

## INTELLECTUAL PROPERTY RIGHTS UNDER GOVERNMENT CONTRACTS

Contracts are won based on competitive advantages. Whatever gives you a competitive advantage comprises your intellectual property (IP). The IP may relate to a superior design, more efficient processes, an advantageous wage and benefits package, or a uniquely skilled management and key employee team. To maintain your competitive advantage you must both maintain the confidentiality of what you have as well as innovate new IP.

If your company transacts business with the Federal Government, ownership, control, and protection of your IP is governed by a complex set of laws and regulations. The complexity arises not only from the language of the laws and regulations themselves but, also, because the rules that will apply vary depending on a number of factors, including:

- The contractual vehicle involved (procurement contract, grant, cooperative agreement, CRADA, and so-called "Other Transactions")
- The subject matter of that contractual vehicle (research, development, production, or multiple award schedule)
- The agency involved (e.g., DOD, NASA, DOE, DHS, GSA)
- The year in which the IP was developed and, in the case of inventions, "conceived" or "first actually reduced to practice"
- The nature of the IP (scientific/technical vs. cost/management; patented vs. non-patented)

If you transact business with the Federal Government, you need to know which IP rules apply to your business, what those rules require, and how to abide strictly with those rules, or you will find your IP rights compromised.

### The Sheppard Mullin Difference

Many law firms can provide excellent, general IP counsel. A number of firms can provide Government Contracts counsel. Sheppard Mullin, however, provides you specific, specialized Government Contracts IP counsel. Our lawyers are knowledgeable and experienced not only in the issues arising under the Standard FAR and DFARS Basic Data Rights Clauses, but also in the less common, and often more troublesome, clauses such as the DOD's "Rights in Special Works" clause, GSA's "Utilization Limitation" clause, and the model IP clauses used by DARPA, HSARPA, and DOE in CRADA's and Other Transactions.

Importantly, Sheppard Mullin expertise runs deeper than the typical "brochure level" skills described by other firms. Our attorneys have hands-on experience representing clients in a wide variety of Government Contracts IP matters, including:

- Defense of the largest patent/trade secret misappropriation case in U.S. history brought by Litton Systems, Inc. against our client. The case received national attention and was featured in the Wall Street Journal.
- Prosecution, at the Armed Services Board of Contract Appeals (resolved through an alternative disputes resolution process), of a dispute regarding rights to software designed and developed to improve the administration of design, manufacturing, and procurement changes under the NASA Shuttle Program.
- Representation of multiple contractors in lawsuits in various state and federal courts to enjoin competitors' misappropriation and misuse of technical data and software.
- Defense of a \$220 million patent dispute in the United States District Court for the Northern District of Florida brought by Florida State University against our client over ownership of a patent to a new drug formulation. A claim for declaratory relief was decided in our client's favor.
- Due diligence advice to underwriter's counsel in connection with an initial public offering for a telecommunications company whose primary assets were patents related to inventions made during the existence of Government Contracts. Advice included identification of remedial actions necessary to resolve patent ownership issues.
- Assistance to numerous contractors in the negotiation and litigation of patent and data rights disputes with the Government including designers/developers of simulation software, first response software, fuze technologies, patentable weapon laser technology, communications technologies, computer chip technologies, and air refueling technology.
- Representation of clients in Freedom of Information Act disputes to protect against disclosure of proprietary cost,

- pricing, and management information, including filing so-called "Reverse FOIA" actions in federal district courts.
- Expert witness assistance in litigation involving the invention disclosure and reporting requirements under the Patent Rights Clause.
  - Drafting, reviewing and negotiating technology license agreements between prime contractors and subcontractors for technologies to be used in the performance of Government Contracts.
  - The drafting and negotiation of special data rights clauses.
  - A due diligence review for legal and factual sufficiency of claims of proprietary rights related to 17 separate technologies utilized in state-of-the-art aircraft design prior to the client's presentation of the claims to the Air Force.
  - The performance of internal Government Contract-IP audits designed to inform clients with respect to the status of their IP rights, flaws in the systems used to monitor and control the assertion and preservation of those rights, and possible curative actions to avoid further compromise of the client's IP position.