



SBIR Intellectual Property Rights



Charles R. ("Rod") Marvin
William ("Bill") H. Carroll
202-906-8791
202-906-8608
crmarvin@dykema.com
wcarroll@dykema.com

California | Illinois | Michigan | Texas | Washington, D.C.

www.dykema.com

SBIR Intellectual Property Rights

**Fourth Annual
National Defense Industry Association
Missile Defense
Small Business Innovation Research
("SBIR")
Industry Day**

August 7, 2008

**Charles R. ("Rod") Marvin
William H. ("Bill") Carroll**

Small Business Innovative Research (“SBIR”) Data Rights

- ❖ Rights in Non-commercial technical data and computer software
 - SBIR Program Rights flow from the Small Business Act
 - Increase rights of small business contractors and subcontractors under government funded work
 - DFARS 252.227-7018 (“7018 Clause”)

Differences Between Unlimited And SBIR Data Rights

- ❖ Unlimited Rights – Definition
 - The Government's rights to use, modify, reproduce, release, perform, display or disclose technical data or computer software in whole or in part, in any manner and for any purpose, and to have or authorize others to do so

SBIR Data Rights – Definition

- ❖ A royalty-free license for the government, including its support service contractors, to use, modify, reproduce, release perform, display, or disclose technical data or computer software generated and delivered under the contract for any United States government purpose

Government's Unlimited Rights Under 7018 Clause

- ❖ 7018 clause grants Government unlimited rights in technical data and computer software generated under the contract that is:
 - Form, fit and function data
 - Necessary for installation, O&M, and training
 - Corrections or changes to Government-furnished tech data or computer SW

Government's Unlimited Rights Under 7018 Clause (Cont'd)

- Data that is publicly available or that the contractor has released or disclosed, except disclosure related to transfer or sale of data or computer software or sale/transfer of some/all of business to another party
- Data or computer software to which the Government already has unlimited rights under another contract or license
- SBIR data upon expiration of the SBIR data rights period

SBIR Rights Under 7018 Clause

- ❖ For all other technical data, including software documentation, and computer software, generated under the contract, the Government only has SBIR data rights during the period commencing with contract award and ending upon the date five years after completion of the project from which such data were generated

Extension Of SBIR Rights Under Phase III

- ❖ The SBIR Reauthorization Act of 2000 provides for the protection of SBIR Rights under Phase III awards

Patent Rights

- ❖ Rights To Patent Inventions
 - No Need For Special SBIR Treatment
 - Bayh-Dole Act establishes right of Small Business Contractor to elect to take title to inventions made under a Government Contract and file for patents
 - FAR 52.227-11

Protecting SBIR Data Rights

- ❖ Marking is Essential
 - Contractors, subs or suppliers may only assert restrictions on Government's rights to technical data or software by marking the deliverable data or software
 - Markings must be made "conspicuously and legibly"
 - 7018 Clause prescribes authorized SBIR legend

Protecting SBIR Data Rights (Cont'd)

- ❖ Consequences of Failure to Mark
 - Failure to use legend could result in contractor losing its ability to limit the Government's rights – even if data and software were developed at private expense
 - In 2005, Court of Federal Claims held that failure to mark SBIR “data” constituted a waiver of contractor's SBIR data rights (*Night Vision Corp. v. United States*, 68 Fed. Cl. 368)

SBIR Rights and Strategies for Growth

SBIR Rights and Strategies for Growth (Cont'd)

- ❖ Teaming Agreements
 - Non-Disclosure Agreement
 - Use NDAs with potential partners
 - Similar to agreements that protect commercial technical data and computer software

SBIR Rights and Strategies for Growth (Cont'd)

- ❖ Government and Commercial Subcontracting
 - Licensing Agreements
 - Gain leverage by licensing higher capitalized firms for hardware/software development/production efforts

SBIR Rights and Strategies for Growth (Cont'd)

- ❖ M&A Target
 - Due Diligence Review
 - Marking is key component of asset valuation
 - Has SBIR technical data and computer software been identified and correctly marked?