

27.306 Licensing background patent rights to third parties.

(a) A contract with a small business concern or *nonprofit organization* shall not contain a provision allowing the Government to require the licensing to third parties of inventions owned by the contractor that are not *subject inventions* unless the *agency head* has approved and signed a written justification in accordance with paragraph (b) of this section. The *agency head* may not delegate this authority and may exercise the authority only if it is determined that the-

(1) Use of the invention by others is necessary for the practice of a *subject invention* or for the use of a work object of the contract; and

(2) Action is necessary to achieve the *practical application* of the *subject invention* or work object.

(b) Any determination will be on the record after an opportunity for a hearing, and the agency shall notify the contractor of the determination by certified or registered mail. The notification shall include a statement that the contractor *must* bring any action for judicial review of the determination within 60 days after the notification.

Parent topic: [Subpart 27.3 - Patent Rights under Government Contracts](#)