

Strafford

*Presenting a live **120-minute** webinar with interactive Q&A*

Protecting and Enforcing Intellectual Property Rights in Government Contracts

Preserving IP Rights in a Complex Regulatory Environment

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1pm Eastern | 12pm Central | 11am Mountain | 10am Pacific

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Additional Material

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Why Does IP Seem So Hard?

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(Example: the DoD model...)

- Traditionally: DoD-unique, and DoD-funded
 - Always get all the data, and all the rights, all the time
- 1990's Acq Reform: use commercial & non-developmental
 - Never get the data (or only the fluff), and "no" rights as the rule
- Today: reality is a that it's a MIX of both
 - **DoD adaptation to commercial/NDI**
 - **Integration of comm/NDI into DoD systems**

Why Does IP Seem So Hard? (Cont.)

- The Essence of IP: any information that has value
 - **Best known: patents, copyrights, trade secrets, trademarks. . . .**
- Legally Protected (but limited) "monopoly" power
 - **The bridge between cool technology and \$\$\$\$\$**
- The IP business model:
 - **Return on Investment (ROI) ... PLUS Profits Galore**
 - **Selling/Licensing must preserve your exclusive rights**
 - **Cost-spreading/sharing from wide customer base**
- The Government procurement business model: **3 Key elements**
 - **competition**
 - **competition**
 - **competition**

i. Standard Contract (cont.)

- Non-commercial computer software
 - For Non-DOD:
 - FAR 52.227-14
 - Does not allow delivery of Restricted Rights software
 - Unlimited rights in software produced in performance of contract
 - Can release to anyone for commercial purposes
 - Not allowed to deliver other software with restrictions, FAR 52.227-14(g)
 - Are allowed to deliver restricted rights data only if obtain alternate
 - FAR 52.227-19:
 - Used for commercial software
 - Allows delivery of restricted rights software

i. Standard Contract

- Limited rights:

- Developed (exclusively) at private expense and include trade secrets
- Government in-house use only -- limitations on distribution OUTSIDE the Govt (w/o permission)
 - DoD – except emergency repair & overhaul
- In-house limits too: not used for manufacture of additional quantities
- Cannot release under FOIA or for competitive bidding purposes

i. Standard Contract (Cont.)

- Government Purpose Rights (DoD only):
 - Government has limitations on distribution outside of government
 - Become unlimited rights at end of five (5) years unless otherwise agree
 - Developed with mixed funding under contract
 - Cannot release under FOIA, but allowed to release for competitive bidding purposes
 - Mainly DoD

i. Standard Contract (Cont.)

- SBIR Rights: Government has limitations on distribution and number of copies for set number of years
 - Developed under SBIR contract expense and include trade secrets
 - Cannot release under FOIA or for competitive bidding purposes for set number of years
 - After term, data becomes unlimited rights

i. Standard Contract (Cont.)

-- SBIR Data Rights (Cont.)

- Applies to all Phases – I, II, and III
 - DFARS 252.227-7018
- Applies to ~All~ TD and CS that is developed under the contract
 - ... except for certain types → Unlimited Rights due to type
- Government “in-house” use
 - Includes support service contractors
- 5-year Protection Period (i.e., SBIR Data Rights)
 - Can be extended IAW the SBA Policy Directive
 - Unlimited Rights afterward...
- NOT required to include in the pre-award list
 - ... unless SBIR data developed under previous contract

i. Standard Contract (Cont.)

- Unlimited Rights:
 - Two Types:
 - (1) Developed at public expense or does not include trade secrets
 - (2) Category-based – regardless of funding
 - OMIT – Operation, Maintenance, Installation, or Training
 - FFF – Form, Fit, and Function Data
 - Government has no limitations on distribution and number of copies ... or anything!
 - Can release under FOIA or for competitive bidding purposes . . . Or any reason/purpose whatsoever!

Standard Contract (Cont.) – **Commercial Technologies**

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-- Commercial Technologies and Licenses

- a. Generally
- b. The FAR Implementation
- c. The DFARS Implementation
- d. Special Subcontracting Considerations
- e. "Open Source" Technologies

Standard Contract – Commercial Technologies

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d. Special Subcontracting Considerations

- **Recall: a special, [near-]privity relationship w/subs re: IP rights**
- **FAR 12.503 (and DFARS 212.503)**
 - **Note: the data statutes NOT listed ... so they apply!**
- **FAR 12.504 – Laws [Not] Applicable to ... SUB-Ks**
 - **41 USC §§ 253d and 418a**
- **DFARS 212.504 – Laws [Not] Applicable to ... SUB-Ks**
 - **10 USC §§ 2320 and 2321**
- **Does this even make sense?**

Standard Contract – Commercial Technologies

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e. "Open Source" Technologies [p.80]

- **Most commonly – “Open Source Software” (OSS)**
- **Almost certainly = commercial computer software**
- **If not, then . . . Noncommercial w/special license?**

i. Standard Contract

Key elements not covered by the standard clauses

- Delivery Requirements
 - **NO delivery requirements in the clauses. However . . .**
 - FAR 52.227-16, Additional data requirements
 - DFARS 252.227-7027 Deferred Ordering
 - **Three key aspects for each deliverable requirement**
 - Content (e.g., level of detail or nature of information)
 - Critical: distinguish the human-readable source code from machine-readable object/executable code
 - Recording/storage format (e.g., image files versus word processing format)
 - Delivery/storage medium (e.g., paper, CD-ROM, or on-line access).
- Attachments – assertions of rights or special licenses:
 - **Assertion of Restrictions (from clause category 1)**
 - **Specially negotiated licenses, or copies of “standard” commercial license agreements (with supplements as needed)**

Assistance Agreements (Grants, Cooperative Agmts, TIAs)

- Special type of contract in which the primary purpose is the Government providing support or stimulation of a public purpose
- **STEP 1: Procurement or Assistance?**
 - 1-A: Primarily to acquire property or services for the Govt then use a PK (15 USC 6303) ... but if to assist/stimulate public ... purpose
 - 1-B: Level of involvement by the Government?
- **Step 2: Identify Statutory Authority for the Activity**
- **Step 3: Agency-specific requirements**
 - OMB circulars ... implemented/expanded by agency (e.g., DoDGARs)

iii. CRADA (Cont)

- CRADA statute allows protection of data developed under CRADA
 - Otherwise, no mechanism to prevent release under FOIA
 - Commercial information protected under the Trade Secrets Act 18 U.S.C. §1905, no provision to protect related Government generated information
 - 15 U.S.C. §3710a(c)(7)(A) No trade secrets or commercial or financial information that is privileged or confidential, ... which is obtained in the conduct of research or as a result of activities ... from a non-Federal party participating in the CRADA shall be disclosed.
- Proprietary information remains confidential

Other Transactions (Cont.)

- The Granddaddy of them All: 10 USC 2371
- The DoD Scheme -- two types:
 - Research-Type: basic, applied, or advanced R&D (see TIAs)
 - Prototype Projects:
 - Procurement instrument (vice assistance)
 - Technologies directly related to weapons or weapons systems

Other Transactions (Cont.)

- DoD's *"Other Transactions" (OT) Guide for Prototype Projects*
 - Procurement statutes/regs do NOT apply
 - However, general application laws still govern (e.g., infringement)
 - Parties are free to negotiate ANY set of rights that balances the parties interests and investments
 - Encouraged to "start" with the standard provisions and modify as needed
 - Don't throw the baby out with the bathwater
 - Transition to follow-on production Ks – special pilot program under DFARS 212.70

FY 2007 National Defense Authorization Act (NDAA)

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§ 802 – *Additional requirements relating to technical data rights*

- (a) Acquisition planning for major weapons systems
- (b) Presumptions regarding development of major systems

§ 802(a) – Tech Data in Acq Strategies for Sustainment

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- **(a) Additional Requirements Relating to Technical Data Rights-** Section 2320 of title 10, United States Code, is amended by adding at the end the following new subsection:
 - (e) The Secretary of Defense shall require program managers for major weapon systems and subsystems of major weapon systems to assess the long-term technical data needs of such systems and subsystems and establish corresponding acquisition strategies that provide for technical data rights needed to sustain such systems and subsystems over their life cycle. Such strategies may include the development of maintenance capabilities within the Department of Defense or competition for contracts for sustainment of such systems or subsystems. Assessments and corresponding acquisition strategies developed under this section with respect to a weapon system or subsystem shall—
 - (1) be developed before issuance of a contract solicitation for the weapon system or subsystem;
 - (2) address the merits of including a priced contract option for the future delivery of technical data that were not acquired upon initial contract award;
 - (3) address the potential for changes in the sustainment plan over the life cycle of the weapon system or subsystem; and
 - (4) apply to weapon systems and subsystems that are to be supported by performance-based logistics arrangements as well as to weapons systems and subsystems that are to be supported by other sustainment approaches.

§ 802(b) – Presumptions Regarding Development Funding

- (b) Modification of Presumption of Development Exclusively at Private Expense - Section 2321(f) of title 10, United States Code, is amended—
 - (1) by striking 'Expense for Commercial Items Contracts- In' and inserting 'Expense - (1) Except as provided in paragraph (2), in'; and
 - (2) by adding at the end the following new paragraph:
 - (2) In the case of a challenge to a use or release restriction that is asserted with respect to technical data of a contractor or subcontractor (whether or not under a contract for commercial items) for a major system or a subsystem or component thereof on the basis that the major system, subsystem or component was developed exclusively at private expense, the challenge to the use or release restriction shall be sustained unless information provided by the contractor or subcontractor demonstrates that the item was developed exclusively at private expense.'

§ 802 - DoD Implementation

- DODI 5000.02 (12/08/08) -- Encl. 12, ¶ 9
- DFARS 2006-D055, *Additional requirements relating to technical data rights* → amended (added) DFARS 207.106(s-70); 227.7103-1(f); 227.7203-1(e).
- DFARS 2007-D003, *Modification of presumption of development exclusively at private expense*; not yet published
- USD(AT&L) Memo, Data Management and Technical Data Rights, 19 July 2007

DoDI 5000.02 – Encl. 12, Systems Engineering

9. DATA MANAGEMENT AND TECHNICAL DATA RIGHTS

a. Program Managers for ACAT I and II programs, regardless of planned sustainment approach, shall assess the long-term technical data needs of their systems and reflect that assessment in a Data Management Strategy (DMS). The DMS shall:

(1) Be integrated with other life-cycle sustainment planning and included in the Acquisition Strategy;

(2) Assess the data required to design, manufacture, and sustain the system, as well as to support re-competition for production, sustainment, or upgrades; and

(3) Address the merits of including a priced contract option for the future delivery of technical data and intellectual property rights not acquired upon initial contract award and shall consider the contractor's responsibility to verify any assertion of restricted use and release of data.

b. The DMS shall be approved in the context of the Acquisition Strategy prior to issuing a contract solicitation.