

THE UNBORN CALF LIVES – THE SUPREME COURT DECIDES STANFORD V. ROCHE

What You Need To Know

Yesterday, in *Stanford v. Roche*,¹ the Supreme Court confirmed the importance of the advice we gave in October of 2009. Assignment agreements that only provide a *promise* to assign allow others to step in front of you and cut-off your property rights. Assignment agreements should include language making the assignment immediate, *i.e.*, “hereby assign,” not merely making a promise of a future assignment, *i.e.*, “agree to assign.”

The Case

This Supreme Court patent case involved a Stanford researcher, Holodniy. When Holodniy joined Stanford, he signed an agreement in which “he ‘agree[d] to assign’ to Stanford his ‘right, title and interest in’ inventions resulting from his employment at the University.” In other words, he promised to assign his rights at some future time. As part of his work with Stanford, Holodniy was required to regularly visit Cetus (later acquired by Roche). At Cetus, he signed a “Visitor's Confidentiality Agreement” which stated that he “‘will assign and do[es] hereby assign’ to Cetus his ‘right, title and interest in each of the ideas, inventions and improvements’ made ‘as a consequence of [his] access’ to Cetus.” Even though his agreement with Cetus came later in time, it made the assignment. The earlier agreement with Stanford was just a promise to assign. By the time Holodniy would have tried to fulfill his promise to Stanford, he had already assigned his rights to Cetus and therefore had nothing left (of those particular rights) to assign to Stanford.

Stanford, having lost at the Federal Circuit, argued at the Supreme Court that the Bayh-Dole Act, a law related to the federal funding of research, created a special rule that trumped the general rule that inventions belong to inventors until the inventor assigns his/her rights in the invention. The Supreme Court declined to find that Bayh-Dole created such a special rule. As a result, Holodniy's actual assignment to Cetus (“does hereby assign”) trumped his earlier promise to assign to Stanford (“agrees to assign”).

The lesson of this case is straightforward. All intellectual property assignment agreements should include language making the assignment immediate, *i.e.*, “does hereby assign.”

¹ *Board of Trustees of the Leland Stanford Junior University v. Roche Molecular Systems, Inc.*, No. 09-1159 (June 6, 2011).

(What about the unborn calf? You may remember the first year property class case that asked whether it was possible to make a valid assignment of something that does not yet exist. That case did not involve an invention that had not yet been made but involved a farmer trying to sell an unborn calf. The rule is that you can make a valid assignment of an expectant interest (albeit the assignee will only hold equitable title at the time).)

*If you have any questions regarding this issue or other patent and intellectual property matters, please contact **Bruce Wieder** at **202-776-2888** or **bwieder@dowlohnes.com**.*

Copyright © 2011, Dow Lohnes PLLC. All Rights Reserved. This publication is prepared by the law firm of Dow Lohnes PLLC as an information source for clients and other interested parties. For further information on the matters addressed in this issue, please contact the attorney listed. We permit and encourage photocopying and distribution with attribution. The content of this publication is general legal information and does not constitute legal advice or create an attorney-client relationship. Readers should not act upon information presented herein without professional legal counsel addressing the facts and circumstances specific to them.