



ACQUISITION HOUR: ACQUISITION HOUR – INTELLECTUAL PROPERTY AND GOVERNMENT CONTRACTS

IMPLICATIONS OF ALICE ON PROTECTING IP WHEN CONTRACTING WITH
THE U.S. GOVERNMENT

March 29, 2016

*Presented by the Wisconsin Procurement
Institute*



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Implications of *Alice* on Protecting IP When Contracting with the U.S. Government

Presented by: Laura Grebe
March 29, 2016



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Roadmap

- Who is *Alice* and why is the IP world talking about her?
 - a) Overview of 35 U.S.C. § 101 requirement
 - b) Overview of *Alice Corp. v. CLS Bank Int'l*
- *Alice's* impact on the patent landscape
 - a) Current statistics
 - b) Patent Office guidelines
- Why should contractors be concerned about *Alice*?
 - a) Patentee's responses to *Alice*
 - b) Contracting activities making responding to *Alice* difficult for the contractor
- Options available to contractors in considerations of *Alice*.
 - a) Protecting technology developed "outside" of a contract
 - b) Alternatives to patents for technology developed "under" contract



Patentability Basics

Four Basic Requirements for Patentability in United States

- Subject matter eligibility (35 U.S.C. § 101) 
- Novelty (35 U.S.C. § 102)
- Not obvious (35 U.S.C. § 103)
- Written description (35 U.S.C. § 112)



Patentability Basics

35 U.S.C. § 101

“Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title”



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Alice

Alice Corp. v. CLS Bank Int'l

(573 U.S. ____, 134 S. Ct. 2347)

- **Issue:** Are claims directed to a computer-implemented, electronic escrow service for facilitating financial transactions abstract ideas that are ineligible for patent protection?
- **Holding:** The U.S. Supreme Court held the *Alice* patents to be invalid because the claims were drawn to an abstract idea. Implementing those claims on a computer was not enough to transform that idea into a patentable invention.
- **Implication:** The *Alice* decision preserves software patentability but requires an “inventive concept” that goes beyond computer implementation of an abstract idea



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Alice

- *Alice* changed the view of patent-eligibility for software and business method claims
- Two-prong test to determine whether a patent claim is patent-eligible
 - First: is the claim directed to a judicially-excluded law of nature, natural phenomenon or abstract idea?
 - Second: if so, is any element or combination of elements sufficient to ensure the claim is “significantly more” than the judicial exclusion? (“significantly more” requirement)



Alice

Ramification: The bar for patentability at the U.S. Patent and Trademark Office has been raised; patentability demands that an inventive concept involve “significantly more” than economic practices or methods of organizing human activities.



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Impacts of *Alice*: Patent Invalidity in Court

Since the U.S. Supreme Court rendered the *Alice* decision, numerous patents have been found invalid by the Federal Circuit Court of Appeals and in the U.S. District Courts handling patent-related cases

At the Federal Circuit:

- From June 19, 2014 to Sept. 3, 2015, the Federal Circuit Court of Appeals rendered 15 decisions invalidating patents, and only one decision upholding the validity of a patent. The decision upholding validity involved 27 claims of a single patent.

In the District Courts:

- During the same window of time (6/19/14 to 9/3/15), the district courts rendered over 140 decisions on patent validity under 35 U.S.C. § 101, with approximately 55% (about 77 decisions) invalidating patents, and only 34% (about 48 decisions) upholding the validity of patents (the remainder are decisions of partial invalidity or inconclusive).



Impacts of *Alice*: Fewer Patents Issuing

Worst hit: patent applications handled by USPTO

Technology Center 3600:

- Tech Center 3600 includes electronic commerce art units 3620, 3680 and 3690, which handle patent applications in the areas of insurance, health care, finance, banking, incentive programs and couponing, pricing and business administration
- Prior to *Alice*: Allowance and issuance rates = 50%
- Post-*Alice*: Allowance and issuance rates < 4%
- Over 1,500 patent applications have been abandoned post-*Alice*



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Impacts of *Alice*: Patent Office Guidelines

- January 2014 – USPTO issued preliminary examination guidelines in view of *Alice*
- December 2014 – USPTO provided interim guidance on subject matter eligibility
- January 2015 – USPTO published examples of technology/subject matter considered to be “abstract ideas”
- July 2015 – USPTO updates examination guidelines and examples, including examples of technology/subject matter considered to be patent-eligible

www.uspto.gov/patent/laws-and-regulations/examination-policy/examination-guidance-and-training-materials

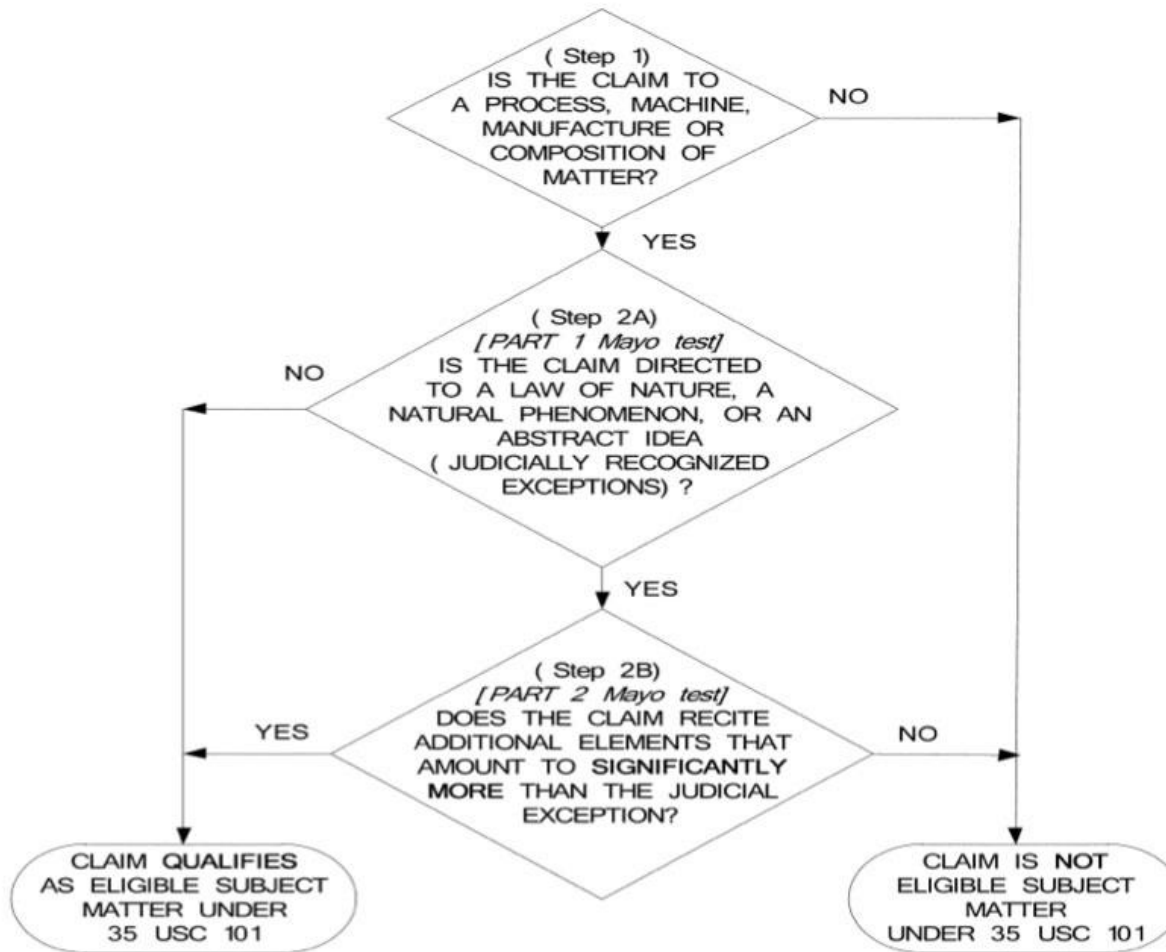


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Impacts of *Alice*: Patent Office Guidelines



Impacts of *Alice*: Patent Office Guidelines

What are examples of “abstract ideas”?

- Hedging
- Managing a game of BINGO
- Using Arrhenius equation to calculate cure time of rubber
- Formula for updating alarm limits
- Mathematical formula relating to standing wave phenomena
- Computerized meal planning



Impacts of *Alice*: Patent Office Guidelines

What are examples of “eligible subject matter”?

- A computer-implemented method for protecting a computer from electronic communication containing malicious code
- A method of distributing stock quotes over a network to a remote subscriber computer
- A method for loading BIOS into a local computer system which has a system processor and volatile memory and non-volatile memory
- A computer-implemented method for halftoning a gray scale image



Impacts of *Alice*: Patent Office Guidelines

What are examples of “significantly more”?

- Improvements to another technology or technical field
- Improvements to the functioning of the computer itself
- Applying the judicial exception with, or by use of, a particular machine
- Effecting a transformation or reduction of a particular article to a different state or thing
- Adding a specific limitation other than what is well-understood, routine and conventional in the field, or adding unconventional steps that confine the claim to a particular useful application



Patentees' Responses to *Alice*

- Careful drafting of patent applications
- Revise response strategies
- Reconsider appropriate budgets
- File continuation and/or divisional applications to keep an application alive
- File continuation-in-part application to introduce “something more” if necessary



Patentees' Responses to *Alice*

Consider alternatives to patent protection

- Copyright
 - Only available for “works of authorship”
 - Examples: software code, books, compilations of data, etc.
 - Does not protect against independent creation
- Trade secret
 - Available for almost any form of technology
 - Must be kept secret
 - Does not protect against independent creation



Why Are These “Normal Patentee” Responses More Difficult for a Contractor?

- Not necessarily in charge of prosecution
- Limited budgets
- Certain disclosures are required
 - Responses to RFPs
 - FOIA
 - Communications between agencies



Alice and Contracting

Main Concerns

- For technology developed “outside” of a contract
 - Want to receive a valid patent or ensure retention of rights under alternative protections
 - If using alternate forms of protection (e.g., copyright, trade secret), want to make sure to maintain protection during contracting opportunities
- For technology developed “under” a contract
 - Are alternative forms of protection available to the contractor?
 - What happens if a contractor pursues alternate protection and *not* patent protection



Protecting Technology Developed “Outside” Contract - Basic Strategies for Overcoming *Alice*

Our team reviewed the prosecution of nearly 250 (specifically, 236) patents within Class 705 and concerning insurance, finance, business or transaction-related technologies which issued as patents by the USPTO in 2015.

Based upon our review of these patents, we identified the “Top 10” strategies and arguments that have resulted in allowances.

Special thanks to John Pienkos, Elizabeth (Lisa) Townsend Bridge and Brianna Schonenberg for their work in this endeavor.



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1) Burden Not Met by Patent Examiner

- In some cases, the Patent Examiner’s basis for rejecting claims under 35 U.S.C. § 101 is so conclusory and thinly supported, it merited pointing this out
- Under the Administrative Procedure Act (APA), there should be specific findings of fact and explanation of the rationale underlying the rejection
- This argument was seldom a standalone argument



Protecting Technology Developed “Outside” Contract - Basic Strategies for Overcoming Alice

1) Burden Not Met by Patent Examiner

“...it is respectfully submitted that the Office has failed to establish a prima facie case of patent-ineligibility under 35 U.S.C. § 101. Specifically, in rejecting claims 1-20 under 35 U.S.C. § 101, the Office Action merely provides boilerplate, conclusory statements that the claims are directed to an abstract idea, without providing any analysis of how that conclusion was deduced. Nowhere does the Office Action provide clear rationale supporting the determination that the recitations of the claims are directed to a fundamental economic practice. Instead, the Office Action merely states that the recitations are directed to a fundamental economic practice. Thus, the Office has failed to establish a prima facie case of patent-ineligibility, and the burden of showing why the claims are eligible has not shifted to the Assignee.”

(Response to Office Action mailed August 11, 2014 in prosecution of U.S. 14/281,159 (now U.S. 9,037,492))



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2) The Claimed Features Are Not Abstract on Their Face

- In our review of patents, we encountered several variations of arguments of this type and associated verbiage...
 - The claims recite a physical machine, rather than something performable via pencil and paper
 - The Examiner’s characterization of the claims is too general or at too high of a level and misses or Neglects significant limitations of the claims that are not abstract
 - The claims include specific components, followed by a recitation of the specific components or concrete or unique features
 - While abstractness is in the mind, these claims are tangible in one or more ways



Protecting Technology Developed “Outside” Contract - Basic Strategies for Overcoming *Alice*

3) Combination of Features Not Abstract

- Patent Examiner’s arguments are merely looking at individual claim limitations, independently, without adequately considering the tangibility or practicality attributable to the ordered combination of the claim limitations considered together



Protecting Technology Developed “Outside” Contract - Basic Strategies for Overcoming Alice

3) Combination of Features Not Abstract

“...[I]n response to the Examiner’s assertion that ‘the claimed invention is directed to non-statutory subject matter because the claim(s) as a whole, considering all the claim elements both individually and in combination, do not amount to significantly more than an abstract idea,’ ...[i]t is respectfully submitted that any claim can be simplified, summarized, paraphrased, or generalized to remove all of its specific limitations until the claim is perceived as an abstract idea.”

(Supplemental Response to Office Action mailed December 18, 2014 in prosecution of U.S. 13/710,386 (now U.S. 9,026,459))

“The USPTO instructions in view of Alice state that the Examiner should ‘[c]onsider the claim as a whole by considering all claim elements, both individually and in combination.’ Applicant respectfully maintains that the Examiner has not considered all claim elements individually or in combination in determining whether the claims are directed toward an abstract idea.”

(Response to Office Action mailed November 6, 2014 in prosecution of U.S. 14/292,393 (now U.S. 8,996,418))



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4) Claimed Features Are Not Abstract When Viewed by Comparison With the Case Law

- There is a small amount of case law, post-*Alice*, that has supported certain claims as being subject matter eligible, most significantly *DDR Holdings, LLC v. Hotels.com, L.P.* (773 F.3d 1245 (Fed. Cir. 2014))
- In our review of the prosecution of issued patents, several have included arguments based upon a comparison of the subject claims to claims addressed in *DDR Holdings*
- Sometimes the logic of *In re Alappat* (33 F.3d 1526 (Fed. Cir. 1994)) still raises its head and has some persuasive value—namely, the argument that a general purpose computer when programmed becomes a special purpose computer that should be subject matter eligible



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4) Claimed Features Are Not Abstract When Viewed by Comparison With the Case Law

“This claim is not directed to a law of nature, natural phenomena, or an abstract idea, because, as described in more detail below, this claim is not directed to the subject matter of any of the only three types of claims that the Court has positively identified as being within the implicit exception to subject matter eligibility: (1) an idea or algorithm of itself, (2) a mathematical formula, or a (3) a fundamental economic practice.”

(Response to Office Action mailed August 7, 2014 in prosecution of U.S. 13/655,957 (now U.S. 8,949,138))

“These are not generic computers but specialized computers that are specifically configured to perform the operations set forth in the claims. Thus, the present claims do not fall under the Alice Corporation Pty. Ltd. V. CLS Bank International criteria of the elements being directed to just generic computing elements.”

(Response to Office Action mailed July 21, 2014 in prosecution of U.S. 13/311,814 (now U.S. 8,977,561))



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5) Claimed Invention Not Preemption

- Some patent applicants have presented the non-abstractness argumentation as an issue of preemption or monopolization, and explained that the claims are not preemptive of a field and do not tie up the future use of building blocks of innovation
- This argument can be strengthened if one is able to think of, and postulate, examples of non-preempted subject matter and/or examples of claims which would be supported by the application at issue but pose a significant risk of preempting innovation



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5) Claimed Invention Not Preemption

“...The Examiner seems to have disregarded the non-hardware elements of the claims in this rejection in assessing whether the claims at issue cover an abstract idea. When such limitations are properly taken into account it can be seen that the limitations of the independent claims are not so general and lacking in detail as to recite only an abstract idea. In fact the independent claims differ in numerous ways from any abstract idea. This can be better ascertained by observing that these claims, if granted, would not wholly preempt the use of any abstract idea or be, in practical effect, a patent on an idea itself.”

(Response to Office Action mailed August 26, 2014 in prosecution of U.S. 14/256,791
(now U.S. 9,020,843))



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5) Claimed Invention Not Preemption

“...Consider the following example....The applicant submits that the example claim above would be supported by his disclosure. However, the example claim exhibits a disproportionate amount of risk that innovation in accounting processing would be preempted or stopped. The example claim might be interpreted as preempting all innovation in data processing related to accounting of transactions of different types...It is clear there is a distinction between amended independent claim 1...and the example claim above. The former is directed to a concrete idea with precise functionality, and the latter is directed to an abstract idea that appears to disproportionately preempt innovation.”

(Response to Office Action mailed August 26, 2014 in prosecution of U.S. 14/256,791
(now U.S. 9,020,843))



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6) Subject Claims Constitute Technical Advance That is “Significantly More”

- These arguments can revolve around the examples provided in the *Alice* decision as to what may be “significantly more” than abstract, for example, these arguments can emphasize how the subject claims concern
 - improvements to another technology or technical field
 - improvements to the functioning of the computer itself
 - meaningful limitations beyond generally linking the use of an abstract idea to a particular technological environment
- Some patent applicants have framed this argument by articulating how the claimed invention solved a known industry problem
- This type of argument can benefit from supporting language found in the Background or Summary sections of the patent application



Protecting Technology Developed “Outside” Contract - Basic Strategies for Overcoming *Alice*

6) Subject Claims Constitute Technical Advance That is “Significantly More”

This argument can involve characterizing the inventive features in a layperson’s terms or by explaining how the claimed invention improves system functionality

- This can also include drilling down into how the invention affects basic computer functionality, such as reducing memory overhead or increasing computing efficiency
- In some cases, the significant technical limitations are presented via bullet pointing
- In some cases, third-party § 132 affidavits have been presented to support these positions (see the prosecution history of U.S. Patent No. 8,949,151)



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6) Subject Claims Constitute Technical Advance That is “Significantly More”

In the Examiner’s comments in the Reasons for Allowance of U.S. patent application no. 13/542,052 (now U.S. Patent No. 9,031,864), specifically, the Examiner states “Applicant’s remarks filed in the Response are compelling and commensurate with both the original disclosure and the claims as amended. Examiner agrees with Applicant’s arguments that the claims provide for an improvement to the functioning of a computer...”



Protecting Technology Developed “Outside” Contract - Basic Strategies for Overcoming Alice

6) Subject Claims Constitute Technical Advance That is “Significantly More”

“The applicant submits that by providing a single processing path that begins with a prompt on a single screen at a single and particular point in time, the claimed embodiments of the present application provide improvements to an implementing computer or computer system. Namely, by eliminating the need for excessive navigation between screens and/or programs, and by processing in a single processing both similar and dissimilar data irrespective of the type of transaction, resources of the implementing computer or the computer system are preserved... Succinctly put, the claimed embodiments of the present application provide resource efficiency to an implementing computer or computer system that is much improved over prior art systems using parallel processing to obtain the functionality described by the current claims.”

(Response to Office Action mailed July 10, 2014 in prosecution of U.S. 13/542,052 (now U.S. 9,031,864))



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7) Stretch Technical Advance

- Even though a field may relate to business practices or transactions, it may still be characterizable as a technical field
- For example, in regard to some patents that have issued, the patent applicants contended that the subject inventions constituted improvements to the technical fields of “payment authorizations” (see the prosecution history of U.S. Patent No. 9,031,875) or “accounting data analysis” (see the prosecution history of U.S. Patent No. 9,031,873)



Protecting Technology Developed “Outside” Contract - Basic Strategies for Overcoming *Alice*

8) If There Are No Rejections For Anticipation/Obviousness, Then Invention Not Conventional

- In some cases, the only rejections outstanding in regard to the claims are subject matter eligibility-related rejections—in such cases, patent applicants have successfully argued that the claimed subject matter not only is new and nonobvious (and unconventional and not well understood), but also necessarily is—as demonstrated by the absence of any prior art basis for rejecting the claims—a technical advance constituting something significantly more than an abstract idea
- This implies a strategy of prosecuting deliberately to overcome all rejections under 35 U.S.C. §§ 102 and 103 and then posing this type of argument when the only remaining rejections are under 35 U.S.C. § 101



Protecting Technology Developed “Outside” Contract - Basic Strategies for Overcoming *Alice*

8) If There Are No Rejections For Anticipation/Obviousness,
Then Invention Not Conventional

- Somewhat relatedly, it can also be contended that, if the prior art teaches away from the subject invention, the subject invention cannot be a fundamental economic practice

*“Further, it is difficult to reconcile the Examiner’s dual contentions that these limitations constitute **allowable subject matter relative to the prior art** and yet are ‘**routine, well-understood, conventional and widely in use.**”*

(Response to Office Action mailed August 6, 2014 in prosecution of U.S. 12/504,573 (now U.S. 9,009,064))

“Further, Applicant respectfully submits that the limitations of Claim 1 as described above not only confine the claim to a particular useful application, but also unconventional and not well-understood in the field for the simple reason that the very claim would have been allowed but for the rejection under 35 U.S.C. § 101.”

(Response to Office Action mailed October 10, 2014 in prosecution of U.S. 11/937,390 (now U.S. 8,996,394))



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9) The Kitchen Sink

- Some patent applicants appear to have had success by submitting extremely long responses relating to subject matter eligibility issues, in which a large variety of arguments from among many or all of the aforementioned types of arguments were presented.



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10) Conduct an Examiner’s Interview

- Of the patents we reviewed for which subject matter eligibility rejections were overcome, the majority of these (by far) were patents in which subject matter eligibility issues were discussed in an Examiner’s Interview that subsequently resulted in a Notice of Allowance;
- Unfortunately, for these issued patents in which subject matter eligibility issues were overcome by way of discussions during an Examiner’s Interview, typically the Notice of Allowability (or Examiner’s Statement of Reasons for Allowance) did not articulate in any detail the Patent Examiner’s thinking as to why the subject matter eligibility issues were overcome.



Protecting Technology Developed “Outside” Contract - Using Alternate Forms of Protection

Copyright (applicable to software mainly)

- As software patents become increasingly difficult to procure, other forms of IP protection are being considered as substitutes for the protection that formerly might have been obtained by patenting.

Alternatives include:

- Protection of Software via Copyright



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Protecting Technology Developed “Outside” Contract - Using Alternate Forms of Protection

Copyright (applicable to software mainly)

Benefits

- 1) Inexpensive – \$40 filing fee
- 2) Relatively quick (several months)
- 3) Basis for Federal Court Jurisdiction
- 4) Longer protection than patents –
 - a) for works created after 1978, copyright term is life of author plus 70 years,
 - b) for works made for hire, copyright term is 120 years from date of creation or 95 years from first publication, whichever expires first.



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Protecting Technology Developed “Outside” Contract - Using Alternate Forms of Protection

Copyright

Downsides

- 1) Copyright registration does not protect functionality – it protects against the copying of the source code – protects the manner of expression in work. If someone independently develops software with the same functionality but without copying the manner of expression, there is no infringement
- 2) In order to register the work, need to submit copy of the work with application consisting of:
 - a) Entire source code or first 25 and last 25 pages of source code,
 - b) Redacting trade secret information permissible,
 - c) Registration of object code under Rule of Doubt is a possibility.
- 3) Work Made For Hire Agreements needed with Independent Contractors – in the absence of an agreement, the presumption is that the independent contractor owns copyright in the work



Protecting Technology Developed “Outside” Contract - Using Alternate Forms of Protection

Copyright

- Contractor prohibited from incorporating such data with data first produced under the contract unless
 - Data is identified as such
 - Contractor grants the government a license of appropriate scope (varies – can be governed by FARS/DFARS or negotiated in a collateral agreement)



Protecting Technology Developed “Outside” Contract - Using Alternate Forms of Protection

Trade Secret

- The primary source of trade secret law is state law. A “trade secret” is generally defined as information including a formula, pattern, compilation, program, device, method, technique, or process that:
 - (a) derives value because not generally known or readily ascertainable by others, and
 - (b) is the subject of reasonable efforts to maintain the secrecy of the information.

Benefits

- 1) No requirement to disclose to the public – keep secret
- 2) No filing or prosecution costs
- 3) Can protect forever – so long as it is kept secret



Protecting Technology Developed “Outside” Contract - Using Alternate Forms of Protection

Trade Secret

Downsides

- 1) No protection available when the secret is otherwise ascertainable through independent discovery or reverse engineering
- 2) The possibility of patent infringement actions by companies that later attempt to patent similar technology; but, due to recent changes in the law, the risk here is less if there has been prior commercial use of a claimed invention – the use can have been in secret, but must have occurred at least one year prior to the filing date of the patent or disclosure to the public
- 3) Risk of inadvertent or necessary disclosure of trade secret information in preparing RFP response or performance of contract



Protecting Technology Developed “Outside” Contract - Using Alternate Forms of Protection

Tips for maintaining trade secrets during contracting activities (including responding to RFPs)

- Carefully review the RFP
- Be familiar with relevant/applicable FOIA regulations
- Learn to what extent (if at all) the agency you are working with will protect information from subsequent disclosure, including disclosure to other agencies
- Disclose only as much as is necessary to fully respond to RFP/perform task
- Promptly respond to any notices from an agency indicating that third party has requested your company information
- Be prepared to file reverse-FOIA and/or other lawsuits to protect your trade secrets from disclosure



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Protecting Technology Developed “Under” Contract - Alternatives to Patent Protection Available to a Contractor

What is a trade secret?

- “...information, including a formula, pattern, compilation, program, device, method, technique, or process, that derives independent economic value, actual or potential, from not being generally known to or readily ascertainable through appropriate means by other persons who might obtain economic value from its disclosure or use [which is] the subject of efforts that are reasonable under the circumstances to maintain its secrecy.”

(Uniform Trade Secrets Act)



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Protecting Technology Developed “Under” Contract - Alternatives to Patent Protection Available to a Contractor

How do the FARS/DFARS define technical data and computer software?

- "'Data' means recorded information, regardless of form of the media on which it may be recorded. The term includes technical data and computer software. The term does not include information incidental to contract administration, such as financial, administrative, cost or pricing, or management information." FAR 52.227-14
- "'Technical data' means recorded information (regardless of the form or method of the recording) of a scientific or technical nature (including computer databases and computer software documentation). This term does not include computer software or financial, administrative, cost or pricing, or management data, or other information incidental to contract administration. The term includes recorded information of a scientific or technical nature that is included in computer databases." FAR 52.227-14



Protecting Technology Developed “Under” Contract - Alternatives to Patent Protection Available to a Contractor

How do the FARS/DFARS define technical data and computer software?

- “‘Computer software’ (1) means (i) computer programs that comprise a series of instructions, rules, routines, or statements, regardless of the media in which recorded, that allow or cause a computer to perform a specific operation or series of operations; and (ii) recorded information comprising source code listing, design details, algorithms, processes, flow charts, formulas, and related material that would enable the computer program to be produced, created, or compiled. (2) Does not include computer databases or computer software documentation.” FAR 52.227-14



Protecting Technology Developed “Under” Contract - Alternatives to Patent Protection Available to a Contractor

How do the FARS/DFARS define technical data and computer software?

- DFARS 252.227-7013 for noncommercial items
- DFARS 252.227-7015 for commercial items
- Definitions similar to FARS



Rights in Technical Data/Computer Software Developed “Under” Contract

Default Rights Allocation

- Generally, contractor gets title and government gets a license
- 3 levels of government license
 - Unlimited rights
 - Limited/Restricted rights
 - “Government Purpose” rights



Rights in Technical Data/Computer Software Developed “Under” Contract

Unlimited Rights

- In essence, the government can do anything including license to a 3rd party

When does the government get unlimited rights?

- FARS: first produced in performance of the government contract
- DFARS: developed exclusively with government funding



Rights in Technical Data/Computer Software Developed “Under” Contract

Limited/Restricted Rights

- Limited Rights are for Data
 - “Limited rights data’ means data, other than computer software, that embody trade secrets or are commercial or financial and confidential or privileged, to the extent that such data pertain to items, components, or processes developed at private expense, including minor modifications



Rights in Technical Data/Computer Software Developed “Under” Contract

Limited/Restricted Rights

- Restricted Rights are for Computer Software
 - “Restricted computer software’ means computer software developed at private expense and that is a trade secret, is commercial or financial and confidential or privileged, or is copyrighted computer software, including minor modifications of the computer software”



Rights in Technical Data/Computer Software Developed “Under” Contract

What are Limited/Restricted Rights?

- Essentially, government use only
- Not disclosed outside of government
- Exceptions can be further specified in the contract
- DFARS provide for additional exceptions



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Rights in Technical Data/Computer Software Developed “Under” Contract

When does the government get limited/restricted rights?

- FARS: not developed in performance of contract AND developed at private expense
- DFARS: developed at private expense
- Contractor must label the data/software as limited or restricted rights subject matter
 - Failure to label results in assumption of unlimited rights



Rights in Technical Data/Computer Software Developed “Under” Contract

Government purpose rights

- Government can use without restriction (unlimited rights)
- Government can authorize others to use for a government purpose

When does the government get “government purpose” rights?

- FARS: cosponsored research/development
- DFARS: developed with mixed funding

Rights in Copyrightable Works Created “Under” Contract

Generally, what is copyrightable material?

“[c]opyright protection subsists...in original works of authorship fixed in any tangible medium of express, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.”



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Rights in Copyrightable Works Created “Under” Contract

What could be copyrightable material in a government contract?

- Typically data and computer software
- Articles/publications including data produced in performance of a contract
- Other “works” can be the subject of government contracts



Rights in Copyrightable Works Created “Under” Contract

Default Rights Allocation

- Contractor gets rights in certain articles/publications based on and/or containing data first produced in the performance of a contract (FAR 52.227-14)
 - Scientific and technical articles published in academic, technical or professional journals
 - Symposia proceedings
- Need written consent for other works



Rights in Copyrightable Works Created “Under” Contract

What does a contractor need to do to keep title?

- Standard copyright notice
- Acknowledgement of government sponsorship
- Contract number



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Rights in Copyrightable Works Created “Under” Contract

What rights does the government get?

- For anything but computer software...
 - A paid-up, nonexclusive, irrevocable, worldwide license to reproduce, prepare derivative works, distribute copies to the public, perform in public and display in public
- For computer software...
 - A paid-up, nonexclusive, irrevocable, worldwide license to reproduce, prepare derivative works, perform in public and display in public



BUT.....

What Happens if a Contractor Does Not Pursue Patent Protection for Patentable Subject Matter Developed “Under” Contract?



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What is “Patentable Technology”?

How do the FARS/DFARS define patentable technology?

- “‘Invention’ means any invention or discovery that is or may be patentable or otherwise protectable under title 35 of the U.S. Code, or any variety of plant that is or may be protectable under the Plant Variety Protection Act.” (FAR 27.301)
- DFARS essentially the same



Technology/Patent

How does the government get title?

- Contractor can decide not to keep title
- Contractor doesn't follow the rules pertaining to disclosure, written notice and/or filing of application in the specified time limit
- Government can pursue patent rights in countries not of interest to Contractor
- Government can take over patent prosecution of Contractor decides to drop



Technology/Patent

How does the government get title?

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Bonus – *Alice* at the Court of Federal Claims?!

- Court of Federal Claims does not see patent infringement cases frequently
- Court of Federal Claims rarely hears “hot topics” in patent infringement
- Patent infringement cases seldom terminate at the early stage of judgment on the pleadings

....enter case study *Thales Visionix, Inc. v. United States*



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Alice at the Court of Federal Claims

Thales Visionix, Inc. v. United States

- F-35 Joint Strike Fighter
- Thales Visionix (TVI) is owner of a patent claiming a system for using inertial tracking sensors to determine the orientation of a tracked object relative to a moving reference frame
- TVI asserted a prime contractor for the Government infringed the patent by installing a similar helmet-mounted display in the F-35s



Alice at the Court of Federal Claims

Thales Visionix, Inc. v. United States

- Government moved for summary judgment
 - Based on pleadings alone
 - Asserted TVI patent invalid under 35 U.S.C. §101 (*Alice*)

Ruling: CFC applied *Alice* and determined TVI's claims are directed to the abstract idea of tracking two moving objects and incorporating laws of nature governing motion and does nothing more than apply the laws of nature in an almost endless environment. The patent is therefore invalid.



QUESTIONS?

THANK YOU!

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Upcoming WPI Events

- ***Acquisition Hour Live Webinar Series - Tuesdays and Wednesdays including:***
 - Update in the Hour Wage Labor Law: March 30, 2016*
 - Technology Funding for small business: April 12, 2016*
- ***Virtual FAR Training Webinar Series – Wednesday evenings – 6pm-7pm until May 25, 2016***

Upcoming WPI Events

- *Ft McCoy Acquisition Open House Forum #1 – April 5, 2016 – Fort McCoy, WI*
- *4th Annual US Department of Veterans Affairs Business Conference – May 12, 2016 – Brown Deer, WI*
- *10th Annual Volk Field Small Business Conference – June 15-16, 2016 – Camp Douglas, WI*



QUESTIONS???

Continuing Professional Education

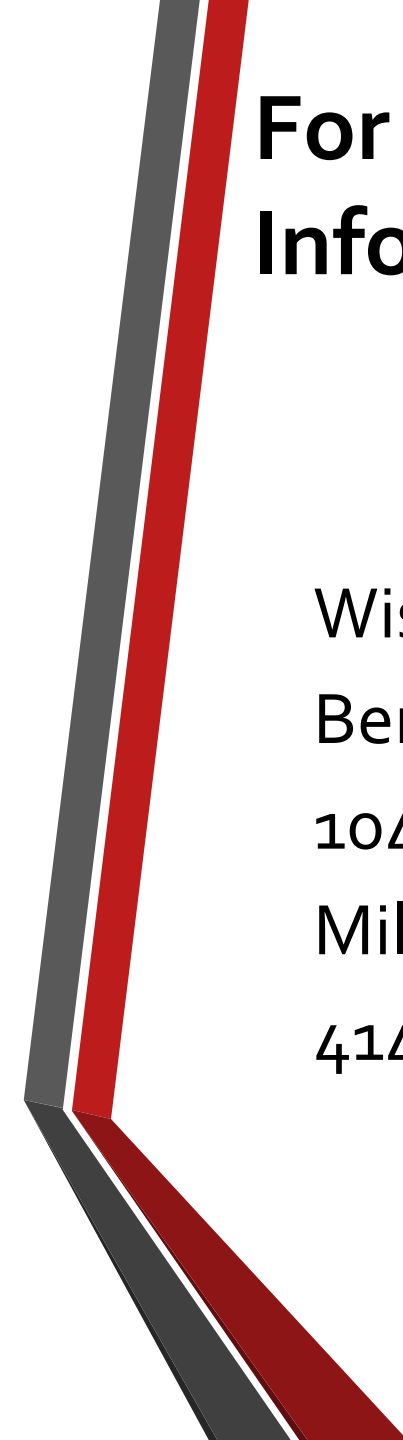


CPE Certificate available, please contact:

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