

## COURSE 9, TUTORIAL 5

# CAN I HAVE A PATENT AND SBIR DATA RIGHTS?



**S** BIR and STTR-funded firms develop new and innovative technologies that they must protect. This need for protection inevitably leads to a consideration of whether or not to patent. The question of whether and when an SBIR or STTR-funded firm should patent runs through not only the patent laws, but also the SBIR/STTR rules and regulations, and requires an understanding of both. As in prior sections, we will refer to SBIR/STTR as SBIR, and not keep repeating STTR. SBIR and STTR Data Rights are identical, and they use the same clauses. Therefore, for convenience, we will refer to both as “SBIR.” However, the reference to SBIR below will include STTR in every case, unless otherwise noted.

### **PATENTS AND TRADE SECRETS (SBIR DATA)**

Both patenting and SBIR protections are essential considerations, but patents and SBIR Data Rights involve very different types of protections. In fact, the patent monopoly and the SBIR Data nondisclosure obligation of the government involve somewhat opposite types of protections. This section examines how SBIR-funded firms can use these different types of protections.

Sometimes these two types of protections compete with each other and force decisions by the small business. When the SBIR technology, idea, concept, design or method is visible to the naked eye—the SBIR firm should consider patenting. For instance, a patent may be required to protect the world’s most exquisitely shaped coffee cup handle to protect it from being infringed and copied. However, protecting SBIR Data in the form of imaging computer software for use inside the cockpit of a military aircraft can best be kept secret under the government’s nondisclosure

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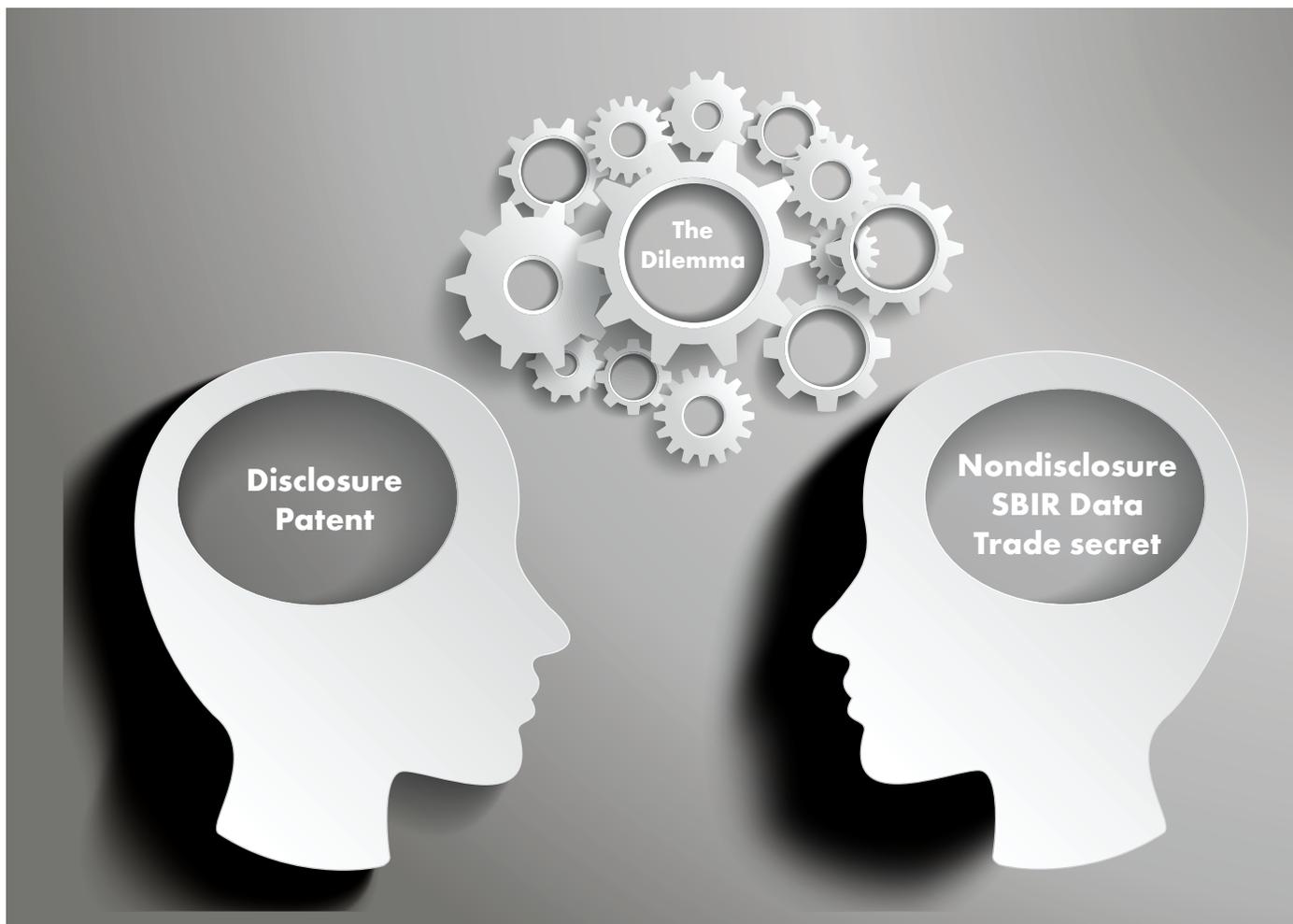
Patenting, on the other hand, involves public disclosure of the idea or concept that the SBIR firm wishes to protect. In exchange for this public disclosure of the idea, concept, design or method, one receives what is known as the “patent monopoly.” This exclusive right to practice an idea, concept or design is gained only after an extensive disclosure of the invention in the patent. This disclosure in the patent normally involves a great deal of background data, which for SBIR-funded firms, includes SBIR Data. Once this SBIR Data is published in a patent, the government’s nondisclosure obligation with respect to the publicly disclosed SBIR Data terminates.

**PATENT DISCLOSURE REQUIREMENTS**

Let’s look at what must be disclosed to obtain a patent. To obtain a patent, the inventor must provide the Patent and Trademark Office (“PTO”): 1) a *written description* of the invention, including how to make and use it, with enough

detail to enable any person “skilled in the art” to make and use the invention; and 2) the best *mode* or method known to the inventor of carrying out the invention. In practical terms, this means the inventor must provide enough information in the patent application that someone else having the same skill set could build the invention, and the inventor has to explain the best way to implement the invention that the inventor knows. The inventor does not have to spell out every single detail—a “person having ordinary skill in the art” is assumed to have some baseline knowledge. Patent examiners will usually require, however, that a great deal of background data be included with the patent.

This leads to a trade-off for the SBIR firm considering a patent. The SBIR firm has to balance the inevitable disclosure of SBIR Data required to obtain a patent versus the benefits of keeping the SBIR Data secret. Patenting is a disclosure process—in almost every case some SBIR Data will be disclosed in the patent, once it is published. On the other hand, the government’s obligation with respect to SBIR Data involves nondisclosure. This is an important





distinction on at least two levels. First, patents involve disclosure and SBIR imposes a nondisclosure obligation on the government. Second, patents protect ideas, concepts, designs, or methods. As described in earlier tutorials, SBIR Data is recorded or written technical information developed under SBIR funding agreements. The government's nondisclosure obligation applies only to SBIR Data when it has been written down—not the idea, concept, or design without the writing. Only a patent can protect an idea, concept or design.

### **PATENTS AND SBIR DATA**

Even if some SBIR Data has been disclosed in a patent, undisclosed SBIR Data can still checkmate a would-be infringer—so the patenting SBIR firm should keep on developing more SBIR Data. Even if a patent issues, SBIR Data not disclosed in the patent may be an edge over would-be infringers. Thus, the SBIR firm will want to disclose only the minimum amount of SBIR Data necessary to obtain the patent and no more.

### **AMERICA INVENTS ACT (AIA)**

The America Invents Act of 2011 made some important changes to our patent system. Key portions of the AIA took effect on March 16, 2013. The AIA, as it is known, changed our U.S. system of patenting from a “first to invent” to a “first to file” system. That means that the inventor's patent rights apply at the time of filing and not at the time of invention. Many feel this creates a rush to patent, because the patent monopoly applies from the date of filing of the patent, and not the earlier date of invention.

That said, the AIA does not necessarily cause SBIR firms to rush to patent. That is because patenting involves disclosing SBIR Data. SBIR firms need to balance carefully the advantages that accrue from the patent monopoly against the risks of disclosure of SBIR Data when the patent publishes. At the point of publication of the patent, the government no longer has an obligation to protect the SBIR Data disclosed in the patent.

SBIR firms should be certain that their patent lawyers understand these nuances on how to balance filing for a patent and the nondisclosure obligation of the government that protects SBIR Data. Patent lawyers will understand patenting, but many times not the benefits of the SBIR nondisclosure obligation on the part of the government.

We hope this information on patenting versus relying on the government's nondisclosure obligation for SBIR Data protection was helpful.

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