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§ 1-9.107-5

Title 41—Public Contracts, Property Management

Chapter 1—Federal Procurement

with paragraph (d) (1) in § 1-9.107-5 (f);

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

(4) An irrevocable, nonexclusive, royalty-free license in inventions constructively reduced to practice prior to the effective date of the contract, in which case 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 to 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 and § 1-9.107-6 specify in paragraph (e) (4) and (b) (2), respectively, 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 informa-

tion by the contractor in order to protect the interests of the Government or the contractor in obtaining foreign patents by adding the paragraph prescribed by § 1-9.107-5(i) (2) as a consecutively-numbered paragraph after paragraph (e) (4) of the clauses of § 1-9.107-5, and after paragraph (b) (2) of the clauses of § 1-9.107-6.

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, and to paragraph (b) (2) of Patent Rights clauses in § 1-9.107-6.

(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—Acquisition by 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.

PATENTS RIGHTS—ACQUISITION BY 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 process, or to operate in the case of a machine and under such conditions as to establish that the invention is beneficial to the public.

(b) *Allocation of principal rights to the Government.* The Contractor agrees to assign to the Government the right, title, and interest throughout the world in and to each Subject Invention to the extent that rights are claimed by the Contractor under paragraph (d) and (e) of this clause.

(2) *Greater rights determination.* The Contractor or the employee-inventor, with the authorization of the Contractor, may elect greater rights than the nonexclusive rights provided in paragraph (d) of this clause in accordance with the procedure set forth in 41 CFR 1-9.109-6. A request for determination whether the Contractor or employee-inventor is entitled to elect greater rights must be submitted to the Contracting Officer at the time of disclosure of the invention pursuant to paragraph (e) (2) (1) of this clause, or within 3 months thereafter, or such longer period as may be authorized by the Contracting Officer for good cause shown by the Contractor. The information submitted for a greater rights determination is specified in 41 CFR 1-9.109-6. Election of greater rights under paragraph (e) (2) (1) of this clause shall be subject to the provisions of paragraph (c) of this clause and to the reservation of conditions deemed to be appropriate by the agency.

(c) *Minimum rights acquired by the Government.* With respect to each Subject Invention to which the Contractor elects principal or exclusive rights, the Contractor shall:

(1) Hereby grants to the Government a nonexclusive, nontransferable, non-sublicensable license to make, use, and sell each Subject Invention throughout the world by or for the Government of the United States of America (including any Government agency) and any State and domestic municipal government.

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

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

(ii) To the extent that the invention is required for public use by government operations or as may be necessary to protect public health, safety or welfare need-

by the contractor in order to protect the interests of the Government or contractor in obtaining foreign patent rights. The paragraph prescribed in § 1-9.107-5 (2) as a consecutively ordered paragraph after paragraph (e) of the clauses of § 1-9.107-5, and paragraph (b) (2) of the clauses of § 1-9.107-6. Where the contractor has authorized to file foreign patent applications, the agency may desire to effect its publication of the information in the related invention disclosure in order to protect the filing of such applications by the contractor. In such event, the sentence in § 1-9.107-5 should be added to paragraph (e) of the Patent Rights clauses in § 1-9.107-5, and to paragraph (b) (2) of Patent Rights clauses in § 1-9.107-6.

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

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

Patent Rights clause—Acquisition by the Government. When the agency determines that a contract falls within § 1-9.107-4(a) (2), the following clauses shall be included in the contract.

PATENT RIGHTS—ACQUISITION BY THE GOVERNMENT

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, or any other subject matter which is or may be patentable under the laws of the United States of America or any foreign country.

"Contract" means any contract, agreement, 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.

"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 Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any political subdivision and agencies thereof.

"Government agency" includes an executive department, independent commission, board, office, agency, administration, authority, Government corporation, or other 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) **Allocation 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 retained 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 determination whether the Contractor or the employee-inventor is entitled to retain 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 acquired by 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 to responsible applicants, upon request of the Government, a license on terms that are reasonable under the circumstances:

(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 regarding:

(i) The commercial use that is being made or is intended to be made of the 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 that refund in any instrument transferring rights to any party in the 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.

Nothing contained in this paragraph (c) shall be deemed to grant to the Government any rights with respect to any invention other than a Subject Invention.

(d) **Minimum rights to the Contractor.** (1) The Contractor reserves a revocable, nonexclusive, royalty-free license in each patent application filed in any country on a Subject Invention and any resulting patent in which the Government acquires title. 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 shall 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 transferable only with approval of the agency except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(2) The Contractor's nonexclusive domestic license retained pursuant to paragraph (d) (1) of this clause may be revoked or modified by the agency 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 that field of use and/or the 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 at 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 that 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 (or such longer period as may be authorized by the agency for good cause shown in writing by the Contractor) after the 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 ensure that Subject Inventions are promptly identified and timely disclosed. These procedures shall include the maintenance of laboratory notebooks or equivalent records and any other records that are reasonably necessary to document the conception and/or the first actual reduction to practice of Subject Inventions, 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 these 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 shall 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 reports¹ at least every 12 months from the date of the contract listing Subject Inventions for that period 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

¹ Agency may specify form.

(iii) A final report¹ 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 nontechnical personnel, such as clerical employees and manual laborers.

(4) The Contractor agrees that the Government may duplicate and disclose Subject Invention disclosures and all other reports and papers furnished or 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 in any Subject Invention which he fails to disclose to the Contracting Officer within 6 months after 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.

(2) However, the Contractor shall not forfeit rights in a Subject Invention if, within the time specified in (1) (i) or (1) (ii) of this paragraph (f), the Contractor:

(i) 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

(ii) 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

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

(3) Pending written assignment of the patent applications and patents on a Subject Invention determined by the Contracting Officer to be forfeited (such determination to be a final decision under the Disputes Clause), 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 until the expiration of 3 years after final payment under this contract shall have the right to examine any books (including laboratory notebooks), records, documents, and other supporting data of the Contractor which the Contracting Officer reasonably deems pertinent to the discovery or identification of Subject Inventions to determine compliance with the requirements of this clause.

(2) The Contracting Officer shall have the right to review all books (including labora-

tory notebooks), records and the Contractor relating to the first actual reduction to practice in the same field of technology under this contract, whether any such inventions are Subject Inventions if the Contractor reports to:

(1) Establish the procedures required by (e) (1) of this clause; or

(ii) Maintain and follow such

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

(h) *Withholding of payment applicable to Subcontracts.* (1) Any final payment of the amount of the contract, the Contracting Officer deems such action warranted, shall be withheld until a reserve not exceeding 5 percent of the amount of the contract, whichever is less, shall have been established in his opinion the Contractor has followed the procedures for identifying 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 acceptable information pursuant to paragraph (e) (2) (ii) of this clause; or

(iv) Provide the information required by subcontracts pursuant to paragraph (e) (2) (iii) of this clause.

The reserve or balance shall be withheld until the Contracting Officer determines that the Contractor has rectified deficiencies exist and has delivered 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 satisfactory disclosures of Subject Inventions pursuant to paragraph (e) (2) (i) of this clause and an acceptable final report pursuant to (iii) of this clause.

(3) The Contracting Officer, in his discretion, decrease or increase the amount withheld up to the maximum amount specified above. If the Contractor is a small business organization the maximum amount to be withheld under this paragraph shall not exceed 50,000 or 1 percent of the contract amount, whichever is less. The amount withheld under this paragraph shall be withheld under other provisions of the contract. The withholding of payment or subsequent payment thereon shall be construed as a waiver of any claim to the Government under this clause.

(i) *Subcontracts.* (1) For the purposes of this paragraph the term "Subcontract" means the party awarding a contract and the term "Subcontractor" means

Final report within 3 months after completion of the contract work, listing all inventions or certifying that there are no such inventions.

The Contractor shall obtain patents and shall elect the provisions of use from all persons in his employ form any part of the work under this contract, except nontechnical personnel, such as clerical employees and manual laborers.

The Contractor agrees that the Government may duplicate and disclose Subject Inventions in disclosures and all other reports furnished or required to be furnished pursuant to this clause.

Forfeiture of rights in unreported Subject Inventions. (1) The Contractor shall forfeit to the Government all rights in any Subject Invention which he fails to disclose to the Contracting Officer within 6 months after 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.

However, the Contractor shall not forfeit in a Subject Invention if, within the time specified in (1) (i) or (1) (ii) of paragraph (f), the Contractor:

(i) prepared a written decision based upon a review of the record that the invention was either conceived nor first actually reduced to practice in the course of or under the contract; or

(ii) contending that the invention is not a Subject Invention, he nevertheless discloses the invention and all facts pertinent to the invention to the Contracting Officer;

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

Assignment of rights. (1) Upon the awarding of a written assignment of the rights in the inventions and patents on a Subject Invention determined by the Contracting Officer, the Contractor shall be deemed to have assigned to the Government all rights in the invention and the patent applications and patents pertaining thereto in trust for the Government. The forfeiture provision in paragraph (f) shall be in addition to and shall not supersede other rights and interests which the Government may have in the invention or Subject Inventions.

Examination of records relating to Subject Inventions. (1) The Contracting Officer or authorized representative until the expiration of 3 years after final payment under the contract shall have the right to examine and copy (including laboratory notebooks), reports, documents, and other supporting data which the Contractor which the Contractor reasonably deems pertinent to the discovery or identification of Subject Inventions to determine compliance with the provisions of this clause.

(2) The Contracting Officer shall have the right to review all books (including labora-

tory notebooks), records and documents of the Contractor relating to the conception or first actual reduction to practice of inventions in the same field of technology as the work under this contract 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 and 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 (Not applicable to Subcontracts). (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 percent of the amount of this contract, whichever is less, shall have been set aside in his opinion the Contractor fails to:

(i) Establish, maintain, and follow 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 acceptable interim reports pursuant to paragraph (e) (2) (ii) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (1) (5) of this clause.

The reserve or balance shall be withheld until the Contracting Officer has determined that the Contractor has rectified whatever deficiencies 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) (1) of this clause, and an acceptable final report pursuant to (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 percent 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 whether.

(2) Unless otherwise authorized or directed by the Government Contracting Officer, the Contractor shall include this Patent Rights clause modified to identify the parties in any subcontract hereunder if 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 notice to the Government Contracting Officer setting forth reasons for the Subcontractor's 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 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, and 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 identify all Subject Inventions of the Subcontractor of which he acquires knowledge in the performance of this contract and shall notify the Government Contracting Officer promptly upon the identification of the 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—Retention by 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—Retention by 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) *Allocation 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 if 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. To avoid forfeiture of the patent application or patent, the Contractor shall notify the Contracting Officer not less than 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 and prosecute patent applications covering the invention in this or the foreign country, respectively, or otherwise establish its ownership of the 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 the invention, the Contractor shall promptly notify the Contracting Officer of any decision not to file an application.

(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 the 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 submitting the invention disclosure if the application has been filed previously, deliver to the Contracting Officer a duly executed and approved 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 filed;

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

(v) Not less than 30 days before the expiration of the response period for any action required by the Patent and Trademark 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.

(3) For each Subject Invention in which the Contractor initially elects not to retain principal 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 the invention which may constitute a statutory

bar under 35 U.S.C. 102, which is authorized by or known to the Contractor at the time of the 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 principal rights in a foreign country pursuant to paragraph (b) (1) of this clause, the Contractor shall have a patent application filed in that country in accordance with applicable statutes and regulations, and within one of the following periods:

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

(ii) Six months from the date of the application granted by the Commissioner of Patents and Trademarks to file foreign applications where such filing has been previously authorized 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 patent application filed and upon written request shall furnish an English version of the application without additional cost.

(c) *Patent Rights clause—Retention by 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—Retention by the Contractor", paragraph (b) of that clause shall be replaced with the following paragraph (b):

(b) *Allocation of principal rights.* (1) Subject Invention is identified, the Contractor agrees to assign to the Government the entire right, title, and interest therein throughout the world except to the extent that greater rights are retained by the Contractor under paragraphs (b) (2) and (3) of this clause.

(2) *Greater rights determined by the Contractor.* (i) If the Contractor, or the employee-inventor, elects to retain greater rights than the nonexclusive license provided in paragraph (d) of this clause, the Contractor shall, in accordance with the procedure of 41 CFR 1-9.109-6. A request for determination of whether the Contractor or employee-inventor is entitled to retain greater rights must be submitted to the Contracting Officer at the time of filing the invention disclosure pursuant to paragraph (e) (2) (i) of this clause, or not later than 60 days thereafter or such longer period as may be authorized by the Contracting Officer for good cause shown in writing.