Background:

In general, whenever a contractor is dealing with an intellectual property (IP) or a data rights issue with a federal award, the contractor should work with a trusted attorney who has the necessary background and experience in IP protection. IP and technical data rights issues in federal contracts are complex and vary depending on the type of IP or data, the contract vehicle and clauses, the specific agency, and when and how intellectual property and data are developed and marked. The contractor, who may already have trademarks, copyrights, computer software or other technical data, or who has developed a patentable invention under federal funding, should be aware that the federal government has certain rights (as does the contractor) as outlined in the FAR. It is the contractor’s responsibility to preserve their intellectual property and technical data interests in all phases of a government award.

Patents: Patent rights are governed by polices in FAR Subpart 27.3. In federal contracts the government is given a use right or license to use the invention for the term of the patent but the contractor owns the patent. FAR 52.227-11 is the major clause that outlines patent ownership by the contractor while clause FAR 52.227-13 details ownership rights by the government.

Technical Data and Computer Software: Rights in technical data and computer software are covered in FAR Subpart 27.4 while FAR 52.227-14 is the main clause that outlines the rights of the contractor and government in data and software. Government rights in data for commercial items are in line with those given to the public with a commercial item. However, that is not the case with non-commercial data and computer software developed at the government’s expense. The source of funds used in the development of technical data and computer software is highly relevant as to the rights of the government and the contractor. The government never receives title to the technical data—just rights or license. The government has various rights categories or licenses:

- Unlimited Use Rights- technical data or computer software developed exclusively with federal funds
- Government Purpose Rights- technical data or computer software developed with a mix of federal and private financing
- Limited Use Rights- technical data developed with private funds
- Restricted Rights- computer software developed exclusively with private funds

Small Business Innovation Research (SBIR): The allocation of rights in SBIR activities is covered in FAR 52.227-20 and specific SBIR agency clauses, especially DFARS 252.227-7018. The small business retains title to all inventions or technical data developed in conjunction with an SBIR award. The government cannot disclose any SBIR data to any outside personnel (with some exceptions) for a period of 4 years for civilian agencies and 5 years for DOD. However, it must be remembered that the government retains “March in Rights”- the right to grant other businesses or groups license to develop or use the invention if the SBIR grantee does not want to
pursue the development and it is of interest to the government. For more info see: 

Recommended tips PTAC Counselors should give to clients:
1. Read the solicitation and/or contract with attention to clauses 52.227-1 through 23.
2. Look up all FAR definitions and clauses concerning intellectual property.
3. Document any work on a patentable invention prior to entering into a contract.
4. Timely disclose in writing any patentable inventions developed under government funding and elect title to those inventions.
5. File a patent application within one year of election of title to the invention.
6. Commercialize the invention.
7. Correctly mark material that the contractor intends to copyright if produced under government funds.
8. Identify and correctly mark any technical data or software that was developed under private financing for which the contractor may want to restrict usage. Note: the more government funding of technical data and the development of computer software, the greater the government’s rights to the material.
9. Negotiate and reach an agreement with the government concerning the scope of intellectual property rights prior to award.
10. Subcontractors should review any flow down contract clauses related to intellectual property and negotiate the ownership of IP while working for a federal prime contractor.
11. Keep good records to justify restrictive markings and development of inventions.
12. Have a separate agreement with employees as to the assignment of all patent rights.
13. Review any State or Local Government regulations that may exist on the subject of protection of Intellectual Property/Data Rights as they pertain to contractors. In all likelihood they will mirror the Federal provisions, but there may be some unique features, such as State specific forms that may be required when responding to request for proposals or later in the contracting process.

References:
FAR 52.227  http://www.acquisition.gov/far/html/52_227.html

ACQuipedia IP and Data Rights
https://dap.dau.mil/acquipedia/Pages/ArticleDetails.aspx?aid=7bfcee-b24b-4fdd-ad7b-04643795f19