University World News
The global window on higher education

US: ACADEMICS, NOT UNIVERSITIES, OWN THEIR INVENTIONS

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01 November 2009
Issue: 0099

A Federal Circuit Court judge has ruled that US universities cannot automatically claim ownership of a researcher's federally funded invention. The judgment could protect academic inventors and students across America from being forced by universities to sign away the rights to their life's work.

"The court's ruling confirms that faculty inventors own the rights to their ideas and their creations, and that universities can no longer use the Bayh-Dole Act as a bulldozer to claim ownership away from the inventors themselves," said Dr Renee Kaswan, inventor of the billion-dollar drug Restasis and founder of the non-profit organization IPAdvocate.org.

"Inventors should be able to choose for themselves with whom to partner to bring an innovation to the marketplace and to the people who need it. Stanford's policy is more inventor-friendly than most but it's the overarching principle of inventor ownership that won in this case."

The court case centered on patents relating to HIV test kits and involved the board of trustees of the Leland Stanford Junior University and a company called Roche Molecular Systems. In a decision on 30 September, Federal Circuit Judge Richard Linn rejected Stanford's argument that one of the inventors' assignment of rights to another entity, Cetus, was voided by the university's rights to federally funded inventions under the Bayh-Dole Act.

"Bayh-Dole does not automatically void *ab initio* [from the beginning] the inventors' rights in government funded inventions," the judge said.

The federal Bayh-Dole Act of 1980 was designed to avoid government bureaucracy by permitting universities to retain title to innovations that resulted from publicly funded research performed by its academics. The judge found that although the legislation requires a university to act as coordinator for inventions made with federal funds, it does not mean the university owns the intellectual property or that the institution should be the sole means of commercializing it.

Kaswan said most universities implemented the act by compelling academics and students to disclose their inventions to the institution's technology transfer office and requiring they assign all patent applications to the university's exclusive ownership. This effectively stripped an individual inventor's rights to his or her life's work.

The court noted that Stanford's policy had been much more inventor-friendly than most. When the inventor in this case, Mark Holodniy, signed a copyright and patent agreement on joining Stanford in 1988, the university's administrative guide on intellectual property said: "Unlike industry and many other universities, Stanford's invention rights policy allows all rights to remain with the inventor if possible."

In his judgment, Linn said the question of who owned the patent rights and on what terms was typically a question exclusively for state courts. But he said this rule had exceptions and "the question of whether contractual language effects a present assignment of patent rights, or an agreement to assign rights in the future, is resolved by Federal Circuit law".

"Although state law governs the interpretation of contracts generally, the question of whether a patent assignment clause creates an automatic assignment or merely an obligation to assign is intimately bound up with the question of standing in patent cases. We have accordingly treated it as a matter of federal law."

The judge held that the contract language "agree to assign" reflected "a mere promise to assign rights in the future, not an immediate transfer of expectant interests". He concluded that Holodniy had agreed only to assign his invention rights to Stanford at an undetermined time and that Stanford "did not immediately gain title to Holodniy's inventions as a result of the CPA, nor at the time the inventions were created".

Kaswan said that as the 30th anniversary of the Bayh-Dole Act was "just around the corner", it was time to correct the misuse of the law to take IP ownership away from academic inventors.

"As the Obama administration and Congress push for patent reform, and as the country relies on innovation as an engine of economic recovery, the question of the ownership of ideas is crucial in moving those ideas forward from an inventor's mind to an entrepreneur's office to a consumer's bedside table as quickly as possible."

Kaswan, founder of the IP Advocate and inventor of the billion-dollar drug Restasis, was formerly a veterinary ophthalmology professor at the University of Georgia. Her patented treatment for chronic dry-eye remains the most profitable invention in the university's history and was hailed as one of the "university innovations that changed the world" by the University of Virginia Patent Foundation.

Disputes over whether an academic or a university owns the rights to discoveries are not confined to the US. As reported in *University World News* last month, the University of Western Australia has launched a High Court appeal against decisions made by a Supreme Court judge, and subsequently the Full Court, over its claim to the intellectual property in inventions made by one of its professors.

This article first appeared in University World News on 1 November 2009 under Geoff Maslen's byline. The original story can be read at UWN's website.