

## 2. Definitions

The Act seeks to further identify its scope by defining terms that ultimately govern when the Act should apply. Of note, the BDA applies only for funding by federal agencies for "the performance of experimental, developmental, or research work funded in whole or in part<sup>46</sup> by the federal government."<sup>47</sup>

A subject invention<sup>48</sup> is any invention of the contractor "conceived or first actually reduced to practice in the performance of work under a funding agreement..."<sup>49</sup> The use and placement of the term "contractor" ensures that the reduction to practice relates to the contractor's invention, and that work of a contractor reducing someone else's invention to practice would not qualify as a "subject invention."<sup>50</sup>

### *B. Disposition of Rights*

The disposition of rights contemplated under Bayh-Dole is codified in 35 U.S.C. § 202. This specifically allows for the contractor to retain title from the government.<sup>51</sup> For the contractor to achieve this, it must undertake several procedural steps, including a disclosure and an election.<sup>52</sup>

#### 1. The Disclosure and Election

§ 202(a) of the Act requires the contractor to make an affirmative election that it wishes to gain the title to a subject invention. Furthermore, the BDA imposes four exceptions that give the government the option to override the contractor's option

46 Thus, the project need not be entirely funded by government money. See Nash and Rawicz, *supra* note 36, at 255.

47 35 U.S.C. § 201(a-b) (2009). A federal agency is any executive agency as defined in 5 U.S.C. § 105 or the military departments under 5 U.S.C. § 102. A funding agreement is "any contract, grant or cooperative agreement entered into between any Federal agency....".

48 See 35 U.S.C. § 201(e) (2009) (subject invention); See 35 U.S.C. § 201(d) (2009) (invention).

49 35 U.S.C. § 201(e) (2009).

50 See Nash and Rawicz, *supra* note 36, at 258.

51 See 35 U.S.C. § 202 (2009).

52 See Nash and Rawicz, *supra* note 36, at 266.

to retain title.<sup>53</sup> Thus, title is not automatically vested in the contractor pursuant to the Act.

First, the contractor must disclose each subject invention to the federal agency providing the funding within a reasonable time once it becomes aware of the invention.<sup>54</sup> Failure to disclose promptly provides the government with adequate means to forfeit the award of title to a contractor.<sup>55</sup>

The contractor also must make a written election to the federal agency within two years of disclosure.<sup>56</sup> This election should maintain that the contractor will agree to file a patent application prior to any statutory bar date and further file corresponding patent applications in other countries where it wishes to retain title.<sup>57</sup>

## 2. Contractor Failure to Elect Title

§ 202(d) of the Act states that "[i]f a contractor does not elect to retain title... the Federal agency may consider and after consultation with the contractor grant requests for retention of the rights by the inventor subject to the provisions of this Act."<sup>58</sup> The language of this provision implies two important concepts: that a subject invention is still subject to the other requirements of Bayh-Dole even if the contractor does not elect to take title, and that the inventor may not automatically retain rights over the government to an invention he created.<sup>59</sup> The Supreme Court

53 *See id.* at 267. It is notable that the exceptions do not automatically preclude a contractor from making an election or even having it granted; they are merely optional bases for the federal agency to refuse to give title to the contractor. *See* 35 U.S.C. § 202(a). However, if no exceptions exist, the government cannot otherwise preclude a contractor from making an election of title *See* 35 U.S.C. § 202(b) (2009).

54 *See* 35 U.S.C. § 202(c)(1)(2009); *See* Nash and Rawicz, *supra* note 36, at 267.

55 *See* Campbell Plastics Eng. v. Brownlee, 389 F.3d 1243, 1250 (Fed. Cir. 2004).

56 *See* 35 U.S.C. § 202(c)(2) (2009). The statute notes that the period for election may be shortened if publication, sale or public use has initiated a statutory bar period under 35 U.S.C. § 102.

57 *See* 35 U.S.C. § 202(c)(3) (2009). The government may receive title to subject inventions in the U.S. or any other country in which the contract has not filed a patent application on the subject invention within a reasonable time.

58 35 U.S.C. § 202(d) (2009).

59 However, the language of the statute does not prevent patent rights clauses from providing the contractor with revocable licenses in subject inventions. *See* Nash and Rawicz, *supra* note 36, at 317. Therefore, the government not only may not be able to exercise full title because of the rights of the inventor, but it must also license certain rights to the contractor.