

Patent Forfeiture to U.S. Government Upheld.

In *Campbell Plastics Engineering 7 Mfg., Inc. v. Brownlee*, 389 F.3d 1243 (Fed. Cir. 2004), the Federal Circuit Court of Appeals upheld a patent forfeiture for failure to properly report an invention. Campbell Plastics had a cost-reimbursement contract under the Army's small disadvantaged business program. Under the Bayh-Dole Act, a funding recipient retains title to inventions conceived or first reduced to practice in performing a federal contract, while the government obtains a worldwide, royalty-free license under any resulting patent. Campbell Plastics developed a technique to produce masks using a sonic welding process. It disclosed the technology to the Army in a series of progress reports sent to the Army over a two year period. However, on the particular form used by the Department of Defense for reporting inventions, DD Form 882, the company reported "no inventions."

In 1997, Campbell Plastics filed a patent application, fully disclosing the government's license in the patent application. The patent was granted in 1999, which incorporated the requisite notice of government funding and the government's license rights. The contracting officer, however, exercised the government's right to assume title to the patent because it had not been properly reported on the requisite form. The contracting officer's actions were upheld by the Armed Services Board of Contract Appeals (ASBCA). The Federal Circuit affirmed the decision of the ASBCA.

This decision has important implications for colleges and universities. Many patents obtained by colleges and universities relate to discoveries made in research performed under federal contracts subject to the Bayh-Dole Act. In *Campbell Plastics* the government gained little, if anything, by the forfeiture, since it already had a royalty-free right to use the patent, including the right to sublicense. Also, the government suffered no detriment as a result of Campbell Plastics's failure to properly fill out the specific form. Nevertheless, the Federal Circuit Court affirmed the forfeiture. Universities must now assume that the government will elect patent ownership if given an opportunity, and, in view of *Campbell Plastics*, there may be very little chance of overturning that decision, regardless of the circumstances.