**Federally Sponsored Intellectual Property**

**What Happens When Federal Government Interests Touch Intellectual Property**

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1. **Introduction**

In 2017, the U.S. Federal Government spent close to $4 trillion on contracts, grants, and other agreements.1   For example in 2017, the U.S. Department of Health and Human services obliged through grant awards over $495 billion dollars on research and technology development. During the same period, the largest federal award issued was over $23 billion dollars to Humana Military Services Incorporated by the U.S. Department of Defense for 13 years of health related services.2 This volume of federal funding, procurement, and grant awards can provide financial opportunities for organization’s but also presents challenges for managing relevant intellectual property (“IP”) against loss of rights or dilution of exclusive interest.  There are a variety of federal statutes and regulations that apply in the funding and procurement process. In many of instances, U.S. Federal Agencies have taken different positions on these regulations and their underlying compliance and enforcement. To make matters more difficult for IP risk assessments and management, when an agency issues a formal grant award, executes a procurement contract or publishes a request for proposals, the terms or regulations subject to that funding award may not be explicitly stated in the formal agreements, but simply noted by code number or brief policy statement. Collaborators, grantees, and contractors of the U.S. Federal Government (“Government”) have to understand this myriad of regulations and statutes to protect current or subsequent IP developed under any award.

The funding recipient’s obligations and the scope of the government’s interest can vary greatly depending on the award, agency, or IP. The government's interest can apply to all IP types whether the contract involves a patentable subject matter, trade secrets, copyrighted material, technical data, or computer software.  Generally, contractors and grantees are permitted to retain ownership of the IP developed or delivered under the federal award.3  The government usually receives a non-exclusive license for internal use of the IP that was developed or delivered pursuant to the award.4  The scope of the government's license to any IP will depend on the statement of work for the award, the instrument and source of funding, and any agreements between the contractors or grantees in negotiating the award.  Agencies are bound to protect the public’s interest in promoting technologies developed with federal funds while for-profit companies seek to capitalize on technology development for commercial benefit. The U.S. Congress (e.g. through statute implementation) and many federal agencies recognize that commercial development of federal technologies is best served through capable and experienced companies. Federal policies related to funding, access, and use of federal resources facilitate technology development in many countries and lead to new and important products and services that benefit the public. Prime examples of these efforts include the U.S. Department of Energy’s (“DOE”) partnerships with the private sector and universities to develop electric car technologies, or the U.S. National Institute of Health’s (“NIH”) established clinical networks providing cost effective programs for clinical testing of candidate therapeutics for companies or organizations.5 Effectively managing these awards or partnerships, and understanding compliance requirements, can go a long way in mitigating risk to background or future IP for organizations.

1. **Patent Protection**

Contractors and grantees that are actively involved or entertaining the opportunity to work with U.S. Agencies or accept federal funding need to have internal processes in place to effectively manage the development or disposition of patented or patentable technology. Generally, contractors or grantees retain ownership of patentable subject matter.  The landmark U.S. legislation for this provision was the Bayh–Dole Act or Patent and Trademark Law Amendments Act (Pub. L. 96-517, December 12, 1980).6 The Bayh-Dole Act (“Act”) deals with intellectual property arising from federally funded research and development. It originally applied to all funding agreements with small business firms and nonprofit organizations. The application of the Bayh-Dole Act was extended to large businesses by a 1983 Presidential Memorandum which directed agencies to apply the Act to all grantees and contractors including large entities funded by the U.S. Government.7

The Bayh-Dole Act encourages federal funding recipients to patent and market their inventions by guaranteeing patent entitlement. This Act automatically grants first rights to a patent for an invention fully or partially funded by a Federal agency to the awardee organization. To obtain these benefits however, the inventor and the organization have several reporting requirements that protect the rights of the Government. This landmark legislation is important because it gives nonprofit organizations and business firms the right to elect to retain title to inventions.8 The objectives of the Act are to use the patent system to promote utilization of inventions arising from federally supported research; encourage maximum participation of business firms in federally supported research and development efforts; promote collaboration between commercial and nonprofit organizations; ensure that inventions made by nonprofit organizations and business firms are used in a manner that promotes free competition and enterprise; promote commercialization and public availability of inventions made in the United States by United States industry and labor; and ensure that the Government obtains sufficient rights in Federally supported inventions to prevent the unreasonable use of inventions.9

The Act also protects the rights of sub-contracts or sub-recipients for funding awards to elect to retain title of IP developed within the scope of their work under the sub-award.10 The prime contractor or recipient cannot, as part of the consideration for awarding the subcontract, obtain rights in any subcontractor's subject inventions.

1. **The Bayh-Dole Act; 37 CFR 401.14**

The principle features of the Act require organizations to establish a written agreement with all employees to disclose promptly each subject invention made under a federally sponsored program and to execute all papers necessary to file patent applications. By its acceptance of an award, a grantee or contractor agrees to obtain written agreements from its employees and:

• promptly report inventions to the awarding agencies;

• elect, in writing, within two years, whether or not to retain title;

• file a patent application within one year of electing title; and

• acknowledge federal support in the patent application.11

The funding recipient may request extensions of the time for disclosure, election, and filing under subparagraphs which are granted at the discretion of the funding agency. The Act also requires recipients to provide the Government with a royalty free, non-exclusive, nontransferable, and irrevocable license to the invention.12 The Government’s non-exclusive license is limited to governmental use of the invention or to have practiced the subject invention on the government’s behalf. Agencies have specific directives or processes in place for sending confirmatory licenses by funding recipients.13 Additionally, the Act requires annual reports on the utilization of the invention, including date of first commercial sale or use and gross royalties received. Many agencies have specific mechanisms or web sites (e.g. iEdison14) for assisting with these annual reporting requirements. As part of accepting the award, funding recipients have to agree that they, assignees or their exclusive licensee will manufacture the subjection invention substantially within the United States, if it is to be used or sold in the U.S.15 Lastly, grantees and contractors recipients are required to include the Act’s provisions and requirements in all subcontracts, sublicenses, or sub-awards.16 These sub-recipients have the same requirements as the prime recipient and have to agree to report directly to the federal agency on any subject inventions they developed in the performance of their work.

Non-profit awardees have additional requirements including (i) making reasonable efforts to attract small business licensees; (ii) prohibition on assigning rights to an invention to a third party without permission from the federal agency; and (iii) royalties must be shared with the inventor(s) and the remainder used for scientific research and education.17 Waivers of the small-business licensee requirement can be granted by the funding agency to non-profits after reasonable efforts have been made and demonstrated.18

Importantly, the Act only applies to "subject inventions," which means any generated invention of the recipient that was conceived or first actually reduced to practice in the performance of work under a Government funding agreement (e.g. grant, cooperative agreement, or contract).19 Determining whether the invention involves background or "subject inventions” is the first step in understanding the Government's interest to any relevant IP. To apply the obligations of the Act to relevant IP, “subject inventions” must fall under the scope of the award or statement of work. Additionally, subject inventions must be first conceived or first reduced to practice under the scope of the award. It is advisable that IP counsel look to the statement of work and the subject matter of the invention for the initial determination on the Act’s applicability. Background inventions previously conceived and actually reduced to practice by the funding recipients before the award would not be encumbered by the Act’s requirements or Government’s interest. Background inventions constructively reduced to practice before award by funding recipients may become subject to the Act’s requirements and Government’s interest if first reduced to practice in the performance of the award. The USPTO’s regulations under MPEP 2138.05 provides that proof of constructive reduction to practice requires sufficient disclosure under the "how to use" and "how to make" requirements of 35 U.S.C. 112(a) or pre-AIA 35 U.S.C. 112, first paragraph.20 A constructive reduction to practice is not proven unless the specification discloses a practical utility where one would not be obvious. The same evidence sufficient for a constructive reduction to practice may be insufficient to establish an actual reduction to practice, which requires a showing of the invention in a physical or tangible form that shows every element of the count (e.g. claim).21 For an actual reduction to practice, the invention must have been sufficiently tested to demonstrate that it will work for its intended purpose, but it need not be in a commercially satisfactory stage of development.22 A party seeking to establish an actual reduction to practice must satisfy a two-prong test: (1) the party constructed an embodiment or performed a process that met every element of the claim, and (2) the embodiment or process operated for its intended purpose.23 It is advisable to provide and state in the agreement, grant application, or state of work any background inventions, other than subject inventions, that are owned or licensed by the funding recipient and will be used or incorporated into the goods, information, or deliverables provided back to the government during performance of the work. These inventions should be classified and identified as “Background Inventions” wherein no license or rights are transferred with the delivery except for use as designed by the statement of work. The Government may request other license rights to background inventions conceived and reduced to practice prior to award.24 However, these license requests for the Government can be negotiated under standard commercial terms.

1. **“March-In” Enforcement of the Bayh Dole Act.**

One of the most concerning provisions of the Act for funding recipients, is the ability of the Government to request transfer of rights or assert "march-in rights" to any subject invention. Under the march-in provisions, the Government may require that the funding recipient provide nonexclusive, partially exclusive, or exclusive license, under reasonable terms, to responsible third party applicants, if necessary, because the recipient or organization's licensee has not taken (or is not expected to take) effective steps within a reasonable time to achieve practical application of a subject invention.25 The Government can also determine to use the march-in rights if necessary to alleviate a public health or safety need.26 This means that if the recipient has not made reasonable progress in bringing the technology to the commercial market, then the government can require the recipient to grant licenses to third parties.  The Government can only exercise march-in rights if the underlying agency determines:

(1) such action is necessary because the contractor or assignee has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the subject invention in such field of use;

(2) such action is necessary to alleviate health or safety needs which are not reasonably satisfied by the contractor, assignee or their licensees;

(3) such action is necessary to meet requirements for public use specified by Federal regulations and such requirements are not reasonably satisfied by the contractor, assignee or licensees; or

(4) such action is necessary because the agreement to substantially manufacture subject inventions in the United States has not been obtained or waived or because a licensee of the exclusive right to use or sell any subject invention in the United States is in breach of such agreement.27

The “march-in rights” designation is often used interchangeably with other provisions of the Act, in which the Government may obtain title of subject inventions conceived or actually reduced to practice by funding recipients. As provided in the Act, the recipient will convey to the Federal agency, upon written request, title to any subject invention:

(1) if the funding recipient fails to disclose back to the agency within two months or fails to elect title to the subject invention within two years after the inventor discloses, or elects not to retain title;

(2) in those countries in which the funding recipient fails to file patent applications within either ten months of the corresponding initial patent application or six months from the date permission is granted by the Commissioner of Patents and Trademarks to file foreign patent applications where such filing has been prohibited by a Secrecy Order; provided, however, that if the contractor has filed a patent application in a country after the times specified in above, but prior to its receipt of the written request of the agency, the contractor shall continue to retain title in that country; or

(3) in any country in which the funding recipient decides not to continue the prosecution of any application for, to pay the maintenance fees on, or defend in reexamination or opposition proceeding on, a patent on a subject invention.28

The Secretary of Commerce introduced new revisions to the regulations promulgated from the Act which became effective May 14, 2018.29 The final revisions were published in the Federal Register of April 18, 2018. The revisions published in the Federal Register including clarification of some definitions, reduce compliance burdens, addressed co-inventions between funding recipients and federal agencies, and simplified the electronic reporting process. The revisions included the elimination of the 60-day limit within which the government may seek title of an invention where the recipient failed to provide appropriate disclosure or election. The Government now has an unlimited time period within which to assert ownership to an invention following the discovery of the recipient’s non-compliance of the disclosure and election requirements.30 The revisions further clarified that all recipient’s including large business firms are obligated to require its employees to assign rights in a subject invention back to the awardee. Additionally, funding recipient’s (i) decisions to discontinue patent prosecution must be communicated back to the agency by 60 days prior to any statutory deadline or (ii) decisions to convert a provisional patent application to a non-provisional patent application recipient must be communicated back to the funding agency by 10 months from provisional priority to give the agency 60 days to review and comment on the conversion.31

Many attempts have been made by third parties to petition agencies to “march-in” or transfer rights to subject invention away from funding recipients. To date, no federal agency has ever exercised its authority to march-in and license patent rights to others. The U.S. National Institutes of Health (“NIH”) is a frequent target for march-in petitions from third parties.The NIH has received six march-in petitions and has denied to march-in in each case.32 The underlying NIH march-in petitions were filed in attempt by third parties to advocate for lower drug prices to patients or offer greater availability of approved drugs developed through federal assistance. In each response, the Director of the NIH determined that petitioned drugs were fully accessible and available to address the public’s need. The NIH also stated that the agency lacked the authority under the regulations to use the provisions of the Act to lower drug prices. In 2016, U.S. Members of Congress urged the U.S. Department of Health and Human Services (“DHHS”) to exercise it’s march-in authority to license additional rights to third parties to lower prices of federally sponsored drugs.33 In response to the petitions and requests from Congress, the NIH stated their authority was limited to the four circumstances identified in the regulations which related to public safety or lack of commercial development.34

Even though no federal agency has utilized its authority for march-in rights of subject inventions, there are cases from other agencies where title from subject inventions was transferred back to the funding agency. In *Campbell Plastics v. Brownlee*, 389 F.3d 1243 (Fed. Cir. 2004), the U.S. Court of Appeals for the Federal Circuit held that failure to meet the Act’s requirements can cause a funding recipient to lose its patent rights, even absent any particularized harm to either the funding agency or the public.35 Campbell Plastics subsequently invented a new type of gas mask but failed to disclose the subject invention to the U.S. Army within the required timeframe or in the required form provided by the Department of Defense (“DOD”). In *L‑3 Communications Corporation v. Jaxon Engineering & Maintenance, Inc.,* 125 F. Supp. 3d 1155 (D. Colo. 2015), a defendant successfully dismissed through summary judgment a patent infringement claim by demonstrating that the plaintiff (i.e. federally funding recipient) did not possess title to the subject invention.36 Pursuant to the Act’s procedures the agency requested title within 60 days after being made aware of the patent by the plaintiff. In this case, the agency received notice of the patent long after the underlying contract had been closed. In another U.S. bankruptcy case involving Evergreen Solar, Inc., the U.S. Department of Energy (DOE) successfully blocked the assignment of solar panel manufacturing patents to a Chinese company seeking to acquire the Evergreen assets.37 The DOE claimed the patents in-suit were developed with federal assistance and, as a result, had reversionary rights to the solar panel patents. Some agencies such as the Department of Defense, Department of Energy, and the National Aeronautics and Space Administration are known to take more aggressive positions on preserving their rights and request title immediately upon learning of breaches of the Act’s requirements by funding recipients. These cases demonstrate that funding agencies will request title after late disclosure, non-compliant disclosure, late election of title, or breach of the U.S. manufacturing requirement of subject inventions.

Therefore, in order to minimize risk to relevant IP and protect commercial interests, funding recipients should timely and appropriately disclose subject inventions to the government, elect to retain title to subject inventions and patentable IP, diligently prosecute patent applications, provide pre-award notice of background inventions, comply with all patent clauses in their funding awards, and diligently manage technology developed under the award or delivered to a federal agency.

1. **Technical Data and Computer Software Protection**

As previously mentioned, one of the most difficult issues facing federal awardees working with the Government is understanding the scope of the Government’s rights to all of the awardee’s IP (not just patents or subject invention) under grants, cooperative agreements, CRADA’s, procurement contracts, or subcontracts. Information or data generated with federal assistance has garnered great attention in recent years in view of the importance and value of proprietary data and information to commercial interests. The most important category of information generated under funding awards is usually designated “technical data and computer software” which have proscribed federal regulations for disposition of rights. The “data rights” provisions are contract clauses from the Federal Acquisition Regulations (“FAR”) or the Defense Federal Acquisition Regulations (“DFAR”). Differences between the applications of these regulations can present even experienced IP practioners with numerous challenges. Data or computer software developed in performance of a Government grant or contract can implicate IP rights relating to copyrights, trade secrets, and patents. “Data” under the FAR provisions means recorded information, regardless of form or the media on which it may be recorded. This term includes technical data and computer software.38 The term does not include information incidental to contract administration, such as financial, administrative, cost or pricing, or management information. “Technical data”, under the regulations, means recorded information (regardless of the form or method of the recording) of a scientific or technical nature (including computer databases and computer software documentation).39 Technical data includes recorded information of a scientific or technical nature that is included in computer databases or computer software documentation, and relates to recorded information only. Technical data does not apply to the physical item or storage component itself. “Computer software” means (i) computer programs that comprise a series of instructions, rules, routines, or statements, regardless of the media in which recorded, that allow or cause a computer to perform a specific operation or series of operations; and (ii) recorded information comprising source code listings, design details, algorithms, processes, flow charts, formulas, and related material that would enable the computer program to be produced, created, or compiled.40 Computer software does not include any computer databases or computer software documentation related to the relevant programs.

In general, agencies have separate public access and sharing policies on grant supported and developed data. Agencies’ public access policies ensure that the public has access to the published results of grant-funded research.41 It requires recipients of grant funds to submit final peer-reviewed manuscripts that arise from the grant funds. These policies usually require that these final peer-reviewed manuscripts be accessible to the public. The enforcement of these public access policies occurs administratively through the respective agencies.42

In examples, the DHHS states that, “recipients own the rights in data resulting from a grant-supported project. Special terms and conditions of the award may indicate alternative rights, e.g., under a cooperative agreement or based on specific programmatic considerations as stated in the applicable RFA. Except as otherwise provided in the terms and conditions of the award, any publications, data, or other copyrightable works developed under an NIH grant may be copyrighted without NIH approval. For this purpose, "data" means recorded information, regardless of the form or media on which it may be recorded, and includes writings, films, sound recordings, pictorial reproductions, drawings, designs, or other graphic representations, procedural manuals, forms, diagrams, work flow charts, equipment descriptions, data files, data processing or computer programs (software), statistical records, and other technical research data. Rights in data also extend to students, fellows, or trainees under awards whose primary purpose is educational, with the authors free to copyright works without NIH approval. In all cases, NIH must be given a royalty-free, nonexclusive, and irrevocable license for the Federal government to reproduce, publish, or otherwise use the material and to authorize others to do so for Federal purposes.”43

1. **Rights Allocation**

Rights allocation to data and computer software developed or delivered under federal awards is dictated by standard contract clauses provided in FAR, DFAR, and by formal classification of data as “unlimited rights,” “limited rights”, “restricted rights”, or “Government purpose rights”. For example, FAR Subpart 27.4 - Rights in Data and Copyrights provides guidance on data classifications with civilian agency contracts such as those issued by DOE, DHHS, or NIST. Other agencies (e.g. DOD-DFAR) may also have their own FAR supplements or classifications that should be understood. However, the underlying data classification and rights allocation to them to remain the same. Generally, the funding recipient gets title to data first produced under the award or contract.44 However, the Government gets a license to use the data depending on the rights classification.

1. “Unlimited rights” means the rights of the Government to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, in any manner and for any purpose, and to have or permit others to do so.45 Examples of the applicability of unlimited rights include: DFARS data or computer software developed exclusively with Government funds; FAR data or computer software delivered and first produced in the performance of a Government contract irrespective of funding; computer software developed exclusively with Government funds including documentation required to be delivered; computer software when limitations expire or terminate; and corrections or changes to computer software or computer software furnished by the Government.46

1. “Limited rights” means the rights of the Government in limited rights data as set forth or negotiated in the contract or award to the funding recipient. Limited rights data includes data, other than computer software, that embody trade secrets or are commercial or financial and confidential or privileged, to the extent that such data pertain to items, components, or processes developed at private expense, including minor modifications.47 Differing examples on the application of limited rights include DFARS data or computer software developed at private expense versus FAR data or computer software not developed in the performance of a contract and developed at private expense.
2. “Restricted rights,” means the rights of the Government in restricted computer software, as set forth in in the contract or award to the funding recipient, or as otherwise may be provided in a collateral agreement incorporated in and made part of the contract or award, including minor modifications of such computer software.48 “Restricted computer software” means computer software developed at private expense that is a trade secret, is commercial or financial and confidential or privileged, or is copyrighted computer software, including minor modifications of the computer software.49
3. “Government Purpose Rights” pertains to technical data or computer software developed with mixed funding between the funding recipient and Government. The Government purpose rights generally means the rights to (i) use, modify, reproduce, release, perform, display, or disclose technical data within the Government without restriction; and (ii) release or disclose technical data outside the Government and authorize persons to whom release or disclosure has been made to use, modify, reproduce, release, perform, display, or disclose that data for Government purposes.50 This purpose generally includes any activity in which the Government is a party, including cooperative agreements with international or multi-national defense organizations or sales or transfers by the Government to foreign governments or international organizations. Government purposes include competitive procurement, but does not include use for commercial purposes.51 The period during which government purpose rights are effective is negotiable between the funding recipient and Government. Additional examples of Government purpose rights applications include technical data developed with mixed funding where contract does not require the development, manufacture, construction, or production of items, components, or processes; co-sponsored research and development; or funding recipient’s and Government’s respective contributions not readily separable.

For rights allocation, private expense determinations are made when the development of data or computer software was accomplished entirely with costs charged to indirect cost pools, costs not allocated to a government contract, or any combination thereof.52 This includes when development costs for data or programs in fixed fee contracts exceed the fixed fee threshold and are not allocated to the respective contract.53

These contract clauses and allocation of rights for data and computer software can vary to include distinguishing provisions on allocation of rights: Rights in Data - General (52.227-14); Rights in Data - Special Works (52.227-17); or Rights in Technical Data – Non-commercial (DFAR 252.227-20). Negotiations over IP clauses commonly involve defining the scope of the parties' respective rights to technical data and computer software developed or delivered under contracts, which are subject to unique regulations and standard contract clauses. The Government may acquire "Special Works” license rights by negotiated agreement when the standard types of rights do not apply, for example, contracts for the production of audiovisual works, including motion pictures or television recordings with or without accompanying sound, or for the preparation of motion picture scripts, musical compositions, sound tracks, translation, adaptation, and the like; histories of the respective agencies, departments, services, or units thereof; surveys of Government establishments; works pertaining to the instruction or guidance of Government officers and employees in the discharge of their official duties; the compilation of reports, books, studies, surveys, or similar documents that do not involve research, development, or experimental work; the collection of data containing personally identifiable information such that the disclosure thereof would violate the right of privacy or publicity of the individual to whom the information relates; investigatory reports; or the development, accumulation, or compilation of data (other than that resulting from research, development, or experimental work performed by the contractor).54

Funding recipients are advised to fully understand and detail the incorporation of data rights clauses into their Government awards. Organizations that are proposing, negotiating, or delivering data or computer programs pursuant to a contract or funding award are required to provide notice to the Government and mark data or computer programs as classified in the FAR or DFAR provisions. Unlabeled data and computer software will be allocated as unlimited rights data.55 Proposals to the Government must include tables identifying potential data or programs that may be provided with other than unlimited rights data. In some circumstances, funding recipients or contractors may want negotiate their offered products or computer software as commercial items wherein standard commercial license could apply or be negotiated. Commercial computer software is software developed or regularly used for nongovernmental purposes and sold, leased, or licensed to the general public or offered for sale, lease, or license, this also includes minor program modifications of a type customarily available in the commercial marketplace or not customarily available but made to meet Government requirements.56

The scope of the Government's rights for data or computer software is dependent on the development process and funding from Government versus private sources.

1. **Copyrighted Material**

Contractors may also retain ownership of any copyrighted material developed or delivered under a government contract or grant.57  In data first produced in the performance of a contract, the contractor must obtain permission of the contracting officer prior to asserting rights in any copyrighted work containing data first produced in the performance of a contract.58 However, contractors are normally authorized, without prior approval of the contracting officer, to assert copyright in technical or scientific articles based on, or containing such data, as published in academic, technical or professional journals, symposia proceedings and similar works. The contractor must make a written request for permission to assert its copyright in works containing data first produced under the contract.59 In its request, the contractor should identify the data involved or furnish copies of the data for which permission is requested, as well as a statement as to the intended publication or dissemination media or other purpose for which the permission is requested. Generally, a contracting officer should grant the contractor’s request when copyright protection will enhance the appropriate dissemination or use of the data unless the (i) report represents the official views of the agency or the agency is required by statute to prepare; (ii) data are intended primarily for internal use by the Government; (iii) data are of the type that the agency itself distributes to the public under an agency program; (iv) Government determines that limitations on distribution of the data is in the national interest; or (v) Government determines that the data should be disseminated without restriction.60

The funding recipient or contractor grants the Government a paid-up nonexclusive, irrevocable, worldwide license to reproduce, prepare derivative works, distribute to the public, perform publicly and display publicly by or on behalf of the Government, for all data (other than computer software) first produced in the performance of a contract.61 For computer software, the scope of the Government’s license includes all of the above rights except the right to distribute to the public.62 When delivering copyrightable material back to the Government under a funding award, the contractor or recipient is required to mark as appropriate any copyrighted work or data within the delivered material.63 The FAR provisions require the contractor to affix the applicable copyright notices of 17 U.S.C. 401 or 402, and acknowledgment of Government sponsorship, (including the contract number) to data when it asserts copyright in data. Failure to do so could result in such data being treated as unlimited rights data and distribute the work.

Federal contractors shall not deliver any data not first produced in the performance of a contract under the contract without either acquiring for or granting to the Government a copyright license for the data; or obtaining permission from the contracting officer to do otherwise. 64

1. **Conclusion**

The encumbrances, obligations and rights related to IP developed or delivered connection with Government grant, cooperative agreements, or contract are controlled by a myriad of statutory and regulatory provisions.  Even though regulatory and statutory provisions allow funding recipient to retain title to respective IP, funding recipients seeking opportunities or engaged with the Government must have a thorough understanding of disposition of rights for relevant IP. In some circumstances, recipients have the ability to negotiate the scope of IP rights with the Government.  The scope of the government's license to any IP will depend on the statement of work for the award, the instrument and source of funding, and any agreements between the contractors or grantees in negotiating the award. Agencies are bound to protect the public’s interest in promoting technologies developed with federal funds. Effectively managing these awards or partnerships and understanding compliance requirements can go a long way in mitigating risk to background or future IP for organizations.

**Footnotes**

1   See USAspending.gov, <https://www.usaspending.gov/>.

2 See Department of Defense Award ID MDA90603C0010; <https://www.usaspending.gov/>

3 37 CFR 401.14

4 37 CFR 401.14 (b)

5 See Department of Energy’s, <https://www.energy.gov/eere/electricvehicles/about-electric-vehicles>, and The National Institutes of Health, <https://ncats.nih.gov/rdcrn>.

6 35 U.S.C. § 200–212

7 President's Memorandum to the Heads of the Executive Departments and Agencies, Government Patent Policy (Feb. 18, 1983); see also Exec. Order No. 12,591, § 1(b)(4), 52 Fed. Reg. 13,414 (Apr. 10, 1987).

8 35 U.S.C. § 202

9 35 U.S.C. § 200

10 37 CFR 401.14 (g)

11 35 U.S. Code § 202

12 35 U.S. Code § 202(c)(4)

13 See iEdison.gov, <https://era.nih.gov/iedison/provide_license.htm>.

14 See iEdison.gov, <https://era.nih.gov/iedison/invention_timeline.htm>.

15 35 U.S. Code § 204

16 37 CFR 401.14 (g)

17 35 U.S. Code § 202(c)(7)

18 37 CFR 401.14 (i)

19 35 U.S. Code § 201(e)

20 MPEP 2138.05 (I), Revision 08.2017, Last Revised in January 2018

21 See *Wetmore v. Quick*, 536 F.2d 937, 942, 190 USPQ 223, 227 (CCPA 1976)

22 See, *Scott v. Finney*, 34 F.3d 1058, 1062, 32 USPQ2d 1115, 1118-19 (Fed. Cir. 1994)

23 See, Eaton v. Evans, 204 F.3d 1094, 1097, 53 USPQ2d 1696, 1698 (Fed. Cir. 2000)

24 48 CFR Part 27, Subpart 27.3 - 27.306

25 35 U.S. Code § 203 (a)(1)

26 35 U.S. Code § 203 (a)(2)

27 35 U.S. Code § 203 (a)(4)

28 37 CFR § 401.14 (d)(1)-(3)

29  See 83 Fed. Reg. 15954 et seq; https://www.gpo.gov/fdsys/pkg/FR-2018-04-13/pdf/2018-07532.pdf

30 FAR 52.227-11(d)

31 FAR 52.227-11(c)(2)

32 See iEdison.gov; https://era.nih.gov/iedison/iedison\_faqs.cfm#XV

33 See https://doggett.house.gov/index.php/media-center/news/700-center-for-american-progress-congressional-call-for-hhs-to-us

34 See iEdison.gov; https://era.nih.gov/iedison/iedison\_faqs.cfm#XV

35 Campbell Plastics Engineering & Mfg., Inc. v. Les Brownlee, 389 F.3d 1243 (Fed. Cir. 2004)

36  L‑3 Communications Corporation v. Jaxon Engineering & Maintenance, Inc., 125 F. Supp. 3d 1155 (D. Colo. 2015)

37 See Boston Globe News; https://www.bostonglobe.com/business/2011/11/11/bankruptcy-judge-approves-asset-sales-evergreen-solar/7DO2loG3bQ3P45K65wi5eK/story.html

38 FAR 52.227-14(a)

39 FAR 52.227-14(a)

40 FAR 52.227-14(a)

41 See U.S. Department of Health and Human Services; https://publicaccess.nih.gov/policy.htm

42 See National Institutes of Health, Office of Extramural Research; https://grants.nih.gov/grants/policy/nihgps/html5/section\_8/8.5\_special\_award\_conditions\_and\_enforcement\_actions.htm

43 See National Institutes of Health, Office of Extramural Research; https://grants.nih.gov/grants/policy/nihgps/html5/section\_8/8.2\_availability\_of\_research\_results\_publications\_\_intellectual\_property\_rights\_\_and\_sharing\_research\_resources.htm

44 FAR 52.227-14(a)

45 FAR 52.227-14(a)

46 FAR 52.227-14(a)

47 FAR 52.227-14(a)

48 FAR 52.227-14(a)

49 DFAR Subpart 227.7103-5(b)

50 DFAR Subpart 252.227-7103-5(b)(4)

51 DFAR 252.227-7013 (a)(13)

52 DFAR 252.227-7013(a)(8)

53 DFAR 252.227-7013(a)(8)

54 FAR 52.227-17

55 FAR 52.227-14(f)(1)

56 48 CFR § 252.227-7018

57 FAR 52.227-14(c)

58 FAR 52.227-17(1)(i)

59 FAR 52.227-17(1)(i)

60 FAR Subpart 27.404-3(a)(2)

61 FAR Subpart 27.404-3(a)(4)

62 FAR Subpart 27.404-3(a)(4)

63 FAR Subpart 27.404-3(a)(5)