

The United States' non voluntary use of patents by or for the government under FAR 52.227-1

James Love
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28 U.S.C. §1498(a). Patent and copyright cases

(a) Whenever an invention described in and covered by a patent of the United States is used or manufactured by or for the United States without license of the owner thereof or lawful right to use or manufacture the same, the owner's remedy shall be by action against the United States in the United States Court of Federal Claims for the recovery of his reasonable and entire compensation for such use and manufacture. . . .

For the purposes of this section, the use or manufacture of an invention described in and covered by a patent of the United States by a contractor, a subcontractor, or any person, firm, or corporation for the Government and with the authorization or consent of the Government, shall be construed as use or manufacture for the United States.

[Link to text](#)

Note: (b) covers copyright, (d) plant varieties, and (e) semiconductor chip designs

The Federal Acquisition Regulation (FAR) is the primary regulation for use by all executive agencies in their acquisition of supplies and services with appropriated funds. The FAR also contains standard solicitation provisions and contract clauses and the various agency FAR supplements.



FAR

FAC Number: 2023-05
Effective Date: 09/22/2023

Part 52

[52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement.](#)

[52.227-3 Patent Indemnity.](#)

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[52.227-14 Rights In Data-General.](#)

[52.227-15 Representation of Limited Rights Data and Restricted Computer Software.](#)

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[52.227-17 Rights in Data-Special Works.](#)

[52.227-18 Rights in Data-Existing Works.](#)

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[52.227-20 Rights In Data-SBIR Program.](#)

[52.227-21 Technical Data Declaration, Revision, and Withholding of Payment-Major Systems.](#)

[52.227-22 Major System-Minimum Rights.](#)

[52.227-23 Rights to Proposal Data \(Technical\).](#)

Parent topic: [Subpart 52.2 - Text of Provisions and Clauses](#)

Part 52 - Solicitation Provisions and Contract Clauses

Subpart 52.2 - Text of provisions and clauses

52.227 - Provisions and clauses relating to patents, data and software

<https://www.acquisition.gov/far/52.227>

52.227-1 Authorization and Consent (June 2020)

(a) The Government authorizes and consents to all use and manufacture, in performing this contract or any subcontract at any tier, of any invention described in and covered by a United States patent-

(1) Embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract; or

(2) Used in machinery, tools, or methods whose use necessarily results from compliance by the Contractor or a subcontractor with (i) specifications or written provisions forming a part of this contract or (ii) specific written instructions given by the Contracting Officer directing the manner of performance. the entire liability to the Government for infringement of a United States patent shall be determined solely by the provisions of the indemnity clause, if any, included in this contract or any subcontract hereunder (including any lower-tier subcontract), and the Government assumes liability for all other infringement to the extent of the authorization and consent hereinabove granted.

(b) The Contractor shall include the substance of this clause, including this paragraph (b), in all subcontracts that are expected to exceed the simplified acquisition threshold, as defined in Federal Acquisition Regulation (FAR) 2.101 on the date of subcontract award. However, omission of this clause from any subcontract, including those at or below the simplified acquisition threshold, as defined in FAR 2.101 on the date of subcontract award, does not affect this authorization and consent.

Alternative 1 (April 1984)

(a) The Government authorizes and consents to all use and manufacture of any invention described in and covered by a United States patent in the performance of this contract or any subcontract at any tier.

Alternative II (April 1984)

a) The Government authorizes and consents to all use and manufacture in the performance of any order at any tier or subcontract at any tier placed under this contract for communication services and facilities for which rates, charges, and tariffs are not established by a government regulatory body, of any invention described in and covered by a United States patent-

(1) Embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract; or

(2) Used in machinery, tools, or methods whose use necessarily results from compliance by the Contractor or a subcontractor with specifications or written provisions forming a part of this contract or with specific written instructions given by the Contracting Officer directing the manner of performance.

Including FAR 52.227-1 in a contract

The text of the clause can be included in a contract, or, more commonly, included by reference

Using FAR 52.227-1

There is no requirement to negotiate with the patent holder, contact the patent holder or identify the patents used.

There are no restrictions on exports or imports. (no TRIPS 31.f, 31bis or June 17, 2022 conditions attached)

There is no balancing test or grounds required, and no waiting period. The federal government has a clear right to use 52.227-1 whenever it chooses.

The patent holder is entitled the compensation, but only from the federal government.

FAR 52.227-3 Patent Indemnity (April 1984)

(a) The Contractor shall indemnify the Government and its officers, agents, and employees against liability, including costs, for infringement of any United States patent (except a patent issued upon an application that is now or may hereafter be withheld from issue pursuant to a Secrecy Order under 35 U.S.C.181) arising out of the manufacture or delivery of supplies, the performance of services, or the construction, alteration, modification, or repair of real property (hereinafter referred to as "construction work") under this contract, or out of the use or disposal by or for the account of the Government of such supplies or construction work.

(b) This indemnity shall not apply unless the Contractor shall have been informed as soon as practicable by the Government of the suit or action alleging such infringement and shall have been given such opportunity as is afforded by applicable laws, rules, or regulations to participate in its defense. Further, this indemnity shall not apply to—

(1) An infringement resulting from compliance with specific written instructions of the Contracting Officer directing a change in the supplies to be delivered or in the materials or equipment to be used, or directing a manner of performance of the contract not normally used by the Contractor;

(2) An infringement resulting from addition to or change in supplies or components furnished or construction work performed that was made subsequent to delivery or performance; or

(3) A claimed infringement that is unreasonably settled without the consent of the Contractor, unless required by final decree of a court of competent jurisdiction.

Examples

KEI collection of contracts with FAR 52.227-1 ([link](#))

TRIPS and 52.227-1

The TRIPS is divided into seven parts with a preamble and 73 articles, one Annex, an Appendix to the Annex, and 23 footnotes.

The WTO members can and do modify the agreement through a variety of actions including ministerial declarations and actions of the General Council or the TRIPS Council.

- Doha Ministerial Declaration on TRIPS and Public Health, November 2001
- Decision of the General Council of 30 August 2003, on the Implementation of paragraph 6 of the Doha Declaration on the TRIPS Agreement and public health
- Extension of the Transition Period under Article 66.1 for Least-developed country Members – Decision of the Council for TRIPS (IP/C/88); June 29, 2021, plus several earlier decisions related to LDC obligations
- Ministerial Decision on the TRIPS Agreement, June 17, 2022.

PART I GENERAL PROVISIONS AND BASIC PRINCIPLES (Articles 1 to 8)

PART II STANDARDS CONCERNING THE AVAILABILITY, SCOPE AND USE OF INTELLECTUAL PROPERTY RIGHTS

Section 1. Copyright and Related Rights (Articles 9 to 14)

Section 2. Trademarks (Articles 15 to 21)

Section 3. Geographical Indications (Articles 22 to 24)

Section 4. Industrial Designs (Articles 25 to 26)

Section 5. Patents (Articles 27 to 34)

Section 6. Layout-Designs (Topographies) of Integrated Circuits (Articles 35 to 38)

Section 7. Protection of Undisclosed Information (Article 39)

Section 8. Control of Anti-Competitive Practices in Contractual Licences (Article 40)

PART III ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

Section 1. General Obligations (Article 41)

Section 2. Civil and Administrative Procedures and Remedies (Articles 42 to 49)

Section 3. Provisional Measures (Article 50)

Section 4. Special Requirements Related to Border Measures (Articles 51 to 60)

Section 5. Criminal Procedures (Article 61)

PART IV ACQUISITION AND MAINTENANCE OF INTELLECTUAL PROPERTY RIGHTS AND RELATED INTER PARTES PROCEDURES (Article 62)

PART V DISPUTE PREVENTION AND SETTLEMENT (Articles 63 to 64)

PART VI TRANSITIONAL ARRANGEMENTS (Articles 65 to 67)

PART VII INSTITUTIONAL ARRANGEMENTS; FINAL PROVISIONS (Article 68 to 73)

ANNEX TO THE TRIPS AGREEMENT

APPENDIX TO THE ANNEX TO THE TRIPS AGREEMENT

Part II compared to Part III, Article 44 exceptions

Part II exceptions to exclusive rights

1. Exceptions are specific to type of intellectual property
2. Both remunerative and non-remunerative exceptions are possible
3. Restrictive conditions often apply
 - a. 3-step tests (copyright, trademarks, patents, industrial designs).
 - b. Patents: Limits on exports Articles 31.f, 31bis and June 17, 2022 decision
 - c. Prior negotiations 31
 - d. etc

Part III, Enforcement of rights. Article 44, injunctions

1. Apply to all TRIPS IP types
2. No limits on exports
3. No requirement for prior negotiation of rights holder
4. When compensation is available, can eliminate the possibility of an injunction, creating a liability rule

Part III, Article 44 - Injunctions

1. The judicial authorities **shall have the authority** to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods.

Members **are not obliged to accord such authority** in respect of protected subject matter acquired or ordered by a person **prior to knowing or having reasonable grounds to know** that dealing in such subject matter would entail the infringement of an intellectual property right.

2. Notwithstanding the other provisions of this Part and **provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government**, without the authorization of the right holder are complied with,

Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31. In other cases, the remedies under this Part shall apply **or, where these remedies are inconsistent with a Member's law, declaratory judgments and adequate compensation shall be available.**

Location	Text	It means	Examples
Article 44.1 first sentence	Judicial authorities shall have the authority to order a party to desist from an infringement, inter alia to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods.	Judicial authorities have discretion to grant injunctions	Court decisions <i>eBay</i> Caselaw Various national SEP cases etc

Location	Text	It means	Examples
Article 44.1, second sentence	Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.	But no obligation to grant judicial authorities that right when “protected subject matter is acquired . . . prior to knowing or having reasonable grounds” it is infringing.	15 USC 1114 17 USC 907. TRIPS Article 37 etc

Location	Text	It means	Examples
Article 44.2 first sentence	Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31	If Part II provisions on “use by governments, or by third parties authorized by a government” are complied with, injunctions can be eliminated, if remuneration consistent with Article 31(h) is available.	Some examples of 28 USC 1498(a) and other US exceptions. But not others.

Location	Text	It means	Examples
Article 44.2, second sentence	In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with a Member's law , declaratory judgments and adequate compensation shall be available.	WTO members don't have to make injunctions possible, when "adequate compensation" is available. Increases freedom to operate, effectively creating a liability rule system.	<p>Uses of 28 USC 1498 inconsistent with Article 31</p> <p>Biologics Price Competition & Innovation Act (BPCIA)</p> <p>42 U.S. Code § 2184, non military use of nuclear energy</p> <p>Section 40 Canada Copyright Law</p> <p>Section 59 India Copyright Act</p> <p>Section 47 of the Libya Copyright Act.</p> <p>Section 16 of the Nigeria Copyright Act</p>

Compensation, remuneration standards

- TRIPS

- Article 45, Damages. Judicial authorities shall have the authority to order damages adequate to compensate for the injury the right holder has suffered
- However, for Article 44.2,a different standard: adequate remuneration or adequate compensation.

- US law

- 28 USC 1498(a), patents, reasonable compensation
- 5 USC § 271(e)(6)(B). Biologics Price Competition & Innovation Act (BPCIA).
reasonable royalty
- 42 U.S. Code § 2184, patents, and non military use of nuclear energy, royalty based on utility, novelty, and importance of the invention or discovery, cost of development or acquiring patent, and role of federal funding
- 17 USC 907, Semiconductor chip product, reasonable royalty

Back to examples of FAR 52.227-1

KEI collection of contracts with FAR 52.227-1 ([link](#))