

Data Rights and Licensing in Government Contracts

Corey W. Jenkins, J.D., LL.M.

W. Ty Stafford, J.D.

Lanier Ford Shaver & Payne P.C.

2101 West Clinton Ave., Suite 102

Huntsville, AL 35805

256-535-1100

cwj@LanierFord.com

wts@lanierford.com

www.LanierFord.com

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Introduction

- IP Basics – Types of Intellectual Property
 - Copyrights
 - Trademarks & Service marks
 - Trade Secrets
 - Patents
- Patents, Data Rights and Licensing in Government Contracts

Types of Intellectual Property

- Copyrights
- Trademarks & Service marks
- Trade Secrets
- Patents



Copyrights

- Protection of original works of authorship
 - Fixed in tangible medium of expression
 - Literary, musical, artistic, and others
 - Available to published and unpublished works
- Federal and common law protection
 - Copyright ownership exists from the moment of creation
 - Federal registration is not required to create ownership but grants copyright owner additional rights

Examples of Copyright Works

- Books, poems, paintings, photographs
- Sheet music
- Recordings of musical performances
- Software
- Company brochures
- Employee training guides
- Marketing plan
- Audiovisual display
- Website



Copyrights Don't Cover

- Ideas – Only the “expression of the idea”
- Procedures
- Processes
- Systems
- Methods of operation
- Concepts
- Principles
- Discoveries



Infringement of Copyrights

- Infringement occurs when substantial portion of work is **copied**
- If no evidence of direct copying, can be proven by showing:
 - Infringer had **access** to work
 - There is **substantial similarity**
- Independent creation is not infringement, must copy to infringe

Types of Intellectual Property

- Copyrights
- Trademarks & Service marks
- Trade Secrets
- Patents



Trademarks & Service Marks

- Indicates source of goods and/or services
- **Word, name, symbol, or device**
 - Used to distinguish your goods and services from those sold by others
- Indicates even unknown sources
- ***Value derived from consumer recognition***
- Federal and common law rights
 - Trademark ownership exists from the moment the mark is “used in commerce”
 - Federal registration not required to create trademark rights but broadens protection significantly

Examples of Marks

- Toyota
- NBC chimes
- Color pink for insulation
- Nike “swoosh”
- Phrase “Just do it”
- Almost anything capable of indicating source

Ineligible for Trademark or Service Mark Protection

- Generic or descriptive word or phrase
 - Examples:
 - “Basketball” for basketballs – generic
 - Others need to use the word to refer to their goods
 - Can NEVER obtain trademark protection
 - “Sour” for lemons – descriptive
 - Others may use word to truthfully describe their goods
 - Capable of registration only with proof of secondary meaning
 - Mark has acquired distinctiveness in the marketplace

Trademarks & Service marks

- Infringement occurs when another uses **confusingly similar** mark, for the **same or similar goods or services**, in the **same or similar market**
 - If identical marks on different goods or services, no infringement (Delta faucets/Delta Airlines)
- Don't need to know about trademark to infringe

Types of Intellectual Property

- Copyrights
- Trademarks & Service marks
- Trade Secrets
- Patents



Trade Secrets

- Information used in trade or business
- Included in formula, pattern, compilation, computer software, drawing, device, method, technique, or process
- **Not publicly known**
 - Must be a *secret*
- Not generally known to trade or business
- Can't be derived from publicly available sources

Trade Secrets (cont'd)

- Has significant economic value
- Has been subject to efforts to keep it secret
- Trade secret protection can last **indefinitely** as long as it remains a **secret**
 - Example: Coca-Cola formula

Examples of Trade Secrets

- Vendor and supplier information
- Production or process information
- Cost and price data
- Specifications or production processes and machinery
- Production know-how
- Negative know-how

Trade Secrets

- Infringed = “MISAPPROPRIATED”
 - All or a portion of the information is obtained by improper means
 - Breach of confidentiality agreement
 - Induced another to breach a confidentiality agreement
 - Theft
- Competitor may independently develop the information without misappropriation

Types of Intellectual Property

- Copyrights
- Trademarks & Servicemarks
- Trade Secrets
- Patents



Patents

- Any invention that is
 - New
 - Useful
 - Non-obvious
- Process, machine, manufacture, or composition of matter
- Improvements to these
- Includes methods performed by software
- Not protected from moment of invention, only after U.S. or other country grants an **issued patent**

Patents

- Infringed when every element of the invention, inventive process, or composition, claimed in the patent is present – without permission of the patent owner
- Literal Infringement vs Doctrine of Equivalents
- Do **NOT** have to know about patent to violate it!

Data Rights and Licensing in Government Contracts

- Overview
 - Licensing Basics
 - Federal Acquisition Regulations (FAR)

Patents, Data Rights and Licensing in Government Contracts cont'd

■ Licensing Basics

- Non-exclusive – license granted more than one person or entity
- Exclusive – license granted to only one person or entity
- Irrevocable – license cannot be terminated before its expiration date for any reason
- Revocable – license can be terminated upon certain conditions
- Paid-up – no future payment obligations under the license
- Worldwide -

Patents, Data Rights and Licensing in Government Contracts cont'd

- Federal Acquisition Regulations –
 - 48 CFR 27.3 Patent Rights Under Government Contracts
 - 48 CFR 27.4 Rights in Data and Copyrights

IP in Government Contracts

DoD

- Defense Federal Acquisition Regulations
 - 48 CFR 227.71 Rights in Technical Data
 - 48 CFR 227.72 Rights in Computer Software and Computer Software Documentation
 - 48 CFR 227.3 Patent Rights Under Government Contracts
 - 48 CFR 227.4 Rights in Data and Copyrights

IP in Government Contracts

Bottom Line:

If the Government pays for it (or part of it),
the Government has rights to it.



Clauses

- **52.227-11 or -12**—Patent Rights—Ownership by the Contractor
- **52.227-13** —Patent Rights—Ownership by the Government
- **52.227-14** —Rights in Data—General. **52.227-17**—Rights in Data—Special Works
- **52.227-20** —Rights in Data—SBIR Program

Clauses—DoD

- 252.227-7013—Rights in technical data--Noncommercial items
- 252.227-7014—Rights in noncommercial computer software and noncommercial computer software documentation
- 252.227-7018—Rights in noncommercial technical data and computer software--Small Business Innovation Research (SBIR) Program
- 252.227-7020—Rights in special works. 252.227-7026—Deferred delivery of technical data or computer software
- 252.227-7027—Deferred ordering of technical data or computer software

FAR 52.227- 11-13 Patent Rights

- The Contractor may retain ownership of **subject inventions . . .**
- “Subject invention” means any invention of the Contractor **conceived of or first actually reduced to practice** in the performance of government contract
- Contractor must:
 - DISCLOSE in writing each subject invention to the Contracting Officer within 2 months after the inventor discloses it in writing to Contractor personnel
 - ELECT in writing to retain ownership of any subject invention by notifying the Contracting Officer within 2 years of disclosure
- HOWEVER, Government shall have a **nonexclusive, nontransferable, irrevocable, paid-up license** to practice, or have practiced for or on its behalf, the subject invention
- Failure to disclose could result in loss of ownership rights

FAR 52.227- 11-13 Patent Rights, cont'd

- The Contractor shall **assign to the Government** title throughout the world to each subject invention, if:
 - the Contractor fails to DISCLOSE or ELECT ownership within the specified time frames
 - In countries where the Contractor fails to file patent applications within one year after election
 - In any country where the Contractor decides not to prosecute the patent
- The Contractor may retain **revocable, nonexclusive royalty-free license** throughout the world in each subject invention to which the Government obtains title

FAR 52.227- 11-13 Patent Rights, cont'd

- The Contractor may also elect to grant ownership to the government in exchange for a license
- The Contractor's license:
 - extends to any domestic subsidiaries and affiliates,
 - includes the right to grant **sublicenses** to the extent the Contractor was legally obligated to do so at contract award, and
 - 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)

Government's Rights – Non-Patent

- Unlimited Rights
- Government Purpose Rights
- Limited Rights
- Restricted Rights
- Special Purpose License Rights

Government's Rights – Non-Patent

■ Definitions

- Computer Software
- Data & Technical Data
- Form, Fit and Function Data
- Non-commercial software

Government's Rights – Non-Patent

■ Unlimited Rights

- FAR 52.227-14; DFARs 252.227-7013; DFARs 252.227-7014
- Government has unlimited right to use, disclose, copy, prepare derivative works, distribute copies
- Applies to
 - Developed 100% with Government funds
 - Data produced under the contract OR
 - Form, fit, function data delivered under contract
 - Unless data marked by Contractor otherwise

Government's Rights

- **Government Purpose Rights (DoD only)**
 - DFARs 227-7013 (Technical Data); DFARs 227-7014 (Software)
- Use, modify, reproduce, release, within the Government without restriction; and
- Disclose technical data and **license third parties** to use, modify, reproduce, release, perform, display, or disclose government purposes.
- Does **not** include the rights to use for commercial purposes or authorize others to do so.
- Mixed funding or specially negotiated.
- **Must be marked with a legend as provided in clause.**

Government's Rights

- Limited Rights – FAR 52.227-20
 - developed at private expense
 - embodies trade secrets or are commercial or financial and confidential or privileged
- Same as Government purpose rights, **except** cannot disclose to third parties without written permission
- **Must be marked with a legend as provided in clause**

Government's Rights

- Restricted Rights – FAR 52.227-14
 - Only applies to noncommercial software
 - Developed at private expense
 - Restricts
 - number of computers
 - Modification
 - Copies
 - No reverse engineering
 - **Must be marked with a legend as provided in clause**

Government's Rights

- Special Purpose License
 - Negotiated
 - Variable set of rights
 - Cannot be more restrictive than Limited or Restrictive rights



Look Out For:

- **DFARS 252.227-7020—Rights in Special Works**
 - **unlimited rights** in works **first produced**, created, or generated and required to be delivered under this contract
 - **AND** in works not first produced, created, or generated under this contract that have been incorporated into the works deliverable under this contract
 - **INCLUDES SOFTWARE**
 - Funding Source not determinative
 - **CONTRACT DOES NOT HAVE TO IDENTIFY -7013, -7014**

Look Out For:

- **252.227-7027 Deferred ordering of technical data or computer software.**
 - the Government may, at any time during the performance of this contract or within a period of three (3) years after acceptance of all items (other than technical data or computer software) to be delivered under this contract or the termination of this contract, **order any technical data or computer software generated in the performance of this contract or any subcontract hereunder.**

Look Out For:

- **252.227-7026 Deferred delivery of technical data or computer software**
 - The Government shall have the right to require, at any time during the performance of this contract, *within two (2) years after either acceptance of all items (other than data or computer software) to be delivered under this contract or termination of this contract*, whichever is later, delivery of any technical data or computer software item identified in this contract as “deferred delivery” data or computer software

SBIR Specific

- 52.227-20: Government gets Unlimited rights to data that is NOT SBIR data
 - “SBIR data” is trade secret produced by a Contractor that is a small business concern
- 252.227-7018: Government Purpose rights for SBIR data

Conclusion

- Culture of IP awareness
 - Proprietary Information
 - Trademarks/Service Marks
 - IDEAS – Patents/copyrights/trade secrets – PROTECT THEM
- Contracting with the Government
 - ***Identify IP EARLY –***
 - ***KNOW WHAT THE CONTRACT SAYS***
 - Document & Disclose “Subject Inventions”
 - Protect Trade Secrets – Identify Limited/Restricted Data IAW FAR/DFARS
 - Don’t Overlook Clauses, e.g., 7020, 7026, 7027

Questions?

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