

CLIENT ALERT

RECOVERY ACT REPORTING REQUIREMENTS MAY HARM RECIPIENTS --

A first quarterly report is due by October 10, 2009.

The American Recovery and Reinvestment Act (ARRA) was passed in 2009 with the goal of stimulating the economy. Twenty-eight different agencies were allocated a portion of the Recovery Act funds and they awarded grants and contracts to different entities. Beginning in October, recipients of money from the Act are required to report quarterly on how they spend funds they received. These reports will be made available to the public on the Recovery.gov website to "achieve an unprecedented level of transparency into how Federal funds are spent." See NSF's Recovery Act Recipient Reporting Information, <http://www.nsf.gov/recovery/reporting.jsp>. While it is important for the public to know how the Recovery money is being spent, this unparalleled level of transparency may be harmful to some recipients. The data to be reported includes:

- quarterly activities/project description
- number of jobs created/retained
- vendor name
- product and service description provided by vendor

How is this harmful? It may affect your patent rights and may disclose competitive information.

Requiring ARRA funds recipients to report on the development of a commercial project's description and their progress reports may result in loss of intellectual property rights. For funded research proposals, the project description is typically publicly available on the granting

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office's web site. (For example, see <http://projectreporter.nih.gov/reporter.cfm>.) However, the combination of a project description plus a progress report can provide more information as to your approach for addressing the technical problem/invention. We were alerted to this problem by concerned clients.

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It should be noted that any enabling, public disclosure of an invention, prior to filing a patent application, can severely hamper or eliminate the ability to obtain patent protection for the invention. Indeed, disclosure of any information prior to filing a patent application in at least one jurisdiction may void all international patent rights. Domestic US patent rights are voided if appropriate paperwork is not filed with the PTO within one year of disclosure of pertinent invention information.

To the extent possible, identify inventions early in the project. Then, in describing the project for fulfilling the reporting requirement, avoid specific teaching on how to make and use the invention. The disclosure should not include sufficient technical information to enable someone skilled in the art to make and use the invention. You should consider consulting with an attorney regarding a disclosure of your invention, preferably before you make such disclosure.

Recipients of ARRA funds should use caution in filing the required reports to avoid divulging privileged business data also. The federal government normally regards certain commercial information as deserving privacy. For example, certain materials are protected from disclosure under FOIA requests.

(<http://www.corporateservices.noaa.gov/~foia/foiaex.html>)

Information may be withheld if it relates to trade secrets and commercial or financial information. Making information public to increase the transparency of public spending need not and should not conflict with the concern of businesses to keep competitive information private.