Stanford and Patent Ownership

Key Points:

1. Ownership supersedes all other issues.
2. Semantics of Stanford’s faculty agreement the issue.
3. A reckless appeal with (luckily) the correct results.
4. If Stanford had won….patent rights would be determined by grant awards and not actual inventorship.

Friendly Quiz:

1) Perkin Elmer thermo-cycler
2) HIV Virus
3) Kary Mullis
4) Mark Holodniy

Background of the Case:

1. Kary Mullis.
   a. After PhD, wrote science fiction, managed a bakery for couple years.
   b. Friend got him a job at Cetus (7 yrs)
   c. 1983 – advanced PCR technology
   d. Earned him the Nobel Prize + $10k from Cetus.
   e. Cetus was the epicenter of PCR technology.
2. PCR patents – first expired 2005….last will expire in 2017….but new RT-PCR (real-time) continues to be advanced by Roche.
   a. ~1988 – Dr. Mark Holodniy joined Stanford
   b. Stanford employment agreement:
...agree to assign....

c. Holodniy wanted to quantify HIV levels in blood using PCR
d. Didn't know much about PCR
e. Stanford sent him to Cetus where he collaborated 9 months.
4. Cetus Visitor's Confidentiality Agreement:

....will assign and does hereby assign...

5. Dec. 11, 1991.....Cetus PCR tech sold to Roche for $300m.
6. Stanford obtains three (3) patents on HIV/PCR methods.
7. Roche commercializes HIV test kit....Stanford sues.

Three Tiers of Patent Litigation

Bayh-Dole Act

1. Passed in 1980 because federal government lousy at commercializing federally sponsored research.
2. Provided institutions advise government of inventions, file election to own it within 2 years, file patent applications, etc..., universities like FSU can now own the intellectual property rights to federally sponsored research.
3. Both contractor and government can decline to protect invention....then it may go to inventor.

Stanford Position:

1. Dr. Holodniy did not have standing to assign rights to Cetus.
2. Federal funding under Bayh-Dole vested ownership with Stanford.

Roche Position:

1. Stanford’s employee agreement was a promise to assign in the future.
2. Cetus’ visitor agreement assigned rights in the present (immediately).
3. Holodniy already had assigned his rights to Cetus before assigning to Stanford.

**Stanford Rejoices at District Court Holding**... VCA did assign rights to Cetus/Roche but Holodniy didn't have standing to assign because Government and Stanford had first right of refusal on inventions.

**Roche appeals to Federal Circuit.**

**Federal Circuit Holding:**

1. Agreed to Roche – Stanford employee agreement only a future promise.

**Stanford not too happy – they appeal to Supreme Court.**

**Supreme Court Holding:**

1. Stanford’s argument that Bayh-Doyle vested ownership in grant recipients met with near ridicule by courts. 220 years of patent law jurisprudence always vests ownership initially with actual inventor.

**Scenario:** Professor Mark Emmett conceives of a new protein mapping technology at FSU. He uses FSU expensive instrumentation including superfluid chromatography to observe fast exchanging hydrogen atoms. Professor Emmett nearly completes his research but then collaborates with an MIT researcher that secured an NIH grant for protein mapping. Under Stanford’s logic, MIT would divest both Professor Emmett and FSU’s ownership in the technology because Bayh-Doyle sets ownership with the federal contractor and not the inventors.

a) **What effect would this have on collaboration between institutions and researchers?**

b) **What effect would this have on patent valuation and certainty of ownership?**

**Exceptions to Rule (but not related to Bayh-Doyle Act):**
1) Nuclear/atomic (w/ federal funding)
2) Aeronautic/space (w/ federal funding)