AUTM Got It Wrong Again

THEIR ARGUMENT WOULD BOTCH INVENTION MANAGEMENT

Stanford vs Roche
Supreme Court
Hearings

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The Association of University Technology Managers (AUTM) has enlisted the AAU, COGR, AAMC, ACE and more than 40 research universities to petition the Supreme Court to reverse the CAFC ruling that faculty inventors have initial ownership rights to inventions they made or reduced to practice during federally funded research. AUTM and their cohort argue that the Bayh-Dole Act overrides, without due process, the long established rule of patent law that title to patents vests first with inventors. AUTM argues that title to federally funded inventions must vest automatically with university employers to defend the public from inept faculty investigators who otherwise would botch invention management. AUTM's argument runs against the history of their own invention accumulation practices, and public interest in promoting the inventive work of faculty investigators for adoption and use by industry and the broader community.

The AUTM position represents a direct attack on faculty initiative and its freedom to research. AUTM's position was adopted without consulting faculty investigators or even consulting its own membership. AUTM attempts to transform a collaborative relationship between faculty investigators and university patent administrators into a compulsory ownership scheme where faculty are commodity labor and patent administrators can operate with impunity, without accountability to investigators, inventors, or the broader university community. Their position has dire consequences for research faculty and graduate students.

Furthermore, the attempt by AUTM to secure retroactive title to inventions subsequently reduced to practice with federal funds creates widespread legal uncertainty and expense for American industry. AUTM argues that the Bayh Dole Act supersedes all American employment contracts. Invention rights would no longer vest in the employer of record at the time of invention.

If the Supreme Court ratifies AUTM's interpretation of the Bayh-Dole Act, companies' interests in inventions would be forever subject to divestment by any subsequent participation of its employees in federally funded research. Regardless of their employment contract, any corporate employee or consultant will be empowered to convert IP from corporate to University property simply by working at any University and using federal grant money to further develop the invention. Because universities share royalties with inventors while corporations generally do not, inventors will be incentivized to divert corporate intellectual property to universities. Faculty and student participation in industry research will be severely hamstrung, especially in their own start-up companies. Corporate lawyers will universally exclude faculty and students from industry laboratories. AUTM's position has dire consequences for academic collaboration, American industry and jobs.

In windfall inventions, University assertion of equity rights based upon federal funding are already standard tactics. Because standard research confidentiality contracts will be invalidated by Bayh Dole assertions, faculty and students will be excluded from visiting company facilities where they may observe technology under development. Ultimately, faculty and graduate students will be discouraged from discussing their research among themselves, out of fear of jointly inventing and thereby breaching their otherwise authorized, legal, and binding personal agreements with regard to future inventive work.

The Solicitor General's office recently requested the Supreme Court to review the Federal Circuit's opinion that the Bayh-Dole Act did not automatically award inventors' initial patent rights to their universities. Because the Supreme Court usually accepts the requests of the Solicitor General, the Supreme Court is likely to hear this case in its next term. Thus it is important now for faculty and student researchers who work with federal funding to learn about the issues in this case and the legal and financial consequences the Supreme Court decision could have.

The Bayh-Dole Act was brilliant legislation because the Senate correctly determined that development of research was hindered by federal ownership claims on academic research and decided to waive federal title claims so that our economy and society could benefit. Supplementing university funding was never the purported intent. The counter argument to AUTM's interpretation of Bayh Dole is that the government waived only the federal interests in federally funded research; however, the Senate did not, and could not, seize the private IP ownership rights of individuals and convert them to University ownership. The constitution gave patent rights first to inventors, and conveyance of those rights occurs through civil contracts according to law. Any ownership interests that legally vest in faculty, students and corporate sponsors of research remain unchanged by the Bayh- Dole Act.

There must be flexibility for current collaborative approaches, led by investigators and inventors, with collaboration from industry, for invention management firms, and with private foundations, especially those with focused research missions and dedicated to outcomes that directly benefit the public. But AUTM wants total authority with no accountability, and is using the Stanford situation to force their will upon the nation. AUTM does not want any other models to exist, as they would compete with AUTM decision makers' preferred approach, which starts squarely with universities claiming title to every research invention that may have any commercial value whatsoever, if for no other reason than to prevent faculty investigators and inventors from pursuing opportunities of their own making to develop their research inventions for their own and/or the public interest. In this AUTM shows itself to be squarely against research and faculty innovation. AUTM would rather void all faculty-consulting contracts and any employment contracts for company personnel who happen to collaborate on federally funded research than to admit that invention support is vastly more diverse than their patent accumulation model claims.

The university tech transfer community has been intimidated by this whole process. It won't speak up against their directors' opinions. Won't oppose a proposal that would award all subject inventions to universities for ownership outright. Don't have time to read the law and decisions for themselves. Don't have standing to pursue alternatives. It is this throttling of the university technology transfer community that also should be extremely disconcerting to faculty investigators and inventors. If the technology transfer community no longer has independent voices to explore alternatives to the big-office patent accumulation model, then faculty across the country will be poorly served indeed. And so will the US government, economy and the public.

A compulsory system of seizing personal invention rights and automatically converting them to university administrative control represents an unmanageable organizational conflict of interest. The university cannot approve new research and thereby knowingly cause the cancellation of otherwise authorized private commitments of future inventive work. The university cannot claim to support the needs of individual researchers and their discoveries while pursuing money-making licenses for only the most lucrative, big-market inventions. The only way such an institutional conflict of interest resolves is if faculty investigators and inventors make the choice to involve the university in invention management activities. Faculty governance of conflicts of interest and IP policy must be allowed to continue.

It is the investigators and inventors who promote innovation by recognizing opportunity and enlisting the support of university administrators or other invention management professionals. It is the presence of such choice that creates competitive opportunities for any number of approaches to be pursued. A university office can never do this with a compulsory system of ownership, but that AUTM's aspiration.

Who would think that the best way to serve the public is to route all federally funded research inventions through an unaccountable bureaucracy? Who would think that the role of administrators is to protect the public from faculty investigators and inventors? When did discovery and invention become such a public danger that only bureaucrats should be entrusted with the safe handling of future opportunity?