27.202-3 Adjustment of royalties.

(a) If at any time the *contracting officer* believes that any royalties paid, or to be paid, under a contract or subcontract are inconsistent with Government rights, excessive, or otherwise improper, the *contracting officer shall* promptly report the facts to the office having cognizance of patent matters for the *contracting activity* concerned.

(b) In coordination with the cognizant office, the *contracting officer shall* promptly act to protect the Government against payment of royalties-

(1) With respect to which the Government has a royalty-free license;

(2) At a rate in excess of the rate at which the Government is licensed; or

(3) When the royalties in whole or in part otherwise constitute an improper charge.

(c) In appropriate cases, the *contracting officer* in coordination with the cognizant office *shall* demand a refund pursuant to any refund of royalties clause in the contract (see 27.202-4) or negotiate for a reduction of royalties.

(d) For guidance in evaluating information furnished pursuant to 27.202-1, see 31.205-37. See also 31.109 regarding advance understandings on particular cost items, including royalties.

Parent topic: 27.202 Royalties.