52.227-11 Patent Rights-Ownership by the Contractor.

As prescribed in 27.303(b)(1), insert the following clause:

Patent Rights-Ownership by the Contractor (*May* 2014)

(a) As used in this clause-

Invention means any invention or discovery that is or *may* be patentable or otherwise protectable under title 35 of the U.S. Code, or any variety of plant that is or *may* be protectable under the Plant Variety Protection Act (7 U.S.C. 2321, *et seq*.)

Made means-

(1) When used in relation to any invention other than a plant variety, the conception or first actual reduction to practice of the invention; or

(2) When used in relation to a plant variety, that the Contractor has at least tentatively determined that the variety has been reproduced with recognized characteristics.

Nonprofit organization means a university or other institution of higher education or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)), or any nonprofit scientific or educational organization qualified under a State *nonprofit organization* statute.

Practical application means to manufacture, in the case of a composition of product; to practice, in the case of a process or method; or to operate, in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

Subject invention means any invention of the Contractor *made* in the performance of work under this contract.

(b) *Contractor's rights.*

(1) *Ownership*. The Contractor *may* retain ownership of each *subject invention* throughout the world in accordance with the provisions of this clause.

(2) *License.*

(i) The Contractor *shall* retain a nonexclusive royalty-free license throughout the world in each *subject invention* to which the Government obtains title, unless the Contractor fails to disclose the invention within the times specified in paragraph (c) of this clause. The Contractor's license extends to any domestic subsidiaries and *affiliates* within the corporate structure of which the Contractor is a part, and includes the right to grant sublicenses to the extent the Contractor was legally obligated to do so at contract award. The license is transferable only with the written approval of the agency,

except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(ii) The Contractor's license *may* be revoked or modified by the agency to the extent necessary to achieve expeditious *practical application* of the *subject invention* in a particular country in accordance with the procedures in FAR 27.302(i)(2) and 27.304-1(f).

(c) *Contractor's obligations.*

(1) The Contractor *shall* disclose *in writing* each *subject invention* to the *Contracting Officer* within 2 months after the inventor discloses it *in writing* to Contractor personnel responsible for patent matters. The disclosure *shall* identify the inventor(s) and this contract under which the *subject invention* was *made*. It *shall* be sufficiently complete in technical detail to convey a clear understanding of the *subject invention*. The disclosure *shall* also identify any publication, on sale (*i.e.*, sale or *offer* for sale), or public use of the *subject invention*, or whether a manuscript describing the *subject invention* has been submitted for publication and, if so, whether it has been accepted for publication. In addition, after disclosure to the agency, the Contractor *shall* promptly notify the *Contracting Officer* of the acceptance of any manuscript describing the *subject invention* for publication and any on sale or public use.

(2) The Contractor *shall* elect *in writing* whether or not to retain ownership of any *subject invention* by notifying the *Contracting Officer* within 2 years of disclosure to the agency. However, in any case where publication, on sale, or public use has initiated the 1-year statutory period during which valid patent protection can be obtained in the *United States*, the period for election of title *may* be shortened by the agency to a date that is no more than 60 days prior to the end of the statutory period.

(3) The Contractor *shall* file either a provisional or a nonprovisional patent application or a Plant Variety Protection Application on an elected *subject invention* within 1 year after election. However, in any case where a publication, on sale, or public use has initiated the 1-year statutory period during which valid patent protection can be obtained in the *United States*, the Contractor *shall* file the application prior to the end of that statutory period. If the Contractor files a provisional application, it *shall* file a nonprovisional application within 10 months of the filing of the provisional application. The Contractor *shall* file patent applications in additional countries or international patent offices within either 10 months of the first filed patent application (whether provisional or nonprovisional) or 6 months from the date permission is granted by the Commissioner of Patents to file foreign patent applications where such filing has been prohibited by a Secrecy Order.

(4) The Contractor *may* request extensions of time for disclosure, election, or filing under paragraphs (c)(1), (c)(2), and (c)(3) of this clause.

(d) *Government's rights-*

(1) *Ownership.* The Contractor *shall* assign to the agency, on written request, title to any *subject invention-*

(i) If the Contractor fails to disclose or elect ownership to the *subject invention* within the times specified in paragraph (c) of this clause, or elects not to retain ownership; provided, that the agency *may* request title only within 60 days after learning of the Contractor's failure to disclose or elect within the specified times.

(ii) In those countries in which the Contractor fails to file patent applications within the times specified in paragraph (c) of this clause; provided, however, that if the Contractor has filed a patent application in a country after the times specified in paragraph (c) of this clause, but prior to its receipt of the written request of the agency, the Contractor *shall* continue to retain ownership in that country.

(iii) In any country in which the Contractor 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*.

(2) *License*. If the Contractor retains ownership of any *subject invention*, the Government *shall* have a nonexclusive, nontransferable, irrevocable, paid-up license to practice, or have practiced for or on its behalf, the *subject invention* throughout the world.

(e) *Contractor action to protect the Government's interest.*

(1) The Contractor *shall* execute or have executed and promptly deliver to the agency all instruments necessary to-

(i) Establish or confirm the rights the Government has throughout the world in those *subject inventions* in which the Contractor elects to retain ownership; and

(ii) Assign title to the agency when requested under paragraph (d) of this clause and to enable the Government to obtain patent protection and plant variety protection for that *subject invention* in any country.

(2) The Contractor *shall* require, by written agreement, its employees, other than clerical and nontechnical employees, to disclose promptly *in writing* to personnel identified as responsible for the administration of patent matters and in the Contractor's format, each *subject invention* in order that the Contractor can comply with the disclosure provisions of paragraph (c) of this clause, and to execute all papers necessary to file patent applications on *subject inventions* and to establish the Government's rights in the *subject inventions*. The disclosure format *should* require, as a minimum, the information required by paragraph (c)(1) of this clause. The Contractor *shall* instruct such employees, through employee agreements or other suitable educational programs, as to the importance of reporting inventions in sufficient time to permit the filing of patent applications prior to U.S. or foreign statutory bars.

(3) The Contractor *shall* notify the *Contracting Officer* of any decisions not to file a nonprovisional patent application, continue the prosecution of a patent application, pay maintenance fees, or defend in a reexamination or opposition proceeding on a patent, in any country, not less than 30 days before the expiration of the response or filing period required by the relevant patent office.

(4) The Contractor *shall* include, within the specification of any *United States* nonprovisional patent or plant variety protection application and any patent or plant variety protection certificate issuing thereon covering a *subject invention*, the following statement, "This invention was *made* with Government support under (identify the contract) awarded by (identify the agency). The Government has certain rights in the invention."

(f) *Reporting on utilization of subject inventions*. The Contractor *shall* submit, on request, periodic reports no more frequently than annually on the utilization of a *subject invention* or on efforts at obtaining utilization of the *subject invention* that are being *made* by the Contractor or its licensees or assignees. The reports *shall* include information regarding the status of development, date of first

commercial sale or use, gross royalties received by the Contractor, and other data and information as the agency *may* reasonably specify. The Contractor also *shall* provide additional reports as *may* be requested by the agency in connection with any march-in proceeding undertaken by the agency in accordance with paragraph (h) of this clause. The Contractor also *shall* mark any utilization report as confidential/proprietary to help prevent inadvertent release outside the Government. As required by 35 U.S.C. 202(c)(5), the agency will not disclose that information to persons outside the Government without the Contractor's permission.

(g) *Preference for United States industry.* Notwithstanding any other provision of this clause, neither the Contractor nor any assignee *shall* grant to any person the exclusive right to use or sell any *subject invention* in the *United States* unless the person agrees that any *products* embodying the *subject invention* or produced through the use of the *subject invention* will be manufactured substantially in the *United States*. However, in individual cases, the requirement for an agreement *may* be waived by the agency upon a showing by the Contractor or its assignee that reasonable but unsuccessful efforts have been *made* to grant licenses on similar terms to potential licensees that would be likely to manufacture substantially in the *United States*, or that under the circumstances domestic manufacture is not commercially feasible.

(h) *March-in rights.* The Contractor acknowledges that, with respect to any *subject invention* in which it has retained ownership, the agency has the right to require licensing pursuant to 35 U.S.C. 203 and 210(c), and in accordance with the procedures in 37 CFR 401.6 and any supplemental regulations of the agency in effect on the date of contract award.

(i) Special provisions for contracts with *nonprofit organizations*. If the Contractor is a *nonprofit organization*, it *shall*-

(1) Not assign rights to a *subject invention* in the *United States* without the written approval of the agency, except where an assignment is *made* to an organization that has as one of its primary functions the management of inventions, *provided*, that the assignee *shall* be subject to the same provisions as the Contractor;

(2) Share royalties collected on a *subject invention* with the inventor, including Federal employee co-inventors (but through their agency if the agency deems it appropriate) when the *subject invention* is assigned in accordance with 35 U.S.C. 202(e) and 37 CFR 401.10;

(3) Use the balance of any royalties or income earned by the Contractor with respect to *subject inventions*, after payment of expenses (including payments to inventors) incidental to the administration of *subject inventions* for the support of scientific research or education; and

(4) Make efforts that are reasonable under the circumstances to attract licensees of *subject inventions* that are small business concerns, and give a preference to a small business concern when licensing a *subject invention* if the Contractor determines that the small business concern has a plan or proposal for marketing the invention which, if executed, is equally as likely to bring the invention to *practical application* as any plans or proposals from applicants that are not small business concerns; *provided*, that the Contractor is also satisfied that the small business concern has the capability and resources to carry out its plan or proposal. The decision whether to give a preference in any specific case will be at the discretion of the Contractor.

(5) Allow the Secretary of Commerce to review the Contractor's licensing program and decisions regarding small business applicants, and negotiate changes to its licensing policies, procedures, or practices with the Secretary of Commerce when the Secretary's review discloses that the Contractor could take reasonable steps to more effectively implement the requirements of paragraph (i)(4) of

this clause.

(j) *Communications. [Complete according to agency instructions.]*

(k) *Subcontracts.*

(1) The Contractor *shall* include the substance of this clause, including this paragraph (k), in all subcontracts for experimental, developmental, or research work to be performed by a small business concern or *nonprofit organization*.

(2) The Contractor *shall* include in all other subcontracts for experimental, developmental, or research work the substance of the patent rights clause required by FAR subpart 27.3.

(3) At all tiers, the patent rights clause *must* be modified to identify the parties as follows: references to the Government are not changed, and the subcontractor has all rights and obligations of the Contractor in the clause. The Contractor *shall* not, as part of the consideration for awarding the subcontract, obtain rights in the subcontractor's *subject inventions*.

(4) In subcontracts, at any tier, the agency, the subcontractor, and the Contractor agree that the mutual obligations of the parties created by this clause constitute a contract between the subcontractor and the agency with respect to the matters covered by the clause; provided, however, that nothing in this paragraph is intended to confer any jurisdiction under the Contract Disputes statute in connection with proceedings under paragraph (h) of this clause.

(End of clause)

Alternate I (Jun 1989). As prescribed in 27.303 (b)(3), add the following sentence at the end of paragraph (d)(2) of the basic clause:

The license *shall* include the right of the Government to sublicense foreign governments, their nationals and international organizations pursuant to the following treaties or international agreements: _____*

[**Contracting Officer complete with the names of applicable existing treaties or international agreements. The above language is not intended to apply to treaties or agreements that are in effect on the date of the award but are not listed*.]

Alternate II (Dec 2007). As prescribed in 27.303 (b)(4), add the following sentence at the end of paragraph (d)(2) of the basic clause:

The agency reserves the right to unilaterally amend this contract to identify specific treaties or international agreements entered into by the Government before or after the effective date of the contract and effectuate those license or other rights that are necessary for the Government to meet its obligations to foreign governments, their nationals, and international organizations under the treaties or international agreements with respect to *subject inventions made* after the date of the amendment.

Alternate III (Jun 1989). As prescribed in 27.303 (b)(5), substitute the following paragraph (i)(3) in place of paragraph (i)(3) of the basic clause:

(3) After payment of patenting costs, licensing costs, payments to inventors, and other expenses

incidental to the administration of *subject inventions*, the balance of any royalties or income earned and retained by the Contractor during any fiscal year on *subject inventions* under this or any successor contract containing the same requirement, up to any amount equal to 5 percent of the budget of the facility for that fiscal year, *shall* be used by the Contractor for the scientific research, development, and education consistent with the research and development mission and objectives of the facility, including activities that increase the licensing potential of other inventions of the facility. If the balance exceeds 5 percent, 75 percent of the excess above 5 percent *shall* be paid by the Contractor to the Treasury of the *United States* and the remaining 25 percent *shall* be used by the Contractor only for the same purposes as described above. To the extent it provides the most effective technology transfer, the licensing of *subject inventions shall* be administered by Contractor employees on location at the facility.

Alternate IV (Jun 1989). As prescribed in 27.303 (b)(6), include the following paragraph (e)(5) in paragraph (e) of the basic clause:

(5) The Contractor *shall* establish and maintain active and effective procedures to ensure that *subject inventions* are promptly identified and timely disclosed, and *shall* submit a description of the procedures to the *Contracting Officer* so that the *Contracting Officer may* evaluate and determine their effectiveness.

Alternate V (Dec 2007). As prescribed in 27.303 (b)(7), include the following paragraph (d)(3) in paragraph (d) of the basic clause:

(d)(3) *CRADA licensing.* If the Contractor performs services at a Government owned and operated laboratory or at a Government owned and Contractor operated laboratory directed by the Government to fulfill the Government's obligations under a Cooperative Research and Development Agreement (CRADA) authorized by 15 U.S.C. 3710a, the Government *may* require the Contractor to negotiate an agreement with the CRADA collaborating party or parties regarding the allocation of rights to any *subject invention* the Contractor makes, solely or jointly, under the CRADA. The agreement *shall* be negotiated prior to the Contractor undertaking the CRADA work or, with the permission of the Government, upon the identification of a *subject invention*. In the absence of such an agreement, the Contractor agrees to grant the collaborating party or parties an *option* for a license in its inventions of the same scope and terms set forth in the CRADA for inventions *made* by the Government.

Parent topic: 52.227 [Reserved]