

MEMO ROUTING SLIP

1 NAME OR TITLE	INITIALS	CIRCULATE
ORGANIZATION AND LOCATION	DATE	CONCURRENCE
2		FILE
		INFORMATION
3		NECESSARY ACTION
		NOTE AND RETURN
4		SEE ME
		SIGNATURE

REMARKS

Mr. Friedman -
 "A" is the current
 approved foreign rights
 contract license for
 intel. parent contracts.
 "B" 712 (1) "B" contains
 the current alternate
 license - this one alone
 will be official after
 1 July 49. *Stuffer* (over)

DA FORM 895

Replaces WD AGO Form 895, 1 Jan 46,
which may be used.

16-48862-2

You may keep or
return the copies.
YHS

FOREIGN RIGHTS

Article _____ Foreign Rights

Contractor agrees, in addition to the terms and conditions set forth hereinabove, (i) to grant to the Government title to the foreign rights in each subject invention, (ii) not to publish or cause to be published a disclosure of such invention until permission shall have first been obtained from contracting officer or his designee and (iii) to deliver to the contracting officer or his designee, duly executed, such instrument of assignment, application papers and rightful oaths, prepared by the Government, as the contracting officer or his designee deems necessary to vest in the Government the sole and exclusive ownership in and the right to apply for and prosecute patent applications, but limited to countries other than the United States of America, covering each Subject Invention.

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SECTION IX—PATENTS AND COPYRIGHTS

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ARMED SERVICES PROCUREMENT REGULATIONS

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SECTION IX

PATENTS AND COPYRIGHTS

9-001 Effective Date of Section. This section shall be complied with on and after 1 July 1949; and the contract clauses set forth in this section shall be inserted, whenever applicable, in all contracts executed as of a date on or after 1 July 1949. Compliance with this section, and use of the contract clauses set forth herein, is authorized from the date of issuance.

Part 1—Patents

9-100 Scope of Part. This part sets forth the policy of the Departments in connection with patents and related matters, and prescribes contract clauses for the purposes of protecting the Government against patent risks in supply contracts and securing to the Government the patent rights to which it is entitled under research or development contracts.

9-101 Definitions. As used in this part, the following terms have the meanings set forth below, irrespective of the type or form of contract, the method of contracting, or the source of funds obligated thereby:

9-101.1 Research or Development Contract. The term "research or development contract" means any contract under which payment is to be made for experimental, developmental or research work.

9-101.2 Supply Contract. The term "supply contract" means any contract for supplies as defined in paragraph 1-201.8 of this regulation, but does not include any research or development contract as defined in paragraph 9-101.1.

9-101.3 Foreground Patent. The term "foreground patent" means a patent based upon inventions, improvements or discoveries conceived or first actually reduced to practice in the course of performing a research or development contract, or in the course of performing any prior experimental, developmental or research work done upon the understanding that a contract would be awarded.

9-101.4 Background Patent. The term "background patent" means a patent, other than a foreground patent, based upon inventions which relate specifically to the manufacture, construction or use of the subject matter of the contract and under which the contractor has acquired, or prior to completion or final settlement of the contract may acquire, the right to grant a license without obligation to pay compensation to others solely on account of such grant.

9-102 Notice and Assistance. In order that the Government may be notified of claims of infringement asserted against a contractor or its subcontractor in connection with the performance of Government contracts, and in order that the Government may obtain necessary assistance from a contractor in the event of patent infringement litigation, the following clause shall

be included in all research or development contracts and all supply contracts, in excess of \$1,000:

NOTICE AND ASSISTANCE REGARDING PATENT INFRINGEMENT

(a) The Contractor agrees to report to the Contracting Officer, promptly and in reasonable written detail, each claim of patent infringement based on the performance of this contract and asserted against it, or against any of its subcontractors if it has notice thereof.

(b) In the event of litigation against the Government on account of any claim of infringement arising out of the performance of this contract or out of the use of any supplies furnished or construction work performed hereunder, the Contractor agrees that it will furnish to the Government, upon request, all evidence and information in its possession pertaining to the defense of such litigation. Such information shall be furnished at the expense of the Government except in those cases in which the Contractor has agreed to indemnify the Government against the claim being asserted.

9-103 Reporting of Royalties. The Government has acquired patent rights under a large number of inventions as a result of Government-sponsored research and development or by other means. It is not equitable that royalties be charged to the Government in connection with procurement by the Departments where the Government has a license or other patent rights under the inventions for which the royalties are charged. In order that the Departments may be informed regarding royalty payments to be made by a contractor in connection with any procurement in excess of \$10,000, the amount of which royalty payments is reflected in the contract price to the Government or is to be reimbursed by the Government, the Contracting Officer shall, in the case of negotiated contracts in excess of \$10,000, either (i) obtain from the contractor information concerning royalty payments expected to be made in connection with the proposed procurement, together with the names of the licensors and either the patent numbers involved or such other information as will permit identification of the patents or other basis on which royalties are to be paid, or (ii) obtain from the contractor a certificate that the contract price includes no amount representing the payment of any royalty by the contractor directly to others in connection with the performance of the contract, or (iii) insert in the contract the clause set forth below, entitled "Reporting of Royalties." With respect to any advertised contract which may involve the payment of royalties by a contractor in the performance thereof, the clause set forth below, entitled "Reporting of Royalties", shall be included in the solicitation of bids as one of the general contract provisions or conditions. The clause referred to is as follows:

REPORTING OF ROYALTIES

If this contract is in an amount which exceeds \$10,000, the Contractor agrees to report in writing to the Contracting Officer, during the performance of this contract and prior to its completion or final settlement, the amount of any royalties or royalty rates paid or to be paid by it directly to others in connection with the performance of this contract, together with the names and addresses of licensors to whom such payments are made and either the patent numbers involved or such other information as will

permit identification of the patents or other basis on which royalties are to be paid. Where the Contractor's compliance with the foregoing reporting requirement is found by the Contracting Officer to be impracticable because of the size of the Contractor's business or because of the nature of its accounting procedures, the Contractor may furnish one or more reports, based on its established accounting periods and covering the entire contract period, of royalties in excess of \$1,000 (if computed on an annual basis) paid or to be paid to each licensor on the Contractor's over-all business, together with such other information as will permit identification of the patents or other basis on which royalties are to be paid, in which event the Contractor shall furnish the Contracting Officer, upon his request and at Government expense, an allocation of such royalty payments to Government business or to the work or supplies covered by this contract; reference to any such periodic royalty reports, previously furnished to any Government agency and covering the period of performance of this contract, shall constitute compliance with the reporting requirement of this clause.

The following provision may be added to the above clause, at the option of the Contracting Officer:

"If this contract is in an amount which exceeds \$10,000, and no royalties or royalty rates are paid or to be paid directly to others under the circumstances set forth above, the Contractor agrees so to report in writing to the Contracting Officer prior to completion or final settlement of this contract."

9-104 Classified Contracts. Unauthorized disclosure of classified subject matter, whether in a patent application or resulting from the issuance of a patent, may be a violation of the Espionage Act (18 U. S. Code, Chapter 37) and related statutes, and may be contrary to the interests of national security. In order that necessary security may be adequately preserved, the following clause shall be included in every classified research or development contract and every classified supply contract:

FILING OF PATENT APPLICATIONS

(a) While and so long as the subject matter of this contract is classified "Secret" or higher, the Contractor agrees that, before filing or causing to be filed a patent application disclosing any of said subject matter, it will refer the proposed application to the Contracting Officer for determination whether, for reasons of national security, such application should be kept secret or the issuance of a patent thereunder otherwise delayed, under pertinent statutes or regulations; and the Contractor agrees to observe any instructions given by the Contracting Officer in this regard, which instructions may include a direction not to file such application so long as the Contracting Officer considers that such filing would jeopardize national security.

(b) While and so long as the subject matter of this contract is classified "Confidential" or higher, and if the Contracting Officer determines that there is no other practical means for maintaining the security of said subject matter, the Contractor agrees to assign and convey to the Government upon request the entire right, title and interest in and to each United States patent application disclosing said subject matter and filed by or on behalf of the Contractor, the title to the assigned patent application to be held in trust by the Government, subject to reversion of the entire right, title and interest therein to the Contractor (i) upon allowance of the said application and payment of the final fee, or (ii) upon the mailing of notice by the Contracting Officer to the Contractor that disclosure of the subject matter of the application will no longer jeopardize security.

Nothing contained in this paragraph shall (A) apply to any patent application assigned to the Government under any other provision of this contract, or (B) enlarge or diminish the rights granted to or reserved by the Government or the Contractor with respect to said application or the invention covered thereby, except to the extent expressly provided in this clause.

(c) While and so long as the subject matter of this contract is classified "Confidential," the Contractor agrees to furnish to the Contracting Officer, at the time of or prior to filing or causing to be filed a patent application disclosing any of said subject matter, a copy of such application for determination whether, for reasons of national security, such application should be kept secret or the issuance of a patent thereunder otherwise delayed, under pertinent statutes or regulations; and the Contractor agrees to observe any instructions of the Contracting Officer in this regard.

(d) While and so long as the subject matter of this contract is classified "Restricted," the Contractor shall be governed by the provisions of the clause of this contract entitled "Military Security Requirements."

9-105 Patent Indemnification of Government by Contractor. In order that the Government may be protected from liability for patent infringement, a contract clause providing for appropriate indemnification shall be used in accordance with the provisions set forth below:

(a) The following clause shall be included in every supply contract in excess of \$1,000 which calls exclusively for standard commercial supplies:

PATENT INDEMNITY

The Contractor agrees to indemnify the Government and its officers, agents and employees against liability, including costs and expenses, for infringement upon any Letters Patent of the United States (except Letters Patent issued upon an application which is now or may hereafter be, for reasons of national security, ordered by the Government to be kept secret or otherwise withheld from issue) arising out of the performance of this contract or out of the use or disposal by or for the account of the Government of supplies furnished or construction work performed hereunder. The foregoing indemnity shall not apply unless the Contractor shall have been informed as soon as practicable by the Government of the suit or action alleging such infringement, and shall have been given an opportunity to present recommendations as to the defense thereof; and further, such indemnity shall not apply in any one of the following situations: (i) any infringement resulting from the addition to any such supplies of other supplies not furnished by the Contractor for the purpose of such addition; (ii) any settlement of a claim of infringement made without the consent of the Contractor, unless required by final decree of a court of competent jurisdiction; (iii) any claim of infringement arising from use or disposal outside the scope of any license limitation under which the Contractor is bound, provided that the Contractor has notified the Government of the limitation prior to first delivery under this contract; (iv) any infringement necessarily resulting from changes (other than the substitution of another standard commercial part or component manufactured or supplied by the Contractor) ordered pursuant to this contract, or from specific written instructions given by the Contracting Officer directing a manner of performing the contract not normally utilized by the Contractor.

(b) Certain supply contracts call for items or parts thereof which are standard commercial supplies and also for items or parts thereof which are not standard commercial supplies. In any such contract the indemnity clause set forth in (a) above shall be inserted, and the following paragraph

shall be added at the end of such clause, for the purpose of excluding from its application such specific items or parts thereof as are not standard commercial supplies:

"The foregoing shall not apply to the following contract items or parts thereof, which are not standard commercial supplies:

(List the items or parts thereof to be excluded.)"

9-106 Authorization and Consent. Under the Act of June 25, 1948 (28 U. S. Code 1498) which replaces the Act of June 25, 1910, as amended (35 U. S. Code 68), any suit for infringement of a patent by a contractor or by any subcontractor (including lower-tier subcontractors) in the performance of a Government contract must be brought against the Government in the Court of Claims, and not against the contractor, if the Government gives its authorization or consent to the manufacture or use of the patented invention. The contractor is thereby protected from injunctive action in the performance of a Government contract, although the Government may not bear the ultimate liability in the event of recovery in the Court of Claims, such liability being dependent upon whether or not there is a Patent Indemnity clause in the contract. Therefore, both a Patent Indemnity clause (as set forth in paragraph 9-105) and an Authorization and Consent clause may be included in the same contract. The following Authorization and Consent clause is approved for use in any contract:

AUTHORIZATION AND CONSENT

The Government hereby gives its authorization and consent (without prejudice to its rights of indemnification, if such rights are provided for in this contract) for all use and manufacture, in the performance of this contract or any part hereof or any amendment hereto or any subcontract hereunder (including any lower-tier subcontract), of any patented invention (i) embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract, or (ii) utilized in the machinery, tools or methods the use of which necessarily results from compliance by the Contractor or the using subcontractor with (a) specifications or written provisions now or hereafter forming a part of this contract, or (b) specific written instructions given by the Contracting Officer directing the manner of performance.

The word "necessarily" in "(ii)" of the above clause may be deleted in any research or development contract, or in any contract which includes a patent indemnity clause as set forth in paragraph 9-105.

9-107 Patent Rights Under Research or Development Contracts.

9-107.1 License Under Foreground Patents. Under any research or development contract, the Government should receive at least a royalty-free license to practice or have practiced any invention conceived or first actually reduced to practice in the course of performing the contract or in the course of performing any prior experimental, developmental or research work done upon the understanding that a contract would be awarded. In certain circumstances, however, as where (i) a contractor has spent large sums of money in developing an invention to the point that its practicability has been estab-

lished or has otherwise established its practicability as by engineering design, or (ii) the use of a basic material developed entirely outside of any Government contract is involved, it is proper to exclude any such invention or material from a general license to the Government or otherwise to negotiate with respect to the Government's rights in such invention or material. The contract cost or price should in no event be increased merely by reason of the inclusion of a Patent Rights clause. For the purposes of this paragraph, the following clause shall be included in all research or development contracts except as is provided in paragraph 9-107.2:

PATENT RIGHTS

(a) As used in this clause, the following terms shall have the meanings set forth below:

(i) The term "Subject Invention" means any invention, improvement or discovery (whether or not patentable) conceived or first actually reduced to practice either (A) in the performance of the experimental, developmental or research work called for under this contract, or (B) in the performance of any experimental, developmental or research work relating to the subject matter of this contract which was done upon the understanding that a contract would be awarded.

(ii) The term "Technical Personnel" means any person employed by or working under contract with the Contractor (other than a subcontractor whose responsibilities with respect to rights accruing to the Government in inventions arising under subcontracts are set forth in paragraphs (f), (g) and (h) of this clause), provided that such person, by reason of the nature of his duties in connection with the performance of this contract, would reasonably be expected to make inventions.

(iii) The terms "subcontract" and "subcontractor" mean any subcontract or subcontractor of the contractor, and any lower-tier subcontract or subcontractor under this contract.

(b) The Contractor agrees to and does hereby grant to the Government an irrevocable, nonexclusive, nontransferable and royalty-free license to practice, and cause to be practiced for the Governments throughout the world, each Subject Invention in the manufacture, use, and disposition according to law, of any article or material, and in the use of any method; *provided*, however, that with respect to (i) any Subject Invention made by other than Technical Personnel, (ii) any Subject Invention conceived prior to any performance of this contract as set forth in paragraph (a) above but first actually reduced to practice in the course of any such performance, and (iii) the practice of any Subject Invention in foreign countries, the said license and other rights hereinafter provided shall be to the extent of the Contractor's right to grant the same without incurring any obligation to pay royalties or other compensation to others solely on account of said grant. Nothing contained in this paragraph shall be deemed to grant any license under any invention other than a Subject Invention. Any license granted herein shall not convey any right to the Government to manufacture, have manufactured, or use any Subject Invention for the purpose of providing services or supplies to the general public in competition with the Contractor or the Contractor's commercial licensees in the licensed fields.

(c) The Contractor agrees as follows: (i) to make written disclosure promptly to the Contracting Officer of each Subject Invention which reasonably appears to be patentable and to exert all reasonable effort to make such disclosure not later than six months after first publication, public use or sale; (ii) to specify, at the time of such disclosure, whether or not said Subject Invention has been or will be claimed in a United States patent application and unless it thereafter notifies the Government to the

contrary not later than eight months after first publication, public use or sale, to file or cause to be filed in due form and time a United States patent application covering each Subject Invention so specified; (iii) to the extent of the Contractor's right to do so, to deliver to the Contracting Officer such duly executed instruments (prepared by the Government) of assignment, application papers and rightful oaths as are necessary to vest in the Government the sole and exclusive ownership, and the right to apply for and prosecute patent applications covering, each Subject Invention which the Contractor does not specify as aforesaid (or having so specified, thereafter notifies the Government to the contrary), subject, however, to the reservation of a nonexclusive and royalty-free license thereunder to the Contractor (and to its associated and affiliated companies, if any, within the corporate structure of which the Contractor is a part), which license shall be assignable to the successor of that part of the Contractor's business to which it pertains; (iv) to furnish promptly to the Contracting Officer on request an irrevocable power of attorney to inspect and make copies of each United States patent application as filed by or on behalf of the Contractor covering any Subject Invention; (v) in the event the Contractor elects not to continue prosecution of any such United States patent application filed by the Contractor, to so notify the Contracting Officer not less than sixty days before the expiration of the response period, and upon written request, to deliver to the Contracting Officer, to the extent of the Contractor's right to do so, a duly executed assignment to the Government of the entire rights to such patent application and any Subject Invention claimed therein subject to a reservation as specified in (iii) above; and (vi) to deliver to the Contracting Officer duly executed instruments fully confirmatory of any license rights herein agreed to be granted to the Government. If, to the best of the Contractor's knowledge and belief, no inventions have been conceived or first actually reduced to practice under this contract, the Contractor shall so certify to the Contracting Officer.

(d) The Contractor agrees to and does hereby grant to the Government, to the full extent of the Contractor's right to do so without payment of compensation to others, the right to reproduce, use and disclose for governmental purposes (including the right to give to foreign governments for their use as the national interest of the United States may demand) all or any part of the reports, drawings, blueprints, data and technical information specified to be delivered by the Contractor to the Government under this contract; *provided*, however, that nothing contained in this paragraph shall be deemed, directly or by implication, to grant any license under any patent now or hereafter issued or to grant any right to reproduce anything else called for by this contract.

(e) Until the Contractor has delivered to the Government the disclosures required by paragraph (c) (i) of this clause and the information as to any subcontractor required by paragraph (g) of this clause, there shall be withheld from final payment under this contract ten percent (10%) of the contract price, or \$5,000, whichever is smaller; *provided* however, that the withholding of the aforesaid amount, or subsequent payment thereof to the Contractor, shall not be construed as a waiver of any rights accruing to the Government under this contract; and *provided* further, that any amount so withheld under this paragraph shall not be in addition to any amounts withheld under other provisions of this contract. This paragraph shall not be construed as requiring the Contractor to withhold any amounts from a subcontractor to enforce compliance with the patent provisions of a subcontract.

(f) The Contractor agrees to exert all reasonable effort to negotiate for the inclusion in any subcontract hereunder of \$3,000 or more, in which payment is to be made for experimental, developmental or research work, of this patent rights clause or one approved by the Contracting Officer. In

the event of refusal by a subcontractor to accept such patent rights clause, the Contractor shall obtain the written authorization of the Contracting Officer (which authorization may be granted with respect to a particular subcontract) to proceed with the subcontract, and shall cooperate with the Government in the negotiation with such subcontractor of a mutually acceptable patent rights clause; *provided* however, that the Contractor shall in any event require the subcontractor to grant to the Government patent rights under Subject Inventions of no less scope and on no less favorable terms than those which the Contractor has under such subcontracts, except that in no event shall the subcontractor be required to grant to the Government patent rights in excess of those herein agreed to be granted to the Government by the Contractor.

(g) The Contractor agrees to notify the Contracting Officer in writing of any subcontract containing a patent rights clause, to furnish to the Contracting Officer a copy of such clause, and promptly to notify the Contracting Officer when such subcontract is completed. It is understood that with respect to such subcontract clause, the Government is a third party beneficiary; and the Contractor hereby assigns to the Government all the rights that the Contractor would have to enforce the obligations of the subcontractor with respect to Subject Inventions. The Contractor shall not be obligated to enforce the agreements of any subcontractor hereunder relating to a patent rights clause in any subcontract.

(h) When the Contractor shows that it has been delayed in the performance of this contract by reason of its inability to obtain, under terms that include a suitable patent rights clause, a qualified subcontractor for any particular part, item or function of this contract for which the Contractor itself does not have available facilities or qualified personnel, the Contractor's delivery dates shall be extended for a period of time equal to the duration of such delay; and, upon request of the Contractor, the Contracting Officer shall determine to what extent, if any, an additional extension of the delivery dates, and an increase in contract price based upon additional costs incurred, are proper under the circumstances; and the contract shall be modified accordingly. If the Contractor, after exerting all reasonable effort, is unable to obtain a qualified subcontractor as set forth above, the Contractor may submit to the Contracting Officer a written request for waiver or modification of the requirement that a suitable patent rights clause be included in the subcontract. Such request shall specifically state that the Contractor has used all reasonable efforts to obtain such qualified subcontractor and shall cite the waiver or termination provision hereinafter set forth. If, within thirty-five (35) days after the date of receipt of such request for a waiver or modification of said requirement, the Contracting Officer shall fail to grant such request, the requirement shall be deemed to have been waived by the Government. If within such period the Contractor shall receive a written denial of such request by the Contracting Officer, this contract shall thereupon automatically terminate and the rights and obligations of the parties shall be governed by the provisions of the clause of this contract entitled "Termination for the Convenience of the Government" just as if a notice of termination had been delivered to the Contractor specifying that the contract was terminated for the convenience of the Government.

9-107.2 Title to Foreground Patents. Although with respect to foreground patents it is the policy of the Departments normally to acquire only license rights thereunder, nevertheless in some circumstances the Government should obtain full title to such patents, subject in most cases to a license to the contractor. Ordinarily, however, in such circumstances there should be no increase in the contract cost or price, merely because the Government acquires title.

Examples of instances where it is proper and desirable for the Government to acquire title are as follows:

- (a) where the contractor does not normally seek patent protection for its development projects;
- (b) where one contractor has assembled a group of research scientists through the cooperation of other similar firms, institutions or organizations;
- (c) where the contractor, in completing a final phase of a development project, utilizes the work of other cooperating persons, institutions or organizations, and it would be unfair to such other persons, institutions or organizations to allow the contractor to retain title to inventions resulting from such developments;
- (d) where the major portion of the work under the contract is to be done in Government-operated laboratories and with Government-furnished equipment;
- (e) where the contractor is an organization, the principal business of which is doing research or development work for the public, and which does not customarily retain patent rights under inventions made by it in the research or development work conducted for others, *provided* that the contractor may be permitted to retain title in such case (subject to a license to the Government as set forth in paragraph 9-107.1) if proper adjustment therefor is made in the contract cost or price;
- (f) where the Contracting Officer ascertains that title to foreground patents is necessary for military security and so notifies the contractor prior to its beginning performance.

When it is desirable, as set forth above, for the Government to acquire title to foreground patents, the following paragraphs (a), (b) and (c) shall be substituted for the corresponding paragraphs of the Patent Rights clause set forth in paragraph 9-107.1:

"(a) As used in this clause, the following terms shall have the meanings set forth below:

(i) The term "Subject Invention" means any invention, improvement or discovery (whether or not patentable) conceived or first actually reduced to practice (unless disclosed in a patent application filed prior to beginning the performances hereinafter set forth) either (A) in the performance of the experimental, developmental or research work called for under this contract, or (B) in the performance of any experimental, developmental or research work relating to the subject matter of this contract which was done upon the understanding that a contract would be awarded.

(ii) The term "Technical Personnel" means any person employed by or working under contract with the Contractor (other than a subcontractor whose responsibilities with respect to rights accruing to the Government in inventions arising under subcontracts are set forth in paragraphs (f), (g) and (h) of this clause), provided that such person, by reason of the nature of his duties in connection with the performance of this contract, would reasonably be expected to make inventions.

(iii) The terms "subcontract" and "subcontractor" mean any subcontract or subcontractor of the contractor, and any lower-tier subcontract or subcontractor under this contract.

(b) The Contractor agrees to and does hereby grant to the Government all right, title and interest in and to each Subject Invention subject to the reservation of a nonexclusive and royalty-free license to the Contractor

to practice any such invention; *provided*, however, that with respect to any Subject Invention made by other than Technical Personnel and with respect to the practice of any Subject Invention in foreign countries, said grant and other rights hereinafter provided shall be limited to the Contractor's right to assign or grant the same without incurring any obligation to pay royalties or other compensation to others solely on account of said grant. The Contractor further agrees to and does hereby grant to the Government with respect to any invention disclosed in a patent application of the Contractor filed prior to beginning the performances set forth above and first actually reduced to practice by the Contractor in any such performance, an irrevocable, nonexclusive, nontransferable and royalty-free license to practice, and cause to be practiced for the Government throughout the world, each such invention in the manufacture, use, and disposition according to law, of any article or material, and in the use of any method; *provided*, however, that with respect to (i) any such invention made by other than Technical Personnel and (ii) the practice of any such invention in foreign countries, the said license shall be to the extent of the Contractor's right to grant the same without incurring any obligation to pay royalties or other compensation to others solely on account of said grant.

(c) The Contractor agrees as follows: (i) to make written disclosure promptly to the Contracting Officer of each Subject Invention, and of each invention under which a license is acquired pursuant to paragraph (b) above, which reasonably appears to be patentable, and to exert all reasonable effort to make such disclosure not later than six months after first publication, public use or sale; (ii) to deliver to the Contracting Officer such duly executed instruments (prepared by the Government) of assignment, application papers and rightful oaths relating to each Subject Invention, title to which vests in the Government pursuant to this clause, as the Contracting Officer may require to enable the Government to file and prosecute patent applications therefor in any country, and to assign and record title to such applications; (iii) to disclose to the Contracting Officer (either by giving the patent number or a copy of the patent application), prior to completion or final settlement of this contract, each invention under which the Government has been granted a license pursuant to the second sentence of paragraph (b) above, and to deliver to the Contracting Officer duly executed instruments fully confirmatory of such license rights. If, to the best of the Contractor's knowledge and belief, no inventions have been conceived or first actually reduced to practice under this contract, the Contractor shall so certify to the Contracting Officer."

9-107.3 Reproduction Rights Under Background Patents. The grant of a license or title to the Government under foreground patents, as hereinabove in this part set forth, does not give the Government a free right to practice such foreground patents if the contractor owns or has control of a dominant background patent. It is therefore proper and desirable in the case of certain research or development contracts that the Government should obtain, under certain equitable circumstances as hereinafter set forth, a reproduction right (a limited license right) under such background patent or patents in addition to title or license under foreground patents as provided in paragraphs 9-107.1 and 9-107.2 above. Thus, reproduction rights should be obtained where there are benefits to the contractor, such as those set forth below, and where it is believed that the manufacture or use of the subject matter of the contract, or parts, modifications or improvements thereof, will involve the practice of inventions covered by contractor's background patents. The contract price should not be increased by reason of the acquisition of such reproduction

rights. Representative equitable circumstances which should be taken into account by the Contracting Officer in this connection are as follows:

- (a) a new research objective or idea, either new generally or new to the contractor's fields of activity, particularly when the Government furnishes the contractor with valuable technical information;
- (b) aid to the contractor in conducting experimental, developmental or research work which the contractor would otherwise have to conduct at his own expense and which leaves the contractor with valuable commercial rights;
- (c) opportunity for the contractor to explore fields too speculative to be undertaken commercially but which have commercial possibilities;
- (d) aid to the contractor through the furnishing of the knowledge and experience of the Government or of scientific or technical personnel in connection with the work to be performed under the contract, together with substantial aid and assistance by such personnel, beyond that normally furnished in a research or development contract of the type involved;
- (e) use of Government facilities for working upon or testing new developments in connection with the contract to a degree beyond that normally provided in a research or development contract of the type involved.

While the particular wording of a provision granting such rights to the Government is a matter of negotiation in each case, an approved paragraph for addition to the Patent Rights clause prescribed by paragraph 9-107.1 or 9-107.2, whichever is applicable, is as follows:

"(i) In addition to the rights granted to the Government in the foregoing paragraphs of this clause, the Contractor hereby grants to the Government, under any patents now or hereafter issued with respect to which the Contractor now has, or prior to completion or final settlement of the contract may acquire, the right to grant licenses without becoming liable to pay compensation to others because of such grant, the right to reproduce or to have reproduced articles or materials substantially the same as those delivered to the Government hereunder, and any modifications or improvements thereof, and to practice or cause to be practiced processes developed in the performance of this contract, and to use in their entirety and dispose of in accordance with law articles or materials so reproduced. The acceptance or exercise by the Government of the aforesaid right shall not prevent the Government at any time from contesting the enforceability, validity or scope of, or title to, any patent under which a right is granted by this paragraph. Any rights granted to the Government by this paragraph shall not convey any right to the Government to reproduce or have reproduced any article or material, or to practice or cause to be practiced any process, for the purpose of providing services or supplies to the general public in competition with the Contractor or the Contractor's commercial licensee in the licensed fields. This paragraph shall not be required to be included in any subcontracts hereunder."

9-107.4 Foreign Patent Rights. Executive Order 9865 of June 14, 1947, requires that all Government departments and agencies shall, whenever practicable, acquire the right to file foreign patent applications on inventions resulting from research conducted or financed by the Government. Pursuant to such Executive Order, the Departments shall, whenever practicable, include in research or development contracts (other than contracts containing the Patent Rights clause prescribed by paragraph 9-107.2) a commitment by the

contractor to convey to the Government the rights necessary to enable the Government to prosecute applications and obtain patents on such inventions in foreign countries. For the purposes of this paragraph, the following clause is approved for use:

FOREIGN PATENT RIGHTS

The Contractor agrees, notwithstanding any other provision in this contract to the contrary, (i) to grant to the Government, upon request, title to the foreign rights in each Subject Invention (as defined in the clause of this contract entitled "Patent Rights"), (ii) to inform the Contracting Officer, at the time of making the disclosure provided for under the terms of paragraph (c) (i) of the clause of this contract entitled "Patent Rights," whether or not there has been a publication of such invention and if so, the date and identity of such publication and (iii) to deliver to the Contracting Officer such duly executed instruments (prepared by the Government) of assignment, application papers and rightful oaths as are necessary to vest in the Government with respect to each Subject Invention (A) the sole and exclusive ownership in any foreign patent application and any patent that may issue thereon, and (B) the right to apply for and prosecute such foreign patent applications.

9-107.5 Contracts Relating to Atomic Energy. The provision set forth below shall be inserted as part of the Patent Rights clause prescribed by paragraph 9-107.1 in all research or development contracts relating to atomic energy. Any request for deviation from the following provision shall be forwarded by the Contracting Officer to the designated section of the Department concerned for reference to the Atomic Energy Commission for determination by it as to whether the provision set forth below must be included in the contract or whether such provision may be modified. The provision referred to is as follows:

"() With respect to any Subject Invention made by employees of the Contractor (except clerical and manual labor personnel who do not have access to technical data), and relating to the production or utilization of fissionable material or atomic energy within the purview of the Atomic Energy Act of 1946 (42 U. S. Code 1801-1819), the Contractor agrees (i) to furnish to the United States Atomic Energy Commission (hereinafter in this paragraph referred to as 'the Commission') through the Contracting Officer complete information regarding such Subject Invention, the Commission to have the sole and conclusive power to determine whether and where a patent application shall be filed, and to determine the disposition of the title to and rights under any such application or any patent that may issue thereon; (ii) to obtain the execution of and deliver to the Commission all documents relating to each such Subject Invention and to do all things necessary or proper to carry out any determination of the Commission, made under subparagraph (i) above; (iii) unless otherwise authorized in writing by the Commission, to obtain patent agreements from all such employees to effectuate the purposes of this paragraph; and (iv) unless otherwise authorized in writing by the Commission, to insert this paragraph in all subcontracts. No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1946 shall be asserted by the Contractor or its employees with respect to any Subject Invention covered by this paragraph."

9-108 Follow-Up of Patent Rights. Appropriate systems of follow-up in connection with research or development contracts should be maintained by the Departments in order that inventions in which the Government may

have an interest may be properly identified, and formal agreements evidencing the Government's rights therein be obtained.

9-109 Adjustment of Royalties. The Royalty Adjustment Act of 1942 (35 U. S. Code 89-96) provides a means of reducing royalties charged as an incident of cost in Government procurement when in the opinion of the Secretary of any Department or his authorized representative such royalties are excessive. Action to be taken under said Act shall be in accordance with procedures prescribed by each respective Department.

9-110 Patent Interchange Agreement. The Governments of the United States and of the United Kingdom have entered into a patent interchange agreement which provides, among other things, for the use of patented information within the respective countries for the effective period of the agreement and a method of processing claims arising thereunder. Patent claims by nationals of the United Kingdom asserted against any of the Departments shall be referred to the Interdepartmental Patent Interchange Committee in accordance with procedures prescribed by each respective Department.

9-111 Processing of Infringement Claims. The Departments shall process claims for alleged unauthorized use of inventions in accordance with instructions of each respective Department.

Part 2—Copyrights

9-200 Scope of Part. This part sets forth (i) the policy of the Departments as to use and publication of copyrighted materials and (ii) approved contract clauses in connection with the procurement of material subject to copyright.

9-201 Government Use and Publication of Copyrighted Material. The Departments recognize that the owner of copyrighted material has a property right in such material and it is the policy of the Departments that copyrighted matter will not knowingly be incorporated in publications prepared by or for the Departments, except with the written consent of the copyright owner. The attention of copyright owners should be invited in appropriate instances to the Act of 30 July 1947 (17 U. S. Code 8), providing that "the publication or republication by the Government, either separately or in a public document, of any material in which copyright is subsisting shall not be taken to cause any abridgement or annulment of the copyright or to authorize any use or appropriation of such copyright material without the consent of the copyright proprietor."

9-202 License Under Copyrightable Material. In any contract under which material subject to copyright is furnished, the Government should receive at least a royalty-free, nonexclusive and irrevocable license with respect to such material first produced or composed under the contract. Except under the circumstances described in paragraphs 9-203 and 9-204 below, it shall be the policy of the Departments to acquire only such license right in any copyrightable material, leaving the Contractor free to take out a copyright in his own name if he so desires. In the event the contractor should incorporate copyrighted or copyrightable material already owned by it or others in the material furnished to the Government, the license should contain a provision whereby the Government is also granted a royalty-free license with respect to such material if the contractor may grant such a license without becoming liable to pay compensation because of such grant. The foregoing generally applies whether the material subject to copyright is the main item of a contract or is merely incidental. For the purposes of this paragraph, the following contract clause is approved for use:

COPYRIGHT

(a) The Contractor agrees to and does hereby grant to the Government, and to its officers, agents and employees acting within the scope of their official duties, (i) a royalty-free, nonexclusive and irrevocable license to reproduce, translate, publish, use, and dispose of, and to authorize others so to do, all copyrightable material first produced or composed and delivered to the Government under this contract by the Contractor, its employees or any individual or concern specifically employed or assigned to originate and prepare such material; and (ii) a license as aforesaid under any and all copyrighted or copyrightable work not first produced or composed by the Contractor in the performance of this contract but which is incorporated in the material furnished under the contract, provided that such license shall be only to the extent the Contractor now has, or prior to completion or final settlement of the contract may acquire, the right to grant such license without becoming liable to pay compensation to others solely because of such grant.

(b) The Contractor agrees that it will exert all reasonable effort to advise the Contracting Officer, at the time of delivering any copyrightable or copyrighted work furnished under this contract, of any adversely held copyrighted or copyrightable material incorporated in any such work and of any invasion of the right of privacy therein contained.

(c) The Contractor agrees to report to the Contracting Officer, promptly and in reasonable written detail, any notice or claim of copyright infringement received by the Contractor with respect to any material delivered under this contract.

9-203 Material in Which No Adverse Copyright Should Be Established. In some instances it may be desirable that copyrightable material produced under contract for the Government shall either be placed in the public domain or a copyright established in the name of the author and assigned to the Government. In such instances, an appropriate clause should be included in the contract, in accordance with Department procedures. Representative instances are the following:

- (a) histories of the respective Departments or services or units thereof;
- (b) publications pertaining to recruiting, morale, training or career guidance prepared for use by the Armed Services for general distribution;
- (c) copyrightable material furnished in the performance of a contract for personal services.

9-204 Contracts for Motion Pictures. The clause set forth below is approved for use in all contracts for motion pictures or the production of motion pictures, and in all contracts for the preparation of motion picture scripts, translations, adaptations and the like:

COPYRIGHTS

(a) The Contractor agrees that all material forming the subject matter of this contract and first produced in the performance of this contract shall be the sole property of the Government, and may not be published or reproduced, in whole or in part, or in any manner or form, other than by the Government or with its express consent. The Contractor further agrees that no right at common law or in equity shall be asserted and no claim to copyright by statute shall be established by the Contractor in any material first produced in the performance of this contract.

(b) The Contractor agrees to grant and does hereby grant to the Government a royalty-free, nonexclusive and irrevocable license (i) to publish, translate, reproduce, use, and dispose of, in any manner, any and all copyrighted or copyrightable material not first produced or composed in the performance of this contract but which is incorporated in the material furnished under the contract; and (ii) to authorize others so to do.

(c) The Contractor agrees to indemnify and save and hold harmless the Government, its officers, agents and employees acting within the scope of their official duties against any liability, including costs and expenses, for (i) violation of proprietary rights, copyright or right of privacy, arising out of the reproduction, use or disposition of any copyrighted or copyrightable material furnished under this contract, or (ii) based upon any libelous or other unlawful matter contained in said material.

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