

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.²⁰⁵ Now, empirical evidence shows that post Bayh-Dole, universities are commercializing.²⁰⁶

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.²⁰⁷ A study from Robert Lowe addresses how a university invention is developed.²⁰⁸

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."²⁰⁹ 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."²¹⁰ 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."²¹¹ 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.²¹² In 1985 Cetus, a small California company, began to develop methods to quantify levels of the human immunodeficiency virus (HIV).²¹³ The situation involved three patents regarding AIDS monitoring.²¹⁴ 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.²¹⁵ However, in early 1989, Holodniy would visit Cetus to learn techniques related to his field.²¹⁶ 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.²¹⁷

211 35 U.S.C. § 202 (a) (2009).

212 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).

213 See *Stanford*, *supra* note 10, at 1-2.

214 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)).

215 *Stanford*(CAFC), *supra* note 214, at 837.

216 *Id.*

217 *Id.*