

## V. Bayh-Dole Moving Forward: Ownership Concerns and the Stanford v Roche Case

Behind all of its policy objectives, extra provisions, and exceptional circumstances, the main change Bayh-Dole provides the university technology transfer scene is clear: the presumption of ownership has shifted from the government to the university. The results are positive: the government did not see to it that inventions under their funding were further developed and commercialized pre-Bayh-Dole.<sup>205</sup> Now, empirical evidence shows that post Bayh-Dole, universities are commercializing.<sup>206</sup>

Though Bayh-Dole has been shown to incentivize technology transfer, whether it does so in the most efficient manner is questionable. At the heart of the matter is whether Bayh-Dole places ownership in the hands of the correct body, and how courts will interpret the ownership provisions.

### *A. Who Develops a University Invention?*

It seems to be a reasonable conclusion that legislation should favor the patent law principle that ownership of a patent should rest in the hands of its true inventor.<sup>207</sup> A study from Robert Lowe addresses how a university invention is developed.<sup>208</sup>

Through a series of statistical formulas, Lowe concludes that "inventions associated with high levels of tacit knowledge" should allow for the inventor to "extract full monopoly rents related to the invention."<sup>209</sup> However, in inventions requiring "less than full effort," "university policies requiring a royalty rate distort final output and result in a transfer from inventor to university with no apparent added productivity."<sup>210</sup> This inefficiency hints at the dilemma the Supreme Court recently faced in determining whether or not Bayh-Dole automatically vests ownership in

205 See Bremer et al., *supra* note 175.

206 For evidence of this, *see* Section IV-B-2, *supra*.

207 "The general rule is that... patent rights... belong to the creator of the property." Ernest I. Gifford, WHO'S THE OWNER? *Michigan Bar Journal* 21-23 (Aug, 2004).

208 See Robert A. Lowe, *Who Develops a University Invention? The Impact of Tacit Knowledge and Licensing Policies*, 31 J. TECH. TRANSFER (Netherlands) 415, 415 (2006).

209 *Id.* at 426.

210 *Id.* at 427.

the university, or whether it initially remains with the inventor absent an assignment.

### *B. The Stanford v. Roche Case*

#### 1. The Legal Issue

§ 202 of the BDA states that "each nonprofit organization or small business firm may, within a reasonable time after disclosure as required by paragraph (c) (1) of this section, elect to retain title to any subject invention."<sup>211</sup> In *Stanford*, the question arose as to whether or not this provision implied that title in an invention automatically vested in the nonprofit or small business, and not in the inventor himself.

#### 2. The Facts

The facts behind the *Stanford* case reinforce the claim that complicated fact sequences often give rise to major legal conundrums.<sup>212</sup> In 1985 Cetus, a small California company, began to develop methods to quantify levels of the human immunodeficiency virus (HIV).<sup>213</sup> The situation involved three patents regarding AIDS monitoring.<sup>214</sup> One of the named inventors, Mark Holodniy, was a researcher at Stanford in 1988.

In 1988, Holodniy became a research fellow at Stanford and signed a "Copyright and Patent Agreement" that obligated him to assign his inventions to the university.<sup>215</sup> However, in early 1989, Holodniy would visit Cetus to learn techniques related to his field.<sup>216</sup> In exchange for the education received, Holodniy signed a contract that stated he "will assign and do[es] hereby assign to CETUS, my right, title, and interest in each of the ideas, inventions and improvements... as a consequence of" his work at Cetus.<sup>217</sup>

<sup>211</sup> 35 U.S.C. § 202 (a) (2009).

<sup>212</sup> See Sanjesh Sharma, *The Bayh-Dole Act and Allocation of Ownership Rights in Inventions Arising out of Federally Funded Research*, 8 INTELL. PROP. & TECH. L.J. 23, 23 (August, 2011).

<sup>213</sup> See *Stanford*, *supra* note 10, at 1-2.

<sup>214</sup> See *Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.* 583 F.3d 832, 837 (Fed. Cir, 2008), *aff'd* 563 U.S. \_\_\_\_ (2011) (hereinafter Stanford(CAFC)).

<sup>215</sup> *Stanford*(CAFC), *supra* note 214, at 837.

<sup>216</sup> *Id.*

<sup>217</sup> *Id.*