

of a process or method, or to operate in the case of a machine or system; and, in each case, under such conditions as to establish that the invention is being utilized and that its benefits are to the extent permitted by law or Government regulations available to the public on reasonable terms.

(e) *United States* means the United States of America, its territories and possessions, the District of Columbia, and the Commonwealth of Puerto Rico.

[50 FR 9802, Mar. 12, 1985, as amended at 71 FR 11512, Mar. 8, 2006]

**§ 404.4 Authority to grant licenses.**

Federally owned inventions shall be made available for licensing as deemed appropriate in the public interest and each agency shall notify the public of these available inventions. The agencies having custody of these inventions may grant nonexclusive, co-exclusive, partially exclusive, or exclusive licenses thereto under this part. Licenses may be royalty-free or for royalties or other consideration. They may be for all or less than all fields of use or in specified geographic areas and may include a release for past infringement. Any license shall not confer on any person immunity from the anti-trust laws or from a charge of patent misuse, and the exercise of such rights pursuant to this part shall not be immunized from the operation of state or federal law by reason of the source of the grant.

[71 FR 11512, Mar. 8, 2006]

**§ 404.5 Restrictions and conditions on all licenses granted under this part.**

(a)(1) A license may be granted only if the applicant has supplied the Federal agency with a satisfactory plan for development or marketing of the invention, or both, and with information about the applicant's capability to fulfill the plan. The plan for a non-exclusive research license may be limited to describing the research phase of development.

(2) A license granting rights to use or sell under a Government owned invention in the United States shall normally be granted only to a licensee who agrees that any products embodying the invention or produced through

the use of the invention will be manufactured substantially in the United States. However, this condition may be waived or modified if reasonable but unsuccessful efforts have been made to grant licenses to potential licensees that would be likely to manufacture substantially in the United States or if domestic manufacture is not commercially feasible.

(b) Licenses shall contain such terms and conditions as the Federal agency determines are appropriate for the protection of the interests of the Federal Government and the public and are not in conflict with law or this part. The following terms and conditions apply to any license:

(1) The duration of the license shall be for a period specified in the license agreement, unless sooner terminated in accordance with this part.

(2) Any patent license may grant the licensee the right of enforcement of the licensed patent without joining the Federal agency as a party as determined appropriate in the public interest.

(3) The license may extend to subsidiaries of the licensee or other parties if provided for in the license but shall be nonassignable without approval of the Federal agency, except to the successor of that part of the licensee's business to which the invention pertains.

(4) The license may provide the licensee the right to grant sublicenses under the license, subject to the approval of the Federal agency. Each sublicense shall make reference to the license, including the rights retained by the Government, and a copy of such sublicense with any modifications thereto, shall be promptly furnished to the Federal agency.

(5) The license shall require the licensee to carry out the plan for development or marketing of the invention, or both, to bring the invention to practical application within a reasonable time as specified in the license, and continue to make the benefits of the invention reasonably accessible to the public.

(6) The license shall require the licensee to report periodically on the utilization or efforts at obtaining utilization that are being made by the licensee, with particular reference to the

plan submitted but only to the extent necessary to enable the agency to determine compliance with the terms of the license.

(7) Where an agreement is obtained pursuant to § 404.5(a)(2) that any products embodying the invention or produced through the use of the invention will be manufactured substantially in the United States, the license shall recite such an agreement.

(8) The license shall provide for the right of the Federal agency to terminate the license, in whole or in part, if the agency determines that:

(i) The licensee is not executing its commitment to achieve practical application of the invention, including commitments contained in any plan submitted in support of its request for a license and the licensee cannot otherwise demonstrate to the satisfaction of the Federal agency that it has taken, or can be expected to take within a reasonable time, effective steps to achieve practical application of the invention;

(ii) Termination is necessary to meet requirements for public use specified by Federal regulations issued after the date of the license and such requirements are not reasonably satisfied by the licensee;

(iii) The licensee has willfully made a false statement of or willfully omitted a material fact in the license application or in any report required by the license agreement;

(iv) The licensee commits a substantial breach of a covenant or provision contained in the license agreement, including the requirement in § 35 U.S.C. 209(b); or

(v) The licensee has been found by a court of competent jurisdiction to have violated the Federal antitrust laws in connection with its performance under the license agreement.

(9) The license may be modified or terminated, consistent with this part, upon mutual agreement of the Federal agency and the licensee.

(10) The license may be modified or terminated, consistent with this part, upon mutual agreement of the Federal agency and the licensee.

(11) Nothing relating to the grant of a license, nor the grant itself, shall be construed to confer upon any person

any immunity from or defenses under the antitrust laws or from a charge of patent misuse, and the acquisition and use of rights pursuant to this part shall not be immunized from the operation of state or Federal law by reason of the source of the grant.

[50 FR 9802, Mar. 12, 1985, as amended at 71 FR 11512, Mar. 8, 2006; 88 FR 17739, Mar. 24, 2023]

#### § 404.6 Nonexclusive licenses.

Nonexclusive licenses may be granted under Government owned inventions without a public notice of a prospective license.

[71 FR 11513, Mar. 8, 2006]

#### § 404.7 Exclusive, co-exclusive, and partially exclusive licenses.

(a) Exclusive, co-exclusive or partially exclusive licenses may be granted on Government owned inventions, only if:

(1) Notice of a prospective license identifying the invention and the prospective licensee has been published and responses, if any, reviewed in accordance with 35 U.S.C. 209(e). The agency, in its discretion, may include other information as appropriate;

(2) After expiration of the public notice period and consideration of any written objections received in accordance with 35 U.S.C. 209(e), the Federal agency has determined that:

(i) The public will be served by the granting of the license, as indicated by the applicant's intentions, plans and ability to bring the invention to the point of practical application or otherwise promote the invention's utilization by the public;

(ii) The proposed scope of exclusivity is not greater than reasonably necessary to provide the incentive for bringing the invention to practical application, as proposed by the applicant, or otherwise to promote the invention's utilization by the public; and

(iii) Exclusive, co-exclusive or partially exclusive licensing is a reasonable and necessary incentive to call forth the investment capital and expenditures needed to bring the invention to practical application or otherwise promote the invention's utilization by the public;