

# USGIF Legal Working Group

## Commercial Item Contracting: Intellectual Property

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# Introduction

- ▶ Discussion Regarding IP (data rights, inventions)
- ▶ Focused on FAR Part 27 provisions (non-commercial item)
- ▶ Overview of FAR Part 12
  - Refresher
  - Recognize evolution – step back
- ▶ FAR Part 12 establishes acquisition policies to encourage the acquisition of commercial items
- ▶ Used with other parts of the FAR
  - Inconsistencies in favor with FAR Part 12

# Definition – Commercial Item – Far 2.101

- ▶ Item of a Type Customarily Used By General Public or by non-Governmental Entities For Non-Governmental Purposes
  - Sold, leased or licensed to general public
  - Offered for sale, lease, or license to general public
- ▶ Item Evolved Through Technological or Performance Advances
  - Not yet in commercial marketplace
  - Will be in commercial marketplace in time for delivery
- ▶ Modified Commercial Item
  - Modifications of type in commercial marketplace
  - Minor modifications needed to meet government requirements
    - Do not significantly alter non-governmental function, essential physical characteristics or change purpose or a process
    - Value and size of modification may be considered

# Definition – Commercial Item – FAR 2.101

- ▶ Installation, Maintenance, Repair, Training, and Other Services
  - Procured for Support of Commercial Products
    - Need not be same source as products or at same time
  - Offer Services to Government and Public Contemporaneously Under Similar Terms and Conditions
  - Allows Government to procure products and later support from same vendor

# Definition – Commercial Item – FAR 2.101

- ▶ Services of a Type Offered and Sold in Commercial Marketplace
  - Competitively
  - Substantial Quantities
  - Established Catalog or Market Prices for Specific Tasks
  - Catalog includes price list, schedule, or other form regularly maintained, available to public, and prices used for significant number of general public customers
  - Market Prices – ordinary course of trade verified through competition or sources independent of offeror
- Standard Terms and Conditions
- No Hourly Rate Services Without Price for Specific Service Performed

# Definition – Commercial Item – FAR 2.101

- ▶ Combination of Items and Installation Services Sold to Public
  - Permits Government to buy bundled items and services
- ▶ Any Non-Developmental Item
  - Developed Exclusively At Private Expense
  - Sold in Substantial Quantities On a Competitive Basis
  - To Multiple State and Local Governments

# FAR Part 12 – Acquisition of Commercial Items

- ▶ FAR 12.101 – “Shall”
- ▶ Conduct market research to determine if Commercial Items/NDIs are available
- ▶ Acquire Commercial Items/NDIs when available
- ▶ Require, to maximum extent practicable, prime contractors and subcontractors to incorporate Commercial Items/NDIs as components
- ▶ FAR 12.102 – Applies to Acquisition of:
  - Commercial Items
    - Part 12 takes precedence over other inconsistent FAR Sections
  - CGI -

# FAR 12 – Technical Data

- ▶ FAR 12.211
- ▶ Only Data Customarily Provided to Public
- ▶ Presumption Data Developed at Private Expense
- ▶ “Appropriate Provisions” for Rights and Delivery of Data – FAR Part 27
- ▶ DoD Handbook: Intellectual Property  
<http://www.acq.osd.mil/dpap/Docs/intelprop.pdf>



# FAR 12 – Computer Software

- ▶ FAR 12.212
- ▶ Commercial Computer Software and Documentation
  - Commercial Licenses
  - Contractors are Generally Not Required
    - Non-Public Information
    - Right to Use or Release Without Agreement
  - Only Rights as Stated in License – Addendum to Contract

# FAR 12 – Contract Format

- ▶ SF 1449
- ▶ Continuation Sheet Contract Clauses
  - ✓ 52.212-4, Contract Terms and Conditions
  - ✓ Addendum to 52.212-4
  - ✓ 52.212-5, Statutes and Executive Orders

# FAR 52.212-4 – Contract Terms And Conditions

- ▶ Contracting Officer Shall Insert:
  - Customary Commercial Practices
  - Not required to use any other clause
  - May tailor, except assignments; disputes; payment; invoice; other compliances; and compliance with laws
- ▶ *CGI Federal, Inc. v. United States*, 779 F.3d 1346 (2015)
  - FAR Part 12 must be used for acquisition of commercial items
  - Terms “inconsistent with customary commercial practice” are prohibited

# FAR 52.212-4 – Contract Terms And Conditions

- ▶ (a) – Inspection/Acceptance
- ▶ (b) – Assignment
- ▶ (c) – Changes
- ▶ (d) – Disputes
- ▶ (e) – Definitions
- ▶ (f) – Excusable delays
- ▶ (g) – Invoice
- ▶ (h) – Patent indemnity
- ▶ (i) – Payment
- ▶ (j) – Risk of Loss
- ▶ (k) – Taxes
- ▶ (l) – Termination for Convenience
- ▶ (m) – Termination for Cause
- ▶ (n) – Title
- ▶ (o) – Warranty
- ▶ (p) – Limitation of Liability
- ▶ (q) – Other Compliances

# FAR 52.212-4 – Contract Terms And Conditions

- ▶ (r) – Unique government laws
  - Byrd Amendment – 13 USC 1352
  - Officials not to benefit – 18 USC 431
  - Contract Work Hours and Safety Standards Act – 40 USC 327 et seq.
  - Anti-Kickback Act – 41 USC 51-58
  - Whistleblower Protections – 41 USC 265 – 10 USC 2409
  - Fly American – 49 USC 40118
  - Procurement Integrity – 41 USC 423

# FAR 52.212-4 – Contract Terms And Conditions

- ▶ (s) – Order of Precedence
  - Schedule of supplies/services
  - Assignment, Disputes, Payments, Invoice, Other Compliances, and Unique Government Laws
  - 52.212-5, Statutes
  - Addenda, including software licenses
  - Solicitation provisions
  - Other paragraphs of 52.212-4
  - SF1449
  - Other documents
  - Specification
  
- ▶ (t) – Central Contractor Registration (CCR)
  - <http://www.ccr.gov>

# Addendum to 52.212-4

- ▶ Incorporate EULA
  - License Rights in Data and Software
  - Warranty
  - Limitation of Liability
  - Infringement
  - Force Majeure
- ▶ GSA's Class Deviation "Fail List" and Proposed Rule
  - Identifies commercial clauses in Commercial Supplier Agreements (including EULAs) that are unenforceable under GSA contracts
  - Change to order of precedence

# Government Contracts Team



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