

From: Stewart Baker (sbaker@steptoe.com)
Tom Barletta (tbarletta@steptoe.com)
Caroline Liset, Government Contracts Paralegal (cliset@steptoe.com)

Many technology companies have expanded their government contracting after September 11. And some of them are going to lose intellectual property rights because they don't pay sufficient attention to government contract law and procedures. The most chilling reminder of how badly things can go wrong is a recent decision of the Armed Services Board of Contract Appeals. Campbell Plastics Eng'g & Mfg. Inc., ASBCA, No. 53319 (Mar. 18, 2003). In that case, Campbell Plastic invented a "sonic welded gas mask & process" while under government contract, but forfeited its right to a patent because it failed to make a proper disclosure of the invention to the government within 60 days.

The contract in Campbell called for the development of an aircrew protective mask and under the FAR Patent Rights clause, Campbell was required to disclose, by submission of a DD Form 882, all inventions to which it elected to retain title to within 60 days of making them known to its patent personnel. At various points throughout performance of the contract, Campbell filed numerous DD Form 882 reports, each time claiming "no inventions." After Campbell applied for and received a patent on the invention, it notified the government of the patent and that, in accordance with the FAR Patent Rights clause, the government had a paid-up license. However, the contracting officer, relying on Campbell's failure to disclose the invention within the time period in the FAR Patent Rights clause, then asserted a right to take title and requested that Campbell convey title to the government.

Although Campbell did not dispute that it failed to disclose the invention in the manner prescribed by the clause, it appealed the contracting officer's decision, arguing first that its failure to do so was inadvertent, and second, that the penalty of forfeiture was draconian. While the Board recognized that forfeitures should be avoided whenever possible, it ultimately rejected both arguments, holding that because the contract unmistakably required disclosure within a set period of time, here 60 days, Campbell's failure to do so permitted the government to require the transfer of title to the invention to the government.

As Campbell demonstrates, tech companies that want to patent any invention first conceived or reduced to practice during the performance of a government contract must follow the IP disclosure terms in their contract; it's only a little paperwork, but it could cost you the right to obtain a patent on the invention.