The Role of Patents, Trademarks and Copyrights For Defense Contractors Who Commercialize Their Products

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In the past, many defense contractors on Long Island were not concerned with the protection of their research and developments. Very often, the projects in which they were engaged were federally funded under Department of Defense (DOD) contracts. Under the Federal Acquisition Regulations (FAR), even though the federal government was permitted only under exceptional circumstances to take title to any inventions developed under a DOD contract, defense contractors were contractually bound to grant to the government a paid-up (royalty-free), irrevocable, non-exclusive license to practice or have practiced (by someone else at the government's direction) for or on behalf of the United States throughout the world each invention conceived or built under the contract. FAR 52.227-12(b). If the invention had only a military and no commercial application, it did not make sense for the defense contractor to obtain patent protection for the invention; the market was controlled by the government. The contractor's obligation under the contract was to report new inventions timely to the government. FAR 52.227-12(c). This "patent and data rights" clause was found in most government DOD contracts and was generally non-negotiable.

On the positive side, defense contractors were not concerned about infringing the patent rights of others in fulfilling their duties under a government contract. An "authorization and consent" clause in the agreement protected the contractor from infringement of another's patent rights due to the contractor's use or manufacture of a patented invention in carrying out its contractual obligations. Any suits for patent infringement would have to be brought against the government, not the contractor. 28 U.S.C. §1498; FAR 52.227.1.

Contractors and sub-contractors, as well as spin-off companies from defense contractors, who are entering the commercial arena with their products, must timely protect their intellectual property rights (patents, trademarks and copyrights) in their research and developments and must be cognizant of the rights of others to avoid infringement. The owner of a patent has a right to exclude others from making, using or selling its patented invention without its permission. The term of a U.S. patent is 20 years from filing a patent application under the General Agreement on Tariffs and Trade (GATT) adopted by The United States several years ago. A federally registered trademark ("®") provides nationwide protection for the trademark owner, who has adopted and is using a trademark in connection with the product it is manufacturing. A trademark lasts forever as long as it is continued to be used in commerce, and the federal registration is continually renewable. A copyright ("©") protects an original work of art, which includes art layouts, blueprints, software, instruction and installation sheets and many other forms of expression which may be used with a company's product. A copyright lasts the author's lifetime plus 70 years after his death, or the shorter of 95 years from publication or 120 years from creation for "works made for hire", depending on circumstances.

These three forms of intellectual property protection are available to protect a company's investment and goodwill in a commercial product, and are extremely important for emerging companies and those contractors who are expanding their business opportunities in commercial markets.