

## Patent Case Highlights Board Patent Policy Changes

A recent case decided by the Federal Circuit Court of Appeals illustrates the importance of some of the changes recently made in the Patent Policy by the Board of Trustees of the University of Alabama. *Board of Trustees of Leland Stanford Junior University v. Roche Molecular Systems, Inc.*, 583 F.3d. 832 (Fed. Cir. Sept. 30, 2009). The case began when Dr. Mark Holodniy came to work for Stanford in 1988. At that time Dr. Holodniy signed Stanford's standard patent agreement in which he stated that "I agree to assign or confirm in writing to Stanford..." all his right, title and interest in inventions he made. During the course of his many years of research on the detection of the HIV virus in human blood, Dr. Holodniy also worked closely with a private research sponsor. The private research sponsor had Dr. Holodniy sign agreements which stated, "I will assign and do hereby assign to [the private research sponsor] my right, title and interest in each of the ideas, inventions and improvements."

Dr. Holodniy's research at Stanford was funded by the National Institute of Health. Stanford elected to maintain ownership of the intellectual property created by Dr. Holodniy, and other Stanford researchers, pursuant to the Bayh-Dole Act. Accordingly, Stanford filed three patent applications arising from Dr. Holodniy's research and all three applications resulted in patents being issued by the Patent and Trademark Office (PTO). All three patents were shown by the PTO as being assigned to Stanford.

The present litigation was begun when Stanford sued Roche, the successor in interest to the private research sponsor, to prevent infringement of Stanford's patents by Roche's continued manufacture and sale of an HIV detection kit. Unfortunately for Stanford, the Federal Circuit Court reasoned that the patent agreement signed by Dr. Holodniy with Stanford was merely "an agreement to assign," and not a present assignment. On the other hand, the Court held that the agreements Dr. Holodniy signed with the research sponsor were "a present assignment of Holodniy's future inventions..." Thus, when Dr. Holodniy did actually sign an assignment to Stanford it was too late. He had no remaining rights to assign, since all his actual rights to the inventions had been previously assigned to the private research sponsor. Stanford's election of title under the Bayh-Dole Act was held insufficient to transfer Dr. Holodniy's validly assigned patent rights from the private research sponsor to Stanford. The final result was that the Court held that Stanford could not establish ownership of Dr. Holodniy's interest and, therefore, lacked standing to assert claims of infringement against Roche.

Until recently, the Patent Policy of UAHuntsville was very similar in wording to Stanford's patent policy. However, a few months ago, the Board of Trustees of the University of Alabama amended the patent policy. The revised patent policy states in paragraph 2(e):

All inventions and discoveries that meet the criteria of II.D. shall be automatically assigned to the University for the benefit of the appropriate campus of the University immediately upon creation or discovery or reduction to practice of the invention or discovery.

The wording of the patent policy should be strong enough to pass muster under the *Stanford v. Roche* rationale, because it says, in pertinent part, inventions "shall be automatically assigned to

the University ... immediately upon creation or discovery ... of the invention.” There is, of course, nothing to assign until IP has been created or discovered. But for the present, Stanford’s bad experience teaches that all researchers have to be extremely careful when placing their signature on any legal document involved in a potentially valuable research project.