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Roche Fires Back At SG In Contractor IP Rights Case

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Roche Molecular Systems Inc. said Tuesday that the government's support for Stanford University's U.S. Supreme Court petition centering on whether individual inventors or contractors retain intellectual property rights to federally funded inventions ignores the unique facts of the case and could harm privately funded firms.

In a reply to the U.S. solicitor general's amicus brief backing Stanford, Roche urged the Supreme Court to look at the "chain of highly unusual and improbable facts" that led to a favorable decision for the pharmaceutical company 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 unilaterally assign IP rights to a third party.

In September 2009 the Federal Circuit found that Stanford lacked standing to sue Roche 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.

In its reply brief, Roche took issue with the solicitor general's reading of the Bayh-Dole Act, arguing that Congress did not mean for the legislation to "supplant" ordinary, lawful patent assignments.

"Nothing in the act suggests that Congress meant to visit that punishment on an innocent company like Cetus that did not even assume obligations to the government, let alone breach them," the brief said.

"The government, like Stanford, appears to believe that discoveries conceived on the back of private investment may be snatched away retroactively if a university subsequently — and without notice to or consent from the private entity — decides to incorporate them into federally funded projects," the brief added.

Roche also asked the high court to focus on the unique circumstances presented by the case.

For one, Holodniy is not a "rogue inventor" who signed away patent rights that weren't his. Rather, the patented technology was invented during Holodniy's nine months at Cetus, before federal funds entered the picture. Even if the university prevails before the high court, Stanford will not necessarily win its case for patent infringement, nor will the government's rights change, Roche said.

Neither the solicitor general, Stanford, nor the universities and research institutions that have filed amici briefs on the petitioner's behalf could point to a single case the Federal Circuit's ruling would affect, Roche noted.

Acting Solicitor General Neal Katyal argued in a Sept. 28 brief that the Federal Circuit's decision "allows the wishes of a single inventor to override the act's allocation of rights in federally funded inventions" and would hinder the government's attempts to foster scientific and technological innovation.

According to the solicitor general, individual inventors can only secure rights to federally funded inventions if a contractor elects not to retain title and the federal government affirmatively assigns the rights.

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 said.

The patents-in-suit 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.

– Additional reporting by Ryan Davis