

United States Code (USC), Volume 35,
Chapter 18, Part II, Titled “PATENT RIGHTS
IN INVENTIONS MADE WITH FEDERAL
ASSISTANCE” (**code sections 35 USC 200 to
212**)

Corresponding Code of Federal *Regulations (CFR)*, volume 37,
Chapter IC, Part 401 Titled “Rights to Inventions Made by
Nonprofit Organizations and Small Business Firms Under
Government Grants, Contracts, and Cooperative Agreements”
(Regulations **37 CFR 401.1 to 401.18**)

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35 USC 200 to 212

- § 200. Policy and objective
- § 201. Definitions
- § 202. Disposition of rights
- § 203. March-in rights
- § 204. Preference for United States industry
- § 205. Confidentiality
- § 206. Uniform clauses and regulations
- § 207. Domestic and foreign protection of federally owned inventions
- § 208. Regulations governing Federal licensing
- § 209. Licensing federally owned inventions
- § 210. Precedence of chapter
- § 211. Relationship to antitrust laws
- § 212. Disposition of rights in educational awards

35 USC 200 Policy and Objectives

It is the policy and objective of the Congress to use the patent system to promote the utilization of [inventions](#) arising from federally supported research or development; to encourage maximum participation of [small business firms](#) in federally supported research and development efforts; to promote collaboration between commercial concerns and [nonprofit organizations](#), including universities; to ensure that [inventions](#) made by [nonprofit organizations](#) and [small business firms](#) are used in a manner to promote free competition and enterprise without unduly encumbering future research and discovery; to promote the commercialization and public availability of [inventions](#) made in the United States by United States industry and labor; to ensure that the Government obtains sufficient rights in federally supported [inventions](#) to meet the needs of the Government and protect the public against nonuse or unreasonable use of [inventions](#); and to minimize the costs of administering policies in this area.

(Added [Pub. L. 96–517, § 6\(a\)](#), Dec. 12, 1980, [94 Stat. 3018](#); amended [Pub. L. 106–404, § 5](#), Nov. 1, 2000, [114 Stat. 1745](#).)

35 USC 202 Disposition of Rights

202(a) – Contractor may elect to retain title to their inventions, with limited exceptions.

202(b) – Government will not take title to contractor inventions, will limited exceptions.

202 (c) – Contractor must timely disclose inventions to government, must elect to retain title to avoid loss of rights to government; contractor must timely file patent applications in each country to retain title in that country, but federal agency always gets a nonexclusive license to all inventions. Nonprofit contractor cannot assign, without agency permission.

202 (c)(6) Contractor must include “a statement specifying that the invention was made with Government support and that the Government has certain rights in the invention” within the specification of such application and any patent issuing thereon.

202(e) – Government may assign its rights to Contractor.

35 USC 203-208

35 USC 203 “March-In Rights” – Government can force contractor to license invention.

35 USC 204 “Preference for United States industry” – Contractor can only grant exclusive licenses, contingent upon licensee manufacturing “substantially in the United States.”

35 USC 205 “Confidentiality” – Government can withhold from the public invention Contractor’s information for a reasonable time.

35 USC 206 “Uniform clauses and regulations” – Government provides regulations and standard funding agreements implementing the statutory provisions.

35 USC 207 “Domestic and foreign protection of federally owned inventions” – Government may take all steps to protect and use federally owned inventions.

35 USC 208 – “Regulations governing Federal licensing” Government can promulgate regulations specifying licensing terms.

35 USC 209-212

35 USC 209 – “Licensing federally owned inventions” – Government may license federally owned inventions, when reasonable and necessary promote use of the invention. Small business firms are preferred licensee.

35 USC 210 – “Precedence of chapter” Housekeeping provision.

35 USC 211 – “Relationship to antitrust laws” – No substantive provision.

35 USC 212 – “Disposition of rights in educational awards” – All awards “for educational purposes” do not result in government rights to inventions resulting therefrom.

Corresponding Regulations

- 37 CFR Chapter IC, Part 401 Titled “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts, and Cooperative Agreements”
- Regulations 37 CFR 401.1 to 401.18

37 CFR 401.1 to 401.18

- § 401.1 Scope.
- § 401.2 Definitions.
- § 401.3 Use of the standard clauses at § 401.14.
- § 401.4 Contractor appeals of exceptions.
- § 401.5 Modification and tailoring of clauses.
- § 401.6 Exercise of march-in rights.
- §§ 401.7-401.8 [Reserved]
- § 401.9 Contractor and contractor employee inventor requests for rights in inventions.
- § 401.10 Government assignment to contractor of rights in invention of government employee.
- § 401.11 Appeals.
- § 401.12 Licensing of background patent rights to third parties.
- § 401.13 Confidentiality of contractor submissions.
- § 401.14 Standard patent rights clauses.
- § 401.15 [Reserved]
- § 401.16 Federal agency reporting requirements.
- § 401.17 Submissions and inquiries.
- § 401.18 Severability.

37 CFR 401.1 Scope

401.1(a) – These regulations apply to “any invention “conceived or first actually reduced to practice in performance” of the project” but do not apply to “a closely related industry sponsored project having as its objectives the application of such new knowledge [sic; knowledge obtained from a “government sponsored project having research objectives to expand scientific understanding in a field”] to develop usable new technology”

401.1(d) - These regulations do not apply to use of “government-owned research facilities and normal technical assistance provided to users of those facilities”

Note: 401.1(d) is provides a strong preference for government research facilities over university research facilities.

37 CFR 401.3 – 401.10

401.3 – “Use of the standard clauses at § 401.14” - Contracts must use the standard patent rights clause in 401.14, except in unusual situations.

401.14 – “Contractor appeals of exceptions” – Contractor has limited rights to challenge agency variations of the standard patent rights clause.

401.5 “Modification and tailoring of clauses” – How Federal agencies can modify the patent rights clause.

401.6 “Exercise of march-in rights” – Procedural detail for Federal agencies to exercise rights in an invention.

401.9 “Contractor and contractor employee inventor requests for rights in inventions” – Contractor can request return of title; contractor must obtain agency permission to assign invention to inventor.

401.10 “Government assignment to contractor of rights in invention of government employee” – Contractor **should** “elect to retain title pursuant to 35 USC 202(a) when the Agency submits a patent application for a joint invention.

37 CFR 401.11 – 401.18

401.11 “Appeals” - Agency rules specify procedures for appealing agency actions relating to invention rights.

401.12 “Licensing of background patent rights to third parties” – Agencies cannot require licensing of uncovered but related inventions, except under certain conditions.

401.13 “Confidentiality of contractor submissions” – Agencies are immune to FOIA requests that would disclose contractor confidential information.

401.14 “Standard patent rights clauses” – Detailed procedures and rights regarding any “subject invention.” (See next slide.)

401.16 “Federal agency reporting requirements” – Agency procedures.

401.17 “Submissions and inquiries” – NIST legal procedures.

401.18 “Severability” – No substantive provision.

37 CFR 401.14 “Standard patent rights clauses” (A) Definitions

(2) *Subject invention* means any invention of the *contractor* conceived or first actually reduced to practice in the performance of work under this *contract*”

3) *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... [that] establish that the invention is being utilized and that its benefits are ... available to the public.

(4) *Made* when used in relation to any invention means the conception or first actual reduction to practice of such invention.”

37 CFR 401.14 “Standard patent rights clauses” (C) Disclosure

- (1) The *contractor* will disclose each subject invention to the *Federal agency* within two months after the inventor discloses it in writing to *contractor* personnel responsible for patent matters.
- (2) The *contractor* will elect in writing whether or not to retain title to any such invention by notifying the *Federal agency* within two years of disclosure to the *Federal agency*.
- (3)(i) The *contractor* will file its initial patent application on a subject invention to which it elects to retain title within one year after election of title
- (3)(ii) If the *contractor* files a provisional application as its initial patent application, it shall file a nonprovisional application within 10 months of the filing of the provisional application.

37 CFR 401.14 “Standard patent rights clauses” (C) Disclosure

(3)(iii) If the *contractor* files a provisional application as its initial patent application, it shall file a nonprovisional application within 10 months of the filing of the provisional application.

(3) (iv) If required by the *Federal agency*, the *contractor* will provide the filing date, patent application number and title;

(4) (Federal Agency may file for patent protection)

(5) Requests for extension of the time for disclosure, election, and filing under paragraphs (1), (2), and (3) of this clause may, at the discretion of the *Federal agency*, be granted

(6) (Details when funded by multiple agencies)

37 CFR 401.14 “Standard patent rights clauses” (E) Contractor Rights

- (1) The *contractor* will retain a nonexclusive royalty-free license throughout the world in each subject invention to which the Government obtains title, except if the *contractor* fails to disclose the invention within the times specified in (c), above.
- (2) The *contractor's* domestic license may be revoked or modified by the *funding Federal agency* to the extent necessary to achieve expeditious practical application of the subject invention

37 CFR 401.14(F) - L

F - Contractor will execute all necessary documents.

G - Contractor will requirement use the “This invention was made ...” clause in all subcontracts.

H – Contractor will submit annual reports specifying commercialization.

I - Contractor will prefer US industry for assignee and manufacturers.

J – Federal government has march-in rights.

K – Non profits cannot assign patents without government permission.

L – Contractor must use specified efilng system.