

Supreme Court Provides Guidance on Protecting Intellectual Property

Magic Language in Work-for-Hire Contracts

The Supreme Court recently clarified what employers need to do in order to successfully assert that patents and -- by extension -- other intellectual property are owned by them and not by the employees who created or wrote it. The state of the law was succinctly summarized in the case of Board of Trustees of the Leland Stanford Jr. University v. Roche Molecular Systems, Inc., et al. by Justice Roberts:

“Since 1790, the patent law has operated on the premise that rights in an invention belong to the inventor. The question here is whether the University and Small Business Patent Procedures Act of 1980 – commonly referred to as the Bayh-Dole Act – displaces that norm and automatically vests title to federally funded inventions in federal contractors. We hold that it does not.”

This case arose out of a collaboration between Stanford University and a small company called Cetus (later acquired by Roche), to test the usefulness of new AIDS drugs. Because the actual inventor signed a copyright and patent agreement with Stanford, Stanford believed it owned the patents. The inventor, however, also signed a visitor's confidentiality agreement when he conducted research at Cetus. Thus, both Stanford and Roche believed they owned the same intellectual property.

The battle ended up being one of words. (And, no, the actual inventor, Dr. Mark Holodnly, did not have a voice; everyone agreed he didn't own it.) The Supreme Court said that language indicating a future assignment is not sufficient. For an employer to claim ownership of work performed by its employees or consultants, the work must be owned by the employer at its creation.

What does this mean for you?

No matter whether you're federally funded university or a garage-based start-up, to protect trade secrets and patentable material, have a written agreement stating:

1) “Any work product is a work made for hire and ownership of Incredible Innovation vests in The Company immediately upon creation;” and

2) "Inventor agrees to assign and hereby does assign to The Company all inventions..."

And make sure you keep the original in a safe place.

For more information, please contact:

Jahmal T. Davis, Partner
415-995-5815
jdavis@hansonbridgett.com