

# Department of the Interior Departmental Manual

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**Effective Date:** 10/20/71

**Series:** Legal

**Part 453:** Inventions and Patents

**Chapter 2:** Inventions by Contractor Employees

**Originating Office:** Office of the Solicitor

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This chapter has been given a new release number.* No text changes were made.
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## 453 DM 2

**2.1 Purpose.** This chapter states Department policy on inventions made under research and development contracts with individuals and organizations outside the Federal Government.

**2.2 Categories of Contracts.** Concerning rights to inventions, Department research and development contracts fall into two categories:

- A. Those where specific statutory provisions govern invention rights.
- B. Those where no statutory provisions govern invention rights.

Contracts fall under category A when entered pursuant to The Coal Research Act, P.L. 86-599; The Helium Act Amendments of 1960, P.L. 86-777; The Saline Water Conversion Act of 1971, P.L. 92-60; The Water Resources Research Act, P.L. 89-379; The Appalachian Regional Development Act, P.L. 89-4; and The Federal Coal Mine Health and Safety Act of 1969, P.L. 91-173. Contracts in any other Department activity presently fall under category B.

**2.3 Statutory Patent Requirements.** All research and development contracts under category A are required by statute to provide that all resulting information, patents and developments be made available to the public free of charge.

**2.4 Non-Statutory Patent Requirements, President's Patent Policy Statement.** Contracts for research and development under category B must conform with the requirements of Section 1 of the President's Patent Policy Statement of August 23, 1971, (36 F.R. 16887) Section 1 provides that:

A. The Government shall normally acquire the principal rights to inventions made under research conducted:

- (1) To develop a process of equipment intended for use by the public; or
- (2) In the fields of public health or welfare; or

(3) In a field of science and technology in which there is little significant experience outside work funded by the Government, or where the Government has been the principal developer of the field and the acquisition of exclusive rights by a contractor would place him in a dominant position; or

(4) Where the services of a contractor are for operating a government-owned research or production facility, or for coordinating or directing the work of others.

B. Whenever the principal or exclusive rights in an invention are acquired by the Government, a nonexclusive, royalty-free license throughout the world may be reserved to the contractor. The Government may reserve the right to revoke such license in order to grant an exclusive license if necessary to encourage private development of the invention.

C. In exceptional circumstances at the time of contracting a contractor may acquire greater rights in an invention than a nonexclusive license where the Secretary certifies that such action will best serve the public interest. Greater rights may also be acquired by a contractor after an invention which is a primary object of a contract has been identified where the Secretary determines that acquisition of such rights is consistent with the intent of the President's Statement, and either is a necessary incentive for private financing to develop the invention or the Government's contribution is small compared to the contractor's.

D. Where the purpose of a contract is to develop information, processes, or apparatus for use by the Government, and a contractor has acquired technical competence in the field and has an established non-governmental commercial position, title is normally left with the contractor. If the contractor's commercial position is not sufficiently established, after an invention is identified rights are determined in a manner most likely to serve the public interest, taking particularly into account the contractor's intentions to develop the invention and the guidelines of the President's Statement.

E. Whenever the principal or exclusive rights in an invention remain in a contractor, the Government shall normally acquire:

(1) At least a nonexclusive, nontransferable, paid-up license throughout the world on behalf of the Federal, State and Municipal Governments of the United States, unless the Secretary determines that it would not be in the public interest to include the State and Municipal Governments; and

(2) If determined by the Secretary to be in the national interest, the right to sublicense any foreign government pursuant to any existing or future treaty or agreement; and

(3) The principal or exclusive rights in any country in which the contractor does not elect to secure a patent.

F. Where two or more potential contractors submit proposals of equivalent merit, willingness to grant the Government principal or exclusive rights in resulting inventions should be weighed in evaluating the proposals.

G. Other provisions of Section 1 of the Statement cover reporting, public licensing if an invention is not commercially developed and made available by a contractor retaining title, public licensing if an invention is necessary for governmental purposes, and foreign rights.

**2.5 General Policy of the Department.** Because of the nature of the Department's mission, the Government generally acquires the principal rights to inventions made under research and development contracts falling within both categories A and B.

**2.6 Patent Clauses.** Every contract having research and development as one of its purposes must contain patent clauses to implement these policies. For clauses appropriate in particular circumstances, consult the Office of the Solicitor, Branch of Patents.

**2.7 Reports.**

A. **Invention Reports.** Contractors are required to promptly report inventions made in the course of research and development. Reports are submitted in triplicate on Form DI-1217. One copy is retained by the Bureau and two copies forwarded to the Office of the Solicitor, Branch of Patents.

B. **Interim and Final.** In addition, contractors are required to submit interim and final reports listing both inventions made during the reporting period and any subcontracts entered into. Such reports are submitted in triplicate on Form DI-1216. One copy is retained by the Bureau, and two copies forwarded to the Office of the Solicitor, Branch of Patents. Copies of reporting forms are furnished to contractors by the Bureaus.

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