

Supreme Court Grants Certiorari in Patent Ownership Dispute between Stanford and Roche

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The Supreme Court has agreed to hear a case that could have far-reaching consequences for commercialization of intellectual property arising from federally funded university research. At issue in the case brought by Stanford University against Roche is whether an individual faculty inventor can unilaterally terminate a university's patent ownership rights in inventions arising from federally-funded research by assigning the inventions to a third party.

The patents in the case involve methods for using Polymerase Chain Reaction ("PCR") to measure HIV concentration in blood. Stanford scientists conceived the invention while subject to a contractual duty to assign their inventions to Stanford. After agreeing to prospectively assign his rights, but prior to conceiving the invention, one of the inventors, Dr. Holodniy, executed a present assignment of his rights to future inventions to Roche's predecessor, Cetus. Stanford later obtained patents on the technology and demanded a royalty from Roche. Roche refused, and Stanford filed suit. Roche answered and counterclaimed against Stanford asserting that Stanford lacked standing to maintain the cause of action against Roche and that Roche possessed ownership, license, and/or shop rights to the patents through Roche's acquisition of Cetus's PCR assets.

The district court upheld Stanford's standing to bring patent infringement claims against Roche based on (1) the agreement between Dr. Holodniy and Stanford, under which he agreed not to enter into inconsistent agreements; (2) the Bayh-Dole Act, which gave Stanford ownership of the patents because they resulted from federally funded research and; (3) Stanford's recordation of its title at the USPTO and the National Institutes of Health.

In February 2009, the Federal Circuit reversed, holding that the university lacked standing to maintain patent infringement claims against Roche. Despite the Bayh-Dole Act, the court awarded Roche title to Dr. Holodniy's ownership interests, holding that the "present" assignment language in the company's agreement with Holodniy trumped the "future" assignment language in the Stanford agreement.

The U.S. Department of Justice filed an amicus brief supporting Stanford's petition, arguing that the Bayh-Dole Act establishes a "framework for determining ownership interests in federally funded inventions." The Government brief argues that the Bayh-Dole Act flips the normal statutory rule that patent rights first vest with the inventor. Instead, under Bayh-Dole, by virtue of receiving federal funding, the university automatically receives title to the invention and then may "elect" to not "retain title." Under that interpretation of the law, Stanford retains full title because it received federal funding for the research and elected to pursue patent protection.

The Federal Circuit's ruling calls into question the effect of "prospective" assignments of inventions resulting from federally funded research and has undoubtedly prompted universities to reexamine their agreements, past and present, with their investigators.

Additional Information

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