTS

This amendment of the Federal Procurement Regulations prescribes policies, procedures, and appropriate contract clauses concerning the allocation of rights in inventions, which enable the Government agencies to implement the President's Statement of Government Patent Policy (36 F.R. 16887, August 26, 1971).

The table of parts is revised to add the following entry:

1-9 Patents, Data, and Copyrights.

Part 1-9 is added which reads as follows:

PART 1-9 - PATENTS, DATA, AND COPYRIGHTS

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PART 1-9 - PATENTS, DATA, AND COPYRIGHTS

SUBPART 1-9.1 - PATENTS

§ 1-9.100 Scope of subpart.

This subpart sets forth policies, procedures, and contract clauses with respect to inventions made in the course of or under a contract or subcontract entered into with or for the benefit of the Government where a purpose is the conduct of experimental, developmental, or research work. The policy, procedures, and contract clauses may also be used in grants, agreements, and other arrangements as agencies deem appropriate.

Scope

§ 1-9.101 (Reserved)

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§ 1-9.107 Patent rights under contracts for research and development.

§ 1-9.107-1 General

(a) Introduction.

On August 23, 1971, the President issued a Statement of Government Patent Policy (36 F.R. 16887, August 26, 1971) applicable to all executive departments and agencies, revising a prior Statement of Policy (28 F.R. 10943, October 12, 1963). Essentially, the goals of this Statement are to provide criteria for determining the allocation of rights in inventions resulting from federally-sponsored research and development contracts, to promote their expeditious development so that the public can benefit from early civilian use of the inventions and to assure their continued availability. In applying this regulation, agency heads must weigh both the need for incentives to draw forth private initiatives, and the need to promote healthy competition in industry. Within prescribed limits, the Statement gives agency heads greater latitude to allocate to contractors additional rights to Government-sponsored inventions as are deemed necessary to encourage commercial use of the inventions, or where equitable

circumstances would justify such allocation of rights.

(b) Applicable Statutes.

Except to the extent that agencies are bound by specific statutes or by any treaty or agreement between the United States and any foreign country, agencies shall follow the provisions of this subpart, including the use of the prescribed clauses. Modifications to the prescribed clauses are permissible to the extent that these clauses are inconsistent with the requirements of statutes, treaties or agreements.

(c) Co-sponsored Research.

The provisions of this subpart are not mandatorily applicable to co-sponsored research when the agency determines that in the course of the work under the contract, the contractor will be required to make a substantial contribution of funds, facilities, or equipment to the principal purpose of the contract.

§ 1-9.107-2 (Reserved)

§ 1-9.107-3 Policy.

(a) The Government shall normally acquire or reserve the right to acquire the principal or exclusive rights throughout the world in and to any inventions made in the course of or under a contract where:

(1) A principal purpose of the contract is to create, develop, or improve products, processes, or methods which are intended for commercial use (or which are otherwise intended to

be made available for use) by the general public at home or abroad, or which will be required for such use by governmental regulations; or

(2) A principal purpose of the contract is for exploration into fields which directly concern the public health, public safety, or public welfare; or

(3) The contract is in a field of science or technology in which there has been little significant experience outside of work funded by the Government, or where the Government has been the principal developer of the field, and the acquisition of exclusive rights at the time of contracting might confer on the contractor a preferred or dominant position; or

(4) The services of the contractor are:

(i) For the operation of a Government-owned research or production facility; or

(ii) For coordinating and directing the work of others.

In exceptional circumstances the contractor may acquire greater rights than a nonexclusive license at the time of contracting where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified where the head of the department or agency determines that the acquisition of such greater rights is consistent with the intent of this paragraph (a) and is either a necessary incentive to call forth private risk capital and

expense to bring the invention to the point of practical application or that the Government's contribution to the invention is small compared to that of the contractor. Where an identified invention made in the course of or under the contract is not a primary object of the contract, greater rights may also be acquired by the contractor under the criteria of (c), below.

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology to develop information, products, processes, or methods for use by the Government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions.

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in (b), above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy, taking particularly into account the intentions of the contractor to bring the invention to a point of commercial application and the guidelines of (a), above, provided that the agency may prescribe by regulation special situations where the public interest in the availability of

the inventions would best be served by permitting the contractor to acquire at the time of contracting greater rights than a nonexclusive license.

(d) In the situations specified in (b) and (c) of this § 1-9.107-3, when two or more potential contractors are judged to have presented proposals of equivalent merit, willingness to grant the Government principal or exclusive rights in resulting inventions will be an additional factor in the evaluation of the proposals. In no event will contractors be asked to state their willingness to grant the Government principal or exclusive patent rights prior to a determination that proposals of equivalent merit have been presented.

(e) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire:

(1) At least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head determines that it would not be in the public interest to acquire the license for the States and domestic municipal governments; and

(2) The right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head determines it would be in the national interest to acquire the right; and

(3) The principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

(f) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable, nonexclusive, royalty-free license for the practice of the invention throughout the world; an agency may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government has a right to acquire the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the Government may permit the contractor to acquire such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in (e) of this § 1-9.107-3.

(g) Nothing contained in this subpart shall be construed to confer upon any person any immunity from the antitrust laws or from a charge of patent misuse, and the acquisition and use of rights pursuant to this subpart shall not be immunized from the operation of state or federal law by reason of the source of the grant of such rights.

§ 1-9.107-4 Procedures.

(a) Selection of patent rights clause.

(1) Whenever a contract which is to be performed in

the United States, its possessions, or Puerto Rico has as a purpose the conduct of experimental, developmental, or research work, the agency shall apply the policy in § 1-9.107-3 to the contracting situation and shall include in the contract a Patent Rights clause from § 1-9.107-5 or § 1-9.107-6. The clauses in § 1-9.107-5 shall be used as appropriate in contracts with industrial concerns, or in contracts with nonprofit organizations calling for developmental work. The clauses specified in § 1-9.107-5 or § 1-9.107-6 may be used in contracts calling for basic or applied research with nonprofit organizations. Solicitations shall provide offerors with an opportunity to show that the selected clause proposed for a contract is inappropriate for a particular procurement situation.

(2) The Patent Rights clause in § 1-9.107-5(a), except as otherwise provided in § 1-9.107-6(a), shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract falls within § 1-9.107-3(a). This clause provides the Government with the right to acquire title to inventions made in the course of or under the contract, subject to the reservation of nonexclusive license rights to the contractor. The contractor may retain greater rights than a nonexclusive license after an invention has been identified if the agency determines that the criteria of § 1-9.109-6 are met. When the agency head determines that exceptional circumstances exist as provided for in

§ 1-9.107-3(a), paragraphs (b) and (i) of the clause prescribed in § 1-9.107-5(a) may be appropriately modified to permit the contractor to retain greater rights than a nonexclusive license as to all or specific inventions.

(3) The Patent Rights clause in § 1-9.107-5(b) shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract does not come within § 1-9.107-3(a) but is within § 1-9.107-3(b). This clause provides the contractor with the option to retain title to any inventions resulting from the contract, subject to the reservation of certain rights in the Government.

(4) The Patent Rights clause in § 1-9.107-5(c), except as otherwise provided in § 1-9.107-6(b), shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract does not come within §§ 1-9.107-3(a) or (b), but is within § 1-9.107-3(c). The clause in § 1-9.107-5(c) provides that the determination of rights in inventions resulting from the contract shall be made by the agency after an invention has been identified. When the agency determines pursuant to its regulations that a special situation exists, paragraphs (b) and (i) of the clause prescribed in § 1-9.107-5(c) may be modified to permit the contractor to retain greater rights than a nonexclusive license.

(5) A short form Patent Rights clause in § 1-9.107-6(a) or (b) may be used by the agency in place of the clause

in § 1-9.107-5(a) or (c), respectively, where the contract calls for basic or applied research and the contractor is a nonprofit organization. These clauses are not appropriate for use where the agency head determines to grant greater rights upon a finding that exceptional circumstances as provided for in § 1-9.107-3(a) are present or where the contract falls within the special situations criteria of § 1-9.107-3(c). In either event, a Patent Rights clause in § 1-9.107-5, appropriately modified, shall be used.

(b) Record of decisions. Agencies shall record the bases for the following actions: (1) Selection of a Patent Rights clause; (2) Finding of exceptional circumstances in § 1-9.107-3(a) or of special situations in § 1-9.107-3(c); (3) Greater rights determinations pursuant to § 1-9.109-6; and (4) Determinations under §§ 1-9.107-4(c) and (d).

(c) License for States and municipal governments. Paragraph (c)(1) in the clause set forth in § 1-9.107-5(a) provides that the Government, States and municipal governments shall be granted a paid-up license in any inventions resulting from the contract. However, the agency head may determine at the time of contracting that it would not be in the public interest to acquire such a license, or he may reserve the right to make this determination after the invention has been identified. When the agency head makes or reserves the right to make this determination, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the appropriate paragraph in § 1-9.107-5(d).

Procedure

(d) Right to sublicense foreign governments. Paragraph (c) of the Patent Rights clauses in § 1-9.107-5 does not provide the Government with the right to grant a sublicense, in any inventions resulting from the contract, to any foreign government pursuant to any treaty or agreement. The agency head may determine at the time of contracting that it would be in the national interest to acquire this right, or he may reserve the right to make a determination after the invention has been identified. When the agency head makes or reserves the right to make this determination, the appropriate sentence in § 1-9.107-5(e) shall be included as part of paragraph (c) in the selected Patent Rights clauses of § 1-9.107-5.

(e) Minimum rights to contractor. The Patent Rights clauses of § 1-9.107-5 specify the minimum rights to be obtained by the contractor in any inventions made in the course of or under the contract. When the agency determines that the contractor may reserve:

(1) A revocable, nonexclusive, royalty-free license in the inventions, paragraph (d) of § 1-9.107-5(a) shall be included in the selected Patent Rights clause in § 1-9.107-5;

(2) A revocable, nonexclusive, royalty-free license in the inventions only upon request by the contractor for such a license, paragraph (d) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with paragraph (d) in § 1-9.107-5(f);

(3) An irrevocable, nonexclusive, royalty-free license in the inventions, paragraph (d) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with paragraph (d) in § 1-9.107-5(g); and

(4) An irrevocable, nonexclusive, royalty-free license in inventions constructively reduced to practice prior to the effective date of the contract, paragraph (d)(4) of § 1-9.107-5(h) shall be added to the Patent Rights clauses in § 1-9.107-5.

(f) Subcontracts.

(1) The policy expressed in § 1-9.107-3 is applicable to prime contracts, and subcontracts regardless of tier. The appropriate Patent Rights clause prescribed by this subpart shall be included in all subcontracts having as a purpose the conduct of experimental, developmental or research work. In general, the Patent Rights clause in the prime contract, with the exception of the withholding provision, will be appropriate for inclusion in such subcontracts. Whenever the prime contractor or a subcontractor considers the inclusion of the Patent Rights clause of the prime contract in a subcontract to be inconsistent with the policy expressed in § 1-9.107-3, or a subcontractor refuses to accept a Patent Rights clause in his subcontract, the matter shall be referred to the agency Contracting Officer for resolution prior to the award of the subcontract. Upon such referral, the same considerations and procedures followed by the Contracting Officer in selecting the Patent Rights clause included in the prime contract shall be used in selecting

the Patent Rights clause to be included in the subcontract.

(2) Contractors shall not use their ability to award subcontracts as economic leverage to acquire rights for themselves in the inventions resulting from subcontracts.

(g) Deviations. Any departures from the policy, procedures, and clauses of this subpart shall be subject to the provisions of § 1-1.009.

§ 1-9.107-5 Clauses for domestic contracts (long form).

(a) Patent Rights clause - Option in the Government. When the agency has determined that a contract falls within § 1-9.107-4(a)(2) the following clause shall be included in the contract.

PATENT RIGHTS - OPTION IN THE GOVERNMENT

(a) Definitions.

(1) "Subject Invention," means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(2) "Contract," means any contract, agreement, grant, or other arrangement, or subcontract entered into with or for the benefit of the Government where a purpose of the contract is the conduct of experimental, developmental, or research work.

(3) "States and domestic municipal governments," means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

(4) "Government agency," includes an executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the executive branch of the Government of the United States of America.

(5) "To the point of practical application," means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(b) Disposition of principal rights.

(1) Assignment to the Government. The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are obtained by the Contractor under paragraphs (b)(2) and (d) of this clause.

(2) Greater Rights Determinations. The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination whether the Contractor or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (e)(2)(i) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

(c) Minimum rights granted to the Government. With respect to each Subject Invention to which the Contractor retains principal or exclusive rights, the Contractor:

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments;

(2) Agrees to grant, upon request of the Government, an exclusive or nonexclusive license on terms that are reasonable under the circumstances to responsible applicants:

(i) Unless the Contractor, his licensee, or his assignee demonstrates to the Government that effective steps have been taken within 3 years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) To the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health, safety, or welfare needs, or for other public purposes stipulated in this contract;

(3) Shall submit written reports at reasonable intervals, upon request of the Government, for the term of the patent on the Subject Invention, as to:

(i) The commercial use that is being made or is intended to be made of such invention; and

(ii) The steps taken by the Contractor or his transferee to bring the invention to the point of practical application, or to make the invention available for licensing;

(4) Agrees to refund any amounts received as royalty charges on any Subject Invention in procurements for or on behalf of the Government and to provide for such refund in any instrument transferring rights to any party in such invention; and

(5) Agrees to provide for the Government's royalty-free license pursuant to paragraph (c)(1) of this clause in any instrument transferring rights in a Subject Invention and to provide for the granting of licenses as required by (2) of this clause, and for the reporting of utilization information as required by paragraph (c)(3) of this clause whenever the instrument transfers principal or exclusive rights in any Subject Invention.

(d) Minimum rights to the Contractor.

(1) As to each Subject Invention upon which the Government files patent applications, a revocable, nonexclusive, royalty-free license shall be reserved to the Contractor for the practice of such invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any

foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(2) The Contractor's nonexclusive license reserved pursuant to paragraph (d)(1) of this clause may be revoked or modified by the agency, either in whole or in part, as to the United States, its territories and possessions, Puerto Rico, and the District of Columbia to the extent necessary to achieve expeditious practical application of the Subject Invention under 41 CFR 101-4.103-3 pursuant to an application for exclusive license submitted in accordance with 41 CFR 101-4.104-3. This license shall not be revoked in the field of use and/or geographical areas in which the Contractor has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public. The Contractor's nonexclusive license in any foreign country reserved pursuant to paragraph (d)(1) of this clause may be revoked or modified, either in whole or in part, in the discretion of the agency to the extent the Contractor or his domestic subsidiaries or affiliates have failed to achieve the practical application of the invention in such foreign country.

(3) Before modification or revocation of the license, pursuant to paragraph (d)(2) of this clause, the agency shall furnish the Contractor a written notice of its intention to modify or revoke the license and the Contractor shall be allowed 30 days after such notice to show cause why the license should not be modified or revoked. The Contractor shall have the right to appeal, in accordance with procedures prescribed by the agency, any decision concerning the modification or revocation of his license.

(e) <u>Invention identification, disclosures and reports</u>.

(1) The Contractor shall establish and maintain active and effective procedures to assure that Subject Inventions are promptly identified. These procedures shall include the maintenance of laboratory notebooks and other records as are reasonably necessary to document the conception and/or the first actual reduction

to practice of inventions resulting from this contract, and records which show that the procedures for identifying and disclosing the inventions are followed. Upon request, the Contractor shall furnish the Contracting Officer a description of such procedures so that he may evaluate and determine their effectiveness.

(2) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention, within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. The disclosure shall identify the contract and inventor and be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and, to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

(ii) Interim reports[1] at least every 12 months from the date of the contract certifying that:

(A) The Contractor's procedures for identifying and disclosing Subject Inventions as required by this paragraph (e) have been followed throughout the reporting period; and

(B) All Subject Inventions have been disclosed or that there are no such inventions; and

(iii) An acceptable final report[1], within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(3) The Contractor shall obtain patent agreements to effectuate the provisions of this clause from all persons in his employ who perform any part of the work under this contract except clerical and manual labor personnel.

(4) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers required to be furnished pursuant to this clause.

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[1] Agency may specify form

(f) Forfeiture of rights in unreported Subject Inventions.

(1) The Contractor shall forfeit to the Government all rights on any Subject Invention which he fails to report to the Contracting Officer at or prior to the time he:

(i) Files or causes to be filed a United States or foreign application thereon; or

(ii) Submits the final report required by paragraph (e)(2)(iii) of this clause, whichever is later;

except that the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in (i) or (ii) of this paragraph (f), the Contractor:

(A) Prepared a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract; or

(B) Contending that the invention is not a Subject Invention, he nevertheless discloses the invention and all facts pertinent to his contention to the Contracting Officer; or

(C) Establishes that the failure to disclose did not result from his fault or negligence.

(2) Pending written assignment of the patent applications and patents on a Subject Invention determined (such determination to be a final decision under the Disputes Clause) by the Contracting Officer to be forfeited, the Contractor shall be deemed to hold the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision of this paragraph (f) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to Subject Inventions.

(g) Examination of records relating to inventions.

(1) The Contracting Officer or his authorized representative shall, until the expiration of 3 years after final payment under this contract, have the right to examine any books, records, documents, and other supporting data of the Contractor which the Contracting Officer deems pertinent to the discovery or identification of Subject Inventions or to determine compliance with the requirements of this clause.

(2) The Contracting Officer shall have the right to review all records and documents of the Contractor relating to the conception or first actual reduction of inventions to determine whether any such inventions are Subject Inventions if the Contractor refuses or fails to:

(i) Establish the procedures of paragraph (e)(1) of this clause;

(ii) Maintain or follow such procedures; or

(iii) Correct or eliminate any material deficiency in the procedures within thirty (30) days after the Contracting Officer notifies the Contractor of such a deficiency.

(h) Withholding of payment.

(1) Any time before final payment of the amount of this contract, the Contracting Officer may, if he deems such action warranted, withhold payment until a reserve not exceeding $50,000 or 5% of the amount of this contract, whichever is less, shall have been set aside if in his opinion the Contractor fails to:

(i) Establish and maintain effective procedures for identifying and disclosing Subject Inventions pursuant to paragraph (e)(1) of this clause; or

(ii) Disclose any Subject Invention pursuant to paragraph (e)(2)(i) of this clause; or

(iii) Deliver the interim reports pursuant to paragraph (e)(2)(ii) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (i)(5) of this clause.

Such reserve or balance shall be retained until the Contracting Officer has determined that the Contractor has rectified whatever deficiences exist and has delivered all reports, disclosures, and other information required by this clause.

(2) Final payment under this contract shall not be made before the Contractor delivers to the Contracting Officer all disclosures of Subject Inventions required by paragraph (e)(2)(i) of this clause and the final report required by (e)(2)(iii) of this clause.

(3) The Contracting Officer may, in his discretion, decrease or increase the sums withheld up to the maximum

authorized above. If the Contractor is a nonprofit organization, the maximum amount that may be withheld under this paragraph shall not exceed $50,000 or 1% of the amount of this contract whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to the Government under this contract.

(i) Subcontracts.

(1) For the purpose of this paragraph the term "Contractor" means the party awarding a subcontract and the term "Subcontractor" means the party being awarded a subcontract, regardless of tier.

(2) The Contractor shall, unless otherwise authorized or directed by the Government Contracting Officer, include this Patent Rights clause, except paragraph (h) of this clause, modified to identify the parties in any subcontract hereunder where a purpose of the subcontract is the conduct of experimental, developmental or research work. In the event of refusal by a Subcontractor to accept this clause, or if in the opinion of the Contractor this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the Contractor:

(i) Shall promptly submit written notice to the Government Contracting Officer setting forth the Subcontractor's reasons for such refusal and other pertinent information which may expedite disposition of the matter; and

(ii) Shall not proceed with the subcontract without the written authorization of the Government Contracting Officer.

(3) The Contractor shall not, in any subcontract or by using such a subcontract as consideration therefor, acquire any rights in his Subcontractor's Subject Invention for his own use (as distinguished from such rights as may be required solely to fulfill his contract obligations to the Government in the performance of this contract).

(4) All invention disclosures, reports, instruments, and other information required to be furnished by the Subcontractor to the Government Contracting Officer under the provisions of a Patent Rights clause in any subcontract hereunder may, in the discretion of the Government Contracting Officer, be furnished to the Contractor for transmission to the Government Contracting Officer.

(5) The Contractor shall promptly notify the Government Contracting Officer in writing upon the award of any subcontract containing a Patent Rights clause by identifying the Subcontractor, the work to be performed under the subcontract, the dates of award and estimated completion. Upon request of the Government Contracting Officer, the Contractor shall furnish a copy of the subcontract. If there are no subcontracts containing Patent Rights clauses, a negative report shall be included in the final report submitted pursuant to paragraph (e)(2)(iii) of this clause.

(6) The Contractor shall exert his best effort to identify all Subject Inventions of the Subcontractor and shall notify the Government Contracting Officer promptly upon the identification of such inventions.

(7) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Contractor hereby assigns to the Government all rights that he would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

(b) Patent Rights clause - Option in the Contractor.

When the agency has determined that a contract falls within § 1-9.107-4(a)(3), the Patent Rights clause in § 1-9.107-5(a) shall be included in the contract, except that the name of the clause shall be changed to "PATENT RIGHTS - OPTION IN THE CONTRACTOR", paragraph (b) of that clause shall be replaced by the following paragraph (b), and the following paragraphs (j) and (k) shall be added:

(b) Disposition of principal rights.

(1) The Contractor may retain the entire right, title, and interest throughout the world or in any country thereof in

and to each Subject Invention disclosed pursuant to paragraph (e)(2)(i) of this clause, subject to the rights obtained by the Government in paragraph (c) of this clause. The Contractor shall include with each Subject Invention disclosure an election as to whether he will retain the entire right, title, and interest in the invention throughout the world or any country thereof.

(2) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights; or

(ii) Fails to have a United States patent application filed on the invention in accordance with paragraph (j) of this clause, or decides not to continue prosecution of such application; or

(iii) At any time, no longer desires to retain title.

(3) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire, right, title, and interest in any Subject Invention in any foreign country when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights in the country; or

(ii) Fails to have a patent application filed in the country on the invention in accordance with paragraph (k) of this clause, or decides not to continue prosecution or to pay any maintenance fees covering the invention. In such event, the Contractor shall notify the Contracting Officer not less than sixty (60) days before the expiration period for any action required by the foreign patent office.

(4) A conveyance, requested pursuant to paragraphs (b)(2) or (3) of this clause, shall be made by delivering to the Contracting Officer duly executed instruments (prepared by the Government) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for, prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership in such invention.

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(j) Filing of domestic patent applications.

(1) With respect to each Subject Invention in which the Contractor elects to retain domestic rights pursuant to paragraph (b) of this clause, the Contractor shall have a domestic patent application filed within 6 months after submission of the invention disclosure pursuant to paragraph (e)(2)(i) of this clause, or such longer period as may be approved by the Contracting Officer for good cause shown in writing by the Contractor. With respect to such invention, the Contractor shall promptly notify the Contracting Officer of any decision not to file.

(2) For each Subject Invention on which a patent application is filed by or on behalf of the Contractor, the Contractor shall:

(i) Within 2 months after such filing, or within 2 months after submission of the invention disclosure if the patent application previously has been filed, deliver to the Contracting Officer a copy of the application as filed, including the filing date and serial number;

(ii) Include the following statement in the second paragraph of the specification of the application and any patents issued on a Subject Invention, "The Government has rights in this invention pursuant to Contract No. _____(or Grant No. _____) awarded by (identify the agency)." ;

(iii) Within 6 months after filing the application, or within 6 months after submission of the invention disclosure if the application has been filed previously, deliver to the Contracting Officer a duly executed and recorded instrument on a form specified by the Government fully confirmatory of all rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application;

(iv) Provide the Contracting Officer with a copy of the patent within 2 months after a patent issues on the application; and

(v) Not less than 30 days before the expiration of the response period for any action required by the Patent Office, notify the agency of any decision not to continue prosecution of the application and deliver to the Contracting Officer executed instruments granting the Government a power of attorney.

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(3) For each Subject Invention in which the Contractor initially elects not to retain domestic rights, the Contractor shall inform the Contracting Officer promptly in writing of the date and identity of any on sale, public use, or publication of such invention which may constitute a statutory bar under 35 U.S.C. 102, which was authorized by or known to the Contractor, or any contemplated action of this nature.

(k) Filing of foreign patent applications.

(1) With respect to each Subject Invention in which the Contractor elects to retain rights in a foreign country pursuant to paragraph (b)(1) of this clause, the Contractor shall have a patent application filed on the invention in such country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) Nine months from the date of a corresponding United States application filed by or on behalf of the Contractor; or if such an application is not filed, 6 months from the date the invention is submitted in a disclosure pursuant to paragraph (e)(2)(i) of this clause;

(ii) Six months from the date a license is granted by the Commissioner of Patents to file foreign applications where such filing has been prohibited by security reasons; or

(iii) Such longer period as may be approved by the Contracting Officer.

(2) The Contractor shall notify the Contracting Officer promptly of each foreign application filed and, upon written request, shall furnish an English translation of such foreign application without additional compensation.

(c) Patent Rights clause - Deferred Determination. When the agency has determined that a contract falls within § 1-9.107-4(a)(4), the Patent Rights clause in § 1-9.107-5(a) shall be included in the contract, except that the name of the clause shall be changed to "PATENT RIGHTS - DEFERRED DETERMINATION" and paragraph (b) of that clause shall be replaced with the following paragraph (b):

Patent Rights clause (long form)
1-9.107-5(b)
Patent Rights clause (long form)
1-9.107-5(c)

(b) Disposition of principal rights.

(1) Determination. The Government shall have the sole and exclusive power to determine the disposition of the domestic and foreign rights in any Subject Invention. Where the agency determines that the Government shall have title to a Subject Invention, the Contractor agrees, upon request of the Government, to assign the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that greater rights are obtained under paragraphs (b)(2) and (d) of this clause.

(2) Greater rights determinations. The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination of whether the Contractor, or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of first disclosure of the invention pursuant to paragraph (e)(2)(i) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

(d) License rights of States and municipal governments.

(1) When the agency head determines at the time of contracting that it would not be in the public interest to acquire a paid-up license in inventions made in the course of or under the contract for States and domestic municipal governments, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the following paragraph (c)(1):

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency).

Patent Rights clause (long form)
1-9.107-5(c)
Patent Rights clause (long form)
1-9.107-5(d)

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(2) When the agency head decides to reserve the right to make the determination that it would not be in the public interest to acquire a paid-up license in a Subject Invention for States and domestic municipal governments until after the invention has been identified, paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the following paragraph (c)(1):

(1) Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency), States, and domestic municipal governments, unless the agency head determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments.

(e) Right to sublicense foreign governments.

(1) When the agency head determines at the time of contracting that it would be in the national interest to acquire the right to sublicense foreign governments pursuant to any treaty or agreement, a sentence shall be added to the end of paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 as follows:

This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement with such foreign governments.

(2) When the agency head wishes to reserve the right to make the determination to sublicense foreign governments pursuant to any treaty or agreement until after the invention has been identified, a sentence shall be added to the end of

paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 as follows:

> This license shall include the right of the Government to sublicense foreign governments pursuant to any treaty or agreement if the agency head determines after the invention has been identified that it would be in the national interest to acquire this right.

(f) Minimum rights to Contractor (Upon request). When the agency determines that the contractor may reserve a revocable, nonexclusive, royalty-free license in inventions made in the course of or under the contract, only upon a request by the contractor for such a license, paragraph (d)(1) of the clauses in § 1-9.107-5 shall be replaced with the following paragraph (d)(1):

(d) Minimum rights to the Contractor.

> (1) As to each Subject Invention upon which the Government files patent applications, the Government shall, upon request, reserve to the Contractor a revocable, nonexclusive, royalty-free license for the practice of the invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and, if so requested, in any foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(g) Minimum rights to Contractor (Irrevocable). When the agency determines that the contractor may reserve an

irrevocable, nonexclusive, royalty-free license in the inventions resulting from the contract, paragraph (d) of the Patent Rights clauses of § 1-9.107-5 shall be replaced with the following paragraph (d):

(d) As to each Subject Invention, upon which the Government files patent applications, the Contractor reserves an irrevocable, nonexclusive, royalty-free license for the practice of such invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. This license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(h) Irrevocable license on Subject Inventions previously constructively reduced to practice. When an agency decides that the contractor may reserve an irrevocable, nonexclusive and royalty-free license for practice in this country of each invention first actually reduced to practice under a contract which was conceived and constructively reduced to practice by the contractor prior to the effective date of execution of the contract, the following paragraph (d)(4) shall be added to paragraph (d) of the Patent Rights clauses in § 1-9.107-5:

(4) In addition to the provisions of paragraph (d)(1) of this clause, the Contractor reserves an irrevocable, nonexclusive and royalty-free license for practice throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia of each Subject Invention constructively reduced to practice by the Contractor prior to the effective date of this contract. The license shall extend to

the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval by the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

§ 1-9.107-6 Clauses for domestic contracts (short form).

(a) Patent Rights clause - Option in the Government.

The following clause may be used in place of the clause of § 1-9.107-5(a) in contracts for basic and applied research with nonprofit organizations.

PATENT RIGHTS - OPTION IN THE GOVERNMENT (short form)

(a) Definitions.

"Subject Invention," means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) Invention disclosures and reports.

(1) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention, within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. Such disclosure shall identify the contract and inventor, and be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

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(ii) Interim reports[1] at least every 12 months from the date of the contract certifying that all Subject Inventions have been disclosed or that there are no such inventions; and

(iii) An acceptable final report[1], within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(c) Disposition of principal rights.

(1) The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are obtained by the Contractor under paragraphs (c)(2) and (d) of this clause.

(2) The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination of whether the Contractor, or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (b)(1) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract shall be subject to the provisions of paragraph (c) "Minimum rights granted to the Government" of the clause in 41 CFR 1-9.107-5(a), and to the reservations and conditions deemed appropriate by the agency.

(d) Minimum rights to the Contractor. As to each Subject Invention upon which the Government files a patent application, the Government shall, upon request reserve to the Contractor a revocable, nonexclusive, royalty-free license for the practice of the invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent application. Revocation shall be in accordance with the procedure of the clause in 41 CFR 1-9.107-5(d)(2) and (3).

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[1] Agency may specify a form.

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(e) Employee and Subcontractor agreements. Unless otherwise authorized in writing by the Contracting Officer, the Contractor shall:

(1) Obtain patent agreements to effectuate the provisions of this clause from all persons who perform any part of the work under this contract, except clerical and manual labor personnel;

(2) Insert in each subcontract, having experimental, developmental, or research work as one of its purposes, provisions making this clause applicable to the Subcontractor and his employees; and

(3) Promptly notify the Contracting Officer of the award of any such subcontract by providing him with a copy of such subcontract and any amendments thereto.

(b) Patent Rights clause - Deferred determination (short form). This clause may be used in place of the clause of § 1-9.107-5(c) in contracts for basic and applied research with nonprofit organizations. When the agency determines that a contract falls within § 1-9.107-3(c) and that a short form Patent Rights clause is to be used pursuant to § 1-9.107-4(a)(5), the Patent Rights clause set forth in § 1-9.107-6(a) shall be included in the contract except that the name of the clause shall be changed to "PATENT RIGHTS - DEFERRED DETERMINATION (short form)"; and paragraph (c)(1) of that clause shall be replaced by the following paragraph (c)(1):

(1) The Government shall have the sole and exclusive power to determine the disposition of the domestic and foreign rights in any Subject Invention. Where the agency determines that the Government shall have title, the Contractor agrees, upon request of the Government, to assign the entire right, title, and interest throughout the world in and to each Subject Invention except to the extent that rights are obtained by the Contractor under paragraphs (c)(2) and (d) of this clause.

§ 1-9.107-7 Clause for Foreign Contracts.

A Patent Rights clause shall be included in every contract having as one of its purposes the conduct of experimental, developmental, or research work which is to be performed outside the United States, its possessions, or Puerto Rico. The clauses authorized for domestic contracts in §§ 1-9.107-5 and 1-9.107-6 may be used or replaced by any other clause tailored to meet the requirements peculiar to the foreign procurement.

§ 1-9.109 Administration of Patent Rights clauses.

(a) Every effort should be made to realize for the Government and the public the benefit of inventions and discoveries resulting from Government experimental, research and development contracts even where the inventions are an incidental product of the work. It is important that the Government know and exercise its rights in inventions in order to ensure their expeditious availability to the public, to enable the Government and the public to avoid unnecessary payment of royalties, and to defend itself against claims and suits for patent infringement. To attain these ends, contracts having Patent Rights clauses should be so administered that:

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

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

Clause for foreign contracts
1-9.107-7
Administration

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

(4) The filing of patent applications is documented by formal instruments such as licenses or assignments; and

(5) Commercial utilization of such inventions is achieved.

(b) Each contractor shall establish and maintain effective procedures to assure that inventions made under the contract are identified and that the Government's rights therein are established and protected. When it is determined after the award of a contract that the contractor or subcontractor may not have a clear understanding of the rights and obligations of the parties under a Patent Rights clause, a post-award orientation conference or letter should be used to explain these rights and obligations. When reviewing a contractor's procedures, particular attention shall be given to ascertaining their effectiveness for identifying and disclosing inventions.

(c) Each Government agency shall detect failures by the contractor to comply with his obligations under the Patent Rights clause and require correction thereof. This effort should be directed primarily towards contracts and subcontracts which because of the nature of the work or the large dollar amount spent are likely to result in inventions which are significant in number or quality, and towards contracts and subcontracts where there is reason to believe the contractors may not be

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complying with their contractual obligations. Other contracts and subcontracts should be spot-checked when feasible. These follow-up activities may include:

(1) Reviewing technical reports submitted by the contractor;

(2) Checking sources for patents issued to the contractor in fields related to his Government contracts;

(3) Interviewing contractor personnel as to work under the contract, observing the work on site, and inspecting laboratory notebooks and other records of the contractor related to work under the contract; and

(4) Interviewing agency technical personnel as to novel developments in contracts under their cognizance.

(d) If the contractor operating under the Patent Rights clauses of § 1-9.107-5 fails to establish, maintain, or follow effective procedures for identifying and disclosing inventions as required by the Patent Rights clause, or fails to correct any deficiency after notice thereof, the Contracting Officer may require the contractor to make available for examination all records and documents relating to inventions to enable an agency determination of whether there are such inventions, and may invoke the withholding of payments. Further, the Contracting Officer may invoke the withholding of payments if the contractor fails to disclose an invention deemed by the agency to be a Subject Invention.

(e) Conveyance of invention rights to Government.

(1) Where the Government is entitled to the conveyance of the entire right, title, and interest in an invention pursuant to a contract, assignments are required from the inventor to the contractor and from the contractor to the Government, to establish clearly the chain of title from the inventor to the Government. The form of conveyance of title from the inventor to the contractor must be legally sufficient to convey the rights the contractor is required to convey to the Government. The optional form of assignment set forth in this § 1-9.109(e)(1) provides the complete chain of title in a single instrument and may be used to convey title to the Government. Alternatively, if separate assignments are used, both documents shall be forwarded simultaneously to the agency for recording.

ASSIGNMENT

Inventor(s): _____
Contractor: _____
Contract No.: _____
Application Title: _____
Contractor's Invention Docket No.: _____
Serial No.: _____ Filing Date: _____
Date(s) Inventor(s) Executed Oath: _____

The undersigned Inventor(s), in recognition of his (their) obligation as employee(s) of the Contractor to assign inventions to the Contractor, and pursuant to the obligations of the Contractor to the Government under the above contract hereby assigns (assign) to the United States of America, as represented by the above-identified agency, all right, title and interest in and to each invention disclosed and claimed in the above U.S. patent application, and any substitution, division, continuation-in-part, or continuation of such patent application and any application for reissue of any patent resulting from such patent application, subject to the reservation of the following license, if any, to the Contractor:

(2) When the clause of § 1-9.107-5(b) is included in a contract, or when a party obtains title to an identified invention and the right to file a patent application pursuant to a greater rights determination of § 1-9.109-6, the optional form of Confirmatory Instrument set forth in this § 1-9.109(e)(2) is approved for use by the contractor or by the party obtaining greater rights. The Patent Rights clause of § 1-9.107-5(b) requires the contractor to record this instrument in the Patent Assignment Register under 35 U.S.C. 261, to pay the recording fee, and to send the agency the recorded instrument which contains the U.S. Patent Office's recordation information. The Patent Office in recording this instrument places a record of the instrument in the Governmental Register maintained pursuant to Executive Order 9424 of February 18, 1944.

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CONFIRMATORY INSTRUMENT

(License to the Government)

Application for: _____
(Title of invention)

Inventor(s): _____

Serial No.: _____ Contract No.: _____

Filing Date: _____ Contractor: _____

The invention identified above is a "Subject Invention" under Patent Rights clause, _____
(identify clause)

(_____) included in Contract No. _____
(date)

with _____.
(specify agency)

This document is confirmatory of the paid-up license granted to the Government in this invention and patent application, and of all other rights reserved to the Government by this clause.

The Government is not estopped at any time to contest the enforceability, validity, or scope of or title to the patent application identified above or any patent resulting therefrom. It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of said contract or of any other agreement between the Government and the Contractor, or any other rights of the Government with respect to the above-identified invention.

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19_____.

SEAL

_____

Applicant or Assignee (Recorded)

By _____

ATTEST:

_____

_____
Business Address

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(3) Assignments, licenses, confirmatory instruments, and other papers evidencing any rights of the Government in patents or patent applications shall be recorded in the Statutory Register and/or documented in the Governmental Register maintained by the U.S. Patent Office pursuant to Executive Order 9424. Such documents shall be sent to the Commissioner of Patents, Attention: Assignment Branch, Washington, D. C. 20231, and when the document is to be recorded in the Statutory Register, shall be accompanied by the required fee. When the document is recorded in the Statutory Register, the Patent Office places a copy of this recording in the Governmental Register. If the agency does not have the document recorded in the Statutory Register, it shall send two copies of the document to the Commissioner of Patents and request that these documents be filed in a designated section of the Governmental Register. The Governmental Register contains three sections: the secret, departmental, and public sections. The secret section is for applications bearing a security classification; the departmental section is for documents which are to be made available only to the Government; and the public section permits access to the public.

§ 1-9.109-6 Greater rights determinations.

(a) Request for greater domestic rights. A contractor's request for a determination of greater domestic rights in an

identified invention under the Patent Rights clauses of § 1-9.107-5(a) or (c) or § 1-9.107-6 shall be submitted in writing to the agency.

(1) The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The nature and extent of the rights desired;

(iv) A description of the development, risk capital and expense, and time required to bring the invention to the point of practical application;

(v) A statement of the contractor's plans and intentions to bring the invention to the point of practical application including:

(A) If further development is to be conducted by the contractor, a description of the facilities, personnel, and marketing outlets available for that purpose, and the extent to which such development is to be undertaken by the contractor or others on his behalf and/or;

(B) If he intends to license the invention, a brief description of the contractor's licensing program; and

(vi) A statement, where the invention falls within § 1-9.107-3(a), of the contractor's contribution when he contends

that the Government's contribution to the invention is small compared to his contribution.

(2) Agencies may request additional information which would facilitate a determination of greater rights. Illustrations of such items of information include the following:

(i) The relationship of the invention to a principal purpose of the contract;

(ii) Any facts or information, known to the contractor, on whether the invention is intended to be developed by the Government for commercial use or is to be required for such use by governmental regulation;

(iii) The relationship, if any, of the invention to the public health, safety, or welfare; and

(iv) The field of science and technology of the invention and whether the Government has been the principal developer of this field.

(3) The contractor's employee(s) who made an invention in the course of or under a contract may also request, with proper authorization from his employer, a greater rights determination whenever the contract so provides. A copy of the authorization of the contractor-employer should be submitted with the employee-inventor's request for a greater rights determination. In submitting the information required for a greater rights determination as provided in § 1-9.109-6(a)(1), and in applying the other provisions of this paragraph, the term contractor shall

be understood to mean the employee-inventor.

(b) Reimbursement of costs for filing patent applications. In order to protect the interest of the Government and the party submitting a request for a greater rights determination, the filing of a United States patent application prior to the agency's determination is permissible. If an application on a Subject Invention is filed during the pendency of such determination, or within 60 days prior to the receipt of a request by the agency, the agency shall reimburse the party filing the application for the reasonable filing costs and for any patent prosecution as may have occurred as provided by § 1-15.205-26 or § 1-15.309-22. Whenever such costs are not covered in § 1-15.205-26 or § 1-15.309-22, the agency may nevertheless reimburse the party causing the application to be filed for the reasonable costs of such filing and for any patent prosecution as may have occurred, subject to the availability of funds provided:

(1) The agency determines that the party is not entitled to greater rights which are coextensive with the party's request; and

(2) Prior to reimbursement the party requesting such determination assigns the application to a Government agency and the agency accepts the assignment of the application.

(c) Agency consideration. The agency shall consider each request for a determination of greater domestic rights submitted within the period specified in the Patent Rights clause and shall

make the determination in accordance with the criteria set out in paragraphs (d) or (e) of this section, as applicable.

(d) Criteria for greater rights determination - Option in Government clause. When the request for greater rights determination relates to an invention reported under the Patent Rights clause of § 1-9.107-5(a) or § 1-9.107-6(a):

(1) The requesting party may retain greater rights regardless of whether the invention is or is not a primary object of the contract, when the agency finds that the invention comes within the criteria of § 1-9.107-3(a)(1) through (4); and

(i) The acquisition of the greater rights is a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(2) The requesting party also may retain greater rights when the agency finds:

(i) The invention is not a primary object of the contract and does not come within the criteria of § 1-9.107-3(a)(1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

Criteria for greater rights determination

(e) Criteria for greater rights determination - Deferred clause. When the request for the greater rights determination relates to an invention reported under the Patent Rights clause of § 1-9.107-5(c) or § 1-9.107-6(b):

(1) The requesting party may retain greater rights where the agency finds:

(i) The invention does not come within the criteria of § 1-9.107-3(a)(1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

(2) The requesting party may retain greater rights when an agency finds that the invention comes within the criteria of § 1-9.107-3(a)(1) through (4); and

(i) The acquisition of the greater rights is a necessary incentive to call forth risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(f) Agency determination - Domestic rights.

(1) The agency shall notify the party requesting a greater rights determination of its decision. If the agency's greater rights determination is not coextensive with the party's

Criteria for greater rights determination
Agency determination of domestic rights regarding a request for greater rights

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request, the agency shall inform the party of the reasons on which the action is based and the procedures for requesting reconsideration.

(2) Where the determination includes a requirement that the requesting party have a domestic patent application filed on the invention, the following provisions shall apply:

(i) The application shall be filed within 6 months from the date of the determination, or such longer period as may be authorized by the agency for good cause shown in writing by the requesting party;

(ii) For each patent application filed, the party shall:

(A) Within 2 months after such filing or within 2 months after the date of a determination, if such patent application previously has been filed, deliver to the agency a copy of the application as filed, including the filing date and serial number;

(B) Include the following statement in the second paragraph of the specification of the application and any patent: "The Government has rights in this invention pursuant to Contract No._____ (or Grant No. _____)awarded by (identify the agency).";

(C) Within 6 months after such filing, or within 6 months after submission of the invention disclosure if the patent application has been previously filed, deliver to the

Agency determination of domestic rights regarding a request for greater rights

agency a duly executed and recorded instrument prepared by the Government fully confirmatory of all the rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application;

(D) Provide the agency with a copy of the patent within 2 months after a patent issues on the application; and

(E) Not less than 30 days before the expiration of the response period for any action required by the Patent Office, notify the agency of any decision not to continue prosecution of the application and deliver to the agency executed instruments granting the Government a power of attorney; and

(iii) If the applicant decides not to continue prosecution of the application, or no longer desires to retain title, he shall convey to the Government, upon request, his entire right, title, and interest in the invention, and to any corresponding patent application or patent. The conveyance shall be made by delivering to the agency duly executed instruments (prepared by the Government) and, if applicable, such other papers as are deemed necessary to vest in the Government the entire right, title, and interest in the invention and any corresponding patent application, and to enable the Government to prosecute the application.

Agency determination of domestic rights regarding a request for greater rights

(3) The determination of greater rights, whether requested by the contractor or by the employee-inventor, shall be subject to the reservation of a license to the Government, and the licensing and the commercial use reporting requirements of paragraph (c) "Minimum rights granted to the Government," of the Patent Rights clauses of § 1-9.107-5. The determination normally shall also be subject to any other reservation or condition deemed to be appropriate by the agency.

(g) Agency determination - Foreign rights.

(1) A request for a foreign rights determination in an invention under the Patent Rights clauses of either § 1-9.107-5(a) or (c) or § 1-9.107-6(a) or (b) may accompany a request for a determination of domestic rights of § 1-9.109-6(f), or may be submitted independently thereof. The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The countries in which the requesting party intends to file a patent application; and

(iv) Other information required by the agency.

(2) If the Government determines not to file a patent application on a Subject Invention of the contractor in any

Agency determination of foreign rights regarding request for greater rights

foreign country, the agency may authorize the requesting party to file a patent application on the invention in such foreign country and to acquire the entire, right, title, and interest therein if it determines such authorization to be in the public interest, subject to the license to the Government provided in paragraph (c) of the Patent Rights clause in § 1-9.107-5(a) or § 1-9.107-6(a).

(3) Where the determination includes a requirement that the requesting party file and prosecute a foreign patent application on the invention, the following provisions shall apply:

(i) The requesting party shall file and prosecute a patent application on the invention in (identify the foreign countries) in accordance with applicable statutes and regulations and within one of the following periods:

(A) Nine months from the date a corresponding United States patent application is filed by or on behalf of the requesting party; or if such an application is not filed, 6 months from the date of this agreement;

(B) Six months from the date a license is granted by the Commissioner of Patents to file foreign applications where such filing has been prohibited by security reasons; or

(C) Such longer period as may be approved by the agency;

Agency determination of foreign rights regarding request for greater rights

(ii) The requesting party shall notify the agency promptly of each foreign application filed and, upon written request of the agency, shall furnish an English translation of such foreign application without additional compensation; and

(iii) If the requesting party files or causes to be filed a patent application on a Subject Invention in any foreign country, or if a patent is obtained on such application, the party shall notify the agency, not less than 60 days before the expiration period for any action required by the foreign patent office, or any decision not to continue prosecution of the application or not to pay any maintenance fee covering the invention and within such period shall deliver to the agency:

(A) Executed instruments granting to the Government power of attorney in the application;

(B) An English translation of the application, if not previously provided, to the agency; and

(C) Upon request, a conveyance of the party's entire rights, title, and interest in the invention in the foreign country, and to any corresponding patent application.

(Sec. 205(c), 63 Stat. 390; 40 U.S.C. 486(c))

Effective date. This amendment is effective but may be observed earlier.

Dated:

Agency determination of foreign rights regarding request for greater rights

Effective date

V

IMPLEMENTATION SUBCOMMITTEE REVISIONS MADE ON ITS OWN VOLITION AND/OR BASED ON GENERAL COMMENTS RECEIVED BY GSA, AND THE RATIONALE THEREFOR

REVISIONS TO:

Table of Contents.

The Table of Contents was revised to reflect the changes made to the proposed amendment by the Implementation Subcommittee.

§ 1-9.100 Scope of subpart.

Rationale -

The revised language more clearly sets forth the applicability of the regulations to grants, agreements, and other arrangements.

§ 1-9.107-1 General.

Rationale -

The section as revised by the Subcommittee merely contains editorial changes.

§ 1-9.107-3(d) Policy.

Rationale -

The revision was considered desirable in order to maintain objectivity in contractor selection.

§ 1-9.107-4 Procedures

(a)(1) Selection of patent rights clause.

Rationale -

The language which provides offerors with an opportunity to show that the selected clause is inappropriate was considered desirable to place the contractors on notice as to the flexibility of the selection of clauses.

ADDED:

§ 1-9.107-4 Procedures.

(f) Subcontracts.

Rationale -

The Subcommittee added this procedure material to assist the Contracting Officer in making the decisions required by the subcontract provisions of the Patent Rights clauses.

§ 1-9.107-4 Procedures.

(g) Deviations.

Rationale -

The procedure provision was added to highlight the FPR Deviation policy in order to achieve greater uniformity in the use of the regulation.

REVISIONS TO:

§ 1-9.107-5(a) Patent Rights clause - Option in the Government.

(a) Definitions (1)

Rationale -

The words "of the Contractor" were added to simplify the regulations since it would have been necessary to repeat these words throughout the regulation. These words also make clear that the Contractor need only report those Subject Inventions with which he is in privity.

§ 1-9.107-5(a) Patent Rights clause - Option in the Government.

(a) Definitions (3)

Rationale -

The words "domestic municipal governments" have been defined.

REVISIONS TO:

§ 1-9.107-5(a) Patent Rights clause - Option in the Government.

(b)(2) Disposition of principal rights.

Rationale -

Detailed procedures and guidelines were added. These were deemed inappropriate for inclusion in the clause and were included in new § 1-9.109-6.

Furthermore, explicit recognition was given to the right of the contractor's employee-inventor to obtain greater rights.

ADDED:

§ 1-9.107-5(a) Patent Rights clause - Option in the Government.

(c)(4) Minimum rights granted to the Government.

Rationale -

Paragraph (c)(4) was added to effectuate the rights acquired by the Government, whenever the invention is sold to the Government or whenever the contractor transfers rights in the invention.

§ 1-9.107-5(a) Patent Rights clause - Option in the Government.

(e)(3) Right to sublicense foreign governments.

Rationale -

This subparagraph was added to provide notice to contractor of the need to obtain patent agreements from his employees to effect compliance with the Patent Rights clause.

REVISIONS TO:

§ 1-9.107-5(a) Patent Rights clause - Option in the Government.

(h) Irrevocable license on Subject Inventions previously constructively reduced to practice.

Rationale -

Revisions were made to clarify the Government's right to disclose all the papers received under this clause. This section is now included in paragraph (e)(4).

REVISIONS TO AND RELOCATED:

§ 1-9.107-5(a) Patent Rights clause - Option in the Government.

(i) Filing of domestic patent applications.
(j) Filing of foreign patent applications.

Rationale -

These paragraphs were removed from § 1-9.107-5(a) and (c) and incorporated in the "greater rights" provisions of § 1-9.109-6. These provisions were revised and also incorporated in § 1-9.107-5(b) as paragraphs (j) and (k).

ADDED:

§ 1-9.107-5(a) Patent Rights clause - Option in the Government.

(i)(1) Subcontracts.

Rationale - This language was added to clarify the parties.

ADDED:

§ 1-9.107-6 Clauses for domestic contracts (short form).

Rationale -

Patent Rights clauses for use with nonprofit organizations need not include much of the detailed administrative provisions which are appropriate for industrial contractors.

It is noted that the use of short form Patent Rights clauses as provided by this additional section is consistent with the present practices of several Government agencies who deal extensively with nonprofit organizations. However, when nonprofit organizations are performing development work as opposed to research or where they obtain principal rights at the time of contracting, the Subcommittee determined that it would be appropriate to place the nonprofit organizations in the same posture as the industrial contractors and use the long form Patent Rights clauses of § 1-9.107-5.

ADDED:

§ 1-9.107-7 Clauses for foreign contracts.

Rationale -

It was not clear from the original draft whether the suggested clauses of the proposal applied to foreign contracts. Accordingly, this section, which provides flexible guidelines for the patent rights provisions, was added.

ADDED:

§ 1-9.109 Administration of Patent Rights clauses.

Rationale -

This addition was provided by the Subcommittee to achieve uniformity in the administration of the Patent Rights clauses by the various Government agencies. Included in this added section are exemplary forms for obtaining legal instruments for documenting the rights of the Government in inventions resulting from the research and development contracts.

ADDED:

§ 1-9.109-6 Greater Rights determinations.

Rationale -

The Subcommittee decided that the subject of greater rights warranted more detailed coverage than could be

conveniently included within Patent Rights clauses. Hence, this subject matter was deleted from the clauses and added as a separate section. The added section sets forth the nature of information considered pertinent to greater rights determinations, criteria to be applied by agencies, conditions attendant to greater rights determinations, the treatment to be accorded the greater rights determinations for the domestic and foreign rights, and the reimbursement of costs for filing patent applications. It should be noted that notwithstanding the fact that the greater rights provisions are no longer spelled out in detail in the Patent Rights clauses, the accord of greater rights are a part of the contract provisions which allocate patent rights among the Government, its contractor and the contractor-employee-inventor.

VI

Revised Proposed FPR as approved by the Implementation Subcommittee during the May 29, 1973 Meeting.
(Marked-up version)
(OANeumann:et)

TITLE 41 - PUBLIC CONTRACTS AND PROPERTY MANAGEMENT

CHAPTER 1 - FEDERAL PROCUREMENT REGULATIONS

DISPOSITION OF PATENT RIGHTS

This amendment of the Federal Procurement Regulations prescribes policies, procedures, and appropriate contract clauses concerning the allocation of rights in inventions, which enable the Government agencies to implement the President's Statement of Government Patent Policy (36 F.R. 16887, August 26, 1971).

The table of parts is revised to add the following entry:

1-9 Patents, Data, and Copyrights.

Part 1-9 is added which reads as follows:

PART 1-9 - PATENTS, DATA, AND COPYRIGHTS

§ 1-9.000 Scope of part.

SUBPART 1-9.1 - PATENTS

Sec.	
1-9.100	Scope of subpart.
1-9.101	(Reserved)
1-9.102	(Reserved)
1-9.103	(Reserved)
1-9.104	(Reserved)
1-9.105	(Reserved)
1-9.106	(Reserved)
1-9.107	Patent rights under contracts for research and development.
1-9.107-1	[~~Introduction.~~] General.
	(a) Introduction.
	(b) Applicable Statutes.
	(c) Co-sponsored research.
1-9.107-2	(Reserved)
1-9.107-3	Policy.
1-9.107-4	Procedures.
	(a) Selection of Patent Rights clause.
	(b) Record of decisions.
	(c) License for States and municipal governments.
	(d) Right to sublicense foreign governments.
	(e) Minimum rights to contractor.
	(f) Subcontracts.
	(g) Deviations.

1-9.107-5 Clauses for domestic contracts (long form).
(a) Patent Rights clause - Option in the Government.
(b) Patent Rights clause - Option in the Contractor.
(c) Patent Rights clause - Deferred determination.
(d) License rights of States and municipal governments
(e) Right to sublicense foreign governments.
(f) Minimum rights to Contractor (Upon request).
(g) Minimum rights to Contractor (Irrevocable).
(h) Irrevocable license on Subject Inventions previously constructively reduced to practice.
1-9.107-6 [~~Agencies subject to statutory and treaty requirements.~~] Clauses for domestic contract (short form).
(a) Patent Rights clause - Option in the Government.
(b) Patent Rights clause - Deferred determination.
1-9.107-7 Clauses for foreign contracts.
1-9.109 Administration of Patent Rights clause.
1-9.109-6 Greater rights determinations.
(a) Request for greater domestic rights.
(b) Reimbusement of costs for filing patent applications.
(c) Agency consideration.
(d) Criteria for greater rights determination - Option in Government clause.
(e) Criteria for greater rights determination - Deferred clause.
(f) Agency determination - Domestic rights.
(g) Agency determination - Foreign rights.

PART 1-9 - PATENTS, DATA, AND COPYRIGHTS

SUBPART 1-9.1 - PATENTS

§ 1-9.100 Scope of subpart.

This subpart sets forth policies, procedures, and contract clauses with respect to inventions made in the course of or under a contract[~~, agreement, grant, or other arrangement~~] or subcontract entered into with or for the benefit of the Government where a purpose is the conduct of experimental, developmental, or research work. The policy, procedures, and contract clauses may also be used in grants, agreements, and other arrangements as agencies deem appropriate.

Scope

§ 1-9.101 (Reserved)

§ 1-9.102 (Reserved)

§ 1-9.103 (Reserved)

§ 1-9.104 (Reserved)

§ 1-9.105 (Reserved)

§ 1-9.106 (Reserved)

§ 1-9.107 Patent rights under contracts for research and development.

§ 1-9.107-1 [~~Introduction~~] General.

(a) Introduction.

On August 23, 1971, the President [~~promulgated~~] issued a Statement of Government Patent Policy (36 F.R. 16887, August 26, 1971) applicable[~~, subject to statutory requirements,~~] to all executive departments and agencies, [~~which comprises a revision of~~] revising a prior Statement of Policy (28 F.R. 10943, October 12, 1963). Essentially, the goals of this Statement [~~of Government Patent Policy~~] are to provide criteria for determining the [~~disposition~~] allocation of rights in inventions resulting from federally-sponsored research and development contracts, to promote their expeditious development [~~of such inventions to the point of practical application~~] so that the public can benefit from early civilian use of the inventions and to assure their continued availability. In applying this regulation, agency heads must weigh both the need for incentives to draw forth private initiatives, and the need to promote healthy competition in industry. Within prescribed limits, the [~~Policy now~~] Statement gives agency

heads greater latitude to [~~grant such~~] allocate to contractors additional rights to Government-sponsored inventions as are deemed necessary to encourage commercial use of the inventions, or where equitable circumstances would justify such allocation of rights.

(b) Applicable Statutes.

Except to the extent that agencies are bound by specific statutes or by any treaty or agreement between the United States and any foreign country, agencies shall follow the provisions of this subpart, including the use of the prescribed clauses. Modifications to the prescribed clauses are permissible to the extent that these clauses are inconsistent with the requirements of statutes, treaties or agreements.

(c) Co-sponsored Research.

The provisions of this subpart are not mandatorily applicable to co-sponsored research when the agency determines that in the course of the work under the contract, the contractor will be required to make a substantial contribution of funds, facilities, or equipment to the principal purpose of the contract.

§ 1-9.107-2 (Reserved)

§ 1-9.107-3 Policy.

(a) The Government shall normally acquire or reserve the right to acquire the principal or exclusive rights throughout the world in and to any inventions made in the course of or under a contract where:

General-Applicable Statutes
General-Co-sponsored Research Policy

(1) A principal purpose of the contract is to create, develop, or improve products, processes, or methods which are intended for commercial use (or which are otherwise intended to be made available for use) by the general public at home or abroad, or which will be required for such use by governmental regulations; or

(2) A principal purpose of the contract is for exploration into fields which directly concern the public health, public safety, or public welfare; or

(3) The contract is in a field of science or technology in which there has been little significant experience outside of work funded by the Government, or where the Government has been the principal developer of the field, and the acquisition of exclusive rights at the time of contracting might confer on the contractor a preferred or dominant position; or

(4) The services of the contractor are:

(i) For the operation of a Government-owned research or production facility; or

(ii) For coordinating and directing the work of others.

In exceptional circumstances the contractor may acquire greater rights than a nonexclusive license at the time of contracting where the head of the department or agency certifies that such action will best serve the public interest. Greater rights may also be acquired by the contractor after the invention has been identified where the head of the department or agency

determines that the acquisition of such greater rights is consistent with the intent of this paragraph (a) and is either a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application or that the Government's contribution to the invention is small compared to that of the contractor. Where an identified invention made in the course of or under the contract is not a primary object of the contract, greater rights may also be acquired by the contractor under the criteria of (c), below.

(b) In other situations, where the purpose of the contract is to build upon existing knowledge or technology to develop information, products, processes, or methods for use by the Government, and the work called for by the contract is in a field of technology in which the contractor has acquired technical competence (demonstrated by factors such as know-how, experience, and patent position) directly related to an area in which the contractor has an established nongovernmental commercial position, the contractor shall normally acquire the principal or exclusive rights throughout the world in and to any resulting inventions.

(c) Where the commercial interests of the contractor are not sufficiently established to be covered by the criteria specified in (b), above, the determination of rights shall be made by the agency after the invention has been identified, in a manner deemed most likely to serve the public interest as expressed in this policy, taking particularly into account the

intentions of the contractor to bring the invention to a point of commercial application and the guidelines of (a), above, provided that the agency may prescribe by regulation special situations where the public interest in the availability of the inventions would best be served by permitting the contractor to acquire at the time of contracting greater rights than a nonexclusive license.

(d) In the situations specified in [~~(a) and (b), above~~] (b) and (c) of this § 1-9.107-3, when two or more potential contractors are judged to have presented proposals of equivalent merit, willingness to grant the Government principal or exclusive rights in resulting inventions will be an additional factor in the evaluation of the proposals. In no event will contractors be asked to state their willingness to grant the Government principal or exclusive patent rights prior to a determination that proposals of equivalent merit have been presented.

(e) Whenever the principal or exclusive rights in an invention remain in the contractor, the Government shall normally acquire:

(1) At least a nonexclusive, nontransferable, paid-up license to make, use, and sell the invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments, unless the agency head determines that it

would not be in the public interest to acquire the license for the States and domestic municipal governments; and

(2) The right to sublicense any foreign government pursuant to any existing or future treaty or agreement if the agency head determines it would be in the national interest to acquire the right; and

(3) The principal or exclusive rights to the invention in any country in which the contractor does not elect to secure a patent.

(f) Whenever the principal or exclusive rights in an invention are acquired by the Government, there may be reserved to the contractor a revocable or irrevocable, nonexclusive, royalty-free license for the practice of the invention throughout the world; an agency may reserve the right to revoke such license so that it might grant an exclusive license when it determines that some degree of exclusivity may be necessary to encourage further development and commercialization of the invention. Where the Government has a right to acquire the principal or exclusive rights to an invention and does not elect to secure a patent in a foreign country, the Government may permit the contractor to acquire such rights in any foreign country in which he elects to secure a patent, subject to the Government's rights set forth in (e) [~~, above~~] <u>of this § 1-9.107-3</u>.

Policy

(g) Nothing contained in this subpart shall be construed to confer upon any person any immunity from the antitrust laws or from a charge of patent misuse, and the acquisition and use of rights pursuant to this subpart shall not be immunized from the operation of state or federal law by reason of the source of the grant of such rights.

§ 1-9.107-4 Procedures.

(a) Selection of patent rights clause.

(1) Whenever a contract which is to be performed in the United States, its possessions, or Puerto Rico has as a purpose the conduct of experimental, developmental, or research work, the agency shall apply the policy in § 1-9.107-3 to the contracting situation and shall include in the contract [~~the~~] a [~~p~~]Patent [~~r~~]Rights clause [~~in~~] from § 1-9.107-5[~~(a), (b), or (c), as appropriate~~] or § 1-9.107-6. The clauses in § 1-9.107-5 shall be used as appropriate in contracts with industrial concerns, or in contracts with nonprofit organizations calling for developmental work. The clauses specified in § 1-9.107-5 or § 1-9.107-6 may be used in contracts calling for basic or applied research with nonprofit organizations. Solicitations shall provide offerors with an opportunity to show that the selected clause proposed for a contract is inappropriate for a particular procurement situation.

Policy
Procedures

(2) The Patent Rights clause in § 1-9.107-5(a), except as otherwise provided in § 1-9.107-6(a), shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract falls within § 1-9.107-3(a). [~~The~~] This clause [~~in § 1-9.107-5(a)~~] provides the Government with the right to acquire title [~~in and to any~~] to inventions made in the course of or under the contract, subject to the reservation of nonexclusive license rights to the contractor [~~of a nonexclusive, revocable, royalty-free license,~~]. [~~however, the agency may permit the contractor to obtain~~] The contractor may retain greater rights than a nonexclusive license after an invention has been identified if [~~certain~~] the agency determines that the criteria of § 1-9.109-6 are met. [~~The agency shall include this clause in a contract whenever it determines that the work to be performed under the contract falls within § 1-9.107-3(a).~~] When the agency head determines that [~~In~~] exceptional circumstances exist as provided for in § 1-9.107-3(a), paragraphs (b) and (i) of [~~this~~] the clause prescribed in § 1-9.107-5(a) may be appropriately modified to [~~provide~~] permit the contractor [~~with~~] to retain greater rights than a nonexclusive license as to all or specific inventions [~~when the agency head determines that such action will best serve the public interest~~].

Procedure

(3) The Patent Rights clause in § 1-9.107-5(b) shall be used [W] whenever the agency determines that the experimental, developmental or research work to be performed under the contract [comes] does not come within § 1-9.107-3(a) but is within § 1-9.107-3(b) [~~, it shall include in the contract the clause in § 1-9.107-5(b)~~]. This clause provides the contractor

with the [right] option to [acquire] retain title to any [resulting] inventions resulting from his contract, subject to the reservation of certain rights in [and-for] the Government [to-acquire-a-paid-up-license-and-the-additional-rights-to-grant sublicenses].

(4) The Patent Rights clause in § 1-9.107-5(c), except as otherwise provided in § 1-9.107-6(b), shall be used whenever the agency determines that the experimental, developmental or research work to be performed under the contract does not come within §§ 1-9.107-3(a) or (b), but is within § 1-9.107-3(c). The clause in § 1-9.107-5(c) provides that the determination of rights in [any] inventions [made-in-the course-of-or-under-the-contract] resulting from the contract shall be made by the agency after [the] an invention has been identified. When the agency determines pursuant to its regulations that a special situation exists, paragraphs (b) and (i) of the clause prescribed in § 1-9.107-5(c) may be modified to permit the contractor to retain greater rights than a nonexclusive license. [The-agency-shall-include-this-clause-in-the-contract whenever-it-determines-that-the-work-to-be-performed-under-the-contract-comes-within-§-1-9.107-3(c),-provided,-however,-that the-agency-may-prescribe-by-regulation-special-situations-where the-public-interest-in-the-availability-of-inventions-resulting from-such-work-would-best-be-served-by-permitting-the-contractor

~~to-acquire-at-the-time-of-contracting-greater-rights-than-a nonexclusive-license.~~]

(5) A short form Patent Rights clause in § 1-9.107-6(a) or (b) may be used by the agency in place of the clause in § 1-9.107-5(a) or (c), respectively, where the contract calls for basic or applied research and the contractor is a nonprofit organization. These clauses are not appropriate for use where the agency head determines to grant greater rights upon a finding that exceptional circumstances as provided in § 1-9.107-3(a) are present or where the contract falls within the special situations criteria of § 1-9.107-3(c). In either event, a Patent Rights clause in § 1-9.107-5, appropriately modified, shall be used.

(b) Record of decisions. [~~The-agency~~] Agencies shall record the [~~basis-of-its-decision-whenever-it-determines-that~~] bases for the following actions: (1) [~~a-contract-falls-within §-1-9.107-3(a),-(b),-or-(c).~~] Selection of a Patent Rights clause; (2) [~~The-agency-shall-also-record-the-basis-of-its decision-when-it-determines-that~~] Finding of exceptional circumstances [~~are-present-in-a-contracting-situation-or-that~~] in § 1-9.107-3(a) or of special situations in § 1-9.107-3(c); (3) [~~the-contractor-shall-acquire-g~~] Greater rights [~~than-a nonexclusive-license~~] determinations pursuant to [~~§-1-9.107-3(a) or-(c)~~] § 1-9.109-6; and (4) Determinations under §§ 1-9.107-4(c) and (d).

Procedure

(c) License for States and municipal governments. [Subp] Paragraph (c)(1) in the clause set forth in § 1-9.107-5(a) provides that the Government, States and municipal governments shall [acquire] be granted a paid-up license [for-States-and-domestic municipal-governments-for] in any inventions [made-in-the-course-of-or-under] resulting from the contract. However, the agency head may determine at the time of contracting that it would not be in the public interest to acquire [the] such a license, or he may reserve the right to make [such] this determination after the invention has been identified. When the agency head makes or reserves the right to make this determination, [sub]paragraph (c)(1) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with the appropriate [sub]paragraph in § 1-9.107-5(d).

(d) Right to sublicense foreign governments. Paragraph (c) of the Patent Rights clauses [set-forth] in § 1-9.107-5[(a)] does not provide the Government with the right to grant a sublicense [for], in any inventions[,-made-in-the-course-of-or-under] resulting from the contract, to any foreign government pursuant to any [existing-or-future] treaty or agreement. The agency head may determine at the time of contracting that it would be in the national interest [for-the-Government] to acquire [such] this right, or he may reserve the right to make [such] a determination after the invention has been identified. When the agency head makes or reserves the right to make this determination, the appropriate [subparagraph] sentence in § 1-9.107-5(e) shall be included as part of paragraph (c) in the selected Patent Rights

clauses [~~set forth in~~] of § 1-9.107-5[~~(a)~~].

(e) [~~License~~] Minimum rights to contractor. [~~In paragraph (d) in the clause set forth in § 1-9.107-5(a), the contractor is granted a revocable, nonexclusive, royalty-free license on each invention, made in the course of or under the contract, for practice of the invention in this country. The agency may, however, grant the contractor an irrevocable, nonexclusive, royalty-free domestic license. When the agency decides to grant such license, paragraph (d) of § 1-9.107-5(a) shall be replaced with paragraph (d) of § 1-9.107-5(f).~~] The Patent Rights clauses of § 1-9.107-5 specify the minimum rights to be obtained by the contractor in any inventions made in the course of or under the contract. When the agency determines that the contractor may reserve:

(1) A revocable, nonexclusive, royalty-free license in the inventions, paragraph (d) of § 1-9.107-5(a) shall be included in the selected Patent Rights clause in § 1-9.107-5;

(2) A revocable, nonexclusive, royalty-free license in the inventions only upon request by the contractor for such a license, paragraph (d) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with paragraph (d) in § 1-9.107-5(f);

(3) An irrevocable, nonexclusive, royalty-free license in the inventions, paragraph (d) of the Patent Rights clauses in § 1-9.107-5 shall be replaced with paragraph (d) in § 1-9.107-5(g); and

(4) An irrevocable, nonexclusive, royalty-free license in inventions constructively reduced to practice prior to the effective date of the contract, paragraph (d)(4) of § 1-9.107-5(h) shall be added to the Patent Rights clauses in § 1-9.107-5.

(f) Subcontracts.

(1) The policy expressed in § 1-9.107-3 is applicable to prime contracts, and subcontracts regardless of tier. The appropriate Patent Rights clause prescribed by this subpart shall be included in all subcontracts having as a purpose the conduct of experimental, developmental or research work. In general, the Patent Rights clause in the prime contract, with the exception of the withholding provision, will be appropriate for inclusion in such subcontracts. Whenever the prime contractor or a subcontractor considers the inclusion of the Patent Rights clause of the prime contract in a subcontract to be inconsistent with the policy expressed in § 1-9.107-3, or a subcontractor refuses to accept a Patent Rights clause in his subcontract, the matter shall be referred to the agency Contracting Officer for resolution prior to the award of the subcontract. Upon such referral, the same considerations and procedures followed by the Contracting Officer in selecting the Patent Rights clause included in the prime contract shall be used in selecting

the Patent Rights clause to be included in the subcontract.

(2) Contractors shall not use their ability to award subcontracts as economic leverage to acquire rights for themselves in the inventions resulting from subcontracts.

(g) Deviations. Any departures from the policy, procedures, and clauses of this subpart shall be subject to the provisions of § 1-1.009.

§ 1-9.107-5 Clauses for domestic contracts (long form).

(a) Patent Rights clause - Option in the Government. When the agency has determined that a contract falls within § 1-9.107-4(a)(2), [~~This~~] the following clause shall be included in [~~all~~] the contract[~~s that fall within § 1-9.107-4(a)(2)~~].

PATENT RIGHTS - OPTION IN THE GOVERNMENT

(a) Definitions.

(1) "Subject Invention," means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(2) "Contract," means any contract, agreement, grant, or other arrangement, or subcontract entered into with or for the benefit of the Government where a purpose of the contract is the conduct of experimental, developmental, or research work.

[~~(3)--"Made," when used in relation to any invention or discovery, means the conception or first actual reduction to practice of such invention in the course of or under the contract.~~]

[~~(4)~~] (3) "States and domestic municipal governments," means the States of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, [~~and~~] the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

[~~(5)~~] (4) "Government agency," includes an executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other Government establishment of the executive branch of the Government of the United States of America.

[~~(6)~~] (5) "To the point of practical application," means to manufacture in the case of a composition or product, to practice in the case of a process, or to operate in the case of a machine and under such conditions as to establish that the invention is being worked and that its benefits are reasonably accessible to the public.

(b) Disposition of principal rights.

(1) Assignment to the Government. The Contractor agrees to [~~grant~~] assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, [~~of the Contractor~~] except [~~as provided in~~] to the extent that rights are obtained by the Contractor under paragraphs (b)(2) [~~, (b)(3)~~] and [~~(f), below~~] (d) of this clause.

(2) [~~Request for g~~] Greater rights determinations. [~~(i)~~] The Contractor, or the employee-inventor with authorization of the Contractor, may [~~request~~] retain greater rights [~~in a Subject Invention~~] than the nonexclusive license [~~specified in~~] provided in paragraph (d) [~~, below,~~] of this clause [~~and the right to file a United States patent application~~] in accordance with the procedure and criteria of 41 CFR 1-9.109-6. [~~The~~] A request for a determination whether the Contractor or the employee-inventor is entitled to such greater rights [~~shall~~] must be submitted [~~in writing~~] to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (e) [~~, below~~] of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

[~~(ii)--If the invention is a primary object of this contract or if the invention is not a primary object but falls within the criteria of 41 CFR 1-9.107-3(a), the request in (i), above, shall set forth information and facts tending to show that:~~

~~(A)--The acquisition of such greater rights is a necessary incentive to call forth private risk capital and~~

~~expense-to-bring-the-invention-to-the-point-of-practical application,-or~~

~~(B)--The-Government's-contribution-to-the-invention was-small-compared-to-that-of-the-Contractor.~~

~~(iii)--If-the-invention-is-not-a-primary-object-of this-contract-and-does-not-fall-within-the-criteria-of-41-CFR 1-9.107-3(a),-the-request-in-(i),-above,-shall-contain-a-statement of-the-Contractor's-intention-and-plan-to-bring-the-invention-to the-point-of-practical-application.--The-Contractor-shall-establish, upon-request,-the-likelihood-that-the-invention-will-be-more expeditiously-developed-to-the-point-of-practical-application under-his-plan-than-by-Government-licensing-or-dedication-to the-public.~~

~~(3)--Foreign-rights.--If-the-Government-determines-not to-file-a-patent-application-on-a-Subject-Invention-of-the contractor-in-any-particular-foreign-country,-the-agency-may authorize-the-contractor-to-file-a-patent-application-on-such invention-in-such-foreign-country-and-to-acquire-the-entire right,-title,-and-interest-therein,-subject-to-the-license-to the-Government-specified-in-(c),-below.]~~

(c) Minimum rights granted to the Government. With respect to each Subject Invention to which the Contractor retains principal or exclusive rights, the Contractor:

(1) [~~The-contractor-agrees-to-and-does-h~~] Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject [~~the~~] Invention throughout the world by or on behalf of the Government of the United States (including any Government agency) and States and domestic municipal governments[~~.~~];

(2) [~~With-respect-to-each-Subject-Invention-to-which the-Contractor-has-principal-or-exclusive-rights,-the-Contractor further-a~~] Agrees to grant, upon request of the Government, an exclusive or nonexclusive license on terms that are reasonable under the circumstances to responsible applicants[~~.~~]:

(i) Unless the Contractor, his licensee, or his assignee demonstrates to the Government[~~,-at-its-request~~] that effective steps have been taken within 3 years after a patent issues on such invention to bring the invention to the point of practical application or that the invention has been made available for licensing royalty-free or on terms that are reasonable in the circumstances, or can show cause why the principal or exclusive rights should be retained for a further period of time; or

(ii) To the extent that the invention is required for public use by governmental regulations or as may be necessary to fulfill public health, safety, or welfare needs, or for other public purposes stipulated in [~~the~~] this contract[~~.~~];

(3) Shall submit written reports at reasonable intervals, upon request of the Government, for the term of the patent on the Subject Invention, as to:

(i) The commercial use that is being made or is intended to be made of such invention; and

(ii) The steps taken by the Contractor or his transferee to bring the invention to the point of practical application, or to make the invention available for licensing;

(4) Agrees to refund any amounts received as royalty charges on any Subject Invention in procurements for or on behalf of the Government and to provide for such refund in any instrument transferring rights to any party in such invention; and

(5) Agrees to provide for the Government's royalty-free license pursuant to paragraph (c)(1) of this clause in any instrument transferring rights in a Subject Invention and to provide for the granting of licenses as required by (2) of this clause, and for the reporting of utilization information as required by paragraph (c)(3) of this clause whenever the instrument transfers principal or exclusive rights in any Subject Invention.

(d) Minimum rights to the Contractor.

(1) [~~The Government hereby grants to the Contractor~~] As to each Subject Invention upon which the Government files patent applications, a revocable, nonexclusive, royalty-free license [on ~~each Subject Invention~~] shall be reserved to the Contractor for the practice of [~~the~~] such invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent application. The license shall extend to the Contractor's [~~existing and future associated and affiliated companies~~] domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and

[~~shall-be-nonassignable-without~~] include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval [~~by~~] of the agency, except to the successor of that part of the contractor's business to which the invention pertains.

[~~(2)--With-respect-to-each-Subject-Invention-licensed pursuant-to-(1),-the-Contractor-shall-furnish-written-reports to-the-agency,-upon-request,as-to:~~

~~(-i)--The-steps-taken-by-the-Contractor-to-bring-the-invention-to-the-point-of-practical-application,-or~~

~~(ii)--The-manner-and-extent-to-which-he-is-practicing-the-invention.~~

~~(3)--The-license-may-be-revoked-by-the-agency-if the-Contractor:~~

~~(-i)--Defaults-in-making-any-report-required-by (2),-or~~

~~(ii)--Willfully-makes-a-false-statement-of-a-material-fact-or-willfully-omits-a-material-fact-in-any-report required-by-(2).~~

~~(4)--The-license-may-also-be-revoked-by-the-agency if-there-is-no-other-nonexclusive-license-in-force-and-the Contractor:~~

~~(-i)--Fails-to-bring-the-invention-to-the-point-of practical-application-within-1-year-after-the-invention-has-been published-by-the-Government-as-available-for-nonexclusive-licensing-or--within-6-months-after-a-patent-has-been-issued-on-the-invention,-whichever-is-earlier,-or-subject-to-the approval-of-the-agency,-within-a-longer-period,-or~~

~~(ii)--Bring-the-invention-to-the-point-of-practical application-within-the-period-specified-in-(i)-but-fails-to-continue-to-practice-the-invention.~~

~~(5)--After-termination-of-the-period-specified-in 4(i),-the-agency-may-restrict-the-license-granted-to-the Contractor-to-the-fields-of-use-and-the-geographic-areas-in which-the-Contractor-is-practicing-the-invention.~~

~~(6)--Before revoking or restricting the license pursuant to (3), (4), or (5), the agency shall furnish the Contractor written notice of its intention to restrict or revoke the license and the Contractor shall be allowed 30 days after such notice to furnish the report required by (2) or to show cause why the license should not be restricted or revoked.--The decision of the officer authorized to act for the agency in this matter shall be final, provided the Contractor shall have the right to obtain review of the decision by the agency head in accordance with agency procedure.~~

(2) The Contractor's nonexclusive license reserved pursuant to paragraph (d)(1) of this clause may be revoked or modified by the agency, either in whole or in part, as to the United States, its territories and possessions, Puerto Rico, and the District of Columbia to the extent necessary to achieve expeditious practical application of the Subject Invention under 41 CFR 101-4.103-3 pursuant to an application for exclusive license submitted in accordance with 41 CFR 101-4.104-3. This license shall not be revoked in the field of use and/or geographical areas in which the Contractor has brought the invention to the point of practical application and continues to make the benefits of the invention reasonably accessible to the public. The Contractor's nonexclusive license in any foreign country reserved pursuant to paragraph (d)(1) of this clause may be revoked or modified, either in whole or in part, in the discretion of the agency to the extent the Contractor or his domestic subsidiaries or affiliates have failed to achieve the practical application of the invention in such foreign country.

(3) Before modification or revocation of the license, pursuant to paragraph (d)(2) of this clause, the agency shall furnish the Contractor a written notice of its intention to modify or revoke the license and the Contractor shall be allowed 30 days after such notice to show cause why the license should not be modified or revoked. The Contractor shall have the right to appeal, in accordance with procedures prescribed by the agency, any decision concerning the modification or revocation of his license.

(e) Invention identification, disclosures and reports. [~~For each Subject Invention of the Contractor, the Contractor shall furnish the Contracting Officer:~~]

(1) The Contractor shall establish and maintain active and effective procedures to assure that Subject Inventions

are promptly identified. These procedures shall include the maintenance of laboratory notebooks and other records as are reasonably necessary to document the conception and/or the first actual reduction to practice of inventions resulting from this contract, and records which show that the procedures for identifying and disclosing the inventions are followed. Upon request, the Contractor shall furnish the Contracting Officer a description of such procedures so that he may evaluate and determine their effectiveness.

(2) The Contractor shall furnish the Contracting Officer:

[~~(1)~~] (i) A complete technical disclosure[~~, promptly~~] for each Subject Invention within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. [~~such~~] The disclosure shall identify the contract and inventor and be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention[~~)~~];

[~~(2)~~] (ii) Interim reports[1] at least every 12 months from the date of the contract [~~, each report listing all such inventions made under the contract and not listed on a prior interim report, or certifying that there are no reportable inventions, and~~] certifying that:

(A) The Contractor's procedures for identifying and disclosing Subject Inventions as required by this paragraph (e) have been followed throughout the reporting period; and

(B) All Subject Inventions have been disclosed or that there are no such inventions; and

[~~(3)~~] (iii) An acceptable final report[1], [~~prior to final settlement of this contract~~] within 3 months after completion of the contract work, listing all [~~such inventions including all those previously listed in interim reports,~~] Subject Inventions or certifying that there were no [~~reportable~~] such inventions.

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[1] Agency may specify form

(3) The Contractor shall obtain patent agreements to effectuate the provisions of this clause from all persons in his employ who perform any part of the work under this contract except clerical and manual labor personnel.

(4) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers required to be furnished pursuant to this clause.

(f) Forfeiture of rights in unreported Subject Inventions.

(1) The Contractor shall forfeit to the Government all rights on any Subject Invention which he fails to report to the [agency] Contracting Officer at or prior to the time he:

(i) Files or causes to be filed a United States or foreign application thereon; or

(ii) Submits the [next interim] final report required by paragraph (e)[(3)](2)(iii) of this clause, whichever is later[,];

[provided] except that the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in (i) or (ii) of this paragraph (f), the Contractor:

(A) Prepared a written decision based upon a review of the record that the invention was neither conceived nor first actually reduced to practice in the course of or under the contract; or

[(A)](B) Contending that the invention is not a Subject Invention, he nevertheless [reports] discloses the invention and all facts pertinent to his contention to the Contracting Officer [prior to taking the actions specified in (1) or (2), above]; or

[(B)](C) [he] Establishes that the failure to [report was due entirely to causes beyond] disclose did not result from his fault or negligence.

(2) Pending written assignment of [such forfeited] the patent applications and patents on a Subject Invention [and the patent applications and patents pertaining thereto] determined by the Contracting Officer to be forfeited, the Contractor shall be deemed to hold the invention [,] and the patent applications and patents pertaining thereto[,] in trust for the Government. The forfeiture provision [under] of this paragraph (f) shall be in addition to and shall not supersede other rights and remedies which the Government may have with respect to Subject Inventions.

(g) Examination of records relating to inventions.

(1) The Contracting Officer or his authorized representative shall, until the expiration of 3 years after final payment under this contract, have the right to examine any books, records, documents, and other supporting data of the Contractor which the Contracting Officer [~~or his authorized representative shall reasonably deem directly~~] deems pertinent to the discovery or identification of Subject Inventions or to determine compliance [~~by the contractor~~] with the requirements of this clause.

(2) The Contracting Officer shall have the right to review all records and documents of the Contractor relating to the conception or first actual reduction of inventions to determine whether any such inventions are Subject Inventions if the Contractor refuses or fails to:

(i) Establish the procedures of paragraph (e)(1) of this clause;

(ii) Maintain or follow such procedures; or

(iii) Correct or eliminate any material deficiency in the procedures within thirty (30) days after the Contracting Officer notifies the Contractor of such a deficiency.

[~~(h)--Right to disclose subject inventions.--The Government may duplicate and disclose reports and disclosures of Subject Inventions required to be furnished by the Contractor or a Subcontractor pursuant to this clause.~~]

[~~(i)--Filing of domestic patent applications.~~

~~(1)--With respect to each subject invention on which the Contractor has the right to file a domestic patent application pursuant to paragraph (b), above, the Contractor shall file or cause to be filed such application within 6 months after submission of the disclosure, or such longer period as may be authorized by the Contracting Officer for good cause shown in writing.--Further with respect to such inventions, the Contractor shall promptly notify the Contracting Officer of any decision not to file an application.--If the Contractor fails to file or cause to be filed an application within the prescribed period, the Contracting Officer may initiate action to protect the Government's interest.~~

~~(2)--Within-2-months-after-such-filing-or-within-2 months-of-the-first-written-disclosure-of-such-invention-if-a patent-application-previously-has-been-filed,-the-Contractor shall-deliver-to-the-agency-a-duly-executed-license-fully confirmatory-of-all-rights-to-which-the-Government-is-entitled under-this-clause-and,-upon-request,-a-copy-of-the-application as-filed.~~

~~(3)--The-following-statement-shall-be-included-within the-first-paragraph-of-the-specification-of-any-patent-application-filed-and-any-patent-issued-on-a-subject-invention:--"The Government-has-reserved-rights-in-this-invention,-which-was made-in-the-course-of-or-under-Contract-No.----------(or-Grant-No.----------)-awarded-by-(identify-the-agency).-"~~

~~(4)--For-each-subject-invention-on-which-a-patent application-is-filed-by-or-on-behalf-of-the-Contractor,-the Contractor-shall-provide-to-the-Contracting-Officer,-within 2-months-after-a-patent-issues-on-the-application,-the-number of-the-patent.--In-addition,-he-shall-furnish-the-agency upon-request:~~

~~(i)--An-irrevocable-power-of-attorney-to-inspect and-make-copies-of-each-United-States-patent-application-filed by-or-on-behalf-of-the-Contractor-covering-any-such-invention, and-~~

~~(ii)--Written-reports-at-reasonable-intervals, prior-to-and-after-final-settlement,-as-to-and-after-final settlement,-as-to:~~

~~(A)--The-commercial-use-that-is-being-made-or is-intended-to-be-made-of-such-invention,-and~~

~~(B)--The-steps-taken-by-the-Contractor-to-bring the-invention-to-the-point-of-practical-application,-or-to-make the-invention-available-for-licensing.~~

Patent Rights clause (long form)
1-9.107-5(a)

~~(5)--If an application has been filed, the Contractor shall notify the agency, not less than 30 days before the expiration of the response period for any action required by the Patent Office, of any decision not to continue prosecution of such application.~~

~~(6)--For each reported subject invention on which the Contractor does not file a patent application or discontinues prosecution of an application, the Contractor shall convey to the Government, upon request, the Contractor's entire right, title, and interest in such invention by delivering to the Contracting Officer such duly executed instruments (prepared by the Government) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest and to enable the Government to apply for and prosecute patent applications covering such invention throughout the world. The conveyance to the Government shall be subject to the reservation of the license to the Contractor specified in (d), above.~~

~~(7)--For each reported subject invention on which the Contractor does not file a patent application the Contractor shall inform the agency promptly in writing of the date and identity of any sale, public use, or publication of such invention made by or known to the Contractor, or any contemplated action of this nature.~~]

[~~(j)--Filing of foreign patent applications.~~

~~(1)--When the Contractor acquires, pursuant to this clause, the right to file a patent application on a subject invention in any foreign country, he shall file such application in accordance with applicable statutes and regulations and within:~~

~~(--i)--Nine months from the date of a corresponding United States application filed by or on behalf of the Contractor;~~

~~(--ii)--Six months from the date permission is granted to the Contractor to file foreign applications;~~

~~(iii)--Six months from the date the invention is submitted in an invention disclosure pursuant to ((e)), above; or~~

~~(iv)--Such longer period as may be approved by the Contracting Officer.~~

~~(2)--The Contractor shall notify the agency promptly of each foreign application filed and, upon written request of the agency, shall furnish an English translation of such foreign application without additional compensation.~~

~~(3)--The Contractor shall convey to the Government, upon request, the entire right, title, and interest in and to each such subject invention in each foreign country in which an application has not been filed by the Contractor within the time specified in (1) by delivering to the Contracting Office duly executed instruments prepared by the Government.--The conveyance to the Government shall be subject to the reservation of a nonexclusive and royalty-free license to the Contractor and his existing and future associated companies, if any, within the corporate structure of which the Contractor is a part and shall be nonassignable, without approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.~~

[~~(k)~~] (h) Withholding of payment.

[~~(1)--Final payment under this contract shall not be made before the Contractor delivers to the Contracting Officer the final report required by (e)(3), above, all written invention disclosures required by (e)(1), and all information as to subcontracts required by (1)(4).~~

~~(2)--If at any time before final payment under this contract the Contractor fails to deliver an interim report required by (e)(3) or an invention disclosure required by (e)(1), the agency shall withhold from payment $50,000, or 5 percent, of the amount of this contract whichever is less (or whatever lesser sum is available if payments have exceeded 95 percent of the amount of this contract) until the Contractor corrects all such failures.--If the Contractor is a nonprofit organization, the amount that may be withheld shall not exceed 1 percent of the amount of the contract or $50,000, whichever is less.~~

~~(3)--After payments total 80 percent of the amount of this contract, and if no amount is required to be withheld under (2), above, the Contracting Officer may, if he deems such action warranted because of the Contractor's performance under the Patent Rights clause of this contract or other known Government contracts, withhold from payment such sum as he considers appropriate, not exceeding $50,000, or 5 percent, of the amount of this contract whichever is less, to be held as a reserve until the Contractor delivers all the reports, disclosures, and information specified in (1), above.--Subject~~

~~to-the-withholding-limitation-of-(2),-above,-the-sum-withheld under-this-subparagraph-(3)-may-be-increased-or-decreased-from time-to-time-at-the-discretion-of-the-Contracting-Officer.~~

~~(4)--No-amount-shall-be-withheld-under-this-para--graph-while-the-amount-specified-by-this-paragraph-is-being withheld-under-other-provisions-of-the-contract.--The-total amount-withheld-under-(2)-and-(3),-above,-shall-not-exceed $50,000,-or-5-percent,-of-the-amount-of-this-contract-whichever is-less.--The-withholding-of-any-amount-or-subsequent-payment thereof-to-the-Contractor-shall-not-be-construed-as-a-waiver of-any-rights-accruing-to-the-Government-under-this-contract.]~~

(1) Any time before final payment of the amount of this contract, the Contracting Officer may, if he deems such action warranted, withhold payment until a reserve not exceeding $50,000 or 5% of the amount of this contract, whichever is less, shall have been set aside if in his opinion the contractor fails to:

(i) Establish and maintain effective procedures for identifying and disclosing Subject Inventions pursuant to paragraph (e)(1) of this clause; or

(ii) Disclose any Subject Invention pursuant to paragraph (e)(2)(i) of this clause; or

(iii) Deliver the interim reports pursuant to paragraph (e)(2)(ii) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (i)(5) of this clause.

Such reserve or balance shall be retained until the Contracting Officer has determined that the Contractor has rectified whatever deficiences exist and has delivered all reports, disclosures, and other information required by this clause.

(2) Final payment under this contract shall not be made before the Contractor delivers to the Contracting Officer all disclosures of Subject Inventions required by paragraph (e)(2)(i) of this clause and the final report required by (e)(2)(iii) of this clause.

(3) The Contracting Officer may, in his discretion, decrease or increase the sums withheld up to the maximum authorized above. If the contractor is a nonprofit organization the maximum amount that may be withheld under this paragraph shall not exceed $50,000 or 1% of the amount of this contract whichever is less. No amount shall be withheld under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or subsequent payment thereof shall not be construed as a waiver of any rights accruing to the Government under this contract.

[~~(i)~~] (i) Subcontracts.

(1) For the purpose of this paragraph the term "Contractor" means the party awarding a subcontract and the term "Subcontractor" means the party being awarded a subcontract, regardless of tier.

[~~(1)~~] (2) The Contractor shall, unless otherwise authorized or directed by the Government Contracting Officer, include [a] this Patent Rights clause, except paragraph (h) of this clause, modified to identify the parties [~~and containing all the provisions of this clause except provision (k), above,~~] in any subcontract hereunder where a purpose of the subcontract is the conduct of experimental, developmental or research work. In the event of refusal by a Subcontractor to accept this clause, or if in the opinion of the Contractor this clause is inconsistent with the policy set forth in 41 CFR 1-9.107-3, the contractor:

(i) Shall promptly submit [a] written [~~report~~] notice to the [~~agency~~] Government Contracting Officer setting forth the Subcontractor's reasons for such refusal and other pertinent information which may expedite disposition of the matter; and

(ii) Shall not proceed with the subcontract without the written authorization of the Government Contracting Officer.

[~~(2)~~] (3) The Contractor shall not, in any subcontract or by using such a subcontract as consideration therefor, acquire any rights [~~to~~] in his subcontractor's Subject Invention for his own use (as distinguished from such rights as may be required solely to fulfill his contract obligations to the Government in the performance of this contract).

[~~(3)~~] (4) [~~A subcontractor may furnish to the contractor for transmission to the Contracting Officer invention reports, instruments, and other information required to be furnished to the Contracting Officer under the provisions of such a Patent Rights clause in a subcontract hereunder, or in his discretion (or by direction of the Contracting Officer) he may submit the same directly to the Contracting Officer.~~] All invention disclosures, reports, instruments, and other information required to be furnished by the Subcontractor to the Government Contracting Officer under the provisions of a Patent Rights clause in any subcontract hereunder may, in the discretion of the Government Contracting Officer, be furnished to the contractor for transmission to the Government Contracting Officer.

[~~(4)~~] (5) The Contractor shall promptly notify the Government Contracting Officer in writing upon the award of any subcontract containing a Patent Rights clause [~~, and furnish to the Contracting Officer a copy of such contract, and shall notify the Contracting Officer when such subcontract is completed.~~] by identifying the subcontractor, the work to be performed under the subcontract, the dates of award and estimated completion. Upon request of the Government Contracting Officer, the Contractor shall furnish a copy of the subcontract. If there are no subcontracts containing Patent Rights clauses, a negative report shall be included in the final report submitted pursuant to paragraph (e) [~~(3)~~] (2)(iii) of this clause.

[~~(5)~~] (6) The Contractor shall exert his best effort to identify all Subject Inventions of the Subcontractor and shall notify the Government Contracting Officer promptly upon the identification of such inventions.

[~~(6)~~] (7) It is understood that the Government is a third party beneficiary of any subcontract clause granting rights to the Government in Subject Inventions, and the Contractor hereby assigns to the Government all rights that he would have to enforce the Subcontractor's obligations for the benefit of the Government with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any Subcontractor hereunder relating to the obligations of the Subcontractor to the Government in regard to Subject Inventions.

(b) Patent Rights clause - Option in the Contractor. [Where] When the agency has determined that [the proposed] a contract [comes] falls within § 1-9.107-4(a)(3), the Patent Rights clause [set forth in (a), above,] in § 1-9.107-5(a) shall be included in the contract, except that the name of the clause shall be changed to "PATENT RIGHTS - OPTION IN THE CONTRACTOR", [and the] paragraph (b) of that clause shall be replaced by the following paragraph (b), and the following paragraphs (j) and (k) shall be added:

(b) Disposition of principal rights.

(1) The Contractor [shall have the right to acquire] may retain the entire right, title, and interest throughout the world or in any country thereof in and to each Subject Invention [of the Contractor submitted in an invention disclosure] disclosed pursuant to paragraph (e) [, below,] (2)(i) of this clause, subject to the rights [granted to] obtained by the Government in paragraph (c) of this clause. The Contractor shall include with each Subject Invention disclosure an election as to whether [a domestic patent application will be filed by or on behalf of the contractor] he will retain the entire right, title, and interest in the invention throughout the world or any country thereof.

(2) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire domestic right, title, and interest in any Subject Invention when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights; or

(ii) Fails to have a United States patent application filed on the invention in accordance with paragraph (j) of this clause, or decides not to continue prosecution of such application; or

(iii) At any time, no longer desires to retain title.

(3) Subject to the license specified in paragraph (d) of this clause, the Contractor agrees to convey to the Government, upon request, the entire, right, title, and interest in any Subject Invention in any foreign country when the Contractor:

(i) Does not elect under paragraph (b)(1) of this clause to retain such rights in the country; or

(ii) Fails to have a patent application filed in the country on the invention in accordance with paragraph (k) of this clause, or decides not to continue prosecution or to pay any maintenance fees covering the invention. In such event, the Contractor shall notify the Contracting Officer not less than sixty (60) days before the expiration period for any action required by the foreign patent office.

(4) A conveyance, requested pursuant to paragraphs (b)(2) or (3) of this clause, shall be made by delivering to the Contracting Officer duly executed instruments (prepared by the Government) and such other papers as are deemed necessary to vest in the Government the entire right, title, and interest to enable the Government to apply for, prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership in such invention.

(j) Filing of domestic patent applications.

(1) With respect to each Subject Invention in which the Contractor elects to retain domestic rights pursuant to paragraph (b) of this clause, the Contractor shall have a domestic patent application filed within 6 months after submission of the invention disclosure pursuant to paragraph (e)(2)(i) of this clause, or such longer period as may be approved by the Contracting Officer for good cause shown in writing by the Contractor. With respect to such invention, the Contractor shall promptly notify the Contracting Officer of any decision not to file.

(2) For each Subject Invention on which a patent application is filed by or on behalf of the Contractor, the Contractor shall:

(i) Within 2 months after such filing, or within 2 months after submission of the invention disclosure if the patent application previously has been filed, deliver to the Contracting Officer a copy of the application as filed, including the filing date and serial number;

(ii) Include the following statement in the second paragraph of the specification of the application and any patents issued on a Subject Invention, "The Government has rights in this invention pursuant to Contract No. _____ (or Grant No. _____) awarded by (identify the agency)."_____;

(iii) Within 6 months after filing the application, or within 6 months after submission of the invention disclosure if the application has been filed previously, deliver to the Contracting Officer a duly executed and recorded instrument on a form specified by the Government fully confirmatory of all rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application;

(iv) Provide the Contracting Officer with a copy of the patent within 2 months after a patent issues on the application; and

(v) Not less than 30 days before the expiration of the response period for any action required by the Patent Office, notify the agency of any decision not to continue prosecution of the application and deliver to the Contracting Officer executed instruments granting the Government a power of attorney.

(3) For each Subject Invention in which the Contractor initially elects not to retain domestic rights, the Contractor shall inform the Contracting Officer promptly in writing of the date and identity of any on sale, public use, or publication of such invention which may constitute a statutory bar under 35 U.S.C. 102, which was authorized by or known to the Contractor, or any contemplated action of this nature.

(k) Filing of foreign patent applications.

(1) With respect to each Subject Invention in which the Contractor elects to retain rights in a foreign country pursuant to paragraph (b)(1) of this clause, the Contractor shall have a patent application filed on the invention in such country, in accordance with applicable statutes and regulations, and within one of the following periods:

(i) Nine months from the date of a corresponding United States application filed by or on behalf of the Contractor; or if such an application is not filed, 6 months from the date the invention is submitted in a disclosure pursuant to paragraph (e)(2)(i) of this clause;

(ii) Six months from the date a license is granted by the Commissioner of Patents to file foreign applications where such filing has been prohibited by security reasons; or

(iii) Such longer period as may be approved by the Contracting Officer.

(2) The Contractor shall notify the Contracting Officer promptly of each foreign application filed and, upon written request, shall furnish an English translation of such foreign application without additional compensation.

(c) Patent Rights clause - Deferred Determination. [Where] When the agency has determined that [~~the proposed~~] a contract [~~comes~~] falls within § 1-9.107-4(a)(4), the Patent Rights clause [~~set forth in (a), above,~~] in § 1-9.107-5(a) shall be included in the contract, except that the name of the clause shall be changed to "PATENT RIGHTS - DEFERRED DETERMINATION" and paragraph (b) of that clause shall be replaced with the following paragraph (b):

(b) Disposition of principal rights.

(1) Determination. The Government shall have the sole and exclusive power to determine the disposition of the domestic and foreign rights in any Subject Invention [~~of the Contractor----and to determine whether or not and where a patent application shall be filed on the invention, except as provided in (c), (d), and (f), below~~]. Where the agency determines that the Government shall have title to a Subject Invention, the Contractor agrees, upon request of the Government, to assign the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that greater rights are obtained under paragraphs (b)(2) and (d) of this clause.

(2) [Request for g] Greater rights determinations. [(i)] The Contractor, or the employee-inventor with authorization of the Contractor, may [request] retain greater rights [in a subject invention] than the nonexclusive license [specified in (d) and the right to file a United States patent application] of this clause in accordance with the procedure and criteria of 41 CFR § 1-9.109-6. [The] A request for a determination of whether the Contractor, or the employee-inventor is entitled to such greater rights [shall] must be submitted to the Contracting Officer [in writing] at the time of first disclosure of the invention pursuant to paragraph (e)[, below,](2)(i) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract normally shall be subject to paragraph (c) of this clause and to the reservations and conditions deemed to be appropriate by the agency.

[(ii) The request in (i) shall contain a statement of the Contractor's intention and plan to bring the invention to the point of practical application. The Contractor shall establish, upon request, the likelihood that the invention will be more expeditiously developed to the point of practical application under his plan than by Government licensing or dedication to the public. However, if the invention falls within the criteria of 41 CFR 1-9.107-3(a), the request shall set forth information and facts tending to show that (A) the acquisition of such greater rights is a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application or (b) the Government's contribution to the invention was small compared to that of the Contractor.

(3) Foreign rights. If the Government determines not to file a patent application on a Subject Invention of the Contractor in any particular foreign country, the agency may authorize the Contractor to file a patent application on such invention in such foreign country and to acquire the entire right, title, and interest therein, subject to the license to the Government specified in (c).]

(d) License [for] rights of States and municipal governments.

(1) When the agency head determines at the time of contracting that it would not be in the public interest to acquire a paid up license [under a Subject Invention] in inventions made in the course of or under the contract for States and domestic municipal governments, [subparagraph (1) of] paragraph (c)(1) [in the clause set forth in] of the Patent Rights clauses in § 1-9.107-5[(a)] shall be replaced with the following [sub]paragraph (c)(1):

(1) [The Contractor agrees to and does h] Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell each Subject Invention throughout the world by or on behalf of the Government of the United States (including any Government agency).

(2) When the agency head [wishes] decides to reserve the right to make the determination that it would not be in the public interest to acquire a paid-up license in a Subject Invention for States and domestic municipal governments until after the invention has been identified, [subparagraph (1)] paragraph (c)(1) [in] of the Patent Rights clauses [set forth] in § 1-9.107-5[(a)] shall be replaced with the following [sub]paragraph (c)(1):

(1) [The Contractor agrees to and does h] Hereby grants to the Government a nonexclusive, nontransferable, paid-up license to make, use, and sell [the] each Subject Invention

throughout the world by or on behalf of the Government of the United States (including any Government agency), States, and domestic municipal governments, unless the agency head determines after the invention has been identified that it would not be in the public interest to acquire the license for States and domestic municipal governments.

(e) Right to sublicense foreign governments.

(1) When the agency head determines at the time of contracting that it would be in the national interest to acquire the right to sublicense [any] foreign governments pursuant to any [existing or future] treaty or agreement, [the following subparagraph shall be included as subparagraph (2) in] a sentence shall be added to the end of paragraph (c)(1) [in] of the Patent Rights clauses [set forth] in § 1-9.107-5[(a) and the remaining subparagraphs in paragraph (c) shall be renumbered accordingly] as follows:

[(2)--The] This license [specified in (1)] shall include the right of the Government to sublicense [any] foreign govern-governments pursuant to any [existing or future] treaty or agreement with such foreign governments.

(2) When the agency head wishes to reserve the right to make the determination to sublicense foreign governments pursuant to any [~~existing or future~~] treaty or agreement until after the invention has been identified, [~~the following sub-paragraph shall be included as subparagraph (2) in~~] a sentence shall be added to the end of paragraph (c)(1) [~~in~~] of the Patent Rights clauses [~~set forth~~] in § 1-9.107-5[~~(a) and the remaining subparagraphs in paragraph (c) shall be renumbered accordingly~~] as follows:

[~~(2) The~~] This license [~~specified in (1)~~] shall include the right of the Government to sublicense [~~any~~] foreign governments pursuant to any [~~existing or future~~] treaty or agreement if the agency head determines after the invention has been identified that it would be in the national interest to acquire this right.

(f) Minimum rights to contractor (Upon request). When the agency determines that the contractor may reserve a revocable, nonexclusive, royalty-free license in inventions made in the course of or under the contract, only upon a request by the contractor for such a license, paragraph (d)(1) of the clauses in § 1-9.107-5 shall be replaced with the following paragraph (d)(1):

(d) Minimum rights to the Contractor.

(1) As to each Subject Invention, upon which the Government files patent applications, the Government shall, upon request, reserve to the Contractor a revocable, nonexclusive, royalty-free license for the practice of the invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and, if so requested, in any foreign country where the Government files a patent application. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

[~~(f)--Irrevocable-license~~] (g) Minimum rights to Contractor (Irrevocable). When the agency [~~decides-to-grant~~] determines that the contractor may reserve an irrevocable, nonexclusive, royalty-free license [~~on-a-Subject-Invention~~] in the inventions resulting from the contract, paragraph [~~(e)~~] (d) [~~in-the clause-set-forth-in~~] of the Patent Rights clauses of § 1-9.107-5 (a) shall be replaced with the following paragraph (d):

(d) As to each Subject Invention upon which the Government files patent applications, [~~The-Government-hereby-grants-to-t~~] The Contractor reserves an irrevocable, nonexclusive, royalty-free license [~~on-each-Subject-Invention~~] for the practice of [~~the~~] such invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent

application. The license shall extend to the Contractor's [existing and future associated and affiliated companies] domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part [and shall be nonassignable without approval by the agency, except to the successor of that part of the Contractor's business to which the invention pertains] and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. This license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

(h) Irrevocable license on Subject Inventions previously constructively reduced to practice. When an agency decides that the contractor may reserve an irrevocable, nonexclusive and royalty-free license for practice in this country of each invention first actually reduced to practice under a contract which was conceived and constructively reduced to practice by the contractor prior to the effective date of execution of the contract, the following paragraph (d)(4) shall be added to paragraph (d) of the Patent Rights clauses in § 1-9.107-5.

(4) In addition to the provisions of paragraph (d)(1) of this clause, the Contractor reserves an irrevocable, nonexclusive and royalty-free license for practice throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia of each Subject Invention first actually constructively reduced to practice by the Contractor prior to the effective date of _____ this contract. The license shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the Contract was awarded. The license shall be assignable only with approval by the agency, except to the successor of that part of the Contractor's business to which the invention pertains.

Patent Rights clause (long form)
1-9.107-5(g)
Patent Rights clause (long form)
1-9.107-5(h)

§ 1-9.107-6 [Agencies-subject-to-statutory-and-treaty-requirements] Clauses for domestic contracts (short form).

[Agencies-subject-to-specific-statutes-and-to-any-existing and-future-treaty-or-agreement-between-the-United-States-and any-foriegn-country-shall-individually-modify-the-Patent-Rights clauses-in-§-1-9.107-5(a),-(b),-and-(c)-to-meet-the-requirements of-such-statutes,-treaty,-or-agreement.]

(a) Patent Rights clause -- Option in the Government. The following clause may be used in place of the clause of § 1-9.107-5(a) in contracts for basic and applied research with nonprofit organizations.

PATENT RIGHTS - OPTION IN THE GOVERNMENT (short form)

(a) Definitions.

"Subject Invention," means any invention or discovery of the Contractor conceived or first actually reduced to practice in the course of or under this contract, and includes any art, method, process, machine, manufacture, design, or composition of matter, or any new and useful improvement thereof, or any variety of plant, which is or may be patentable under the Patent Laws of the United States of America or any foreign country.

(b) Invention disclosures and reports.

(1) The Contractor shall furnish the Contracting Officer:

(i) A complete technical disclosure for each Subject Invention, within 6 months after conception or first actual reduction to practice, whichever occurs first in the course of or under the contract, but in any event prior to any on sale, public use, or publication of such invention known to the Contractor. Such disclosure shall identify the contract and inventor, and be sufficiently complete in technical detail and appropriately illustrated by sketch or diagram to convey to one skilled in the art to which the invention pertains a clear understanding of the nature, purpose, operation, and to the extent known, the physical, chemical, biological, or electrical characteristics of the invention;

(ii) Interim reports[1] at least every 12 months from the date of the contract certifying that all Subject Inventions have been disclosed or that there are no such inventions; and

(iii) An acceptable final report[1], within 3 months after completion of the contract work, listing all Subject Inventions or certifying that there were no such inventions.

(c) Disposition of principal rights.

(1) The Contractor agrees to assign to the Government the entire right, title, and interest throughout the world in and to each Subject Invention, except to the extent that rights are obtained by the Contractor under paragraphs (c)(2) and (d) of this clause.

[1] Agency may specify a form.

(2) The Contractor, or the employee-inventor with authorization of the Contractor, may retain greater rights than the nonexclusive license provided in paragraph (d) of this clause in accordance with the procedure and criteria of 41 CFR 1-9.109-6. A request for a determination of whether the Contractor, or the employee-inventor is entitled to such greater rights must be submitted to the Contracting Officer at the time of the first disclosure of the invention pursuant to paragraph (b)(1) of this clause, or not later than 3 months thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing by the Contractor. The information to be submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Each determination of greater rights under this contract shall be subject to the provisions of paragraph (c) "Minimum rights granted to the Government" of the clause in 41 CFR 1-9.107-5(a), and to the reservations and conditions deemed appropriate by the agency.

(d) Minimum rights to the Contractor. As to each Subject Invention upon which the Government files a patent application, the Government shall, upon request reserve to the Contractor a revocable, nonexclusive, royalty-free license for the practice of the invention throughout the United States, its territories and possessions, Puerto Rico, and the District of Columbia, and in any foreign country where the Government files a patent application. Revocation shall be in accordance with the procedure of the clause in 41 CFR 1-9.107-5(d)(2) and (3).

(e) Employee and Subcontractor agreements. Unless otherwise authorized in writing by the Contracting Officer, the Contractor shall:

(1) Obtain patent agreements to effectuate the provisions of this clause from all persons who perform any part of the work under this contract, except clerical and manual labor personnel;

(2) Insert in each subcontract, having experimental, developmental, or research work as one of its purposes, provisions making this clause applicable to the Subcontractor and his employees; and

(3) Promptly notify the Contracting Officer of the award of any such subcontract by providing him with a copy of such subcontract and any amendments thereto.

Patent Rights clause (short form)
1-9.107-6(a)

(b) Patent Rights clause - Deferred determination (short form). This clause may be used in place of the clause of § 1-9.107-5(c) in contracts for basic and applied research with nonprofit organizations. When the agency determines that a contract falls within § 1-9.107-3(c) and that a short form Patent Rights clause is to be used pursuant to § 1-9.107-4(a)(5), the Patent Rights clause set forth in § 1-9.107-6(a) shall be included in the contract except that the name of the clause shall be changed to "PATENT RIGHTS - DEFERRED DETERMINATION (short form)"; and paragraph (c)(1) of that clause shall be replaced by the following paragraph (c)(1):

(1) The Government shall have the sole and exclusive power to determine the disposition of the domestic and foreign rights in any Subject Invention. Where the agency determines that the Government shall have title, the Contractor agrees, upon request of the Government, to assign the entire right, title, and interest throughout the world in and to each Subject Invention except to the extent that rights are obtained by the Contractor under paragraphs (c)(2) and (d) of this clause.

§ 1-9.107-7 Clause for Foreign Contracts.

A Patent Rights clause shall be included in every contract having as one of its purposes the conduct of experimental, developmental, or research work which is to be performed outside the United States, its possessions, or Puerto Rico. The clauses authorized for domestic contracts in §§ 1-9.107-5 and 1-9.107-6 may be used or replaced by any other clause tailored to meet the requirements peculiar to the foreign procurement.

Patent Rights clause (short form)
1-9.107-6(b)
Clause for foreign contracts
1-9.107-7

§ 1-9.109 Administration of Patent Rights clauses.

(a) Every effort should be made to realize for the Government and the public the benefit of inventions and discoveries resulting from Government experimental, research and development contracts even where the inventions are an incidental product of the work. It is important that the Government know and exercise its rights in inventions in order to ensure their expeditious availability to the public, to enable the Government and the public to avoid unnecessary payment of royalties, and to defend itself against claims and suits for patent infringement. To attain these ends, contracts having Patent Rights clauses should be so administered that:

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

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

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

(4) The filing of patent applications is documented by formal instruments such as licenses or assignments; and

(5) Commercial utilization of such inventions is achieved.

(b) Each contractor shall establish and maintain effective procedures to assure that inventions made under the contract are identified and that the Government's rights therein are

established and protected. When it is determined after the award of a contract that the contractor or subcontractor may not have a clear understanding of the rights and obligations of the parties under a Patent Rights clause, a post-award orientation conference or letter should be used to explain these rights and obligations. When reviewing a contractor's procedures, particular attention shall be given to ascertaining their effectiveness for identifying and disclosing inventions.

(c) Each Government agency shall detect failures by the contractor to comply with his obligations under the Patent Rights clause and require correction thereof. This effort should be directed primarily towards contracts and subcontracts which because of the nature of the work or the large dollar amount spent are likely to result in inventions which are significant in number or quality, and towards contracts and subcontracts where there is reason to believe the contractors may not be complying with their contractual obligations. Other contracts and subcontracts should be spot-checked when feasible. These follow-up activities may include:

(1) Reviewing technical reports submitted by the contractor;

(2) Checking sources for patents issued to the contractor in fields related to his Government contracts;

(3) Interviewing contractor personnel as to work under the contract, observing the work on site, and inspecting laboratory

notebooks and other records of the contractor related to work under the contract; and

(4) Interviewing agency technical personnel as to novel developments in contracts under their cognizance.

(d) If the contractor operating under the Patent Rights clauses of § 1-9.107-5 fails to establish, maintain, or follow effective procedures for identifying and disclosing inventions as required by the Patent Rights clause, or fails to correct any deficiency after notice thereof, the Contracting Officer may require the contractor to make available for examination all records and documents relating to inventions to enable an agency determination of whether there are such inventions, and may invoke the withholding of payments. Further, the Contracting Officer may invoke the withholding of payments if the contractor fails to disclose an invention deemed by the agency to be a Subject Invention.

(e) Conveyance of invention rights to Government.

(1) Where the Government is entitled to the conveyance of the entire right, title, and interest in an invention pursuant to a contract, assignments are required from the inventor to the contractor and from the contractor to the Government, to establish clearly the chain of title from the inventor to the Government. The form of conveyance of title from the inventor to the contractor must be legally sufficient to convey the rights the contractor is required to convey to the Government. The

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optional form of assignment set forth in this § 1-9.109(e)(1) provides the complete chain of title in a single instrument and may be used to convey title to the Government. Alternatively, if separate assignments are used, both documents shall be forwarded simultaneously to the agency for recording.

ASSIGNMENT

Inventor(s): _____
Contractor: _____
Contract No.: _____
Application Title: _____
Contractor's Invention Docket No.: _____
Serial No.: _____ Filing Date: _____
Date(s) Inventor(s) Executed Oath: _____

The undersigned Inventor(s), in recognition of his (their) obligation as employee(s) of the Contractor to assign inventions to the Contractor, and pursuant to the obligations of the Contractor to the Government under the above contract hereby assigns (assign) to the United States of America, as represented by the above-identified agency, all right, title and interest in and to each invention disclosed and claimed in the above U.S. patent application, and any substitution, division, continuation-in-part, or continuation of such patent application and any application for reissue of any patent resulting from such patent application, subject to the reservation of the following license, if any, to the Contractor:

Any license reserved to the Contractor shall extend to the Contractor's domestic subsidiaries and affiliates, if any, within the corporate structure of which the Contractor is a part and include the right to grant sublicenses of the same scope to the extent the Contractor was legally obligated to do so at the time the contract was awarded. The license shall be assignable only with approval of the agency, except to the successor of that part of the Contractor's business to which such invention pertains.

The Inventor(s) further agrees (agree) to assist the Contractor and the Government, upon request, by furnishing any available information and documents, performing all acts, and doing all things which may be reasonably necessary to make this assignment effective.

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The Contractor joins in and agrees to the foregoing assignment, and except for the above reservation of a license, if any, relinquishes and assigns all rights, title and interest in and to such inventions, and further agrees to furnish to the Government, upon request, any available information and documents necessary for the prosecution of the above-identified application for patent.

Signed this _____ day of _____, 19____.

(SEAL) _____
INVENTOR(S)

ATTEST: _____

_____

Signed this _____ day of _____, 19____.

_____
CONTRACTOR'S OFFICIAL & TITLE

ATTEST: _____

_____

Accepted and agreed to on behalf of the Government

_____
Agency Official

_____
Date

(2) When the clause of § 1-9.107-5(b) is included in a contract, or when a party obtains title to an identified invention and the right to file a patent application pursuant to a greater rights determination of § 1-9.109-6, the optional form of Confirmatory Instrument set forth in this § 1-9.109(e)(2) is approved for use by the contractor or by the party obtaining greater rights. The Patent Rights clause of § 1-9.107-5(b) requires the contractor to record this instrument in the Patent Assignment

Register under 35 U.S.C. 261, to pay the recording fee, and to send the agency the recorded instrument which contains the U.S. Patent Office's recordation information. The Patent Office in recording this instrument places a record of the instrument in the Governmental Register maintained pursuant to Executive Order 9424 of February 18, 1944.

CONFIRMATORY INSTRUMENT

(License to the Government)

Application for: _____
(Title of invention)

Inventor(s): _____

Serial No.: _____ Contract No.: _____

Filing Date: _____ Contractor: _____

The invention identified above is a "Subject Invention" under Patent Rights clause, _____
(identify clause)

(_____) included in Contract No. _____
(date)

with _____.
(specify agency)

This document is confirmatory of the paid-up license granted to the Government in this invention and patent application, and of all other rights reserved to the Government by this clause.

The Government is not estopped at any time to contest the enforceability, validity, or scope of or title to the patent application identified above or any patent resulting therefrom. It is understood and agreed that this document does not preclude the Government from asserting rights under the provisions of said contract or of any other agreement between the Government and the Contractor, or any other rights of the Government with respect to the above-identified invention.

The Government is hereby granted an irrevocable power to inspect and make copies of the above-identified patent application.

Signed this _____ day of _____, 19_____.

SEAL

_____

Applicant or Assignee (Recorded)

By _____

ATTEST:

_____ _____

Business Address

Administration

(3) Assignments, licenses, confirmatory instruments, and other papers evidencing any rights of the Government in patents or patent applications shall be recorded in the Statutory Register and/or documented in the Governmental Register maintained by the U.S. Patent Office pursuant to Executive Order 9424. Such documents shall be sent to the Commissioner of Patents, Attention: Assignment Branch, Washington, D. C. 20231, and when the document is to be recorded in the Statutory Register, shall be accompanied by the required fee. When the document is recorded in the Statutory Register, the Patent Office places a copy of this recording in the Governmental Register. If the agency does not have the document recorded in the Statutory Register, it shall send two copies of the document to the Commissioner of Patents and request that these documents be filed in a designated section of the Governmental Register. The Governmental Register contains three sections: the secret, departmental, and public sections. The secret section is for applications bearing a security classification; the departmental section is for documents which are to be made available only to the Government; and the public section permits access to the public.

§ 1-9.109-6 Greater rights determinations.

(a) Request for greater domestic rights. A contractor's request for a determination of greater domestic rights in an

identified invention under the Patent Rights clauses of § 1-9.107-5(a) or (c) or § 1-9.107-6 shall be submitted in writing to the agency.

(1) The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The nature and extent of the rights desired;

(iv) A description of the development, risk capital and expense, and time required to bring the invention to the point of practical application;

(v) A statement of the contractor's plans and intentions to bring the invention to the point of practical application including:

(A) If further development is to be conducted by the contractor, a description of the facilities, personnel, and marketing outlets available for that purpose, and the extent to which such development is to be undertaken by the contractor or others on his behalf and/or;

(B) If he intends to license the invention, a brief description of the contractor's licensing program; and

(vi) A statement, where the invention falls within § 1-9.107-3(a), of the contractor's contribution when he contends

that the Government's contribution to the invention is small compared to his contribution.

(2) Agencies may request additional information which would facilitate a determination of greater rights. Illustrations of such items of information include the following:

(i) The relationship of the invention to a principal purpose of the contract;

(ii) Any facts or information, known to the contractor, on whether the invention is intended to be developed by the Government for commercial use or is to be required for such use by governmental regulation;

(iii) The relationship, if any, of the invention to the public health, safety, or welfare; and

(iv) The field of science and technology of the invention and whether the Government has been the principal developer of this field.

(3) The contractor's employee(s) who made an invention in the course of or under a contract may also request, with proper authorization from his employer, a greater rights determination whenever the contract so provides. A copy of the authorization of the contractor-employer should be submitted with the employee-inventor's request for a greater rights determination. In submitting the information required for a greater rights determination as provided in § 1-9.109-6(a)(1), and in applying the other provisions of this paragraph, the term contractor shall

be understood to mean the employee-inventor.

(b) Reimbursement of costs for filing patent applications. In order to protect the interest of the Government and the party submitting a request for a greater rights determination, the filing of a United States patent application prior to the agency's determination is permissible. If an application on a Subject Invention is filed during the pendency of such determination, or within 60 days prior to the receipt of a request by the agency, the agency shall reimburse the party filing the application for the reasonable filing costs and for any patent prosecution as may have occurred as provided by § 1-15.205-26 or § 1-15.309-22. Whenever such costs are not covered in § 1-15.205-26 or § 1-15.309-22, the agency may nevertheless reimburse the party causing the application to be filed for the reasonable costs of such filing and for any patent prosecution as may have occurred, subject to the availability of funds provided:

(1) The agency determines that the party is not entitled to greater rights which are coextensive with the party's request; and

(2) Prior to reimbursement the party requesting such determination assigns the application to a Government agency and the agency accepts the assignment of the application.

(c) Agency consideration. The agency shall consider each request for a determination of greater domestic rights submitted within the period specified in the Patent Rights clause and shall

Reimbursement of costs
Agency consideration of request for greater rights

make the determination in accordance with the criteria set out in paragraphs (d) or (e) of this section, as applicable.

(d) Criteria for greater rights determination - Option in Government clause. When the request for greater rights determination relates to an invention reported under the Patent Rights clause of § 1-9.107-5(a) or § 1-9.107-6(a):

(1) The requesting party may retain greater rights regardless of whether the invention is or is not a primary object of the contract, when the agency finds that the invention comes within the criteria of § 1-9.107-3(a)(1) through (4); and

(i) The acquisition of the greater rights is a necessary incentive to call forth private risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(2) The requesting party also may retain greater rights when the agency finds:

(i) The invention is not a primary object of the contract and does not come within the criteria of § 1-9.107-3(a)(1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

Criteria for greater rights determination

(e) Criteria for greater rights determination - Deferred clause. When the request for the greater rights determination relates to an invention reported under the Patent Rights clause of § 1-9.107-5(c) or § 1-9.107-6(b):

(1) The requesting party may retain greater rights where the agency finds:

(i) The invention does not come within the criteria of § 1-9.107-3(a)(1) through (4); and

(ii) The likelihood is that the invention will be more expeditiously developed to the point of practical application by the intentions and plans of the requesting party than by the activities of the Government.

(2) The requesting party may retain greater rights when an agency finds that the invention comes within the criteria of § 1-9.107-3(a)(1) through (4); and

(i) The acquisition of the greater rights is a necessary incentive to call forth risk capital and expense to bring the invention to the point of practical application; or

(ii) The Government's contribution to the invention is small compared to that of the contractor.

(f) Agency determination - Domestic rights.

(1) The agency shall notify the party requesting a greater rights determination of its decision. If the agency's greater rights determination is not coextensive with the party's

Criteria for greater rights determination
Agency determination of domestic rights regarding a request for greater rights

request, the agency shall inform the party of the reasons on which the action is based and the procedures for requesting reconsideration.

(2) Where the determination includes a requirement that the requesting party have a domestic patent application filed on the invention, the following provisions shall apply:

(i) The application shall be filed within 6 months from the date of the determination, or such longer period as may be authorized by the agency for good cause shown in writing by the requesting party;

(ii) For each patent application filed, the party shall:

(A) Within 2 months after such filing or within 2 months after the date of a determination, if such patent application previously has been filed, deliver to the agency a copy of the application as filed, including the filing date and serial number;

(B) Include the following statement in the second paragraph of the specification of the application and any patent: "The Government has rights in this invention pursuant to Contract No. _____ (or Grant No. _____)awarded by (identify the agency).";

(C) Within 6 months after such filing, or within 6 months after submission of the invention disclosure if the patent application has been previously filed, deliver to the

Agency determination of domestic rights regarding a request for greater rights

agency a duly executed and recorded instrument prepared by the Government fully confirmatory of all the rights to which the Government is entitled, and provide the agency an irrevocable power to inspect and make copies of the patent application;

(D) Provide the agency with a copy of the patent within 2 months after a patent issues on the application; and

(E) Not less than 30 days before the expiration of the response period for any action required by the Patent Office, notify the agency of any decision not to continue prosecution of the application and deliver to the agency executed instruments granting the Government a power of attorney; and

(iii) If the applicant decides not to continue prosecution of the application, or no longer desires to retain title, he shall convey to the Government, upon request, his entire right, title, and interest in the invention, and to any corresponding patent application or patent. The conveyance shall be made by delivering to the agency duly executed instruments (prepared by the Government) and, if applicable, such other papers as are deemed necessary to vest in the Government the entire right, title, and interest in the invention and any corresponding patent application, and to enable the Government to prosecute the application.

Agency determination of domestic rights regarding a request for greater rights

(3) The determination of greater rights, whether requested by the contractor or by the employee-inventor, shall be subject to the reservation of a license to the Government, and the licensing and the commercial use reporting requirements of paragraph (c) "Minimum rights granted to the Government," of the Patent Rights clauses of § 1-9.107-5. The determination normally shall also be subject to any other reservation or condition deemed to be appropriate by the agency.

(g) Agency determination - Foreign rights.

(1) A request for a foreign rights determination in an invention under the Patent Rights clauses of either § 1-9.107-5(a) or (c) or § 1-9.107-6(a) or (b) may accompany a request for a determination of domestic rights of § 1-9.109-6(f), or may be submitted independently thereof. The request shall contain the following information:

(i) The prime contract number and the subcontract number, if applicable, under which the invention was made and an identification of the agency's contracting office;

(ii) A brief description of the invention or a copy of the invention disclosure;

(iii) The countries in which the requesting party intends to file a patent application; and

(iv) Other information required by the agency.

(2) If the Government determines not to file a patent application on a Subject Invention of the contractor in any

Agency determination of foreign rights regarding request for greater rights

foreign country, the agency may authorize the requesting party to file a patent application on the invention in such foreign country and to acquire the entire right, title, and interest therein if it determines such authorization to be in the public interest, subject to the license to the Government provided in paragraph (c) of the Patent Rights clause in § 1-9.107-5(a) or § 1-9.107-6(a).

(3) Where the determination includes a requirement that the requesting party file and prosecute a foreign patent application on the invention, the following provisions shall apply:

(i) The requesting party shall file and prosecute a patent application on the invention in (identify the foreign countries) in accordance with applicable statutes and regulations and within one of the following periods:

(A) Nine months from the date a corresponding United States patent application is filed by or on behalf of the requesting party; or if such an application is not filed, 6 months from the date of this agreement;

(B) Six months from the date a license is granted by the Commissioner of Patents to file foreign applications where such filing has been prohibited by security reasons; or

(C) Such longer period as may be approved by the agency;

Agency determination of foreign rights regarding request for greater rights

(ii) The requesting party shall notify the agency promptly of each foreign application filed and, upon written request of the agency, shall furnish an English translation of such foreign application without additional compensation; and

(iii) If the requesting party files or causes to be filed a patent application on a Subject Invention in any foreign country, or if a patent is obtained on such application, the party shall notify the agency, not less than 60 days before the expiration period for any action required by the foreign patent office, or any decision not to continue prosecution of the application or not to pay any maintenance fee covering the invention and within such period shall deliver to the agency:

(A) Executed instruments granting to the Government power of attorney in the application;

(B) An English translation of the application, if not previously provided, to the agency; and

(C) Upon request, a conveyance of the party's entire rights, title, and interest in the invention in the foreign country, and to any corresponding patent application.

(Sec. 205(c), 63 Stat. 390; 40 U.S.C. 486(c))

Effective date. This amendment is effective but may be observed earlier.

Dated:

Agency determination of foreign rights regarding request for greater rights
Effective date