

## SG Asks High Court To Hear Contractor IP Rights Case

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The U.S. Office of the Solicitor General has pressed the Supreme Court to hear a dispute between Stanford University and a unit of Roche Holdings Inc. that centers on whether individual inventors or contractors get the first rights to inventions arising from federally funded research.

In an amicus brief filed Sept. 28, the solicitor general's office said that a high court ruling would restore balance to the system of granting patent rights to the thousands of universities and government contractors that receive billions of dollars in federal research funds every year – a system turned topsy-turvy by a recent decision in the U.S. Court of Appeals for the Federal Circuit.

The case concerns the Bayh-Dole Act, which allows institutions such as universities, nonprofits and small business contractors to retain the rights to inventions conceived or reduced to practice through federally funded research. The question before the Supreme Court is whether the law allows inventors employed by these institutions to defeat their employers' patent rights by assigning the rights to a third party.

In September 2009, the Federal Circuit found that Stanford lacked standing to sue Roche Molecular Systems Inc. for patent infringement because it had never acquired an interest in three patents covering HIV test kits from one of its researchers.

The researcher, Mark Holodniy, conducted HIV-related research at Cetus Corp., a company that was later taken over by Roche, where he signed a 1989 confidentiality agreement that gave Cetus rights to inventions arising from his use of the company's facilities.

Although Stanford notified the government in 1995 that it would retain its rights to the HIV testing technology, Holodniy's specific contract with Cetus effectively gave Roche an ownership interest in the patents-in-suit, the Federal Circuit held.

The solicitor general, backing Stanford's argument, said that the Federal Circuit's decision "turns the act's framework on its head ... allows the wishes of a single inventor to override the act's allocation of rights in federally funded inventions ... [and] frustrates Congress' efforts to foster scientific research and development in the United States.

According to the solicitor general, inventors "[occupy] the lowest position in the Bayh-Dole Act's hierarchy of rights." He or she can only secure rights to inventions if a contractor elects not to retain title to the invention and the federal government affirmatively assigns the rights to the individual inventor, the solicitor general said.

Accordingly, Holodniy possessed only a "contingent interest" in any invention arising from his work at Stanford or at Cetus, even if federal patent law would normally grant an inventor patent rights, the acting solicitor general said.

Any finding otherwise would limit the federal government's ability to ensure that inventions derived from publicly funded research actually benefit the public interest, the solicitor general said.

Stanford, in a March petition for a writ of certiorari, claimed the Federal Circuit's ruling would allow companies to gain interests in inventions simply by entering a "side agreement" with inventors, who could "unilaterally terminate" the university's exclusive rights. The burden of monitoring violations would fall solely to academic institutions, the petition stated.

Roche Molecular Systems, a subsidiary of Swiss health care company Roche Holding Ltd., argued in its opposition brief that "the Bayh-Dole Act nowhere alters an inventor's basic freedom to assign his own rights in an invention to a third party."

Stanford's right to the patents-in-suit have not been terminated, only found to be shared with Roche, according to the company.

Numerous universities and their affiliated research foundations, including the Massachusetts Institute of Technology and the Wisconsin Alumni Research Foundation, have filed amicus briefs with the Supreme Court supporting Stanford.

An attorney for Stanford did not immediately respond to a call seeking comment. An attorney for Roche could not immediately provide a comment.

The patents-at-issue are U.S. Patent Numbers 5,968,730; 6,503,705; and 7,129,041.

Cooley LLP is representing Stanford.

Quinn Emanuel Urquhart & Sullivan LLP and Pruetz Law Group LLP are representing Roche.

The case is the Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems Inc. et al., case number 09-1159, in the U.S. Supreme Court.

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