the order of priority of rights between the Federal Government and a federal contractor in a federally funded invention that already belongs to the contractor. Nothing more."[240] With this in mind, the court affirmed the Federal Circuit opinion upholding Roche's challenge to Stanford's ownership.

4. Future Implications

While the ramifications of the decision will not be known for some time, the case brings to light some issues that may result in the university technology transfer sector. The difficulty facing the Supreme Court is apparent based upon the dichotomy between Bayh-Dole and patent law: the decision not to override patent law has been criticized as being "inconsistent with the [Bayh-Dole] Act's basic purposes," thus undercutting the Act's ability to encourage innovation and technology transfer.[241] However, the decision has been hailed by supporters as ensuring that the basic, justifiable principle that ownership of an invention should be afforded to the inventor still exists despite the Bayh-Dole Act.[242] If Bayh-Dole was interpreted to supersede this principle, the implications for technology transfer could become more severe if inventors became less willing to innovate since a university employer would automatically gain ownership in their work. Though scholars and practitioners alike differ on their opinions of the decision, it is unanimous among them that the decision is a limitation of the Bayh-Dole Act and may carry lasting effects on the government contractors, specifically universities, and especially with regards to technology transfer.

a) Implications with Respect to Contract Drafting

It is fairly clear from the language in both the Federal Circuit and SCOTUS opinions that the entire issue could have been avoided had Stanford used airtight language in its assignment contract with Holodniy. General patent law ownership principles do not conflict with contract law, and an inventor can freely transfer his rights to an employer via contract. If Stanford's contract ensured immediate transfer of rights from Holodniy's inventions, Stanford would have title, and could invoke the Bayh-Dole Act to retain ownership from the Government. Holodniy's transfer to Cetus

240 *Id.* at 12.
241 *See* Stanford v. Roche, Bayh-Dole and the Intersection of Patent and Tax Exemption, Nonprofit Law Prof Blog, http://lawprofessors.typepad.com/nonprofit/2011/06/stanford-v-roche-bayh-dole-and-the-intersection-of-patent-and-tax-exemption.html (June 21, 2011).
242 *See* Gifford, *supra* note 207.

would have likely been found void.[243] In oral arguments, Justice Ginsburg pointed out that the "whole thing that was wrong here is that Stanford, instead of drafting the agreements as 'I agree to assign,' should have said 'I hereby assign,' and then there would be no case.[244]

The Federal Circuit originally decided the case based upon the language of the Stanford assignment being one relating to future and not immediate transfer.[245] The literal consequence of such a decision is simple and straightforward: universities and other enterprises will be much more vigilant in creating assignment contracts with their employees.

A New York Times article notes that despite the fact that the case essentially hinged on the wording of the Stanford contract, the implications will be broader.[246] One feasible effect of the case is that it will change the relationship between universities and their faculties. The article promotes the fact that the relationship is likely to become "more legalistic and more mercantile."[247] Ultimately, the article maintains that Bayh-Dole's principles have been ignored, and collaborative enterprising will be minimized as a result of this decision.[248] In contrast to the success Bayh-Dole has brought the U.S., the Stanford decision may serve to stymie such innovation.

b) Gap in the Law between Patent Rights and Bayh-Dole Obligations

In his opinion, Chief Justice Roberts specifically states that if Congress wanted Bayh-Dole to "intend such a sea change in intellectual property, it would have done so clearly."[249] Roberts concludes that the BDA does not override the centuries-old

243 The Supreme Court did not conclusively determine whether or not, if Stanford's contract adequately produced a present assignment of a future interest similar to Cetus's contract, Bayh-Dole could be invoked to ensure the institution captures the full interest instead of the competing right-holder. Justice Sotamayor's concurrence seems to consider this question ripe for a future case. *See* Jonathan T. Cain et al., Invention Assignment Following *Stanford v. Roche:* Implications for Technology Transfer and Government Contracts*, published by* LexisNexis Martindale-Hubbell, June 30, 2011.

244 Alex Philippidis, *Stanford v. Roche* Could Place Tech Transfer on Shaky Ground, Genetic Engineering & Biotechnology News, Mar 17, 2011, *available at* http://www.genengnews.com/analysis-and-insight/i-stanford-v-roche-i-could-place-tech-transfer-on-shaky-ground/77899372/.

245 *See generally* Andrew H. Berks, Stanford v. Roche – When is an assignment not an assignment?, http://berksiplaw.com/2011/06/stanford-v-roche/ (June 12, 2011).

246 *See* Op-Ed., *The Fair Rewards of Invention,* N.Y. Times, June 7, 2011, *reprinted at* http://www.nytimes.com/2011/06/08/opinion/08wed3.html?_r=1.

247 *Id.*

248 *See id.*

249 Robert Barnes, *Supreme Court limits patent rights of university* research, Wash. Post, June 7, 2011, *available at* http://www.washingtonpost.com/politics/supreme-court-limits-patent-rights-of-university-research/2011/06/06/AG0UpbKH_story.html.

presumption that an inventor is the owner of his invention.[250] Unfortunately, by limiting the construction of the BDA to one that does not conflict with principles of patent ownership, Justice Roberts creates a gap that inherently undermines some of BDA's principles and provisions.

Cain et al note that the decision highlights a "gap in the law" between ownership of the invention and the duties levied on government funding recipients by the Act.[251] The Act specifically allows for the government to "march-in" and grant licenses under certain circumstances, all relating to the contractee's inadequate performance of certain requirements.[252]

The BDA does not specifically impose a duty on the contractor to ensure that it obtains ownership of the invention, yet the march-in provision grants the government rights that, under the *Stanford* rationale, only can be executed if the contractor *did* gain ownership of the invention. Therefore, failure to adequately gain control of the invention may lead to a tension between the contractor and the government, as the holding of the case implies that the government cannot maintain any march-in on an invention that it helped fund, so long as the inventor has not distinctly relinquished control of the invention to the contractor. This could complicate the front end of technology transfer, where the government may be less willing to engage in funding certain research.

Additionally, this decision may run contrary to the policy of the BDA that is highlighted by the prohibition of assignments.[253] Because the Act prohibits universities from assigning rights away from themselves, the expectation of the government as contemplated by the Act is that the university will have the rights to an invention in the first place. This holding shows that there are situations where a university is unable to procure rights, which seems to run counter to the entire purpose of the Bayh-Dole Act.This can be further substantiated by recognizing that "it would not make sense that the government would fund research and then not expect the university to own the patent." [254]

250 *See* Stanford, *supra* note 10, at 6.
251 Cain et al., *supra* note 243.
252 *See* 35 U.S.C. 203 (One of four situations must occur before the Government can assert its march-in right. *See* Chapter II, *infra*).
253 *See* 35 U.S.C. § 202(7)(a) (2009); *See* Chapter I-A-2, *supra*.
254 *Stanford v. Roche* decision requires extra care in managing university IP, The Tech Transfer Blog, http://www.technologytransfertactics.com/content/2011/07/13/stanford-v-roche-decision-requires-extra-care-in-managing-university-ip/ (July 13, 2011).

c) General Complications for the Technology Transfer Sector

It is possible that this case will make investors more wary of receiving licenses from universities given the chance that an invention may be licensed without proper title. If this possibility exists, an invention will be valued much more weakly. Critics of the decision note that university-researched patents would be less likely to pierce the market because no one "will be willing to take a risk on the patent."[255] Stanford argued that its technology transfer efforts will be damaged because a decision for Roche would add an additional inherent requirement of a Bayh-Dole entity to verify ownership of patent rights, which is very difficult in practice.[256]

Another concern includes the possibility of multiple parties believing that others may have ownership in an invention could lead to an anticommons issue of sorts. In a worst-case scenario, no one will feel an incentive to try and commercialize and the invention will be underused.

The effects of this case remain to be seen. In limiting Bayh-Dole's scope, the court rightfully protects what many believe to be the true inventor of a university invention. The court's holding is most consistent with the policy goals of patent law. Notwithstanding the fact that the opposite holding may have caused more troubles for university technology transfer, this decision does carry the possibility of introducing new complications for the sector. The final chapter serves to examine how Bayh-Dole, despite its flaws, could stimulate technology transfer in international jurisdictions.

255 Cain et al., *supra* note 243.
256 *See* Philippidis, *supra* note 244.