52.227-13 Patent Rights-Ownership by the Government.

As prescribed at 27.303(e), insert the following clause:

Patent Rights-Ownership by the Government (Dec 2007)

(a) *Definitions.* 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, means the conception or first actual reduction to practice of the invention; or

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

"Practical application" means to manufacture, in the case of a composition or 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) *Ownership.*

(1) *Assignment to the Government.* The Contractor *shall* assign to the Government title throughout the world to each *subject invention*, except to the extent that rights are retained under paragraphs (b)(2) and (d) of this clause.

(2) *Greater rights determinations.*

(i) The Contractor, or an employee-inventor after consultation with the Contractor, *may* request greater rights than the nonexclusive license provided in paragraph (d) of this clause. The request for a greater rights *must* be submitted to the *Contracting Officer* at the time of the first disclosure of the *subject invention* pursuant to paragraph (e)(2) of this clause, or not later than 8 months thereafter, unless a longer period is authorized *in writing* by the *Contracting Officer* for good cause shown *in writing* by the Contractor. Each determination of greater rights under this contract normally *shall* be subject to paragraph (c) of this clause, and to the reservations and conditions deemed to be appropriate by the agency.

(ii) Upon request, the Contractor *shall* provide the filing date, serial number and title, a copy of the patent application (including an English-language version if filed in a language other than English),

and patent number and issue date for any *subject invention* in any country for which the Contractor has retained title.

(iii) Upon request, the Contractor *shall* furnish the agency an irrevocable power to inspect and make copies of the patent application file.

(c) *Minimum rights acquired by the Government.*

(1) Regarding each *subject invention* to which the Contractor retains ownership, the Contractor agrees as follows:

(i) The Government will have a nonexclusive, nontransferable, irrevocable, paid-up license to practice, or have practiced for or on its behalf, the *subject invention* throughout the world.

(ii) The agency has the right to require licensing pursuant to 35 U.S.C. 203 and 210(c) and in accordance with the procedures set forth in 37 CFR 401.6 and any supplemental regulations of the agency in effect on the date of the contract award.

(iii) Upon request, the Contractor *shall* submit periodic reports no more frequently than annually on the utilization, or efforts to obtain utilization, of a *subject invention* 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 any 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 proceedings undertaken by the agency in accordance with paragraph (c)(1)(ii) of this clause. To the extent data or information supplied under this section is considered by the Contractor, or its licensees, or assignees to be privileged and confidential and is so marked, the agency, to the extent permitted by law, will not disclose such information to persons outside the Government.

(iv) When licensing a *subject invention*, the Contractor *shall*-

(A) Ensure that no royalties are charged on *acquisitions* involving Government funds, including funds derived through a Military Assistance Program of the Government or otherwise derived through the Government;

(B) Refund any amounts received as royalty charges on a *subject invention* in *acquisitions* for, or on behalf of, the Government;

(C) Provide for this refund in any instrument transferring rights in the *subject invention* to any party.

(v) When transferring rights in a *subject invention*, the Contractor *shall* provide for the Government's rights set forth in paragraphs (c)(1)(i) through (c)(1)(iv) of this clause.

(2) Nothing contained in paragraph (c) of this clause *shall* be deemed to grant to the Government rights in any invention other than a *subject invention*.

(d) Minimum rights to the Contractor.

(1) The Contractor is hereby granted a revocable, nonexclusive, paid-up license in each patent application filed in any country on a *subject invention* and any resulting patent in which the Government obtains title, unless the Contractor fails to disclose the *subject invention* within the

times specified in paragraph (e)(2) of this clause. The Contractor's license extends to any of its 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 *subject invention* pertains.

(2) 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).

(3) When the Government elects not to apply for a patent in any foreign country, the Contractor retains rights in that foreign country to apply for a patent, subject to the Government's rights in paragraph (c)(1) of this clause.

(e) *Invention identification, disclosures, and reports.*

(1) The Contractor *shall* establish and maintain active and effective procedures to educate its employees in order to assure that *subject inventions* are promptly identified and disclosed to Contractor personnel responsible for patent matters. The procedures *shall* include the maintenance of laboratory notebooks or equivalent records and other records as are reasonably necessary to document the conception and/or the first actual reduction to practice of *subject inventions*, and records that show the procedures for identifying and disclosing *subject inventions* are followed. Upon request, the Contractor *shall* furnish the *Contracting Officer* a description of these procedures for evaluation and for a determination as to their effectiveness.

(2) 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 or, if earlier, within 6 months after the Contractor becomes aware that a *subject invention* has been *made*, but in any event before any on sale (*i.e.*, sale or *offer* for sale), public use, or publication of the *subject invention* known to the Contractor. The disclosure *shall* identify the contract under which the *subject invention* was *made* and the inventor(s). 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, or public use of the *subject invention* and 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.

(3) The Contractor *shall* furnish the *Contracting Officer* the following:

(i) Interim reports every 12 months (or a longer period as *may* be specified by the *Contracting Officer*) from the date of the contract, listing *subject inventions* during that period, and stating that all *subject inventions* have been disclosed (or that there are none) and that the procedures required by paragraph (e)(1) of this clause have been followed.

(ii) A final report, within 3 months after completion of the contracted work, listing all *subject inventions* or stating that there were none, and listing all subcontracts at any tier containing a patent rights clause or stating that there were none.

(4) 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*. This disclosure format *should* require, as a minimum, the information required by paragraph (e)(2) 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.

(5) Subject to FAR 27.302(i), the Contractor agrees that the Government *may* duplicate and disclose *subject invention* disclosures and all other reports and papers furnished or required to be furnished pursuant to this clause.

(f) Examination of records relating to inventions.

(1) The *Contracting Officer* or any authorized representative *shall*, until 3 years after final payment under this contract, have the right to examine any books (including laboratory notebooks), records, and documents of the Contractor relating to the conception or first actual reduction to practice of inventions in the same field of technology as the work under this contract to determine whether-

(i) Any inventions are *subject inventions*;

(ii) The Contractor has established and maintains the procedures required by paragraphs (e)(1) and (e)(4) of this clause; and

(iii) The Contractor and its inventors have complied with the procedures.

(2) The Contractor *shall* disclose to the *Contracting Officer*, for the determination of ownership rights, any unreported invention that the *Contracting Officer* believes *may* be a *subject invention*.

(3) Any examination of records under paragraph (f) of this clause will be subject to appropriate conditions to protect the confidentiality of the information involved.

(g) Withholding of payment. (This paragraph does not apply to subcontracts.)

(1) Any time before final payment under this contract, the *Contracting Officer may*, in the Government's interest, withhold payment until a reserve not exceeding $50,000 or 5 percent of the amount of this contract, whichever is less, *shall* have been set aside if, in the *Contracting Office*'s opinion, the Contractor fails to-

(i) Establish, maintain, and follow effective procedures for identifying and disclosing *subject inventions* pursuant to paragraph (e)(1) of this clause;

(ii) Disclose any *subject invention* pursuant to paragraph (e)(2) of this clause;

(iii) Deliver acceptable interim reports pursuant to paragraph (e)(3)(i) of this clause; or

(iv) Provide the information regarding subcontracts pursuant to paragraph (i)(4) of this clause.

(2) The *Contracting Officer* will withhold the reserve or balance until the *Contracting Officer* has determined that the Contractor has rectified whatever deficiencies exist and has delivered all reports, disclosures, and other information required by this clause.

(3) The *Contracting Officer* will not make final payment under this contract before the Contractor delivers to the *Contracting Officer*, as required by this clause, all disclosures of *subject inventions*, an acceptable final report, and all due confirmatory instruments.

(4) The *Contracting Officer may* decrease or increase the sums withheld up to the maximum authorized. The *Contracting Officer* will not withhold any amount under this paragraph while the amount specified by this paragraph is being withheld under other provisions of the contract. The withholding of any amount or the subsequent payment *shall* not be construed as a waiver of any Government rights.

(h) *Preference for United States industry*. Unless provided otherwise, 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 *may* be waived by the agency upon a showing by the Contractor or 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.

(i) Subcontracts.

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

(2) In the event of a refusal by a prospective subcontractor to accept the clause, the Contractor-

(i) *Shall* promptly submit a written notice to the *Contracting Officer* setting forth the subcontractor's reasons for such refusal and other pertinent information that *may* expedite disposition of the matter; and

(ii) *Shall* not proceed with such subcontract without the written authorization of the *Contracting Officer*.

(3) In subcontracts at any tier, the agency, the subcontractor, and the Contractor agree that the mutual obligations of the parties created by the patent rights clause constitute a contract between the subcontractor and the agency with respect to those matters covered by this clause.

(4) The Contractor *shall* promptly notify the *Contracting Officer in writing* upon the award of any subcontract at any tier containing a patent rights clause by identifying the subcontractor, the applicable patent rights clause, the work to be performed under the subcontract, and the dates of award and estimated completion. Upon request of the *Contracting Officer*, the Contractor *shall* furnish a copy of such subcontract, and, no more frequently than annually, a listing of the subcontracts that have been awarded.

(End of clause)

Alternate I (Jun 1989). As prescribed in 27.303 (e) (4), add the following sentence at the end of paragraph (c)(1)(i) of the basic clause:

The license will 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 (e)(5), add the following sentence at the end of paragraph (c)(1)(i) 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 this 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 treaties or international agreements with respect to *subject inventions made* after the date of the amendment.

Parent topic: 52.227 [Reserved]