

BURNS & LEVINSON LLP

RIGHTS TO GOVERNMENT FUNDED INVENTIONS MADE UNDER THE SBIR/STTR PROGRAMS

Beyond SBIR Phase II
NDIA

August 22 2007

Arlington, VA

Jacob (Jesse) N. Erlich, Esq., Partner

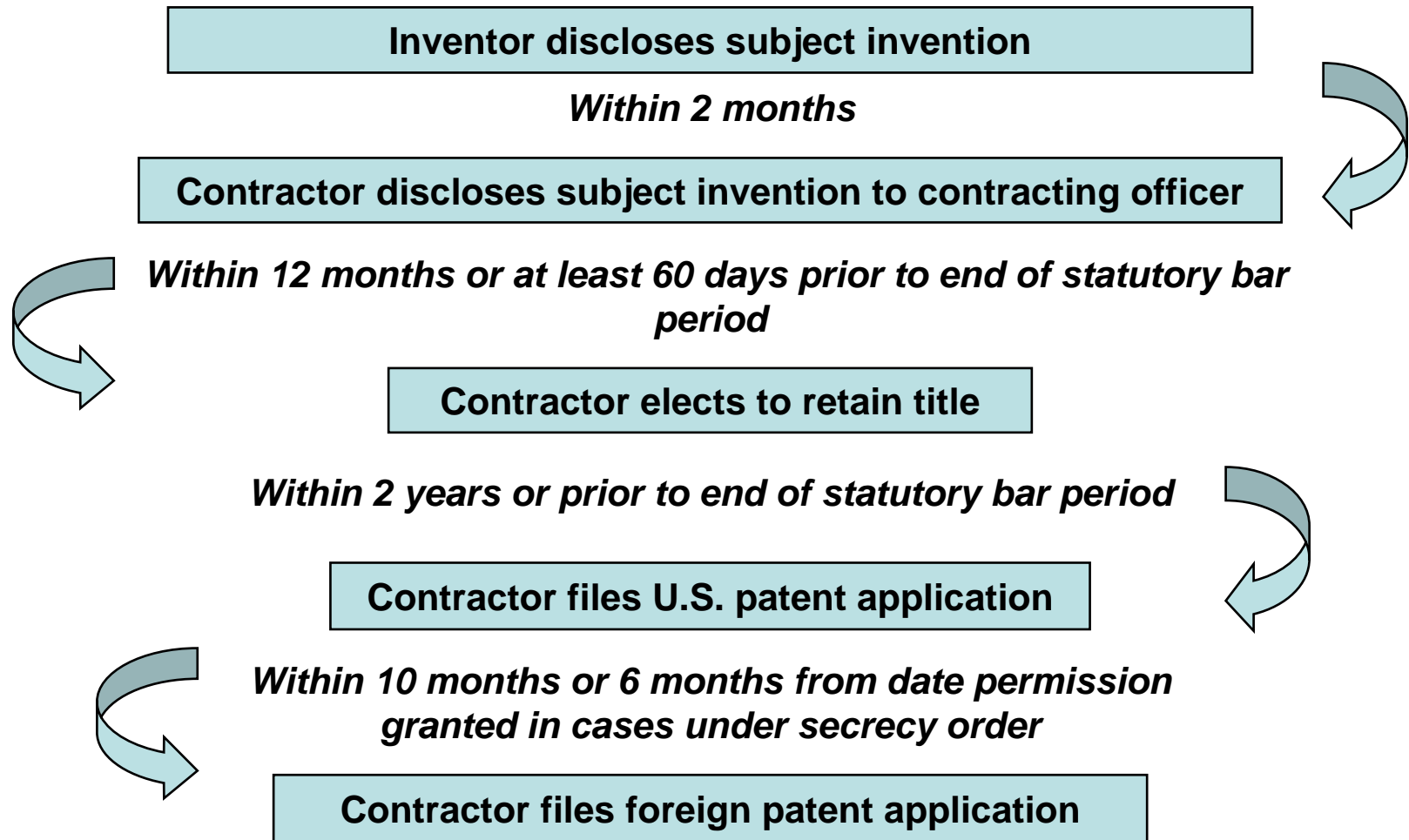
Key Definitions

- Invention
 - Any invention or discovery which is or may be patentable or otherwise protectable under Title 35 of the United States Code
- Subject Invention
 - Any invention of the contractor conceived or first actually reduced to practice in the performance of work under the contract.

Contractor's Patent Rights Under FAR 52.227-11

- Contractor may retain the entire right, title, and interest throughout the world to each subject invention. With respect to any subject invention in which the Contractor retains title, the Federal Government shall have a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on behalf of the United States the subject invention throughout the world.
- With respect to any subject invention which the Government takes title, the Contractor shall retain a revocable, nonexclusive, royalty-free license throughout the world, except if the Contractor fails to disclose the subject invention to the Contracting Officer within the specified time.

Timeline - FAR 52.227-11



Timeline - FAR 52.227-12

Inventor discloses subject invention

Within 2 months

Contractor discloses subject invention to contracting officer

Within 8 months or at least 60 days prior to end of statutory bar period

Contractor elects to retain title

Within 1 year or prior to end of statutory bar period

Contractor files U.S. patent application

Within 10 months or 6 months from date permission granted in cases under secrecy order

Contractor files foreign patent application

What If ?

Contractor fails to
timely disclose
subject invention



Contractor fails to timely
elect to retain title to
subject invention



Contractor elects not
to retain title



Within 60 days of learning thereof, government may,
upon written request, obtain title to subject invention

Contractor fails to timely file patent



Government may, upon written request,
obtain title to subject invention

Contractor Must Take Following Action To Protect Government's Interest

- Execute or have executed all instruments necessary for Government to obtain title or obtain patent protection
- Require, by written agreement, its technical employees to disclose promptly in writing all subject inventions
- Notify Federal agency of any decision not to continue patent prosecution, pay maintenance fees, or defend reexamination 30 days prior to expiration of response period

Contractor Must Take Following Action To Protect Government's Interest, Cont.

- Include within specification of U.S. patent application on subject invention the following statement: “This invention was made with Government support under (identify contract) awarded by (identify Federal agency). The Government has certain rights in this invention.”
- Contractor shall establish and maintain active and effective procedures to assure inventions identified and disclosed (6 months of conception or actual reduction of practice)
- Submit appropriate reports

Subcontracts

- Subcontractor shall retain all rights as if subcontractor were contractor
- Contractor shall not, as part of consideration for awarding subcontract, obtain rights in subcontractor's inventions

Preference For U.S. Industry

- Contractor agrees that neither it, nor any assignee, will grant any person exclusive right to use or sell subject invention unless such person agrees to manufacture substantially in U.S. - waivers may be obtained

March-In Rights

- Federal Agency has right to require contractor, an assignee or exclusive licensee, to grant a non-exclusive, partially exclusive, or exclusive license in any field of use to responsible applicants if:
 - Contractor or assignee has not achieved practical application of invention
 - Health & Safety needs not satisfied by Contractor or assignee
 - Public use specified by public regulations if not satisfied by Contractor or assignee