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PATENTS, ASSIGNMENTS AND STANDING -A LANGUAGE LESSON

The recent U.S. Supreme Court case, *Bd. of Trs. of the Leland Stanford Junior University v. Roche Molecular Sys., Inc.*, 131 S.Ct. 2188 (June 6, 2011), shows the importance of language used in assignment or licensing agreements. The inventor had first signed an agreement with Stanford "agree[ing] to assign" his "right, title and interest in" inventions from his employment to Stanford. The inventor's later-signed agreement with Cetus (later bought by Roche) said 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. The invention was conceived while the inventor worked for Cetus, but was then tested and covered by patent applications filed after his return to Stanford. After Roche incorporated the technology covered by the Stanford patents into a commercial product, Stanford asserted the patents against Roche.

The Federal Circuit held that Stanford lacked standing to sue, because Roche had an ownership interest in the patent, reasoning that "agree[ing] to assign" an invention was merely a promise to assign rights in the future. In contrast, language that one "will assign and do[es] hereby assign" was an actual assignment of rights. *See Stanford*, 131 S.Ct. at p. 2194; and 583 F.3d 832, 841 (Fed.Cir. 2009). The Supreme Court's review focused on the Bayh–Dole Act, and it held that the Act does not confer title to federally funded inventions on contractors or authorize contractors to unilaterally take title to those inventions, and instead, just assures contractors that they "may keep title to whatever it is they already have." Because "whatever it is they already have" turns on contract language, the case highlights the importance of particular language used in assignments or licensing agreements, whether or not a federally funded invention is involved.

Key Point for Litigants and Litigators: Check for standing to sue, particularly if the patent was assigned to the company by an employee-inventor who changed jobs or worked two or more jobs during the relevant time frame.

Key Point for Businesses and Transactional Attorneys: "agree to assign" an invention is merely a promise to assign rights in the future; "will assign and do hereby assign" constitutes an actual assignment of rights.

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