

Government Contracts: Protecting Intellectual Property

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A Practice Note discussing intellectual property issues in research and development contracts between contractors and the federal government. This Note reviews the rights granted to the US government by applicable laws and regulations in patents and inventions, software, and technical data. It includes a discussion of regulations and contract clauses under the Federal Acquisition Regulation (FAR), including allocation of rights, reporting requirements, and notification and marking requirements. It also discusses best practices for contractors to protect their rights in intellectual property developed or delivered under a contract with the US government.

The US government invests more than \$200 billion each year on contracts, grants, and other types of agreements with private companies, educational institutions, and non-profit entities for the research and development of new technologies, products, and processes (see [Cong. Research Reports R48307, Federal Research and Development \(R&D\) Funding: FY 2025, 3 \(2024\)](#)). It is important for contractors to understand the rights the US government acquires in the intellectual property (IP) developed and delivered under and used in performing these government-funded or government-sponsored agreements.

The US government's rights in IP differ depending on:

- The type of IP involved, which can be:
 - patents, for example, protecting an invention; or
 - copyright, for example, in technical data or computer software.
- The type of agreement at issue (such as procurement contracts, cooperative research and development (R&D) agreements (CRADAs), cooperative agreements, or grants). For more information on CRADAs, see [Practice Note, Cooperative Research and Development Agreements \(CRADAs\)](#).
- The government agency involved (for example, Department of Defense (DOD) or Department of Energy (DOE)).

This Note addresses only procurement contracts under the Federal Acquisition Regulation (FAR) and briefly discusses some agency-specific FAR supplemental provisions that deviate from the FAR. This Note does not replace the contractor's obligation to carefully read the applicable statutes and regulations and the contract clauses in its contracts with the US government.

Inventions

The rights of contractors and the US government in inventions, including any related patent rights, are governed by the Bayh-Dole Act of 1980, 35 U.S.C. §§ 200-212 (Bayh-Dole). Bayh-Dole's objectives are to:

- Encourage the use of inventions resulting from federally-supported R&D.
- Promote the commercialization and availability of US-made inventions.
- Enable the government to obtain sufficient rights in federally-supported inventions to meet its needs.

(35 U.S.C. § 200; FAR 27.302(a).)

Bayh-Dole originally applied to individuals, small businesses, and non-profit organizations but was later extended to all contractors regardless of size. (Executive Order 12591 (1987).)

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Bayh-Dole's requirements are implemented in procurement contracts for experimental, design, or research work by:

- FAR 52.227-11, Patent Rights - Ownership by the Contractor, for contractors located in the US.
- FAR 52.227-13, Patent Rights - Ownership by the Government, for contractors:
 - located outside of the US;
 - without a place of business in the US; or
 - subject to a foreign government's control.

Subject Inventions

An "invention" is defined as "any invention or discovery that is or may be patentable or otherwise protectable under title 35 of the U.S. Code." The government obtains rights only in "subject inventions," which are the inventions a contractor conceives or first actually reduces to practice in the performance of work under a government contract or subcontract. (FAR 52.227-11(a); *Pilley v. U.S.*, 74 Fed.Cl. 489, 495 (Fed. Cl. 2006).)

An invention is "conceived" when a definite and permanent idea of the complete and operative invention as to be applied in practice is formed in the inventor's mind (*Dawson v. Dawson*, 710 F.3d 1347, 1352 (Fed. Cir. 2013)). To aid in determining if an invention was first conceived in the performance of work under a contract, an inventor should maintain:

- Detailed laboratory notebooks. For more information, see [Practice Note, Laboratory Notebook Practice](#).
- Other pertinent engineering information.
- Dated documentation.

Conception of an invention must encompass all limitations of the claimed invention (*Singh v. Brake*, 317 F.3d 1334, 1340 (Fed. Cir. 2003)). If the inventor conceives some elements of an invention before contract performance, but other elements during contract performance, the invention may be deemed a subject invention, particularly if the elements conceived during contract performance are a significant part of the invention (see *Technitrol, Inc. v. U.S.*, 440 F.2d 1362, 1374 (Fed. Cl., 1971)).

An invention that is not first conceived during contract performance may still be a subject invention, to which the government receives license rights under FAR 52.227-11, if it was first reduced to practice during contract performance. Reduction to practice of an invention requires the inventor's:

- Construction of an embodiment or performance of a process that met all limitations of the claimed invention.
- Determination that the invention works for its intended purpose.

(*Barry v. Medtronic*, 914 F.3d 1310, 1322 (Fed. Cir. 2019).)

The invention must also be related to the work performed under the government contract or subcontract, which requires a close connection between the invention and the scope of work performed under the contract (*Advanced Aerospace Technologies, Inc. v. U.S.*, 129 Fed.Cl. 525, 534 (Fed. Cl. 2016)).

Contractor's Rights in Subject Inventions

US Contractor May Retain Ownership

A contractor in the US subject to FAR 52.227-11 retains ownership in subject inventions if it complies with strict disclosure and reporting obligations. Specifically:

- The contractor must disclose each subject invention to the "Contracting Officer" (the person with authority to enter into, administer, and terminate the relevant contract on behalf of the US government) in writing within two months after the inventor discloses the subject invention in writing to the contractor personnel responsible for patent matters. The contractor's disclosure must:
 - identify each inventor of the subject invention;
 - identify the contract under which the subject invention was made;
 - describe the subject invention in sufficient technical detail; and
 - identify any publication, sale, offer for sale, or public use of the subject invention or whether a manuscript describing the subject invention has been submitted, and if so, accepted, for publication.

(FAR 52.227-11(c)(1).)

- Within two years after disclosing the subject invention, the contractor must submit a written notification to the Contracting Officer stating that the contractor has elected to retain ownership of the subject invention. The agency may shorten this period if the publication, sale, offer for sale, or public use of the subject invention has triggered the one-year statutory period for obtaining patent protection. (35 U.S.C. § 102(b)(1); FAR 52.227-11(c)(2).) For more information, see [Practice Note, Prior Art: Public Use, on Sale, Knowledge, and Availability](#).
- Within one year after the contractor submits this notice of election to retain ownership (or before the end of the one-year statutory period, if earlier), the contractor must:
 - file a US patent application; and
 - within ten months after the first filed patent applications, file patent applications in additional countries in which the contractor has elected to retain ownership.

(FAR 52.227-11(c)(3).)

When the Government Retains Ownership, the Contractor Receives a License

A contractor outside the US or subject to a foreign government's control and therefore subject to FAR 52.227-13 must assign, throughout the world, each subject invention to the US government.

When the government obtains ownership of a subject invention under FAR 52.227-13 or under FAR 52.227-11 because the contractor does not elect to retain ownership or the government revokes the contractor's title, the contractor automatically receives a license under each patent application filed in any country on the invention and any resulting patent that:

- Is revocable, non-exclusive, and paid-up.
- Extends to the contractor's domestic subsidiaries and affiliates.
- Includes the right to grant sublicenses.
- Can be transferred only with the written approval of the government agency, except to a successor of the part of the contractor's business that involves the subject invention. (FAR 52.227-11(b)(2); FAR 52.227-13(d).)
- May be revoked or modified by the government if necessary to promote the practical application of the subject invention in a particular country. (FAR 52.227-11(b)(2)(ii); FAR 52.227-13 (d)(3).)

- May be revoked by the government if the contractor fails to timely disclose a subject invention to the government. (FAR 52.227-11(b)(2)(i); FAR 52.227-13(d)(1).)

A contractor subject to FAR 52.227-13 can request greater rights than the license described above, provided the request is submitted at or within eight months after it first discloses the subject invention. If the government elects not to apply for a patent in any foreign jurisdiction, the contractor retains rights in that country and can apply for a patent. The FAR does not require the government to notify the contractor regarding the government's election to apply for a foreign patent. Therefore, the contractor must correspond with the government regarding its election decision.

Agency-Specific Clauses

Contracts may contain agency-specific clauses with different reporting requirements and different allocations of rights, such as:

- DOD FAR Supplement (DFARS) 252.227-7038.
- DOE Acquisition Regulation (DEAR) 952.227-13.

For example, the DOE takes ownership of all subject inventions developed by large businesses, unless the contractor is subject to a class waiver or obtains an advance waiver or specific waiver. These waivers allow the contractor to retain title in subject inventions under specified conditions.

Government's Rights in Subject Inventions

If the contractor owns a subject invention, the government receives a nonexclusive, nontransferable, irrevocable, paid-up license to practice, or have practiced for or on its behalf, the subject invention throughout the world (FAR 52.227-11(d)(2); FAR 52.227-13(c)(i)).

The government may also request (in which case, the contractor must grant) ownership of any subject invention:

- If the contractor fails to either disclose the subject invention or elect to retain ownership, but the government must make its request within 60 days of learning of this failure to disclose or elect.
- In countries where the contractor fails to timely file a patent application.

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- In any country where the contractor decides not to:
 - continue to prosecute a patent application;
 - pay the maintenance fees on a patent; or
 - defend a patent in a reexamination or opposition proceeding.

(FAR 52.227-11(d)(1).)

A contractor may also be required to assign ownership in a subject invention to the government:

- In exceptional circumstances, when an agency determines that restricting or eliminating the contractor's right to retain ownership better promotes Bayh-Dole's objectives.
- When a government authority that conducts foreign intelligence or counterintelligence activities determines that restricting or eliminating the contractor's right to retain ownership is necessary to protect the security of those activities.

(FAR 27.302(b)(2).)

Contractor Action to Protect Government's Interest

To protect the government's interest in a subject invention, the contractor must:

- Execute and deliver all instruments required to:
 - confirm the government's rights in subject inventions for which the contractor retains ownership; and
 - assign ownership to the government of subject inventions as the government requests.
- Require its employees to disclose subject inventions to its personnel responsible for patent administration.
- Notify the Contracting Officer of any decisions not to:
 - file a patent application;
 - continue the prosecution of any patent application;
 - pay the patent's maintenance fees;
 - defend a patent in a reexamination or opposition proceeding.

- Include the following statement in the specification of a US patent and any patent protection certificate:

"This invention was made with Government support under [CONTRACT NUMBER] awarded by [AGENCY]. The Government has certain rights in the invention."

(FAR 52.227-11(e).)

Ongoing Reporting Requirements

On the government's request, but no more frequently than annually, the contractor must submit reports on the use or efforts to obtain use of any subject invention. These reports must include:

- The development status of the subject invention.
- The date of first commercial sale or use.
- Gross royalties the contractor received.
- The contractor must mark these reports as privileged or confidential so they are not disclosed outside the government (FAR 52.227-11(f)).

Preference for US Industry

A contractor or its assignee may not grant any person the exclusive right to use or sell a subject invention in the US unless that person agrees that any products embodying the subject invention will be manufactured substantially in the US (FAR 52.227-11(g)). The FAR does not define or provide guidance regarding what constitutes "manufactured substantially." The government may waive this restriction if the contractor demonstrates that either:

- Domestic manufacture is not commercially feasible.
- It made reasonable but unsuccessful efforts to grant similar licenses to potential licensees that are likely to manufacture substantially in the US.

(FAR 52.227-11(g).)

March-In Rights

Under Bayh-Dole, the government has march-in rights under which it can require a contractor, or its assignee or exclusive licensee, to grant a nonexclusive, partially exclusive, or exclusive license to a subject invention, in any field of use, to one or more responsible applicants if the government determines that this license is necessary:

- Because the contractor, assignee, or exclusive licensee has not taken effective steps to achieve practical application in the field of use and is not expected to do so within a reasonable time.
- To alleviate health or safety needs.
- To meet the requirements of public use.
- Because the contractor has not agreed to or complied with the requirement that the subject invention be manufactured substantially in the US.

(35 U.S.C. § 203(a).)

Since Bayh-Dole was enacted, there have been no reported cases of the government exercising its march-in rights. Notably, in August 2025, the Department of Commerce notified Harvard University that it intended to initiate the march-in rights process, but there has been no public report of a resolution of that matter or whether the government did in fact exercise its march-in rights.

Technical Data and Computer Software

The government is entitled to certain rights in technical data and computer software delivered under procurement contracts.

Under the FAR:

- Technical data:
 - consists of recorded information of a scientific or technical nature, regardless of the form or method of recording;
 - includes computer software documentation, such as owner's or user's manuals that explain the capabilities of computer software or provide instructions on using the software; and
 - does not include computer software or data incidental to contract administration (such as financial or management information, or both).

- Computer software:

- includes a series of instructions, rules, routines, or statements that allow or cause a computer to perform a specific operation or series of operations;
- includes source code listings, design details, algorithms, processes, flow charts, formulas, and related material that enables the computer program to be produced, created, or compiled; and
- does not include computer software documentation.

(FAR 52.227-14(a).)

Allocation of Rights

Under the standard data rights clause that applies to procurement contracts, FAR 52.227-14, Rights in Data - General, the contractor retains ownership of technical data and computer software it develops under a government contract, and the government is entitled to a license. The scope of this license depends on:

- The type of contract or subcontract (commercial or non-commercial).
- Whether the technical data or computer software was developed entirely at private expense or in any part at government expense.

Under the "doctrine of segregability" the source of funds is determined at the lowest practical sub-item or sub-component level or segregable portion of the technical data or computer software.

The government theoretically gets rights in all technical data and computer software developed under a contract at government expense, but it gets actual rights only in technical data and computer software the contractor actually delivers. Contractors must be aware of the technical data and computer software deliverables in its contracts. (See Deferred Delivery and Deferred Ordering.)

Non-Commercial Technical Data and Computer Software

Unlimited Rights

The government has “Unlimited Rights” in:

- Technical data and computer software first produced in the performance of the contract.
- Manuals or instructional and training material for installation, operation, or routine maintenance and repair of items delivered under the contract.
- Form, fit and function data, which includes:
 - data concerning items, components, or processes that are sufficient to enable physical and functional interchangeability; and
 - computer software data that identifies source, functional characteristics, and performance requirements (not including the source code, algorithms, processes, formulas and flow charts of the software).
- All other delivered data if not marked as “Limited Rights” data or “Restricted Rights” computer software.

(FAR 52.227-14(b).)

Unlimited Rights means the government has the unrestricted right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and publicly perform and display the technical data and computer software, in any manner and for any purpose, and to have or permit others to do the same. (FAR 52.227-14(a).)

If the government has Unlimited Rights in technical data or computer software, the government may allow a third party (including a contractor’s competitor) to use the technical data or computer software for any reason, including for commercial purposes.

Limited Rights and Restricted Rights

Under the FAR, contractors may withhold “limited rights data” or “restricted computer software” developed at private expense and that do not fall within the categories to which the government receives Unlimited Rights (FAR 52.227-14(g)(1) and see Unlimited Rights).

To withhold this technical data or computer software, the contractor must:

- Identify in its proposal the withheld technical data or computer software.
- Furnish form, fit, and function data instead.

Despite the contractor’s right to withhold this technical data or computer software, the government may require the contractor to deliver it under the contract. If delivery is required, the contractor must mark it with the appropriate legends.

- Limited Rights Notice for limited rights data, as set out in FAR 52.227-14(g)(3) (Alternate II).
- Restricted Rights Notice for Restricted Rights computer software, as set out at FAR 52.227-14(g)(4) (Alternate III).

Limited Rights License in Technical Data

Under a Limited Rights license in technical data, the technical data:

- May be used and reproduced by the government.
- May not be used for manufacture without the contractor’s written permission.
- May be disclosed outside the government with the contractor’s permission or without that permission for specific purposes identified in the contract, which may include:
 - use (except for manufacture) by support service contractors;
 - use (except for manufacture) by other contractors participating in the government’s program of which the specific contract is a part; or
 - emergency repair or overhaul work.

(FAR 52.227-14(g)(3) (Alternate II); FAR 27.404-2(c)(1).)

Restricted Rights License in Computer Software

Under a Restricted Rights license, the government may:

- Use the software or copy it for use on the computers for which it was acquired.
- Use it or copy it for use on a backup computer if any computer for which it was acquired is not working.
- Reproduce it for safekeeping (archives) or backup purposes
- Modify, adapt, or combine it with other computer software, in which case the relevant portions of the resulting software are subject to the same restricted rights.
- Disclose it to service contractors.
- Use it or copy or transfer it for use in a replacement computer.

(FAR 52.227-14(g)(4) (Alternate III).)

Commercial Technical Data and Computer Software

Commercial Technical Data

Under FAR part 12, the government acquires the same rights in technical data pertaining to a commercial product or process that the contractor customarily provides to the public with that commercial product or process. The contractor must grant the government only its standard commercial license. There is a presumption that technical data delivered under a contract for commercial products was developed exclusively at private expense (FAR 12.211). For more information, see [Practice Note, Government Contracts: Reduced Risk through Commercial Product and Commercial Service Contracting](#).

Commercial Computer Software

The FAR defines commercial computer software as computer software that is a commercial product or commercial service, meaning it:

- Has been sold, leased, or licensed to the general public.
- Has been offered for sale, lease, or license to the general public.
- Is to be available for commercial sale, lease, or license to the general public in time to satisfy the contract's delivery requirements.

- Satisfies one of the above criteria and requires only minor modification to meet the contract's requirements.

(FAR 2.101.)

Software developed at government expense but then regularly used for nongovernmental purposes and sold or offered for sale to the general public still qualifies as commercial computer software.

The government acquires commercial computer software under licenses that the contractor customarily provides to the public, to the extent these licenses are consistent with federal law and otherwise satisfy the government's needs (FAR 12.212(a)). The contractor is not required to provide the government with any other rights in the computer software or documentation unless mutually agreed between the contractor and the government (FAR 12.212(a)(2)).

If there is a question about whether a contractor's commercial computer software license is consistent with federal law or otherwise satisfies the government's needs, the government may include in the contract the clause at FAR 52.227-19, Commercial Computer Software License, under which the government effectively obtains the rights of a Restricted Rights license (FAR 52.227-19(b)(2) and see Restricted Rights License in Computer Software). However, FAR 52.227-19 has been removed from the FAR as part of the Revolutionary FAR Overhaul process, and therefore it is unlikely to be included in newly issued government contracts.

If a contractor's commercial license agreement includes a provision requiring the government to indemnify the contractor in case of a violation of the license agreement, the clause at FAR 52.232-39, Unenforceability of Unauthorized Obligations, renders this provision unenforceable if it creates a violation of the Anti-Deficiency Act. (31 U.S.C. §§ 1341-1342, 1517.)

Marking Requirements

- There are no specific marking requirements in the FAR for technical data pertaining to a commercial product or commercial computer software. However, contractors should include their standard proprietary markings or copyright legends on any commercial technical data and computer software delivered to the government.

Government Purpose Rights under the DFARS

In addition to Limited Rights and Restricted Rights, the DFARS, which applies only to DOD procurement contracts, includes a separate, unique category of license rights provided to the DOD, called “Government Purpose Rights.” A Government Purpose Rights license allows the government to:

- Use, modify, reproduce, release, perform, display, or disclose technical data within the government without restriction.
- Release or disclose technical data outside the government.
- Authorize persons to whom it has released or disclosed technical data to use, modify, reproduce, release, perform, display, or disclose it for US government purposes.

(DFARS 252.227-7013(a)(13); DFARS 252.227-7014(a)(12).)

The government obtains a Government Purpose Rights license in technical data and computer software developed with mixed funding under a contract. A Government Purpose Rights license in the technical data or computer software has a specified duration (typically five years, but negotiable), after which the government has an Unlimited Rights license. This allows the contractor to use the technical data and computer software commercially before any other company can do so.

These requirements were originally set out in (DFARS 252.227-7013(b)(2); DFARS 252.227-7014(b)(2).) Under the Revolutionary FAR Overhaul process, DFARS 252.227-7013 and 252.227-7014 have been consolidated into DFARS 252.227-7989, “Rights in Technical Data, Computer Software, and Computer Software Documentation – Other Than Commercial Products and Commercial Services” (DEVIATION 2026-O0036), but the requirements remain unchanged.

Data Rights Under SBIR and STTR Contracts

Research contracts issued to small business concerns under the Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) programs are subject to FAR clause 52.227-20, “Rights in Data—SBIR Program,” which creates another category of data called “SBIR Data.” SBIR Data is technical data or computer software that:

- Was first produced by a small business concern in performing a SBIR or STTR contract.
- Is not generally known.
- The contractor has not made available to others.
- Is not already available to the government.

(FAR 52.227-20(a).)

A contractor may assert SBIR rights in SBIR Data delivered under the contract by marking the SBIR Data with the SBIR Rights Notice set out in the FAR. The SBIR Rights Notice provides that:

- For four years (unless extended) after the government accepts all items to be delivered under the contract:
 - the government uses the SBIR Data for government purposes only; and
 - the SBIR data cannot be disclosed outside the government without the contractor’s permission (except for use by support contractors).
- After the four-year protection period, the government receives a paid-up license to use the SBIR Data and to authorize others to use it on the government’s behalf for government purposes, but is relieved of all disclosure prohibitions.

(FAR 52.227-20(d).)

A contractor may assert SBIR rights in SBIR Data delivered under the contract by marking the SBIR Data with the SBIR Rights Notice set out in the FAR. The SBIR Rights Notice provides that:

- For four years (unless extended) after the government accepts all items to be delivered under the contract:
 - the government uses the SBIR Data for government purposes only; and
 - the SBIR data cannot be disclosed outside the government without the contractor’s permission (except for use by support contractors).

After the four-year protection period, the government receives a paid-up license to use the SBIR Data and to authorize others to use it on the government’s behalf for government purposes, but is relieved of all disclosure prohibitions.

(FAR 52.227-20(d).)

Protecting Technical Data and Computer Software

Notice and Marking Requirements

A contractor delivering technical data or computer software with less than Unlimited Rights must satisfy strict notice and marking requirements. If it fails to do so, it may inadvertently provide the government with Unlimited Rights in the delivered technical data and computer software.

When it submits a proposal for a contract that requires the delivery of technical data or computer software, the contractor should identify any technical data or computer software that it anticipates it is likely to deliver with less than Unlimited Rights, by submitting a data rights assertion table along with the proposal (see FAR 52.227-15; DFARS 252.227-7017; Revolutionary FAR Overhaul, DFARS 252.227-7992 (DEVIATION 2026-00036). The table under DFARS 252.227-7017 and 252.227-7992 includes the following labeled columns:

- Technical Data or Computer Software to be Furnished with Restrictions: List the deliverable and each item, component, or process being furnished with restrictions.
- Basis for Assertion: Identify the basis for asserting the restrictions (for example, developed exclusively or partially at private expense).
- Asserted Rights Category: Identify the specific license rights being provided:
 - Government Purpose Rights;
 - Limited Rights;
 - Restricted Rights;
 - SBIR Rights; or
 - other rights (such as specifically negotiated license rights (see DFARS 227.7103-5(d)) and commercial product licenses).
- Name of Person Asserting Restrictions: The name of the corporation or individual asserting the restriction. This should include any actual or potential subcontractors or suppliers.

The contractor must also mark the technical data or computer software under the marking requirements of the applicable FAR or DFARS clause included in the contract. These marking requirements mandate specified legends and the contractor may not deviate from the exact language of the legends.

There is no specified legend for commercial technical data or commercial computer software, so the contractor should include its standard proprietary or copyright legends on this delivered data or software.

Nonconforming Markings

The government has the right to challenge the contractor's legend. If challenged, the contractor must justify the legend. If the contractor delivers technical data or computer software with unauthorized restrictive or limiting legends or other unauthorized markings, the government may at any time either:

- Return the technical data or computer software to the contractor.
- Cancel or ignore the markings.

(FAR 52.227-14(e).)

Before cancelling or ignoring the markings, however, the government must follow these procedures:

- The Contracting Officer must submit a written inquiry to the contractor giving it the opportunity to provide a written justification for the markings within 60 days after receiving the Contracting Officer's inquiry.
- If the contractor does not provide a timely written justification, the government can cancel or ignore the markings and is no longer subject to the disclosure prohibitions.
- If the contractor provides a timely written justification, the Contracting Officer must consider the justification and determine whether the markings are:
 - authorized, in which case the Contracting Officer so notifies the contractor in writing and must comply with the restrictions; or
 - unauthorized, in which case the Contracting Officer provides the contractor a written determination that is deemed the final agency decision regarding the propriety of the markings.

- If the contractor gets an adverse final agency decision, it may file a suit challenging the decision in a court of competent jurisdiction. The suit must be filed within 90 days of the contractor's receipt of the decision, and the government must continue to abide by the prohibitions of the challenged markings until final resolution of the matter.

(FAR 52.227-14(e).)

Omitted or Incorrect Markings

Omitted Markings

If technical data or computer software is delivered without any restrictive markings, the government is deemed to have Unlimited Rights and is not liable for the disclosure, use, or reproduction of the technical data or computer software. However, if the contractor has not disclose the unmarked technical data or computer software without restriction outside the government, it may request permission to add the applicable restrictive notice at its own expense. This request must be made within six months after the contractor delivers the technical data or computer software to the government (or a longer time approved by the Contracting Officer).

The Contracting Officer may agree to allow the contractor to add the notice if the contractor:

- Identifies the technical data or computer software to which the omitted notice is to be applied.
- Demonstrates that the omission of the notice was inadvertent.
- Establishes that the use of the proposed notice is authorized.
- Acknowledges that the government has no liability for any disclosure, use, or reproduction of the technical data or computer software made before the notice was added or resulting from the omission of the notice.

(FAR 52.227-14(f).)

Incorrect Markings

If the contractor delivers technical data or computer software with an incorrect notice, the Contracting Officer may:

- Allow the contractor to correct the notice at its own expense, if the contractor:
 - identifies the technical data or computer software; and
 - demonstrates that the correct notice is authorized.
- Correct any incorrect notices himself or herself.

(FAR 52.227-14(f).)

Deferred Delivery and Deferred Ordering

The government's greater rights in technical data and computer software developed at government expense are essentially theoretical and can be exercised only in technical data and computer software actually delivered under a contract. The contractor can control the government's rights by carefully defining the technical data and computer software deliverables. However, the contract may include clauses that allow the government to require delivery of technical data and computer software produced or used in the performance of the contract, such as:

- FAR 52.227-16, Additional Data Requirements. This clause allows the government to order any technical data or computer software first produced or specifically used to perform the contract for up to three years after it accepts all deliverables under the contract. The government compensates the contractor only for converting the technical data or computer software into the prescribed form, reproduction, and delivery.
- DFARS 252.227-7027, Deferred Ordering. In DOD procurement contracts, this clause provides that the government can order any technical data or computer software generated in the performance of the contract or a subcontract:
 - at any time during performance of the contract; or
 - within three years after it has accepted all deliverables or the contract has been terminated.

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The government compensates the contractor only for converting the data or computer software into the prescribed form, reproduction, and delivery. This clause is renumbered DFARS 252.227-7995 (DEVIATION 2026-O0036) under the Revolutionary FAR Overhaul, but the requirements above remain unchanged.

(The Revolutionary FAR Overhaul removed a clause at DFARS 252.227-7026, Deferred Delivery. In previous DOD procurement contracts, this clause allowed the government to require delivery of technical data or computer software identified as “deferred delivery” data or software at any time during performance of the contract or within two years after it had accepted all deliverables or the contract had been terminated, whichever was later.)

Best Practices

Several best practices can help contractors protect their rights in IP developed or delivered under a government contract.

Require Employees to Assign Inventions

The May 2018 NIST modifications to Bayh-Dole (see Box, NIST Modifications to Bayh-Dole) require contractors to have written agreements with their employees that require the employees to assign to the contractor the entire right, title, and interest in any subject invention.

Recent case law suggests that employment agreements providing a promise to assign, for example, that the employee “will assign” inventions to the employer may not comply with this requirement (see *Bd. of Trs. of Leland Stanford Junior Univ. v. Roche Molecular Sys. Inc.*, 583 F.3d 832, 841-42 (Fed. Cir. 2009), *aff’d* on other grounds, 563 U.S. 776 (2011); *Advanced Video Techs. LLC v. HTC Corp.*, 879 F.3d 1314 (Fed. Cir. 2018)). Instead, the contractor should ensure that its employment agreements provide a present assignment of future rights. This can be done by providing that each employee “hereby assigns” any and all inventions to the contractor.

Maintain Adequate Records

The contractor should:

- Maintain records to track the source of funds for IP development.
- Clearly document conception and first reduction to practice of an invention that occurs before or outside of a government contract, so it can dispute any later government assertions that the invention is a subject invention.

Mark Intellectual Property

The contractor should:

- Ensure that it marks all technical data and computer software delivered to the government under the requirements of applicable FAR clauses.
- Strictly comply with the legends included in applicable FAR clauses.

Implement Written Policies and Procedures and Training

The contractor should:

- Develop written policies and procedures about IP developed under government contracts, to ensure compliance by employees involved in these projects.
- Provide training to employees to ensure compliance with these policies and procedures.

NIST Modifications to Bayh-Dole

The National Institute of Standards and Technology (NIST) is the entity charged with implementing Bayh-Dole regulations. NIST modifications to the Bayh-Dole regulations went into effect on May 14, 2018. The modifications have not yet been incorporated into the FAR, but contractors should be aware of them and factor them into their contract considerations. The NIST modifications include:

- Removing the 60-day deadline for the government to request ownership of a subject invention if the contractor fails to disclose or elect to retain ownership (see Government’s Rights in Subject Inventions). Because of this modification, the government is given unlimited time to request ownership.
- Clarifying the rights of the government and the contractor in a subject invention when a government employee is a co-inventor.
- Clarifying that, consistent with Executive Order 12591, Bayh-Dole applies to large business firms as well as small business firms.
- Requiring contractors to have written agreements with their employees that require the employees to:
 - disclose subject inventions to contractor personnel responsible for patent administration matters; and
 - assign to the contractor the entire right, title, and interest in any subject invention.

Government Contracts: Protecting Intellectual Property

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