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IP Protection and Sole-Source Status: The SBIR Awardee's Strategic Advantage



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Today's "Game Plan"

- Intellectual Property Basics
- Special SBIR IP Rights
- Importance of Sole Source
- Special SBIR Phase III provisions
- Strategies for ensuring that your rights under the law are protected



IP Basics

- What is Intellectual Property?
 - Any business element, not generally known in your trade, that gives you an advantage
- Why should you care about it?
 - After all is said and done, it may be the only thing of value that remains



IP Basics

- What are the basic types of IP and how do you protect it?
 - Methods, formulas, techniques
 - Trade Secrets
 - Unique constructions
 - Patents
 - Identities, expressions
 - Trademarks, Copyrights
 - Technical and Business Data
 - Employee Agreements
 - SBIR Data Rights



The IP Laws

- Uniform Patent Law (Bayh-Dole Act - 1980)
 - Small Business Patent Law (37 CFR 401.14)
 - Interagency Coordination (iedison.gov)
- Rights in Data (FAR Part 27.4)
- Additional SBIR provisions
 - Civilian Agencies: FAR 52.227-20
 - Military Agencies
 - Bid and Proposal: DFARS 227-7016
 - Contracts: DFARS 227-7018



SBIR Technical Data

- Any recorded technical information developed during the performance of an SBIR or STTR award
 - Reports and Charts
 - Diagrams and Drawings
 - Invention Disclosures
 - Software documentation
- Software code generated during the SBIR or STTR project



SBIR Data Rights

- For some defined period of time, properly marked SBIR Technical Data (information or software) may not be used, modified, reproduced, released, performed, displayed or disclosed by the Government.
- This is LAW – FOI will not override it!





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Expiration of SBIR Data Rights

- SBIR Data Rights expire after some period following the close of the LAST PHASE of the project.
 - Four Years for all but DOD
 - Five Years for DOD



Sole Source



- FAR Part 6 - Competition
 - The Government must conduct “fair and open competition” for all contract awards, unless a “sole source” justification can be determined
- SBID Act of 1982 – The SBIR Program
 - Defined SBIR Phase III contracts sole source justified to the Phase I & II contractor
- SBA Policy Directive of September 24, 2002
 - With the force of law, redefined Phase III status, and clarified Phase III Data Rights



SBIR Phase III

- Work that “derives from, extends, or logically concludes effort(s) performed under prior SBIR funding agreements”
- A Phase III award may be for “products, production, services, R/R&D, or any combination thereof”
- The contractor may go straight from a Phase I to a Phase III
- SBIR Data Rights extend to Phase III



Phase III Activities

- Commercial applications of SBIR work
- SBIR-derived products or services intended for use by the Federal Government, funded with non-SBIR sources of Federal funds
- Continuation of R/R&D that has been competitively selected through peer review and funded with non-SBIR funding



The Golden Egg

- No limit on the number of Phase IIIs
- No limit on the duration of the funding agreement
- No limit on dollar value
- No limit on the type of funding agreement (e.g., grant, contract, cooperative agreement, "other transaction," or subcontract)
- Phase III may be funded by a different agency that funded Phases I or II



The Golden Egg (cont.)

- There is no limit on the time that may elapse between Phase I/II award and a Phase III
- There is no limit on the time that may elapse between one Phase III and a follow-on Phase III
- The small business size limits do not apply to Phase IIIs
 - 500 employee size limit does not apply
 - Therefore, the “affiliation rule” has no practical application



Phase III Data Rights

- SBIR firm retains: “rights to data generated by the concern in the performance of an SBIR award”
- For data rights retention, Phase III are SBIR awards, even though funded with non-SBIR funds
- Directive forbids agencies from *using* SBIR rights in technical data to produce future technical procurement specifications
- Protections of rights under prior agreements “rolls over” when a new SBIR agreement is executed



Phase III Data Rights

- Agencies receive a nonexclusive, royalty free license in technical data generated under a Phase III award, but may not disclose them during the protection period, except for very limited purposes
- SBIR technical data rights apply to all SBIR awards, including subcontracts to such awards, that fall within the definition of Phases I, II, or III



Phase III Data Rights

- Agencies must insert the SBIR technical data rights clause in every Phase III
- SBIR technical data rights are non-negotiable during Phase III award
- Agencies may not in any way make issuance of an SBIR award, including a Phase III, conditional on data rights
- Agencies may not diminish or remove SBIR Phase III technical data rights during contract administration



Protecting Your Rights

- Know the applicable laws
 - The FAR and the pertinent clauses
 - Invention disclosure process
 - Data Rights Directives
- Assert your rights
 - Don't be bullied into relinquishing rights
 - Be sure to identify protected IP, technical data, and software you bring to the contract
- **Never make any development contract the complete system**





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(206.151.87.67/docs/slides.ppt)





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QUESTIONS?



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