

52.227-3 Patent Indemnity.

As prescribed in 27.201-2(c)(1), insert the following clause:

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Alternate I (Apr 1984). As prescribed in 27.201-2(c)(2), add the following paragraph (c) to the basic clause:

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Alternate II (Apr 1984). As prescribed in 27.201-2(c)(2), add the following paragraph (c) to the basic clause:

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Alternate III (July 1995). As prescribed in 27.201-2(c)(3), add the following paragraph to the basic clause:

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8. Amend section 52.227-4 by revising the introductory paragraph of the clause; and Alternate I to read as follows:

52.227-4 Patent Indemnity—Construction Contracts.

As prescribed in 27.201-2(d)(1), insert the following clause:

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Alternate I (Date). As prescribed in 27.201-2(d)(2), designate the first paragraph of the basic clause as paragraph (a) and add the following paragraph (b) to the basic clause:

(b) This patent indemnification shall not apply to the following items:

[Contracting Officer list the items to be excluded.]

52.227-5 [Amended]

9. In section 52.227-5, amend the introductory paragraph of the clause by removing “at 27.203-6” and adding “in 27.201-2(e)” in its place.

10. Amend section 52.227-6 by revising the introductory paragraphs of the provision and Alternate I to read as follows:

52.227-6 Royalty Information.

As prescribed in 27.202-5(a)(1), insert the following provision:

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Alternate I (Apr 1984). As prescribed in 27.202-5(a)(2), substitute the following for the introductory portion of paragraph (a) of the basic provision:

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52.227-7 [Amended]

11. In section 52.227-7, amend the introductory paragraph of the provision by removing “at 27.204-3(c)” and adding “in 27.202-5(b)” in its place.

12. Amend section 52.227-9 by revising the introductory paragraph of the clause to read as follows:

52.227-9 Refund of Royalties.

As prescribed in 27.202-5(c), insert the following clause:

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52.227-10 [Amended]

13. In section 52.227-10, amend the introductory paragraph of the clause by removing “at 27.207-2” and adding “in 27.203-2” in its place.

14. Revise section 52.227-11 and its section heading to read as follows:

52.227-11 Patent Rights—Ownership by the Contractor.

As prescribed in 27.303(b)(1), insert the following clause:

Patent Rights—Ownership by the Contractor (Date)

(a) As used in this clause—

Invention means any invention or discovery that is or may be patentable or otherwise protectable under title 35 of the United States Code, or any novel variety of plant that is or may be protected under the Plant Variety Protection Act (7 U.S.C. 2321, *et seq.*).

Made, when used in relation to any invention, means the conception or first actual reduction to practice of the invention.

Nonprofit organization means a university or other institution of higher education, or an organization of the type described in section 501(c)(3) of the Internal Revenue Code of 1954 (26 U.S.C. 501(c)) and exempt from taxation under section 501(a) of the Internal Revenue Code (26 U.S.C. 501(a)), or any nonprofit scientific or educational organization qualified under a state nonprofit organization statute.

Practical application means to manufacture, in the case of a composition of product; to practice, in the case of a process or method; or to operate, in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are, to the extent permitted by law or Government regulations, available to the public on reasonable terms.

Subject invention means any invention of the contractor made in the performance of work under this contract; provided that in the case of a variety of plant, the date of determination defined in 7 U.S.C. 2401(d), must also occur during the period of contract performance.

(b) *Contractor's Rights*—(1) *Ownership*.

The Contractor may elect to retain ownership throughout the world of each subject invention in accordance with the provisions of this clause.

(2) *License*. (i) The Contractor shall retain a nonexclusive paid-up 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 paragraph (c) of this clause. The Contractor's license extends to any domestic subsidiaries and affiliates within the corporate structure of which the Contractor is a part, and includes the right to grant sublicenses to the extent the Contractor was legally obligated to do so at contract award. The license is transferable only with the approval of the agency, except when transferred to the successor of that part of the Contractor's business to which the invention pertains.

(ii) The Contractor's domestic license may be revoked or modified by the agency to the extent necessary to achieve expeditious practical application of the subject invention pursuant to an application for an exclusive license submitted in accordance with 37 CFR part 404 and agency licensing regulations. This license will not be revoked in that field of use or the geographical areas in which the Contractor has achieved practical application and continues to make the benefits of the invention reasonably accessible to the public. The license in any foreign country may be revoked or modified at the discretion of the agency to the extent the Contractor, its licensees, or the domestic subsidiaries or affiliates have failed to achieve practical application in that foreign country.

(iii) Before revoking or modifying the license, the agency will furnish the Contractor a written notice of its intention to revoke or modify the license, and the Contractor will be allowed 30 days (or such other time as may be authorized by the funding agency for good cause shown by the Contractor) after the notice to show cause why the license should not be revoked or modified. The Contractor has the right to appeal, in accordance with 37 CFR part 404 and agency regulations, concerning the licensing of Government-owned inventions, any decision concerning the revocation or modification of the license.

(c) *Contractor's obligations*. (1) The Contractor shall disclose in writing each subject invention to the contracting officer within 2 months after the inventor discloses it in writing to Contractor personnel responsible for patent matters. The disclosure shall identify the inventor(s) and this contract under which the subject invention was made. It shall be sufficiently complete in technical detail to convey a clear understanding of the subject invention. The disclosure shall also identify any publication, on sale (*i.e.*, sale or offer for sale), or public use of the subject invention, or whether a manuscript describing the subject invention has been submitted for publication and, if so, whether it has been accepted for publication. In addition, after disclosure to the agency, the Contractor shall promptly notify the agency of the acceptance of any manuscript describing the subject invention for publication and any on sale or public use.

(2) The Contractor shall elect in writing whether or not to retain ownership of any subject invention by notifying the agency within 2 years of disclosure to the agency. However, in any case where publication, on sale, or public use has initiated the 1-year statutory period during which valid patent protection can be obtained in the United States, the period for election of title may be shortened by the agency to a date that is no more than 60 days prior to the end of the statutory period.

(3) The Contractor shall file either a provisional or a nonprovisional patent application on an elected subject invention within 1 year after election. However, in any case where a publication, on sale, or public use has initiated the 1-year statutory period during which valid patent protection can be obtained in the United States, the Contractor shall file the application prior to the end of