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Transfer*

## **Intellectual Property Protection and Rights in Government Inventions**

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## ***JACOB N. (JESSE) ERLICH***

- Partner at Burns & Levinson LLP, Boston, MA
- Specializes in intellectual property law and technology transfer issues
- FLC Patent and Licensing Advisor
- Former Chief Patent Advisor for the U.S. Air Force
- Co-author of *Technology Development and Transfer: The Transactional and Legal Environment* and numerous papers on intellectual property and technology transfer
- Received FLC Outstanding Service award
- Taught numerous courses in intellectual property law
- Active in numerous technology transfer, patent, and licensing organizations
- Registered to practice before U.S. Patent & Trademark Office and Canadian Patent Office



# INTELLECTUAL PROPERTY PROTECTION



## ***INTELLECTUAL PROPERTY***

- Formal definition
  - Intellectual property is an intangible or proprietary asset such as a patent, copyright, trademark or trade secret
  
- My definition
  - Intellectual property is a protectable development of the mind



## ***EXAMPLES OF INTELLECTUAL PROPERTY PROTECTION***

- Trade secrets
- Patents
- Copyrights
- Trademarks



## ***TRADE SECRETS***

- Used to protect important business information that a business does not want to disclose to the public
- Effective only if kept confidential
  - Do not release trade secrets without a nondisclosure agreement
  - Always place appropriate marking on trade secret information (e.g., Proprietary Information, Not for Public Release)
- Last indefinitely as long as they are kept secret



## ***WHAT IS A U.S. PATENT?***

- Grant by the government to provide individuals with legal protection for their discoveries (inventions)
- Article 1, Section 8, of the U.S. Constitution states that Congress is empowered to "...promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries"
- Covered by federal law (Title 35 of U.S. Code)



## ***TERM AND EXCLUSIONARY RIGHT OF A UTILITY PATENT***

- Patent applications filed after June 8, 1995—20 years from effective filing date
- Patent applications actually filed before June 8, 1995 or patents in effect on June 8, 1995—The longer of either 20 years from the effective filing date or 17 years from the issue date
- Patent owner given the right to prevent others from making, using, offering for sale, selling, or importing the claimed invention within the U.S.
- Process patent owners also given the right to prevent others from importing a product obtained from patented process



## ***WHO IS ENTITLED TO A PATENT?***

- To obtain a patent, individual(s) must be original and first inventor
  - Invention must be conceived
  - Invention must be reduced to practice (actual or constructive)
- Must file a patent application



## ***CONDITIONS FOR PATENTABILITY***

- Invention must be:
  - Novel
  - Useful
  - Non-obvious
- Statutory bars against obtaining patent set forth in 35 USC 102
- Examples
  - Unrestricted printed publication more than 1 year prior to filing patent application
  - Public use or on sale in U.S. more than 1 year prior to filing patent application



# ***PROVISIONAL PATENT APPLICATIONS— EFFECT OF AN INADEQUATE PROVISIONAL APPLICATION***

NEW RAILHEAD MANUFACTURING, L.L.C.

Plaintiff-Appellant

v.

VERMEER MANUFACTURING COMPANY

Defendant-Appellee

and

EARTH TOOL COMPANY, L.L.C.



## ***EXAMINATION AND NEGOTIATION PROCESS BEFORE USPTO***

- Filing of patent application in USPTO
- Examination and search of patent application
  - Office action(s) by U.S. patent examiner
  - Final office action by U.S. patent examiner
  - After final practice
- Interview(s) with U.S. patent examiner
  - Prior to examination and search
  - After examination and search
- Allowance of U.S. patent application
- Appeal of non-allowed application



## ***FOREIGN PATENTS***

- Patentability based on absolute novelty
- Applicant need not be inventor
- Filing of foreign applications
  - Directly in foreign country
  - Under regional patent systems
  - Under Patent Cooperation Treaty (PCT)
- Foreign applications must be filed within 1 year of U.S. provisional/patent application filing date to receive priority date



## ***COPYRIGHTS***

Provide individuals and companies with legal protection for a wide variety of works of “authorship”

- Literary
- Musical
- Dramatic
- Pantomimes
- Choreographic
- Pictorial, graphic and sculptural
- Audiovisual
- Sound recording
- Computer databases and software



## ***COPYRIGHTS (Cont.)***

- Copyright protection
  - Occurs upon creation
  - Lasts for the life of the author plus 70 years
  - For “works for hire,” lasts 95 years from publication or 120 years from creation, whichever expires first
- Copyright registration
  - Not required
  - Beneficial when taking infringement action
- Copyright ownership resides with:
  - Author
  - Employer when work for hire



## ***TRADEMARKS***

- Provide protection for words or symbols or combination used by manufacturer or merchant to identify source of goods
- Become effective when used on goods in commerce
  - Federal registration—interstate commerce
  - State registration—intrastate commerce
- Protection lasts indefinitely
  - If properly used
  - If renewed



# RIGHTS IN GOVERNMENT INVENTIONS



## ***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 AND DFARS 252.227-7038***

- 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



## ***CONTRACTOR'S PATENT RIGHTS UNDER FAR 52.227-11 AND DFARS 252.227-7038 (Cont.)***

- 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
- Contractor's license may be revoked or modified to extent necessary to achieve practical application of subject invention - requires written notice - contractor allowed 30 days to show cause why license should not be revoked



## ***ACTION CONTRACTOR MUST TAKE 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
- 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.”



## ***TIMELINE - FAR 52.227-11***

Inventor discloses subject invention

*Within 2 months*

Contractor discloses subject invention to Contracting Officer

*Within 12 months or at least 60 days prior to end of statutory bar period*

Contractor elects to retain title

*Within 2 years 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



## ***TIMELINE - DFARS 252.227-7038***

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 to  
subject invention



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



## ***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 nonexclusive, 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 is not satisfied by contractor or assignee



## ***DATA RIGHTS EXCEPTIONS FOR SBIR-STTR PROGRAM***

- Small business concern retains rights to data in performance of award for not less than four years
- Agencies are required to protect SBIR data rights developed from Phases I, II, and III, including rights of subcontractors
- Agencies cannot condition Phase III award on giving up SBIR data rights—negotiations after award, by separate agreement, without pressure is permissible



## ***DATA RIGHTS EXCEPTIONS FOR SBIR-STTR PROGRAM (Cont.)***

- SBIR data rights continue to be protected from date of delivery of last deliverable under award
- Any SBIR data protected and referenced under a subsequent SBIR award remain protected under protection period of subsequent award



## ***CURRENT CONTRACT EXPORT CONTROL PROVISIONS***

- No additional contract provisions covering current Export Administration Regulations (EAR) and International Traffic Arms Regulations (ITAR)
- Contractors and subcontractors must abide by existing EAR and ITAR



## ***PROPOSED CONTRACT EXPORT CONTROL PROVISIONS BY DEPARTMENT OF DEFENSE***

- Impose specific requirements upon government and contractor to identify and prevent unauthorized disclosure of information and technology controlled under EAR and ITAR
- Compliance program
- Training
- Periodic assessment to ensure compliance
- Currently under review by DAR Editor