

## **Docketing Considerations for Federally Funded Inventions**

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(Source: 48 CFR 52.227-12 Patent Rights (Long Form) – Retention by Contractor; Dates are similar to 48 CFR 52.227-11 (Short Form) unless noted)

### Pre-filing Events

- Required written disclosure to government within the earlier of 2 months of disclosure to Contractor or 6 months of becoming aware that an invention was made [(c)]
  - o Extensions of time for disclosure “will normally be granted” unless interests would be prejudiced [(c)(4)]
  - o Government automatically takes title if Contractor fails to disclose [(d)(2) and *Campbell Plastics Engineering & Mfg., Inc. v. Brownlee*, 389 F.3d 1243; 2004 U.S. App. LEXIS 23502 (Fed. Cir. 2004). See also, *FilmTec Corporation v. Hydranautics*, 982 F.2d 1546; 1992 U.S. App. LEXIS 33969; 25 U.S.P.Q.2D (BNA) 1283 (Fed. Cir. 1992) (conception under government research contract vests title in government despite later improvements)]
  - o There is an affirmative obligation on Contractor to educate employees of reporting requirements [(f)(2)]
  - o Contractor must establish procedures to disclose inventions within 6 months of conception and/or actual reduction to practice [(f)(5)]
- Contractor must elect whether to take title within 8 months of disclosure EXCEPT when events are within the one year grace period. In that case, the election period may be shortened to 60 days [(c)(2)] .... Short form: 2 years to elect

### Application Filing Events

- Contractor must file application within 1 year after election or before the end of any statutory bar period [(c)(3)]
- There is a required government rights clause that must appear in the application [(f)(4)]
- Contractor must file foreign applications (incl. PCT) within 10 months of priority document or 6 months from PTO permission in secrecy cases [(c)(3)]
  - o Government takes title to any rights in a foreign country where the Contractor does not file a patent application [(d)(3)]
  - o Contractor still owns the application if filed after 10 months but before the Agency asks for return of the rights [(d)(3)]
  - o Contractor still retains a nonexclusive, royalty-free license on a disclosed invention if no application is filed or the application has been abandoned [(e)]
- Government gets title back if the Contractor decides to abandon an application or allow it to lapse [(d)(4)]
- Contractor must notify government of any intent to abandon an application at least 30 days before a response is due [(f)(3)]

### Ongoing Project Reporting Requirements

- Interim reports are due every year (12 months) from the date of the contract that (\*) list all inventions made and (\*\*) state that all inventions have been disclosed or that there have been no inventions made [(f)(7)(i)]
- A final report within 3 months after completion listing (\*) all inventions or that there were no inventions, and (\*\*) listing all subcontracts with a patent rights clause or that there were no subcontracts [(f)(7)(ii)]
- Agency retains a 3 year right to inspect the contractor's books and records for the project [(n)(1)]
- Negligent failure to disclose will still allow the contractor to request rights within 60 days of the determination. Deliberate failure to forecloses right to seek rights. [(n)(2)]
- Agency can withhold final payment for failure to comply with invention handling and reporting requirements [(o)]

### Post-Grant Events

- Annual reports on progress towards use or efforts toward use of invention or any other reports sought in a march-in proceeding [(h)]
- Products made on funded inventions must be manufactured substantially within the US [(i)]
- Government can revoke or modify the Contractor's *domestic or foreign* license if necessary to "achieve expeditious practical application" of the invention [(e)(2)]
- Government must notify the contractor of any intent to modify or revoke its license. Contractor has 30 days to respond. [(e)(3)]
- Agency can force contractor to grant licenses of any type on "terms that are reasonable under the circumstances" following a march-in proceeding in which the agency determines that [(j)]:
  - o The action is necessary because the contractor has not taken, or is not expected to take within a reasonable time, effective steps to achieve practical application of the invention
    - "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*. [35 U.S.C. 201(f) and 37 CFR 401.14(a)]
    - This language does not allow the agency to control the price at which the contractor sells the invention. See, NIH decisions on NORVIR and XALATAN petitions at <http://ott.od.nih.gov/Meeting/March-in-norvir.pdf> (July 2004) and <http://ott.od.nih.gov/NewPages/xalatan.pdf> (Sept. 2004)
  - o The action is necessary to alleviate health or safety needs which are not reasonably satisfied
  - o The action is necessary to meet requirements for public use specified by regulations
  - o The action is necessary because the requirement for substantial manufacture in the US has not been obtained, has not been waived, or because an exclusive licensee is in breach of the requirement