



Intellectual Property and Data Rights Considerations: Contracting with Small Business Owners -- Strategic Planning

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Agenda -- Introduction and Basic Principles

- Importance of Intellectual Property and Data Rights in acquisitions with small business owners
- Key Definitions
- Government Licensing Rights (nature of technology & source of funding)
 - Unlimited
 - Government Purpose rights (“GPR”)
 - Limited
 - Restricted
 - Specifically (aka “Specially”) Negotiated
- Acquisition Approaches
 - Modularity, Segregability, Interoperability
- SBIR and STTR Programs/Data Rights
- IP Strategy
- Emerging Technologies & IP (e.g. cloud computing, AI, Supply Chain, Cybersecurity, Open source software)
- DAU – Strategic IP/Data Rights Education Plan



Importance of Data Rights in Acquisition

- **Data rights can be crucial in total life cycle management of acquisition**
- **Appreciation of this sometimes only comes long after initial contracting**
- **Data rights laws/policy requirements are complicated and changing**
- **Careful attention to Data Rights/IP issues during Data and Requirements Development is critical**



Intellectual Property v. Data Rights

- **Intellectual Property – expression of a new and useful concept; legally protected; originator (e.g. inventor, author) granted certain exclusive rights – “Intangible assets”**
- **“Data Rights” – shorthand way to refer to the Government’s license rights in two major categories of valuable intellectual property (e.g. Technical data & Computer software). The Federal Acquisition Regulations (FAR) prescribe policies, procedures and clauses pertaining to data rights for civilian agencies and the Defense Federal Acquisition Regulations (DFARS) for DoD**

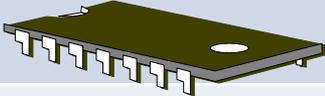
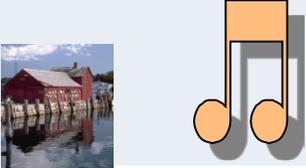


Key Data Rights Definitions

- **“Technical Data”** – recorded information, regardless of the form or method of the recording, of a scientific or technical nature (including computer software documentation); Does not include computer software or data incidental to contract administration (e.g. financial, management information)
- **“Computer Software”** – computer programs, source code, source code listings, object code listings, design details, algorithms, processes, flow charts, formulae, and related material; enables the software to be reproduced, recreated, or recompiled; Does not include computer databases or computer software documentation
- **“Computer Software Documentation”** – owner’s manuals, user’s manuals, installation instructions, operating instructions, and other similar items, regardless of storage medium, that explain the capabilities of the computer software or provide instructions for using the software

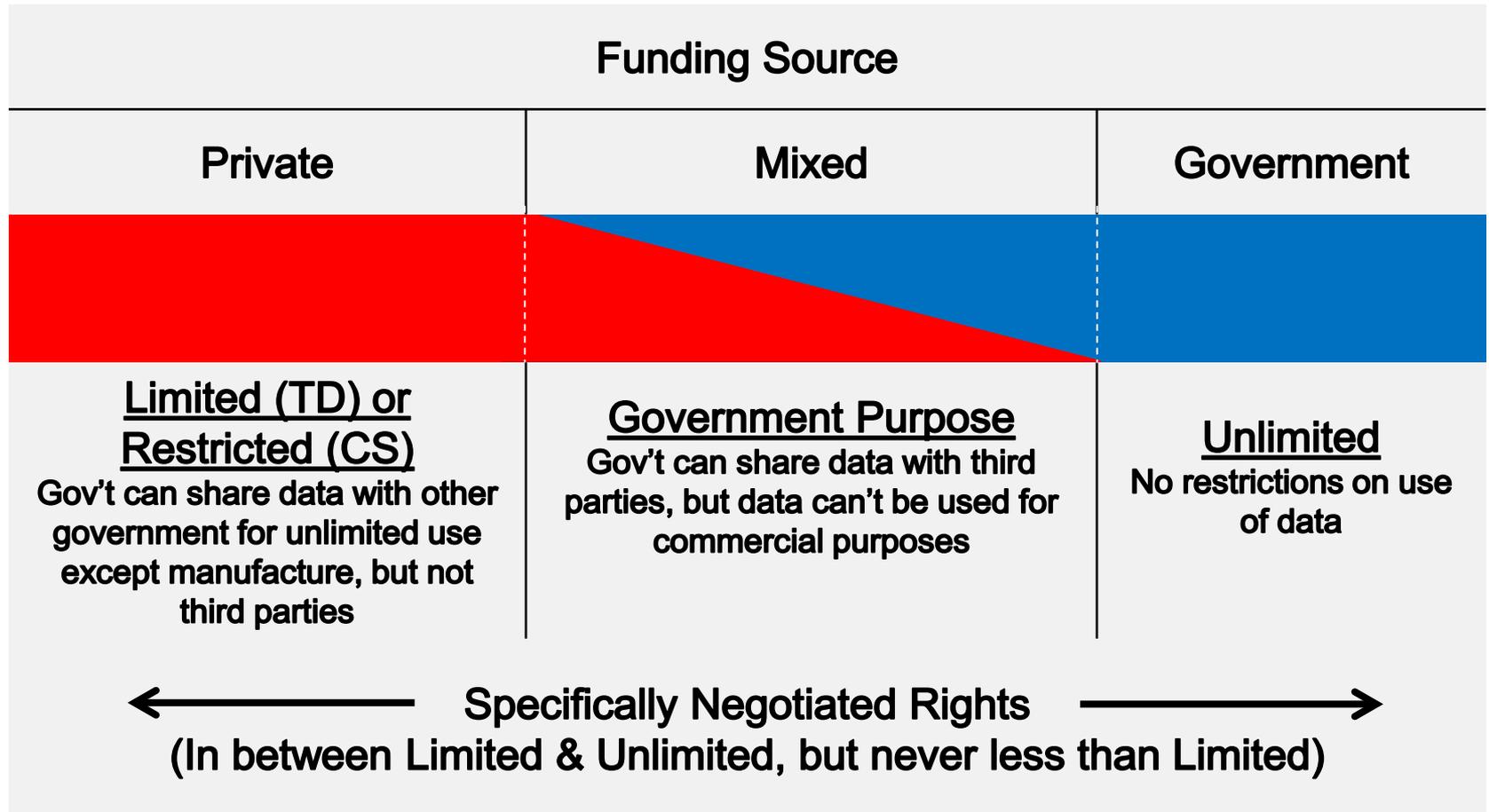


Intellectual Property – Common Types

IP	Subject	Published	Examples
Patents 	New technology know-how	Yes	a drug formula, Blackberry® server method
Copyrights 	Artistic expression in tangible form	Yes	music, paintings, novel, blueprint of a house or machine, software
Trade Secrets 	Any information more valuable for business due to its secrecy	No	blueprint of a machine, Coke® formula, a customer list
Trademarks 	A name, mark, color, pattern, sound indicating a source of goods or services	Yes	KFC®, General Mills®, Ownings-Corning® pink, Intel®, sound, milCloud®, DCS, Defense Collaboration Services



Rights in Technical Data and Computer Software under the DFARs



Unlimited Rights always apply to Form, Fit, Function (FFF) data; Operational, Installation, Maintenance, & Training (OMIT) data; and Computer Software Documentation.



SBIR and STTR Programs

- **Small Business Innovation Research (SBIR) Program**
- **Federal Agencies with extramural research budgets over \$100 million have a percentage reserved for contracts or grants to small businesses; Funding – contracts or grants**
- **Small Business Technology Transfer (STTR) Program**
- **Federal agencies with an extramural research budgets in excel of \$1 billion**
- **SBIR and STTR Goals:**
 - **Help certain small businesses conduct research and development (R&D)**
 - **Stimulate technological innovation in private sector**
 - **Encourage participation by socio-economically disadvantaged firms**
 - **Strengthen role of small businesses in meeting Federal research and development needs**
 - **Funds cooperative research and development projects with small businesses in partnership with small businesses in partnership with not-for-profit research institutions (e.g. universities) to move research to the marketplace**
 - **Bridge gap between basic research and the marketplace**



SBIR and Data rights

DFARS 252.227-7018

- **SBIR data rights –“a royalty-free license for the [USG] . . . to use, modify, reproduce, release, perform, display, or disclose [TD or CS] generated under an SBIR award as follows:**
 - **Limited Rights in SBIR Technical Data (TD)**
 - **Restricted Rights in SBIR Computer Software (CS)**
- **SBIR license applies from contract award through 5 years after completion of the project from which such data were generated.**
 - **If project ever ends, after the 5 years, the USG has an unlimited rights license.**
- **USG has Unlimited Rights in Form, Fit or Function (FFF) and Operations, Maintenance, Installation or Training (OMIT) data**



IP/Data Rights Issues/Challenges

DoD IP/Data Rights Challenges

- **Identifying IP/Data Rights needs (Process & Participation)**
- **Obtaining Sufficient IP and Data Rights Data Provided with Disputed Assertion of Rights**
- **Lack of IP Expertise/Training**
- **IP/Data Rights and Acquisition Planning**

Source: IDA, “Department of Defense Access to Intellectual Property for Weapon Systems Sustainment,” May 2017



IP/Data Rights Issues/Challenges

- **The Problem for Industry ...**
 - **IP overreach**
 - **GPR in everything (regardless of need)**
 - **Unlimited Rights when limited Rights may be sufficient**
 - **Failure to account for industry investment and business model**
 - **Change sustainment model**
 - **Failure to negotiate and inform industry**
 - **Forces industry to investment decisions without knowing customer IP plans creating disconnect**
 - **Ambiguous and poorly defined contract terms**

Source: “2018 REPORT GOVERNMENT-INDUSTRY ADVISORY PANEL ON TECHNICAL DATA RIGHTS” NOVEMBER 13, 2018 (DAU - LOG 465 Presentation – James McEwen (LMC))



Data rights/ Vendor perspective

- **Data Rights have value**
 - Intrinsic Value – valuing the company's IP
 - Competition Value
 - Revenue Source
 - Means of limiting competition
- **Working with the vendor (especially important for small business owners)**



Section 813 Review -- Congressional Mandate

- **FY 2016 NDAA – establishes Government-industry advisory panel**
- **Scope of Review**
 - **DoD doesn't pay more than once for same work**
 - **DoD contractors are appropriately rewarded for their innovation and invention**
 - **Provide for cost-effective-re-procurement, sustainment, modification and upgrades to DoD systems**
 - **Encourage private sector investment in new products, technologies, and processes relevant to DoD mission**
 - **Ensure DoD has appropriate access to innovative products, technologies, and processes developed for commercial use**
 - **Encourage use of Modular Open System Architecture (MOSA)**



Section 813 Panel Report -- Recommendations

- **Tension Point Issues**
- **Statutory and Legislative Recommendations**
- **Regulatory, Policy, and Practical Recommendations**
- **Cross-cutting Principles and Threads**
 - **Long-term IP Planning early in acquisition process**
 - **MOSA**
 - **Specially Negotiated Licenses**
 - **IP Strategies**
 - **Education and Training**



DoD Instruction 5010.44, Intellectual Property (IP) Acquisition and Licensing

- **Section 4.1 – IP Strategy**
- **Identify and manage full spectrum of IP and related matters – product life cycle**
 - **How program management will assess long-term program requirements, and total ownership costs of IP deliverables and associated license rights for competitive and affordable operation, maintenance, modernization, and sustainment (entire product life cycle)**
 - **How IP and related matters necessary to support the program’s use of modular open systems approaches; guidance on how solicitations and contracts will**
 - **Identify and require all major systems interfaces to be based on widely supported and consensus-based standards**
 - **Requirements to include acquire appropriate IP rights in major systems interfaces**
 - **Appropriate requirements for other non-major systems interfaces (e.g. interfaces necessary to segregation and reintegration activities)**



DoD Instruction 5010.44, Intellectual Property (IP) Acquisition and Licensing

- **Section 4.1 – IP Strategy**
 - **Customize IP strategies based on common, shared and unique characteristics of the system and components**
 - **Consider use of specially negotiated licenses to acquire customized IP deliverables (e.g. technical data, computer software) and associated license rights**



Developing an IP Strategy

- **Phases**
 - **Pre-planning**
 - **Solicitation & Source Selection; Negotiation**
 - **Contract Performance**
 - **Delivery: Inspection & Acceptance**
 - **The Payoff: Retention and Reuse (and Recordkeeping)**

Source: Intellectual Property Strategy Guidance – Prepared by the Department of Defense Open Systems Architecture-Data Rights Team August 2014

The Key is Strategic Thinking!



Developing an IP Strategy SBIR Acquisitions

- **Identify the Need – Strategic Thinking and Planning**
 - **What type of data or technology do you need (GOTS, COTS or hybrid)?**
 - **How will you use it (short and long-term throughout program life cycle)?**
 - **What data rights do you need?**
 - **Will the vendor need to reconfigure or integrate into a Govt. platform or system?**
- **Contract Considerations**
 - **Are all the stakeholders (e.g. KO, PM, Technical SMEs, Contracting & IP attorneys) at the table during all contract phases?**
 - **Program Budget**
 - **Are requirements specific and ambiguities addressed in the contract?**
 - **Data delivery and rights assertions**



DoD Instruction 5010.44, Intellectual Property (IP) Acquisition and Licensing

- **Section 3: The IP Cadre**
 - **Facilitates development and use of competent and consistent approach to acquiring, licensing, and managing IP**
 - **Provide timely expert advice, assistance, and resources to the acquisition workforce on IP matters**
 - **Advise, assist, and provide resources to DoD Components on IP matters at various stages of life cycle**



Emerging Technologies and Issues -- – IP/Data Rights Considerations

- **MOSA, segregability and licensing**
- **Open Systems Architectures (OSA)**
 - **“OSA Approach” combines OSA technical design with an “open business model”**
- **Open Source Software (OSS)**
 - **No “restrictions” on use or re-distribution of the code; But there may be conditions or affirmative obligations**
- **Cloud computing, AI, 3-D printing, cybersecurity, supply chain**



DAU – IP/Data Rights Education Plan

- **IP Learning Asset Review**
- **Delete, Modify & Add**
 - **What are the customer’s needs?**
 - **Complying with DoD policy (IPWG)**
 - **Addressing new technologies and IP**
- **Collaborating with industry (e.g. Industry-sector series)**
- **Delivery Formats (e.g. online, in-class, Ted-Talk, short videos, site visits, “Checklists,” Lunch & Learn, Brown bag, articles, scenario exercises)**



Back Up Slides



Patents/Inventions

- **Definition: Invention**
 - An Invention/discovery is a creation of the mind.
- **What is a Patent?**
 - A Patent represents the grant of an exclusionary property right to an inventor that permits him/her to exclude others from *making, using, or selling the claimed invention for a limited period of time. U.S. Patents are issued by the United States Patent and Trademark Office.*
 - To be considered for patentability, the invention must be a **NEW, USEFUL and NON-OBVIOUS** invention.
 - **Statutory Subject Matter: Articles of Manufacture, Machines, Compositions of Matter, Methods and Improvements thereof, for example, a drug, a computer program, Polaroid development process and a rail gun**



Copyrights

- **Basis: United States Constitution, Article 1, Section 8, Clause 8.**
- **Definition: A right granted by law to creators of original works of authorship fixed in any tangible medium of expression. Owners of the copyrights are provided with the exclusive right to control reproduction, display, performance, distribution, and modification of the work.**
- **Works by officers or employees of the Government, as part of their official duties are not protected by copyright in the U.S. Copyrights may not be registered with the Library of Congress, U.S. Copyright Office. Government works are not in the public domain, there is just no U.S. copyright.**
- **Government is permitted to own or possess rights in copyrights established by third parties – a license or transferred by copyright assignment, see Special Works.**
- **Software can be protected by a patent, a copyright and may have trade secrets.**
- **A copyright notice need not appear on the work. Assume copyright protection and seek permission to use the copyrighted work.**
- **CENDI, Frequently Asked Questions about Copyrights, and Open Source Software.**
- **Copyrights underlie Data Rights (Technical Data and Computer Software).**



Trademarks

- **Definition: A trademark is a word, phrase, symbol, and/or design that identifies and distinguishes the source of the goods of one party from those of others. A service mark is a word, phrase, symbol, and/or design that identifies and distinguishes the source of a service rather than goods.**
- **Examples: brand names, slogans, and logos (e.g. Microsoft, Apple, McDonald's, DCS).**
- **Do not expire after a set term of years; can last forever if file specific documents and pay fees at regular intervals.**
- **Trademark rights come from actual “use”**

QUESTIONS?

