

and allowable, indirect expense on Department of Defense contracts.

(c) **ADDITIONAL CONTROLS.**—Subject to subsection (d), the regulations prescribed under subsection (a) may include the following provisions:

(1) Controls on the reimbursement of costs to the contractor for expenses incurred for independent research and development to ensure that such costs were incurred for independent research and development.

(2) Implementation of regular methods for transmission—

(A) from the Department of Defense to contractors, in a reasonable manner, of timely and comprehensive information regarding planned or expected needs of the Department of Defense for future technology and advanced capability; and

(B) from contractors to the Department of Defense, in a reasonable manner, of information regarding progress by the contractor on the independent research and development programs of the contractor.

(d) **LIMITATIONS ON REGULATIONS.**—Regulations prescribed under subsection (a) may not include provisions that would infringe on the independence of a contractor to choose which technologies to pursue in its independent research and development program if the chief executive officer of the contractor determines that expenditures will advance the needs of the Department of Defense for future technology and advanced capability as transmitted pursuant to subsection (c)(2)(A).

(e) **EFFECTIVE DATE.**—The regulations prescribed under subsection (a) shall apply to indirect costs incurred on or after October 1, 2017.

(Added Pub. L. 101–510, div. A, title VIII, § 824(a)(1), Nov. 5, 1990, 104 Stat. 1603, § 2372; amended Pub. L. 102–25, title VII, § 701(c), Apr. 6, 1991, 105 Stat. 113; Pub. L. 102–190, div. A, title VIII, § 802(a)(1), Dec. 5, 1991, 105 Stat. 1412; Pub. L. 102–484, div. A, title X, § 1052(27), Oct. 23, 1992, 106 Stat. 2500; Pub. L. 103–35, title II, § 201(c)(5), May 31, 1993, 107 Stat. 98; Pub. L. 104–106, div. D, title XLIII, § 4321(b)(11), Feb. 10, 1996, 110 Stat. 672; Pub. L. 114–328, div. A, title VIII, § 824(a)(1), Dec. 23, 2016, 130 Stat. 2277; Pub. L. 115–91, div. A, title X, § 1081(a)(35), Dec. 12, 2017, 131 Stat. 1596; renumbered § 3762, Pub. L. 116–283, div. A, title XVIII, § 1832(j)(2), Jan. 1, 2021, 134 Stat. 4225.)

Editorial Notes

AMENDMENTS

2021—Pub. L. 116–283 renumbered section 2372 of this title as this section.

2017—Subsec. (d). Pub. L. 115–91 substituted “subsection (c)(2)(A)” for “subsection (c)(3)(A)”.

2016—Pub. L. 114–328 amended section generally. Prior to amendment, section related to payments to contractors for independent research and development and bid and proposal costs.

1996—Subsec. (i)(1). Pub. L. 104–106 substituted “2324(l)” for “2324(m)”.

1993—Subsec. (g)(5). Pub. L. 103–35 substituted “section 2506” for “section 2522”.

1992—Subsec. (e)(1). Pub. L. 102–484 substituted “on December 4, 1991” for “on the day before the date of the enactment of the National Defense Authorization Act for Fiscal Years 1992 and 1993”.

1991—Pub. L. 102–190 substituted section catchline for one which read “Independent research and development” and amended text generally, substituting present provisions for provisions authorizing payment of independent research and development or bid and proposal costs, encouraging contractors to engage in research and development activities, and authorizing advance agreements regarding the manner and extent in which the Department of Defense may pay independent research and development costs or bid and proposal costs.

Subsec. (d)(2)(B). Pub. L. 102–25 substituted “subsection (b), including” for “subsection (b) or”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment by Pub. L. 116–283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116–283, set out as a note preceding section 3001 of this title.

EFFECTIVE DATE OF 1996 AMENDMENT

For effective date and applicability of amendment by Pub. L. 104–106, see section 4401 of Pub. L. 104–106, set out as a note under section 2220 of this title.

EFFECTIVE DATE OF 1991 AMENDMENT

Pub. L. 102–190, div. A, title VIII, § 802(e), Dec. 5, 1991, 105 Stat. 1414, provided that: “The amendments made by this section [amending this section and section 4501 of this title] shall take effect on October 1, 1992, and shall apply to independent research and development and bid and proposal costs incurred by a contractor during fiscal years of that contractor that begin on or after that date.”

REGULATIONS

Pub. L. 102–190, div. A, title VIII, § 802(b), Dec. 5, 1991, 105 Stat. 1414, provided that: “The Secretary of Defense shall prescribe proposed regulations to implement the amendment made by subsection (a)(1) [amending this section] not later than April 1, 1992, and shall prescribe final regulations for that purpose not later than June 1, 1992.”

§ 3763. Bid and proposal costs: allowable costs

(a) **REGULATIONS.**—The Secretary of Defense shall prescribe regulations governing the payment by the Department of Defense of expenses incurred by contractors for bid and proposal costs. Such regulations shall provide that expenses incurred for bid and proposal costs shall be reported independently from other allowable indirect costs.

(b) **COSTS ALLOWABLE AS INDIRECT EXPENSES.**—The regulations prescribed under subsection (a) shall provide that bid and proposal costs shall be allowable as indirect expenses on covered contracts, as defined in section 3741 of this title, to the extent that those costs are allocable, reasonable, and not otherwise unallowable by law or under the Federal Acquisition Regulation.

(c) **GOAL FOR REIMBURSABLE BID AND PROPOSAL COSTS.**—The Secretary shall establish a goal each fiscal year limiting the amount of reimbursable bid and proposal costs paid by the Department of Defense to an amount equal to not more than one percent of the total aggregate industry sales to the Department of Defense. To achieve such goal, the Secretary may not limit the payment of allowable bid and proposal costs for the covered year.

(d) **PANEL.**—(1) If the Department of Defense exceeds the goal established under subsection (c)

for a fiscal year, within 180 days after exceeding the goal, the Secretary shall establish an advisory panel. The panel shall be supported by the Defense Acquisition University and the National Defense University, including administrative support.

(2) The panel shall be composed of nine individuals who are recognized experts in acquisition and procurement policy appointed by the Secretary. In making such appointments, the Secretary shall ensure that the members of the panel reflect diverse experiences in the public and private sector.

(3) The panel shall review laws, regulations, and practices that contribute to the expenses incurred by contractors for bids and proposals in the fiscal year concerned and recommend changes to such laws, regulations, and practices that may reduce expenses incurred by contractors for bids and proposals.

(4)(A) Not later than six months after the establishment of the panel, the panel shall submit to the Secretary and the congressional defense committees an interim report on the findings of the panel.

(B) Not later than one year after the establishment of the panel, the panel shall submit to the Secretary and the congressional defense committees a final report on the findings of the panel.

(5) The panel shall terminate on the day the panel submits the final report under paragraph (4)(B).

(6) The Secretary of Defense may use amounts available in the Department of Defense Acquisition Workforce Development Fund established under section 1705 of this title to support the activities of the panel established under this subsection.

(e) EFFECTIVE DATE.—The regulations prescribed under subsection (a) shall apply to indirect costs incurred on or after October 1, 2017.

(Added Pub. L. 114-328, div. A, title VIII, § 824(b)(1), Dec. 23, 2016, 130 Stat. 2278, § 2372a; renumbered § 3763 and amended Pub. L. 116-283, div. A, title XVIII, § 1832(j)(2), (4), Jan. 1, 2021, 134 Stat. 4225.)

Editorial Notes

AMENDMENTS

2021—Pub. L. 116-283, § 1832(j)(2), renumbered section 2372a of this title as this section.

Subsec. (b). Pub. L. 116-283, § 1832(j)(4), substituted “section 3741” for “section 2324(l)”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment by Pub. L. 116-283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116-283, set out as a note preceding section 3001 of this title.

CHAPTER 275—PROPRIETARY CONTRACTOR DATA AND RIGHTS IN TECHNICAL DATA

Subchapter	Sec.
I. Rights in Technical Data	3771
II. Validation of Proprietary Data Restrictions	3781
III. Other Provisions Relating to Proprietary Contractor Data and Rights in Technical Data	3791

Editorial Notes

PRIOR PROVISIONS

A prior chapter 275 “PROPRIETARY CONTRACTOR DATA AND TECHNICAL DATA”, as added by Pub. L. 115-232, div. A, title VIII, §801(a), Aug. 13, 2018, 132 Stat. 1828, and consisting of revised section 3771, was repealed by Pub. L. 116-283, div. A, title XVIII, §1833(a)(1), Jan. 1, 2021, 134 Stat. 4225.

SUBCHAPTER I—RIGHTS IN TECHNICAL DATA

Sec.	
3771.	Rights in technical data: regulations.
3772.	Rights in technical data: provisions required in contracts.
3773.	Domestic business concerns: programs for replenishment parts.
3774.	Major weapon systems and subsystems: long-term technical data needs.
3775.	Definitions.

§ 3771. Rights in technical data: regulations

(a) REGULATIONS REQUIRED.—

(1) IN GENERAL.—The Secretary of Defense shall prescribe regulations to define the legitimate interest of the United States and of a contractor or subcontractor in technical data pertaining to an item or process. Such regulations shall be included in regulations of the Department of Defense prescribed as part of the Federal Acquisition Regulation.

(2) OTHER RIGHTS NOT IMPAIRED.—Regulations prescribed under paragraph (1) may not impair—

(A) any right of the United States or of any contractor or subcontractor with respect to patents or copyrights or any other right in technical data otherwise established by law; or

(B) the right of a contractor or subcontractor to receive from a third party a fee or royalty for the use of technical data pertaining to an item or process developed exclusively at private expense by the contractor or subcontractor, except as otherwise specifically provided by law.

(b) REQUIRED PROVISIONS.—Regulations prescribed under subsection (a) shall include the following provisions:

(1) DEVELOPMENT EXCLUSIVELY WITH FEDERAL FUNDS.—In the case of an item or process that is developed by a contractor or subcontractor exclusively with Federal funds (other than an item or process developed under a contract or subcontract to which regulations under section 9(j)(2) of the Small Business Act (15 U.S.C. 638(j)(2)) apply), the United States shall have the unlimited right to—

(A) use technical data pertaining to the item or process; or

(B) release or disclose the technical data to persons outside the government or permit

the use of the technical data by such persons.

(2) DEVELOPMENT EXCLUSIVELY AT PRIVATE EXPENSE.—Except as provided in paragraphs (3), (4), and (7), in the case of an item or process that is developed by a contractor or subcontractor exclusively at private expense, the contractor or subcontractor may restrict the right of the United States to release or disclose technical data pertaining to the item or process to persons outside the government or permit the use of the technical data by such persons.

(3) EXCEPTION TO PARAGRAPH (2).—Paragraph (2) does not apply to technical data that—

(A) constitutes a correction or change to data furnished by the United States;

(B) relates to form, fit, or function;

(C) is necessary for operation, maintenance, installation, or training (other than detailed manufacturing or process data, including such data pertaining to a major system component); or

(D) is otherwise publicly available or has been released or disclosed by the contractor or subcontractor without restriction on further release or disclosure.

(4) EXCEPTION TO PARAGRAPH (2).—Notwithstanding paragraph (2), the United States may release or disclose technical data to persons outside the Government, or permit the use of technical data by such persons, if—

(A) such release, disclosure, or use—

(i) is necessary for emergency repair and overhaul;

(ii) is a release, disclosure, or use of technical data pertaining to an interface between an item or process and other items or processes necessary for the segregation of an item or process from, or the reintegration of that item or process (or a physically or functionally equivalent item or process) with, other items or processes; or

(iii) is a release or disclosure of technical data (other than detailed manufacturing or process data) to, or use of such data by, a foreign government that is in the interest of the United States and is required for evaluational or informational purposes;

(B) such release, disclosure, or use is made subject to a prohibition that the person to whom the data is released or disclosed may not further release, disclose, or use such data; and

(C) the contractor or subcontractor asserting the restriction is notified of such release, disclosure, or use.

(5) DEVELOPMENT WITH MIXED FUNDING.—

(A) IN GENERAL.—Except as provided in paragraphs (6) and (7), in the case of an item or process that is developed in part with Federal funds and in part at private expense, the respective rights of the United States and of the contractor or subcontractor in technical data pertaining to such item or process shall be established as early in the acquisition process as practicable (preferably during contract negotiations) and