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DECISION

THE COMPTROLLER GENERAL
OF THE UNITED STATES
WASHINGTON, D.C. 20548

Propriety of Licensing Government Employee's Patent

FILE: B-199026 DATE: February 11, 1981

MATTER OF: Government acquisition of license to employee's invention

DIGEST: License contract for patent between Government employee-inventor and Air Force would not be legal or appropriate if employee is in position to order, influence, or induce use of invention pursuant to 28 U.S.C. § 1498 (1976), even though employee's invention was not related to his official duties and there was no contribution of Government equipment, facilities, materials or information. If employee can be insulated from decision to use patented device so as to avoid violation of conflict of interest statutes and regulations, the Air Force may enter into license agreement. Neither DAR 1-302.6, 28 U.S.C. § 1498 nor Executive Order 10096 would prohibit such an arrangement.

This decision is in response to a request by Andrew R. Jeffers, a civil service employee of the United States Air Force at Wright-Patterson AFB, Ohio, for our opinion on the propriety of licensing his patent to the Government. More specifically, Mr. Jeffers has requested that we find the Air Force Determination of Rights with respect to his invention valid, and that it would be legally justifiable and appropriate for the Air Force to acquire a license to his invention pursuant to DAR 1-302.6 and 28 U.S.C. § 1498 (1976).

In July of 1969, Mr. Jeffers invented a "high contrast legend light display lens." This device was designed to enable aircraft pilots to see important displays such as caution and warning lights in sunlight. If the ordinary colored lens was replaced by a high contrast lens, standard aircraft warning lights become visible in very high light environments.

After Mr. Jeffers had developed the invention, he requested that the Department of the Air Force make a Determination of Rights pursuant to Executive Order No. 10096, 23 January 1950, as amended by Executive Order No. 10930 and Executive Order No. 10695, 35 U.S.C. § 266nt. (1976) and AFR 110-8.

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The Government will ordinarily obtain the entire right, title, and interest to inventions made by Government employees under these authorities when the invention is made during working hours; where there is a contribution of Government facilities, equipment, materials, funds, or information whether or not the invention is made during working hours; or where the invention bears a direct relation to or is made in consequence of the official duties of the inventor. Based on a complete review of his work responsibilities and the extent of the Government's contribution to the invention, on October 2, 1969, the Air Force left the entire right, title, and interest in the display lens to the inventor, Mr. Jeffers. See, in this regard, United States v. Dubilier Condenser Corp., 289 U.S. 178 (1933). Soon thereafter, he sought and was able to obtain a patent at his personal expense.

Over 9 years after Mr. Jeffers had patented his invention, the Air Force expressed an interest in the device and Mr. Jeffers offered to license the patent to the Government. While some doubt may exist regarding the general authority of Government agencies to expend appropriated funds for the acquisition of a license to a patent (See, e.g., 52 Comp. Gen. 761 (1973)), the Air Force has specific statutory authority allowing it to obtain licenses. 10 U.S.C. § 2386 (1976).

The Chief, Patents Division of the Office of the Air Force Judge Advocate General, stated in a letter dated December 20, 1979, that there appeared to be sufficient governmental interest to acquire a license to the patent, but it would not be appropriate for the Air Force to do so because the facts indicate that the making of the invention "may not be wholly unrelated to the duties of the employee-inventor."

After reviewing arguments presented by the Air Force, we have concluded that under the circumstances, it would be legal and appropriate for the United States Air Force to acquire a license to Mr. Jeffers' invention provided he is not in violation of the conflict of interest statutes and regulations.

The Judge Advocate General stated that the provisions of 28 U.S.C. § 1498 (1976) may prevent the Air Force from acquiring a license for the use of Mr. Jeffers' invention.

Generally, the statute establishes liability on the part of the Government for patent infringement. The patent owner's remedy is by action against the United States in the Court of Claims for recovery of reasonable compensation for use and manufacture. As amended in 1952, the statute in relevant part refers specifically to inventions of Government employees:

> "* * *A government employee shall have the right to bring suit against the Government under this section except where he was in a position to order, influence, or induce use of the invention by the Government. This section shall not confer a right of action on any patentee or any assignee of such patentee with respect to any invention discovered or invented by a person while in the employment or service of the United States where the invention was related to the official functions of the employee, in cases in which such functions included research and development, or in the making of which Government time, materials or facilities were used * * *."

In order to determine if it is appropriate for the Air Force to pay Mr. Jeffers for a license to his invention, one guide, used by the Air Force, might be whether the Government would be liable to Mr. Jeffers under section 1498 since a license is really a waiver of the licensor's right to sue. 4 DELLER, WALKER ON PATENTS 539 (2d ed. 1965).

Section 1498 presents three separate tests. First, Mr. Jeffers' invention must have been made without the use of Government equipment, facilities, materials, time or information. Second, the invention may not be related to the employee's official functions if those functions include research and development responsibilities. Third, he cannot be in a position to order, influence, or induce use of the invention by the Government.

The Air Force cites B-124998, January 19, 1956, as one of the few cases having similar facts to this situation. In that case a Navy employee assigned to improve a computer invented a new computer. While he worked on his own time, that

employee used Government machinery, and equipment and the invention was constructed entirely of Government materials. We held that that employee had no right to royalties.

Critical factual distinctions exist between that case and the one presently under consideration. First, Mr. Jeffers invented his display lens on his own time without the use of Government equipment, materials, or facilities. Second, at the time Mr. Jeffers apparently did not have research and development responsibilities. Third, contrary to the Air Force's current suggestion, Mr. Jeffers developed the invention without the benefit of Government information.

In this regard, we have been informally advised that the inability of pilots to see important displays such as caution and warning lights in sunlight has been well known in Government and industry. Also, the problem has continually been a source of concern with respect to flight safety. Therefore, knowledge of the inability of pilots to see important displays was easily obtained by a fairly large number of individuals and was not limited or unique to an employee in Mr. Jeffers' position. Furthermore, it is difficult to comprehend how awareness of a problem like this one would by itself be significant enough to give the Government some right in the invention. The first two tests were resolved in Mr. Jeffers' favor at the time the Air Force issued its Declaration of Rights and need not be reopened now.

In view of the above, we have no doubt that if Mr. Jeffers were not a current employee of the Air Force, he could license his patent to the department. Since he is an employee, however, the Air Force raises certain issues as possible impediments, including the third test of section 1498.

First, the Judge Advocate General pointed out that Defense Acquisition Regulation (DAR) Section 1-302.6 forbids contracts between the Government and employees of the Government, except for the most compelling reasons. Cases have repeatedly held that the United States should not, where the needs of the Government can otherwise be reasonably supplied, contract with its officers or employees. See, e.g., 14 Comp. Gen. 403 (1934); A-99862, December 17, 1938. The reason for this prohibition is that such contracts are

against public policy, and would afford grounds for complaint as to alleged favoritism and fraud in the conduct of public business. 14 Comp. Gen. 403 (1934).

This regulation, however, is not applicable in the instant case. Since the display lens is not available from any source other than the inventor, and the Government has manifested its need for the invention, a compelling reason exists for allowing a contract between the Government and one of its employees. Therefore, DAR 1-302.6 does not prohibit a contract between the Air Force and Mr. Jeffers.

Second, the Air Force suggests that Mr. Jeffers' current employment with the department may place him in an untenable position. The Air Force cites that portion of 28 U.S.C § 1498 which allows an employee to sue the Government for patent infringement provided that he or she is not "in a position to order, influence, or induce use of the invention by the Government." In the December 20, 1979, letter to Mr. Jeffers, the Judge Advocate stated:

> "As you have indicated, your work in the field of high contrast filters, and your employment with the Air Force may involve you in future decisions by the Air Force relative to the use of your invention. Any such involvement would likely be considered influence or inducement of your part to use the invention and would raise doubts as to potential liability of the Government under 1498. This raises the question of whether the effect of the statute can be overcome by entering into a license in advance of involvement on your part. The answer to this we believe is negative. The consideration for either a paid-up or running royalty license is premised on a showing that the potential liability of the Government in an infringement action under 1498 is clear and certain. It would be improper, therefore, to enter into a license for the use of your invention with the knowledge that the merits of such action would be clouded by your present official position in the Air Force." (Emphasis supplied.)

The purpose of section 1498 is to prevent an employee who is in a position to order, influence, or induce the Government to use his invention and thus infringe his patent from successfully suing the Government for patent infringement. This situation does not exist in Mr. Jeffers' case where the Air Force seeks to purchase the right to use his invention.

The issue as we see it is whether the inventor can be insulated from the decisionmaking process. We have no objection to his assisting in the testing and use of the invention if he is in no way in a position to determine whether, or how many, items involving his patent are procured. The sole concern is whether there would be any violation of the statutes and regulations involving conflicts of interest. This determination is one, at least in the first instance, to be made by the Air Force.

Milton J. Socolar

For the Comptroller General
of the United States