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Protecting and Enforcing IP Rights in Government Contracts: What You Don't Know Will Hurt You

Part One: Understanding IP Rights in Government Contracts – Government Misuse of IP

Presented on behalf of
Strafford Publications

Strafford

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Government misuse of IP

How IP disputes can arise.

- **IP is increasingly important to business success in the private *and government-contracting* sectors. IP drives investment and is critical to dual-use technology.**
- **In addition, the Government needs best-of-breed technologies. Increasingly, those technologies (especially in IT) arise outside the traditional government-contractor space.**
- **So the U.S. Government has become, increasingly, a consumer of high-technology products, and that means that Government also is increasingly a consumer of products protected by intellectual property rights.**

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Government misuse of IP

How IP disputes can arise.

- **With this background in mind, it should be clear that IP disputes with the Government will arise in at least two distinct circumstances:**
- ***First*, the Government may improperly use contractor IP.**
- ***Second*, the Government (or its contractors) may improperly use third-party IP.**
- **In either event, it is critically important that rights-holders have a remedy to compensate them for infringement or misuse.**

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Government not private party

- **The United States can not be sued unless it consents to liability by waiving sovereign immunity.**
  - **"It has often been said that one of the hardest things in the world is to sue the federal government. This is no mere truism. Government is protected from suit by the doctrine of sovereign immunity." *AINS v. United States*, 56 Fed. Cl. 522, 524 (2002), *aff'd*, 365 F.3d 1333 (Fed. Cir. 2004).**
  - **"The United States, in the absence of its consent, is immune from suit." *Marathon Oil Co. v. United States*, 374 F.3d 1123, 1126 (Fed. Cir. 2004).**
  - **Courts have jurisdiction "only where and to the extent that the government has waived its sovereign immunity, and any waiver of sovereign immunity cannot be implied but must be unequivocally expressed." *Ledford v. United States*, 297 F.3d 1378, 1381 (Fed. Cir. 2002).**

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Government not private party

- **Federal Waivers for IP**
  - **Patents and Copyrights: 28 U.S.C. §1498**
  - **Trade Secrets:**
    - **28 U.S.C. § 1491 (The Tucker Act)**
    - **5 U.S.C. § 552 (reverse FOIA under APA)**
    - **28 U.S.C. §§ 2671-2680 (Federal Tort Claims Act).**
  - **Trademarks: 15 U.S.C. §§ 1114, 1122, & 1127**

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Government not private party

- **Patents and Copyrights - 28 U.S.C. §1498:**
  - **Suing over infringement of patents and copyrights not as valuable to contractor.**
  - **Government defends contractor infringement.**
    - **But see new *Zoltek* Court of Federal Claims decision!**
  - **Contractor cannot use patents for procurement advantage.**
  - **Government cannot infringe unless all steps in a patented method are practiced within the United States. *NTP v. Research in Motion*, 418 F.3d 1282 (Fed. Cir. 2005); *Zoltek v. United States*, 78 U.S.P.Q.2d 1481 (Fed. Cir. 2006).**

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- **Trade Secrets - The Tucker Act, 28 U.S.C. § 1491:**
  - **The Tucker Act vests jurisdiction in the Court of Federal Claims for "any claim against the United States founded either upon the Constitution, or any Act of Congress or any regulation of an executive department, or upon any express or implied contract with the United States."**
  - **But it does not create jurisdiction over IP claims not based on a breach of contract.**

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- **Trade Secrets - The Tucker Act, 28 U.S.C. § 1491:**
  - **So the Tucker Act does not confer patent jurisdiction under a Takings Clause theory. Any action against the U.S. Government must satisfy Section 1498. See *Zoltek v. United States*, 442 F.3d 1345 (Fed. Cir. 2006), cert. den. (dismissing Zoltek's extraterritorial patent infringement claim as outside the scope of the government's sovereign immunity waiver).**
  - **But it does confer trade secret jurisdiction where the government allegedly entered into an implied-in-fact agreement to protect the confidentiality of a bidder's information and then converted the alleged trade secret. *Pi Electronics v. United States*, 55. Fed. Cl. 279 (2003).**

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Government not private party

- **Trade Secrets - The Federal Tort Claims Act, 28 U.S.C. §§ 2671-2680:**
  - **FTCA grants any district court jurisdiction over torts committed by government agents or employees, but excludes intentional torts and torts based on the exercise or failure to exercise legitimate governmental discretion.**
  - **Disclosure of trade secrets is not discretionary because it is prohibited by the Freedom of Information Act.**
  - **A "breach of confidence" is involved when the government induces a private party to disclose a trade secret, and then supplies that trade secret to another private party.**
  - **Thus, trade secret disclosures can be actionable under FTCA. *Jerome Stevens Pharmaceuticals v. FDA*, 402 F.3d 1249 (D.C. Cir. 2005).**

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- **Trademarks - 15 U.S.C. § 1122 (a):**
  - **"The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States, shall not be immune from suit in Federal or State court by any person, including any governmental or nongovernmental entity, for any violation under this chapter."**
  - **The companion statute, 15 U.S.C. § 1122 (b), purported to enact a similar waiver against State entities. It was invalidated by *College Savings Bank v. Florida Prepaid*, 527 U.S. 666 (1999).**

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Government not private party

- **State sovereign immunity must be expressly waived.**
  - ***United States v. Sherman*, 312 U.S. 584 (1941); *Atascadero State Hosp. v. Scanlon*, 473 U.S. 234 (1985).**
- **Generally, State sovereign immunity cannot be waived by an Act of Congress, but rather must be waived by the State itself—either expressly or at the Constitutional Convention.**
  - ***Blatchford v. Native Village of Noatak*, 501 U.S. 775 (1991).**

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- **This has been applied separately to various forms of IP:**
  - **Copyrights: *Wihtol v. Crow*, 309 F.2d 777 (8th Cir. 1962); see also *Lane v. First National Bank of Boston*, 687 F. Supp. 11, 15–17 (D. Mass. 1988), aff'd on other grounds, 871 F.2d 166 (1st Cir. 1989).**
    - **Congress tried to reverse this via the Commerce Clause in 1990's Copyright Remedy Clarification Act, but efforts to use the Commerce Clause to waive State sovereign immunity were rejected in *Seminole Tribe of Florida v. Florida*, 517 U.S. 44 (1996).**
  - **Patents: *Chew v. California*, 893 F.2d 331 (Fed. Cir. 1990).**
  - **Trademarks: *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Bd.*, 527 U.S. 666 (1999) and *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 527 U.S. 627 (1999).**
  - **Trade secrets: As creatures of State law, trade secret claims turn on the extent of a particular State's waiver of sovereign immunity.**

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- **State waivers run the gamut:**
  - **"[T]he State of Alabama shall never be made a defendant in any court of law or equity." Ala. Const. art. I, § 14.**
  - **Utah sovereign immunity "is waived as to any contractual obligation." Ut. Stat. § 63-30d-301 (1)(a).**
  - **"The state of Vermont shall be liable for injury to persons or property . . . caused by the negligent or wrongful act or omission of an employee of the state while acting within the scope of employment, under the same circumstances, in the same manner and to the same extent as a private person would be liable to the claimant." 12 V.S.A. § 5601 (a).**

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- **Generally, the plaintiff will rely on breach-of-contract remedies.**
- **This issue is significant, especially as the U.S. Government begins to rely more heavily on State and local agencies for, e.g., homeland security and border control.**
  - **Federal Government may not be able to guarantee IP rights protected at state level due to *College Savings Bank***

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- **State sovereign immunity in the government contracting sphere has been discussed piecemeal in a handful of scholarly publications.**
  - **There is a listing of remedies for procurement included in Huffman & O'Sullivan, *Uncharted Waters: State Contracting Terms And Conditions, Intellectual Property, And The Homeland Security Era*. 33 Pub. Cont. L.J. 163-207 (2003).**
  - **A chart summarizing sovereign immunity waivers appears at the end of Michael Tardif & Rob McKenna, *Washington State's 45-Year Experiment in Governmental Liability*, 29 Seattle U. L. Rev. 1 (2005).**

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- **Our forthcoming treatise, set for publication by Oxford University Press in 2008, will address Federal procurement, but also will discuss State-level IP laws, procurement laws, and sovereign immunity waivers in depth on a State-by-State basis.**

Intellectual Property in Government Contracts
Protecting and Enforcing IP at the State and Federal Level
James G McEwen, David S Bloch and Richard M Gray

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Government not private party

- **The Contracting Officer**
  - **First line of communication; administers contract and resolves disputes. 41 U.S.C. § 605.**
- **The Board of Contract Appeals. BCAs set up under Contract Disputes Act for each agency.**
  - **Court-like setting, with issues heard *de novo* before ALJ.**
  - **Final written decision.**

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- **Boards of Contract Appeals also can decide non-monetary patent issues.**
  - **For example, in *Campbell Plastics Engineering v. Brownlee*, 389 F.3d 1243 (Fed. Cir. 2004), the ASBCA was held competent to decide that the Army had obtained title to a contractor's patent due to the inclusion of FAR 52.227-11 in the initial contract. (Contractor failed to submit necessary patent rights reports.)**
  - **But, no pendent jurisdiction over non-contract claims. *See Wesleyan v. Harvey,* 454 F.3d 1375 (Fed. Cir. 2006).**

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Government not private party

- **Federal Court**
  - **Court of Federal Claims is an Article I court. Sovereign immunity generally dictates against jurisdiction on the part of Article III courts.**
  - **The only recourse for non-contractors (*e.g.*, companies concerned that the government is infringing their IP).**
  - **Contractors can appeal BCA decision to Court of Federal Claims, *or* appeal C.O. decision directly.**
  - **No deference to BCA's legal conclusions.**
  - **But factual findings are conclusive unless "fraudulent, or arbitrary, or capricious, or so grossly erroneous as to necessarily imply bad faith, or if such decision is not supported by substantial evidence." 41 U.S.C. § 609 (b).**

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- **Federal Court**
  - **C.F.C. has nearly exclusive jurisdiction. Exceptions:**
    - **District courts can hear actions against the TVA. 41 U.S.C. § 609 (a)(2).**
    - **District courts can hear actions under the Federal Tort Claims Act, which may cover improper disclosures of trade secrets. *Jerome Stevens Pharmaceuticals v. FDA*, 402 F.3d 1249 (D.C. Cir. 2005).**
    - **Concurrent jurisdiction with U.S. district courts for claims under $10,000. 28 U.S.C. § 1346 (a)(2).**
  - **Statute of limitations is six years.**
  - **Final decision is appealable to the Federal Circuit.**

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Government not private party

- **Federal Court**
  - **Does *Scanwell Labs, Inc. v. Shaffer*, 424 F.2d 859 (D.C. Cir. 1970), jurisdiction survive?**
    - ***Scanwell* is based upon APA and used to challenge improper procurement actions.**
  - ***Scanwell* jurisdiction probably was legislatively overturned by the Administrative Dispute Resolution Act in 2001. See *Emery Worldwide Airlines, Inc. v. United States*, 264 F.3d 1071, 1080 (Fed. Cir. 2001); *Novell, Inc. v. United States*, 109 F. Supp. 2d 22, 24 (D. D.C. 2000).**
  - **But some cases suggest that *Scanwell* jurisdiction survives, at least in principle. *Iceland S.S. Co.-Eimskip v. United States Dep't of the Army*, 201 F.3d 451, 453 (D.C. Cir.), *cert. den.*, 529 U.S. 1112 (2000); Peter Verchinski, *Note, Are District Courts Still a Viable Forum for Bid Protests?*, 32 Pub. Cont. L. J. 393 (2003).**

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Government not private party

- **Remedies are IP specific**
  - **Patent: Damages only (no injunction)**
  - **Copyright: Damages only (no injunction)**
  - **Trade secret:**
    - **Damages**
    - **Reverse FOIA injunction**
    - **Preclude unauthorized distribution to competitor (breach of contract)**
  - **Trademark: Damages and injunction**

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Patents

- **Federal Government liable for**
  - **Direct infringement: using or manufacturing by the United States.**
  - **Indirect Infringement: used or manufactured for the United States.**
  - **Or both, as in *Boeing Co. v. United States*, 69 Fed. Cl. 397 (2006): government infringed patented method for strengthening alloys used on Space Shuttle external fuel tanks.**
- **Elements of liability the same as regular infringement**
  - **First, the claim scope is determined without regard for the accused product or process; and**
  - **Second, the properly construed claim is then compared with the accused product or process to determine whether there is literal infringement or infringement under the doctrine of equivalents.**

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Patents

- **Government defenses:**
  - **Government can assert the same defenses that can be raised by a private party in a commercial infringement action**
  - **Can also raise unique licensing, Bayh-Dole, and Patent Rights clause defenses:**
    - **Required rights or title transfer if find asserted patent is "subject invention"**
    - **But transfer is discretionary on the part of the government. *Central Admixture Pharmacy Svcs. v. Advanced Cardiac Solutions*, 482 F.3d 1397 (Fed. Cir. 2007).**

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Patents

- **Government's Authorization and Consent**
  - **Based upon 28 U.S.C. §1498**
  - **Can be implied by Government directed action or component selection which caused the infringing activity**
  - **Can be express, by inclusion of the appropriate FAR provision (e.g., FAR 27.202-1, clause 52.227-1)**
    - **Applies to contracts, grants, cooperative agreements**
    - **OTs and CRADAs may also include since is use on behalf of Government**
    - **Undermined by new *Zoltek* decision – does 28 U.S.C. § 1498 (c) eliminate authorization-and-consent for contractors under 28 U.S.C. § 1498 (a) or 35 U.S.C. § 271 (g)?**

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Patents

- **Actions of contractors and subcontractors imparted to the government when done with the Government's "authorization and consent"**
  - **Where use exceeds authorization and consent, can enjoin private contractor directly**
  - **Authorization and consent is an affirmative defense. It does not grant the contractor-defendant the right to remove a lawsuit from the jurisdiction in which it is pending and transfer it to the Court of Federal Claims, and it is deemed waived if not raised in an answer.**

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Patents

- **"Authorization and consent" defense to infringement depends on scope of contract**
  - **Defense requires showing of scope of contract encompasses infringing activity**
- ***Madey v. Duke University*, 307 F.3d 1351 (Fed. Cir. 2002)**
  - **Authorization and consent defense to infringement for infringement within scope of grant**
  - **No authorization and consent for infringement exceeding scope of grant**

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Patents

- **No injunctions.**
  - **Under 28 U.S.C. §1498 injunctions to stop infringement are not permitted**
    - **Eminent domain-like taking – but without a Fifth Amendment remedy (see *Zoltek*).**
    - **Of course, after *MercExchange v. eBay*, injunctions are somewhat disfavored in commercial patent litigation, as well.**
  - **If licensing agreement, unclear if breach of contract claims useful to enjoin Government**
- **Actions of contractors and subcontractors imparted to the government when done with the Government's "authorization and consent"**
  - **Where use exceeds authorization and consent, can enjoin private contractor directly**

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Patents

- "Reasonable and entire compensation," measured same way as commercial litigation
  - **Hypothetical willing buyer/willing seller approach is the preferred damages calculation method.**
  - **Lost profits allowed.**
  - **Savings to the Government.**
- **Reasonable and entire compensation includes reasonable costs (e.g., attorneys fees and expert witness fees) if the patent owner is a nonprofit, small business with less than 500 employees or an independent inventor.**
- **May include compensation for Government's delay in paying for a license (effectively, interest, though not styled as such).**
- **No provision for willfulness or enhanced damages.**
  - **Of course, post *In re Seagate* willfulness is increasingly problematic in patent litigation generally.**

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Copyrights

- **Non-contract (third-party) claims**
  - **28 U.S.C. §1498(b) states that the *exclusive action* for an owner of a copyright that is infringed by the Government is in the Court of Federal Claims.**
  - **Example: *O'Rourke v. Smithsonian Institution Press*, 399 F.3d 113 (2d Cir. 2005)**
    - **O'Rourke wrote and published an original book entitled *Currier and Ives: The Irish and America***
    - **Alleged Smithsonian copied from his book when it published *Currier and Ives: America Imagined***
    - **Dismissed since Smithsonian is part of Government with exclusive liability governed by 28 U.S.C. §1498 (b)**

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Copyrights

- **No waiver of sovereign immunity for ancillary copyright-related claims.**
  - **Thus, government is immune from suit under the Digital Millennium Copyright Act's anti-circumvention provisions. See *Blueport Co. v. United States*, 71 Fed. Cl. 768 (Ct. Cl. 2006).**
- **Contract-based claims:**
  - **Regular breach of contract rules apply for technical data and computer software.**
  - **No injunction based solely on contract unless the copyright also involves limited or restricted rights, *i.e.*, copyright expresses proprietary information.**

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Copyrights

- **Government can assert the same defenses that can be raised by a private party in a commercial infringement action.**
- **Fair use sometimes asserted:**
  - **Government not commercial entity**
  - **Government use does impact commercial market, so need more to show fair use appropriate**
    - ***American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913 (2d Cir. 1995): Researchers making of copies of scientific journals not fair use since copying precluded purchasing more copies from journal publishers.**
- **Actions of contractors, subcontractors, or any person, firm or corporation imparted to the Government when done for the Government and with the Government's authorization and consent.**

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Copyrights

- **Additional defenses: Failure to mark**
  - **Restricted right software becoming unlimited rights for failure to mark:**
    - ***Ervin & Assocs. v. United States*, 59 Fed. Cl. 267 (2004): FAR Rights In Data-General clause applied because Ervin failed to mark all pages of copyrighted documents and because data (even unnecessary data) was first collated in the course of performing a government contract.**
    - ***In re: General Atronics Corp.*, ASBCA No. 49196 (Mar. 19, 2002): "GAC did not mark the wireline interface software with a restrictive legend. Moreover, it did not incorporate any restrictions into a licensing agreement 'made part of [the] contract prior to the delivery date of the software.' Therefore, pursuant to DFARS 252,227-7012 (Oct. 1988), the Navy acquired unlimited rights in the software."**
    - **In both cases, the government obtained unlimited rights in otherwise copyrighted materials for failure to mark.**

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Copyrights

- **Additional defenses: license rights**
  - **Right was allowed by contract. For example. . .**
    - **Software maintenance rights allowed under FAR 52.227-19.**
    - **Form, fit, function data required to be unlimited rights for DoD contracts under 10 U.S.C. §2320.**
  - **These contract rights are strictly (and narrowly) construed**
    - ***Appeal of Ship Analytics International, Inc*., ASBCA No. 50914 (ASBCA 2001): Right to perform software maintenance does not extend to upgrades since allowing would amount to granting unlimited rights.**

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Copyrights

- **No injunctions for copyright infringement, but proprietary markings will be enforced (trade secret protection).**
- **Again, "reasonable and entire compensation"**
  - **Actual damages and profits.**
  - **Includes minimum statutory damages under 17 USC §504(c).**
- **Statute of Limitations**
  - **28 U.S.C. §1498(b).**
  - **3 years of unauthorized use.**
  - **May be extended if an administrative claim was filed with the infringing Department or Agency.**

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Trade Secrets

- **Trade Secrets are traditionally the most valuable IP asserted against the Government**
  - **Trade secrets in technical data**
  - **Trade secrets in computer software**
- **Powerful remedies not otherwise available**
  - **Money damages**
  - **Injunctions**
- **Lawsuits can be filed with the Court of Federal Claims, U.S. District Courts, or BCAs.**
- **Is there now also an administrative remedy via the Chief FOIA Officer?**
  - **Required in all agencies pursuant to Open Government Act of 2007, 5 U.S.C. § 552 (j)-(k).**

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Trade Secrets

- **Without proper marking, *you have no claim*.**
  - **"This failure to use an appropriate data legend gave the government unrestricted use to the PNVG prototypes. Plaintiff's argument that it was sufficient to have affixed the legend to the 'technical drawings and documentation' associated with the goggles is not persuasive. To allow an exception to 252.2267-7018 as the plaintiff advocates would be contrary to the language of the regulation, contradict its intent, and ultimately render the regulatory protection of data unworkable." *Night Vision Corp. v. United States*, 68 Fed. Cl. 368 (2005).**
  - **Failure to mark *every page* of allegedly proprietary information is fatal. *Xerxe Group v. United States*, 278 F.3d 1357 (Fed. Cir. 2002).**
  - ***Bell Helicopter Textron*, ASBCA No. 21192, 85-3 BCA ¶ 18,415 (failed to mark drawings and failed to seek express determination of limited rights).**

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Trade Secrets

- 5 U.S.C. § §702 & 552: Reverse FOIA under APA
- Government does not have discretion to reveal proprietary information
  - Pertains to marked data and software
    - FOIA Exception 4 (trade secrets) encompasses line-item pricing data in government contracts. *Canadian Commercial Corp. v. Dep't of the Air Force*, __ F. 3d __, 2008 WL 220638 (D.C. Cir., Jan. 28, 2008).
  - Utilizes laws against Government disclosure
    - Trade Secrets Act, 18 U.S.C. §1905 prohibits disclosure of proprietary data by Government employee
    - Similar protection for unpublished patent applications. 35 U.S.C. §122(a)
  - Useful if marked data provided under contract or outside of contract
    - If under contract, Government is contractually bound to use validation procedures
    - Validation procedures outlined in 10 U.S.C. §2321 (most agencies use)

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Trade Secrets

- **Court of Federal Claims:**
  - **Contract damages (actual or implied in fact).**
- **District Courts:**
  - **Federal Tort Claims Act? *Jerome Stevens Pharmaceuticals v. FDA*, 402 F.3d 1249 (D.C. Cir. 2005).**
  - **Claims under $10,000.**
- **BCAs:**
  - **Actual damages (maybe also implied-in-fact?).**
  - **But must be a sum certain, not, *e.g.*, "at least 15%." *Appeal of Rex Systems, Inc.*, ASBCA No. 54436 (21 July 2005).**
    - **ASBCA ultimately dismissed Rex's action on jurisdictional grounds. *Appeal of Rex Systems, Inc.*, ASBCA No. 54436 (7 Nov. 2007).**

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Trade Secrets

- **BCAs can award lost profits for trade secret misappropriation, but will do so by finding a breach of contract.**
- ***Data Enterprises of the Northwest v. General Services Administration*, GSBCA 15607 (Feb. 4, 2004):**
  - **No damages for loss of net worth—too speculative.**
  - **No damages for value of hypothetical contract that was never signed—too speculative.**
  - **No reasonable royalty—BCAs cannot grant such relief, because it sounds under the Takings Clause, which BCAs cannot enforce.**
  - **Lost profits on expected contract sales are recoverable.**

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Trademarks

- **There is a gradual but growing realization that trademarks are relevant in the Government market.**
  - ***Preferred Risk Mutual Insurance Co. v. United States***
- **For Governmental purposes, trademarks prevent false associations:**
  - **Public should be able to rely on names associated with Government agency**
- **For contractor purposes, trademarks prevent faulty goods from being attributed to the contractor:**
  - **Harm in commercial market (if news reports)**
  - **Harm in government market (procurement professionals talk)**

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Trademarks

- **Government offers multiple products perceived to be Government-owned even if built/maintained by contractors**
- **Just because trademarks are *available* does not mean a contractor should seek them.**
  - **Reasons not to assert . . . Government contractor defense provides immunity from product defect suits if contractor can show Government made design choices.**
    - **So the contractor may lose trademark rights but obtain patent infringement protection. *Boyle v. United Technologies Corp.*, 487 U.S. 500 (1988)**

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Trademarks

- **If the government is buying a commercial product or a product built to performance specification, the government is not controlling quality—the contractor is.**
  - **May be able to control follow-on procurement based upon trademark, especially if mark/product is specifically identified, *e.g.*, Camelbak hydration systems in Iraq.**
    - **This is specifically prohibited in several States, e.g., South Dakota.**
  - **Need to be able to protect name in marketplace anyway. See, *e.g.*, *GMC v. Lanard Toys*, 80 U.S.P.Q.2d 1608 (6th Cir. 2006): GM able to assert trademark and trade dress rights in the Humvee—a product created under a DoD contract.**

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Trademarks

- **How to assert rights against the Government**
  - **Lanham Act waived immunity; see 15 U.S.C. §§ 1114, 1122, & 1127.**
- **Whose immunity waived:**

  The United States, all agencies and instrumentalities thereof, and all individuals, firms, corporations, other persons acting for the United States and with the authorization and consent of the United States.
- **Injunctions *are* available**
  - **Unusual, since injunctive relief not readily available in other IP claims (save trade secrets)**
- **In Federal or State court**
  - **Unique, since other IP claims are limited to USDC/CFC/BCAs.**

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Trademarks

- **Remedies include:**
  - **Injunctive relief - 15 U.S.C. § 1116**
  - **Actual damages, profits, costs and attorney's fees - 15 U.S.C. §1117**
  - **Destruction of infringing articles - 15 U.S.C. § 1118**
  - **Remedies provided under 15 U.S.C. §§ 1114, 1119, 1120, 1124, and 1125**
  - **any other remedies provided under the Lanham Act. 15 U.S.C. § 1122 (c).**
- **. . . any other remedies provided under the Lanham Act.**
  - **State-law remedies?**
  - **Possibly also liable overseas as a result of 1999 waiver?**
  - **Treble/punitive damages? Not excluded . . . though obtaining punitive damages against the government without a private bill would be unprecedented. . . .**
- **In procurement world**
  - **Injunctive relief means contract terminated for convenience**
  - **Indemnification for costs? Possible, but only if in contract**

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Trademarks

- **Obvious uses: Limiting CICA via RFP/IFB or injunction.**
  - **CICA requires full and open competition, but scrutiny focuses on language of RFP/IFB.**
    - **Limited exceptions - including only one available source**
    - **By definition, trademark comes from only one source**
- **Injunctive relief can affect:**
  - **<u>Responsiveness</u>: Other bidder cannot bid since will not be responsive since cannot provide good**
  - **<u>Responsibility</u>: Bidder cannot technically perform if enjoined or damages too large to allow continued production**

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Trademarks

- **Government has started asserting trademark rights - *NASA v. Ko Suk Ju*, Claim FA0204000110865 (Nat. Arb. For. June 18, 2002)**
  - **Respondent attempted to register nasa.biz**
  - **NASA countered with showing of common law rights to NASA dating to 1958**
  - **Based on unregistered "NASA" mark, Respondent ordered to assign name to NASA**

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Administrative Claims

- **All government actions are subject to some sort of administrative review, as required by the Administrative Procedures Act, 5 U.S.C. §§700-706.**
- **Intellectual property disputes are subject to the same review.**
  - **Some procedures are spelled out in the statute, some in regulations.**
  - **Only trademark has no explicit regulation for agency-level review.**

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Benefits of Administrative Claims

- Cheaper:
  - Cost of a stamp to file
  - More limited discovery
- For patents and copyrights, extends period of liability:
  - Use results to support lawsuits against commercial uses of product.
  - But only if the agency has authority to settle.
- In denying claim, Government typically identifies existing uses
  - FAR 27.201-2 (c) requires patent indemnity for commercial supplies and services and FAR 52.212-4 (h) requires indemnity for all IP for commercial contracts under FAR Part 12 – this may tell you who else to sue. . . .
- Government has authority to license and is encouraged to settle:
  - DOD: 10 U.S.C. §2386
  - Energy: 42 U.S.C. §7261
  - Education: 20 U.S.C. §3480
  - NASA: 42 U.S.C. §2473

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The Claims Process

- **<u>Notification</u>: Written notice to Office of Counsel**
  - **Describe your IP rights**
  - **Evidence of ownership**
  - **What is causing infringement: Procurement information, commercial product name, Government program name, etc.**
  - **Relief: How much money.**
    - **Bigger claims get more attention**

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The Claims Process

- **Response from agency:**
  - **Counter offer**
  - **Initial Decision**
- **Reply: Contest Agency's position**
- **License or Final Denial**
  - **Go to court under applicable statute if not satisfied**
  - **Apply for attorneys' fees (if applicable)**

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The Claims Process

- **Only patents and copyrights have explicit claims adjudication**
- **Are other IP rights worth considering for agency review?**
  - **Trade Secrets**
  - **Trademarks**

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Patents

- **DoD: DFARS 227.7004 - Requirements for filing a written administrative claim for patent infringement:**
  - **An allegation of infringement and request for compensation;**
  - **Citation to the allegedly infringed patents;**
  - **Designation of the alleged infringing item or process to permit identification (if known)--military or commercial designation;**
  - **Identification of at least one claim of each patent alleged to be infringed—usually, but not necessarily, by claim chart; or**
  - **If the patentee can't make such an identification, a declaration that the claimant has made good faith attempt to establish infringement but was unable to do so, giving reasons and stating a reasonable basis for his belief that the patent is being infringed.**
- **Indirect notice (or notice not in compliance with DFARS 227.7004) does not constitute actual notice for purposes of Governmental liability. DFARS 227.7005.**

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Patents

- **Helpful attachments (not required):**
  - **Copy of the asserted patents;**
  - **Identification of all procurements known to claimant that involve the alleged infringing item;**
  - **A detailed identification of the accused article or process in a claim chart;**
  - **If available, this identification should include documentation and drawings to illustrate the accused article or process in suitable detail to enable verification of the infringement comparison;**
  - **Names and addresses of all past and present licenses under the patents, and copies of all license agreements and releases involving the patents; and**
  - **A brief description of all litigation in which the patents have been or are now involved.**

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Patents

- A list of all persons to whom notices of infringement have been sent, including all departments and agencies of the Government, and a statement of the ultimate disposition of each.
- A description of Government employment or military service, if any, by the inventor and/or patent owner.
- A list of all Government contracts under which the inventor, patent owner, or anyone in privity with him performed work relating to the patented subject matter.
- Evidence of title to the patent(s) alleged to be infringed or other right to make the claim.
- A copy of the Patent Office file of each patent if available to claimant.
- Pertinent prior art known to claimant, not contained in the Patent Office file, particularly publications and foreign art.

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Patents

- **Where to complain:**
  - **Department of the Army: Chief, Patents, Copyrights, and Trademarks Division, U.S. Army Legal Services Agency**
  - **Department of the Navy: The Patent Counsel for Navy, Office of Naval Research**
  - **Department of the Air Force: Chief, Patents Division, Office of The Judge Advocate General**
  - **Defense Logistics Agency: The Office of Counsel; for the National Security Agency, the General Counsel**
  - **Defense Information Systems Agency: Counsel**
  - **Defense Threat Reduction Agency: General Counsel**
  - **National Imagery and Mapping Agency: Counsel**

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Patents

- **DFARS 227.7006: Investigation and administrative disposition of claims (basically the same at other agencies).**
- **Agency investigates:**
  - **Contacts program offices and individual commands.**
  - **Usually one lead IP attorney at most relevant command.**
  - **There is authority to license at command level.**
  - **License fees come from program offices at command; HQ does not pay (thus their input is minimal).**

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Patents

- **Claim decision**
  - **If denied, must inform claimant.**
  - **If indemnification is required, there must be agreement from the indemnifying contractor.**
  - **Tolling of past damages stops at this point. 35 U.S.C. § 286 tolls damages against Government:**
    - **Up to 6 years (between date of receipt of written claim for compensation and date of mailing of Government notice that his claim has been denied) shall not be counted as part of the limitations period; or**
    - **If Government delays in issuing decision for six years, twelve years total damages available on first day of lawsuit.**
  - **Tolling in 35 U.S.C. §286 requires that the agency have an authority to settle claims**

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Copyrights

- **Same basic procedure as for patents**
- **Tolling:**
  - **28 U.S.C. §1498(b) limits compensation against Government for infringement "committed more than three years prior to the filing of the complaint or counterclaim for infringement in the action."**
  - **But the period of administrative claim not counted towards three years "between the date of receipt of a written claim for compensation by the Department … having authority to settle such claim and the date of mailing by the Government of a notice to the claimant that his claim has been denied."**

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Trade Secrets

- **Reverse FOIA**
- **Validation procedures**
  - **Administrative procedure where Government challenges status of software/technical data**
- **Contract specifies procedure**
  - **In DOD, 10 U.S.C. §23221 mandates the procedure**
  - **Executive Order 12,600 requires notification of the document's owner and time for response.**
  - **Increased disclosure risk based on perceived legislative policy following The Open Government Act of 2007?**

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Trade Secrets

- **Validation Generally**
  - **Contracting officer asks for information (pre-challenge)**
  - **Receive formal challenge letter with grounds**
  - **Contractor needs to respond within set time limit (30 days or so) with justifying evidence**
  - **Contracting officer makes decision**
  - **Can appeal to Board of Contract Appeals/Court of Federal Claims**

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Trade Secrets

- **Civilian validation procedures: FAR 52.227-14(e)**
- **DoD: DFARS 252.227-7037 (Technical data) and DFARS 252.227-7019 (Software)**
- **When looking at procedures, important to know dates**
  - **Date data/software developed indicates the appropriate contract (and clause)**
  - **Right to mark does not depend on contract requiring delivery as much as contract when developed**

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Trademarks

- Nothing spelled out for administrative review
  - Not even authority to settle
- Agencies have not usually waited for authority and will review claims
  - Would license/cease & desist activity if claim is valid
  - No damages authorized to be paid by agency
    - Could use Other Transaction authority?

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About the Speaker

David S. Bloch,

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