Science Snapshot
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LUCRATIVE INVENTIONS PIT SCIENTISTS AGAINST UNIVERSITIES

By Dan Vergano
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Science, that lofty realm of the mind, where thoughts of fortune and financial gain never intrude. Or do they?

"Oh, you bet it does," says Renee Kaswan of IP Advocate, an Atlanta-based researchers' patent-rights organization. "And it's urgent that someone take the side of researchers in educating them about their rights to their inventions," Kaswan says.

Ever since the 1980 Bayh-Dole Act, which gave federally-funded university researchers the right to license their inventions as a way to spur innovation and economic growth, technology transfer offices have sprung up all over, with steady growth, according to the National Science Foundation. In 1991, U.S. universities filed 1,335 patents and received $130 million in royalties. In 2005, they filed 9,306 patents and received $1.8 billion in royalties.

Kaswan, a former University of Georgia College of Veterinary Medicine professor, founded the group after she became embroiled in lawsuits with her university over a blockbuster eye drug she invented, charging the university unfairly cut her out of negotiations for rights to the drug and sold it for too low a price. In 2007, she lost her case, but the judge added the university had cut a lousy deal. Stung, she has started taking her case to meetings, such as this month's 2009 Technology Transfer Society Annual Conference at the University of North Carolina, Greensboro.

The Bayh-Dole Act, intended to spur commercialization of taxpayer-supported inventions, has instead become a spur to the hides of researchers, Kaswan says, with universities using it sell off their inventions on the cheap to savvy biotech firms. "They don't care as long as they sell it, even to firms who purchase ideas just to throttle possible competition."

The latest chapter in the debate came Sept. 30 when Federal Circuit Judge Richard Linn ruled against Stanford and for the pharmaceutical company Roche in a case over an HIV test patented by Stanford's Mark Holodniy in the early 1990's. The ruling turned on Stanford's contract with its researchers, where they promised to "agree to assign" rights to inventions to the school at some future time. Whoops. Judge Linn found Holodniy had already "signed away his *individual* rights as an inventor, not Stanford's, while performing work for Stanford after promising to assign his rights to the university."

But Stanford also tried to argue the Bayh-Dole Act also gave it rights to the HIV test. However Linn ruled, "Bayh-Dole does not automatically void ab initio (from the beginning) the inventors' rights in government-funded inventions," in turning away this argument.

"I do think that is a big deal," Kaswan, who is not a lawyer, says. "The federal government is here saying that Bayh-Dole does not give away inventors' rights to universities."

Stanford wouldn't comment on the lawsuit, but pointed to a comment by one of their lawyers, Patrick Dunkley, to *Inside Higher Ed*: "The clear intention of our policy, as long as I've been here, is that the university owns any technology that is developed on Stanford's time and through Stanford's resources." Dunkley said the university had expected to win on issues such as Bayh-Dole, not the contract language, and is pondering an appeal of the decision.

That's unlikely, says patent attorney Gene Quinn of IPWatchdog. "The federal appeals court is likely the last word on this." But he is also dubious the decision changes the game on the Bayh-Dole Act.

"The take-home message from this is that Stanford wrote a bad contract," Quinn says. "From a Bayh-Dole perspective, the decision gives certain more-established researchers more leverage in negotiations with universities. But obviously universities will have the power to push students and (research) fellows to sign contracts giving away their rights."

In a footnote to his decision, Linn wrote that the ruling renders "no opinion as to whether Holodniy's execution of the (private contract) violated any provisions of the Bayh-Dole Act, or whether the Act provides the Government or Stanford some other legal recourse to recover Holodniy's rights."

So, that leaves Stanford with the option of suing one of its own researchers, the situation that started Kaswan on her crusade to amend the law. Except the university has waited too long, notes intellectual property attorney Milord Keshishian of Milord & Associates in Los Angeles, as a breach-of-contract lawsuit, "would be barred by the statute of limitations." That means Bayh-Dole hasn't quite faced its final professor vs. university reckoning in court.

"Universities are increasingly the sources of many inventions, but they are also this bottleneck for innovation with everything ending up in court," Kaswan says. "I think it behooves us all, universities and researchers, to act a little smarter about intellectual property."

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