

Licensing of Government Software

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Authority for Licensing Unpatented Inventions

- Technology Transfer Commercialization Act of 2000, PL 106-404 – removed language in 35 USC 207 restricting licensing to patents and patent applications
- 37 CFR 404 – revised to implement 2000 statutory authority to license unpatented inventions

History of 2006 Regulation Change

- Effort to streamline 1985 licensing reg started before 2000
- Small drafting group of agency patent lawyers
- Motivation to get authority for agencies to license biological materials and software since copyright protection lacking in US for Government works and legislation to fix that failed in 1990s for CRADAs
- Proposed Rule – 1/7/05
- 7 responses (4 agencies, 2 private individuals and 1 non-profit)
- Final Rule – 3/8/06, effective 4/7/06

Major Changes in Licensing

- Agencies may license inventions w/o filing patent application (software and biological inventions – monoclonal antibodies and cell lines) but need a license application
- USG's undivided interest in joint invention now clearly licensable
- Notice to Attorney General (Antitrust Division) of proposed exclusive license not required
- Publication in Federal Register of notice of invention availability for licensing not required - agency has discretion on how to let the public know about its inventions
- CRADA inventions, transfers in joint inventions under 35 USC 202(e), and acquired rights in “bundled” inventions under 35 USC 207(a)(3) are expressly excluded from reg and its requirements

Major Changes (cont'd)

- Waiver procedures of domestic manufacturing requirement provided
- At least a 15-day Federal Register notice of intent to grant an exclusive license is permitted
- Non-exclusive licensee may be given right to sue infringers
- Research license needs only a research plan
- May cross license to settle interferences w/o following reg
- Co-exclusive licenses now recognized

Implementation of 2006 Reg

- NIH now licensing software but has been licensing biological materials for years under its own statute. Not broken out in DoC 2010 annual report and may include copyrights ('08 HHS total-\$3M).
- USDA is licensing biological materials but not software ('08 total-\$3M)
- Some agencies and labs concerned about licensing unpatented software because of the 1-year statutory bar after sale and lack of statutory protection but not because of FOIA
- Expect agencies will license nonexclusively for paid-up royalties if no patent or application ('08 DoD total-\$9K).
- Commercialization of software or MTAs may still be done under a CRADA but not clear if royalties may be retained by lab
- May want to trademark software name and license it with software
- May still want to file a non-provisional application to keep options open
- Recommend NDAs with potential licensees using 35 USC 205 and (b)(5) exemption [Gov. trade secret]

Software Licenses Are Different

- Terms will be more like commercial copyright licenses than patent licenses
- Need to check source and authorship of code; may have non-USG authors or be “open”
- Need to have adequate documentation
- Need to determine if licensee is a reseller or user requiring unique expertise
- May decide not to license software but release with use restrictions

Authority Issues

- Licensing of unpatented inventions not mentioned specifically in AR 27-60 (chapter 7) and AR 70-57
- Consistent with 10 USC 2359b which allows DoD to sell or lend drawings or other info to any person or entity and with DoDI 5535.8 on T2 to provide DoD developed technology to commercial firms to enhance its effectiveness
- But need to be aware of export control and security and AR 5-11 on Army simulation code

Future

- Seek legislation to permit agencies to license their copyrights and trademarks and keep royalties from such licenses (DoD has limited TM authority); some agencies are acquiring title to contractor software under “special works” clause
- Need to amend copyright law to provide protection for Government employee works (software)
- Agencies may claim and/or obtain foreign copyright because not covered by copyright prohibition in 17 USC 105
 - NTIS claims foreign copyright in some databases it licenses worldwide
 - CDC has registered copyright in Canada for some of its information products
 - NIST copyrights and licenses software under its SRD statute