

J. Van
Schalk



Comptroller General
of the United States

Washington, D.C. 20548

Decision

Matter of: Diversified Technologies; Almon A. Johnson, Inc.

File: B-236035

Date: November 6, 1989

DIGEST

Protest relating to the government's rights to use drawings covered by a patented system will not be considered by General Accounting Office because questions of patent infringement are not encompassed by bid protest function but by statute are for resolution in the Claims Court.

DECISION

Diversified Technologies and Almon A. Johnson, Inc., protest the terms of invitation for bids (IFB) No. DTMA91-89-B-90026, issued by the Maritime Administration (MARAD) for the conversion of the SS CHESAPEAKE into an offshore petroleum discharge system (OPDS). Diversified and Johnson contend that the solicitation includes their proprietary drawings which are protected by Diversified's patent and request that the solicitation be canceled and all of the drawings retrieved or, in the alternative, that the drawings be used with the appropriate restrictive markings and all bidders be required to "use [the protesters] as the sole-source for the design effort on this procurement and all future procurements."^{1/}

We dismiss the protest.

^{1/} It appears that the patented system was developed jointly by Diversified Technologies and Almon Johnson. Although the patent is held by Diversified alone, both companies are represented by the same law firm in this protest and no attempt has been made to assert separate arguments on behalf of either one. We therefore will treat the protest as if it were filed by a single company, Diversified.

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After MARAD issued the solicitation on May 4, 1989, Diversified and Johnson protested to MARAD on May 12 complaining that the solicitation included drawings of a launch and retrieval system (LARS) to be used in the conversion which was created by those firms and was covered by a patent application filed by Diversified. On June 8, the agency amended the solicitation to state that Diversified's LARS was developed under a former government contract and that the government has full license rights under any patent issued for that system.

In its protest to this Office, filed on June 29, the protester argues that the solicitation includes drawings of the LARS to which Diversified owns the patent rights. According to the protester, it made LARS information available to MARAD only for work on another MARAD ship, the ST AMERICAN OSPREY, under a contract with American Foreign Shipping Co., Inc. (AFS). The protester argues that information given to AFS and MARAD under the previous contract included restrictive markings which MARAD is now ignoring. In this regard, the protester states that the contract with AFS was a private agreement, not a government contract. Thus, it maintains that MARAD is violating the government's policy of honoring the rights of private parties to data which the government has not purchased and that the solicitation invites offerors to infringe Diversified's patent rights by using the proprietary information.

In response to the protest, MARAD argues that the LARS was developed under the contract between Diversified and Johnson and MARAD's agent, AFS. MARAD points out that Diversified's contract with AFS stated that it was "between the U.S. Department of Transportation, Maritime Administration, American Foreign Shipping Co., Inc., Government Agent . . . and Diversified Technologies/Almon A. Johnson, Inc." Thus, MARAD argues since it was clear that the earlier contract was with the government and that the LARS was developed under the contract, the government acquired full license rights to the LARS which includes the use of the drawings.

The record shows that on November 21, 1988, Diversified applied for, and on September 12, 1989, received final approval of its patent on the LARS. The record also indicates, and the protester confirms, that the LARS concept represented in all the disputed drawings is covered by Diversified's patent.

The protest is based in part on the argument that, separate and apart from any patent rights that were violated, the agency's inclusion of the protester's drawings in the IFB

was inconsistent with the protester's data rights. The protester maintains that since many of the drawings were marked as proprietary or confidential and contained proprietary information, on that basis alone our Office should require the cancellation of the solicitation and the retrieval of the drawings.

We have recognized the right of a firm to protect its proprietary data from improper exposure in a solicitation. See Zodiac of North America, Inc., B-220012, Nov. 25, 1985, 85-2 CPD ¶ 595; Wayne H. Coloney Co., Inc., B-211789, Aug. 23, 1983, 83-2 CPD ¶ 242. However, those cases did not involve disputes concerning patent rights. Here, while the agency did in fact include in the solicitation some of the protester's drawings that contained proprietary markings, all of those drawings depicted the patented LARS. Since the agency argues that it is licensed to use the LARS and drawings depicting the LARS, it is our view that the dispute in actuality centers on rights under the patent and must be decided as such.

Under 28 U.S.C. § 1498 (1982), which the courts have recognized as, in effect, an eminent domain statute, the government has the right to use any patent granted by it upon the payment of reasonable compensation to the patent holder. See American Sealcut Corp., B-201573, Apr. 28, 1981, 81-1 CPD ¶ 327. The statute provides that the patent holder's remedy for any violation of its patent rights which results from a government procurement is exclusively against the government by an action in the Claims Court for damages. Id. Consequently, our Office does not consider allegations of possible patent infringements in connection with procurement actions. See NEFF Instrument Corp., B-216236, Dec. 11, 1984, 84-2 CPD ¶ 649.

Here, whether the government properly may utilize the contested drawings depends upon the validity of its asserted license rights resulting from the AFS contract. It is MARAD's position that it is entitled to use the drawings in the solicitation and to have the awardee use the LARS under the resulting contract. The protester disagrees. Thus, what we have here is a dispute between the protester and the contracting agency as to the agency's rights with respect to the protester's patent. We think this is properly a matter to be determined by the Claims Court since the remedy the protester has if it believes the government is violating the patent is an action in the Claims Court under 28 U.S.C. § 1498. Tracore Development, Inc., B-231774, et al., July 20, 1988, 88-2 CPD ¶ 66. For us to

decide this protest would, we think, improperly substitute ourselves for the forum specifically designated by statute to resolve this type of patent infringement claim.

Thus, we will not consider the issues raised in this protest and it is therefore dismissed.

Ronald Berger

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Associate General Counsel